

HomeWise

Free Educational Resources for Homebuyers

VA Loan Booklet

Zero-down benefits, the funding fee, and eligibility -- explained.

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VA Loans

VA loans are one of the most powerful benefits available to those who have served. They are guaranteed by the U.S. Department of Veterans Affairs and offered through private lenders.

Core benefits

For eligible borrowers, VA loans can offer:

- 0% down payment on most purchases.
- No monthly mortgage insurance (a major monthly savings).
- Competitive interest rates and limits on certain closing costs.
- No prepayment penalty.

The VA funding fee

Most VA loans include a one-time funding fee that helps sustain the program. The percentage varies by down payment and whether it's your first use. Some veterans -- for example, those receiving compensation for a service-connected disability -- may be exempt.

Eligibility

Eligibility is based on length and character of service. You'll need a Certificate of Eligibility (COE), which a lender can often help you obtain. Learn more directly from the VA.

Confirming Your VA Eligibility

VA-guaranteed financing is a benefit earned through service. Eligibility generally extends to qualifying active-duty members, veterans, certain National Guard and Reserve members, and some surviving spouses. The document that proves it is the Certificate of Eligibility, or COE.

- You can request a COE through the VA, and many lenders can pull it for you electronically in minutes.
- Your service history determines eligibility; length-of-service requirements vary by era and duty type.
- Having your COE early helps you understand your entitlement before you start shopping for a home.

The VA Funding Fee, Explained

Most VA loans include a one-time funding fee that helps keep the program running for future generations. The percentage depends on your down payment (if any) and whether it is your first use

of the benefit or a later one.

- The fee can be paid up front or rolled into the loan amount.
- A larger down payment generally lowers the fee.
- Some veterans -- for example, many receiving compensation for a service-connected disability -- may be exempt from the fee. Ask whether an exemption applies to you.

Because the fee affects your total cost, it is worth understanding before you compare offers.

Two Signature Advantages: No Down Payment, No Monthly PMI

Two features set VA financing apart. Eligible buyers can often finance up to the full purchase price with no down payment, and VA loans do not require the monthly private mortgage insurance that many low-down-payment loans carry.

Together these can make homeownership reachable sooner and lower the monthly payment compared with some other options. Even so, putting some money down reduces the amount you finance and can lower your funding fee, so weigh both paths.

Entitlement, Reuse, and the IRRRL

Your VA benefit is not a one-time coupon. Entitlement can be restored and reused, and many veterans finance more than one home over a lifetime as circumstances change.

- Once a prior VA loan is paid off, entitlement can usually be restored for a future purchase.
- An Interest Rate Reduction Refinance Loan (IRRRL), sometimes called a streamline refinance, is designed to refinance an existing VA loan to a lower rate with limited paperwork.

Want the complete guide?

This is a free 3-page preview. The complete VA Loan Booklet runs about 10 pages with the full details. To get the full version, just add your phone number when you download it on our website -- iqhomeloans.org. Your phone number is used only for sending you updated emails and/or support information.