REAL ESTATE EDUCATION SERIES

RE/MAX Properties

VA Home Loan Basics

A homebuying benefit for eligible military borrowers

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A VA-backed home loan is a mortgage made by a private lender with a VA guaranty that helps protect the lender. Eligible borrowers may receive favorable terms, but still need to qualify and repay the loan.

1 Who may qualify

Eligible Veterans, active-duty service members, National Guard and Reserve members, and certain surviving spouses may qualify. Service requirements depend on duty status, service dates, length of service, and other circumstances. Ask VA or a participating lender to review your eligibility.

2 Start with a Certificate of Eligibility

A Certificate of Eligibility (COE) documents your eligibility for the benefit and provides entitlement information. Request it through VA or ask your lender to help. Your COE is not a loan approval; the lender must also review your finances and the property.

3 Understand the main benefits

A down payment may not be required when the price is supported by the appraisal and entitlement and lender requirements are met. VA loans do not require monthly private mortgage insurance. They also have no prepayment penalty. Rates and lender fees vary, so compare offers.

4 Expect credit, income, and occupancy review

The lender evaluates credit, income, debts, and your ability to repay, including money left for living expenses. VA does not set a minimum credit score, but lenders may. VA purchase loans are generally for a home you will occupy, rather than a vacation home or a purely investment purchase.

5 Check the property and the appraisal

Eligible purchases can include single-family homes, certain two-to-four-unit properties, and condos in VA-approved projects, subject to program and lender rules. A VA appraisal addresses value and minimum property requirements. It does not replace an independent home inspection.

No down payment does not mean no money needed

You may still need funds for closing costs, prepaid taxes and insurance, inspections, or a gap between price and appraised value. Earnest money may also be due before closing. Ask for an estimate of cash needed at each stage, not just the down payment.

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Costs, entitlement, and the path to closing

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Compare the full loan cost and monthly payment, not just the advertised rate. Your payment may include principal, interest, taxes, insurance, and other property-related charges.

6 Budget for the VA funding fee

A one-time funding fee may apply unless you qualify for an exemption. For purchase loans with less than 5% down, current standard rates are 2.15% for first use and 3.3% after first use. A larger down payment can reduce the fee. Confirm your rate and exemption status with the lender.

7 Understand exemptions and closing expenses

Certain borrowers receiving or eligible for service-connected disability compensation, qualifying surviving spouses, and certain other borrowers are exempt from the funding fee. Other costs can include lender fees, appraisal, title services, recording, and prepaid expenses. Review the lender's Loan Estimate.

8 Discuss credits and cash needed at closing

Sellers or builders may agree to pay eligible costs, but assistance is negotiated and subject to VA and lender rules. Do not assume all costs can be added to the loan: the VA funding fee may be financed on a purchase loan; other closing costs generally cannot.

9 Know how entitlement affects your options

With full entitlement, VA does not impose a county loan limit, but lender approval and appraised value still constrain borrowing. With remaining entitlement, county limits can affect the down payment calculation. The benefit may be reused; ask about restoration if you have had a prior VA loan.

10 Follow a clear application process

Obtain your COE, compare lenders, and seek preapproval. Establish a comfortable budget, find a suitable property, and negotiate the contract. Complete inspections, appraisal, and underwriting, then review closing disclosures. Preapproval is conditional; ask before taking on new debt or making major financial changes.

Funding fee example - illustration only

A $400,000 base purchase loan with a 2.15% funding fee has an $8,600 fee. Financing that fee produces a $408,600 loan balance before interest. An eligible fee exemption would eliminate the fee. Other closing expenses and the total monthly payment still need to be evaluated.

Sources: VA eligibility; purchase loans; fees and costs; loan limits; buying process. Reviewed October 30, 2026. Educational overview; eligibility and approval are determined by VA and the lender.

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