

FREE GUIDE

The VA Loan Playbook

How to use your VA home loan benefit, start to finish. Eligibility, entitlement, what it actually costs, the appraisal, and the mistakes that cost Veterans money.

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What is in this guide

1. Why this guide exists
2. Are you eligible?
3. Entitlement and loan limits
4. What it actually costs
5. The appraisal, and what tends to stop a file
6. Occupancy and timing
7. Buying around a move
8. Refinancing later
9. Assumption, and why it matters
10. The pitfalls we see most
11. Next steps

This guide covers the federal VA home loan benefit, which works the same way wherever you buy. Programmes, property taxes and exemptions that differ by state are deliberately left out, because they date quickly and they are covered on the state site you downloaded this from.

Why this guide exists

Most of what gets written about VA loans is either a sales pitch or a reprint of the rules with none of the practice. This guide is the second half. It explains how the benefit works, then tells you what actually happens when you use it.

We are a lender, not a referral service. Our team originates these loans, which means the answers here come from files that closed and files that did not. Where something depends on your situation, we say so rather than guessing on your behalf.

What this guide will do

- Show you whether you are eligible, and how to prove it.
- Explain entitlement in plain terms, including why most Veterans have no loan limit.
- Give you the real cost of the benefit, with the current fee figures.
- Tell you what the appraiser checks and what tends to stop a file.
- Walk through refinancing later, and what has to be true for it to be worth doing.

What this guide will not do

- Quote you a rate. Pricing changes constantly and anything printed here would be stale before you read it. Ask us for a current quote on your own scenario.
- Give legal or tax advice. We cite lender and agency guidelines only. For anything legal or tax related, talk to a professional in that field.
- Cover state or local programmes. Those differ everywhere and date quickly, so they live on our state sites instead of in this guide.

Are you eligible?

Eligibility comes from your service, and it does not expire. A Veteran who served decades ago is as eligible as someone discharged last month, provided the service requirement is met.

The service requirement, in short

- Active duty: generally 90 continuous days during wartime, or 181 days during peacetime. Current service members usually qualify after 90 continuous days.
- National Guard and Reserve: generally six years of service, or 90 days of active duty, with shorter paths in some cases.
- Discharge: generally anything other than dishonorable. A less than honorable discharge is worth asking about rather than assuming, because some are reviewable.
- Surviving spouses: an un-remarried surviving spouse of a Veteran who died in service or from a service-connected cause is often eligible in their own right.

These are summaries of VA's requirements, not the full rule set. VA decides eligibility, not us, and the exceptions are real. If you are close to a line, that is a reason to ask rather than to rule yourself out.

The Certificate of Eligibility

The Certificate of Eligibility, or COE, is VA's confirmation that you are entitled to the benefit. It also shows how much entitlement you have available, which matters if you have used the benefit before.

Most COEs come back the same day through the lender portal. If yours needs manual review it can take longer, which is the single best reason to start it before you shop rather than after you are under contract. We pull it for you at no cost, and you can also request it yourself through VA.

Start the COE first. It is free, it is fast in most cases, and it is the one document that can quietly delay a closing if it is left to the end.

Entitlement and loan limits

This is the part that is most often explained wrong, so it is worth being precise.

Full entitlement means no loan limit

If you have full entitlement, VA does not cap the size of your loan. What caps it is what a lender will approve and what the property appraises for. You will still see a conforming figure quoted in articles about VA loans, and for a Veteran with full entitlement it does not apply.

You generally have full entitlement if you have never used the benefit, or if you used it and have since sold the home and repaid the loan in full, or if you used it and had entitlement restored.

Partial entitlement is where the limit appears

If you currently have a VA loan you are still paying, or you had one that was not paid in full, you have partial entitlement. In that case the county conforming figure does matter, because VA's guaranty is calculated against it. For 2026 the baseline conforming figure is \$832,750, and high-cost counties are higher.

With partial entitlement you can usually still buy with no money down up to a point, and above that point a down payment covers the gap. The arithmetic is specific to your remaining entitlement, so ask us to run it rather than estimating.

You can use it more than once

The benefit is not a one-time coupon. Veterans use it repeatedly across a career. In some cases you can hold two VA loans at once, which comes up on a permanent change of station when you are keeping the first home.

Chapter 4

What it actually costs

The VA loan has no monthly mortgage insurance. That is the single biggest cost advantage it carries, and it does not go away with time or equity the way some other programmes do. In exchange there is a one-time funding fee.

The funding fee

Purchase loan	First use	After first use
Less than 5% down	2.15%	3.3%
5% or more down	1.5%	1.5%
10% or more down	1.25%	1.25%

Refinance	First use	After first use
Interest Rate Reduction Refinance	0.5%	0.5%
Cash-out refinance	2.15%	3.3%

The fee is a percentage of the loan amount, not of the price, and it can be rolled into the loan rather than paid at closing. Note the pattern in the table: a modest down payment cuts the fee sharply on a repeat use, from 3.3% to 1.5%. That is often the cheapest decision available on a second or third use of the benefit.

Many Veterans pay no funding fee at all

VA exempts you from the funding fee if any of the following is true:

- You receive VA compensation for a service-connected disability.
- You are eligible for that compensation but receive retirement or active-duty pay instead.
- You receive Dependency and Indemnity Compensation as a surviving spouse.
- You are a service member with a proposed or memorandum rating, received before closing, showing eligibility for compensation from a pre-discharge claim.
- You are an active-duty member who provides evidence of a Purple Heart on or before closing.

If you are later awarded retroactive compensation, a refund of the fee may be available. A rating received after closing does not qualify for a refund, which is why a pending claim is worth raising with us before you close rather than after.

Closing costs and who can pay them

- A seller can contribute toward your closing costs, and VA also allows certain seller concessions beyond that. How much is negotiable and depends on your market.
- VA limits some fees a lender can charge you, which is part of why VA closing costs often come in lower than people expect.
- Some fees cannot be charged to you at all. Ask us for the itemised estimate rather than a single number, so you can see what is actually there.

The appraisal, and what tends to stop a file

A VA appraisal does two jobs at once. It establishes value, like any appraisal, and it checks the property against VA's Minimum Property Requirements. The second job is where VA files differ from conventional ones, and where surprises happen.

What the appraiser is looking for

- Safe, sanitary and sound condition. The house has to be liveable as it stands.
- A working permanent heat source, safe electrical, and no obvious water intrusion.
- A roof with remaining serviceable life, not one at the end of it.
- Peeling or chipping paint on an older home, which can trigger a repair condition.
- A dependable water supply and a working waste disposal system.
- Access to the property that does not depend on crossing someone else's land without a recorded right to do so.
- No obvious wood-destroying insect damage or active infestation.

How to keep it from derailing you

Most failed VA appraisals are not about value, they are about condition items nobody looked at before the offer. Walk the property with the list above in mind. If something on it is visibly wrong, raise it during the inspection period, while you still have leverage, instead of after the appraisal puts it in writing.

If the appraised value comes in below the contract price, VA has a reconsideration process. It is not automatic and it needs real comparable sales to succeed, so talk to us before you decide to walk or to pay the difference.

Occupancy and timing

A VA loan is for a home you will live in. The rule is intent to occupy as your primary residence, generally within 60 days of closing.

- Investment property does not qualify. A second home does not qualify either.
- A multi-unit property can work if you live in one of the units.
- Active-duty members have more flexibility than people expect, including cases where a spouse's occupancy satisfies the requirement.
- A permanent change of station can change what counts as reasonable timing. That is a conversation to have early, not a box to guess at.

If you are buying ahead of a move, tell us the reporting date before you write the offer. Timing drives the whole file, and it is far easier to build a schedule around than to repair one.

Buying around a move

Buying on a military timeline is a different problem from buying at leisure. You have a reporting date, a narrow window, and often a market that does not care.

- Get the COE and a full credit review done before you travel. The goal is to arrive able to write, not to arrive able to start.
- Ask us for a fully underwritten pre-approval rather than a quick pre-qualification. In a competitive market the difference is whether a seller takes you seriously.
- Decide in advance what you will do if the appraisal is slow, because that is the most common timing risk on a compressed schedule.
- If you are keeping your current home, raise it early. It changes the entitlement arithmetic and sometimes the qualifying picture.
- Put your inspection period to work. On a tight schedule it is the only leverage you get, and condition items are what delay VA files.

One myth worth killing: that a VA offer is weaker than a conventional one. A VA offer backed by a fully underwritten approval, with a realistic schedule, competes fine. What loses is a vague approval and an optimistic timeline, and that is true of any loan type.

Refinancing later

The Interest Rate Reduction Refinance

Often called an IRRRL, this is the streamlined option for refinancing one VA loan into another. It usually needs no new appraisal and no new income documentation, and the funding fee is 0.5%.

It has to pass a net tangible benefit test, which is VA's way of making sure the refinance is actually worth doing for you rather than for the lender. There is also a recoupment requirement: the costs of the refinance have to be recovered through your savings within a defined period. If a refinance does not recoup, it should not happen, and a lender telling you otherwise is a reason to get a second opinion.

Cash-out refinance

A VA cash-out refinance lets you take equity out, and it can also be used to move a non-VA loan into a VA loan. It is a full underwrite with a new appraisal, and the funding fee is 2.15% on a first use or 3.3% after that.

Because the fee is materially higher than the 0.5% on a rate reduction, the honest question is whether you need the cash or only a better structure. If it is the latter, the streamlined route is usually the cheaper answer.

Assumption, and why it matters

A VA loan can be assumed, which means a qualified buyer can take over your existing loan and its terms instead of getting a new one. The buyer does not have to be a Veteran.

Two things make this worth understanding before you need it. The first is that an assumption needs approval, and a lender or servicer has to process it. The second is about your entitlement: unless a Veteran buyer substitutes their own entitlement for yours, yours stays tied up in that loan even after you have moved on. That can limit your next purchase.

If you are selling a home with a VA loan on it, or buying one, ask about the entitlement consequences specifically. It is the detail most often missed, and it is the one that affects you years later.

The pitfalls we see most

- Leaving the COE to the end. It is free and usually fast, and it is the easiest thing to have already done.
- Assuming a loan limit applies. With full entitlement it does not, and Veterans regularly shop below what they qualify for because of an article they read.
- Not asking about the funding fee exemption. A pending disability claim is worth raising before closing, because a rating that lands afterwards may not get you a refund.
- Taking a quick pre-qualification into a competitive offer. It is not the same document as an underwritten pre-approval, and sellers can tell.
- Ignoring condition items before the offer. The appraisal will find them, and by then your leverage is gone.
- Refinancing without checking recoupment. If the costs do not pay for themselves in a reasonable period, the refinance is working for somebody else.
- Selling a home with an assumed VA loan without sorting out entitlement. It quietly limits the next purchase.
- Treating the benefit as single-use. It is reusable, and in some cases you can carry two VA loans at once.

Next steps

If you want this checked against your own situation rather than in the abstract, that is what we do. Send us where you are in the process and we will tell you what applies to you, what does not, and what the numbers look like.

- We pull your COE at no cost.
- We will give you an itemised estimate, not a single headline figure.
- If a different loan type would serve you better, we will say so. Sometimes it does.

Eligibility is determined by VA, and you should always confirm your own eligibility through VA's official channels. Nothing in this guide is a commitment to lend, and all loans are subject to borrower and property qualification.

Sources

Where these figures come from

- VA funding fee amounts, the Interest Rate Reduction Refinance and cash-out figures, and the funding fee exemption categories: U.S. Department of Veterans Affairs, va.gov/housing-assistance/home-loans/funding-fee-and-closing-costs/. Fee amounts effective 2023-04-07; page read 2026-10-27.
- The \$832,750 figure is the 2026 Federal Housing Finance Agency baseline conforming limit, and it is relevant only to partial entitlement. High-cost counties are higher.
- Service, occupancy, appraisal and Minimum Property Requirement summaries follow VA's published lender guidance. They are summaries, and VA determines eligibility.

Mike Certo NMLS #260555; Cornerstone First Mortgage, LLC NMLS #173855. This is not a commitment to lend. Loans are subject to borrower and property qualification. Equal Housing Lender. Veterans should always confirm loan eligibility through the official VA portal. This guide is general information, not legal or tax advice.