THE VA LENDER · J.D. KAMEEN

The VA Loan Playbook.

A plain-English guide to using your benefit, from your first VA loan to your most complex.

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2026 EDITION

A NOTE FROM J.D.

A note before you start.

I wrote this playbook because most of what's published about VA loans is either wrong, watered down, or written to sell you something on page two. This guide is none of those things.

I spent six years as a Marine officer after graduating from the Naval Academy. When I left active duty, I built a mortgage practice around a single product, the VA loan, because the benefit was being mishandled by lenders who didn't understand it. My team now closes hundreds of VA loans a year for service members, veterans, and military families across thirty-plus states. First-time buyers. Fifth-time buyers. The ones every other lender said "no" to.

What you're holding is the same explanation I'd give you if you called me. No jargon I haven't defined. No assumptions about what you already know. No pressure on any page to do anything other than understand your benefit better than you did when you opened it.

If, by the end, you want to talk through your specific situation, my number's on the last page. If not, the playbook has done its job either way.

- J.D.

HOW TO USE THIS PLAYBOOK

A reference, not a novel.

You don't need to read this front to back. Use it the way you'd use a field manual: jump to the section that fits your situation today, come back later for the rest.

First VA loan? Read pages 4 through 12 and skip the rest until you need it. Those pages cover everything a first-time buyer needs to walk into the process informed.

Used your VA loan before? Jump to the section that fits where you are. PCS on page 13. IRRRL refinance on page 14. Cash-out on page 15. Construction on pages 16–17. Jumbo on page 18. Multi-unit on page 19.

Had a credit event? Bankruptcy, foreclosure, short sale, start at page 20. There's almost always a path back.

Already talking to lenders? Flip to page 22. Twelve questions there will tell you in three minutes whether you're talking to a VA specialist or someone selling you a VA loan as a side product. The depth of experience matters most when your file gets complicated, and on a VA file, it almost always does.

A FEW NOTES BEFORE YOU START

Everything here is general education. Your loan depends on your credit, income, entitlement, the property, the market, and a dozen things specific to you. Use this to be informed, not to make final decisions without a licensed loan officer reviewing your file.

VA program rules change. Figures, fees, and limits are current as of the printing date on page 24. If you're reading a printed copy more than a year old, verify anything that involves a number.

Terms in **bold the first time they appear** are defined in the glossary on page 23.

01

THE BENEFIT, AT A GLANCE

The whole benefit, *on one page.*

The VA loan provides benefits that no other mortgage program in the United States offers, if you qualify for it. Here is the entire benefit on one page:

- **Zero down payment.** Eligible borrowers with full entitlement can finance 100% of the purchase price. Most other programs require 3% to 20% down.
- **No monthly mortgage insurance.** Conventional loans with less than 20% down require PMI. FHA requires MIP for the life of the loan in most cases. VA requires neither.
- **Competitive interest rates.** VA loans have historically priced below comparable conventional loans, though the actual rate you receive depends on your credit, loan amount, term, market conditions, and other factors. Past averages don't predict today's rate.
- **A one-time funding fee, not a recurring one.** Most VA loans require a funding fee paid to the VA. It can be financed into the loan. Borrowers with a service-connected disability are typically exempt.
- **Reusable.** Your VA benefit is not one-and-done. With proper entitlement management, you can use it again and again across your lifetime.
- **Assumable.** A VA loan can be assumed by a qualified buyer, including a civilian, when you sell. In a high-rate environment, an assumable low-rate loan is a meaningful selling advantage.
- **Strong borrower protections.** VA appraisal requirements, prepayment protections, and foreclosure relief options that most other loan programs don't offer.

That is the benefit. The next twenty pages are about how to use it well.

ELIGIBILITY

02

Are you eligible?

VA loan eligibility is determined by the Department of Veterans Affairs based on your service record. Most borrowers fall into one of these categories:

Active-duty service members generally qualify after 90 continuous days of service.

Veterans generally qualify after 90 days of active service during wartime, or 181 days during peacetime, with a discharge other than dishonorable.

National Guard and Reserve members generally qualify after six years of service, or sooner with a qualifying period of active duty.

Surviving spouses of service members who died in the line of duty, or as a result of a service-connected disability, may qualify in their own right.

That's a simplification. There are nuances, service date ranges, character-of-discharge reviews, specific exceptions, that can move the line either direction. If you think you might qualify but aren't sure, the answer is almost always: pull the COE and find out.

The Certificate of Eligibility (COE). The COE is the document the VA issues confirming you're eligible. You need it before a lender can issue you a VA loan.

Most borrowers do not pull the COE themselves. A VA-experienced lender can pull it for you electronically, usually within minutes, sometimes hours when manual review is required. You don't need to fill out forms or wait on the VA mail system. If your lender is asking you to figure out the COE on your own, that's a signal about how comfortable they are with the loan.

What the COE tells the lender: that you're eligible; how much **entitlement** you have available; and whether you're exempt from the funding fee. That last item matters. We'll come back to it on page 7.

ENTITLEMENT, EXPLAINED

03

The part most lenders explain badly.

Here is the cleanest way to think about VA entitlement:

Your **entitlement** is the amount the VA guarantees to your lender on your behalf. It is not a loan amount. It is not a credit limit. It is a guarantee, a promise the VA makes to the bank that if you default, the VA will cover a portion of the loss.

That guarantee is why lenders are willing to offer you a loan with zero down payment. Without the VA backing the loan, no lender would touch a 100%-financed mortgage at competitive rates.

Full entitlement vs. partial entitlement. You have **full entitlement** if you've never used your VA loan benefit, or you've used it and fully paid off and sold the property, or you've had previously-used entitlement formally restored.

You have **partial entitlement** if you currently have an active VA loan, or if you've defaulted on a prior VA loan and the loss hasn't been resolved.

Why this matters in practice. With full entitlement, there is no VA-imposed loan limit. You can borrow what your income, credit, and the appraisal support, even into jumbo territory, with no down payment. The county loan limits you may have read about on other websites do not apply to you.

With partial entitlement, the county loan limit does apply. You can still get a VA loan, but the math gets more involved, and you may need a down payment on the portion of the loan that exceeds your remaining entitlement.

If you've used your VA benefit before, even decades ago, ask your lender to pull a current COE and explicitly tell you what your remaining entitlement is. Don't guess. Don't assume. The right number on this line changes the entire conversation.

One more thing. Entitlement can almost always be managed. If you've used it, there's usually a path to restore it. If you have partial entitlement, there's usually a way to structure around it. The phrase "you've already used your VA loan" is not a final answer, it's the start of the conversation.

THE FUNDING FEE

04

The funding fee, *in plain numbers.*

The **VA funding fee** is a one-time fee paid to the Department of Veterans Affairs at closing. It funds the loan guarantee program, the reason your loan can carry zero down and no monthly insurance.

The fee is a percentage of the loan amount, and depends on three things: the type of loan (purchase, IRRRL, cash-out), whether you've used your VA benefit before, and how much you're putting down, if anything.

Typical funding fee, purchase or construction loan (Current as of publication. Verify with your lender, the VA can adjust these.)

DOWN PAYMENT	FIRST-TIME USE	SUBSEQUENT USE
0% (most common)	**2.15%**	**3.30%**
5% to 10%	**1.50%**	**1.50%**
10% or more	**1.25%**	**1.25%**

IRRRL (streamline refinance): 0.50% flat. **Cash-out refinance:** treated like a purchase, 2.15% first use, 3.30% subsequent.

On a $400,000 loan, a first-time purchase with zero down would carry a funding fee of about $8,600. On an IRRRL, about $2,000. The fee can be financed into the loan rather than paid in cash at closing, which is what most borrowers do.

Who is exempt. You do not pay the funding fee if you have a service-connected disability rating from the VA, you're a Purple Heart recipient on active duty, or you're an eligible surviving spouse receiving Dependency and Indemnity Compensation. **If you're rated even at 10%, you are exempt.** If a lender is still quoting you a funding fee, ask why. If your disability claim is pending at closing, you may be able to recover the fee retroactively once approved, flag this in your file.

FIRST-TIME BUYER PATH · PART 1

05

From "thinking about it" *to "I have the keys."*

The most common question we get from first-time VA buyers: *What do I actually do, in order?* Here is the order. Steps 1 through 4 on this page. Steps 5 through 7 on the next.

01 **Get a real pre-approval (not a 5-minute online "pre-qual").**
A real pre-approval means a licensed loan officer has reviewed your credit, your income documentation, your assets, and your COE, and issued you a pre-approval letter backed by actual underwriting review. A "pre-qual" from a website that asked you for a credit score range is not the same thing. In a competitive offer, the difference can cost you the house. Have ready: two recent pay stubs, two years of W-2s (or 1099s and tax returns if self-employed), two months of bank statements, your DD-214 or current statement of service, and a working idea of your monthly debts. A good loan officer can turn around a real pre-approval in 24 to 48 hours.

02 **Set your real budget.**
Your pre-approval will show a maximum loan amount. That number is not your budget, it's the ceiling. Your real budget is what fits comfortably inside your income after taxes, retirement, savings goals, and the lifestyle you want to live. The mortgage payment is principal and interest plus property taxes, homeowners insurance, and HOA dues. Ask your loan officer for a sample monthly payment breakdown at three different price points so you can see how the numbers change.

03 **Find an agent who knows VA.**
Not all real estate agents know how VA loans work. Some have heard old wives' tales about VA appraisals being slow or VA buyers being risky. A good VA-experienced agent will help you write offers that get accepted in competitive markets without you giving up your benefit. Ask any agent you interview: *How many VA buyers have you represented in the last twelve months?* If the answer is "a few" or "I'm not sure," keep looking.

04 **Write a strong offer.**
A pre-approval letter is the floor. A strong VA offer also includes reasonable contingency timelines, an appropriate earnest money deposit, and, where possible, language that addresses the things sellers worry about with VA buyers. A good loan officer will be on the phone with your agent before you write the offer, not after.

FIRST-TIME BUYER PATH · PART 2

06

Steps 5 through 7 - *accepted offer to keys.*

05 **Under contract: appraisal, inspection, and the appraisal-gap conversation.**
Once your offer is accepted, two things happen in parallel: a home inspection (optional but strongly recommended, paid by you) and a VA appraisal (required, ordered through the VA). The inspection is for you, it tells you what's wrong with the house. The appraisal is for the lender, it confirms the home is worth at least what you're paying and that it meets minimum property requirements (more on page 11). If the appraisal comes in low, you have options: renegotiate, pay the difference in cash (an "appraisal gap"), use the Tidewater process to challenge it, or walk away. The VA has specific protections for buyers in this situation that most other loan types don't offer. Your loan officer should walk you through all four options the day the appraisal comes back.

06 **Underwriting and "clear to close."**
Underwriting is where your file goes from "looks good on paper" to "approved to fund." The underwriter verifies income, assets, employment, credit, and the property itself. They may ask for additional documentation, that's normal. The phrase you're listening for is **"clear to close"**: the loan is fully approved and ready for closing. During this period: don't open new credit cards, don't finance furniture for the house, don't change jobs without first clearing it with your loan officer, and don't make large unexplained deposits. Any of these can delay closing.

07 **Closing.**
Three days before closing, you'll receive a **Closing Disclosure** - a document that lays out, to the penny, what you'll pay and what the loan will cost over time. Read it. If anything doesn't match what you expected, ask before you sign. At closing, you'll sign a stack of documents, the funds will be wired, and you'll get the keys. From accepted offer to keys, most VA purchases close in 21 to 45 days. Move-in is the same day in most cases.

That's the path. Seven steps. The whole thing.

PRE-APPROVAL VS. PRE-QUAL

07

Why this distinction wins offers.

These two terms get used interchangeably. They shouldn't be.

Pre-qualification is a non-binding estimate. You tell the lender what you think you make, what you think your credit looks like, what you have in savings. The lender does some quick math and tells you, roughly, what you might be able to borrow. No documents reviewed. No credit pulled in some cases. Nothing verified.

A pre-qual is fine for early shopping, figuring out roughly what neighborhood you can afford. It is not what you submit with an offer on a house you actually want to buy.

Pre-approval is a real underwriting review. You provide income documentation, asset statements, ID, your COE. Your credit is pulled. A licensed loan officer (and often an underwriter) reviews your file and issues a pre-approval letter that states, based on documented review, what you qualify for.

Why this matters in a competitive market. Sellers and listing agents are not idiots. They have seen a thousand pre-qual letters from online lenders and they know what they're worth, which is, in most markets, almost nothing. A real pre-approval on letterhead, from a lender the listing agent has heard of, with a loan officer's direct number on it, is treated differently. In multiple-offer situations, the strength of the pre-approval letter is often the difference between your offer being accepted and being passed over for a buyer offering the same price.

If you're being told "we can get you a pre-approval in five minutes online" - that is a pre-qual. They're using the wrong word. In a soft market it may not matter. In a hot market, it will.

A useful test. A real pre-approval letter usually includes your name and the property type; the loan amount you're approved up to; the loan program (VA); the loan officer's name, NMLS number, and direct contact; and any conditions remaining to clear. A pre-qual letter usually includes none of those things, or has them in a generic form that wasn't tied to any review of your actual file. If you're not sure which one you have, ask your loan officer in plain English.

THE VA APPRAISAL

08

What it is, what to watch.

Every VA-financed home gets a VA appraisal. It's ordered through the VA's portal, assigned to a VA-approved appraiser, and serves two purposes: it confirms the home is worth at least what you're paying, and it confirms the home meets the VA's **Minimum Property Requirements (MPRs)**.

MPRs in plain English. The VA wants the home safe, structurally sound, and sanitary. Common MPR issues: chipped or peeling paint on homes built before 1978 (lead concern); broken windows, missing handrails, exposed wiring; roof issues, leaks, or a roof near end of useful life; no working heat in the primary living area; plumbing leaks, dead HVAC, pest infestation; wells or septic systems that haven't been certified. These aren't deal-breakers, they're items the seller usually has to fix before closing. A VA-experienced agent and loan officer will spot most of these during the listing photos and flag them before you write an offer.

Tidewater, the protection most buyers don't know exists. If the appraiser believes the home is going to come in below the contract price, they are required (in most cases) to notify the listing party and give them a window, usually 48 hours, to provide additional comparable sales that support a higher value. This is the **Tidewater Initiative**, and it's unique to VA appraisals. On a conventional loan, a low appraisal just lands in your inbox as a fait accompli. On a VA loan, you get a chance to defend the value before it's finalized. If your appraisal is heading low, your loan officer and agent should be assembling comps and getting them to the appraiser during the Tidewater window. Don't sit this out.

If the appraisal still comes in low, you have four options: renegotiate the price down; pay the difference in cash (appraisal gap); request a **Reconsideration of Value (ROV)** - a formal challenge with additional comps; or walk away (the VA appraisal contingency protects you). The right answer depends on the market, the gap, and your finances. Your loan officer should walk you through all four, not just the one that's easiest for them.

CLOSING COSTS

09

What you pay, what the seller can pay.

Every mortgage has closing costs. The VA loan has specific rules, some unique, about who can pay what.

Costs you'll typically see: origination charges (the lender); appraisal fee (around $600–$900); title insurance and title services; recording fees and transfer taxes (varies by state); prepaid items, homeowners insurance, property taxes, mortgage interest from closing date to month-end; the VA funding fee (page 7).

Costs the VA does not allow you to pay. The VA prohibits the borrower from paying certain fees - "non-allowable" charges. They include things like attorney fees for the lender, tax service fees, and certain document preparation fees. If your lender is trying to charge you these, push back, politely, but firmly.

Seller concessions, the often-missed VA advantage. On a VA loan, the seller is allowed to pay your closing costs up to certain limits, and is separately allowed to pay up to **4% of the loan amount in seller concessions** - which can cover the funding fee, prepaid taxes and insurance, or paying down your debts to help you qualify.

In a buyer's market, asking the seller to pay your closing costs and concessions is often more valuable than asking them to drop the price. Your loan officer should be running this math for you, not your agent, because the loan officer is the one who knows what the concessions can actually be applied to.

A real-world example. On a $400,000 purchase, the seller can contribute up to $16,000 in concessions (4%) in addition to "reasonable" closing costs. For a buyer with limited cash on hand, that contribution can mean the difference between closing with money still in the bank and closing house-poor. Don't leave it on the table.

PCS PLAYBOOK

10

Buying a home on orders.

PCS purchases have one feature civilian transactions don't: a non-negotiable report date. You don't get to extend because underwriting needs another week. You report when you report. That changes how the loan needs to be run.

The compressed timeline. A standard VA purchase closes in 21 to 45 days. PCS files routinely close faster, sometimes 18 to 26 days when orders demand it. We've closed PCS purchases as little as 48 hours before the report date. None of that happens by accident.

What makes a fast PCS close possible:

Front-loaded documentation. Pre-approval is fully underwritten before you've even chosen a property. The day you go under contract, the file is already half-done.

Lender choice matters. Call-center lenders aren't built for this. They run on volume and standardized timelines, not military timelines. A VA-specialist team that has run PCS files before knows what to escalate, when, and to whom.

Appraisal urgency requests. The VA portal allows certain appraisals to be marked priority. Your loan officer should know when and how to use that flag.

Communication on military time. Texts answered after hours. Documents reviewed on weekends. This isn't a perk on a PCS file, it's the requirement.

BAH and projecting income at the new duty station. If you're closing on a home at your new duty station, your BAH at that location is generally usable as qualifying income, even before you've physically arrived. Documenting it correctly, orders, projected start date, BAH rate for the new ZIP, is straightforward when your lender does it weekly. It's a source of underwriting drama when they don't.

OCONUS closings. Closing from overseas, Japan, Germany, Hawaii to CONUS, Korea, adds complexity but is routine. Power of Attorney (POA) documents, notary logistics, and time-zone-aware communication are the usual hurdles. If you're closing OCONUS, raise it on the very first call with your lender. If they get quiet, that's a sign.

If your orders just dropped - the most useful thing you can do, right now, is pull your COE and start the pre-approval. Even if you don't know where you're buying yet, the file foundation is the same. The day you have a contract, you'll be 60% of the way to closing instead of 0%.

IRRRL REFINANCE

11

The VA streamline, explained.

The **Interest Rate Reduction Refinance Loan (IRRRL)** - pronounced "earl" - is the VA's streamline refinance. It exists for one purpose: to lower the rate, and therefore the payment, on a VA loan you already have.

What makes it different from any other refinance. No appraisal required (in most cases). No income documentation required (in most cases). No re-verification of employment. Minimal credit review. The funding fee is just 0.50%. Closing costs can be rolled into the loan. For an existing VA borrower, when rates drop, the IRRRL is the most efficient refinance available, there is no comparable product in the conventional or FHA world.

When the math works. The general rule: when rates have dropped by about 0.50% or more from your current rate, the IRRRL starts to make sense. Below that, closing costs and the funding fee can take longer than you'd want to recoup. The number that actually matters is the **break-even point** - how many months until your monthly savings cover the cost of the refinance.

Example. You have a $400,000 VA loan at 7.0%. Rates have dropped to 6.25%. Your monthly principal-and-interest would drop by about $195. The IRRRL closing costs and funding fee total roughly $6,000 (financed into the loan). Break-even: about 31 months. If you plan to keep the home (and the loan) longer than your break-even point, the refinance makes sense. If you're 18 months from PCSing out and selling, it usually doesn't.

Two things that disqualify an IRRRL. The IRRRL requires that the new loan lower your rate or convert an ARM to a fixed-rate. You can't IRRRL just to pull cash out, that's a different product (page 15). You also can't IRRRL a non-VA loan. You can only IRRRL into a VA loan from an existing VA loan.

What to ignore. Rate-watching ads from random lenders. Most "IRRRL alert" mailers are marketing campaigns triggered by your loan being public record, not analysis of whether the refinance actually helps you. If you have a relationship with a lender you trust, ask them. Don't make a $400,000 decision based on a postcard.

CASH-OUT REFINANCE

12

When it makes sense, and when it doesn't.

A VA cash-out refinance replaces your existing mortgage with a new, larger VA loan and gives you the difference in cash at closing. Unlike an IRRRL, it requires a full appraisal, income documentation, and credit underwriting. The VA allows cash-out refinances up to 100% of the home's appraised value in some cases, more aggressive than most conventional cash-out programs, which usually cap at 80%.

When a VA cash-out makes sense: consolidating high-interest debt (credit cards, personal loans) into a lower-rate mortgage; funding a major home improvement that adds value; funding a meaningful life event, education, medical, family, when other options carry worse terms; or converting a non-VA loan into a VA loan (yes, you can cash-out refinance a conventional loan into a VA loan, even with no actual cash taken out, to capture the VA loan's better terms).

When it usually doesn't: pulling cash to invest in markets or speculative assets; funding consumption you'll need to refinance again to pay for next year; any scenario where the math, written out on paper, costs you more over time than the alternatives.

The HELOC comparison. A Home Equity Line of Credit (HELOC) sits behind your existing mortgage as a second lien, gives you a credit line you can draw against, and typically carries a variable rate.

VA cash-out advantages over a HELOC: fixed rate, predictable payment; single lien, single payment; VA loan protections apply.

HELOC advantages over a cash-out refi: doesn't touch your existing first-mortgage rate (matters a lot if your current rate is well below market); only pay interest on what you draw; closing costs are usually much lower.

If your existing first mortgage is at a 2-something or 3-something percent rate, do not casually refinance it into a higher-rate cash-out. A HELOC is almost certainly the better tool. If your existing rate is comparable to current rates, the cash-out may well be the right move. Run the numbers both ways before deciding.

VA CONSTRUCTION ONE-TIME CLOSE · PART 1

13

Build a home, one loan.

The VA Construction One-Time Close is one of the most powerful, and most underused, benefits in the program. It allows an eligible borrower to finance the lot purchase, the construction of the home, and the permanent mortgage with a single closing, a single rate lock, and a single set of closing costs.

Most construction loans don't work this way. The conventional path is a two-step process: a short-term construction loan during the build, followed by a refinance into a permanent mortgage when the home is finished. Two closings. Two sets of costs. Two underwriting events. And the borrower is exposed to whatever rate environment exists at the time of the second closing, which could be dramatically worse than when they started.

The VA one-time close eliminates all of that.

The structure. You close once, before construction begins. The rate is locked. The lot is purchased (or paid off, if you already own it). Construction begins. Funds are released to the builder in draws as the home is built, typically four to six draws over the course of construction. During the build, you make interest-only payments on the funds drawn so far. When construction is complete, the loan automatically converts into your permanent VA mortgage. No second closing. No second appraisal at completion. No re-qualifying. No exposure to rate changes during the build.

What it takes to qualify. Most of the same things as a regular VA purchase, eligibility, income, credit, COE, plus three construction-specific items:

An approved builder. Not every contractor qualifies. The builder needs to be registered with the VA and have the required credentials, insurance, and warranty program.

An approved plan. Architectural plans, specifications, and a fixed-price build contract.

A qualifying appraisal. The "as-completed" appraisal needs to support the total project cost (lot + construction + soft costs).

These are not high bars for an experienced VA construction team. They are insurmountable bars for a lender doing their first one.

VA CONSTRUCTION ONE-TIME CLOSE · PART 2

14

The fine print, why this is a specialty.

Why this loan isn't offered everywhere. Most lenders don't offer the VA construction one-time close, even if they offer regular VA loans. The reason is operational, not regulatory. The loan requires builder management, draw schedule administration, in-process inspections, and underwriting expertise that most retail lenders don't staff. So they steer borrowers toward the two-step process instead, because that's what they have the rails for. If you want a one-time close, you need a lender who has actually closed them recently, not one who has a page about them on their website.

Timing. A VA one-time close typically takes 45 to 60 days from application to closing, longer than a standard purchase, because the builder and plan packages take time to assemble and review. The build itself typically runs 9 to 12 months from the close-to-build start date, depending on size, complexity, weather, and local permitting. During construction, you make interest-only payments. After construction is complete, the loan converts to a full principal-and-interest payment on a 30-year fixed-rate VA mortgage.

What can go wrong (and how to prevent it). Builder runs over budget or time: mitigated by a fixed-price contract with a fully-defined scope and a builder vetted for capacity. **Appraisal comes in low:** mitigated by realistic budgeting and a lender familiar with local construction comparables. **Weather or permitting delays:** build the timeline around realistic, not optimistic. A good lender will counsel you toward a longer build window than you think you need.

Who this is right for. The VA one-time close is right for borrowers who want a specific home that doesn't exist on the market, who have time to build, who can be patient through a 9-to-12-month construction window, and who want to lock the rate and the deal up front rather than rolling the dice on what the market will look like at the end of construction. It's the wrong tool for someone who needs to be in a home in 90 days. For PCS-driven timelines, look at existing inventory instead.

A single sentence summary. If you're going to build a home, and you're VA-eligible, and you have a lender on the other end who has actually run this loan before, the one-time close is almost always the better answer than the two-step construction-to-perm.

JUMBO & HIGH-BALANCE

15

The underappreciated power of full entitlement.

Most homebuyers have heard the phrase "VA loan limits." Most of what they've heard is out of date.

Since 2020, borrowers with **full entitlement** have had no VA-imposed loan limit. None. You can borrow what your income, credit, and appraisal support, with no down payment, even if the loan amount is well into the range that would be called "jumbo" under a conventional loan.

What this means in practice. In a high-cost market, coastal California, the DC metro, the Pacific Northwest, parts of the Northeast and South Florida, a VA-eligible buyer with full entitlement can purchase a home priced at $800,000, $1.2 million, or more, with zero down. The rate may differ slightly from a standard-balance loan. The funding fee is the same percentage on the full loan amount. But the basic structure of the benefit, no down payment, no PMI, continues to apply on loans far above the conforming limit.

The county loan limit, and when it actually applies. The county loan limits published by the VA only matter for borrowers with **partial entitlement** - meaning you have an existing VA loan, or you've previously defaulted on one without resolution. For partial-entitlement borrowers, the VA's guarantee is capped at 25% of the county loan limit, minus whatever entitlement is currently tied up in your existing loan. Anything above that requires a down payment. If you're in a partial-entitlement scenario and considering a jumbo purchase, the conversation needs to happen with a lender who runs these regularly, the structure is doable, the math is just more involved than on a first-use file.

Why "no PMI on a jumbo with zero down" is unusual. There is no equivalent in the conventional market. Conventional jumbo loans require down payments of 10%–25% in most cases, and the underwriting standards (reserves, credit, debt-to-income) are tighter than on a standard conforming loan. A VA-eligible borrower with full entitlement walks past all of that. It is one of the single largest financial advantages available to military borrowers, and it is routinely overlooked because the marketing around VA loans focuses on first-time buyers and entry-level price points.

If you're house-shopping above the conforming loan limit and you're VA-eligible, make sure the lender you're talking to is actually pricing your loan as a VA loan, not steering you to a conventional jumbo because that's what their pricing engine defaults to.

MULTI-UNIT & JOINT VA LOANS

16

Live in one, rent the rest.

Multi-unit properties (2–4 units). A VA loan can be used to purchase a 2-, 3-, or 4-unit property, a duplex, triplex, or fourplex, as long as you occupy one of the units as your primary residence.

This is one of the most useful features of the program, especially for younger borrowers. You live in one unit. You rent the others. The rental income from the non-occupied units may help you qualify for the loan, and after closing, that rental income offsets part of your monthly payment, sometimes most of it.

Qualifying with projected rental income. The VA generally allows projected rental income from the non-occupied units to be counted toward your qualifying income, subject to: a market rent appraisal from the VA appraiser; reserves requirements (typically 6 months of mortgage payments, in some cases); documentation of any landlord or property management experience (sometimes; depends on the file).

In a high-rent market, this can dramatically change what you qualify for. A buyer who would qualify for a $400,000 single-family home may qualify for a $700,000 fourplex once rental income enters the picture.

Why most lenders won't talk about this. It's more underwriting work. The appraisal is more complex. The income documentation is more involved. Many retail lenders won't volunteer the multi-unit conversation unless you bring it up, even if you're sitting in a market where it's clearly the smart move. Ask.

Joint VA loans. A "joint VA loan" is a loan with two or more borrowers, where at least one is VA-eligible. Common scenarios: two service members buying together (often a married military couple); a VA-eligible borrower buying with a civilian co-borrower (often a spouse or family member).

When both borrowers are VA-eligible and using their entitlement together, the structure is straightforward. When only one is VA-eligible and the other is a non-spouse civilian, the math gets more involved, the VA's guarantee only covers the VA-eligible borrower's portion of the loan, and a down payment may be required on the non-VA portion.

This is doable and routine for an experienced VA lender. It's a rabbit hole for one who hasn't run it before. If your scenario involves two borrowers and any complexity at all, ask whether the lender has closed joint VA files in the last six months.

CREDIT EVENTS & ENTITLEMENT RESTORATION

17

There's almost always a path back.

The VA has clear, specific waiting periods after credit events. They are generally shorter than what conventional and FHA loans require.

General waiting periods (current as of publication): **Chapter 7 bankruptcy:** 2 years after discharge. **Chapter 13 bankruptcy:** 12 months of on-time payments under the plan (with court approval) or 2 years after discharge. **Foreclosure:** 2 years (and the foreclosure must not have been on a VA loan, see below). **Short sale or deed-in-lieu:** 2 years. **VA foreclosure (on a previous VA loan):** entitlement is typically reduced by the loss the VA paid; restoration is possible after the loss is repaid.

These are baselines. Your specific file may qualify sooner with documented extenuating circumstances (job loss, medical event, deployment-related hardship), or may require longer if the credit issue is recent or recurring.

Manual underwriting. After a credit event, your file may not get an automated approval through the VA's electronic underwriting system. That's not the end of the road. The VA allows **manual underwriting** - a human underwriter reviews the file, evaluates compensating factors (residual income, stable employment history, reserves, low debt-to-income), and can approve the loan even when the automated system declined it. Manual underwriting is a specialty. Not every lender does it. The ones who do, do a lot of it. If you've had a credit event, ask explicitly: *Does your team manually underwrite VA files?* The answer should be yes, with confidence.

Entitlement restoration. If you previously used your VA loan and sold the home, your entitlement is typically restored automatically when the new buyer (if VA) assumes it, or when the loan is paid off and the property sold. If you sold and your entitlement is still showing as used on your COE, a one-time restoration may be available, your lender can request it. If you previously defaulted on a VA loan, restoration is more involved but not impossible. The general path: the VA paid a guarantee claim; you can have the entitlement restored after repaying that claim. The math is specific to your file.

One thing to remember. Time heals most VA credit files. Two years after a credit event, with documented stability since, is not an exotic profile. We close these files every month. If you're sitting in a waiting period, start the conversation now, not the week you become eligible. Pre-positioning your file means closing on the first day you qualify, not three months later.

MANUAL UNDERWRITING & RESIDUAL INCOME

18

When the automated system says no.

Most VA loans are underwritten through an automated system that gives the lender an instant pre-decision. When the system returns an "approve" - great. When it returns a "refer" - meaning it's punted the decision to a human, your file goes to **manual underwriting**.

Manual underwriting is not a rejection. It's a referral to a more thorough review. Many manually underwritten files close successfully every week.

The two things that drive a manual underwrite to approval:

1. Residual income. The VA cares about something most other loan programs don't: how much money you have left over after paying all your monthly obligations. This is **residual income**. It's calculated by taking your gross monthly income and subtracting federal and state taxes, Social Security, your full housing payment, child support, alimony, monthly debt payments, and an estimated allowance for utilities. The VA publishes residual income tables by region and family size. If your residual income clears the table for your situation, that's a major positive in a manual underwrite, even if your debt-to-income ratio looks elevated by conventional standards. This is one of the most powerful features of VA underwriting: it rewards borrowers who have actual cash flow, even if the ratios on a spreadsheet look tight.

2. Compensating factors. A compensating factor is anything in your file that argues for approval beyond the basic numbers. Examples: a long history of paying rent at or above the proposed mortgage payment; significant cash reserves after closing (3, 6, or 12+ months of payments in the bank); conservative use of credit (low utilization, long history); stable employment in the same field; likelihood of future income increases (active-duty promotion timeline); minimal payment shock from current housing cost to the proposed mortgage. A good loan officer documents the compensating factors in writing as part of the file submission. A weak one submits the numbers and hopes.

When manual underwriting matters most: files with a recent credit event (page 20); borrowers with non-traditional income (self-employed, commission, gig economy); borrowers carrying student loans on income-driven repayment; borrowers near the upper end of debt-to-income ratios. If any of these describe you, manual underwriting capability isn't a "nice to have" in your lender, it's the deciding factor.

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12 QUESTIONS TO ASK ANY VA LENDER

Find the specialist. *Walk past the rest.*

Most lenders treat VA as a side product. A retail lender for whom VA is less than 20% of production will quote you a competitive rate to win the lead, then route your file through a generalist underwriter who has never seen a Tidewater, a PCS clock, or a manual on a residual-income approval. The rate you closed at and the experience you had on the way there are two different things. **The cheap quote is often the expensive close.** These twelve questions screen for the lender who runs VA loans every week, not every once in a while. Use them on anyone you're considering, and pay particular attention to question 2.

01 **How many VA loans has your team personally closed in the last twelve months?**
A real VA lender knows this number. Hundreds is typical for a specialist. "A lot" is not an answer.

02 **What percentage of your overall production is VA?**
Specialists are usually 70%+ VA. Generalists are usually under 20%.

03 **Do you manually underwrite VA files in-house?**
The right answer is yes, with confidence. Hesitation is meaningful.

04 **What's your typical PCS file timeline?**
Under four weeks should be routine.

05 **Have you closed a VA construction one-time close in the last six months?**
If they pivot to talking about "construction-to-perm refi" - that's a no.

06 **What's your handling on a jumbo VA with full entitlement?**
The correct answer references the no-loan-limit rule for full entitlement. Vague answers about "high-balance pricing" are a red flag.

07 **Can I see a sample Loan Estimate before I formally apply?**
Reluctance signals fee structures they'd rather you not see until you've committed.

08 **Who, exactly, will be my loan officer through closing?**
If the answer is "our team" rather than a named individual, you're at a call center.

09 **What happens if my appraisal comes in low?**
The right answer covers Tidewater, ROV, renegotiation, and walking. A weak answer just says "we'll figure it out."

10 **If I'm exempt from the funding fee, will my Loan Estimate reflect that immediately, or do I have to provide additional documentation first?**
A VA-experienced lender handles this on the first call.

11 **What's your communication standard, how fast do you reply during business hours, after hours, and on weekends?**
PCS timelines and active markets require after-hours responsiveness.

12 **Can I talk to two recent VA borrowers as references?**
A confident lender says yes. A reluctant one is telling you something useful.

You don't need every answer to be perfect. Watch the pattern. A lender who handles seven of these confidently and trips on five may be fine for a simple file, and dangerous on PCS, construction, jumbo, or anything else with a wrinkle. If your file has any complexity, the specialist answer is the only one that matters.

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GLOSSARY

VA terms, *in plain English.*

Appraisal Gap
Cash a buyer brings to close the difference when the appraisal comes in below contract price.

Assumable Loan
A loan that can be transferred to a qualified buyer at sale, including the original rate. VA loans are assumable.

BAH
Basic Allowance for Housing. Monthly housing allowance for active-duty service members. Usable as qualifying income.

Cash-Out Refinance
A refi that replaces an existing mortgage with a larger loan, with the difference paid in cash to the borrower.

Clear to Close (CTC)
Underwriting status meaning the loan is fully approved and ready for closing.

Closing Disclosure (CD)
Required document delivered three business days before closing that details all loan terms and costs.

COE
Certificate of Eligibility. VA document confirming eligibility for a VA loan.

Compensating Factors
Positive aspects of a file (reserves, employment stability) that support approval beyond the basic ratios.

DD-214
Discharge papers documenting military service. Required for many VA loan files for veterans.

Entitlement
The amount the VA guarantees on behalf of the borrower. Determines down payment requirements.

Funding Fee
One-time fee paid to the VA to support the loan guarantee program. Some borrowers are exempt.

IRRRL
Interest Rate Reduction Refinance Loan. VA streamline refinance with limited underwriting.

Joint VA Loan
A VA loan with two or more borrowers where at least one is VA-eligible.

Loan Estimate (LE)
Standardized form delivered within three business days of application, outlining estimated terms and costs.

Manual Underwriting
Human underwriting review of a file that did not receive an automated approval.

MPRs
Minimum Property Requirements. VA standards the home must meet for VA financing, safety, structure, sanitation.

NMLS
Nationwide Multistate Licensing System. Every licensed LO has an NMLS ID. Verify at nmlsconsumeraccess.org.

Non-Allowable Charges
Fees the VA prohibits the borrower from paying.

OCONUS
Outside the Continental United States. A common acronym for overseas closings.

One-Time Close (OTC)
Construction loan structure where construction and permanent mortgage are funded in a single closing.

PCS
Permanent Change of Station. Military relocation orders to a new duty station.

Pre-Approval
A real underwriting review of credit, income, and assets, with a letter of approval up to a specific loan amount.

Pre-Qualification
A non-binding estimate based on borrower-stated information, without full document review.

Reconsideration of Value (ROV)
Formal challenge to an appraised value, supported by additional comparable sales.

Residual Income
Monthly income remaining after taxes, housing, debts, and a utility allowance. Critical to VA underwriting.

Seller Concessions
Amounts a seller is allowed to pay on the buyer's behalf, up to 4% of the loan amount on a VA purchase.

Tidewater Initiative
VA appraisal protection that allows the listing party 48 hours to provide additional comps before a low appraisal is finalized.

Title Insurance
Insurance protecting the lender (and optionally the buyer) against title defects.

Underwriting
The process of evaluating a loan application against program guidelines and risk standards.

Funding Fee Exemption
Status that exempts the borrower from the funding fee, service-connected disability or eligible surviving spouses.

WHAT TO DO NEXT

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Your next step.

If you've read this far, you know more about VA loans than most loan officers selling them. That isn't an exaggeration.

If your scenario is straightforward, a standard purchase, an IRRRL, a first home, you now have what you need to talk intelligently to any VA-experienced lender. If it's not straightforward, PCS, construction, jumbo, multi-unit, post-credit-event, you now have a framework for asking the questions that will tell you whether the lender on the other end of the line can actually handle your file.

If you'd like to walk through your specific situation, you can reach my team directly. There's no sales script and no pressure. We'll either be the right fit for your file or we won't, and either way, you'll leave the call with a clear next step.

THE VA LENDER · J.D. KAMEEN

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