

VA Loan Basics for Real Estate Agents

A comprehensive reference to help you confidently represent buyers using VA loans. Backed by the Department of Veterans Affairs, these loans offer eligible Veterans, Active Duty service members, and certain surviving spouses a powerful path to homeownership with zero down payment and no monthly mortgage insurance.



Who Qualifies

Veterans, Active Duty service members, National Guard/Reserves with qualifying service, and eligible surviving spouses. Buyers must obtain a Certificate of Eligibility (COE) proving their service record and entitlement.



Zero Down Payment

Eligible buyers can purchase with \$0 down when using their full entitlement. This removes the biggest barrier to homeownership and gives veterans immediate access to the housing market.



Competitive Rates

VA loans typically offer lower interest rates than conventional financing. Combined with no PMI, monthly payments stay affordable throughout the loan term, maximizing buying power.



Flexible Guidelines

More forgiving credit requirements and debt-to-income ratios compared to conventional loans. Lenders focus on the full financial picture, not just credit scores.

Busting Common VA Loan Myths

Misconceptions about VA loans can cost your clients opportunities. Here's what agents need to know to confidently advocate for VA buyers in any market.

Myth: VA loans take forever to close

FACT: VA loans close in 30-45 days on average, similar to conventional financing. Delays are usually due to incomplete documentation, not the loan type. Well-prepared buyers close smoothly.

Myth: Sellers must pay all closing costs

FACT: Buyers can pay many closing costs. Sellers can contribute up to 4% in concessions, but it's negotiable. VA restricts certain fees buyers can pay, not who pays them.

Myth: VA appraisals kill deals

FACT: VA appraisals protect buyers from overpaying and ensure safety standards. Most homes pass easily. Issues that arise are usually legitimate concerns any buyer should know about.

Myth: Only first-time buyers qualify

FACT: Veterans can use VA loans multiple times throughout their lives. Entitlement restores after paying off previous VA loans, and partial entitlement allows for additional purchases.

VA Appraisal, Costs & Closing Timeline

Understanding VA Appraisals

VA appraisals serve dual purposes: establishing fair market value and ensuring the property meets **Minimum Property Requirements (MPRs)** for safety, structural soundness, and livability. Appraisers check for peeling paint, functional systems, safe roof conditions, and adequate heating. These standards protect veterans from purchasing homes needing immediate major repairs.

Unlike conventional appraisals focused purely on value, VA appraisals incorporate quality standards. Most properties pass without issue. When repairs are required, they're typically minor and negotiable between buyer and seller.



VA Funding Fee Breakdown

The VA funding fee helps sustain the loan program. It's a one-time cost typically financed into the loan amount.

2.15%

First-Time Use

Standard funding fee for first VA loan with zero down payment

3.3%

Subsequent Use

Fee for second or later VA loan usage

1.25%

With Down Payment

Reduced fee when putting 5-10% down

0%

Exempt Veterans

Purple Heart recipients and those receiving disability pay zero funding fee

Closing Costs & Seller Concessions

Buyer Can Pay

- VA funding fee (usually financed)
- Credit report fee
- Appraisal fee
- Title insurance
- Recording fees
- Prepaid taxes and insurance

Restricted for Buyer

- Loan origination over 1%
- Attorney fees (except for title work)
- Escrow or closing fee
- Document preparation fees

Sellers can contribute up to 4% toward buyer costs and may pay restricted fees.

VA Loan Timeline: Pre-Approval to Keys



Agent Pro Tips for Competitive VA Offers



Educate Sellers Proactively

Include a VA loan benefits sheet with offers. Address myths before they become objections. Highlight the strong buyer protections and smooth closing process.



Write Strong, Clean Offers

Pre-approval letters from reputable VA lenders, flexible closing dates, and personal buyer letters strengthen VA offers. Emphasize buyer commitment and qualification strength.



Avoid Common Delays

Ensure COE is obtained early, buyer has responsive communication, and all documents are submitted promptly. Work with experienced VA lenders who understand the process.



📄 Quick Reference Summary

- VA loans offer \$0 down, no PMI, and competitive rates for eligible veterans and service members
- Most common myths about VA loans are false – closings happen on time and properties pass appraisal
- VA appraisals protect buyers by ensuring safety and structural standards (MPRs)
- Funding fee can be financed; exempt veterans pay nothing
- Sellers can contribute up to 4% in concessions – use this strategically in offers
- Timeline mirrors conventional loans: 30-45 days from offer to closing
- Educate listing agents and sellers proactively to remove bias against VA financing

For educational purposes only. Loan eligibility and guidelines may vary. Always consult with qualified VA lenders for specific buyer situations.



For more tools and classes, please visit us at noyesnestacademy.com