

VA Loan Booklet

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

In this guide you'll learn:

- What a VA loan actually is -- and the guaranty that makes it work
- VA loan eligibility: how much service is required
- The Certificate of Eligibility (COE): your proof of the benefit
- Entitlement explained: the math behind "no down payment"
- VA loan limits in 2026: full entitlement means no limit
- The VA Lenders Handbook (VA Pamphlet 26-7): the rulebook behind every VA loan

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VA Loans, Underwriting Guidelines, and the VA Lender's Handbook, Explained

Know your VA benefit before you use it -- the Lender's Handbook, in plain English. The VA home loan is one of the most valuable benefits earned through military service: no down payment on most purchases, no monthly mortgage insurance, and some of the lowest foreclosure rates of any loan type. This guide walks through eligibility, the Certificate of Eligibility, the funding fee, residual income, the VA appraisal, and how VA underwriting standards actually work -- every point cited to the U.S. Department of Veterans Affairs and the CFPB.

What a VA loan actually is -- and the guaranty that makes it work

A VA loan is a home loan made by a private lender -- a bank, credit union, or mortgage company -- that the U.S. Department of Veterans Affairs (VA) partially guarantees. This is the single most misunderstood point in the entire program, so it is worth stating plainly: the VA does not lend the money. The VA insures a portion of each loan, which protects the private lender against loss and, in exchange, lets that lender offer terms most borrowers could never get on their own -- most notably, no down payment.

Think of it as a firewall between the benefit (which comes from the government, in recognition of military service) and the lending (which is done entirely by private companies competing for your business). Understanding that separation helps you read every rule below correctly: when a rule says "the VA requires," it is setting the floor the guaranty depends on; when a lender adds its own stricter rule (called an overlay), that is the private company's own risk policy -- not the VA's.

Because the guaranty lowers lender risk, the program has historically performed extremely well. The VA backs hundreds of thousands of home loans every year, and VA-guaranteed mortgages have consistently posted among the lowest serious-delinquency and foreclosure rates of any major loan type -- a track record the VA attributes in large part to its focus on a borrower's residual income and real ability to repay (U.S. Department of Veterans Affairs).

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VA loan eligibility: how much service is required

Eligibility is based on your character of service and length of service, and the exact requirement depends on when and how you served. According to the VA, service members and veterans generally qualify by meeting one of the following minimum service thresholds (VA.gov -- Eligibility):

- Wartime service: generally 90 continuous days of active duty.
- Peacetime service: generally 181 continuous days of active duty.
- Post-1980 enlistees / post-1981 officers: generally 24 continuous months, or the full period you were called to active duty.
- National Guard and Reserve members: generally 6 years of service, or 90 days of active-duty service (including at least 30 consecutive days under certain activations).

Two important expansions of eligibility:

- Surviving spouses. Certain surviving spouses of veterans who died in service or from a service-connected disability may be eligible for the home loan benefit.
- Discharge-for-disability waivers. If you were discharged early because of a service-connected disability, you may still qualify even if you did not meet the standard minimum service length.

Requirements vary by era of service and by your specific circumstances, and the VA is the authority on your individual case. The list above is the general framework the VA publishes (VA.gov -- Eligibility).

The Certificate of Eligibility (COE): your proof of the benefit

The Certificate of Eligibility (COE) is the document that proves to a lender you qualify for the VA home loan benefit. It does not approve you for a loan or reserve any money -- it simply confirms your eligibility and shows how much entitlement you have available (more on entitlement in the next section).

There are three common ways to obtain a COE:

- Online through the VA's eBenefits/VA.gov portal, which is often the fastest route.
- Through a lender, many of whom can pull your COE electronically during prequalification.

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