

# VA 2024 HOMEBUYER'S GUIDE

Understanding Your VA Loan Benefits & The Home Buying Process



The Andres Ohana, O'ahu

**HawaiiVA Loans**  
*Helping Veterans Become Homeowners*

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# INTRODUCTION



## *Did You Know?*

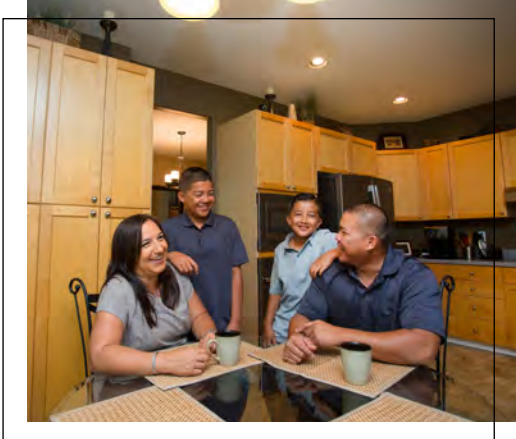
In 2023, the state of  
Hawaii saw 2,011  
VA purchase loans.

If you are a U.S. military Veteran, or if you are currently serving our country and have been on active duty for a minimum of 90 days, you could qualify for a VA home loan. The special benefits of a VA home loan almost always make it the best financing choice available for eligible borrowers.

In this VA Homebuyer's Guide, Hawaii VA Loans will show you why the VA home loan program is so great. We will also outline the home buying process to demonstrate how easy it is to become a homeowner by utilizing your VA eligibility.

In addition, Hawaii VA Loans will walk you through every step of the home buying process. As a VA approved lender, a dedicated VA Loan Specialist on our team will provide you the necessary paperwork to start the process, help you predetermine your eligibility, prequalify you for a home purchase, and eventually get you approved for a VA loan. You've earned your VA eligibility and we're here to help you realize your dreams of homeownership!

# UNDERSTANDING VA LOANS



The VA has guaranteed over 24 million home loans since 1944 when it set out to help Veterans achieve their goals of homeownership.

The first thing to understand is that the Veterans Administration does not actually lend money. They are not a mortgage company, but they work with mortgage lenders like us to guarantee the home loans that we make to Veterans.

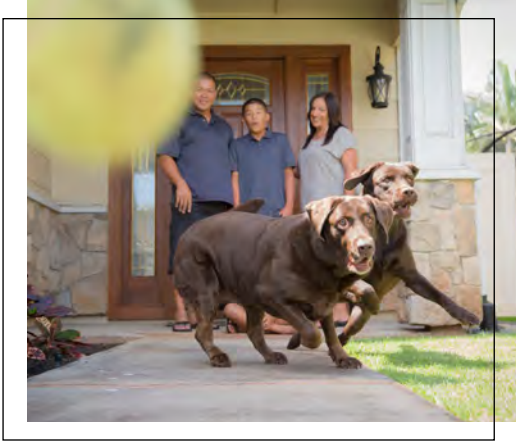
In the event that the lender is faced with incurring a loss due to foreclosure, the VA will reimburse the lender all or a portion of the money that they have lost. This guarantee enables lenders to provide VA loans for borrowers that may not qualify under other loan programs. The VA has guaranteed over 24 million home loans since 1944 when it set out to help Veterans achieve their goals of homeownership.

There are also significant money-saving reasons why you should finance your home with a VA loan rather than a conventional loan. The number one reason is that you don't have to make a down payment. Other homebuyers may have to save for years to afford their first home. You can be ready immediately with a VA loan.

VA loans generally have lower interest rates than most conventional loans. That means more affordable monthly payments. Veterans who get a VA loan do not have to pay what is known in the conventional loan world as PMI – private mortgage insurance.



## UNDERSTANDING VA LOANS (CONT.)



### *Did You Know?*

In 2023, the  
Department of  
Veterans Affairs  
guaranteed  
\$1,519,312,778 in  
VA loans in Hawaii.

This is yet another factor that lowers the monthly mortgage payment on VA loans.

Due to recent changes in the mortgage market, it is considerably easier to qualify for a VA loan than a conventional loan. In fact, some reports say that over 80% of those who qualify for VA loans could not have qualified for a conventional mortgage. Why? The Veterans Administration is backing these loans, so a mortgage company like us is able to take a risk on a loan that we may not otherwise take.

One of the biggest benefits the Veterans Administration provides for the individuals who have stood behind our country is standing behind their VA loan. Why not use those benefits to become a homeowner here in Hawaii?

# BENEFITS OF HOMEOWNERSHIP



## *Did You Know?*

In 2023, the Department of Veterans Affairs guaranteed a total of 400,692 VA loans nationwide – that includes Purchase Loans (79.9%), Refinance Loans (17.15%).

**B**uying a home provides a place where you can say, “This is mine.” A home lets you put down roots and build equity in a place of your own.

If you have a growing family, you may be ready to get into a home that accommodates a different lifestyle. If you are an empty nester, you may want to experience a new environment that you’ve always dreamed of living in. Whatever your desires, you can enjoy a greater sense of personal style and freedom in a home of your own.

## **Your Home is an Investment**

Beyond being a place to live, when chosen wisely and properly maintained, a home is usually a long-term investment that historically appreciates in value over time. Instead of paying monthly rent money that you’ll never see again, you can become a homeowner and build up equity that you’ll usually get back if you decide to sell.

The longer you pay on a particular home mortgage, the percentage of your payment that goes toward the loan’s principal increases. At first, most of your payment goes to the interest on your loan, but the longer you live in your home, the more equity you have in it. Thus, it is yours whether you decide to sell or remain in your home forever.

## BENEFITS OF HOMEOWNERSHIP (CONT.)



As a  
homeowner  
you can take  
advantage of  
several different  
types of tax  
deductions.

Homeowners also have the ability to borrow against the equity in their home. Interest rates for home equity loans are typically much lower than other types of loans. Although it's never wise to put your home at risk by overextending your credit, you can use an equity loan to pay down credit card debt at a much lower interest rate. That interest may also be tax deductible.

### **Your Home is a Tax Shelter**

As a homeowner, you can take advantage of several different types of tax deductions. Your mortgage interest is deductible on your tax return and so are your property taxes. When you sell a home that you have lived in for two or more years, you get the benefit of capital gain exclusions. This means that individuals do not have to pay tax on up to \$250,000 of the profit from the sale of the home. Married couples can waive taxes on up to \$500,000 in profit from such a sale.

Based on all of these benefits, it's easy to see why homeownership is a smart decision for anyone.

# VA LOAN BENEFITS



Even with no down payment, a VA home buyer does not have to pay for monthly PMI. This can translate into savings of \$200 - \$400 per month.

## **100% Financing**

Today, VA loans are one of the very few loan programs that do not require a down payment. Most 100% financing programs have disappeared and lenders are now requiring at the very least a 3.5% - 20% down payment in order to qualify for financing.

## **No Mortgage Insurance Required**

In a conventional mortgage, a borrower who does not put at least 20% down payment is required to pay private mortgage insurance (PMI). Even with no down payment, a VA home buyer does not have to pay for monthly PMI with a VA loan. This can translate into monthly savings of \$200 - \$400 per month.

## **Reduced Closing Costs**

Nobody likes to pay for closing costs. Fortunately for Veterans, a good portion of these costs are waived. Added up, Veterans can save roughly \$2,000 in closing cost fees that conventional loan borrowers have to pay when buying a home.

## **Flexible Qualifying Guidelines**

In today's market, lenders are increasingly tightening their mortgage guidelines, making it harder for a potential homeowner to qualify for a mortgage. VA loans have not gone through this same tightening phase.



## VA LOAN BENEFITS (CONT.)



In Hawaii, the maximum VA loan amount in 2024 with no down payment is **NO LIMIT** for borrowers with **full entitlement** on all islands – Oahu, Kauai, Hawaii Island, Maui, Lanai, and Molokai.

As a result, you have a greater chance of getting qualified for a VA mortgage than a conventional mortgage.

### **Great Loan Amounts**

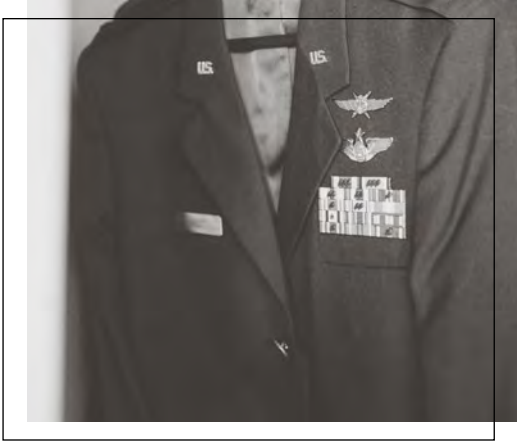
The maximum VA loan amount with no down payment is referred to as the "VA loan limit" and it's determined by average home prices in each county. In the continental U.S., the limit will never be less than \$453,100.

In Hawaii, there is no VA loan limit in 2024 for VA buyers with full entitlement. That means if you can afford the payment and are pre-approved to purchase a \$2 million dollar home, then you can buy one using a VA home loan with zero down.

### **Easy, Low Cost Refinancing**

As a VA mortgage holder, you may automatically qualify for an Interest Rate Reduction Refinancing Loan (IRRRL) – also referred to as a "Streamline." Furthermore, closing costs fees cannot be passed on to VA borrowers, so VA homeowners will save roughly \$1,500 - \$2,000 in closing costs compared to refinancing through a conventional mortgage.

# ENTITLEMENT



Whether you are active  
duty, in the reserves,  
or have been out of  
the military for years,  
as long as you are  
eligible for a VA loan,  
you can use your  
entitlement.

**B**ecoming entitled for a VA loan is just a matter of time. Once you've earned it, there is no specific time limit for using your entitlement to obtain a VA loan. Whether you are active duty, in the reserves, or have been out of the military for years, as long as you are eligible for a VA loan, you can use your entitlement.

Your basic VA loan entitlement is \$36,000, but that small amount will provide enough guaranty to allow you to borrow up to the county loan maximum (reminder: there is no county loan maximum for 2024). In most cases, you may only have one VA loan at a time. Although, if you currently have a relatively small VA loan elsewhere, you may be able to obtain a second VA loan here in Hawaii. If this applies to you, contact us at 808-792-4251 for more details on how to calculate your remaining eligibility.

Once your VA loan has been paid off (through sale or refinance to a non-VA program), you can restore your entitlement and regain your full eligibility. However, if you transfer the VA loan on your home to another person by letting them take over the payments, then your entitlement is tied up or still in use with the loan, and you cannot obtain another VA home loan until the loan is paid off.

When a Veteran sells a home that he or she has financed with a VA loan, it would be wise to let the new owners arrange their own financing. This allows the Veteran to retain the right to finance their new home with all of the cost-saving benefits of a new VA loan.

# ELIGIBILITY



*At a glance:*

**Enlisted before  
9/7/1980 or Entered  
as an officer before  
10/16/1981:**

- Peacetime – 181 days or more
- Wartime – 90 days or more

(continues on next page)

**A**s a Veteran, the first step in obtaining a VA loan is to determine whether or not you are eligible. This determination is based upon the type of service and the timeframe.

If you enlisted before September 7, 1980, or entered service as an officer before October 16, 1981, you may be eligible for the VA home loan program if you served at least 90 days in wartime and 181 days in peacetime.

If you enlisted after September 7, 1980, or entered service as an officer after October 16, 1981, and are separated from the military, you need to have served at least 24 consecutive months of active duty with other than dishonorable discharge or the full period called to active duty - not less than 90 days in peacetime or 181 days in wartime - to be eligible for VA loan benefits.

The Veterans Health Care and Benefits Improvement Act of 2020 expanded VA Home Loan eligibility for Army National Guard and Air National Guard service. Now, servicemembers may have not less than 90 cumulative days of full-time National Guard duty. In addition, at least 30 of those days must be consecutive to be eligible. In accordance with the change, VA home loan eligibility can be applied retroactively, regardless of service date. Furthermore, service in the Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve all count toward eligibility for a VA home loan.

If you are currently on active duty, eligibility can be established after 90 days of continuous active duty. Upon discharge or release from active duty, eligibility must be reestablished.

## ELIGIBILITY (CONT.)



**Enlisted after  
9/7/1980 or entered  
as an officer after  
10/16/1981:**

- 24 continuous months of active duty, or
- the full period for which called or ordered to active duty, but not less than 90 days (any part during wartime) or 181 days continuous days (peacetime)

Some individuals who do not meet the requirements for active or reserve duty may still qualify. These include the following:

- Spouses of deceased Veterans who died as a result of their active service or service-connected injury are eligible if they have not remarried.
- Spouses of missing in action or prisoners of war are eligible for VA loans if the service enlistee has been missing for over 90 days.
- U.S. citizens who served with an allied country during WW II may be eligible.
- Individuals with service as members in certain organizations, such as Public Health Service officers, cadets at the United States Military, Air Force, or Coast Guard Academy, midshipmen at the United States Naval Academy, officers of National Oceanic & Atmospheric Administration, merchant seaman with World War II service, and others.

# CERTIFICATE OF ELIGIBILITY



*Fact:*

There are approximately 16.5 million Veterans living in the United States today, nearly all of whom are eligible for a VA home loan. In 2023, there were 400,692 total loans achieved by Veterans in the United States.

**A** Veteran must prove his or her entitlement by obtaining a Certificate of Eligibility (COE). The process is simple and requires a complete VA Form 26-1880.

Once the form is filled in completely and submitted to the Veterans Administration, they confirm your information and issue a COE. The information needed for the form includes basics such as your name, address, phone number, and Social Security number.

You will also need to specify which branch of the military you have served in, or the branch in which you currently serve, along with your service number, separation of service or statement of service papers. You will also be asked to provide the VA loan number for any previous VA loans that you may have had.

We can help you obtain the forms you need, fill them out properly, and submit them to receive your COE. This certificate makes it possible for us to be a qualifying you for a VA loan.

In many cases, we can determine your eligibility within 24 hours by accessing the VA's Automated Certificate of Eligibility (ACE).



# OCCUPANCY REQUIREMENTS



VA buyers should be prepared to move into the home within 60 days after the loan closing.

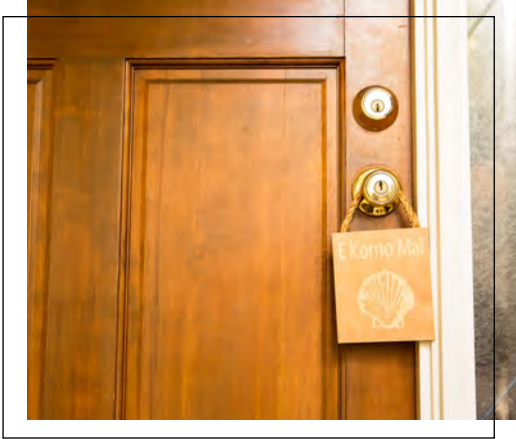
Unlike conventional loans which can be obtained for vacation homes or home used as a rental property, VA loans are only made on primary residences. This means that VA buyers should be prepared to move into the home within 60 days after the loan closing.

Some VA loans are approved if non-military employment elsewhere prevents the applicant from moving into the home within a year. VA loan applicants who travel on business for extended periods of time may still meet the requirement of primary residence as long as they can show a history of continuous residence in the community (provided there is no indication that they have a primary residence elsewhere).

The spouse of an active duty borrower can satisfy the move-in date requirement, even if the servicemember is unable to occupy the property due to active duty commitments. Servicemembers deployed from their permanent duty are considered to have temporary duty status and in such cases, a VA loan may still be approved without the spouse having to occupy the home until the servicemember returns.

No specific time is required for the Interest Rate Reduction Refinancing Loan (IRRRL). For these, a VA borrower needs only to certify that he or she previously occupied the home being refinanced.

# THE FUNDING FEE



*Fact:*  
In certain  
circumstances, the  
VA Funding Fee may  
be reduced  
or waived.

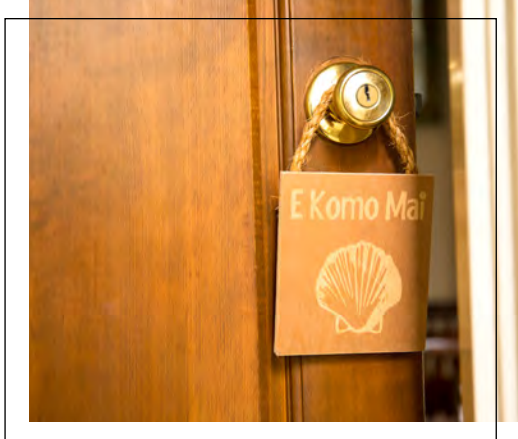
To cover some of the VA home loan program's guaranty and administrative costs, nearly all VA borrowers are charged a one-time VA Funding Fee that ranges from 0.5% - 3.3%. The funding fee can be paid up-front or financed into the loan, and is not refunded once the loan has been repaid.

In 2019 after an increase in the VA funding fee as a result of the Blue Water Navy Vietnam Veterans Act, the Veterans Administrations announced a new reduction in funding fees in 2023. Essentially, they are reverting to their previous percentages before the increase.

Thus, the reduced funding fee rates apply to loans made to purchase or construct a dwelling closing on or after April 7, 2023 and prior to November 14, 2031. See the chart on page 14 for all funding fee amounts. Here is a summary of recent changes to the VA Funding Fee guidelines:

- The VA has decreased the VA funding fee by .15% for all first-use VA purchase or construction loans, and cash-out refinance transactions. For example, if a first-time VA home loan borrower is a military Veteran applying for a zero down payment loan, there will be a 2.15% funding fee. On a \$500,000 loan, the amount would be \$10,750. If they finance it into the loan, the total amount would be \$510,750.
- Subsequent use funding fees have also been reduced.
- However, there is no reduction for Interest Rate Reduction Refinance Loans (IRRRLs); it remains at 0.5%.

## THE FUNDING FEE (CONT.)



The VA Funding Fee may even be waived for the borrower in four situations:

- The borrower receives VA compensation for a service-connected disability.
- The borrower would receive VA compensation if they didn't receive retirement pay.
- The borrower is a surviving spouse of a Veteran who either died in service or from service-related disabilities.
- There is a funding fee exemption for active duty servicemembers who have received a Purple Heart.

| Type of Loan                    | Downpayment          | Percentage for First Time Use | Percentage for Subsequent Use |
|---------------------------------|----------------------|-------------------------------|-------------------------------|
| Purchase and Construction Loans | Less than 5%         | 2.15%                         | 3.3%                          |
|                                 | 5% but less than 10% | 1.5%                          | 1.5%                          |
|                                 | 10% or more          | 1.25%                         | 1.25%                         |
| Cash-Out Refinance Loans        | n/a                  | 2.15%                         | 3.3%                          |
| IRRRLs                          | n/a                  | 0.5%                          | 0.5%                          |
| Loan Assumptions                | n/a                  | 0.5%                          | 0.5%                          |

# VA CLOSING COSTS



A typical home buyer doing a VA loan will save roughly \$1,500 - \$2,000 in closing costs when compared to financing with a conventional mortgage.

**A**long with no down payment, there are other regulations in place that keep up-front costs as low as possible for Veterans who utilize their VA loan:

Allowable costs that VA borrowers pay:

### Allowable Costs that VA Borrowers pay:

- Credit Report
- Origination
- Discount Points
- VA Funding Fee
- Recording
- Appraisal/Notice of Value (NOV)
- Survey
- Flood Zone Determination
- Hazard Insurance
- Title Insurance
- Title Examination

### Non-Allowable Costs that VA Borrowers cannot pay for (paid by lender and seller):

- Pest Inspection
- Document Preparation
- Underwriting
- Processing
- Attorneys
- Tax Service

# CONDO ELIGIBILITY



## Quick Link

Verify condo  
eligibility in Hawaii

at:

[www.hawaiiavaloans.com/  
condo-check](http://www.hawaiiavaloans.com/condo-check)

When using a VA loan to purchase a home that is a condominium, you will first want to ensure that the condo you are interested in is eligible for VA financing. The last thing you want to do is fall in love with a particular condo, only to find out that it is not on the VA-approved condo list.

Although most condos in Hawaii are VA eligible, not all of them are. How can you tell in advance? Simply go to [www.hawaiiavaloans.com/condo-check](http://www.hawaiiavaloans.com/condo-check) to use our convenient Condo Eligibility Check Tool.

Once you arrive at the page, simply type the first few letters of the condo name into the box. The suggestion menu will automatically return the most relevant results. Once you see the condo name you are searching for, click the name and find out if it is approved for VA financing or not.

If the particular condo that you are searching for does not appear in the search box, the condo is either not approved for VA financing or has yet to be reviewed by the VA regional office. If it's not on the list, contact a VA Loan Specialist on our team to find out how we can get it approved for VA financing.



# THE HOME BUYING PROCESS:



It can take less than  
15 minutes to get  
prequalified over the  
phone with one of  
our VA Loan  
Specialists. Call  
808-792-4251.

## 6 Simple Steps to Buying Your Home

**1. Get Pre-Approved:** Before you start searching for your new home, it is always recommended to get prequalified from a VA approved lender first. Here's a checklist of items you'll need:

1. Completed Certificate of Eligibility form (VA Form 26-1880). If you are no longer in the military, you will also be required to submit your discharge papers (DD Form 214).
  2. Most recent LES or pay stubs (one month)
  3. Last two years W2 statements and tax returns (if self-employed)
  4. Last two months bank statements (all pages)
- Once you have this paperwork ready, contact a VA Loan Specialist at 808-792-4251 or fill out the VA Purchase Application at [www.hawaiiivaloans.com/loanapp](http://www.hawaiiivaloans.com/loanapp).

**2. Contact a Real Estate Agent:** If you are already working with a real estate agent – great! We'll make sure your agent knows the loan amount you are preapproved for. If you don't have a real estate agent, we can refer you to a number of qualified agents that can help you find the home that fits your specific needs here in Hawaii.

## THE HOME BUYING PROCESS (CONT.)



### Quick Links

Certificate of Eligibility (COE) Request Form:

[www.hawaiiavaloans.com/coe](http://www.hawaiiavaloans.com/coe)

Get prequalified with a VA Loan Specialist:

[www.hawaiiavaloans.com/purchase](http://www.hawaiiavaloans.com/purchase)

Condo Eligibility Check Tool:

[www.hawaiiavaloans.com/condo-check](http://www.hawaiiavaloans.com/condo-check)

[@hawaiiavaloans](https://www.instagram.com/hawaiiavaloans)



**3. Narrow Down Your List of Properties:** Based on the loan amount you are prequalified for, your real estate agent will email you a list of properties that fit your specific criteria. From that list, you'll need to narrow down the selection so that your real estate agent can schedule a showing with the seller's agent. Keep in mind that not all condominiums are eligible for VA financing, so use the Condo Eligibility Check Tool on our website to see if your particular condo is approved.

**4. View Properties:** Now it's time to see the properties for yourself. This is where you'll really decide which home will be the best fit for you and your family.

**5. Submit an Offer:** Once you've decided which house you would like to purchase, your real estate agent will draft up an offer that will be accompanied by a prequalification letter from your VA Loan Specialist.

**6. Leave the Rest to Your VA Homebuyer's Team:** Once the offer is accepted, sit back and relax as your VA Loan Specialist, real estate agent, and escrow officer handle the nuances of your purchase transaction. The process typically takes 30-45 days. You will come in and sign the final loan documents. When this is complete, you will receive your keys and officially become a Hawaii homeowner. It is really that simple!

# CONCLUSION



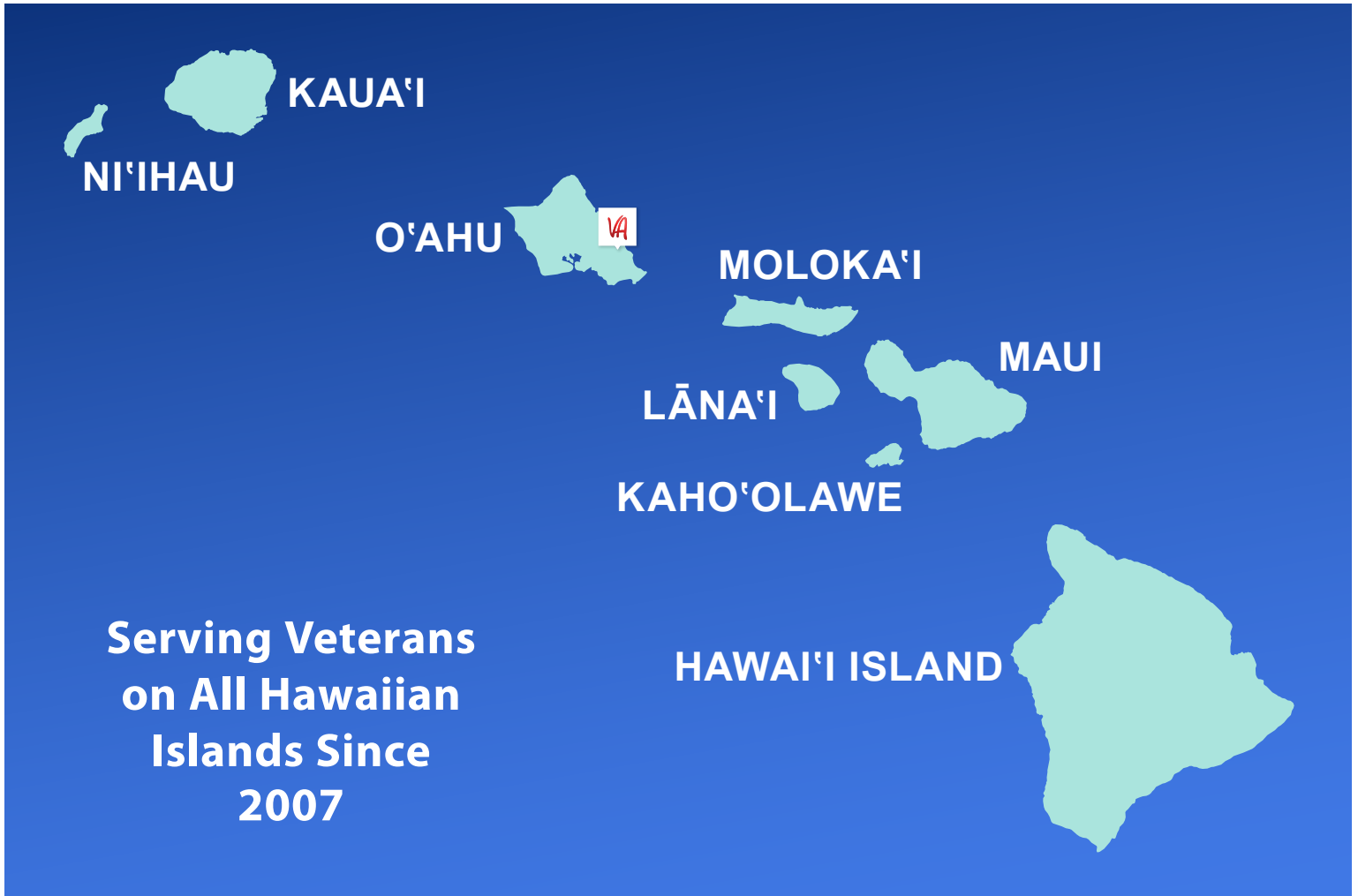
**A**s an active duty servicemember or Veteran, you deserve the right to become a homeowner. The VA Home Loan Guaranty Program and Hawaii VA Loans can help you achieve your homeownership goals. Contact a VA Loan Specialist to get started today!

## About Hawaii VA Loans

Hawaii VA Loans, a division of Land Home Financial Services, Inc., is the leading resource center of VA loan information in Hawaii.

In addition, Hawaii VA Loans is the longest-running VA loan specialized lender in Hawaii, comprised of the top mortgage professionals in the state to guide you through every step of the VA loan process. VA Loan Specialists are right here in Hawaii ready to assist you. Now, it has never been easier to get pre-approved for a VA home loan!

# HawaiiVA Loans



**Kailua Branch**  
111 Hekili St. #102  
Kailua, HI 96734

**p: 808-824-4330**

CONTACT US ANYTIME:

e: [info@hawaiiivaloans.com](mailto:info@hawaiiivaloans.com)

[www.hawaiiivaloans.com](http://www.hawaiiivaloans.com)



[hawaiiivaloans](https://www.hawaiiivaloans.com)



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# HawaiiVA Loans

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*Helping Veterans Become Homeowners*