

Maximum VA Guaranty Calculation

The information and examples provided are solely to help you calculate the maximum VA guaranty. This document does not supplement, override, or supersede any provisions of law, applicable statutes, regulations, or VA policies. While VA doesn't require a credit score or down payment for the VA home loan, the amount a lender will lend you may be based on individual borrower characteristics such as credit, cash on hand, down payments, and other factors. Borrowers should shop around for a loan product that best suits their financial needs.

The Blue Water Navy Vietnam Veterans Act of 2019 changed the way the VA guaranty is calculated for loans closed on or after January 1, 2020 for purchase, refinance (other than IRRRLs), and construction loans above \$144,000. Specifically, for Veterans with full entitlement, the maximum guaranty amount is 25 percent of any loan amount above \$144,000, regardless of the county loan limit. However, for Veterans with partial entitlement, the maximum amount of guaranty for a loan above \$144,000 may not exceed the lesser of 25 percent of the loan amount or 25 percent of the county loan limit minus the amount of entitlement previously used and not [restored](#).

The following examples illustrate some common situations involving VA guaranty calculations. They are by no means comprehensive of all situations due to variations of entitlement available to an individual Veteran, county loan limits, purchase prices, and loan amounts. Situations may arise that are not shown in these examples.

Note: All dollar amounts below are simplified for explanation purposes. To see current conforming loan limits by county, refer to the 'One-Unit Limit' column in the Federal Housing Finance Agency's [maximum loan limit table](#).

Example 1 – (Full Entitlement)

The maximum guaranty for borrowers with **full entitlement** is 25 percent of the loan amount.

Loan Amount: \$1,200,000

Maximum Guaranty: \$1,200,000 × 25% = **\$300,000**

Example 2 – (Partial Entitlement)

In this case, the borrower used \$70,000 of **entitlement on a prior VA-guaranteed home loan** (not restored). The borrower is seeking to purchase another home with a loan amount of \$200,000. County loan limit of the property is \$600,000.

\$150,000 (\$600,000 × 25%)	OR	\$200,000 (loan amount)
- \$70,000 (entitlement used)		<u>× 25%</u>
\$ 80,000 = remaining entitlement available		\$ 50,000 = possible guaranty

Maximum Guaranty = \$50,000

Example 3 – (Partial Entitlement)

The borrower used \$70,000 of **entitlement on a prior VA-guaranteed home loan** (not restored). The Veteran is seeking to purchase another home with a loan amount of \$350,000. County loan limit of the property is \$300,000.

$$\begin{array}{r} \$75,000 (\$300,000 \times 25\%) \\ - 70,000 (\text{entitlement used}) \\ \hline \$ 5,000 = \text{remaining entitlement available} \end{array}$$

Maximum Guaranty = \$5,000

Example 4 – (No Entitlement)

The borrower used \$36,000 of **entitlement on a prior VA-guaranteed home loan** (not restored). They are seeking to purchase another home with a loan amount of \$144,000. County loan limit of the property is \$300,000.

Since the loan amount is **not over** \$144,000 the borrower has no remaining entitlement available. Therefore, they cannot use his/her home loan benefit to guaranty the loan without obtaining restoration of entitlement.

Example 5 – (Refinance)

The borrower used \$36,000 of **entitlement on a prior VA-guaranteed home loan** (not restored). They are seeking to obtain a cash-out refinance on his/her current VA-guaranteed home loan in the amount of \$180,000. The borrower has no other VA-guaranteed home loan. County loan limit of the property is \$300,000.

Loan Amount: \$180,000
Maximum Guaranty: $\$180,000 \times 25\% = \$45,000$

Entitlement used may be restored for purposes of a cash-out refinance.

Example 6 – (One-time Restoration)

The borrower used \$36,000 of **entitlement on a prior VA home loan** (paid-in-full / not restored). They are seeking to purchase another home with a loan amount of \$180,000. County loan limit of the property is \$300,000.

Loan Amount: \$180,000
Maximum Guaranty: $\$180,000 \times 25\% = \$45,000$

A one-time restoration is possible where the prior VA loan has been paid-in-full, but the borrower maintains the property from the original loan. If the Veteran wants to use the benefit in the future for another purchase or cash-out refinance, both properties would have to be disposed of before entitlement can be restored.