

## 2020 Department of Veterans Affairs County Loan Limits

1. Purpose. This Circular announces the Department of Veterans Affairs' (VA) effective loan limits for calculating entitlement for VA-guaranteed loans that close on or after January 1, 2020. As a reminder, for loans closed on or after January 1, 2020, VA will guaranty 25 percent of any loan amount unless the Veteran has only partial entitlement. See [VA Circular 26-19-30](#) and [Public Law 116-23](#) for additional information.

2. Interest Rate Reduction Refinancing Loans (IRRRLs). The county loan limits do NOT apply to IRRRLs. VA will guarantee 25 percent of the loan amount on an IRRRL, regardless of the Veteran's entitlement.

3. Loan Limit Impact on Borrowers with Partial Entitlement. VA does not impose a maximum loan amount that a Veteran with partial entitlement may borrow to purchase a home; instead, the law directs the maximum amount that VA may guarantee on a home loan. Because most VA loans are pooled in securities that require a 25 percent guaranty, the effective no-down payment loan limit on VA loans is typically four times VA's maximum guaranty amount. Lenders may make loans greater than the effective loan limit to a borrower with partial entitlement; however, the lender may require the Veteran to make a down payment (typically 25 percent of the difference between the loan amount and the county loan limit). Down payments required on VA loans are typically far less than down payments required on other loan products.

4. Effective Loan Limits. The 2020 effective loan limits are posted at: [http://www.benefits.va.gov/homeloans/purchaseco\\_loan\\_limits.asp](http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp). Note that for purposes of determining the VA guaranty for loans involving Veterans with partial entitlement, lenders are instructed to reference only the One-Unit Limit column in the Federal Housing Finance Agency (FHFA) Table "Loan Limits for Calendar Year 2020- All Counties" (<https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>). While a Veteran may use the VA home loan guaranty benefit to acquire a property up to 4-units in size, VA's maximum guaranty amount will be based on the One-Unit (single-family residence) limit, as prescribed by FHFA in the aforementioned table. For example, if a Veteran with partial entitlement plans to purchase a four-unit dwelling for \$700,000, in a county where the FHFA One-Unit (single-family residence) limit is \$510,400, then VA's maximum guaranty amount would be 25 percent of the \$510,400.

5. Loan Limit Increases or Decreases from the Previous Year. Where the 2020 county loan limit is higher than the 2019 county loan limit, use the 2020 loan limit. Where the 2020 county loan limit is lower than the 2019 county loan limit, VA will honor the 2019 county loan limit for loan applications verified as signed by all parties prior to January 1, 2020, where the loan closed on or after January 1, 2020.

6. Rescission: This Circular is rescinded January 1, 2021.

By Direction of the Under Secretary for Benefits

Jeffrey F. London  
Director  
Loan Guaranty Service

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