

## Bulletin 19-57

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### VA Maximum Guaranty/Entitlement Update

VA announced the elimination of the county loan limit for veterans who have their full entitlement available in [VA Circular 26-19-23](#) and [VA Circular 26-19-30](#) for loan **closing (signing) on or after January 1, 2020**. A 25% guaranty is still required.

**As a reminder, loan limits and entitlement changes do not apply to IRRRLs**

The updated VA policy applies to loan amounts > \$144,000. There is no change to current VA policy for loan amounts ≤ \$144,000.

#### **First Time Use, Veteran has Full Entitlement or Full Entitlement will be Restored**

- County limits **do not** apply
- The guaranty for veterans with full entitlement or full entitlement restored will be based on 25% of the loan amount

##### ***Example – Full Entitlement:***

- Loan amount is \$950,000.  $\$950,000 \times 25\% = \$237,500$  (max guaranty/entitlement available)

#### **Veteran has Partial Entitlement or Entitlement Cannot be Restored**

Applies to Veterans who have previously used their entitlement which **cannot** be restored

- County limits apply
- The maximum guaranty is based on the **lesser of:**
  - 25% of the loan amount, **OR**
  - 25% of the Freddie Mac county loan limit

##### ***Example 1 Eligible:***

- Loan amount is \$200,000. Veteran has used \$36,000 entitlement. County limit is \$500,000
  1.  $\$200,000$  (loan amount)  $\times 25\% = \$50,000$
  2.  $\$500,000$  (county limit)  $\times 25\%$  **minus**  $\$36,000$  (used entitlement) =  $\$89,000$
  3.  $\$50,000$  (lesser of above) **Meets 25% guaranty requirement**

##### ***Example 2 Ineligible:***

- Loan amount is \$765,000. Veteran has used \$70,000 in entitlement which cannot be restored. County limit is \$724,000.
  1.  $\$765,000$  (loan amount)  $\times 25\% = \$191,250$
  2.  $\$724,000$  (county limit)  $\times 25\%$  **minus**  $\$70,000$  (used entitlement) =  $\$111,000$  (guaranty/entitlement available)
  3.  $\$111,000$  (lesser of the above) **divided by**  $\$765,000 = 14.51\%$  **Does not meet minimum 25% guaranty requirement**

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### **Dual Entitlement: Married Veterans**

- Maximum combined guaranty cannot exceed 25% of the loan amount when at least one veteran has full entitlement
- VA will charge entitlement for married veterans per their request
- If both Veterans have partial entitlement, guaranty cannot exceed the lesser of:
  - 25% of the loan amount, **OR**
  - 25% of the Freddie Mac county loan limit

### **Joint Loans: Unmarried Veterans**

- Maximum combined guaranty equals 25% of the loan amount when **both** Veterans have full entitlement
- If at least one Veteran has partial entitlement the guaranty cannot exceed the lesser of:
  - 25% of the loan amount, **OR**
  - 25% of the Freddie Mac county loan limit
- VA will charge entitlement to each Veteran equally, unless the Veteran provides a signed written agreement to VA to handle otherwise, **PRIOR TO** guaranty of the new loan

### **Joint Loans: Veteran and Non-Veteran:**

- All existing VA policies continue to apply

To view the 2020 loan limits by county click here: [FHFA.gov](https://www.fhfa.gov)

The Homebridge VA guidelines have been and posted on the Homebridge website at [www.homebridgewholesale.com](https://www.homebridgewholesale.com). Homebridge [Bulletin 19-58](#) details Homebridge policy regarding VA 2020 loan limits.

If you have any questions, please contact your Account Executive.