

Attachment C

Loan Guaranty / Entitlement and Required Cash Downpayment Examples

(See "VA LOAN GUARANTY / ENTITLEMENT" Section)

Example 1 (Veteran has Full Entitlement)	
Property located in:	Riverside County, CA
VA County Limit for Riverside County	\$417,000
Sales Price	\$300,000
Appraised Value	\$300,000
VA Funding Fee Factor (1 st time use of entitlement) (See "Funding Fee" Section for factor)	2.15%
Borrower requested loan amount (base + financed funding fee)	\$306,450
Minimum Guaranty required (\$300,000 X 25%)	\$75,000
Maximum Guaranty/Available Entitlement = \$306,450 X 25%	\$76,612.50
Since the minimum Guaranty required is less than the maximum Guaranty VA will provide, no cash downpayment is required from the borrower and the requested loan amount is acceptable.	

Example 2 (Veteran has Partial Entitlement Available)	
Veteran has used \$36,000 of entitlement on prior loan, which may not be restored.	
Property located in:	Riverside County, CA
VA County Limit for Riverside County	\$417,000
Sales Price	\$320,000
Appraised Value	\$320,000
VA Funding Fee Factor (Subsequent use of entitlement) (See "Funding Fee" Section for factor)	3.3%
Borrower requested loan amount (base + financed funding fee)	\$330,560
Minimum Guaranty required (Appraised Value X 25%) \$320,000 X 25%	\$80,000
Maximum Guaranty/(Remaining) Available Entitlement = \$417,000 X 25% = \$104,250 LESS \$36,000	\$68,250
Since the minimum Guaranty required is greater than the maximum Guaranty VA will provide less the entitlement in use, the Veteran needs a cash downpayment to meet the minimum requirements.	
Downpayment = Minimum Guaranty Required less REMAINING Available entitlement: \$80,000 - \$68,250	\$11,750
Adjusted base loan amount = Sales Price – Downpayment: \$320,000 - \$11,750 Since a downpayment is required, the base loan amount must be reduced by the amount of the downpayment	\$308,250
Percentage of Guaranty = Available Entitlement + Downpayment divided by Sales Price: \$68,250 + \$11,750 / \$320,000	25% Minimum Guaranty is met.
Adjusted Funding Fee = Adjusted Base Loan Amount X Applicable Funding Fee Factor \$308,250 X 3.3%	\$10,172.50
Adjusted Total Loan Amount = Base Loan Amount Plus Funding Fee \$308,250 + 10,172.50	\$318,422