

# TRIDENT GLOBAL CORP

## VA Debt Ratios & Funding Fees

Add up the total mortgage payment (principal and interest, escrow deposits for taxes, hazard insurance, homeowners' dues, etc.) and all recurring monthly revolving and installment debt (car loans, personal loans, student loans, credit cards, etc.). Then, take that amount and divide it by the gross monthly income. The maximum ratio to qualify is 41%. In the event the number exceeds the 41%, the VA has a residual income guideline which can allow approval, yet are not considered a compensating factor.

### VA Funding Fee:

The VA funding fee is required by law. The fee, currently 2.15% on no down payment loans for a first time use, is intended to enable the veteran who obtains a VA home loan to contribute toward the cost of this benefit, and thereby reduce the cost to taxpayers. The funding fee for second time users who do not make a down payment is 3.3%. The idea of a higher fee for second time use is based on the fact that these

veterans have already had a chance to use the benefit once, and also that prior users have had time to accumulate equity or save money towards a down payment.

For purchase and construction loans, members of the regular military fall into the category of first time user or subsequent user. For first time users, no down payment requires a 2.15% fee, up to 10% down payment requires a 1.5% fee, and 10% or more requires a 1.25% fee. For subsequent users, no down payment requires a 3.3% fee, up to 10% down payment requires a 1.50% fee, and 10% or more requires a 1.25% fee.

For the category of Reserves / National Guard, first time users with no down payment requires a 2.4% fee, up to 10% down payment requires a 1.75% fee, and 10% or more requires a 1.5% fee. For subsequent users, no down payment requires a 3.3% fee, up to 10% down payment requires a 1.75% fee, and 10% or more requires a 1.5% fee.

Cash-out refinancing loans for regular military require a 2.15% fee for first time users and a 3.3% fee for subsequent users. For Reserves / National Guard, the requirement is a 2.4% fee for first time users and a 3.3% fee for subsequent users. On interest rate reduction loans, the VA funding fee is .50% and it is 1.0% on Manufactured Home Loans.

### The following persons are exempt from paying the funding fee:

- Veterans receiving VA compensation for service-connected disabilities.
- Veterans who would be entitled to receive compensation for service-connected disabilities if they did not receive retirement pay.
- Surviving spouses of veterans who died in service or from service-connected disabilities (whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan).

**\*\*\* NOTE:** The VA has the final say on who is exempt.