

What is a VA funding fee?

Learn current funding fee rates, how much you might pay, and more helpful information

Most veterans who buy or refinance a home with a VA loan have to pay a one-time funding fee. This fee helps protect the VA loan program when mortgages default.

How much you pay is based on the type of VA loan, how much money you are borrowing, and other factors. For example, some veterans buying their first home with a VA loan may pay a funding fee of 1.65%. If these veterans are borrowing \$200,000 to buy their homes, they will need to pay a funding fee of \$3,300. (1.65% of \$200,000 = \$3,300.)

You can pay your funding fee at closing or you can roll the cost of your fee into your loan and pay it over time. When you finance your funding fee into your loan, you will pay interest on its cost. Some disabled veterans and surviving spouses are exempt from paying the fee.

VA loan funding fee chart for home purchases

Veterans, active duty personnel, and members of the National Guard and reserves pay the same funding fee when they buy a house. The rate can vary depending on the amount of your down payment and whether this is the first time you've used your VA loan entitlement to finance a home or you've used your entitlement before.

First use:

Down payment is less than 5%, then VA funding fee is 2.3%

Down payment is 5% or more, then VA funding fee is 1.65%

Down payment is 10% or more, then VA funding fee is 1.4%

After first use:

Down payment is less than 5%, then VA funding fee is 3.6%

Down payment is 5% or more, then VA funding fee is 1.65%

Down payment is 10% or more, then VA funding fee is 1.4%

Chart source: The U.S. Department of Veterans Affairs [website](#).

VA loan funding fee chart for streamline refinances

You can refinance a VA loan with Interest Rate Reduction Refinance Loans (IRRRLs), which are also called “[VA streamline refinances](#).” These loans let veterans and active duty personnel refinance with less paperwork and faster closings.

All veterans and service members pay the same rate, and your funding fee is not affected by your down payment or whether you’ve used your loan entitlement in the past. Here is the streamline refinance funding fee as of January 2020:

Loan type:

Interest Rate Reduction Refinance Loans

VA funding fee:

0.5%

Chart source: The U.S. Department of Veterans Affairs [website](#).

VA loan funding fee chart for cash out refinances

Cash-out refinances let you get cash from your home's equity. You replace your existing mortgage with a new VA loan for a higher amount, and get the difference in cash at closing. Veterans and service members pay the same rate, although you will pay more if you’ve used your VA loan entitlement before. Here are the cash-out funding fees as of January 2020:

First use:

2.3%

After first use:

3.6%

Chart source: The U.S. Department of Veterans Affairs [website](#).

VA funding fee exemptions for disabled veterans and surviving spouses

Veterans who are receiving or eligible to receive compensation for a service-related disability may



be exempt from paying the funding fee. The surviving spouses of veterans who died in service or from a service-related disability may also be exempt from paying the fee. Learn more about who does not have to pay the funding fee on the [VA website](#).

Can you add the VA funding fee to your loan amount?

Yes, in most cases you can add the cost of your funding fee to your loan amount. This means you don't need to pay the funding fee in cash at closing. Adding the fee to your loan amount is likely to increase your monthly payment and the total amount of money you pay in interest over the life of the loan, however.

Is the VA funding fee tax deductible?

Your VA funding fee may be tax deductible. Current IRS rules may allow you to deduct the cost of your funding fee from the taxes you file for the year in which you paid the fee. Consult your tax professional for more information*.

Talk to Freedom Mortgage about a VA loan

Freedom Mortgage is the #1 VA lender¹ in the United States. Would you like to talk to us about VA loans? Reach out to a Loan Advisor by visiting our [Get Started](#) page or calling us at 877-220-5533.

1. Inside Mortgage Finance, 1Q2020

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NOTES & REMINDERS