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VA ASSUMABLE SECRET

Understanding how VA loan assumption actually works on Oahu: your entitlement, the cash gap, and whether the math holds up, before you chase a headline rate.

VA LOANS · ASSUMABLE FINANCING · ENTITLEMENT · HAWAII MILITARY BUYERS

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2. Your remaining entitlement, translated into Oahu dollars
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WHO CAN ASSUME, & YOUR ENTITLEMENT ON OAHU

WHO CAN ASSUME A VA LOAN

You do not have to be a veteran to assume a VA loan. Anyone can, as long as the loan holder or servicer approves the file and the buyer qualifies on credit and income like any other buyer. Being VA-eligible only matters for what happens next, to the seller's entitlement. One thing that surprises buyers: there's no shopping lenders on an assumption. The buyer applies through whichever bank or servicer already holds the loan, and that servicer sets the pace.

WHAT HAPPENS TO THE SELLER'S ENTITLEMENT

NON-VETERAN ASSUMES, NO SUBSTITUTION

The seller's entitlement stays tied to that loan. It is not freed up just because the home changes hands again later, only when the loan is paid off in full.

VA-ELIGIBLE BUYER ASSUMES AND SUBSTITUTES

A veteran buyer can substitute their own entitlement for the seller's on that specific loan, with VA approval. This is the one path that frees the seller's entitlement before payoff.

> **The most common misunderstanding:** sellers assuming their entitlement comes back automatically at closing. It doesn't, unless the buyer substitutes their own. Confirm which scenario you're in before counting on that entitlement for your next purchase.

YOUR REMAINING ENTITLEMENT, IN OAHU DOLLARS

This only matters if the buyer's entitlement isn't full. A buyer who has never used their entitlement, or has it fully restored, has no VA-imposed cap at all, county limits don't apply to them. It's the buyer with something already charged elsewhere where the math matters: $100,000 charged in a county with a $360,000 limit and $100,000 charged in a county with a $900,000 limit are very different situations, even though the dollar figure looks the same. To find real Oahu buying power for a partial-entitlement buyer, you translate a percentage, not a flat number.

$1,228,500

2026 HONOLULU COUNTY VA LOAN LIMIT · THE CEILING USED TO CALCULATE ZERO-DOWN POWER FOR A BUYER WITH PARTIAL ENTITLEMENT

STEP ONE: FIND THE PERCENTAGE, NOT THE DOLLAR FIGURE

Pull the COE, or ask the lender holding the other loan, what percentage of total entitlement is still available. That percentage is what actually carries forward, the original dollar amount charged does not.

STEP TWO: APPLY IT TO OAHU'S LIMIT

Multiply the remaining percentage by today's Honolulu County limit to see real zero-down purchasing power here. The same buyer can look very different in Oahu than they did in the county where they last used their entitlement.

> **Bottom line:** pull the seller's loan details and the buyer's COE early, before an offer goes in. Entitlement math is the one number that can quietly kill an otherwise great assumable deal after everyone's already excited about it.

TWO PATHS TO CLOSING

NO PRE-APPROVAL LETTER ON AN ASSUMABLE

Buying with your own lender, you shop with a pre-approval letter in hand. An assumable works differently: there's no pre-approval, the seller is trusting your proof of funds to cover the cash gap, and the loan servicer's own manual underwriting once escrow opens, not a letter from your lender.

> **What this means for you:** get your proof of funds ready before you write an offer, it's doing the job your pre-approval letter usually does. The seller is taking a bit of a leap of faith on an assumable, a clean, ready proof of funds makes your offer easier to trust.

TRADITIONAL VS. ASSUMABLE, SIDE BY SIDE

TRADITIONAL, WITH YOUR OWN LENDER

1. Talk with us, connect with a lender
2. Lender determines what you qualify for
3. Lender issues your pre-approval letter
4. Shop and submit offers with that letter attached
5. Open escrow, close and move in, about 30 days

ASSUMABLE

1. Talk with us about your finances and goals
2. We identify which assumables actually fit you
3. You provide proof of funds for the cash gap
4. Submit the offer, then qualify with the loan servicer, up to 3 weeks
5. Finish remaining tasks, 60–120 days total to close

> The trade-off in plain terms: a faster, more predictable process on the traditional side, or the possibility of a below-market rate and real monthly savings on the assumable side, at the cost of a longer, less certain closing runway. Neither path is automatically better, it depends on your timeline and your numbers.

A FULL WORKED EXAMPLE

THE DEAL

WHAT HAPPENED	AMOUNT
Original purchase price (when the seller bought)	**$1,000,000**
Remaining loan balance today	**$900,000**
Current resale price	**$1,100,000**
Cash gap you need to bring (resale price minus balance)	**$200,000**

ASSUMED BALANCE · $900K	CASH GAP · $200K

Note: on the sale price and balance given, the cash gap works out to $200,000, plus closing costs. That gap also grows the longer the seller keeps paying the mortgage, every dollar of principal they pay down before closing adds a dollar to the cash you'll need to bring.

> **The rule that trips people up:** entitlement needed to substitute into an assumption is measured against what the home originally financed for, not what's left to pay off today. This home originally financed at $1,000,000, so that's the number entitlement has to cover, even once the balance has been paid down to $900,000. And this is a hard gate, not a soft one: if the entitlement isn't there, no amount of cash fixes it.

DOES YOUR ENTITLEMENT CLEAR THE BAR?

Entitlement is a pass/fail gate, separate from the cash gap: a buyer needs enough of both to close. Buyer B's figures below assume the $100,000 charged elsewhere converts cleanly, in practice, pull the real percentage from the COE since it depends on where and when that entitlement was used.

BUYER	OAHU PURCHASING POWER	NEEDED TO COVER	RESULT
BUYER A (FULL ENTITLEMENT)	**No VA cap**	**$1,000,000**	Clears it automatically
BUYER B ($100K CHARGED ELSEWHERE)	**$828,500**	**$1,000,000**	Short $171,500, cannot substitute

> Buyer B is disqualified from substituting entitlement on this loan as priced, full stop. Cash doesn't fix an entitlement shortfall. What could still make it work: a home with a lower original purchase price, or freeing up entitlement tied to another property first. Confirm the exact math with your lender before you write the offer.

IS ASSUMING RIGHT FOR YOU? & THE TIMELINE

FIVE QUESTIONS BEFORE YOU OFFER

These assume the buyer's entitlement already clears the bar on the prior page. If it doesn't, none of the questions below matter yet.

1 WHAT'S THE MONTHLY SAVINGS?
On our $900K example: roughly $3,674/mo at an assumed 2.75% rate vs. roughly $5,396/mo financing the same balance at a 6% market rate today, about $1,722/mo saved. Illustrative, confirm today's actual rate before comparing.

2 WHAT'S THE CASH GAP?
Resale price minus the assumed balance. In our example, $200,000, plus closing costs, and it grows every month the seller keeps paying down principal.

3 WHAT'S THE OPPORTUNITY COST OF THAT CASH?
If your $200,000 could otherwise earn around 6% a year invested elsewhere, that's roughly $12,000 a year you're giving up access to by putting it here instead. Weigh that against what the cash is doing in this deal, it's not spent, it's equity in a home.

4 HOW LONG WILL YOU HOLD THE HOME?
Cash gap ÷ monthly savings alone gives a rough payback period, about 116 months here, but that overstates it. The $200,000 isn't gone, it's equity from day one, plus whatever the home appreciates while you hold it. The real question is how long you plan to stay, not how long the monthly savings alone take to catch up.

5 HOW MUCH CASH DO YOU ACTUALLY HAVE?
The best math in the world doesn't matter if you don't have $200,000 in liquid cash, or a second loan lined up, to bridge the gap. This is often the real deciding factor before the other three.

THE TIMELINE, AND WHERE FILES GET STUCK

1	2	3	4
OFFER & REQUEST	SERVICER REVIEW	VA APPROVAL	CLOSING
Assumption submitted	Buyer credit & income	If substituting entitlement	Loan officially transfers

Assumptions realistically take 60–120 days to close, well beyond a typical purchase loan. If you're PCSing, that gap is worth planning around: this may be a good reason to explore offering on an assumable listing before you arrive on-island, so the timeline lines up and you're not paying for a hotel while you wait to move in.

COMMON BUMPS

Every servicer assigns your file to a different loan officer, and not all of them work assumptions often. Incomplete paperwork restarts the clock, and communication can go quiet for stretches in between.

WHAT HELPS

A signed third-party authorization lets us contact the servicer directly for status updates, so you're not the only one waiting on a callback. We request this on every assumable file we work.

FOUND AN ASSUMABLE LISTING?

LET'S RUN YOUR NUMBERS BEFORE YOU OFFER

The rate is the headline, but your entitlement, the cash gap, and how long you'll hold the home are the real decision. Send us the listing and we'll walk through whether it's actually the deal it looks like.

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