

2024 VA Loan Residual Income Guidelines for All 50 States and The District of Columbia

VA Residual Income

VA residual income is the discretionary income which remains after a homeowner has fulfilled all its monthly credit obligations. To get mortgage-approved, the Department of Veterans Affairs requires VA mortgage applicants to show a minimum VA residual income based on their geography and household size.

Low Foreclosure Rates For VA-Backed Loans

The housing market is rebuilding with first-time buyers playing an outsized role in its rebirth. This is, in part, because the homeownership costs are lower than rental expenses in many U.S. cities.

It's also because of low- and no-downpayment mortgage programs.

One such “zero-down” program is the **VA loan** from the Department of Veterans Affairs.

Available to veterans and members of the military, VA home loans give military buyers the ability to finance 100% of a home at low VA mortgage rates. Unlike *other* 100% financing programs, though, VA loans default at a very low rate.

The key is a commonsense guideline known as “residual income”.

Residual Income: Helping VA Borrowers Avoid Foreclosure

The VA mortgage program allows for “no money down” home loans. It's among the program's most popular features.

However, despite few VA borrowers having “skin in the game”, VA mortgages default at the lowest rate of all major lending options — including prime loans made via Fannie Mae and Freddie Mac.

The Department of Veterans Affairs requirement for “residual income” is a big reason why.

Residual income is the monthly household income which remains after a homeowner has made monthly payments to all of his credit accounts. This includes the mortgage and escrows, of course, as well as whatever student loans, car payments, credit card bills and whatever other obligations exist.

Residual income is sometimes called “discretionary income”.

The Department of Veterans Affairs will not back a loan if military borrowers don't meet or exceed a minimum residual income threshold which varies by individual family size, and by the cost of living by geography.

As an example of how residual income works, a family of two in Florida using a VA loan must have at least \$738 in residual income monthly. By contrast, a family of five in California using a VA loan must show \$1,158 in residual income monthly.

Without the requisite residual income, the VA loan cannot be approved.

By enforcing residual income requirements, the VA increases the chances of its borrowers earning sufficient income to meet all financial obligations, and to have a cushion in the event of a crisis.

VA Mortgages: Minimum Residual Income

Depending on where you live and the size of your household, your VA residual income requirements will vary. The following values are updated and accurate as of 2024. They assume a loan size of at least \$80,000.

Northeast Region VA Residual Income Tables

For Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont, the VA residual income tables are as follows:

- Family size of 1: \$450
- Family size of 2: \$755
- Family size of 3: \$909

- Family size of 4: \$1,025
- Family size of 5: \$1,062
- For each additional family member, add \$80 up to a family of 7

Midwest Region VA Residual Income Tables

For Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin, the VA residual income tables are as follows:

- Family size of 1 : \$441
- Family size of 2: \$738
- Family size of 3: \$889
- Family size of 4: \$1,003
- Family size of 5: \$1,039
- For each additional family member, add \$80 up to a family of 7

South Region VA Residual Income Tables

For Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, and West Virginia, the VA residual income tables are as follows:

- Family size of 1: \$441
- Family size of 2: \$738
- Family size of 3: \$889
- Family size of 4: \$1,003
- Family size of 5: \$1,039
- For each additional family member, add \$80 up to a family of 7

West Region VA Residual Income Tables

For Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, the VA residual income tables are as follows:

- Family size of 1: \$491
- Family size of 2: \$823
- Family size of 3: \$990
- Family size of 4: \$1,117
- Family size of 5: \$1,158
- For each additional family member, add \$80 up to a family of 7

Residual Income Can Overcome High DTI

An important part of mortgage underwriting is a borrower's debt-to-income (DTI) ratio, the percentage of monthly debt as compared to monthly income. Applicants with low debt-to-income ratios are considered less risky than applicants with high debt-to-income ratios.

A low debt-to-income ratio is 20% or less. A high debt-to-income ratio is anything over 40%. Different mortgage programs enforce different debt-to-income cut-offs but evaluating an applicant's DTI is nearly always considered the keystone of a sound underwriting process.

The Department of Veterans Affairs mortgage guidelines state that 41% is the maximum debt-to-income ratio for a military mortgage borrower. However, because of residual income, applicants whose DTI exceed 41% can be granted an exception.

For applicants whose residual income exceeds the VA's minimum residual income guidelines by 20% or more, debt-to-income ratios can be a non-factor.

>A VA loan borrower in Ohio, then, with a family of 4 and a high DTI would need to show residual income of \$1,204, which would satisfy the

VA and its underwriters. The standard family-of-four residual income guideline for Ohio is \$1,003.

Apply For A VA Mortgage

The Department of Veterans Affairs residual income requirement is imperfect. Veterans with solid credit, but diminished incomes, may find it difficult to secure a mortgage. However, along VA's stringent appraisal process and the agency's commitment to helping veterans avoid foreclosure, residual income standards make for good policy.

VA mortgage rates remain low nationwide. If you're a veteran or active member of the military, see what a VA loan can do for you. Rates are available online with no cost, no obligation, and with no social security number required to get started.