ISLAND LIVING
OAHU
Keller Williams Honolulu RB-21303

A GUIDE FOR SERVICE MEMBERS AND VETERANS ON OAHU

Selling an Oahu Home With a VA Loan

Your rate is an asset a buyer can take over. What that is worth, who it narrows your buyer pool to, and the one decision that affects your next home.

Entitlement rules, funding fees and assumption requirements are per the U.S. Department of Veterans Affairs. Nothing here is lending or tax advice.

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What your low rate is actually worth

Most sellers think of the loan as something to pay off. On this island it is closer to a feature.

A VA loan can be assumed by any financially qualified buyer, regardless of military status. The buyer takes over your existing loan, at your existing interest rate, for the remaining term.

If your loan was written when rates were low, that rate is worth real money to whoever buys your home, and it is money they cannot get anywhere else. No amount of shopping lenders produces a rate that is no longer being offered.

Which makes your listing genuinely different from the one next door. Two similar homes, same street, same price. One of them comes with a payment the buyer could not otherwise access. That is a reason to choose yours that has nothing to do with the kitchen.

The buyer's side of the math, so you know what you are offering

The funding fee on an assumption is **0.5 percent**, against 2.15 to 3.3 percent on a new VA loan. On a $750,000 loan that is roughly $3,750 rather than something in the region of $16,000 to $24,750.

Worth knowing: FHA loans are also assumable with lender approval, and the buyer does not need to be a veteran there either. If your loan is FHA rather than VA, most of this guide still applies to you.

Figures per the VA and the Loan Assumption Guide at islandlivingoahu.com/guide-loan-assumption.

CHAPTER Two | ENTITLEMENT

The decision that affects your next home

This is the one nobody warns sellers about, and it is the most expensive thing in this guide.

Any financially qualified buyer can assume your VA loan. But whether that buyer has VA entitlement of their own changes what happens to yours.

If you let someone without VA entitlement assume your loan, a non veteran or a veteran with none remaining, your entitlement stays tied to that loan until it is paid off in full. Not until you move out. Not until they refinance. Until the loan is gone.

In plain terms: you cannot use your VA benefit to buy your next home while that loan is still outstanding. For someone PCSing and planning to buy at the next duty station, that is the whole ballgame.

The version that costs you nothing

A buyer who has VA entitlement and substitutes their own restores yours in full once the assumption completes. Same sale. Same rate handed over. Completely different outcome for you.

This is why many sellers in your position prefer a VA buyer, and it is a legitimate thing to weigh between two otherwise similar offers. It is not about who the buyer is. It is about which offer leaves your benefit intact.

What to ask before you accept

- Does this buyer have VA entitlement, and are they substituting it?
- If not, am I comfortable with my entitlement being unavailable until this loan is paid off?
- Do I intend to buy again using my VA benefit, and roughly when?
- Has my lender confirmed in writing what happens to my liability on this loan after the assumption?

Confirm your own entitlement position with the VA or your lender before accepting an offer. This guide explains the rule, not your file.

Why a low balance narrows your buyer pool

The same thing that makes your loan attractive is the thing that makes it harder to use.

An assumption transfers the loan, not the price. The buyer has to cover the difference between what you still owe and what they are paying you, in cash, at closing.

So the further you have paid down, or the more your home has appreciated, the larger that gap becomes. On Oahu, where appreciation has done a lot of the work, that gap is frequently the binding constraint rather than the rate.

This is the honest tension in an assumable listing. A very low balance is the most attractive rate and the smallest buyer pool. A larger balance is a less dramatic rate and a much wider pool. Neither is wrong, but you should know which one you are selling before you price it.

What that means practically

- Know your current payoff figure before you list, not during escrow. It sets the size of the gap.
- Expect a buyer with substantial cash, or one combining the assumption with a second loan where the lender allows it.
- Do not price as though every buyer can assume. Most of your market still needs conventional financing, and the listing has to work for them too.
- The assumption is a reason to choose your home. It is rarely a reason to pay more than the home is worth.

Three to six months, and what that does to you

The timeline is the most commonly missed fact, and it lands entirely on the seller.

Assumptions commonly take **three to six months**. The lender has to qualify the buyer and process the assumption, and that process does not move at the speed of a normal escrow.

Which means a longer wait before you see sale proceeds. If you are counting on those proceeds for a down payment somewhere else, or to stop carrying two housing costs, that gap is the thing to plan around.

If orders are involved

Work backwards from roughly when you need to be out, and add the assumption timeline on top. You do not need an exact date to do this. Most people know the month long before the orders firm up, and the month is enough to decide whether an assumption fits at all.

If it does not fit, that is useful to know early. A conventional sale is faster, and there is no shame in choosing the timeline you can actually live with.

Ask this before you accept an assumption offer: what happens to my timeline if the lender takes the long end of that range, and what is my plan if it does? A seller who has answered that question in advance is in a completely different position from one who finds out in month four.

If you are selling from off island

Most of the VA sellers I work with are no longer on Oahu by the time the home sells.

If you have already PCSed out, or you are about to, the sale runs on top of everything in this guide with a few additions.

The withholding nobody mentions until escrow

If you no longer live in Hawaii, the state withholds **7.25 percent of the amount you realize** on the sale at closing. On a $1,000,000 sale that is $72,500. There is a form that can reduce or remove it, and it has to be filed at least ten working days before the transfer date.

That deadline is the single most useful thing to know early, and it is covered properly in the mainland seller guide, which is on the same page you got this one from.

The practical pieces

- You can sign and close from anywhere. Ask escrow early how they want you to do it, because their requirements vary.
- Verify wire instructions by phone using a number you looked up yourself, never one from an email.
- Decide before you list who physically has access to the property and can let people in.
- If there is a tenant in place, their rights and notice periods do not pause because you have moved.

Hawaii withholding figures per the State of Hawaii Department of Taxation. Not tax advice; confirm your situation with your CPA.

NEXT STEP

Two questions before you list

Do you intend to use your VA benefit again, and roughly when do you need to be out? Those two answers decide whether an assumption is an asset or an obstacle for you specifically, and they take about five minutes to work through.

I will tell you what I do not know and who to ask instead. That is most of the value.

Book twenty minutes at islandlivingoahu.com/strategy

Or reply to the email this guide came in. If you are moving off island, tell me where, and I can introduce you to someone good on the other end. No cost, and I will not call you unless you ask me to.

Aksana Tupalskaya

Economics degree, master's in Digital Marketing, and more than ten years working with homeowners in Hawaii and New York. Most of my clients are not on the island when their home sells.

Not affiliated with or endorsed by the Department of Veterans Affairs, the Department of Defense, or any government agency. Loan terms, entitlement and funding fees are set by the VA and your lender. This guide is general information, not legal, tax or lending advice. Equal Housing Opportunity.

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