

# VA Closing Costs Cheat Sheet

Who Pays What on a VA Loan? A quick guide for Veterans buying in Idaho & Oregon

**THE QUICK ANSWER:** The seller does **not** automatically have to pay all VA closing costs. Veterans can pay many normal, allowable closing costs. Some fees are limited by the VA 1% rule, and certain seller-paid extras are capped by the VA 4% concession rule. Allowable costs, non-allowable fees, and seller concessions are three different things.

## Who Can Pay What?

Closing Cost	Veteran May Pay?	Seller May Pay?	Counts Toward 4% Concession Limit?
VA appraisal	Yes	Yes	No — normal closing cost
Credit report	Yes	Yes	No — normal closing cost
Lender's title insurance	Yes	Yes	No — normal closing cost
Owner's title insurance	Only within the 1% structure	Yes	No, if seller-paid
Escrow / settlement / closing fee	Only within the 1% structure	Yes	No, if seller-paid
Recording fees	Yes	Yes	No — normal closing cost
Prepaid taxes & insurance	Yes	Yes	May count if seller-paid
VA funding fee	Yes (often financed)	Yes	Yes, if seller-paid
Discount points	Yes	Yes	Generally no, if normal points
Temporary rate buydown	Depends	Yes	Usually yes, if seller-paid
Pest / termite inspection	Yes, when the NOV requires it	Yes	No — normal closing cost
Buyer-broker commission / fee	Yes, under current VA variance	Yes	Generally no, under VA guidance
Transaction coordinator fee	Yes, if properly documented	Yes	Generally no
Re-inspection due to escrow holdback	No	Yes	No, if seller-paid
Non-allowable fees above VA limits	No	Another party covers	Not the same as a concession

Every fee must be reasonable, customary, properly disclosed, and allowed under current VA guidance. Who pays is still negotiable in your purchase contract — this table shows what VA rules permit.

## Two Rules Every VA Buyer Should Know

### The VA 1% Rule

VA limits certain lender and settlement charges a Veteran can pay. A lender may charge a flat fee up to 1% of the loan amount, or itemize certain charges within VA limits — but a Veteran can never be charged prohibited non-allowable fees beyond those limits.

**Good news:** 1st Choice Mortgage Company does not charge a 1% origination fee, underwriting fee, processing fee, or broker fee on VA loans.

### The VA 4% Concession Rule

Sellers may pay certain **extras** on your behalf — like your VA funding fee, prepaid taxes and insurance, a temporary buydown, or paying off your debts. Those concessions are capped at 4% of the home's reasonable value.

**Key point:** Normal seller-paid closing costs are a separate bucket and generally do **not** count against the 4% limit.

## Myth vs. Fact

Myth	Fact
"The seller has to pay all VA closing costs."	<b>False.</b> Veterans may pay many allowable costs; seller help is negotiated in the contract.
"VA loans have no closing costs."	<b>False.</b> VA loans have closing costs — they are just regulated differently.
"The seller must give the Veteran 4%."	<b>False.</b> The 4% rule is a cap on certain concessions, not a requirement.
"Veterans can never pay buyer-agent commissions."	<b>Outdated.</b> Under VA's current temporary variance, Veterans may pay reasonable, customary, documented buyer-broker charges (not financed into the loan).
"A Veteran can always pay the escrow/settlement fee."	<b>False.</b> It is commonly non-allowable when charged separately, unless it fits within the 1% structure.

## Before You Write Your Offer — 5-Point Checklist

1. Get your total cash-to-close estimate from your lender first, not after the offer is accepted.
2. Decide your strategy: seller credits, lender credits, a lower rate, or a stronger offer with no credits.
3. If you have a service-connected disability rating, tell your lender — you may be exempt from the VA funding fee.
4. Talk about buyer-agent compensation early. Confirm whether the seller is offering it before you sign anything.
5. Have your lender review the contract's credit language before you submit the offer.

**Ready to structure your VA offer the right way?** Call Jerry Robinson at (208) 375-5626 or apply online at [375loan.com/apply-online](https://375loan.com/apply-online) — helping Idaho Veterans and military families since 1992.

For general education only. Last reviewed July 7, 2026. VA guidelines, lender overlays, and local customs can change. Review your Loan Estimate, purchase agreement, and Closing Disclosure with your lender and real estate professional. Sources: VA Lender's Handbook; VA Circulars 26-24-14, 26-24-19, and 26-22-11; va.gov housing assistance resources.