

A VETERAN'S GUIDE FROM KEN POWELL

Turning Your VA Loan Benefit Into Long-Term Wealth

How service members and veterans use multi-unit properties, PCS moves, and reverse mortgages to build a portfolio, not just pay a mortgage.

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A Note From Ken

Thirty years ago, I left Brooklyn Heights for boot camp in Chicago, eighteen years old and barely eighteen months in this country. I walked into the wrong recruiting office looking for the Army and ended up with twenty years in the United States Navy instead. It was the best mistake I ever made.

Somewhere along the way, in a two bedroom rental with shipmates on Little Creek Road in Norfolk, I learned a lesson the hard way: I had the income, the housing allowance, and the benefit sitting right in front of me, and I did not know how to use it. It took years, a duty station at Patuxent River, a copy of *Rich Dad Poor Dad*, and conversations with senior enlisted and officers who were quietly buying property at every stop, before the picture came into focus.

This guide is what I wish someone had handed me back then. It is written for the veteran or service member who has heard of the VA loan but has only ever thought of it as a way to buy one house. I want you to see it as something bigger: a repeatable tool for building a portfolio, one duty station and one decision at a time.

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01. The VA Loan Beyond a Single Family Home

Most veterans know the basics: no down payment, no private mortgage insurance, competitive rates. What fewer know is that a VA loan is not limited to a single family home. It can be used to purchase a property with **up to four units**, as long as you occupy one of them as your primary residence.

That single detail changes the entire equation. Instead of buying a house that only costs you money every month, you can buy a small multi-unit property, live in one unit, and let tenants in the other one, two, or three units help carry the mortgage.

The Core Idea

A duplex, triplex, or fourplex purchased with a VA loan lets your Basic Allowance for Housing (BAH) do double duty: it covers your own living cost, while rent from the other units builds your equity. You are not choosing between "live here" and "invest here." With a 2 to 4 unit property, you do both at once.

Example: Single Family vs. Multi-Unit

Scenario	Single Family Home	4-Unit Property (VA Loan)
Monthly mortgage payment	\$2,400	\$3,600
Rental income from other units	\$0	\$2,700 (3 units at \$900)
Your effective housing cost	\$2,400	\$900
Equity building on	1 unit	4 units

Figures are illustrative only, for comparison purposes. Actual payments, rents, and qualification depend on the property, market, and your individual file.

02. The PCS Strategy: Buy, Live, Rent, Repeat

Every PCS move is treated like a fresh start, a new house to rent, a new lease to sign. But a PCS move can also be treated as a milestone in a portfolio. This is the strategy I watched senior enlisted and officers use at Patuxent River, and it is simple enough to follow at almost any duty station.

A STORY FROM LITTLE CREEK ROAD

Several of us shipmates once shared a two bedroom rental in Norfolk, first on Little Creek Road, later on Chesapeake Boulevard. We pooled our income every month, just to pay a landlord. If we had pooled that same money to buy a 3 or 4 unit property instead, our BAH could have covered most of the mortgage while we lived in one unit and rented the rest. We would have walked away from that duty station with equity instead of receipts. I did not know how to do this back then. I want you to know it now.

The Cycle, Duty Station by Duty Station

- 1 Buy.** Purchase a 2 to 4 unit property with a VA loan at your current duty station, using \$0 down.
- 2 Live.** Occupy one unit as your primary residence, using your BAH to help cover the mortgage.
- 3 Rent.** When orders send you to the next duty station, do not sell. Convert the property into a full rental, with tenants now covering the mortgage.
- 4 Repeat.** At your next duty station, evaluate whether to purchase again. Over a 15 to 20 year career, this cycle is how a handful of individual purchases becomes a real portfolio.

Why This Works So Well Near Military Communities

Areas like Southern Maryland near NAS Patuxent River, the DMV, and Hampton Roads near the Norfolk-area bases all share something valuable: steady, BAH-supported rental demand. Military and defense-contractor turnover keeps good tenants coming, which is exactly the kind of market where a buy-and-convert-to-rental strategy holds up over time.

03. Using a Second VA Loan (and the Funding Fee Reality)

Here is a question I get often: can I use my VA loan benefit more than once? In many cases, yes. If you have remaining entitlement, whether because you paid off a prior VA loan, sold a previous property, or never used your full entitlement, you may be able to use the VA loan benefit again to purchase a subsequent home.

But this comes with an important trade-off worth understanding before you plan around it.

The Funding Fee Increase on a Second Use

Most VA loans require a one-time VA funding fee, which can be financed into the loan. On your **first** use of the VA loan benefit, this fee is typically lower. On a **subsequent** use, without a down payment, the funding fee percentage is generally higher. Veterans with a service-connected disability rating are typically exempt from the funding fee altogether on any use. The exact percentages change periodically, so always confirm the current fee schedule for your specific situation before you commit to a strategy built around a second VA purchase.

This does not mean a second VA purchase is a bad idea. It simply means the math should be run deliberately, not assumed. In many cases, the higher funding fee on a second purchase is still a small cost relative to the long-term equity and rental income a well-chosen property can produce, especially on a 2 to 4 unit purchase where rental income offsets the financed fee over time. This is exactly the kind of number I sit down and run with clients before they make an offer.

04. For Senior Veterans: Turning Home Equity Into a Second Property

If you are 62 or older, own your home outright or have substantial equity, and are thinking about what to leave your heirs, there is a strategy worth understanding, even if you never use it: a reverse mortgage can turn a single paid-off asset into two income-producing properties.

The Old Way vs. A Different Way

The Old Way	A Different Way
One home, fully paid off	Primary home, financed with a reverse mortgage
\$500,000 in home equity, sitting unused	\$250,000 of equity drawn out and used as a down payment on a second property
No income generated from the equity	Second property is rented, generating monthly income
Heirs eventually inherit one home	Rental income can be used to help pay down or manage the reverse mortgage over time
	Heirs inherit two properties instead of one

How This Actually Works

A senior veteran with \$500,000 in home equity and no mortgage takes out a reverse mortgage, called a Home Equity Conversion Mortgage (HECM) when it is FHA-insured, on the primary residence. A portion of that equity, for example \$250,000, is drawn out and used to purchase a second property, either with cash or in combination with financing. That second property is then rented out. The rental income becomes a new revenue stream, which the veteran can use for living expenses, travel, family, grandchildren, or to help offset the balance owed on the reverse mortgage over time. Instead of one home passed to heirs, there are now two properties in the estate, one with a reverse mortgage balance against it, and one generating income. The numbers, loan balance growth, rental performance, and net equity outcome, should always be run specifically for your situation before deciding whether this fits your goals.

This is an illustrative strategy, not a projection or guarantee. Reverse mortgage balances grow over time as interest and fees accrue. Actual amounts available, property performance, and long-term outcomes depend on your age, home value, interest rates, and program guidelines at the time of application. This is not investment, tax, or legal advice.

05. A Reverse Mortgage Can Also Fund the Retirement You Earned

Not every senior veteran wants to buy another property, and that is completely fine. A reverse mortgage does not require you to reinvest the funds. For many veterans, the real value is simpler: it can eliminate a monthly mortgage payment and free up equity for the life you have earned.

- ☐ Cover rising property taxes, insurance, and everyday living expenses without drawing down retirement savings
- ☐ Help family members with a gift, a down payment, or an unexpected need
- ☐ Take the trip you have been putting off for years
- ☐ Spoil your grandchildren, on your terms, without financial stress
- ☐ Create a financial cushion so an emergency does not become a crisis

You served to earn the equity in your home just as much as you served to earn your VA loan benefit in the first place. What you do with it, whether that is building a small rental portfolio or simply living more comfortably, is entirely your call. My job is to lay out the real numbers so you can make that call with confidence.

06. A Simple Checklist to Get Started

- ☐ Confirm your VA loan entitlement, including whether you have used it before and how much remains
- ☐ Get a clear, honest number on what you qualify for, based on your actual income, BAH, and BAS
- ☐ If considering a 2 to 4 unit property, run the numbers on realistic rents for the other units before making an offer
- ☐ If considering a second VA purchase, confirm the current funding fee for your situation before you plan around it
- ☐ If you are a senior veteran, ask what your home's equity could responsibly support, whether that is a second property or simply more monthly breathing room
- ☐ Talk to a loan officer who will walk through your numbers with you, not just get you to a closing table

07. About Ken

Ken Powell is a retired U.S. Navy veteran, a former Realtor with more than 10 years and \$22M+ in closed sales, and a real estate investor since 2014. As a mortgage loan officer with Fairway Home Mortgage, he specializes in VA loans, multi-unit investor purchases, reverse mortgages, and self-employed borrower programs including bank statement, 1099, and profit-and-loss qualification. He serves veterans and homeowners across Calvert, Charles, St. Mary's, and Prince George's counties in Maryland, and the Hampton Roads area of Virginia.

Let's Run Your Numbers Together

No pressure. No jargon. A direct conversation about what your VA loan benefit, your equity, or your PCS timeline could actually do for you.

Call or text (240) 237-7855 · lendwithken.com/scenario-review

Ken Powell | Mortgage Loan Officer | NMLS #2656628 | Fairway Independent Mortgage Corporation d/b/a Fairway Home Mortgage | NMLS #2289 | Equal Housing Lender. This guide is provided for educational purposes only and does not constitute financial, legal, or tax advice. VA loan eligibility, entitlement, funding fees, multi-unit occupancy requirements, and reverse mortgage terms are subject to VA, FHA, and lender guidelines in effect at the time of application, and are subject to change without notice. Not all borrowers will qualify. Reverse mortgage borrowers must be 62 or older, complete HUD-approved counseling, and remain responsible for property taxes, homeowners insurance, and property maintenance; failure to do so may make the loan due and payable. All examples in this guide are hypothetical and for illustration only. They do not reflect an actual transaction, quote, or offer of credit. Consult your own financial, tax, and legal advisors regarding your specific situation.