



## FHA & VA Construction-to-Permanent Financing Options – California 2025

Government-backed construction-to-permanent loans provide accessible pathways for borrowers who may not meet conventional loan requirements. Both FHA and VA programs are especially relevant in California, where high costs and ADU development drive demand for flexible lending.

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### FHA Construction-to-Permanent Loan

- **Credit Flexibility:** Minimum credit scores as low as 620.
  - **Down Payment:** As low as 3.5% of project costs.
  - **Loan Structure:** Single-close financing that converts to a permanent mortgage upon completion.
  - **Best For:** Borrowers with moderate credit or first-time homeowners.
  - **Limitations:** Loan limits may apply depending on the county.
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### VA Construction Loan

- **Eligibility:** Veterans, active-duty service members, and eligible spouses.

- **Zero Down Payment:** Up to 100% financing available.
  - **No PMI:** Eliminates private mortgage insurance costs.
  - **Loan Structure:** Funds disbursed in stages; converts into VA-backed mortgage after completion.
  - **Best For:** Veterans seeking custom home builds or ADU development.
  - **Limitations:** Must meet VA property and builder approval requirements.
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### **Key Benefits**

- Lower barriers to entry compared to conventional loans.
  - Single-close structure reduces closing costs.
  - Strong protections for borrowers, including underwriting and appraisal oversight.
  - FHA/VA loans can be paired with ADU projects in California for added equity growth.
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### **EEAT Authority Links**

- HUD FHA 203(k) – FHA Construction Loans
  - VA Housing Assistance – VA Home & Construction Loans
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## Disclaimer

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