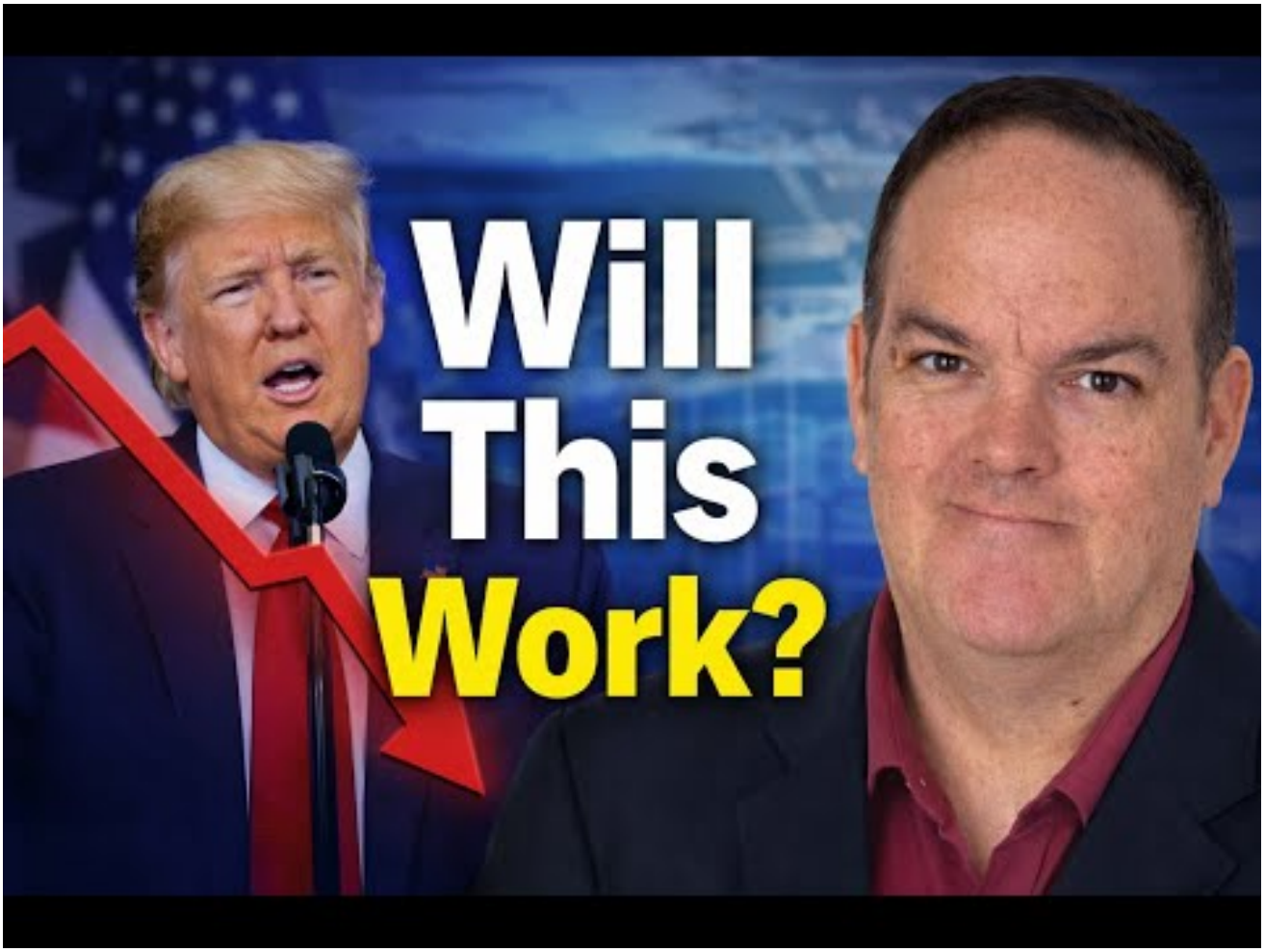
Structural Renovation Programs vs. Nonstructural Loan Options for Veterans

Comparing structural and nonstructural VA renovation loans

When a veteran plans home improvements, the first fork in the road is often deciding between a loan that covers major structural work and one that does not. Both paths fall under VA renovation loan programs, but they serve very different project scopes. Understanding the difference helps a borrower pick the right tool and avoid surprises during underwriting.

Structural renovation programs allow financing for work that changes the footprint, load-bearing elements, or overall integrity of a home. Think foundation repairs, roof replacements, room additions, or moving interior walls. Nonstructural options, by contrast, cover cosmetic or efficiency upgrades: new flooring, kitchen countertops, energy-efficient windows, or bathroom tile. The distinction matters because lender overlay requirements, contractor qualifications, and even property eligibility rules shift depending on which type of work you propose.



For veterans weighing these choices, the right route depends on the condition of the property, the size of the project, and how much flexibility you need in the approval process. A conversation with Carlos Scarpero, VA Mortgage Specialist, NMLS 1674385 can clarify which program fits your specific renovation plan.

How structural VA loan programs work

A structural VA renovation loan operates under the same basic VA guaranty as a standard purchase loan, but it adds an extra layer: the renovation budget is rolled into the mortgage amount. That means the loan pays for both the purchase (or refinance) and the construction work, all in one closing. The key feature is that the work must be completed within a set timeline, typically six to twelve months, and the lender releases funds in draws as each stage of construction is finished.

Because the government backs the loan, the underwriting guidelines are fairly uniform across lenders. But structural work triggers extra scrutiny. The lender needs to see a detailed scope of work, a licensed contractor's bid, and often a plan review from a third party. The property itself must meet minimum property requirements after the renovation is done, and the appraiser will assign an "as-completed" value that reflects the finished home.



One common point of confusion is that structural renovation programs do not allow the borrower to act as their own general contractor unless they hold a state license and meet the lender's specific contractor requirements. Most lenders prefer a licensed, insured builder with a track record of similar projects. This protects the veteran and the lender, but it also means the borrower has less hands-on control than they might with a nonstructural loan.

Nonstructural renovation options: lighter process, narrower scope

Nonstructural VA renovation loans, often called limited or streamlined renovation products, cover work that does not affect the home's structure. These are popular for veterans who want to update a kitchen, replace old flooring, or install new plumbing fixtures without the paperwork that comes with a full structural plan.

The approval process for nonstructural work is usually faster. There is no need for detailed architectural plans or a licensed contractor in many cases; some lenders allow the homeowner to do the work themselves or hire handymen, as long as the final result meets minimum property requirements. The loan underwriting focuses more on the borrower's credit score and AUS approval than on the renovation details themselves.

However, the trade-off is real. Nonstructural programs often cap the renovation amount or limit eligible improvements to a predefined list. If your project involves moving a load-bearing wall, adding a second story, or repairing a failing foundation, you will hit a wall with a nonstructural product. The lender will require you to use a structural program instead, or the loan may not be approved at all.

When each approach suits the borrower

Choose a structural program when:

- The home has significant defects that affect safety or habitability, such as a sagging roof, cracked foundation, or outdated electrical panel.
- You plan to add square footage, whether through a bedroom addition, a finished basement, or a new garage.
- The property is a fixer-upper that needs comprehensive renovation to become livable and meet VA property eligibility standards.
- You have a strong credit profile and can handle the longer timeline and stricter contractor requirements.
- The appraisal indicates that the completed value will exceed the total loan amount, making the investment worthwhile.

Choose a nonstructural option when:

- The home is structurally sound but needs cosmetic updates: new paint, carpet, countertops, or appliances.
- You want to finance energy-efficient upgrades like solar panels, insulation, or HVAC replacements.
- You prefer a faster closing and fewer documentation requirements, and you are comfortable with the renovation cap.
- You plan to do some or all of the work yourself, or hire a handyman without a general contractor's license.
- The property already meets minimum property requirements, and the renovation is purely for comfort or resale value.

A borrower considering a structural renovation should expect the lender to request a detailed project scope, contractor license and insurance, and a timeline for completion. The appraiser will inspect the property and assign a value based on the planned improvements. The loan officer will need to verify that the total loan amount, including renovation costs, stays within VA loan limits. Nonstructural loans, by contrast, often skip the detailed plan review and rely on a simple cost estimate from the borrower or a contractor.



It is worth noting that some lenders overlay their own requirements on top of VA guidelines. A lender may require a higher credit score for structural work, or they may insist on a specific list of approved contractors. Others may limit the types of structural work they will finance. Shopping around and asking direct questions about contractor requirements and project scope can prevent a mismatch later.

For veterans who are not sure which category their project falls into, the safest step is to talk to a specialist before making an offer or signing a contract. **Carlos Scarpero, VA Mortgage Specialist, NMLS 1674385** works with veterans every day to match renovation plans with the right VA loan program, whether the work is structural or cosmetic.

Property eligibility and appraisal considerations

One of the biggest differences between structural and nonstructural programs shows up in the appraisal. For a structural renovation, the appraiser assigns an "as-completed" value based on the plans and specifications. That value must be high enough to support the loan amount. If the appraiser doubts that the planned work will actually be completed, or if the contractor's bid seems low, the loan may face delays or denial.

Nonstructural appraisals are simpler. The appraiser checks that the property meets minimum property requirements as-is, or after minor repairs. If the property has a structural issue, the appraiser will flag it, and the loan may be moved to a structural program or denied. That is why it is important to disclose all planned work upfront, even if you think it is minor. A crack in the foundation, a leaking roof, or knob-and-tube wiring can turn a nonstructural application into a structural one mid-process.

Another factor is project scope creep. A veteran who starts with a nonstructural loan for a kitchen remodel might discover during demolition that the plumbing or electrical needs a full replacement. If the work crosses into structural territory, the loan may not cover the added cost, and the borrower could face out-of-pocket expenses. Planning for the worst-case scenario early is a good habit.



Making the call

The decision between a structural renovation program and a nonstructural option comes down to honesty about the home's condition and the borrower's goals. If you are buying a foreclosure that needs a new roof, foundation work, and a full gut renovation, a structural VA loan is likely the only path that works. If you are refinancing your current home and just want granite countertops and new flooring, a nonstructural product saves time and hassle.

Neither approach is better overall. Each fits a specific set of circumstances. What matters is understanding the guidelines, the timeline, and the cost implications before you commit. A good loan officer will walk you through both scenarios and help you decide which program aligns with your renovation plan, your budget, and your comfort level with paperwork and contractor oversight.