

## **Latest Changes to VA Home Loans**

Since its establishment on June 22<sup>nd</sup>, 1944, as part of the Servicemen's Readjustment Act, the county has allowed more than 22 million veterans to become homeowners. Initially, VA loans were created by Congress to help veterans returning home from World War 2. The act was signed into law by President Franklin D. Roosevelt.

However, the program did not start out this great. It was initially meant exclusively for World War 2 Veterans and Active Duty Service Members, who were required to take advantage of the program within two years after their service was finished; otherwise, their benefits would expire.

VA home loans today offer some great benefits like no down payment requirement, lower monthly payments, low-interest rates, no prepayment options, and no mortgage insurance premiums for <a href="https://www.vahomeloancenters.org/va-home-loan-eligibility/">eligible applicants</a>.

However, VA home loan benefits did not start this way. They are the result of years of upgrades that came from Government acts passed by different presidential administrations.

### Brief History of VA loan Changes

The first significant change to come to VA home loans happened on October 23<sup>rd</sup>, 1970, with the Veteran's Housing Act. Signed into law by President Richard Nixon, the law removed termination dates to VA loan benefits. This meant that Veterans and Active Duty Service Members who wanted to take advantage of their benefits were no longer required to use them within two years after their service ended.

On October 18<sup>th</sup>, 1978, the Veterans Housing Benefits Improvement Act was signed into law by President Jimmy Carter. This new law eased eligibility requirements for VA loans and allowed there to be more qualified home loans.

VA loan benefits and who qualified for them were expanded even further with the signing of the Veteran Home Loan Program Amendments on October 28<sup>th</sup>, 1992, by President George H.W. Bush. This expanded who was eligible to use VA home loans from Veterans and Active Duty Service Members to members of the National Guard and military reserves.

All of these changes and many others throughout the 76-year history of the VA home loan program have made it the best home loan available for current and former members of the military. Thankfully, these updates have not stopped with the latest taking effect on January 1<sup>st</sup>, 2020.

### The Bluewater Navy Veterans Act of 2019

This new act was signed into law on June 25<sup>th</sup>, 2019, by President Donald Trump. It expanded medical benefits for Vietnam War Veterans exposed to Agent Orange and other dangerous chemicals while on duty. It also improved VA home loans by making changes to the VA funding fee and removing loan limits for first time VA home loan borrowers.

#### *- VA Funding Fee Changes*

The new law increased the funding fee for Veterans and Active Duty Service Members from 0.15% to 0.30%. In contrast, members of the National Guard and reserves saw their rates decrease to match what is paid by Veterans and Active Duty Service Members.

Veterans with disabilities who were already exempt from paying their funding fees have not seen their status changed with the signing of this new law. Purple Heart recipients can also have their funding fee waived as long as they close their property while in active duty. However, it is essential to understand that these changes are only expected to last until 2022.

- *VA Loan Limit Changes*

The removal of loan limits is the most significant change to home loans from the signing of this new law. The removal of loan limits is exclusive to first time VA loan borrowers and Native American Veterans. However, Native American Veteran loan limit removal is only for those that want to either buy or build a home on Federal Trust Land.

By removing loan limits, VA home loans are allowing applicants to purchase a home anywhere in the country without having to worry about it being under the county limit. The only limitation now is how much the applicant can afford.

Lenders are still doing their due diligence and making sure that the applicant will pay off their mortgage. Therefore, many lenders have set up their own loan limits based on the amount they are willing to lend out for no money down. One such lender is [VA Home Loan Centers](https://www.vahomeloancenters.org/), who currently has a loan limit of \$5,000,000 for no money down for qualified applicants.

Furthermore, since the removal of loan limits is exclusive to first-time borrowers, applicants with more than one existing loan are still required to adhere to county loan limits. However, loan limits also increased from an average of \$484,350 to \$510,400 at the start of 2020.

Phil Georgiades is the CLS for VA Home Loan Centers, a Government-sponsored brokerage specializing in VA home loans. He has been a practicing real estate professional for more than 22 years. Click here to apply for a VA loan, <https://www.vahomeloancenters.org/apply-for-a-va-home-loan/>