

How the VA Program Changed in 2020

Long considered one of the most significant benefits from serving in the military, the VA Home Loan program has improved even further due to the signing of the Bluewater Navy Act on June 15, 2019.

The signing of this law is the latest in a long history of improvements made to the program since it was created in 1944. Originally a part of the Servicemen's Readjustment Act, the program sought to provide benefits to veterans returning home from fighting in World War 2. The program has since helped about 22 million former and current members of the U.S. Military achieve the dream of homeownership.

This latest update to the program expanded benefits to Vietnam War Veterans exposed to Agent Orange up to 12 nautical miles off the coast of Vietnam. The law change was done to compensate veterans who were showing one of the 14 long term conditions linked to the exposure to the dangerous chemical. These symptoms include things such as type 2 diabetes, Parkinson's disease, and multiple types of cancers.

In addition to these much-needed benefits, the law also included changes to the VA Home Loan program that would benefit future and present veterans and servicemembers. The changes include the removal of loan limits for first time VA home loan borrowers and slight modifications to the VA funding fee.

VA Funding Fee Alterations

The VA funding fee, a one-time payment that the applicant makes on a VA home loan, which lowers the cost of the loan itself, was increased for Active Duty Service Members. The increase raised the funding fee from 0.15% to 0.30%. At the same time, the VA funding fee was lowered for members of the National Guard and military reserves.

Additionally, active duty personnel awarded the Purple Heart can now have their funding fee waived if they close on their property while on active duty. On the other hand, Disabled Veterans are not impacted by this new law and still have their funding fee exemption. All of these changes to the funding fees are expected to last up to two years.

VA Loan Limit Removal

The removal of loan limits for VA home loan recipients with only one existing home loan allows veterans and Active Duty Service Members the ability to buy homes in more affluent communities. However, since these loans are provided by qualified lenders and not the VA itself, they are still required to do their due diligence. Therefore, lenders must make sure that the borrower can afford their monthly payments.

Some lenders have even implemented their own loan limits, just like the \$5 million loan limit set by <https://www.fedhomeloan.org/> VA Home Loan Centers. This high loan limit means that a borrower can theoretically be approved for 5 million dollars without making a down payment.

However, one important note is that loan limits were only removed for borrowers with only one VA loan. Borrowers with more than one existing VA loan are still required to adhere to the county loan limit. The good news is that loan limits were also raised from a standard of \$484,350 to \$510,400 in 2020.

Loan limits for Native American Veterans buying or building a home on Federal Trust Land have also been completely removed.

VA Home Loans

This government loan, which is often considered one of the best home loans available, is exclusive to Veterans, Active Duty Service Members, and eligible military spouses. However, other specific eligibility requirements must be met before an applicant is considered for the VA home loan. These military service eligibility requirements include:

- At least 90 consecutive days of active duty service during wartime, or 181 during peacetime.
- Members of the National Guard and reserves must have at least six years of service to be eligible.
- Qualified spouses must have lost their spouses while in active duty or due to a service-related disability. They also cannot have remarried at the time they submit their application.

In addition to these service requirements, the VA requires that applicants also meet their property, income, and credit score <https://www.vahomeloancenters.org/va-home-loan-eligibility/requirements>. If the applicant meets all of these requirements, they will be able to enjoy some of the benefits which the VA provides for them like:

- \$0 down payment requirements.
- Low-interest rates.
- No mortgage premiums.
- No prepayment penalties.
- Lower monthly payments.

Furthermore, these loans are also available in both 15 and 30-year fixed-rate mortgages. This means that the interest rate and mortgage payments will remain the same for the duration of the loan.

Conclusion

2020 has been an interesting year, and it has brought with it many changes we wish had not happened. Therefore, it is good to know that the year also brought a few positive changes to the lives of our military service members.

Phil Georgiades is the CLS for VA Home Loan Centers, a Government-sponsored brokerage that specializes in VA home loans. He has practiced real estate for 22 years. To apply for a VA loan, "<https://www.vahomeloancenters.org/apply-for-a-vva-home-loan/>".