



The Latest Changes to VA Home Loans

Considered by most real estate experts as the premier home loan program, [VA home loans](#) were created in 1944. As part of the Servicemen's Readjustment Act signed into law by President Franklin D. Roosevelt to reward veterans returning home from World War 2 by allowing them to become homeowners.

Since then, it has allowed more than 22 million Veterans, Active Duty Service Members, and eligible spouses to become homeowners. This is because VA home loans have been continuously upgraded and expanded since their foundation. These upgrades to an already great home loan program have not stopped, and the latest one took place at the beginning of the year 2020.

VA Home Loan History

There have been several small changes made to VA home loans; however, the most significant ones happened in 1970, 1978, and 1992. The earliest change was the signing of the Veteran Housing Act of 1970, by President Richard Nixon. This law removed termination dates for those eligible for VA home loans, meaning that qualified applicants did not have to rush in buying a house before their benefits expired.

In 1978, President Jimmy Carter signed the Veterans Housing Benefits Improvement Act into law. As a result, VA home loans were expanded for millions of Veterans. However, the loan was still exclusive to Veterans and Active Duty Service Members.

That all changed in 1992 with the signing of the Veterans Home Loan Program Amendments by President George H. W. Bush, which expanded the program to members of the National Guard and reserves. However, they would be required to pay a higher funding fee than Veterans and Active Duty Service Members.

VA Loan Changes in 2020

The most recent of these changes took place on January 1st, 2020, when the Bluewater Navy Act became the law six months after it was signed by President Donald Trump. The new law made changes to both the VA's loan limits and their funding fee. It also expanded medical benefits for Vietnam War veterans who were exposed to Agent Orange during their deployment.

- Funding Fee Changes

The new law brought temporary changes to the funding fee by raising it from 0.15% for Active Duty Service Members to 0.30%. While lowering it for members of the National Guard and reserves so that they match active duty rates.

Additionally, Service Members who earned a Purple Heart can now waive their funding fee as long as they close on the property while still in active duty. Changes to the funding fee did not affect everyone the same, disabled veterans who were already exempt from paying the fee kept their status.

- Loan Limit Changes

This is the most significant change to come out of the new law, and it is the removal of zero money down loan limits for first time VA loan borrowers. While previously loan limits were set by individual counties, their removal gives Service Members the ability to buy property anywhere in the country. The only limit is how much they can afford with their income.

However, one thing to keep in mind is that loan limits were not removed for recipients with more than one existing VA home loan. Therefore, they are still subject to loan limits set per county, which thankfully went up at the beginning of the year, going from \$484,350 to \$510,400.

Native American Veterans who are either going to build or purchase a property on Federal Trust Land also got their loan limits removed. Allowing them the opportunity to buy or build a more expensive home.

Since lenders are the ones responsible for giving out the loans, some of them have set up their own loan limits, which are based on how much they are willing to lend out for no money down. VA Home Loans Centers is one such lender, and their loan limit is currently set at \$5 million for applicants with only one home loan.

Conclusion

The continuous upgrades in the last 76 years have ensured that VA loans meet the needs of Veterans and Active Duty Service Members buying a home. The housing market has also changed a lot since VA home loans were first created. Home prices have increased at a rate that is about double that of median household incomes. Luckily VA home loans have weathered the storm perfectly, which is all the more evident with the latest update.

Phil Georgiades is the CLS for VA Home Loan Centers, a Government-sponsored brokerage specializing in VA Home Loans. Phil has about 22 years' worth of experience working in Real Estate. To apply for a VA loan, [click here](#).