

Learn how VA Home Loans Improved in 2020

Home loans that the Department of Veteran Affairs (VA) guaranteed have had a long history of being the best home loans available to purchase a home. These loans' success has allowed more than 22 million eligible Veterans to achieve the dream of homeownership.

However, VA loans did not start this way; they have been upgrading and improving for the last 76 years. Subsequently, the latest update is one of the most significant improvements to happen to [VA home loans](#).

VA Loan Update History

Created as part of the Servicemen's Readjustment Act of 1944, these loans were later signed into law by President Franklin D. Roosevelt. They were designed to give veterans coming home from World War 2 the opportunity to become homeowners. However, this version of the loan expired two years after the servicemembers finished their service.

This two-year shelf life for VA loan benefits ended with signing the Veterans Housing Act into law in 1970 by President Richard Nixon. As a result, Veterans and Active Duty Service Members the freedom to use their VA home loan benefits whenever it was better for them.

VA loans were significantly expanded with the signing of the Veteran Home Loan Program in 1992 by President George H.W. Bush. This law extended VA home loan benefits to members of the National Guard and military reserves, giving them access to the best Government home loan program.

Bluewater Act of 2019

The most recent update to VA home loans was signing the Blue Water Navy Vietnam Veterans Act on June 25th, 2019. This law increased medical benefits for Vietnam and Korean War veterans exposed to dangerous chemicals like Agent Orange during their deployment. This new law also changed VA home loans by removing [VA county loan limits](#) and making changes for the VA funding fee.

- *VA Loan Limit Removal*

The biggest and perhaps most significant change to happen to VA Home Loans due to this new law was removing loan limits, allowing borrowers to purchase a more expensive home, as long as they can afford it, without limiting their options due to loan limits. This change also extended to Native American Veterans who used their VA loan to purchase or build a Federal Trust Land home.

The removal of VA loan limits was not universal; it applies only to borrowers with one active VA home loan. Therefore, borrowers who have more than one active VA loan are still subject to loan limits set up by the VA. One good thing is that loan limits saw an increase from \$484,350 to \$548,250 on January 1st, 2021.

- *VA Funding Fee Changes*

The lesser-known updates to happen as a result of this new law were its changes to the funding fee. This new law lowered the funding fee for members of the National Guard and military reserves while simultaneously raising it for Veterans and Active Duty Service Members by 0.15%.

Purpleheart recipients who are still on active duty can now have their funding fee completely waived as long as they close their property while on active duty. Previously exempt applicants like disabled veterans were not affected by the new law.

Conclusion

VA Loans have gone through several iterations and upgrades, which have made them the best government-guaranteed home loans. The constant updates and expansions to VA loans have ensured that our brave men and women in uniform get the opportunity to become homeowners during or after their service.

Phil Georgiades is the CLS for VA Home Loan Centers, a government-sponsored brokerage specializing in VA home loans. He has been working as a real estate professional for more than 22 years. To [apply for a VA loan](#), call us at (877) 432-5626.