

Rich E. Blanchard
Managing Director, RICH Home Loans LLC
NMLS: 492461
1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900
Mobile: 303.328.7047
richblanchard@richhomeloans.com
View My Website

VA Removes Loans Limits, Increases Fees

U.S. military veterans and active duty personnel who buy or refinance a home in 2020 will have **more buying power if they use a VA loan.** They will also pay more money for that loan. The Blue Water Navy Vietnam Veterans Act of 2019, which become effective on January 1, 2020, will **eliminate loan limits on VA loans but will also increase many of the associated fees.**

VA loans are available with a loan-to-value ratio of 100 percent and in some circumstances the leverage can be even higher. The loans however have always been subject to the same limit that applies to conventional and FHA loans. That limit is $510,400 in most U.S. counties this year, with larger limits in defined "high cost" areas. **These limits will no longer exist for veterans with full access to the benefit.**

The removal of loan limits doesn't mean veterans have unlimited borrowing power. Borrowers must meet lender's underwriting criteria and **have sufficient income to support the loan.** The conventional/FHA limits will still apply to veterans who have one or more active VA loans or have defaulted on a previous loan. Those applicants who are subject to limits will be required provide a downpayment if the purchase price exceeds them.

The fees charged for VA loans will increase except for National Guard and Reserve members. These are one-time fees borrowers pay in lieu of mortgage insurance to help cover the cost of the government guarantee. The fee can be paid upfront or rolled into the cost of the loan.

For veterans who have never used their loan benefit and are not putting money down, the fee will increase from 2.15 percent to 2.3 percent. Eligible veterans who have had other VA loans will pay a fee of 3.6 percent, up from 3.3 percent. There are additional fee variations based on the downpayment amount. The increase will sunset after two years, returning to 2019 levels from 2022 through September 30, 2029, and then decline further.

The Blue Water Navy Vietnam Veterans Act, which also extended Agent Orange benefits to more Vietnam vets, made a few other funding-fee changes. **Starting in 2020, the fees will be the same for the main branches**, National Guard, and reservists. Currently, National Guard and Reserve members pay slightly higher fees. In addition, active-duty service members who have received a Purple Heart are now exempt from the funding fee.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.12	0.00
15YR Fixed	6.92%	+0.09	0.00
30YR FHA	6.89%	+0.07	0.00
30YR Jumbo	7.40%	+0.03	0.00
7/6 SOFR	6.80%	+0.31	0.00
30YR VA	6.90%	+0.07	0.00

Rates as of: 11/10

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.43	-0.62
10 YR Treasury	4.9860	+0.0952
30 YR Treasury	5.3557	+0.0737

Pricing as of: 11/10 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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