



## **Blue Water Navy Veterans Act Frequently Asked Questions**

**1. Q: The Blue Water Navy Act included changes to the VA Home Loan program. What are those changes?**

A: The law includes changes to the VA Home Loan program, most notably, changes to guaranteed loan limit amounts and to Congressionally-mandated home loan funding (user) fees. More specifically the law authorized:

- A slight, temporary increase of the home loan funding (user) fee rates for certain loans closed on or after January 1, 2020.
- An across-the-board reduction of funding fee rates for Reservist and National Guard borrowers to align them with fees paid by 'regular military' borrowers.
- An exemption from paying the funding fee, for active-duty Purple Heart recipients.
- A removal of the 'effective loan limits' for VA-guaranteed loans, closed on or after January 1, 2020. This may be especially of interest to Veterans seeking to obtain what are commonly referred to as "jumbo" loans, or to Veterans living in higher-cost markets, as VA borrowers with full-entitlement may now obtain no-down payment VA-guaranteed home loans in all areas of the country, regardless of housing prices.

**2. Q: I'm a Veteran looking to use my VA home loan benefits. Does the removal of the VA loan limit mean I automatically qualify for a higher-priced house?**

A. No. Veteran borrowers seeking to use their VA home loan guaranty benefit still must qualify for a loan, based on credit and income requirements set forth by VA. Lenders will still look at your credit history, income, and other factors to assess your ability to afford payments on the mortgage. Some lenders may have additional lending criteria in place which exceed VA's guidelines. VA recommends shopping amongst several lenders to compare interest rates, fees, and charges, before deciding which one can best meet your overall financial needs and goals. For more information or to speak with a VA Loan Specialist call 1 (877) 827-3702.

**3. Q: I was awarded a Purple heart, but I ETS before my closing date, can I still get my funding fee waived?**

A. No. Only Active Duty Service members are eligible for the Funding Fee Waivers associated with a Purple Heart. If possible, speak to your lender about adjusting your closing date to prior to your ETS, as long as it is after the January 1, 2020 effective date. For more information or to speak with a VA Loan Specialist call 1 (877) 827-3702.

**4. Q: I am attempting to purchase an expensive home before January first, can I still make use of the new no down payment benefit?**

A. No. The effective date of the new law is January 1, 2020 and all loan closings must take place on or after that date to avoid the down payment requirements associated with the loan limits. If possible, speak to your lender about adjusting your closing date until after the January 1, 2020 effective date. For more information or to speak with a VA Loan Specialist call 1 (877) 827-3702.

**5. Q: I am a member of a Federally Recognized Tribe, how do I know if I can use the Native American Direct Loan?**

A. There are currently over 100 Tribes with active Memorandums of Understanding with VA, to see if your tribe is one of them, visit our website [here](#). If your tribe does not currently have an MOU with VA, please have your tribal leadership contact our offices to gather more information about the process. For more information contact your tribal leadership or speak with a VA Loan Specialist at 1 (877) 827-3702.

**6. Q: How will this new law impact the costs for the closing of my house?**

B. The BWN Veterans Act will change the funding fee for many loan types (see table) and allow for the no down payment option for loans above the county loan limit. This can have significant impact on the purchase of a home, and it is recommended that borrowers speak to their lender or VA loan specialists about their specific case. For more information contact your tribal leadership or speak with a VA Loan Specialist at 1 (877) 827-3702.

**Purchase, Construction, or non-IRRRL Refinance Loan**

Note: Reduced fees only apply to purchase loans with a down payment of at least 5 percent.

Type of Military Service	Down payment	Percentage for <u>First-time</u> Use	Percentage for <u>Subsequent</u> Use
Active Duty**, Reserves, & National Guard	None	2.3%	3.6% *
	5% or more	1.65%	1.65%
	10% or more	1.4%	1.4%

\* If the Veteran's only prior use of entitlement was for a manufactured home loan, the higher subsequent use fee does **not** apply.

\*\* Active Duty includes Reserves and National Guard ordered to active service that meets the eligibility requirements for their era of service ([https://www.benefits.va.gov/homeloans/purchaseco\\_eligibility.asp](https://www.benefits.va.gov/homeloans/purchaseco_eligibility.asp)). Active service does **NOT** include active duty for training

Other Types of Loans	Percentage for First-Time and Subsequent Use
Interest Rate Reduction Refinance Loan (IRRRL)	0.5%
Loan Assumption	0.5%
Manufactured Home Loan (NOT permanently affixed)	1.0%
Native American Direct Loan (NADL)	1.25%
Native American Direct Loan (NADL) Refinance Loan	0.5%
Vendee Direct Loan	2.25%