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AAAFMAA Mortgage Services LLC

Blue Water Navy Vietnam Veterans Act of 2019

In June 2019, the President signed into law H.R. 299, the Blue Water Navy Vietnam Veterans Act of 2019. This law went into effect January 1st, 2020. This law changed the maximum VA Loan entitlement available to Veterans. Interested to learn all of the details? Learn from Raynelle Hamblin, (Sr Mtg UW) about how this law could affect you and your VA Loan.



Who is AAFMAA Mortgage Services LLC?



Our commitment is to make sure you, as a part of the military community, are well-informed and taken care of at every step of the lending process.

Plus, being part of the longest-standing, not-for-profit member-owned association enables us to offer low-rate and low-cost mortgages to servicemembers and Veterans.



Meet Raynelle Hamblin

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VA Loan Expert



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Agenda



What is the Blue
Water Navy
Vietnam Act?



VA Loan Limits



Increase to the
VA (Funding) Fee



Purple Heart
Recipients



VA Appraisals



FAQs

What is the Blue Water Vietnam Act?

Also known as House Resolution 299, was signed on June 25th, 2019. This act extends disability coverage from the VA (US Department of Veterans Affairs) to “Blue Water” navy veterans – those who served on ships off the coast of Vietnam from 1962-1975. These veterans often have medical conditions associated with Agent Orange expose. Some aspects of the bill are specifically aimed at Vietnam War veterans while other aspects are for all veterans.

Key Changes:

- VA Loan Limits
- Increase to the VA Funding Fee
- Waiver of Fees for Purple Heart Recipients
- VA Appraisals



VA Loan Limits

VA Loan Limits



The new bill amends existing VA program guidelines with changes designed to *"expand maximum guaranty amounts for purchase, construction, and cash-out refinance loans greater than the Freddie Mac conforming loan limit"*.

Read more: <https://militarybenefits.info/va-loan-limits-rules/#ixzz69u2LkNW8>

VA Loan Limits



- **What is a VA-guaranteed loan?** VA-guaranteed loans are made by private lenders such as banks, savings and loan associations, or mortgage companies. To get a loan, the Veteran applies to the lender. If the loan is approved, VA guarantees the loan when it is closed. The guaranty means the lender is protected against loss if the veteran or another veteran, who may assume the loan, fails to repay the loan.
- **What is the maximum VA loan?** There is no maximum VA loan, except that the loan cannot exceed the lesser of the appraised value or purchase price, plus VA funding fee and energy efficient improvements, if applicable.

VA Loan Limits

Maximum Entitlement Available



- Veterans with full entitlement, the maximum amount of guaranty entitlement available to the Veteran shall be 25 percent of the loan amount.
- Veterans who have previously used entitlement, the maximum amount of guaranty entitlement available to the Veteran shall be 25 percent of the Freddie Mac conforming loan limit, reduced by the amount of entitlement previously used and not restored.

VA Loan Limits



Example 1: Veteran with Full Entitlement

Veteran has full entitlement available and is purchasing a home for \$1,200,000. Freddie Mac CLL is \$726,525. The maximum amount of entitlement available to the Veteran is \$300,000 ($\$1,200,000 \times 25\%$).

VA Loan Limits



Example 2: Veteran with Partial Entitlement

Entitlement used, not restored, is \$70,000; loan amount \$765,000; Freddie Mac CLL is \$724,000.

The maximum amount of entitlement available to the Veteran is \$111,000.

\$724,000 CLL X 25% = \$181,000

Entitlement used -70,000

Entitlement available \$111,000



VA Funding Fee

Increase in the VA Funding Fee

Under the new law, the VA loan funding fee for an active duty first-time borrower is **increased to 2.30%** and the subsequent use fee set at 3.60%.*

* <https://militarybenefits.info/va-loan-limits-rules/#ixzz69u8IRqto>

VA Funding Fee After January 2020*

Type of Loan	Down Payment	First-Time Use	Subsequent Use
(closed on or after January 1st, 2020, and before January 1, 2022)			
Purchase and Construction Loans	None	2.30%	3.60%
	5% but less than 10%	1.65%	1.65%
	10% or more	1.40%	1.40%
Cash-Out Refinance	N/A	2.30%	3.60%
IRRRLs	N/A	0.50%	0.50%
Loan Assumptions	N/A	0.50%	0.50%

* https://www.benefits.va.gov/homeloans/documents/circulars/26_19_23.pdf



Waiver of Fees

Waiver of Fees



Purple Heart Recipients

The Act amends 38 U. S. C. 3729(c)(1) by adding a waiver of the VA funding fee for members of the Armed Forces who are serving on active duty and provide, on or before the date of loan closing, evidence of having been awarded the Purple Heart.

The following documents are acceptable evidence of the Purple Heart Award:

- Purple Heart Certificate
- DD 214
- Military Orders





VA Appraisals

VA Appraisal



Assisted Appraisal Processing Program (AAPP)

The Act amends 38 U. S. C. 3731 by enabling the Secretary to authorize VA fee panel appraisers to use information gathered by their apprentices, trainees, or another subordinate appraiser to complete an appraisal report.

This program may only be used for appraisals that are:

- “Non-complex” per USPAP
- Below \$1 million
- **Not** new construction



Questions?

Helpful Links



Blue Water Navy Vietnam Veterans Act of 2019

VA Circular 26-19-30

https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_19_30.pdf

VA Training Video- Blue Water

<https://www.benefits.va.gov/homeloans/lenders.asp>

Summary of Blue Water from VA

<https://www.benefits.va.gov/homeloans/bwnact.asp>

VA Handbook

https://www.benefits.va.gov/warms/pam26_7.asp



Further Questions?



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