



April 25, 2024

Department of Veterans Affairs
via www.regulations.gov

Re: Loan Guaranty: Revisions to VA-Guaranteed or Insured Interest Rate Reduction Refinancing Loans, 89 Fed. Reg. 16491 (Mar. 7, 2024)

The National Consumer Law Center and the Center for Responsible Lending thank you for the opportunity to comment on this proposed supplemental rulemaking.¹

The Interest Rate Reduction Refinancing Loan (IRRRL) program is an important tool for helping Veterans reduce the cost of their mortgages, but, as recognized by Congress and the Department, it has been abused by disreputable lenders. VA has proposed rules to address those abuses and to implement Congressional legislation² designed to protect Veterans. We previously submitted comments regarding that rulemaking, and urge VA to consider adoption of the recommendations described therein.³

The previous proposal required IRRRL lenders to certify that the Veteran would recoup all fees, closing costs, and expenses within 36 months of the new loan's *note date*. In the pending, supplemental rulemaking, VA now proposes to change the recoupment period so that it begins on the *due date* of the first payment on the IRRRL, rather than the note date.

We agree with this change and VA's analysis of why it is needed. Calculating the recoupment period from the note date creates the risk of confusion and gamesmanship that would undermine the original intent of the recoupment requirement. Starting the period when the first payment is due will be clearer and will substantially reduce the risk of abuse.

On behalf of our low-income clients, we thank the VA for their careful analysis of this issue and their attention to consumer protection. If you have any questions about these comments, please contact Andrew Pizor at apizor@nclc.org.

Respectfully submitted,

National Consumer Law Center (on behalf of our low-income clients)
Center for Responsible Lending

¹ The nonprofit **National Consumer Law Center**® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training. The **Center for Responsible Lending** is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. For questions about these comments, please contact NCLC Senior Attorney Andrew Pizor, apizor@nclc.org.

² See 89 Fed. Reg. 16491, 16492 (Mar. 7, 2024) (summarizing legislation).

³ <https://www.nclc.org/resources/comments-to-va-regarding-proposed-revisions-to-the-va-guaranteed-or-insured-interest-rate-reduction-refinancing-loans-program/>.