

January 17, 2025

The Honorable Jerry Moran
Chairman
Senate Committee on Veterans' Affairs
412 Russell Senate Office Building,
Washington, D.C. 20510-6050

The Honorable Richard Blumenthal
Ranking Member
Senate Committee on Veterans' Affairs
412 Russell Senate Office Building,
Washington, D.C. 20510-6050

The Honorable Mike Bost
Chairman
House Committee on Veterans' Affairs
364 Cannon House Office Building
Washington, D.C. 20003

The Honorable Mark Takano
Ranking Member
House Committee on Veterans' Affairs
364 Cannon House Office Building
Washington, D.C. 20003

RE: Veterans Affairs Servicing Purchase Program

Dear Chairman Moran, Chairman Bost, Ranking Member Blumenthal, and Ranking Member Takano:

On behalf of the clients, communities, companies, and Veteran borrowers we serve, we urge Congress and the VA to maintain the Veterans Affairs Servicing Purchase (VASP) program until Congress creates additional workable solutions that provide relief to Veteran borrowers facing financial hardship.

We all agree that Veterans who secured a VA loan as a benefit for serving deserve equal access to options to help them avoid foreclosure when they face financial hardship. However, if VASP is prematurely terminated before Congress provides the VA with additional policy tools and those tools are readily available, Veteran borrowers will have substantially worse options than other borrowers with federally-backed loans and will face otherwise preventable foreclosures.

In addition, halting VASP now would substantially harm the mortgage industry and expose the VA Home Loan Guaranty Program to significant financial risk. At this point, there are over 81,000 seriously delinquent VA borrowers,¹ most of whom will need VASP to avoid foreclosure. Of these, tens of thousands are already in the pipeline for VASP. Servicers have already offered modified loans to borrowers. If VASP is prematurely cancelled, it should be done so with a reasonable sunset date to allow servicers the opportunity to wind down the program, and there should be workable solutions immediately in place to help Veteran borrowers facing financial hardship. In the event of an immediate cancellation of the program, servicers would need to be given the opportunity to complete any VASP loan where terms have already been communicated to a customer to avoid an impractical and unfair cancellation of those commitments to Veterans. Under no circumstances can the VA expect that servicers will honor

¹ Defined as borrowers missing 3 or more payments. Source: Recursion.

below-market rate modifications, as this would have significant consequences for servicer liquidity and would harm future Veteran borrowers by reducing the willingness of financial institutions to participate in the VA Home Loan Guaranty Program.

We are committed to working on a bi-partisan basis to reach common sense policy solutions to improve the long-term health of the VA Home Loan Guaranty program. We believe that Congress and the VA should consider a broader array of options for Veteran borrowers facing financial hardship more like the FHA's loss mitigation process. We pledge to work with Congress, VA, and other stakeholders to develop a comprehensive and cost-effective VA loss mitigation program that maintains the strength of the VA home loan program while providing Veteran borrowers facing financial hardship with economically viable options that allow them to retain their home and avoid foreclosure.

We thank you for your work on behalf of Veterans and look forward to working with you on these issues.

Sincerely,

Association of Military Banks of America
Center for Responsible Lending
Housing Policy Council
Independent Community Bankers of America
National Consumer Law Center (on behalf of its low-income clients)
Veterans Association of Real Estate Professionals