

# United States Senate

WASHINGTON, DC 20510

November 15, 2023

The Honorable Denis McDonough  
Secretary of Veterans Affairs  
U.S. Department of Veterans Affairs  
810 Vermont Ave. NW  
Washington, DC 20420

Dear Secretary McDonough:

We write today urging the Department of Veterans Affairs (VA) to address the potential crisis facing many veterans who used their VA home loan guarantee benefit. The COVID-19 pandemic posed unique hardships for millions of Americans, including veterans and servicemembers. Recognizing the financial burden that the pandemic would cause for families, Congress acted quickly in 2020 to allow borrowers to pause their mortgage payments without penalty. VA also acted quickly to implement this forbearance and assure borrowers that they would not be required to make up their missed payments all at once when forbearance ended.

For some time, veterans and servicemembers with VA loans did have the ability to move those missed payments to the end of their loan term through the Veterans Assistance Partial Claim Payment (VAPCP) program. But since that program expired in October 2022, veterans have not had a viable option to bring their mortgage current and stay in their homes. VA's current COVID-19 loss mitigation option, the refund modification program, still requires borrowers to modify their loans and pay current market interest rates, which makes it hard to lower payments for borrowers who benefited from record-low interest rate loans in 2020 and 2021. However, even this option is no longer available, as the program is set to expire at the end of the year, and servicers must stop offering a product in advance to ensure that they have time to complete loss mitigation requests in the pipeline. All this has left veterans and servicemembers with worse options than the options available to borrowers with Federal Housing Administration (FHA) loans or loans backed by Fannie Mae and Freddie Mac, all of which allow borrowers to move missed payments to the end of the term.

We appreciate the significant work that VA has undertaken and the dedication of VA staff as they design and implement a new loss mitigation solution that will help more veterans lower their payments and remain in their homes, even in today's higher interest rate environment. Once available, this new program could provide relief for thousands of borrowers. However, guidance on the program's terms is not yet available, and it will take time for lenders and servicers participating in the VA home loan program to implement the guidance and begin offering this program. In the meantime, tens of thousands of veterans and servicemembers are left with no viable options to get back on track with payments and save their homes. Stories from across the country show that this is already having severe consequences for veterans and their families.

With each additional day that passes, risks mount for borrowers who are facing foreclosure while they wait for a solution from VA. We urge you to extend the availability of the refund

modification program to ensure it is available to help the borrowers it can. We also request that you direct servicers to implement an immediate pause on all VA loan foreclosures where borrowers are likely to be eligible for VA's new Veterans Assistance Servicing Purchase (VASP) program until it is available and borrowers can be evaluated to see if they qualify. Without this pause, thousands of veterans and servicemembers could needlessly lose their homes through no fault of their own. This was never the intent of Congress. Additionally, we ask that you provide us what resources or legislative changes are needed to ensure users of the VA home loan program are afforded the same protections as those with other federally-backed loans.

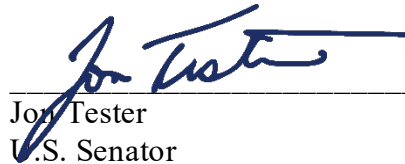
Thank you for your prompt attention to this request and for your service to our nation's veterans.

Sincerely,



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Sherrod Brown  
U.S. Senator



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Jon Tester  
U.S. Senator



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Jack Reed  
U.S. Senator



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Tim Kaine  
U.S. Senator