



MORTGAGE BANKERS ASSOCIATION

March 6, 2025

The Honorable Douglas A. Collins  
Secretary, U.S. Department of Veterans Affairs  
810 Vermont Avenue NW  
Washington, DC 20420

**RE: Loss Mitigation Assistance Policy for Veteran Homeowners**

Dear Secretary Collins,

Congratulations on your confirmation as Secretary of the United States Department of Veterans Affairs. The Mortgage Bankers Association (MBA)<sup>1</sup> is eager to work with you and your team to strengthen the VA Home Loan Program, a cornerstone benefit that our nation's Veterans earn through their sacrifice and service. Your leadership comes at a pivotal moment for this essential program, as rising interest rates have increasingly strained affordability for both new and existing homeowners, including Veterans who are struggling to meet their monthly mortgage payments.<sup>2</sup>

To fortify the VA Home Loan Program, it is imperative to provide Veterans with access to viable and cost-effective loss mitigation solutions that prevent foreclosure. To achieve that goal, MBA strongly urges the VA to collaborate with Congress to expand the loss mitigation solutions available to Veterans suffering financial hardship. To start, we strongly encourage the VA to pursue the necessary legislative action to establish – authorize and fund - a permanent partial claim option. This will help keep Veterans who can continue making mortgage payments in their homes and place them on equal footing with Federal Housing Administration borrowers, who currently have access to a broader array of tools if they run into financial hardship. We also encourage the VA to preserve the VA Servicing Purchase (“VASP”) program, while also developing needed guardrails to ensure it remains a sustainable option of last resort for Veterans who are willing and able to continue making reduced payments.

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<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: [www.mba.org](http://www.mba.org).

<sup>2</sup> 4.70% of VA's portfolio is delinquent according to [MBA's National Delinquency Survey](#).

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The VASP program should be maintained and refined to ensure that it is sustainable and appropriately designed as an option of last resort. It is vital that Veterans continue to have access to a loss mitigation solution that addresses the challenges with the current interest and note rates on the majority of the VA portfolio, while refinements are being developed. Since March 2024, mortgage servicers have worked diligently with the VA to help approximately 40,000 Veterans homeowners experiencing financial hardship navigate rising interest rates. Through VASP, and following expiration of the voluntary foreclosure moratorium, mortgage servicers have provided payment relief to thousands of distressed Veterans. VA should continue working with their partners in industry to ensure that performing borrowers whose loans have already been purchased by VA can successfully transfer to the VA's contractor. Any disruption to those efforts will undermine assistance to the very Veterans the VA and servicers are committed to protecting. While VASP could certainly be improved, it remains the only viable option for many Veterans and should be continued while alternatives are developed.<sup>3</sup>

To ensure that VASP remains an option of last resort, MBA urges VA to work with Congress to create a permanent partial claim option for the VA Home Loan Program.<sup>4</sup> A partial claim is a standard, simple, and time-tested foreclosure prevention solution available to borrowers in other federal housing programs but is notably absent from the VA's loss mitigation toolkit. It allows borrowers who have resolved a financial hardship to move missed payments to the end of the loan following a period of forbearance. Through a partial claim, borrowers can get back on track with their monthly mortgage payments or pursue a modification to achieve a more affordable payment. It is paradoxical that the earned benefit for a Veterans' sacrifice and service is access to a loan program with fewer safety nets than other government loan programs.<sup>5</sup> Accordingly, we encourage the VA to take the necessary action with Congress to implement a partial claim program.

We appreciate your consideration of these recommendations and welcome an opportunity to discuss them at your earliest convenience. Should you have any questions, please contact Brendan Kelleher at [Bkelleher@mba.org](mailto:Bkelleher@mba.org).

Sincerely,



Pete Mills  
Senior Vice President  
Residential Policy and Strategic Industry Engagement  
Mortgage Bankers Association

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<sup>3</sup> For instance, we encourage the VA to explore additional changes to VASP that improve the cost-effectiveness of the program through a Drafting Table process. Such changes could include changes to the 2.5% interest rate to align the program with VA's borrowing costs from the U.S. Treasury but must preserve the 20% target payment reduction to ensure a Veteran's sustainable performance.

<sup>4</sup> Please see our June 2024 testimony before the House Veterans Affairs Economic Opportunity Subcommittee available at [karen-k-powell-written-testimony-va-ao-sub-hearing-6.12.24.pdf](#).

<sup>5</sup> One member estimates that approximately 30% of loans currently qualified for VASP would qualify for a partial claim, thereby decreasing the cost burden to the VA.