



August 22, 2024

Josh Jacobs
Under Secretary for Benefits
Veterans Benefits Administration
Department of Veterans Affairs
810 Vermont Avenue NW
Washington, DC 20420

John Bell
Executive Director
Loan Guaranty Service
Department of Veterans Affairs
810 Vermont Avenue NW
Washington, DC 20420

RE: Additional Implementation Time for Veterans Affairs Servicing Purchase Program

Dear Under Secretary Jacobs & Executive Director Bell,

After consultation with our servicer members, the Mortgage Bankers Association¹ (MBA) and Housing Policy Council² (HPC) request that the Department of Veterans Affairs (VA) extend the mandatory compliance date for the Veterans Affairs Servicing Purchase program (VASP) to December 31, 2024. Given the complexity of the program and the ongoing policy changes and clarifications published as recently as last week, we believe additional time is necessary for mortgage servicers to successfully update their processes to implement VASP. While we appreciate the effort that the VA has put into designing the VASP program, providing servicers less than 60 days with the full program specifications is insufficient to properly execute such a complex loss mitigation and servicing transfer program. The VA, servicers, and veterans would benefit from additional time to refine processes and incorporate lessons learned from initial submissions so that VASP is functioning seamlessly as intended when a major volume increase occurs.

¹ 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.

² The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers; mortgage, hazard, and title insurers; and technology and data companies. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth-building for families. For more information, visit www.housingpolicycouncil.org.

As you know, our organizations, along with a group of our members, have been engaged in weekly discussions concerning all aspects of implementation. As a result of these discussions and the challenges inherent in standing up such a complex program, the VA recently provided significant policy adjustments and clarifications that address key operational and technical details necessary for implementation. Specifically, these updates include the release of new Handbook changes and loss mitigation policy updates on August 12, as well as substantive policy updates through the release of servicer frequently asked questions (which were last updated on August 1). Even more significant was the recent publication by the VA's contractor of how the servicing transfer process will work on July 30th.³ While we appreciate that these numerous revisions are responsive to the concerns and questions that have been discussed on our weekly calls, these critical updates were not accompanied by any adjustment to the mandatory compliance date for VASP despite their clear impact on servicer's efforts to implement this program.

In light of this new and material information, and the complexities of implementing VASP, the Mortgage Bankers Association, the Housing Policy Council, and our members implore and reiterate⁴ that the VA should provide additional time for servicers to incorporate these changes into their VASP implementation process. In short, servicers must have a fair opportunity to develop scalable processes to meet our shared goal of assisting Veterans effectively.

We understand the VA's urgency to deliver payment relief to struggling Veterans now and we share that sense of urgency. However, servicers need sufficient time to adapt to the program's mechanics, procedures, and implications. This includes providing sufficient time for refining operational processes, updating technology, providing tools and scripts for effective borrower communications, and completing staff training.

While servicers remain committed to a speedy adoption of VASP, without adequate time to put in place testing and quality control, the VA is asking servicers to take on inappropriate levels of risk that could negatively impact Veterans. Therefore, we recommend that VA align the VASP deadline with the foreclosure moratorium through the end of the year.

* * *

As previously emphasized, the VA must set clear expectations with Veterans that servicers are working diligently to adjust their existing operations to support the new program.⁵ VASP signifies a commitment to enhancing support available to Veterans facing difficulties in maintaining their homeownership and aligns with the VA's overarching mission to serve those who have served our country.

We are grateful that the VA has been engaged directly with us and others who are the conduits for providing these benefits. As stakeholders invested in the efficacy of the VASP program, we urge you to consider this request, recognizing its importance in ensuring the successful

³ See VRM Mortgage Services [website](#) on VASP. No servicing transfer instruction have been posted to the VA website at the time of this letter.

⁴ See HPC and MBA [Letter](#) to the VA on July 26, 2023.

⁵ [vasp-implementation-letter_may-2024_mba-and-hpc.pdf](#)

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launch and long-term viability of the VASP program. We look forward to continuing the collaboration between our organizations to resolve important policy issues to support our Veterans.

Sincerely,

Mortgage Bankers Association
Housing Policy Council