



May 3, 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 Servicer
Department of Veterans Affairs
810 Vermont Avenue NW
Washington, DC 20420

RE: Veterans Affairs Servicing Purchase Program Implementation

Dear Under Secretary Jacobs & Executive Director Bell,

The Mortgage Bankers Association¹ (MBA) and Housing Policy Council² (HPC) welcome the Department of Veterans Affairs (VA) recent announcement of the Veterans Affairs Servicing Purchase (VASP) program, including the VA's recognition that servicers require sufficient time to implement the program. Mortgage servicers are committed to the successful launch and long-term viability of the VASP program and realize its potential to help struggling Veterans. Achieving these goals and setting up an effective VASP program will require all stakeholders to execute a complex loss mitigation and servicing transfer process. We are concerned with the lack of information and guidance on how to do so.

Guidance around loss mitigation and servicing transfers are critical components of the work that remains to prepare the program for implementation. We look forward to your response to our previous request to meet on a regular cadence to discuss the technical and operational

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.

details necessary for implementation. Frequent and ongoing communication with all relevant parties is essential to ensuring Veterans receive timely assistance.

Although VA's public announcement suggests the program will be available for all 40,000 Veterans beginning May 31, 2024, based on the number of key operational questions that are outstanding, we have significant questions about whether the VA or any servicer will be ready to deploy VASP until much later than that date. Therefore, we encourage the VA to:

1. Set clear expectations with Veterans by publicly communicating that servicers and the VA are working diligently to quickly adjust their existing operations to support the new program before the mandatory compliance deadline, which we think should be re-set, based on the guidance publication date (per below). While servicers will try to implement VASP as soon as possible, servicers must have until a date certain, preferably six months from the final publication of the VASP guidance, to execute the new program, which also includes a new loss mitigation waterfall. It is not fair to Veterans or servicers to create a public expectation that VASP will be available before May 31, 2024.
2. Extend the mandatory compliance date beyond October 1, 2024 to provide six months from when complete guidance is published. Considering the guidance that remains outstanding and in light of the time it will take the VA and servicers to effectively implement VASP, we support an extension of the voluntary foreclosure moratorium to align with the effective date of VASP for eligible borrowers.³

A properly structured and implemented VASP is a welcome addition to the VA's loss mitigation toolkit to help Veterans in today's interest rate environment. To successfully provide the relief needed and communicate effectively with Veterans, we urge you to consider this request as time is of the essence. We look forward to collaborating on loss mitigation policy to support the VA's mission to Veterans.

Sincerely,

Mortgage Bankers Association
Housing Policy Council

³ We believe that servicers should be able to end their foreclosure pause once they have fully implemented VASP.