

May 7, 2024

The Honorable Denis McDonough
Secretary of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

RE: Foreclosure pause during VASP implementation

Dear Secretary McDonough:

On behalf of the clients, communities, and Veterans we represent, we urge VA to extend the foreclosure pause of VA-guaranteed loans from May 31, 2024 to December 31, 2024. The extension is needed to ensure that Veterans have a full opportunity to access the newly-released VA Servicing Purchase (VASP) program, which VA has indicated will take months for servicers to fully implement. Homeowners who could benefit from VASP should not lose their homes to foreclosure before they have a chance to access the program.

We greatly appreciate VA's work in creating VASP and we believe that it will provide meaningful relief for homeowners struggling with financial hardship. At this time, tens of thousands of VA borrowers who are seriously delinquent need access to VASP to save their homes. While VA has stated that servicers can start offering VASP by May 31, 2024, the agency has also stated its expectation that some servicers will not offer it until October 1, 2024, which is well after the end of the foreclosure pause. Even when servicers do have VASP operational, it will take a significant amount of time to work through the backlog of seriously delinquent loans, even for those who begin in May. Therefore, the circumstances justifying the foreclosure pause will remain for the remainder of the year and VA should extend the pause until December 31, 2024.

If VA is concerned about pausing foreclosure for servicers that implement VASP promptly and do not have a backlog, it could consider releasing those servicers from the foreclosure pause as long as they clearly demonstrate that VASP is operational and they have fully evaluated their seriously delinquent borrowers for VASP eligibility.

Since October of 2022, VA-guaranteed borrowers have had less-effective options to avoid foreclosure than all other borrowers with federally-backed mortgage loans. We applaud the release of VASP because it will provide those borrowers with a sorely needed tool to keep their homes. However, the program is only useful if VA-guaranteed

borrowers can access it. Therefore, VA should extend the foreclosure pause of VA-guaranteed loans until December 31, 2024.

We appreciate your consideration and VA's efforts to help VA borrowers avoid unnecessary foreclosures.

Sincerely,

National Consumer Law Center (on behalf of its low-income clients)
Center for Responsible Lending
Americans for Financial Reform Education Fund
Center for Community Progress
The Center for New York City Neighborhoods, Inc. (NY)
Community Legal Services of Philadelphia (PA)
Connecticut Fair Housing Center
Consumer Action
Consumer Federation of America
Financial Protection Law Center (NC)
Housing and Economic Rights Advocates (CA)
Jacksonville Area Legal Aid (FL)
Legal Aid DC
Legal Aid Society of Southwest Ohio, LLC
Mobilization for Justice, Inc. (NY)
National Association of Consumer Advocates
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Coalition for Homeless Veterans
National Fair Housing Alliance
National Housing Law Project
National Housing Resource Center
NHS Brooklyn CDC, Inc. (NY)
North Carolina Justice Center
Paralyzed Veterans of America
Service Women's Action Network (SWAN)
Student Veterans of America
United States International Council on Disabilities
Vermont Legal Aid
Veterans of Foreign Wars (VFW)
Western New York Law Center, Inc.
Woodstock Institute