



**America's
Credit Unions**



DCUC
DEFENSE CREDIT UNION COUNCIL

February 15, 2024

The Honorable Derrick Van Orden
Chairman
Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
United States House of Representatives
Washington, DC 20515

The Honorable Mike Levin
Ranking Member
Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
United States House of Representatives
Washington, DC 20515

Re: Today's Hearing: "Sink or Swim? A Deep Dive into the Current State of VA's Home Loan Program in a Competitive Market"

Dear Chairman Van Orden and Ranking Member Levin:

We are writing on behalf of America's Credit Unions and the Defense Credit Union Council (DCUC) in conjunction with tomorrow's hearing, "Sink or Swim? A Deep Dive into the Current State of VA's Home Loan Program in a Competitive Market." We advocate for policies that allow the credit union industry to effectively meet the needs of their nearly 140 million members nationwide. The members of our two associations take special pride in helping our veterans and servicemembers become homeowners.

We appreciate the Department of Veterans Affairs' (VA) efforts to implement and expand the loss mitigation options available under the VA Home Loans Guaranty program to help veteran borrowers avoid foreclosure. We share the same goal as the VA, to keep our veterans in their homes, but we believe it is evident that the VA Home Loan Program needs an upgrade. Additional resources and better loss mitigation tools in the program will help ensure veterans and servicemembers are not faulted during a time of financial hardship.

We also believe that the VA Home Loan Guaranty Program would benefit from aligning its VA Minimum Property Requirements (MPRs) with the property condition standards established by Fannie Mae and Freddie Mac (the GSEs), the most widely used financing programs in the market, and the most common alternatives used by veterans. Our members have advised us that the MPRs can make the VA program more difficult for prospective homebuyers without reducing risk to credit union lenders or their members. Credit unions have told us that MPRs can inject uncertainty into the homebuying process, delaying closings or stigmatizing VA financing-based offers as less desirable than those financed by conventional mortgage loans. Aligning the VA Home Loan Program with the property condition standards from conventional financing will better assist veterans in realizing their homeownership goals.

Senators Jon Tester and Sherrod Brown introduced the Veterans Housing Stability Act of 2024, S. 3728, which would reestablish a partial claim program to help veterans and servicemembers using the VA home loan exit forbearance and get back on track with their payments. This Committee should consider supporting a House version of the Veterans Housing Stability Act to

ensure our veterans and servicemembers remain in their homes while the VA continues to work on a long-term solution.

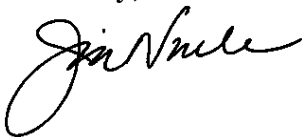
Additionally, credit unions want to ensure our nation's veterans have the resources they need to achieve financial success. As such, we urge members of the House Veterans' Affairs Committee to support H.R. 4867, the Veterans Members Business Loan Act, and H.R. 1266, the Building Credit Access for Veterans Act. Both important pieces of legislation will help ensure our veteran-owned businesses receive the capital and financial support needed to attain their financial goals.

H.R. 4867, the Veterans Members Business Loan Act, introduced in the House by Rep. Vicente Gonzalez and Rep. Brian Fitzpatrick, would exempt loans made to veterans from the credit union member business lending (MBL) cap. This bill would improve veterans' access to necessary capital by removing statutory barriers that hinder credit unions' ability to meet the financial needs of our nation's veterans. As a result of the close relationships credit unions maintain with their members, credit unions are often willing to assist members when other lenders refuse. Unfortunately, credit unions face a statutory MBL cap that hinders their ability to fully serve the needs of small businesses. Enacting this legislation will help ensure that credit unions can continue supporting veteran-owned businesses.

H.R. 1266, the Building Credit Access for Veterans Act, introduced by Rep. William Timmons and Rep. Mike Levin, seeks to expand credit options for veterans and members of the Armed Forces who are eligible for VA housing or small business loans and have an insufficient credit history. This bill requires the VA to implement a pilot program to assess the feasibility and advisability of using alternative credit scoring information or models to improve the determination of creditworthiness of certain individuals and to increase the number of such individuals who are able to obtain VA housing and small business loans.

On behalf of America's Credit Unions and the 140 million credit union members, thank you for holding this important hearing and considering our views on the subject.

Sincerely,



Jim Nussle
President and CEO
America's Credit Unions



Anthony Hernandez
President and CEO
Defense Credit Union Council

cc: Members of the Subcommittee on Economic Opportunity