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COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED SEVENTEENTH CONGRESS

364 CANNON HOUSE OFFICE BUILDING

WASHINGTON, DC 20515

<http://veterans.house.gov>

August 2, 2021

The Honorable Denis McDonough
 Secretary
 U.S. Department of Veterans Affairs
 810 Vermont Ave., NW
 Washington, DC 20420

Mr. Dave Uejio
 Acting Director
 Consumer Financial Protection
 Bureau
 1700 G St., NW
 Washington, DC 20552

Mr. Michael R. Drayne
 Acting Executive Vice President
 Government National Mortgage
 Association
 550 12th St., SW
 Washington, DC 20024

Dear Secretary McDonough, Mr. Uejio, and Mr. Drayne:

We are writing to express our deep concern about the potentially harmful behavior of Department of Veterans Affairs (VA) home loan lenders identified in a recent report released by Representative Katie Porter. We believe that these findings warrant your attention and review.

As detailed in the report, federal regulatory agencies and Congress have previously taken direct action to protect veterans from predatory lenders and deceptive lending practices in the recent past. Only a few years ago, the Government National Mortgage Association (Ginnie Mae) announced new rules to regulate lenders that repeatedly refinanced loans soon after origination, a practice called “churning.” Among other things, Ginnie Mae required loans to season for six months before they could be refinanced. In 2018, Congress passed the bipartisan Economic Growth, Regulatory Relief, and Consumer Protection Act, codifying these regulations and creating objective standards to ensure that refinanced loans are not inappropriately pushed to generate additional lender fees, but are in veterans’ best interest.

Despite these regulatory and statutory changes, Representative Porter’s report identifies some trends that are cause for concern. The report’s analysis of Home Mortgage Disclosure Act (HMDA) data from 2020 suggests that some lenders may still be charging unreasonable fees and loan rates—as compared to other lenders—to veterans using a cash-out refinance VA loan. This loan allows a veteran to take cash out of the equity they have accumulated through down-payments and regular mortgage payments. It is likely that veterans who received these loans in 2020 accessed these assets to help them through pandemic-related financial challenges. However, the report found that some VA lenders are saddling veterans with disadvantageous loan terms and higher-than-average costs.

We ask that each of you direct your Departments or agencies to thoroughly review the analysis and conclusions from Representative Porter’s report, including the behavior of individual lenders related to cash-out refinances. After completing this review, please promptly inform us of your conclusions, as well as any actions you will take and/or statutory authorities you need to protect veterans from harm.

The VA home loan program’s purpose is to help servicemembers, veterans, and eligible surviving spouses become homeowners. VA does so by guaranteeing a portion of the loan, enabling the lender to

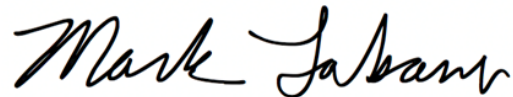
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provide more favorable terms to veterans. We all must ensure that VA lenders do not abuse this program for their own benefit and diminish veterans' ability to afford and maintain homeownership. Thank you for your attention to this important matter.

Sincerely,



Mike Levin
Chairman
Subcommittee on Economic Opportunity



Mark Takano
Chairman



Chris Pappas
Chair
Subcommittee on Oversight & Investigations



Lauren Underwood
Member of Congress



Julia Brownley
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