

## H.R. 815 Written Testimony

Thank you Mr. Chairman for holding this hearing today. Supporting our nation's veterans is a responsibility we all share. These brave men and women repeatedly answered the call to service to ensure the safety and security of our country and protect our democratic values. Not only do we owe our veterans gratitude and respect for the sacrifices they made, we have a duty to provide them with meaningful support to pursue the American Dream they honorably protected, a cornerstone of which is home ownership.

The U.S. Department of Veterans Affairs ("VA") loan program, originally part of a national effort to move from a wartime economy to a peacetime economy and assist returning wartime veterans with readjustment to civilian life, remains one of the most powerful home loan programs on the market for service members, veterans and military families today. The greatest single benefit of this program is that qualified borrowers can purchase a home without having to make a down payment provided the loan falls within the statutory loan guaranty limit. This is a tremendous financial advantage. Saving money for a down payment and building credit can be difficult for service members and their families who are constantly on the move and are often one income families. VA guaranteed home loans include significant benefits that open the doors of home ownership to veterans who might otherwise be unable to secure financing for such a purchase.

In 2008, the Veterans' Benefits Improvement Act, (Public Law 110-389), Section 501, increased the VA's maximum loan guaranty amounts. Under this provision, conforming maximum loan guaranty amounts ranged from a base of \$417,000 to a high-cost-area limit of \$625,500 and enabled veterans more flexibility to choose homes in locations that were best suited to the needs of their families. Public Law 110-389 expired in 2014, resetting the VA's effective loan guaranty amount to those established by the Federal Housing Finance Agency (FHFA) – approximately \$424,100 in most parts of the country. Under the current law, veterans who lack the savings to meet a down payment requirement for loans outside the parameters of the statutory loan guaranty limits, but are otherwise financially able to make the mortgage payments and meet the VA residual income test are barred from purchasing homes that best meet the needs of their families. The current geographic loan guaranty limit prevents veterans from purchasing homes that are in the best interests of their families.

According to the VA, 705,474 loans were guaranteed in FY2016 with an average loan amount totaling \$253,243. In my home district of Suffolk County, the median sale price of residential real estate ranges from \$365,000 across the district to \$1 million or more for homes located on the eastern end of Long Island.

It is important to note here that VA loans have the lowest foreclosure rate of any other mortgage type in the United States. The low foreclosure rate may be largely due in part to the VA's residual income test requirement and tight property inspection restrictions at the loan approval phase ensuring that the veteran applicant can meet mortgage payments and still fulfill other financial obligations. In addition, the VA offers supplemental servicing assistance and can take an active role in interceding with the loan

servicer on behalf of the veteran to explore all options to avoid foreclosure in the event a veteran encounters problems making their monthly mortgage payments. The inherently disciplined and responsible military culture of the veteran and the concentration of VA loans in a smaller number of more experienced and better capitalized lenders may also contribute to the lower foreclosure rates for VA home loans.

H.R. 815 provides relief for veterans residing in high-cost of living areas, not only in my district but across the country. Eliminating the home loan guaranty limits and removing the statutory index to the loan limits allow veterans the ability to choose homes in neighborhoods that are best suited to the needs of each individual family. I urge all members to support this critical piece of legislation, and I thank Subcommittee Chairman Arrington for his leadership on this issue.