02 Fact Sheet

FACT SHEET / BACKGROUNDER

THE VA SERVICING CRISIS: WHAT WENT WRONG AND WHY REFORM IS NECESSARY

SUMMARY:

The VA Home Loan Program is one of the most important benefits available to veterans and military families.

During COVID-19, Congress enacted major protections — but due to inconsistent servicing practices, many borrowers experienced harm.

CORE PROBLEMS:

1. Unauthorized Loan Modifications

In multiple cases, servicers implemented loan modifications without borrower knowledge or consent.

2. Assumption Review Failures

Servicers routinely delayed or ignored assumption requests, even when borrowers were fully qualified.

3. Incomplete or Missing Documentation

Borrowers reported that servicers lost paperwork, failed to record calls, or claimed documents were never received.

4. Improper Credit Reporting

Veterans with current or protected loans saw false delinquencies placed on their credit reports.

5. No Enforcement Structure

VA “guidance” is non-binding. Servicers face no direct penalties for violating it.

WHO IS AFFECTED:

• Veterans

• Active-duty servicemembers

• Surviving spouses

• Civilian co-borrowers

• Family members seeking assumption

WHY THIS MATTERS:

Veterans used these loans in good faith. The system failed them when they needed protection.