

118th Congress Member Day Hearing
House Committee on Veteran Affairs
June 22, 2023
Testimony for Congressman William R. Timmons, IV

Mr. Chairman, thank you for holding this hearing today and taking the time to hear about a bipartisan bill that addresses a major problem in our veteran community - access to credit.

Veterans and active-duty military personnel face unique barriers to accessing credit. Prolonged military service comes with certain stressors, like frequent relocations and potential overseas deployments. These disruptions make it difficult to maintain a relationship with one particular financial institution. As a result, these brave individuals are displaced from the conventional credit system for long periods of time. And worse, approximately six percent of all veterans are unable to obtain a VA-guaranteed mortgage loan due to insufficient credit histories with little collateral to compensate.

That is why I, along with my colleague Congressman Mike Levin, have introduced the Building Credit Access for Veterans Act, to help expand credit options for veterans and members of the Armed Forces who are eligible for Department of Veterans Affairs (VA) housing or small business loans, but have an insufficient credit history due to their prolonged service.

Under this bill, the VA will be required 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 veterans who are able to obtain VA housing and small business loans. The inclusion of such alternative financial data—such as rental and utility payments—in credit reporting has the power to help an estimated two and a half million veterans gain access to greater financial opportunities. Furthermore, a recent study by PERC, a think tank studying credit, found that “including energy utility data in all consumer credit reports increases the acceptance rate by 10 percent, and including telecommunications data increases the acceptance rate by 9 percent.” Simply put, adding this data into their credit reports will improve the lives of veterans and active-duty military personnel by increasing their access to affordable credit.

Too frequently, our creditworthy servicemembers are being denied access to the mortgages they deserve. This bill would expand both veterans’ and active-duty military personnel’s access to mortgage credit in a safe manner while simultaneously benefitting VA lenders by increasing the pool of qualified borrowers purchasing a home. Expanding credit access for veterans makes it easier for them to buy a home and establish roots in their community. It also shows recognition for the impact that homeownership can have in successfully reintegrating our veterans back into society.

The stakeholders supporting this legislation include the American Legion, National Association of Federally-Insured Credit Unions (NAFCU), Credit Union National Association (CUNA), Housing Policy Council (HPC), TransUnion (TU), Experian, Consumer Data Industry Association (CDIA), Equifax, Defense Credit Union Council (DCUC), VantageScore, and Veterans of Foreign Wars Of the United States.

Mr. Chairman, the Building Credit Access for Veterans Act will help put the dream of owning a home or starting a business within reach for more of America’s heroes, and I humbly ask for its consideration before this Committee.