



MORTGAGE BANKERS ASSOCIATION

**Statement of
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2026 Mortgage Bankers Association Chair-Elect**

On Behalf of the Mortgage Bankers Association

**U.S. House of Representatives
House Committee on Veterans' Affairs
Economic Opportunity Subcommittee
Panel 2**

***“Kitchen Table Issues: Lowering Costs for Veteran Families
Through the VA Home Loan Program”***

**March 26, 2026
3:00 P.M.**

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Chairman Van Orden, Ranking Member Pappas, and members of this Subcommittee, thank you for the opportunity to testify today on behalf of the Mortgage Bankers Association (MBA).¹ My name is Owen Lee, and I serve as MBA's 2026 Chair-Elect and Chief Executive Officer of Success Mortgage Partners (SMP). I have more than 30 years of experience in residential real estate finance as an independent mortgage banker (IMB).

I founded Success Mortgage Partners, headquartered in Plymouth, Michigan, in 2002. The firm is licensed to originate mortgages in 43 states and the District of Columbia. SMP closes billions of dollars in mortgage loans every year. Over the course of my career, the firm has closed thousands of VA loans, averaging between \$100 million and \$220 million in closings each year since 2020. Indeed, I am proud that over the last six years SMP has helped over 3,100 veteran families secure the dream of homeownership.

Our firm is honored to be among the top 100 lenders – including banks, credit unions, and IMBs – in VA loan volume, originating and closing loans for those who have served our country. I am committed to making sure this benefit is available for veterans and service members for generations to come.

Many of those loan closings have been memorable. For me personally, none more so than one that took place last November that involved my first cousin, retired Sgt. First Class Damien Siwik. Sgt. Siwik is a 22-year Army veteran and a recipient of the rarely received Soldier's Medal, one of the highest honors a soldier can receive for an act of valor in a non-combat situation. During his Army service, he completed multiple tours of duty on the DMZ in Korea, as well as tours in Honduras, Egypt, Iraq, and Afghanistan. He retired from the Army almost five years ago.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

As a soldier, my cousin never lived in a singular posting for more than three years. This made the achievement of homeownership quite difficult. Sgt. Siwik was also judged 70% disabled after his discharge due to circumstances directly related to his service. So it was with immense pride that on January 17, 2025, I helped my first cousin become a homeowner for the first time at age 58.

Background

MBA has enjoyed a long and productive relationship with the full Committee. We appreciated the opportunity to have fielded witnesses at the request of this Subcommittee five times since 2022 in support of needed policy changes to help strengthen the VA Home Loan Program. MBA appreciates the responsibility of serving as a leading voice for our veteran homeowners – and the lenders who work to provide affordable mortgage credit to them.

MBA has also enjoyed a strong relationship with our partners at the VA Loan Guaranty Service. The VA Home Loan Program is (by design) among the most affordable and accessible mortgage programs given its unique “no downpayment” feature and limited upfront closing costs. These benefits have driven significant program growth in recent years with rapidly expanding loan volume for those who qualify for this benefit.²

In my statement today, I will emphasize the need for several programmatic improvements designed to support VA's core mission of promoting sustainable homeownership for veterans, along with ensuring its capacity is able to meet rising demand. MBA looks forward to working with this Subcommittee, the full Committee, and the VA to achieve these goals and help modernize the Home Loan program.

Options to Improve Program Elements and Lower Costs for Veteran Families

Partial Claim Implementation

For many veterans, the most affordable home is the one where they currently reside. In March of this year, VA published two draft policies to update its loss mitigation “waterfall” and implement its partial claim program. MBA applauds the VA's use of the so-called “drafting table” approach to solicit stakeholder feedback on these two important policy changes that will help provide more options for distressed VA borrowers to stay in their homes.

² The number of active loans within VA's guaranty program has increased from 1.5 million loans in 2012 to nearly 4 million loans in 2025, as noted in the related August 2025 press release [here](#) and January 2012 press release [here](#). VA accounted for approximately 11% of total originations, according to 2024 HMDA data (*Data as of June 26th, 2025. Visit www.ffiec.gov/hmda for details on data exemptions and disclosures*).

Together, those two policy changes will provide VA borrowers experiencing financial hardships with more options to retain their homes under a range of interest rate environments. However, aspects of this draft waterfall can still be improved. For example, a borrower should not have to agree to a monthly payment increase before receiving other home retention options that do not result in a payment increase. It is also important for the policy to explicitly allow servicers the option to offer regular forbearance, so a veteran homeowner does not have to commit to a repayment option before his/her hardship has ended.³

Servicers understand the importance of getting these changes implemented as soon as possible. They know there are borrowers who could be helped by partial claims today, and that is why our association pushed so aggressively for the legislation granting VA authority to administer partial claims to be enacted as soon as possible.⁴ MBA applauds both the majority and minority Members of the Committee – and your staffs – on your work with the MBA and its VA Home Loan Program working group members on this important issue for our nation's heroes.

While MBA and its members want the needed policies finalized quickly, [there are critical changes the VA](#) should make to those draft policies to make them more effective.⁵ We must balance a sense of urgency against the importance of allowing enough time to ensure a smooth rollout and prevent situations where borrowers might receive confusing communications about the timing and content of the options available to them. MBA looks forward to continuing to work with the VA to ensure that veterans are offered the best possible options to retain their homes.

Funding Fee Offsets

MBA has consistently advocated for preserving the use of the VA funding fee to pay for home loan guaranty benefits only. Consequently, MBA's concerns regarding the funding offsets within H.R. 6047, the *Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025*, are consistent with our association's traditional position regarding the VA funding fee.

³ Regular forbearance generally involves short-term agreements designed to pause payments to provide temporary relief for unexpected expenses or hardships (e.g., job loss), without commitment to a specific path for repayment. Under a special forbearance, the borrower and servicer agree to temporarily pause payments, but the borrower must commit ahead of time to either pay the full amount owed in one lump sum or use a repayment plan. This commitment can be difficult if a borrower does not know how long the hardship will last, such as the case of a borrower who lost their job and does not know when they will find new employment.

⁴ Public Law 119-31, or H.R. 1815, the *VA Home Loan Program Reform Act of 2025*

⁵ See MBA Comments: VA Draft of Partial Claim and Loss Mitigation Waterfall Changes [here](#).

Indeed, as far back as 1982, MBA expressed concerns regarding the “*proposed one-half percentage point ‘user-fee’ for VA-guaranteed loans...[as] this fee could impose an additional financial burden upon veterans who wish to become homeowners at a time when record high interest rates already make this goal a difficult one.*”

MBA further opined at the time “*that if Congress chooses to impose a [funding] fee...these funds should be paid directly to the VA and targeted for use by the VA in the administration of the program...[as] MBA is most concerned that there will be no effort to match the user-fee paid by the veterans to the service provided and the expenses incurred under the VA home loan guaranty program.*”⁶

Our veterans today - just as in the early 1980s - face one of the most challenging housing affordability environments in decades, marked by elevated interest rates, limited inventory (in many markets), and rising home prices. Increasing mandatory fees on VA loans would disproportionately harm veteran households with modest incomes – many of whom rely on the VA program precisely because it offers lower upfront costs and no down payment requirement.

Therefore, MBA fully supports the intent of the amendment in the nature of a substitute (ANS) to HR 6047 – to provide improved disability and dependency benefits for veterans and their survivors. However, the bill effectively funds those worthy benefit expansions by burdening other veteran homebuyers through higher mortgage fees. Homeownership is a foundational component of long-term financial stability – and it should not continue to be treated as a primary source of revenue to enable policy changes outside of the Home Loan program.

As indicated prior to the markup of the legislation, MBA respectfully asks that this Subcommittee (and the full Committee) work to revise Section 3 to remove or substantially modify the proposed fee increases and extensions. MBA thanks the bipartisan leadership of the entire Committee for the open and collaborative dialogue on this legislation to date – and would welcome the opportunity to continue working on solutions that preserve affordable access to the Home Loan Program.

Appropriations/VA Staffing/ Technology

Technology modernization and adequate staffing resources are essential to the timely development and implementation of policies that directly benefit veterans. Currently, limited staffing creates bottlenecks that slow the rollout of important policy updates, guidance, and program enhancements. While VA has demonstrated a strong willingness

⁶ U.S. Congress, House Committee on Veterans' Affairs, Subcommittee on Housing and Memorial Affairs, VA Home Loan Guaranty Program, hearing, 97th Cong., 2nd sess., March 23, 1982, p. 108

to engage with stakeholders and advance meaningful reforms, resource constraints can delay execution and limit the agency's ability to respond quickly to evolving market conditions. Providing sufficient staffing support would help ensure that key initiatives, such as updates to loss mitigation tools, appraisal policies, and origination frameworks, are implemented efficiently and consistently.

At the same time, investment in modernization of the VA's existing IT systems is equally important. As the mortgage industry continues to evolve, the VA must be equipped with modern systems that can support updated policies, streamline processes, and improve communication with lenders and servicers. Without adequate technology investments, even well-designed policy changes can face operational challenges in execution. Enhancing the VA's technology infrastructure would help the agency keep pace with industry standards, reduce manual processes, and support more effective program delivery.

MBA encourages this authorizing Subcommittee – and full Committee – to work with appropriators to support the necessary funding for the VA Home Loan Program to modernize its technology platform and deploy sufficient staff to meet the demands of its growing portfolio and the veterans the agency serves.

Appraisal Standard Reforms – Minimum Property Requirements

We also encourage the VA to implement several reforms designed to improve the program's competitiveness in a way that reflects today's housing market and practices. A notable example is the agency's appraisal standards. In 2023, the VA published an Advance Notice of Proposed Rulemaking on Minimum Property Requirements (MPR) in accordance with Public Law 117-308,⁷ which directed VA to consider updates to its appraisal and property standards framework.

MBA urges the VA to publish program guidance that aligns its property condition framework with the housing Government-Sponsored Enterprises (Fannie Mae and Freddie Mac) by replacing the current MPR structure with the Uniform Appraisal Dataset property condition ratings.

Under this approach, appraisers would evaluate properties using the standardized scale (C1 through C6), with clear expectations tied to each rating.⁸ This structure would preserve appropriate safety-and-soundness safeguards while creating a clearer, more consistent, and operationally practical standard for lenders, appraisers, and borrowers.

⁷ H.R. 7735 - *Improving Access to the VA Home Loan Benefit Act of 2022*

⁸ Minimum Property Requirements for VA-Guaranteed and Direct Loans (Docket: 2023-27068)

To be more descriptive, updating the framework improves housing affordability and VA Home Loan Program competitiveness by reducing unnecessary repair conditions that can delay closings, increase costs, and discourage sellers from accepting VA offers. It also expands the pool of available appraisers by eliminating the need to navigate a separate, highly specialized VA property-standard framework, thereby increasing consistency and efficiency in the appraisal process. Both considerations will prove to be crucial should interest rates decrease.

MBA looks forward to the opportunity to partner with the VA on a potential draft policy that updates its MPR guidance and collaborate with our real estate industry partners to improve VA's appraisal standards as market dynamics change.

VA Proposed Revision to IRRRLs

MBA also encourages the VA to implement targeted reforms to the Interest Rate Reduction Refinance Loan (IRRRL) program to improve its effectiveness and ensure it reflects today's mortgage market and operational realities, particularly with respect to recoupment calculations, net tangible benefit standards, seasoning requirements, and comparison disclosure processes. As the VA continues to implement statutory changes under the *Economic Growth, Regulatory Relief, and Consumer Protection Act* and the *Protecting Affordable Mortgages for Veterans Act*, it is important that program requirements align with how lenders originate and refinance loans in practice.

MBA urges the VA to take the next step and refine its policies to provide greater clarity, consistency, and operational flexibility.⁹ This includes aligning recoupment calculations to avoid borrower confusion, providing flexibility where a clear borrower benefit exists, and addressing requirements that rely on data lenders often cannot reasonably access, such as certain loan-level details needed for seasoning and disclosure calculations. These improvements would better align program requirements with real-world lending practices while maintaining appropriate consumer protections.

Modernizing these elements of the IRRRL framework will improve affordability and access for veterans by preserving the program's streamlined nature, reducing compliance uncertainty, and minimizing unnecessary operational burdens that can limit lender participation. Ensuring the program remains efficient and accessible will be especially important as interest rates change and more veterans look to refinance into more sustainable loan terms.

⁹ Loan Guaranty: Revisions to VA-Guaranteed or Insured Interest Rate Reduction Refinancing Loans

Additional Policy Suggestions

While updating the MPR framework is a critical step, it should be part of a broader effort to modernize the VA Home Loan program. Several additional policies by which actions from the VA can meaningfully improve affordability, streamline operations, and enhance the Home Loan Program's competitiveness in today's market are highlighted below:

- The VA should update its allowable fees servicers can charge to process assumable loans. Assumable loans create a unique opportunity for both veteran homeowners looking to sell their homes with a lower interest rate and those veteran home buyers who seek to obtain a home with a lower monthly payment. However, fees to process an assumption have only been nominally increased over the last three decades, resulting in lenders now losing money when they process an assumption because of the amount of meticulous underwriting needed to facilitate them. MBA encourages the VA to increase the amount of these allowable fees to facilitate more of these assumable loans – and encourage both the Congress and the agency to explore ways to cover the higher down payment needed to purchase a home with an assumable loan.¹⁰
- The VA should update its fee documentation requirements to better align with how third-party services are billed and documented. Current expectations around borrower-level invoices do not reflect common industry practices, in which many vendors issue aggregated or bulk invoices. This creates operational challenges and inconsistent audit outcomes. Providing clear guidance on acceptable alternative documentation, like the approach adopted by FHA, reduces uncertainty, limits unnecessary post-closing findings and refunds, and also improves consistency across lenders and reviewers.¹¹
- As a general matter, the VA should update its Lenders Handbook to incorporate and consolidate the numerous outstanding circulars issued in recent years, which have created a fragmented and sometimes inconsistent policy framework. Relying on standalone circulars makes it difficult for lenders and servicers to identify current requirements, increasing the risk of misinterpretation, compliance challenges, and inconsistent loan reviews. A comprehensive update would improve clarity, promote uniform application of VA policies, and reduce operational uncertainty across the industry. Ultimately, a modernized and fully integrated Handbook would enhance program efficiency, strengthen oversight, and better support lenders serving veteran borrowers.

¹⁰ See MBA's [Request for Increase of the Allowable Fee for Assumptions](#) advocating for VA (and FHA) to increase their assumption fee up to \$3,500 per assumption and set the allowable fee to be indexed periodically to inflation.

¹¹ VA Invoice and Fee Itemization Requirement

Conclusion

Once again, MBA appreciates this opportunity to comment on the many complex components of the important VA Home Loan Program benefit offered to our nation's heroes. Our association and its members look forward to working with this Subcommittee, the full Committee, the VA, and the full administration to serve as a resource while these important discussions continue.

I look forward to answering any questions you may have.

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