



MORTGAGE BANKERS ASSOCIATION

April 3, 2024

Mr. John Bell, III
Executive Director
Loan Guaranty Service
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

**RE: US Department of Veteran Affairs Loan Guarantee Service: Prohibition on
Veteran Broker Fee and Commission Payments**

Dear Executive Director Bell,

The Mortgage Bankers Association¹ (MBA) applauds the Department of Veterans Affairs (VA) for its commitment to providing access to affordable housing for our nation's veterans. The VA home loan program stands as one of the most significant benefits servicemembers earn in recognition of their sacrifices, and maintaining its accessibility and operational efficiency is a critical step towards fulfilling the VA's duties to our nation's heroes.

As you are aware, the National Association of Realtors® (NAR) has recently entered a proposed settlement agreement, pending court approval, to settle numerous class action lawsuits alleging violations of antitrust law. If approved, the settlement is projected to take effect in July 2024, and will likely impact the decision made by sellers to cover the cost of buyer agent commission fees in some cases. This change, as discussed in our recent conversations, directly impacts Veterans seeking to utilize their earned VA benefits to purchase a home by making the program significantly less attractive—or unviable instances where the seller will not pay the buyer's real estate commission.

Currently, the VA prohibits Veterans from paying fees or commissions to real estate agents or brokers in relation to a VA home loan². Veteran borrowers will face a distinct

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 300,000 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 2,200 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.

² VA Pamphlet 26-7, Revised: Chapter 8, Topic 3, Section c

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disadvantage as they will not have the ability to compensate a real estate agent to help guide them through the home-buying process.

While the market's response to the settlement remains uncertain, one thing is clear: Veteran borrowers will be significantly affected by this ruling. As we have previously stressed in our discussions on this issue, MBA urges the VA to amend its regulations to allow Veteran borrowers to pay reasonable and customary fees and commissions to retain agents that will represent their interests in the transaction. If the VA believes it must go through the rulemaking process to amend its regulation, MBA recommends that the VA release an Interim Final Rule to ensure that veterans seeking to use their VA benefits remain competitive throughout the comment period and rulemaking process.

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MBA appreciates its strong partnership with the Department of Veterans Affairs and encourages the VA to speedily consider this important update to its policies. Should you have questions or wish to discuss these issues further, please contact Darnell Peterson, Senior Policy Specialist, at (202) 557-2922 or Dpeterson@mba.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Mills", enclosed in a thin black rectangular border.

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association