



March 25, 2024

Mr. John Bell
Executive Director, Loan Guaranty Service
Veterans Benefits Administration
US Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420

Dear Mr. Bell:

The Community Home Lenders of America (CHLA)¹ writes to ask you to expedite a regulatory change allowing veterans and active-duty service members to fund Realtor “buyer’s broker” commission fees when purchasing a home with a Veterans Affairs (VA) mortgage loan.

We make this request in the wake of the settlement announced last week of nationwide commission lawsuits against the National Association of Realtors (NAR).

We appreciate that this settlement, the issues surrounding it, and the marketplace responses to this settlement are complicated and will require further analysis, as well as the passage of time as Realtor commission practices change.

However, one aspect of this settlement is fairly simple. Due to unintended consequences arising from existing regulatory requirements regarding VA mortgage loans, veterans and active-duty personnel may find themselves at an unfair disadvantage when buying a home (or being forced to not utilize their VA mortgage earned benefit.)

As we first pointed out in our December CHLA **Letter** to regulator/administrators of our federal mortgage programs (FHA, VA, RHS, and GSE), these lawsuits (and now the settlement) are likely to result in or increase the practice of homebuyers directly paying – or having to pay – broker Realtor commissions.

Our December letter also pointed out that veterans, minorities, and other underserved first-time homebuyers, particularly those with limited down payment capabilities, could be adversely affected by industry practices which result in more buyers paying or having to pay buyer broker realty commissions.

This problem is particularly a concern for first time homebuyers who are veterans or active-duty military personnel, because it is our understanding that such homebuyers are not permitted to use their own funds to pay such commission costs when using their VA mortgage benefit. (This is not the case with other federal mortgage loan programs.) It is also our understanding that a handbook change is required to address this situation.

Therefore, we urge your agency to address this problem quickly by adopting an appropriate administrative remedy. Lenders report today that changes in the marketplace have already occurred in ways that hamper veterans and active-duty personnel seeking to purchase a home with their VA mortgage.

Thank you for your consideration of this request.

¹ CHLA is the only national trade association focused exclusively on small and mid-sized independent mortgage banks (IMBs).

Sincerely

COMMUNITY HOME LENDERS OF AMERICA

CC: The Honorable Denis R. McDonough
Secretary, US Department of Veterans Affairs

Chairs and Ranking Members, Senate and House Committees on Veterans Affairs

Chairs and Ranking Members. Senate Banking and House Financial Services Committees