VETERANS FORECLOSURE CRISIS ★

A PUBLIC-RECORD OVERSIGHT PROJECT · MILITARY CONSTRUCTION AND VETERANS AFFAIRS SUBCOMMITTEE · AUGUST 10, 2026

Prevention Was Scored As The Cheaper Option. Foreclosure Is What Is Being Funded.

A fiscal brief on the implementation gap between H.R. 1815 as scored and the June 2026 handbook as issued.

15,000+
veteran families have already lost their homes, per Sen. Blumenthal, SVAC, May 20, 2026. No published retroactive remedy

90,000
more are in foreclosure right now, per ICE Mortgage Technology data via NPR

160,000+
families impacted in total, and climbing

The finding, in one paragraph. Congress created the VA Partial Claim Program in July 2025 with a three-condition eligibility test. When VA issued the final policy on June 1, 2026, the handbook listed **ten** qualifying criteria. **Seven of the ten appear nowhere in the statute.** Two of those seven were added *after* the public comment window closed. Removing them requires no new legislation, only the same discretion VA used to add them.

What Happened

A protection was removed, then a second one, and the replacement still is not reachable.

In 2020, federal agencies told mortgage servicers in writing that paused CARES Act payments would be repaid over time and that a lump sum would not be required. The tool that made that possible, the COVID-19 Veterans Assistance Partial Claim Payment program, expired by regulation on **October 28, 2022** [38 CFR 36.4809(c)]. Nothing replaced it until VASP launched on **May 31, 2024.** VA then rescinded the Home Retention Waterfall effective **May 1, 2025**, on roughly one week of notice [Circular 26-25-2].

Congress responded unanimously in both chambers. H.R. 1815 was signed **July 30, 2025**, creating the Partial Claim Program at 38 U.S.C. § 3737. VA issued the final implementing policy **June 1, 2026**, said the program was "available and live" on **June 15, 2026**, and set full servicer implementation at "no later than 180 days from the date the final policy is published," which is **November 28, 2026** [Transmittal Change 14].

That gap is the current harm. A family in foreclosure between June and November 2026 has a program that legally exists and a servicer that is not yet required to offer it. This is not our characterization: the National Consumer Law Center and Military.com independently identified the same gap within days of launch.

The Precedent Is the Department's Own

VA has protected this exact window before, twice, and said in writing why.

Facing the same launch-to-readiness gap in 2023, VA was "strongly encouraging a foreclosure moratorium on all VA-guaranteed loans through May 31, 2024," and placed VASP availability in March 2024 [Circular 26-23-25]. VASP slipped to May 31, 2024. VA extended the protection through December 31, 2024 and said servicers "must have it fully implemented by October 1, 2024" [Circular 26-24-12]. The stated purpose was to give servicers time.

Thirteen months of protection in 2024. In 2026, with a comparable window disclosed in advance, none. **The question is narrow and answerable: what factual or legal difference between 2024 and 2026 supports protection then and none now?**

Appropriations and Oversight Asks

The question is not whether to spend. It is which outcome is being purchased.

The arithmetic is already on the record, and the committee that ended VASP put it there. In its April 3, 2025 joint statement, the majority argued for a partial claim so veterans could stay in their homes "while still protecting the American taxpayer," citing a **$22,500** average delinquency against a **$292,000** average loan purchased under VASP, and concluded a partial claim "could solve the majority of delinquent loans at a much less expensive clip to the taxpayer."

CBO agreed. It scored the permanent partial claim as a **decrease** in net direct spending: **$147 million** in net savings over ten years and **$294 million** in avoided foreclosure-related payments, on roughly **12,200 claims averaging $27,200** [CBO, H. Rept. 119-104]. The alternative is not free. The average VA foreclosure loss is roughly **$72,000** [NCLC], VA takes about **75 percent** of foreclosed veteran homes into REO inventory, and the REO and eviction contract carries a ceiling near **$374 million** [USASpending/FPDS].

Two numbers sit oddly beside each other. VA's own regulation pays a servicer **at most $1,000** for a successful loss-mitigation outcome, and the largest incentive in that schedule is for a short sale [38 CFR 36.4319(b)]. On foreclosure, CBO records VA typically paying the holder up to **25 percent** of the outstanding balance, up to **$75,000** on a $300,000 loan. **PROJECT ANALYSIS:** on the government's own numbers the cheaper outcome carries the smaller incentive, and each added eligibility criterion routes a family toward the more expensive one.

1. **Ask for the reconciliation between the CBO estimate and the implementing policy.** The program that was scored is not the program that shipped, and each excluded criterion routes a population toward the more expensive outcome.

2. **Ask what VA is spending on foreclosure, acquisition, property management and resale in the same period.** Contractor spending on the VA foreclosure-to-resale pipeline is public in federal award data, and the REO and eviction contract ceiling is already a matter of record.

3. **Condition nothing on new money.** Removing agency-added criteria requires no appropriation. That is the point.

Sources. 38 U.S.C. § 3737 (Pub. L. 119-31) · 38 C.F.R. § 36.4809(c) and 86 FR 28708 · VA Servicer Handbook M26-4 ch. 22, June 2026 final and February 2026 draft · M26-4 Transmittal Change 14 · VBA Circulars 26-23-25, 26-24-12, 26-25-2 · SVAC hearing, May 20, 2026 · NCLC, NPR and Military.com, 2026 · CBO Publication 61402. **The full record**, claim by claim with the timeline and primary-source images, is available on request.

Veterans Foreclosure Crisis is a veteran and family led group of veterans, spouses, caregivers and family members directly affected by the VA foreclosure crisis, organizing with others in the fight. Compiled by **Leann Ledford**, spouse and caregiver to a disabled Marine veteran with two Afghanistan deployments; 2022 Elizabeth Dole Foundation Caregiver Fellow, MSW Graduate Student, WA Certified Victim Advocate.

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