

May 7, 2012

The Honorable Pat Murray
Chairman, Senate Committee on Veterans'
Affairs
412 Russell Senate Building
Washington, DC 20510

The Honorable Richard Burr
Ranking Member, Senate Committee on
Veterans' Affairs
412 Russell Senate Building
Washington, DC 20515

Dear Chairman Murray:

The Veterans Affairs Home Loan Guarantee program has served the needs of veterans for nearly 70 years. A VA loan guarantee is not just an opportunity for our nation's veterans, but is part of a promise our country made to our men and women in uniform as a benefit of their service. But at the end of this fiscal year, an important part of that benefit will go away. The undersigned organizations, representing the housing industry, urge you to pass H.R. 4482, introduced by Chairman Miller (R-FL) to make permanent the VA's Adjustable Mortgage programs and ensure these products remain available for our veterans.

Adjustable Rate Mortgages (ARMs) are especially useful loan products for active duty military. Because military families tend to move frequently, an ARM or hybrid ARM is often times a reasonable choice. These military personnel can purchase a home with a low-interest ARM, and will likely get orders to relocate prior to the first rate adjustment. In addition, many military families can anticipate promotions and salary increases, making it easier to absorb interest rate adjustments on an ARM. The VA does not allow lenders to charge borrowers a prepayment penalty, and so the risk is low for the veterans if they move or chose to refinance.

Congress originally authorized these loans in 1992. On September 30, 2012, the authority for these loans will again expire. Congress should pass H.R. 4482 to permanently authorize these programs, which provide a valuable benefit to our nation's veterans.

Sincerely,

Mortgage Bankers Association
National Association of Home Builders
National Association of REALTORS®

cc: Senate Committee on Veterans' Affairs