

INVESTIGATIONS

< Thousands of veterans face foreclosure and it's not their fault. The VA could help

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LEILA FADEL, HOST:

An NPR investigation has found that thousands of U.S. military service members and veterans could lose their homes through no fault of their own. As NPR's Chris Arnold reports, the Department of Veterans Affairs is working on a fix. But it could be too late.

CHRIS ARNOLD, BYLINE: Ray and Becky Queen are showing us around their farm in Bartlesville, Okla.

BECKY QUEEN: This is Cagney and Lacey, our ducks.

ARNOLD: The couple lives here with their two young kids. Ray served in Iraq in the Army. Inside their house, he says that he was wounded by an improvised explosive device, or IED.

RAY QUEEN: And just so you're aware, I have brain damage from my time in Iraq. So there's a lot of different things that don't work the way they're supposed to anymore. And my memory is not great.

ARNOLD: For decades, the federal government's helped veterans like Queen to buy homes through its VA loan program. But now the VA has put this family on the brink of losing their house.

B QUEEN: This is the letter that my husband and I received yesterday stating that they're starting foreclosure proceedings.

ARNOLD: What's happening is that like millions of other Americans, the Queens took advantage of what's called a COVID mortgage forbearance. It was set up by Congress after the pandemic hit for people who lost income. When Becky's mom died of COVID, she had to take an extended leave from work and lost her job. Last year, the couple says their mortgage company told them that they could skip six months of payments while they got back on their feet and then just start paying their mortgage again.

B QUEEN: I very specifically asked, how does this work? And they said, we're taking all of your payments. We're bundling them, and we're putting them at the end.

ARNOLD: That is, the missed payments would move to the back end of their loan term so they could resume their normal mortgage payment. But that is not how it worked out, because a year ago in October, the Department of Veterans Affairs ended the program that enabled homeowners to do that, even though housing advocates and the mortgage industry and veterans groups all warned them not to end the program because thousands of homeowners needed to catch up on missed payments. Interest rates, too, had risen so much that many couldn't afford to refinance or get back on track any other way. Ray Queen says nobody told him about any of this.

R QUEEN: How does that happen? This is supposed to be a program that y'all have to help people in times of crisis so you don't take their house from them.

ARNOLD: The couple says in September, they were told that they needed to come up with a huge payment - upwards of \$22,000, which they don't have - or sell their house or get foreclosed on.

B QUEEN: My heart dropped, and, like, my hands were shaking.

KRISTI KELLY: The Department of Veterans Affairs has really let people down.

ARNOLD: Kristi Kelly is a consumer lawyer in Virginia who's hearing from a lot of veterans who are in the same boat.

KELLY: The homeowners entered into COVID forbearances. They were made certain promises, and the VA essentially pulled the rug out from under everybody.

ARNOLD: Kelly says for most other homeowners in America, there are still ways to move your missed payments to the back of the loan term so you can avoid getting foreclosed on, but not if you have a VA loan. So she says veterans are being treated worse than most other homeowners.

KELLY: Service members are going to lose their home, and for most people, that's everything they work for and all their wealth, are in their homes.

ARNOLD: For its part, the Department of Veterans Affairs says it had no choice but to end the program. John Bell heads up the VA's home lending division.

JOHN BELL: We had a short-term authority for that specific program during COVID.

ARNOLD: Some in the industry think the VA did actually have the authority to extend the program. Now, though, NPR has learned that the VA is working on a new program to replace the old one, but that's still four or five months away - too long for many of the 6,000 homeowners with VA loans who are in the foreclosure process. Not to mention there's 34,000 more who were delinquent. Right now there's pressure on the VA to put a pause on foreclosures while it gets that program running. John Bell says the VA is, quote, "considering all options."

BELL: We owe it to our veterans to make sure that we're giving them every opportunity to be able to stay in the home.

ARNOLD: Ray and Becky Queen are hoping that the VA does put a pause on foreclosures, because if the fire truck shows up after the house burns down, it's not going to do much good for the thousands of veterans who need help now.

Chris Arnold, NPR News.

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The Department of Veterans Affairs halts foreclosures after NPR investigation

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HEARD ON [WEEKEND EDITION SATURDAY](#)

The Department of Veterans Affairs is halting foreclosures for 6 months for homeowners with VA Loans, after an NPR investigation that found thousands of them at risk of losing their homes.

SCOTT SIMON, HOST:

The Department of Veterans Affairs announced last night it is halting foreclosures for six months for thousands of veterans on the verge of needlessly losing their homes. This move follows an investigation by NPR that first reported the problem a week ago. NPR's Chris Arnold reports.

CHRIS ARNOLD, BYLINE: A lot of veterans and service members'll be breathing easier this Thanksgiving. That's because many were about to lose their homes through no fault of their own. But now the VA has pulled the emergency brake, which is going to buy people

some time while it rolls out a new program to help. Steve Sharpe is a senior attorney with the National Consumer Law Center.

STEVE SHARPE: Very relieved. The VA's decision to put that pause in place, give folks six months, let their program come out - it will help thousands of people.

ARNOLD: For decades, getting a VA loan has been a perk for service members and veterans to help them afford home ownership. And during the pandemic, tens of thousands of people with VA loans took what's called a COVID forbearance. That allowed them to skip six or 12 mortgage payments if they had a hardship and then just resume making the regular payment when they were back on their feet. The missed payments would be moved to the end of the loan term.

But then a year ago, the VA ended the program that let people actually do that, stranding them with bad options that many couldn't afford. They either had to pay a big lump sum to catch up or refinance at today's very high interest rates. We spoke to Becky and Ray Queen in Bartlesville, Okla., shortly after they got a foreclosure notice.

(SOUNDBITE OF ARCHIVED NPR BROADCAST)

BECKY QUEEN: My heart dropped, and, like, my hands were shaking. It was scary.

RAY QUEEN: How does that happen? This is supposed to be a program that y'all have to help people in times of crisis so you don't take their house from them.

ARNOLD: Ray Queen served in Iraq in the Army and was wounded. And he suffered brain damage from an improvised explosive device. The family has young kids. And they're not alone. Mortgage industry data shows there are 6,000 people with VA loans who took forbearances who are currently in the foreclosure process and 34,000 more who were delinquent. After NPR's stories first aired, a group of four U.S. senators fired off a letter to the VA, including Senator Jon Tester of Montana. He's chair of the Senate Veterans Affairs Committee. He posted a video, too.

(SOUNDBITE OF ARCHIVED RECORDING)

JON TESTER: The Biden administration needs to act now to address this crisis. Our veterans risked their lives serving our country, and they earned the home loan guaranty benefit. They're having the rug pulled out from underneath them, and that is totally unacceptable.

ARNOLD: The senators asked the VA to halt the foreclosures. And on Friday evening, the VA said it's now doing just that. This is me telling Ray and Becky Queen about it last night.

The VA's now going to stop foreclosing while they figure out this new program and get it up and running so people in your guys' situation can take advantage of it and not lose your house for no reason.

R QUEEN: That's awesome.

B QUEEN: Yay.

ARNOLD: The couple says they're still upset that they had to go through months of stress and worry and almost declared bankruptcy when they didn't do anything wrong. But...

R QUEEN: The fact that telling our story and getting some sort of justice for what's going on with our problems and everything else also helps 40,000 other veterans, that's absolutely amazing to me.

ARNOLD: The VA says any homeowner who's behind on their payments can get in touch by calling or visiting va.gov.

Chris Arnold, NPR News.

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INVESTIGATIONS

< Veterans fear the VA's new foreclosure rescue plan won't help them

DECEMBER 1, 2023 5:00 AM ET

LEILA FADEL, HOST:

After an NPR investigation, the Department of Veterans Affairs has halted foreclosures for thousands of veterans who were about to lose their homes through no fault of their own. But it turns out there's another whole layer, people who were pushed into loan modifications they can't afford. It's not clear what the VA is going to do to help them, as NPR's Chris Arnold and Quil Lawrence report.

CHRIS ARNOLD, BYLINE: When the VA halted foreclosures last week, that was a big relief to thousands of veterans who were on the verge of losing their homes. But it might be too little, too late for people like Edward O'Connor.

EDWARD O'CONNOR: You know, they give you promises and then they give you, you know, an empty cup, you know? I'm just kind of disgusted with it all.

QUIL LAWRENCE, BYLINE: O'Connor is 69 years old. He volunteered for the Marine Corps during the Vietnam War. He bought a house in Virginia in 2019 with a loan backed by the VA.

ARNOLD: But when COVID hit, his wife lost her job. And they were going to miss a mortgage payment. Their mortgage company told them, though, that that was OK. They could do what's called a COVID forbearance.

O'CONNOR: She said, well, you know, you sign this, you send it back. We add the payments to the end of your mortgage, blah, blah, blah. You know, your rate won't increase. Your payments remain the same. I said, man, this would be a great relief.

LAWRENCE: But that's not how it worked because a year ago, the VA ended a program that provided the only path for veterans to get current on their loans again and keep their same low-interest rate and mortgage payment.

ARNOLD: When the VA ended that program, that stranded thousands of veterans who were still on a forbearance plan with no affordable way to get current on their loans. O'Connor says he was told that he had to come up with upwards of \$32,000 to get caught up.

O'CONNOR: They were going to do a foreclosure on me because they said I had to pay this amount of money. I don't have \$32,000.

LAWRENCE: While this was happening, O'Connor was actually in the hospital getting his leg amputated due to a blood infection he says he got while serving in the Philippines.

O'CONNOR: Being in and out of the hospital, I mean, I'm talking on the phone, calling people up. You know, it's hard because you're asking for information - it's home with the house. I don't have it with me. I mean, it's just - it was crazy.

LAWRENCE: We talked to him on a Zoom call. He was wheeling around his house in his new wheelchair. After NPR first reported on thousands of veterans in this situation, the VA halted foreclosures for six months.

ARNOLD: But this is where that whole other layer of complication comes in. It's looking too late for people like O'Connor because in order to avoid foreclosure, O'Connor says he's already been pushed into a loan modification at today's much higher interest rates. They're over 7%.

O'CONNOR: So they up my mortgage rate. So I'm kind of like, wait a minute. You guys are really screwing me here. Beginning, when I got to home, I was only paying 1,750. You know, now I'm paying 2,400.

LAWRENCE: O'Connor says it's hard for him and his wife to afford much besides food and keeping the lights on.

O'CONNOR: Like, I make the car payment late, maybe two credit bills late. We don't go to the store that often.

ARNOLD: NPR has heard from veterans from Hawaii to Florida to New York who are all telling pretty much the same story.

MARK DULAC: I can't pay you 4 grand a month of the money I really don't have. And it's Christmas, for God's sake.

KAREN WHITLEY: I feel like I've been hoodwinked. I feel like I've been scammed almost.

JOE MENA: So, like, I'll have a house, but I won't have lights, I won't have gas, I won't have food for my kids.

ARNOLD: Those were Air Force vet Mark Dulac (ph), Navy vet Karen Whitley (ph) and Marine Joe Mena.

LAWRENCE: VA officials say they don't know how many veterans have been pushed into a loan modification that jacked up their payments. This week at a press conference, we asked VA Secretary Denis McDonough, what about them?

(SOUNDBITE OF ARCHIVED RECORDING)

ARNOLD: Might there be a way to help some of these people who are not, like, right now on the verge of foreclosure, but they ended up in a really bad place, and it wasn't the deal that they were promised?

DENIS MCDONOUGH: For those veterans in a situation like the one you talked about, Chris, we are here now to help. There may be bigger policy fixes later, but we want them to be in touch with us now. We're also concerned, obviously, to hear that some of our vets feel that they've been misled, so we're looking into that.

ARNOLD: Former Marine Joe Mena, who we heard earlier saying it's hard to afford food for his kids - he certainly feels misled.

LAWRENCE: Mena joined the Marines in 2007 when the wars in Iraq and Afghanistan were raging. He served three deployments and then came home to start a family. He lost work during the pandemic, then heard about forbearance.

MENA: I thought that was, honestly, the coolest thing in the world.

ARNOLD: He was told the same thing as others, just defer paying and those missed payments would get shifted to the back end of his 30-year mortgage.

MENA: I was like, I don't mind having a 31-year mortgage. That's fine. Like, I'm going to be living in this house forever.

LAWRENCE: But putting the missed payments to the back - that didn't happen.

MENA: September of this year, they sent me a statement that said that forbearance is up. You're now in foreclosure.

ARNOLD: He says he was told he either had to come up with \$57,000 to catch up, which he doesn't have, or do a loan modification. He says his first payment is actually due today, and it's gone up by more than \$1,300 a month.

LAWRENCE: Mena lost a buddy in a particularly bad way in Iraq, and it still haunts him. He's in therapy twice a week for post-traumatic stress.

MENA: I suffer from suicidal ideation constantly. So this is one of those times that - this is a type of trigger that would put me in an inpatient facility.

LAWRENCE: Mena says he grew up with four siblings and a single mom, who did her best, but they got evicted from apartments sometimes. This is the first time he's owned a house. And he's exactly who the VA home loan has been for since World War II, veterans who need a leg up into the middle class to help them become homeowners, offer them that stability.

MENA: My one goal is to have a house for my kids. I'm trying to keep it all together for the kids that I love and my wife that I love very much, but I'm not together at all.

ARNOLD: Mena has no idea if this new program the VA is rolling out is going to help him, since he's already been pushed into this new loan modification that he says he can't afford.

LAWRENCE: Mena says he's reached out to VA to ask what he should do next, and he's waiting to hear what they say. VA Secretary Denis McDonough told us, anybody who's stuck in a similar situation should be doing just that. Reach out to them at va.gov/housing-assistance.

Quil Lawrence.

ARNOLD: Chris Arnold, NPR News.

FADEL: If you or someone you know may be considering suicide or is in crisis, call or text 988 to reach the suicide and crisis lifeline.

(SOUNDBITE OF YEHEZKEL RAZ'S "BALLERINA")