



U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, DC 20515

July 17, 2019

Dr. Phillip Swagel
Director
Congressional Budget Office
Ford House Office Building, Room 401
Washington, D. C. 20515

Dear Dr. Swagel:

The U.S. Department of Veterans Affairs (VA) guaranteed home loan program plays an important role in providing guarantees for veterans and their families who might otherwise find it difficult to obtain a mortgage. Over the last seven years, the new obligations in that program have increased significantly, from \$69 billion in fiscal year 2010 to \$161 billion in fiscal year 2018. Moreover, the Congress has recently taken steps to change elements of the program, increasing fees and lifting the cap on loan amounts. The VA program also has gathered attention as its loans tend to perform better, on average, than many loans guaranteed by the government through other housing programs.

Given those factors, the House Budget Committee believes further studying the VA's guaranteed home loan program would strengthen CBO's budgetary estimates and baseline projections. To gain better budgetary insight about this program, the House Budget Committee would like CBO to undertake an analysis of this program. In particular, the Committee would like CBO to:

- Describe the VA's guaranteed home loan benefit, how it works, how it benefits veterans, and how it impacts the Federal budget estimate under current law;
- Compare VA's program to other federal loan guarantee programs; and
- Build a CBO VA loan model that will allow a detailed analysis of the performance of VA loans, based both on CBO's existing mortgage credit models and a review of VA loan-level data to improve CBO's assessment of this credit program.

Should you have any question, our staff contact on this issue is Sarah Lee who can be reached at [REDACTED] or [REDACTED].

Sincerely,

A handwritten signature in blue ink, appearing to read 'John Yarmuth', written over a white rectangular area.

John Yarmuth
Chairman