GAO Highlights

VETERAN LENDING

Early Planning Is Critical to Assessing VA's New Foreclosure Avoidance Program

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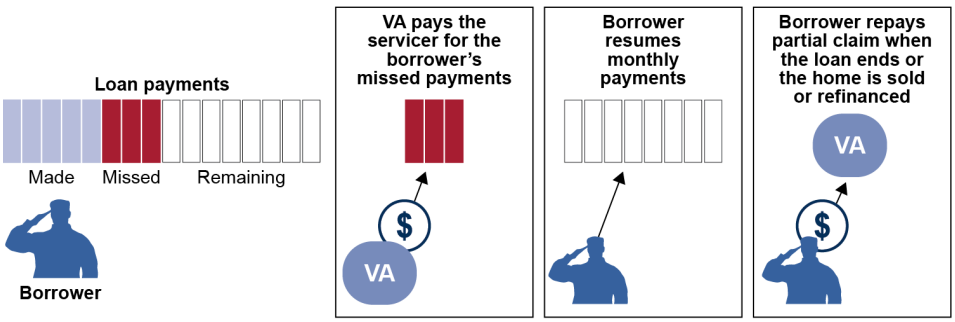
A report to congressional committees

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What GAO Found

The Department of Veterans Affairs' (VA) Partial Claim Program is intended to help borrowers with VA-guaranteed loans avoid foreclosure. Under this new program, VA reimburses the loan servicer for a borrower's missed payments and certain fees, allowing the borrower to become current on the loan. The borrower repays that amount—the partial claim—without interest when they sell or refinance the home, when they pay off the loan, or when the loan reaches maturity. The servicer collects the payment and sends it to VA.

How the VA Partial Claim Program Works



Source: GAO analysis of Department of Veterans Affairs (VA) documentation; GAO (icons). | GAO-27-108908

VA previously offered a temporary partial claim program to help borrowers affected by the COVID-19 pandemic and drew on that experience in implementing the new program. According to VA, under that program VA and servicers encountered documentation problems and difficulty tracking partial claim amounts. To address these issues, VA changed the program model and revised its application and payment processes. VA expects these changes to reduce administrative costs.

VA has taken steps to implement the Partial Claim Program. These include developing policies and processes, soliciting stakeholder feedback, hosting training, developing oversight policies, and modifying its data system. The program became effective on June 15, 2026, although servicers have until November 28, 2026, to finish implementing the program. VA officials said they intend to begin analyzing program trends and outcomes in December 2027.

VA has planned a high-level approach to assessing program effectiveness but has not developed a comprehensive plan to do so. For example, VA's planned approach does not isolate the program's effects on borrowers or consider program design questions. Without a comprehensive plan, VA and Congress will not have timely and credible evaluation results needed to make decisions about the program and identify changes that could improve outcomes for veteran borrowers, help prevent foreclosure, and reduce costs to taxpayers. Early planning is critical because the program is authorized for 5 years, ending July 30, 2030, and requires congressional reauthorization to continue. Early planning is also important to ensure VA collects the data needed for any evaluations.

Why GAO Did This Study

VA guarantees millions of home loans and bears financial risk when borrowers default and homes are foreclosed upon. In July 2025, the VA Home Loan Program Reform Act authorized VA to plan and administer the VA Partial Claim Program for 5 years.

The Continuing Appropriations Agriculture, Legislative Branch, Military Construction, and Veterans Affairs, and Extensions Act, 2026, requires GAO to report on the VA Partial Claim Program annually. This first report examines (1) how VA used lessons learned from previous loss mitigation programs to develop the Partial Claim Program and the steps VA has taken to implement it and (2) the extent to which VA followed key program evaluation practices.

GAO reviewed VA policies, processes, and plans related to the VA Partial Claim Program and assessed VA's efforts against Office of Management and Budget program evaluation standards. GAO interviewed VA officials and representatives of 10 organizations, including lenders and servicers, trade associations, consumer advocacy organizations, and veteran advocacy organizations, selected because of their high loan volume or subject-matter expertise. GAO also analyzed VA data from January 2022 through June 2026 and Home Mortgage Disclosure Act data from 2022 through 2025 (the latest data available).

What GAO Recommends

GAO recommends that VA expeditiously develop a comprehensive plan for evaluating the effectiveness of the Partial Claim Program. VA did not provide comments on this report.