Testimony of William H. Nelson

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Minority Forum

Senator Rockefeller, Ranking Member Cummings, Members of the Committee, my name is Bill Nelson, and I am the Executive Director of USA Cares.

Thank you for the opportunity to appear as a witness before this Forum and to speak to you about the struggles of our military families during this housing collapse overlaid upon ten years of constant warfare. I am a retired Commander, US Navy and a Vietnam veteran with 17 household moves under his belt in 34 years of marriage.

USA Cares is an 8 years old Kentucky-headquartered non-profit founded in 2003 to serve the post 9/11 military with financial and advocacy assistance. We have provided financial assistance to all branches, components, ranks, and services with over $8 million in privately funded grant assistance. Our support programs focus on immediate help to keep small problems from becoming big ones—and especially to keep our fighting personnel from being distracted by financial stresses back home. We are nimble and almost bureaucracy-free. I can keep the power on in a soldier's home even if the utility company truck is in the driveway. In addition to situational assistance, we offer special support for combat injured personnel—both visibly and invisibly wounded. More detailed information about our services can be found on our website or my remarks for the record.

There are no known reliable numbers that can quantify the numbers of veterans and active duty that have lost their homes. From my 8 years of experience in saving mortgages and forestalling rental evictions, I can tell you that about one-

half of my weekly assistance pay out, or roughly $10,000, is related to housing problems. Of this assistance group, the last 3 years have shown 70% are National Guard and Reserve. These citizen-soldiers have made up over 1/4th of the total deployed to combat since 2001—many have made multiple deployments. As you know, once activated or mobilized, Guard and Reserve personnel leave their civilian jobs and go on active duty—often with a pay cut. Because active duty tends to rent vice buy due to frequent transfers, foreclosure samples near large military bases may not be indicative of the real foreclosure impact on the military. Conversely, Guard and Reserve personnel are spread out all over the country.

During this time USA Cares has partnered with the Home Preservation Foundation and used a $1.2 million grant to save foreclosure-bound mortgages of military families who "got behind". Of the 354 such homes we saved, 352 are still on the books. We achieved this success rate by diligent attention to the service members' situation and proactive counseling about options. One such case involved Tim, an Air Force veteran who served in Iraq and is dying of burn pit exposure. He is on full-time oxygen, has throat cancer, and has lost 3/4ths of his colon. Tim is 100% disabled and his wife, Shanna, left her job to be his full time caregiver.

Medically discharged in 2006, Tim and Shanna struggled with his progressive illness from Iraq. Due to declining work hours and delayed disability benefits, the family fell 7 months behind on the mortgage. Shanna sold off her family heirlooms to pay family debts. USA Cares was contacted to see if we could provide a financial grant to cover some of the mortgage debt under a loan modification with their lender. The grant was made and the home saved from foreclosure.

Tim and Shanna got a full dose of the frustrations homeowners feel today when trying to work with their mortgage lender. To say that the family and its support team got the runaround is an understatement. Hours on the phone, multiple faxes and re-faxes, a different contact person with each call, repeated calls, and days of frustration trying to get something done with the lender's bureaucracy—how could one severely ill combat veteran get through all this? The Air Force

Care Coordinator who worked with USA Cares spent incredible man-hours trying to make progress with the lender. USA Cares' case managers had similar problems throughout.

Tim and Shanna's struggles are, unfortunately, far from unique. Today, thankfully their house is safe and appropriate levels of earned government benefits are on line. They have prepared for the inevitable time when the accumulated effects of his disease will overcome him. Yet, they and their children are very proud of Tim's service to our nation—and they are very thankful caring Americans worked together to ensure Tim's remaining days are just a bit less stressful.

Three factors are driving problems like Tim and Shanna's. The first is the unprecedented use of Guard and Reserve forces to fight the war. That they have performed superbly alongside their active duty counterparts is a testimony to the adaptability of our citizen soldiers and their leadership in the National Guard and Reserve. Their families, however, usually far removed from the active duty base or post support infrastructure, have to use their own resources when problems arise. Recent veterans face similar resource access limitations and often turn to organizations like USA Cares for help—albeit when the crisis is on their doorstep. Joe, a two combat tour Iraq veteran attempted suicide 8 months after discharge—his PTSD had gone undiagnosed and untreated. Shutting himself off from the world, and his financial obligations, Joe was going to lose his home to foreclosure unless he could pay the $11,000 in back payments. Because he was in the hospital, there was little that could be done. His mortgage servicer told USA Cares they would only accept the full payment due—now $14,000 due to tacked on legal fees—and we had one day to pay them. Joe's mother found out his loan was a VA loan! USA Cares had her contact a gentleman at the VA who heads loss mitigation and, within hours, a loan counselor was energized to help. The VA has since purchased the loan from the bank and is finalizing refinancing Joe's loan. This wounded warrior had no idea he had a VA loan— or any idea of the forbearance options and benefits that went with it. Perhaps the one category where some military foreclosure statistics might be gained is the VA since all those loans, by definition, are to veterans. The last figure I heard was there were between 10 and 12,000 REO properties in the VA loan foreclosed category.

The second factor is ignorance—ignorance on the part of service members like Joe regarding loan type, benefits, SCRA protections, and other key information. There is also ignorance among the lending community regarding the many different variations of military pay and benefits, legal protections under SCRA, and a general understanding about military lifestyle and its unique demands upon service personnel. Two years ago Fannie Mae reached out to USA Cares to create a military lending course for lenders who deal with military borrowers. We created this one of a kind course and offered it free on our website. The course specifically deals with foreclosure prevention and SCRA compliance. Since then, hundreds of loan personnel have availed themselves of our course and the lending standards that go with it. They have all lauded the course for providing them information they never had. Our Military Housing Specialist Course has been recognized in national publications and awarded 10 continuing education units (CEUs) from AFCPE. Adoption of this course by the major lenders would go a long way to increasing the knowledge and quality of lending to military borrowers—and result in fewer foreclosures—and perhaps fewer spectacular SCRA violations.

The third factor is the primary cause of today's mortgage problems among military and veteran home owners—unemployment. In the last two years of saving mortgages, USA Cares has found that unemployment is easily the leading cause of mortgage trouble. With OIF/OEF unemployment in younger age groups over 20 per cent, it's an impossible task for a charity to pay someone's mortgage for very long. The answer is jobs—and that's why we created our Jobs For Vets program—partnered with a variety of other organizations like the National Guard, the Direct Employers Association, and the Associated Builders and Contractors. This year 155,000 veterans will be leaving active duty and 100,000 Guard and Reserves will be demobilized into a sluggish economy with high unemployment. Over 90% of the personnel we assist in our PTSD program are unemployed and returning Guard units are experiencing up to 33% unemployment waiting for them upon return to the states. The house payment is the financial elephant in everyone's living room and families can rob Peter to pay Paul for just so long. With over 1 million veterans unemployed today, and about 130,000 already

homeless, something effective needs to be done now to avoid adding to the ranks of homeless veterans that the VA is spending billions to eliminate.

USA Cares and its fellow military non-profits stand ready to "fill in the gaps" where government (state and federal) programs fall short. It is about money, but it isn't just money—it's also effective administration of the program to get real results. Whether it's ensuring lender knowledge of military issues and compliance with the law or adequate information about foreclosure prevention getting into the hands of military borrowers, these measures are baseline to fewer foreclosed military and veteran homeowners. In addition, veteran employment must be addressed—and not by the 40 plus overlapping government programs that produce meager results. Industry wants to hire veterans and to give them the skills that America's infrastructure will need into this century.

Mr. Chairman, USA Cares is committed to doing all it can to reduce the housing struggles of our post 9/11 service men/women and their families. Thank you for this opportunity to tell you a bit about our work and the challenges we face. I look forward to answering your questions.

USA Cares: Background

USA Cares is a 501(c)3 charitable organization dedicated to providing post-9/11 military families with financial support and advocacy in times of crisis. Major areas of support include:

Combat Injured – hundreds of thousands of service members suffer from Post-Traumatic Stress Disorder (PTSD) and/or Traumatic Brain Injury (TBI), and require extended treatment to heal. The VA covers treatment expenses; however, doesn't pay for lost wages. A significant number of PTSD and TBI patients have jobs where employers can't continue paying them while they take time off for treatment. Our *Warrior Treatment Today* program assists these veterans with mortgage payments and other basic expenses, enabling them to receive prescribed treatments and to heal. Over the past 22 months of this program USA Cares has enabled over 400 veterans to receive treatment with $800,000 in direct financial assistance.

We also assist injured service members who face any critical need not covered by established benefits programs, such as renovations to both home and vehicles to accommodate disabilities.

Employment – the unemployment rate for young veterans of the wars in Iraq and Afghanistan is significantly higher than the national average of 8.8%. Often, the lack of opportunity is a

direct result of their service, as employers may be reticent to hire Reservists or Guardsmen who may again be deployed, or require follow-up care due to injuries. To address these needs, USA Cares has launched *Jobs for Vets,* which creates partnerships to provide training and job placement. Jobs For Vets works with both public sector employers (such as the US Navy's Wounded Warrior Employment Program) and private sector companies such as Kellogg, Brown, and Root (KBR). Major associations are involved such as the Associated Builders and Contractors (ABC), the National Association of Corrosion Engineers (NACE), and Direct Employers Association—all of whom seek veterans for employment.

Financial Support – Reservists and Guardsmen are enduring exceptionally long activations, and for thousands of their families this means a substantial reduction in pay when they work for companies that cannot compensate them for the difference. Another area of financial stress is endured by injured service members who are often assigned a significantly reduced level of pay when they have completed major treatment and are deactivated. These veterans are often too disabled to continue with their previous line of work, but need to wait an average 150 days until the Veterans Administration determines their level of disability and compensation. For families facing financial crises due to their military service, USA Cares provides grants for basic necessities such as the mortgage, rent, utilities and food.

The USA Cares Housing Assistance Program has saved over 1,000 families from foreclosure or eviction.

Important aspects of the USA Cares approach that differentiate us as an effective charity include:

- Grants versus Loans - USA Cares provides grants while many other assistance groups provide loans.
- Screening of Applicants -USA Cares carefully screens each application. Staff and volunteers work directly with service providers (mortgage company, utility, etc.) to confirm the need.
- Leveraging other Assistance - USA Cares mobilizes other organizations such as local VFWs, churches and businesses to join in providing assistance, maximizing the impact of your donation.
- Maintaining Low Overhead – More than 84% of all contributions received from grants and donations goes in support of service members and their families.

Major foundations such as the Iraq Afghanistan Deployment Impact Fund, McCormick Foundation and Homeownership Preservation Foundation have chosen to support USA Cares and its mission. To date, USA Cares has responded to over 26,000 requests for aid with more than $8,000,000 in direct support grants. Although the aid we have provided is significant, it in no way approaches the needs of our military who have been deploying and fighting for 9 straight years.