118TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
118–576

CLEAR COMMUNICATION FOR VETERANS CLAIMS ACT

JULY 8, 2024.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOST, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 7816]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 7816) to direct the Secretary of Veterans Affairs to seek to enter into an agreement with a federally funded research and development center for an assessment of notice letters that the Secretary sends to claimants for benefits under laws administered by the Secretary, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

49–006

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Clear Communication for Veterans Claims Act".

SEC. 2. INDEPENDENT ASSESSMENT OF NOTICES THAT THE SECRETARY OF VETERANS AFFAIRS SENDS TO CLAIMANTS.

(a) AGREEMENT.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall seek to enter into an agreement with an FFRDC for an assessment of notices that the Secretary sends to claimants.

(b) ASSESSMENT.—An FFRDC that enters to an agreement under subsection (a) shall submit to the Secretary a written assessment of such notices. The assessment shall include the following:

(1) The determination of the FFRDC, made in consultation with covered entities, whether each such notice may be feasibly altered to reduce paper consumption by, and costs to, the Federal Government.

(2) The recommendations of the FFRDC regarding how the Secretary may make such notices clearer to claimants, better organized, and more concise.

(c) REPORT; IMPLEMENTATION.—Not later than 90 days after the Secretary receives the assessment under subsection (b), the Secretary shall—

(1) submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a copy of such assessment; and

(2) implement the recommendations in the assessment that are in compliance with the laws administered by the Secretary.

(d) DEADLINE FOR IMPLEMENTATION.—The Secretary shall complete the implementation of such recommendations pursuant to subsection (c)(2) by not later than one year after the date on which the Secretary commences such implementation.

(e) DEFINITIONS.—In this section:

(1) The term "FFRDC" means a federally funded research and development center.

(2) The term "covered entities" includes—

(A) the Secretary of Veterans Affairs;

(B) an expert in laws administered by the Secretary of Veterans Affairs;

(C) a veterans service organization recognized under section 5902 of title 38, United States Code; and

(D) an entity that advocates for veterans.

(3) The terms "claimant" and "notice" have the meanings given such terms in section 5100 of title 38, United States Code.

SEC. 3. MODIFICATION OF CERTAIN HOUSING LOAN FEES.

The loan fee table in section 3729(b)(2) of title 38, United States Code, is amended by striking "November 15, 2031" each place it appears and inserting "November 29, 2031".

PURPOSE AND SUMMARY

H.R. 7816, the "Clear Communications for Veterans Claims Act," was introduced by Rep. John S. Duarte of California on March 26, 2024. The bill, as amended, would require the Secretary of the Department of Veterans Affairs (VA) to contract with a third-party research entity to improve notices that VA sends to individuals who file claims for VA benefits.

Finally, the bill would also provide an offset for the cost of these program changes by extending current rates for VA home loan funding fees.

BACKGROUND AND NEED FOR LEGISLATION

Section 1: Short Title

This Act may be cited as the "Clear Communications for Veterans Claims Act."

Section 2: Independent Assessment of Notices That the Secretary of Veterans Affairs Sends to Claimants

Current law (e.g., 38 U.S.C. §§5103, 5104) requires VA to provide specific information at various points throughout the VA claims process to individuals who file claims for VA benefits. VA's notice letters are critical to ensuring that veterans and their families understand how to pursue their claims for the VA benefits.

At a March 20, 2024, Subcommittee on Disability Assistance and Memorial Affairs oversight hearing,[1] the Committee learned that VA's attempts to make these letters comprehensive based on feedback from Veterans Service Organizations, as well as compliant with law, have resulted in notice letters that are difficult to understand, lengthy (sometimes over 20 pages long), and filled with undecipherable legal jargon and information that is irrelevant to an individual's overall claim. Further, letters can be filled with inaccurate information, and some letters lack the necessary information for individuals to make informed decisions on what to do next in the claims process.

In his written testimony for the March 20, 2024, oversight hearing, Mr. Shane L. Liermann, Deputy National Legislative Director, Disabled American Veterans (DAV), stated that he had surveyed DAV's national service officers who assist veterans with their claims for VA benefits, and that the survey revealed that "claimants are being confused and frustrated by VA letters and it is greatly compounded when these letters are filled with inaccurate information and errors." Mr. Liermann added, "One of our supervisors noted they are finding errors in approximately 30% of all VA letters they review."[2]

In her written testimony for the March 20, 2024, oversight hearing, Ms. Diane Boyd Rauber, Executive Director, National Organization of Veterans' Advocates, Inc., stated: "A veteran not only loses time while trying to figure out what VA wants; some veterans are bound to give up and abandon their claim or appeal."[3]

In his written testimony for the March 20, 2024, oversight hearing, Mr. Michael S. Figlioli, Director, National Veterans Service, Veterans of Foreign Wars of the United States, stated: "Legal jargon and medical terms can be overwhelming, especially for those without a background in law or medicine. This complexity often leads to confusion and frustration, hindering veterans from grasping the full scope of their benefits and entitlements."[4]

To address these problems, this section would require VA to contract with a third-party research entity that would provide recommendations—in consultation with VA, legal experts, and veterans' advocates—to make VA notice letters shorter and more understandable for veterans and their survivors. This bill would also require the Secretary to implement the recommendations that comply with law and require the Secretary to submit the assessment to Congress.

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[1] Lost in Translation: How VA's Disability Claims and Appeals Letters Should be Simplified | Committee Repository | U.S. House of Representatives.

[2] Shane L. Liermann, Testimony of DAV (March, 20, 2024), *HHRG-118-VR09-Wstate-LiermannS-20240320.pdf* (house.gov).

[3] Diane Boyd Rauber, Testimony of NOVA (March 20, 2024), *HHRG-118-VR09-Wstate-BoydRauberD-20240320.pdf* (house.gov).

[4] Michael S. Figlioli, Testimony of VFW (March 20, 2024), *HHRG-118-VR09-Bio-SFiglioliM-20240320.pdf* (house.gov).

The Committee believes that this legislation is crucial to ensure that veterans and their families receive notice letters from VA that are concise, understandable, and provide sufficient information for them to make informed decisions on their claims for VA benefits.

Section 3: Modification of Certain Housing Loan Fees

Under current law, veterans who take advantage of the VA Home Loan Program pay a small fee that can be rolled into their monthly mortgage payments. This section would cover the costs of the other section of this bill by extending the current rates for VA home loan funding fees by a few days to November 29, 2031. Extending the funding fee increases a veteran's monthly cost by about $5 on top of the monthly mortgage. Disabled veterans do not pay the funding fee and would not be affected by this extension of the home loan fees. The Committee believes this short-term extension of current funding fee rates is a reasonable way to cover the costs associated with the other sections of this bill.

HEARINGS

On April 10, 2024, the Subcommittee on Disability Assistance and Memorial Affairs held a legislative hearing on H.R. 7816 and other bills that were pending before the subcommittee.

The following witnesses testified:

The Honorable Keith Self, U.S. House of Representatives; The Honorable John S. Duarte, U.S. House of Representatives; The Honorable Jahana Hayes, U.S. House of Representatives; Colonel Tiffany M. Wagner, Clerk of the Court, U.S. Court of Appeals for Veterans Claims; Mr. Daniel T. Shedd, Legislative Attorney, American Law Division, Congressional Research Service; The Honorable Jaime Areizaga-Soto, Chairman, Board of Veterans' Appeals, U.S. Department of Veterans Affairs; Ms. Brianne Ogilvie, Assistant Deputy Under Secretary, Office of Policy and Oversight, Veterans Benefits Administration, U.S. Department of Veterans Affairs; Ms. Jessica Pierce, Assistant Director, Compensation Service Policy Staff, U.S. Department of Veterans Affairs; Ms. Candace Wheeler, Director, Government and Legislative Affairs, Tragedy Assistance Program for Survivors; Mr. Christopher Macinkowicz, Deputy Director, National Veterans Service, Veterans of Foreign Wars of the United States; Mr. Andrew Tangen, First Vice President, National Association of County Veterans Service Officers; and Ms. Renee Burbank, Director of Litigation, National Veterans Legal Services Program.

The following individuals and organizations submitted statements for the record:

The Honorable Dean Phillips, U.S. House of Representatives; The Honorable Marilyn Strickland, U.S. House of Representatives; Paralyzed Veterans of America; Disabled American Veterans; National Organization of Veterans' Advocates, Inc.; Administrative Conference of the United States; The American Legion; and Mr. Michael J. Wishnie.

SUBCOMMITTEE CONSIDERATION

On April 16, 2024, the Subcommittee on Disability Assistance and Memorial Affairs met in an open markup session on proposed legislation, including H.R. 7816. An amendment in the nature of a substitute to H.R. 7816 offered by Rep. Luttrell was adopted by voice vote and the bill was ordered favorably forwarded for consideration by the full Committee on Veterans' Affairs. The amendment in the nature of a substitute clarified that the contracted third-party research entity would be required to consult with VA, legal experts, and veterans' advocates when conducting the assessment of VA notice correspondence.

COMMITTEE CONSIDERATION

On May 1, 2024, the full Committee met in open markup session, a quorum being present, and ordered H.R. 7816, as amended, be reported favorably to the House of Representatives by voice vote. During consideration of the bill, the following amendments were considered:

> An amendment in the nature of a substitute offered by Chairman Bost removed the requirement that all the third-party research entity's recommendations in its assessment must be compliant with law. The amendment also clarified that the Secretary would be required to implement the recommendations that are compliant with law within one year. The amendment would also extend current rates for VA home loan funding fees to pay for mandatory costs. The amendment in the nature of a substitute was approved by voice vote.

A motion by Ranking Member Takano to report H.R. 7816, as amended, favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, no recorded votes were taken on amendments or in connection with ordering H.R. 7816, as amended, reported to the House.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives of H.R. 7816, as amended, are to ensure veterans and their families receive understandable notices from VA such that they can pursue, and make informed decisions concerning, their claims for VA benefits.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 7816, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the Congressional Budget Office cost estimate on this measure.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 7816, Clear Communications for Veterans Claims Act
As ordered reported by the House Committee on Veterans' Affairs on May 1, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	-22
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-22
Spending Subject to Appropriation (Outlays)	0	2	2

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 7816 would increase the fees that the Department of Veterans Affairs (VA) charges borrowers for its home loan guarantees. The bill would also require VA to enter into an agreement with a federally funded research and development center (FFRDC) to assess notices that it sends to people who have applied for VA benefits.

Direct spending: VA provides loan guarantees to lenders that allow eligible borrowers to obtain better loan terms—such as lower interest rates or smaller down payments—to purchase, construct, improve, or refinance a home. VA typically pays lenders up to 25 percent of the outstanding mortgage balance if a borrower's home is foreclosed upon. Those payments, net of fees paid by borrowers and recoveries by lenders, constitute the subsidy cost for the loan guarantees. That subsidy cost is reflected in the federal budget as direct spending.

Under current law, the rates for most of the fees that borrowers pay to VA for loans guaranteed after November 15, 2031, will drop from a weighted average of about 2.3 percent to about 1.2 percent of the loan amount. Section 3 of the bill would extend the higher rates through November 29, 2031, thereby reducing the subsidy cost of loans guaranteed during that period. Using its forecast of loan volume based on data provided by VA, CBO estimates that extending the higher rates would decrease direct spending by $22 million over the 2024–2034 period (See Table 1).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 7816

	By fiscal year, millions of dollars—												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024–2029	2024–2034
DECREASES (−) IN DIRECT SPENDING													
Budget Authority	0	0	0	0	0	0	0	0	−22	0	0	0	−22
Estimated Outlays	0	0	0	0	0	0	0	0	−22	0	0	0	−22
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization	0	1	1	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	0	1	1	0	0	0	0	0	0	0	0	2	2

Spending subject to appropriation: Section 2 of H.R. 7816 would require VA to enter into an agreement with an FFRDC to assess notices sent to claimants for benefits administered by VA. (FFRDCs are public-private partnerships between the federal government and universities or corporations that conduct research and development for the federal government.) The FFRDC would assess whether such notices may be altered to reduce paper consumption and costs to the federal government and provide recommendations on ways to make such notices clearer and more concise. The bill would require VA to submit the assessment to the Congress and implement any such recommendations within one year of receipt, provided the recommendations comply with current law.

Using information on the cost of similar studies, CBO estimates that the assessment would cost $1 million in fiscal year 2025. Based on information from VA, CBO estimates that it would cost the department $1 million to analyze and implement the assessment's recommendations. In total, implementing section 2 would cost $2 million over the 2024–2034 period. Such spending would be subject to the availability of appropriations.

The CBO staff contacts for this estimate are Paul B.A. Holland (home loans) and Logan Smith (other VA costs). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

FEDERAL MANDATES STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandate Reform Act, P.L. 104–4) is inapplicable to H.R. 7816, as amended.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 7816, as amended.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 7816, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

Statement on Duplication of Federal Programs

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 7816, as amended, would establish or reauthorize a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

Section-by-Section Analysis of the Legislation

Section 1. Short title

Section 1 would establish the short title of the bill as the "Clear Communication for Veterans Claims Act."

Section 2. Independent assessment of notices that the Secretary of Veterans Affairs sends to claimants

Section 2 would require the VA Secretary to enter into an agreement with a Federally Funded Research and Development Center to assess the notices that VA sends to claimants—in consultation with VA, legal experts, and veterans' advocates—and provide recommendations to make VA notices clearer to claimants, better organized, and more concise, as well as consume less paper.

This section would also require the Secretary, no later than 90 days after receiving the assessment, to submit a copy of the assessment to the Committees on Veterans' Affairs of the Senate and House of Representatives. And this section would require the Secretary, no later than 90 days after receiving the assessment, to begin to implementing the recommendations that are compliant with law, and to complete such implementation within one year.

Section 3. Modification of certain housing loan fees

Section 3 would extend current rates for VA home loan funding fees as established in section 3729 of title 38, U.S.C. from November 15, 2031 to November 29, 2031.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

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PART III—READJUSTMENT AND RELATED BENEFITS

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CHAPTER 37—HOUSING AND SMALL BUSINESS LOANS

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SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

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§ 3729. Loan fee

(a) REQUIREMENT OF FEE.—(1) Except as provided in subsection (c), a fee shall be collected from each person obtaining a housing loan guaranteed, insured, or made under this chapter, and each person assuming a loan to which section 3714 of this title applies. No such loan may be guaranteed, insured, made, or assumed until the fee payable under this section has been remitted to the Secretary.

(2) The fee may be included in the loan and paid from the proceeds thereof.

(b) DETERMINATION OF FEE.—(1) The amount of the fee shall be determined from the loan fee table in paragraph (2). The fee is expressed as a percentage of the total amount of the loan guaranteed, insured, or made, or, in the case of a loan assumption, the unpaid principal balance of the loan on the date of the transfer of the property.

(2) The loan fee table referred to in paragraph (1) is as follows:

Type of loan	Active duty veteran	Reservist	Other obligor
(A)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2004, and before January 1, 2020).	2.15	2.40	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(A)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after January 1, 2020, and before April 7, 2023).	2.30	2.30	NA
(A)(iii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after April 7, 2023, and before 【November 15, 2031】 *November 29, 2031*).	2.15	2.15	NA
(A)(iv) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after 【November 15, 2031】 *November 29, 2031*).	1.40	1.40	NA
(B)(i) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2004, and before January 1, 2020).	3.30	3.30	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(B)(ii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after January 1, 2020, and before April 7, 2023).	3.60	3.60	NA
(B)(iii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after April 7, 2023, and before ⟦November 15, 2031⟧ *November 29, 2031*).	3.30	3.30	NA
(B)(iv) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after ⟦November 15, 2031⟧ *November 29, 2031*).	1.25	1.25	NA
(C)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed before January 1, 2020).	1.50	1.75	NA
(C)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after January 1, 2020, and before April 7, 2023).	1.65	1.65	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(C)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after April 7, 2023, and before 【November 15, 2031】 *November 29, 2031*).	1.50	1.50	NA
(C)(iv) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after 【November 15, 2031】 *November 29, 2031*).	0.75	0.75	NA
(D)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed before January 1, 2020).	1.25	1.50	NA
(D)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after January 1, 2020, and before April 7, 2023).	1.40	1.40	NA
(D)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after April 7, 2023, and before 【November 15, 2031】 *November 29, 2031*).	1.25	1.25	NA
(D)(iv) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after 【November 15, 2031】 *November 29, 2031*).	0.50	0.50	NA
(E) Interest rate reduction refinancing loan.	0.50	0.50	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(F) Direct loan under section 3711.	1.00	1.00	NA
(G) Manufactured home loan under section 3712 (other than an interest rate reduction refinancing loan).	1.00	1.00	NA
(H) Loan to Native American veteran under section 3762 (other than an interest rate reduction refinancing loan).	1.25	1.25	NA
(I) Loan assumption under section 3714.	0.50	0.50	0.50
(J) Loan under section 3733(a).	2.25	2.25	2.25.

(3) Any reference to a section in the "Type of loan" column in the loan fee table in paragraph (2) refers to a section of this title.

(4) For the purposes of paragraph (2):

(A) The term "active duty veteran" means any veteran eligible for the benefits of this chapter other than a Reservist.

(B) The term "Reservist" means a veteran described in section 3701(b)(5)(A) of this title who is eligible under section 3702(a)(2)(E) of this title.

(C) The term "other obligor" means a person who is not a veteran, as defined in section 101 of this title or other provision of this chapter.

(D)(i) The term "initial loan" means a loan to a veteran guaranteed under section 3710 or made under section 3711 of this title if the veteran has never obtained a loan guaranteed under section 3710 or made under section 3711 of this title.

(ii) If a veteran has obtained a loan guaranteed under section 3710 or made under section 3711 of this title and the dwelling securing such loan was substantially damaged or destroyed by a major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), the Secretary shall treat as an initial loan, as defined in clause (i), the next loan the Secretary guarantees or makes to such veteran under section 3710 or 3711, respectively, if—

(I) such loan is guaranteed or made before the date that is three years after the date on which the dwelling was substantially damaged or destroyed; and

(II) such loan is only for repairs or construction of the dwelling, as determined by the Secretary.

(E) The term "subsequent loan" means a loan to a veteran, other than an interest rate reduction refinancing loan, guaranteed under section 3710 or made under section 3711 of this title that is not an initial loan.

(F) The term “interest rate reduction refinancing loan” means a loan described in section 3710(a)(8), 3710(a)(9)(B)(i), 3710(a)(11), 3712(a)(1)(F), or 3762(h) of this title.

(G) The term “0-down” means a downpayment, if any, of less than 5 percent of the total purchase price or construction cost of the dwelling.

(H) The term “5-down” means a downpayment of at least 5 percent or more, but less than 10 percent, of the total purchase price or construction cost of the dwelling.

(I) The term “10-down” means a downpayment of 10 percent or more of the total purchase price or construction cost of the dwelling.

(c) WAIVER OF FEE.—(1) A fee may not be collected under this section from a veteran who is receiving compensation (or who, but for the receipt of retirement pay or active service pay, would be entitled to receive compensation), from a surviving spouse of any veteran (including a person who died in the active military, naval, air, or space service) who died from a service-connected disability, or from a member of the Armed Forces who is serving on active duty and who provides, on or before the date of loan closing, evidence of having been awarded the Purple Heart.

(2)(A) A veteran described in subparagraph (B) shall be treated as receiving compensation for purposes of this subsection as of the date of the rating described in such subparagraph without regard to whether an effective date of the award of compensation is established as of that date.

(B) A veteran described in this subparagraph is a veteran who is rated eligible to receive compensation—

(i) as the result of a pre-discharge disability examination and rating; or

(ii) based on a pre-discharge review of existing medical evidence (including service medical and treatment records) that results in the issuance of a memorandum rating.

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