118TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
118–624

TRAINING RESPONSIBLE AND INFORMED NATIONAL VA EMPLOYEES ACT

AUGUST 9, 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. 6531]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 6531) to direct the Secretary of Veterans Affairs to develop a training program for certain senior executives and supervisors employed by the Department of Veterans Affairs, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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49–006

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Training Responsible And Informed National VA Employees Act" or the "TRAIN VA Employees Act".

SEC. 2. TRAINING PROGRAM FOR CERTAIN SENIOR EXECUTIVES AND SUPERVISORS.

(a) PROGRAM REQUIRED.—Not later than one year after the date of the enactment of this Act, the Secretary of Veterans Affairs shall—

(1) implement a mandatory training program for all covered employees;

(2) annually evaluate such training; and

(3) regularly update the curriculum for such program to ensure that such curriculum—

(A) covers areas of critical importance to success as a supervisor and leader in the Department of Veterans Affairs; and

(B) is based on industry standards for supervisory competencies and needs identified through evaluations under paragraph (2).

(b) CONSULTATION.—In developing the training required under subsection (a), the Secretary shall consult with the heads of at least three other Federal departments and agencies, including the Department of Defense, to gather information about how such departments and agencies approach management training.

(c) CURRENT EMPLOYEES.—Any individual who as of the date of the enactment of this Act is an covered employee shall be required, as a condition of continued employment at the Department of Veterans Affairs, to complete the training program developed under subsection (a) by not later than 18 months after the date of the enactment of this Act.

(d) REFRESHER TRAINING.—The Secretary shall develop a refresher training program for the program required under subsection (a), and each covered employee shall be required, as a condition of continued employment at the Department of Veterans Affairs, to complete such refresher training once every two years.

(e) DESIGN OF TRAINING.—The training program required under subsection (a) shall be designed using principles of adult learning and industry standard instructional design. To the extent practicable, the training shall—

(1) be instructor-based; and

(2) focus on—

(A) developing and discussing relevant performance goals and objectives with the employees they supervise;

(B) communicating and discussing employees' progress relative to performance goals and objectives, and conducting performance appraisals;

(C) mentoring and motivating employees and improving employee engagement, performance, and productivity;

(D) effectively managing employees with unacceptable performance, including training to understand the disciplinary options and procedures available to the supervisor;

(E) prohibited personnel practices, employee rights, and the procedures and processes used to enforce employee rights;

(F) effectively using the probationary period to examine whether an employee has demonstrated successful performance or conduct to continue past the probationary period;

(G) addressing reports of a hostile work environment, retaliation, or harassment of, or by, another supervisor or employee;

(H) collaborating with human resources employees to recruit, select, appraise, and reward employees to build a workforce based on organizational goals, budget considerations, and staffing needs; and

(I) carrying out the duties or responsibilities of a supervisor.

(f) REPORT.—Not later than one year after the date on which the Secretary implements the training program under subsection (a), and annually thereafter, the Secretary shall submit to the Committees on Veterans Affairs of the Senate and House of Representatives a report on the rate at which covered employees completed such training program during the year preceding the date of each such report.

(g) COVERED EMPLOYEE DEFINED.—In this section, the term "covered employee" means an employee of the Department of Veterans Affairs who is—

(1) a supervisor (as defined in section 7103(a) of title 5, United States Code); or

(2) a covered individual under section 713 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 "December 4, 2031".

PURPOSE AND SUMMARY

H.R. 6531, the "*Training Responsible And Informed National VA Employees Act*," was introduced by Rep. Chris Pappas of New Hampshire on November 30, 2023. The bill, as amended, would direct the Secretary of the U.S. Department of Veterans Affairs (VA) to develop and implement a mandatory leadership and accountability training program for current and future senior executives and supervisors. Finally, the bill, as amended, would provide an offset for the costs associated with this requirement 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 "Training Responsible And Informed National VA Employees Act," or the "TRAIN VA Employees Act."

Section 2: Training Program for Certain Senior Executives and Supervisors

According to the VA Workforce Dashboard, (VA) is growing at the highest annual rate in twenty years.[1] VA's workforce is spread across the Veterans Health Administration (VHA), Veterans Benefit administration (VBA), and the National Cemetery Administration (NCA), and totals more than 350,000 employees. Out of these employees, 470 are a part of the Senior Executive Service (SES). SES employees are responsible for leading and managing various agencies within VA. SES members are career civil servants and oversee policy implementation, strategic planning, and program management. Additionally, they supervise lower grade employees. During the 118th Congress, the House Committee on Veterans' Affairs (Committee) heard numerous stories from whistleblowers detailing a toxic and hostile work environment perpetuated by VA's SES leaders. Such negative leadership is dangerous to veterans receiving the healthcare and other benefits they have earned by decreasing employee morale and therefore causing a shortage of employees.

The Committee believes it is critical to ensure VA's leadership is given the resources necessary to successfully lead subordinates and ensure that offices that are being paid for by taxpayers are being run responsibly. This section would develop mandatory training for SES members and other supervisors at VA. The new training would cover topics such as developing performance goals, managing employees with unacceptable behavior, and material to increase the awareness of the rules and procedures available to supervisors when considering disciplinary action. Such training would be required every two years for current and future employees. The Committee believes the training would provide supervisors with more

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[1] VA Workforce Dashboard. July 28, 2023, found at https://www.va.gov/EMPLOYEE/docs/workforce/VA-Workforce-Dashboard-Issue-03.pdf.

recourses to successfully lead at VA. By doing so, the expectation is VA would experience an increase in employee morale; therefore, reducing the employee shortage. The Committee believes that adequate training for supervisors is necessary to fix mismanagement within the Department and ensure that VA has a robust workforce to deliver care to veterans.

Section 3: Modification of Certain Housing Loan Fees

Currently, veterans who take advantage of the VA home Loan Program pay a small fee that is included in their monthly mortgage payment. This section would cover the costs of the other sections of this bill by extending the current rates for VA home loan funding fees by two weeks to December 4, 2031. Extending the funding fee increases a veteran's monthly costs by about five dollars 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 Thursday, March 21, 2024, the Subcommittee on Oversight and Investigations held a legislative hearing on H.R. 6531 and other bills that were pending before the subcommittee.

The following witnesses testified:

Mr. John W. Boerstler, Chief Veterans Experience Office, Office of Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP), U.S. Department of Veterans Affairs; Ms. Tracey Therit, Chief Human Capital Officer, HRA/OSP, U.S. Department of Veterans Affairs; Mr. David Perry, Chief Officer, Workforce Management and Consulting, Veterans Health Administration, U.S. Department of Veterans Affairs; Mr. Charles Worthington, Chief Technology Officer, Office of Information Technology, U.S. Department of Veterans Affairs; and Ms. Joycelyn Westbrooks, Registered Nurse, Secretary-Treasurer, American Federation of Government Employees Local 1633, U.S. Department of Veterans Affairs.

The following individuals and organizations submitted statements for the record:

Representative Mike Turner (OH–10), Representative Brandon Williams (NY–22), American Association of Nurse Anesthesiology, National Federation of Federal Employees, Service Employees International Union, Paralyzed Veterans of America, Senior Executives Association, and United Nurses Association of California/Union of Health Care Professionals.

SUBCOMMITTEE CONSIDERATION

On Wednesday, April 17, 2024, the Subcommittee on Oversight and Investigations held a markup on pending legislation including H.R. 6531. There were no amendments to H.R. 6531 during the Subcommittee markup. A motion by Mr. Mrvan to report H.R. 6531, was favorably forwarded to the Full Committee on Veterans' Affairs.

COMMITTEE CONSIDERATION

On Wednesday, May 1, 2024, the Full Committee met in open markup session, a quorum being present, and ordered H.R. 6531, as amended, be reported favorably to the House of Representatives by voice vote. During consideration of the bill, the following amendments were considered:

1. An amendment in the nature of a substitute offered by Ranking Member Takano that would add additional bill text to add an annual evaluation of the training's effectiveness, requires the training to be updated regularly based on industry standards. In addition, the amendment included provisions that would adjust the dates in section three of the bill to offset costs. The amendment in the nature of a substitute passed by voice vote.
2. An amendment to the amendment in the nature of a substitute offered by Mr. Pappas that would further adjust necessary offsets to cover the full CBO preliminary estimate. The amendment to the amendment in the nature of a substitute passed by voice vote.

A motion by Ranking Member Takano to report H.R. 6531, 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. 6531, 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. 6531, as amended, would direct the Secretary to develop and implement a mandatory training program for current and future senior executives and supervisors.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 6531, 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 cost estimate on H.R. 6531, as amended, prepared by the Director of the Congressional Budget Office.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 6531, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 6531, Training Responsible and Informed National VA Employees 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	-30
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-30
Spending Subject to Appropriation (Outlays)	*	18	41

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

* = between zero and $500,000.

H.R. 6531 would require the Department of Veterans Affairs (VA) to develop a training program for all of its supervisors. The bill would also increase the fees that VA charges borrowers for its home loan guarantees.

Spending subject to appropriation: The bill would require VA to develop and deliver a training program for its supervisors, focusing on areas such as leadership and performance management. Supervisors would receive the training in person from a live instructor. All supervisors would be required to complete the training within 18 months of the bill's enactment and biennially thereafter.

Using information from VA, CBO estimates the department would need 12 full-time equivalent employees to administer the required training to its 50,000 supervisors. Those trainers would receive annual pay and benefits averaging $162,000 over the 2024–2034 period, for a total of $19 million, CBO estimates. Training materials, information technology, and travel needed to implement the bill would cost about $2 million per year and total $22 million over that same period. In total, implementing the training program required by H.R. 6531 would cost $41 million over the 2024–2034 period, CBO estimates. Such spending would be subject to the availability of appropriated funds.

The costs of the legislation, detailed in Table 1, fall within budget function 700 (veterans benefits and services).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 6531

	By fiscal year, millions of dollars—												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024–2029	2024–2034
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization	*	4	4	4	4	4	4	5	5	5	5	20	44
Estimated Outlays	*	2	4	4	4	4	4	4	5	5	5	18	41
DECREASES (−) IN DIRECT SPENDING													
Budget Authority	0	0	0	0	0	0	0	0	−30	0	0	0	−30
Estimated Outlays	0	0	0	0	0	0	0	0	−30	0	0	0	−30

* = between zero and $500,000.

Direct spending: H.R. 6531 would increase the fees that VA charges borrowers for its loan guarantees. 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.[1] That subsidy cost is recorded in the 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. The bill would extend the higher rates through December 4, 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 $30 million over the 2024–2034 period.

The CBO staff contacts for this estimate are Logan Smith (for other VA costs) and Paul B.A. Holland (for home loans). 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. 6531, 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. 6531, as amended.

[1] Under the Federal Credit Reform Act of 1990, the subsidy cost of a loan guarantee is the net present value of estimated payments by the government to cover defaults and delinquencies, interest subsidies, or other expenses offset by any payments to the government, including origination or other fees, penalties, and recoveries on defaulted loans. Such subsidy costs are calculated by discounting those expected cash flows using the rate on Treasury securities of comparable maturity. The resulting estimated subsidy costs are recorded in the budget when the loans are disbursed or modified. A positive subsidy indicates that the loan results in net outlays from the Treasury; a negative subsidy indicates that the loan results in net receipts to the Treasury.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 6531, as amended, does not relate to the terms and conditions of employment or access to public services or accommodation 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. 6531, as amended, establishes or reauthorizes 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 P.L. 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

This section would establish the short title of the bill "Training Responsible And Informed National VA Employees Act," or the "TRAIN VA Employees Act."

Section 2. Training program for certain senior executives and supervisors

Section 2(a) would require the Secretary to implement a mandatory training program for all covered employees, annually evaluate the training, and regularly update the curriculum for the training programs to ensure the curriculum covers areas of critical importance to VA supervisor and leader success and ensure the curriculum is based on industry standards for supervisory competencies and needs identified through the training evaluations.

Section 2(b) would require the Secretary to consult with the heads of at least three other Federal departments and agencies to gather information about how such departments and agencies approach management training.

Section 2(c) would require every covered employee to complete the training no later than 18 months after the date of the bill's enactment.

Section 2(d) would require the Secretary development a refresher training program for the program required under Section 2(a). Section 2(d) would also require each covered employee, as a condition of continued VA employment, to complete the refresher training once every two years.

Section 2(e) would require the training program be designed using principles of adult learning and industry standard instructional design. This section would mandate the training, to the extent practicable, be instructor-based and provided in-person and focus on the following: (A) developing and discussing relevant performance goals and objectives with the employees they supervise; (B) communicating and discussing employee's progress relative to performance goals and objectives and performance appraisals; (C) mentoring and motivating employees and improving employee engagement, performance, and productivity; (D) effectively managing employees with unacceptable performance, including training to understand the disciplinary options and procedures available to the supervisor; (E) prohibited personnel practices, employee rights, and the procedures and processes used to enforce employee rights; (F) effectively using the probationary period to examine whether employees demonstrated successful performance or conduct to continue past the probationary period; (G) addressing reports of a hostile work environment, retaliation, or harassment of, or by, other supervisors or employees; (H) collaborating with human resources employees to recruit, select, appraise, and reward employees to build a workforce based on organizational goals, budget considerations, and staffing needs; and (I) carrying out supervisor duties or responsibilities.

Section 2(f) would require the Secretary, not later than one year after the date on which the Secretary implements the training program under subsection (a), and annually thereafter, to submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the rate at which covered employees completed such training program during the year preceding the date of each report.

Finally, Section (g) would define covered employee as a VA employee who is a supervisor, as defined in 5 U.S.C. § 7103(a) or a covered individual under 38 U.S.C. § 713.

Section 3. Modification of certain housing loan fees

This section would amend the loan fee table in 38 U.S.C. § 3729(b)(2) by striking "November 15, 2031" in each place it appears and inserting "December 4, 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
(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

Type of loan	Active duty veteran	Reservist	Other obligor
(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,⟧ *December 4,* 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,⟧ *December 4,* 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
(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

Type of loan	Active duty veteran	Reservist	Other obligor
(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,】 *December 4,* 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,】 *December 4,* 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
(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,】 *December 4,* 2031).	1.50	1.50	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(C)(iv) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after [November 15,] *December 4,* 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,] *December 4,* 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,] *December 4,* 2031).	0.50	0.50	NA
(E) Interest rate reduction refinancing loan.	0.50	0.50	NA
(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

Type of loan	Active duty veteran	Reservist	Other obligor
(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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