

HOMES FOR HEROES ACT

SEPTEMBER 18, 2025.—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

R E P O R T

[To accompany H.R. 2791]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2791) to amend title 38, United States Code, to increase the maximum amount of housing loan guaranty entitlement available to certain veterans under the laws administered by the Secretary of Veterans Affairs, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

	Page
Purpose and Summary	2
Background and Need for Legislation	2
Hearings	4
Subcommittee Consideration	4
Committee Consideration	4
Committee Votes	5
Committee Correspondence	
Committee Oversight Findings	5
Statement of General Performance Goals and Objectives	5
New Budget Authority, Entitlement Authority, and Tax Expenditures	5
Earmarks and Tax and Tariff Benefits	5
Committee Cost Estimate	5
Congressional Budget Office Estimate	5
Federal Mandates Statement	7
Advisory Committee Statement	7
Constitutional Authority Statement	7
Applicability to Legislative Branch	8
Statement on Duplication of Federal Programs	8
Disclosure of Directed Rulemaking	8
Section-by-Section Analysis of the Legislation	8
Changes in Existing Law Made by the Bill, as Reported	9

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 “Homes for Heroes Act”.

SEC. 2. INCREASE TO MAXIMUM AMOUNT OF HOUSING LOAN GUARANTY ENTITLEMENT AVAILABLE TO CERTAIN VETERANS.

Clause (ii) of section 3703(a)(1)(C) of title 38, United States Code, is amended by striking “25 percent of the Freddie Mac conforming loan limit” and inserting “37.5 percent of the Freddie Mac conforming loan limit”.

SEC. 3. ADJUSTMENT OF FEES FOR INTEREST RATE REDUCTION REFINANCING HOUSING LOANS GUARANTEED INSURED, OR MADE BY THE SECRETARY OF VETERANS AFFAIRS.

The loan fee table in section 3729(b)(2) of title 38, United States Code, is amended by striking the row in subparagraph (E) (relating to interest rate reduction refinancing loans) and inserting the following:

“(E)(i) Interest rate reduction refinancing loan (closed on or after August 1, 2025, and before December 31, 2025)	0.50	0.50	0.50
(E)(ii) Interest rate reduction refinancing loan (closed on or after December 31, 2025, and before December 31, 2027)	0.25	0.25	0.25
(E)(iii) Interest rate reduction refinancing loan (closed on or after December 31, 2027, and before October 1, 2031)	0.50	0.50	0.50
(E)(iv) Interest rate reduction refinancing loan (closed on or after October 1, 2031, and be- fore December 31, 2035)	0.75	0.75	0.75
(E)(v) Interest rate reduction refinancing loan (closed on or after December 31, 2035)	0.50	0.50	0.50”.

PURPOSE AND SUMMARY

H.R. 2791, the “Homes for Heroes Act,” was introduced by Representative Max Miller of Ohio on April 9, 2025. The bill, as amended, would increase the amount of entitlement for an eligible veteran to purchase a second home through the Department of Veterans Affairs (VA) Home Loan program, while still allowing the veteran homeowner to keep their first home.

H.R. 3384, the “Refinancing Relief for Veterans Act,” was introduced by Representative Derrick Van Orden on May 14, 2025. This bill, as amended, would reduce the fee for veterans using the VA Home Loan program, who are utilizing an Interest Rate Reduction Refinance Loan, (IRRRL) from 0.5% to 0.25% for two years. To make the bill budget neutral, this bill would increase the refinancing fee from 0.5% to 0.75% from October, 2031 until December, 2035.

BACKGROUND AND NEED FOR LEGISLATION

Section 1: Short Title

This Act may be cited as the “Homes for Heroes Act.”

Section 2: Increase to the Maximum Amount of Housing Loan Guaranty Entitlement Available to Certain Veterans

The VA Home Loan program offers home loans for eligible veterans and surviving spouses with favorable terms such as zero percent down payment requirements, and competitive interest rates. Full entitlement for a VA home loan under \$144,000 is set at

\$36,000 (25% of \$144,000 is \$36,000) if there is no down payment.¹ For home loans exceeding \$144,000, VA will guarantee 25% of the loan, but the 25% will impact the loan limit in the future and prevent many individuals from purchasing a future home if the individual does not have restored entitlement. For a veteran with full entitlement, there is no cap on what VA will guarantee, so there is no max home loan limit.

VA entitlement makes it possible for a veteran to have no down payment on a VA mortgage. If a veteran has a current VA home loan, they will have partial or reduced entitlement, which can affect their 0% down buying power and even their ability to get another VA loan. Current law allows veterans to restore their full entitlement if they sell their home and pay off the VA loan in full, or if they refinance the VA loan into a non-VA loan and obtain a release of liability. Many veterans do not have any remaining restored entitlement because they still own their first home. Unfortunately, for veterans who use up all of their entitlement in the first VA home loan, they then must either use a non-VA loan or make up the 25% guarantee with a down payment. This bill would allow a veteran to purchase a second home for reasons such as relocation, while still allowing a veteran to keep their first property. Currently, about 3% of veterans have had more than one VA home loan concurrently.

This section would increase VA's conforming loan limit for the veteran's second home by 1.5 times the current rate if the individual intends to have multiple home loans at once. The current conforming loan limit is determined based on the county where your future residence is located. However, having unrestored or partial entitlement would significantly increase how much a veteran would spend on housing costs. This bill would make it easier for a veteran to purchase a second home without exhausting their entitlement and having to make a large down payment by allowing 1.5 times the conforming loan limit. Additionally, this provision would assist servicemembers who are relocating due to military service, but would prefer to own a home at their duty station instead of renting. The Committee believes that by allowing servicemembers to retain their original home when they receive military orders at a different location, the government is supporting servicemembers homeownership and making it easier on a servicemember's family to remain in that home.

Section 3: Adjustment of Fees for Interest Rate Reduction Refinancing Housing Loans Guaranteed or Made by The Secretary of Veterans Affairs

Since 2021, the United States has had high interest rates for home loans, which has made it difficult for veterans to refinance for a lower interest rate. Over the last eight months, the interest rates have begun to decline, which has increased the amount of savings possible for a veteran who chose to refinance their mortgage. This section would adjust the fees for Interest Rate Reduction Refinancing Loans (IRRRLs) to allow veterans to access a more affordable interest rate and a lower monthly mortgage payment. Reducing the fees for the IRRRL would make it easier for a veteran

¹ VA Loan Guaranty Service, VA Home Loan Overview.

to refinance and reduce monthly mortgage payments. This section would also increase the IRRRL rate to pay for this legislation and then bring the rates down for later years. Due to the high-interest rate environment, the Committee believes reducing the fees will encourage the use of IRRRLs by veterans and allow them to refinance for a mortgage with a lower interest rate and lower monthly payment.

HEARINGS

On June 11, 2025, the Subcommittee on Economic Opportunity conducted a legislative hearing on a number of bills including H.R. 2791.

The following witnesses testified:

Dr. Liz Clark, Acting Director, Defense Support Services, U.S. Department of Defense, Mr. Nick Pamperin, Executive Director, Veterans Readiness and Employment, U.S. Department of Veterans Affairs, who was accompanied by Mr. Thomas Alphonso, Assistant Director of Policy and Implementation, Education Service, U.S. Department of Veterans Affairs, Mr. Andrew Petrie, Senior Policy Analyst, Veterans Education and Employment Division, The American Legion, Mr. Blaze Smith, Director, Veterans Education and Transition Center, The University of Arizona, Mr. Matthew Schwartzman, Director, Legislation and Military Policy, Reserve Organization of America, Ms. Ashlynn Haycock-Lohmann, Director, Government and Legislative Affairs, Tragedy Assistance Program for Survivors (TAPS).

Statements for the record were submitted by:

Dr. Joseph W. Wescott, National Legislative Liaison, National Association of State Approving Agencies (NASAA), Mr. Will Hubbard, Vice President for Veterans and Military Policy, Veterans Education Success (VES), Ms. Julie Howell, Associate Legislative Director for Governmental Relations, Paralyzed Veterans of America (PVA), Mr. Jake Fales, Senior Policy Fellow, and Hannah Miller, Policy and Communications Fellow, Reserve Organization of America (ROA), Ms. Tammy Barlet, Vice President of Government Affairs, Student Veterans of America (SVA), Ms. Kristina Keenan, Director, National Legislative Service, Veterans of Foreign Wars of the United States (VFW).

SUBCOMMITTEE CONSIDERATION

On Thursday, July 3, 2025, the Subcommittee on Economic Opportunity was discharged from further consideration of this legislation.

COMMITTEE CONSIDERATION

On July 23, 2025, the full Committee met in open markup session, a quorum being present, to consider H.R. 2791. During consideration of the bill, the following amendment was considered:

An amendment in the nature of a substitute offered by Chairman Bost of Illinois, which would offset the cost of the bill by adjusting the dates that the IRRRL fee is at 0.75%. This

amendment in the nature of a substitute was agreed to by voice vote.

A motion by Ranking Member Takano of California to report H.R. 2791, 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, there were no recorded votes taken on amendments or in connection with ordering H.R. 2791 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 are to increase the amount of entitlement for an individual to purchase a second home loan while keeping their first home, as well as reducing the fees for IRRL to allow veterans to take advantage of lower interest rates.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 2791, 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. 2791 as amended, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

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. 2791, as amended, provided by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 2791, Homes for Heroes Act			
As ordered reported by the House Committee on Veterans' Affairs on July 23, 2025			
By Fiscal Year, Millions of Dollars	2025	2025-2030	2025-2035
Direct Spending (Outlays)	0	143	-85
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	143	-85
Spending Subject to Appropriation (Outlays)	0	0	0
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2036? Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2036?	< \$2.5 billion < \$5 billion	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 2791 would make changes to the home loan guarantee program administered by the Department of Veterans Affairs (VA). The costs of the program are paid from mandatory appropriations and thus are reflected in the budget as direct spending. CBO estimates that enacting the bill would decrease net direct spending by \$85 million over the 2025–2035 period (see Table 1). The costs of the legislation fall within budget function 700 (veterans benefits and services).

Subsequent Loans. VA provides loan guarantees to lenders that allow eligible borrowers to obtain better loan terms—such as smaller down payments and lower interest rates—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 CBO projects that, on average, VA will annually guarantee 525,000 loans of roughly \$490,000 each at a subsidy rate of about 0.81 percent. Those loan guarantees are projected to cost \$21 billion over the 2026–2035 period.

Subject to residency requirements, borrowers can obtain multiple VA-guaranteed home loans. On subsequent loans, VA typically guarantees amounts not to exceed 25 percent of the conforming loan limit, determined annually by Freddie Mac, less any outstanding guaranteed amounts from prior VA home loans.

Section 2 of the bill would increase the maximum amount that VA guarantees on loans obtained by borrowers with outstanding VA-guaranteed loans to 37.5 percent of the conforming loan limit. Accordingly, VA would guarantee a larger portion of subsequent loans obtained by borrowers, thereby increasing the subsidy costs for those loans. Using its projection of loan volume based on data

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.

provided by VA, CBO expects that on average each year over the 2026–2035 period, roughly 2,100 borrowers with outstanding loans would obtain loans for which VA would guarantee an additional amount of about \$285,000 at a subsidy rate of 0.57 percent. Overall, CBO estimates that those loan guarantees would increase direct spending by \$36 million over the 2025–2035 period.

Refinancing Loan Fee. Section 3 would modify the fee that VA charges borrowers for certain refinancing loans. Under current law, the fee for those loans is 0.5 percent of the loan amount. The bill would temporarily reduce that fee to 0.25 percent from December 31, 2025, to December 31, 2027, return it to 0.5 percent through September 30, 2031, then increase it to 0.75 percent until December 31, 2035. After that date, the fee would return to 0.5 percent. Those fee modifications would change the number and subsidy cost of loans guaranteed. Using its projection of loan volume based on data provided by VA, CBO estimates that modifying the rates as specified in the bill would decrease net direct spending by \$121 million over the 2025–2035 period. (Because an increase in the fee would reduce the subsidy cost of the loans, such an increase would reduce direct spending.)

TABLE 1.—ESTIMATED DIRECT SPENDING UNDER H.R. 2791

	Outlays by fiscal year, millions of dollars—												
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2025– 2030	2025– 2035
Subsequent Loans	0	2	2	2	2	2	3	4	4	6	9	10	36
Refinancing Loan Fee	0	31	75	27	0	0	0	–62	–63	–64	–65	133	–121
Total Changes	0	33	77	29	2	2	3	–58	–59	–58	–56	143	–85

Budget authority equals outlays for all sections.

The CBO staff contact for this estimate is Paul B.A. Holland. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 2791, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

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. 2791, as amended.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, H.R. 2791, as amended, is authorized by Congress’ power to “provide for the common Defense and general Welfare of the United States.”

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 2791, 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. 2791, 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 Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee estimates that H.R. 2791, as amended, contains no directed rulemaking that would require the Secretary to prescribe regulations.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1: Short title

This section would establish the short title of the bill as the “Home for Heroes Act.”

Section 2: Increase to the maximum amount of housing loan guaranty entitlement available to certain veterans

This section would amend 38 U.S.C. § 3703(a)(1)(C) and would increase the amount of entitlement available for a veteran to purchase a second home loan while keeping their first home. The section would also increase the amount of home loan entitlement that a veteran would be allowed on their second home if the veteran has an unrestored entitlement to 37.5% of the Freddie Mac conforming loan limit, instead of 25% of the Freddie Mac conforming loan limit.

Section 3: Adjustment of fees for interest rate reduction refinancing housing loans guaranteed or made by the Secretary of Veterans Affairs

This section would amend 38 U.S.C. § 3739(b)(2) by striking subparagraph (E) and inserting a table for the IRRRL fees. The new table would reduce the home loan mortgage refinancing fee for VA home loans from .5% to .25% between December 31, 2025, to December 31, 2027, to make it less expensive for veterans to refinance. Finally, the bill, as amended, would offset the decreased IRRRL fees between 2025–2027 by increasing the refinancing fee from .5% to .75% from October 1, 2031, to December 31, 2035.

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 italic, and 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

* * * * *

**PART III—READJUSTMENT AND RELATED
BENEFITS**

* * * * *

CHAPTER 37—HOUSING AND SMALL BUSINESS LOANS

SUBCHAPTER I—GENERAL

* * * * *

§ 3703. Basic provisions relating to loan guaranty and insurance

(a)(1)(A) Any loan to a veteran eligible for benefits under this chapter, if made for any of the purposes specified in section 3710 of this title and in compliance with the provisions of this chapter, is automatically guaranteed by the United States in an amount not to exceed the lesser of—

(i)(I) in the case of any loan of not more than \$45,000, 50 percent of the loan;

(II) in the case of any loan of more than \$45,000, but not more than \$56,250, \$22,500;

(III) except as provided in subclause (IV) of this clause, in the case of any loan of more than \$56,250, the lesser of \$36,000 or 40 percent of the loan; or

(IV) in the case of any loan of more than \$144,000 for a purpose specified in clause (1), (2), (3), (5), (6), or (8) of section 3710(a) of this title, 25 percent of the loan; or

(ii) the maximum amount of guaranty entitlement available to the veteran as specified in subparagraph (B) or (C).

(B) With respect to loans described in subclauses (I), (II), or (III) of subparagraph (A)(i), the maximum amount of guaranty entitlement available to a veteran for purposes specified in section 3710 of this title shall be \$36,000, reduced by the amount of entitlement

previously used by the veteran under this chapter and not restored as a result of the exclusion in section 3702(b) of this title.

(C)(i) With respect to loans described in subclause (IV) of subparagraph (A)(i) made to a veteran not covered by clause (ii), the maximum amount of guaranty entitlement available to the veteran shall be 25 percent of the loan.

(ii) With respect to loans described in subclause (IV) of subparagraph (A)(i) made to a covered veteran, the maximum amount of guaranty entitlement available to the veteran shall be ~~25 percent of the Freddie Mac conforming loan limit~~ *37.5 percent of the Freddie Mac conforming loan limit*, reduced by the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 3702(b) of this title.

(iii) In this subparagraph:

(I) The term “covered veteran” means a veteran who has previously used entitlement under this chapter and for whom the full amount of entitlement so used has not been restored as a result of the exclusion in section 3702(b) of this title.

(II) The term “Freddie Mac conforming loan limit” means the limit determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a single-family residence, as adjusted for the year involved.

(2)(A) Any housing loan which might be guaranteed under the provisions of this chapter, when made or purchased by any financial institution subject to examination and supervision by any agency of the United States or of any State may, in lieu of such guaranty, be insured by the Secretary under an agreement whereby the Secretary will reimburse any such institution for losses incurred on such loan up to 15 per centum of the aggregate of loans so made or purchased by it.

(B) Loans insured under this section shall be made on such other terms, conditions, and restrictions as the Secretary may prescribe within the limitations set forth in this chapter.

(b) The liability of the United States under any guaranty, within the limitations of this chapter, shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

(c)(1) Loans guaranteed or insured under this chapter shall be payable upon such terms and conditions as may be agreed upon by the parties thereto, subject to the provisions of this chapter and regulations of the Secretary issued pursuant to this chapter, and shall bear interest not in excess of such rate as the Secretary may from time to time find the loan market demands, except that in establishing the rate of interest that shall be applicable to such loans, the Secretary shall consult with the Secretary of Housing and Urban Development regarding the rate of interest applicable to home loans insured under section 203(b) of the National Housing Act (12 U.S.C. 1709(b)). In establishing rates of interest under this paragraph for one or more of the purposes described in clauses (4) and (7) of section 3710(a) of this title, the Secretary may establish a rate or rates higher than the rate specified for other purposes under such section, but any such rate may not exceed such rate as the Secretary may from time to time find the loan market demands for loans for such purposes.

(2) The provisions of the Servicemen's Readjustment Act of 1944 which were in effect before April 1, 1958, with respect to the interest chargeable on loans made or guaranteed under such Act shall, notwithstanding the provisions of paragraph (1) of this subsection, continue to be applicable—

(A) to any loan made or guaranteed before April 1, 1958; and

(B) to any loan with respect to which a commitment to guarantee was entered into by the Secretary before April 1, 1958.

(3) This section shall not be construed to prohibit a veteran from paying to a lender any reasonable discount required by such lender, when the proceeds from the loan are to be used—

(A) to refinance indebtedness pursuant to clause (5), (8), or (9)(B)(i) of section 3710(a) of this title or section 3712(a)(1)(F) of this title;

(B) to repair, alter, or improve a farm residence or other dwelling pursuant to clauses (4) and (7) of section 3710(a) of this title;

(C) to construct a dwelling or farm residence on land already owned or to be acquired by the veteran except where the land is directly or indirectly acquired from a builder or developer who has contracted to construct such dwelling for the veteran;

(D) to purchase a dwelling from a class of sellers which the Secretary determines are legally precluded under all circumstances from paying such a discount if the best interest of the veteran would be so served; or

(E) to refinance indebtedness and purchase a manufactured-home lot pursuant to section 3710(a)(9)(B)(ii) or 3712(a)(1)(G) of this title, but only with respect to that portion of the loan used to refinance such indebtedness.

(4)(A) In guaranteeing or insuring loans under this chapter, the Secretary may elect whether to require that such loans bear interest at a rate that is—

(i) agreed upon by the veteran and the mortgagee; or

(ii) established under paragraph (1).

The Secretary may, from time to time, change the election under this subparagraph.

(B) Any veteran, under a loan described in subparagraph (A)(i), may pay reasonable discount points in connection with the loan. Except in the case of a loan for the purpose specified in section 3710(a)(8), 3710(b)(7), or 3712(a)(1)(F) of this title, discount points may not be financed as part of the principal amount of a loan guaranteed or insured under this chapter.

(C) Not later than 10 days after an election under subparagraph (A), the Secretary shall transmit to the Committees on Veterans' Affairs of the Senate and House of Representatives a notification of the election, together with an explanation of the reasons therefor.

(d)(1) The maturity of any housing loan at the time of origination shall not be more than thirty years and thirty-two days.

(2)(A) Any loan for a term of more than five years shall be amortized in accordance with established procedure.

(B) The Secretary may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Secretary by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.

(3)(A) Any real estate housing loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan is so secured, the Secretary may either disregard or allow for subordination to a superior lien created by a duly recorded covenant running with the realty in favor of either of the following:

(i) A public entity that has provided or will provide assistance in response to a major disaster as determined by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(ii) A private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services, or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Secretary determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant.

(B) With respect to any superior lien described in subparagraph (A) created after June 6, 1969, the Secretary's determination under clause (ii) of such subparagraph shall have been made prior to the recordation of the covenant.

(e)(1) Except as provided in paragraph (2) of this subsection, an individual who pays a fee under section 3729 of this title, or who is exempted under section 3729(c) of this title from paying such fee, with respect to a housing loan guaranteed or insured under this chapter that is closed after December 31, 1989, shall have no liability to the Secretary with respect to the loan for any loss resulting from any default of such individual except in the case of fraud, misrepresentation, or bad faith by such individual in obtaining the loan or in connection with the loan default.

(2) The exemption from liability provided by paragraph (1) of this subsection shall not apply to—

(A) an individual from whom a fee is collected (or who is exempted from such fee) under section 3729(b)(2)(I) of this title; or

(B) a loan made for any purpose specified in section 3712 of this title.

(f) The application for or obtaining of a loan made, insured, or guaranteed under this chapter shall not be subject to reporting re-

quirements applicable to requests for, or receipts of, Federal contracts, grants, loans, loan guarantees, loan insurance, or cooperative agreements except to the extent that such requirements are provided for in, or by the Secretary pursuant to, this title.

* * * * *

§ 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 June 9, 2034).	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 June 9, 2034).	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 June 9, 2034).	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 June 9, 2034).	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 June 9, 2034).	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 June 9, 2034).	0.75	0.75	NA

Type of loan	Active duty veteran	Reservist	Other obligor
(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 June 9, 2034).	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 June 9, 2034).	0.50	0.50	NA
[(E) Interest rate reduction refinancing loan].	0.50]	0.50]	NA]
(E)(i) <i>Interest rate reduction refinancing loan (closed on or after August 1, 2025, and before December 31, 2025).</i>	0.50	0.50	0.50
(E)(ii) <i>Interest rate reduction refinancing loan (closed on or after December 31, 2025, and before December 31, 2027)</i> 0.250.25.	0.25	0.25	0.25
(E)(iii) <i>Interest rate reduction refinancing loan (closed on or after December 31, 2027, and before October 1, 2031).</i>	0.50	0.50	0.50

Type of loan	Active duty veteran	Reservist	Other obligor
(E)(iv) <i>Interest rate reduction refinancing loan (closed on or after October 1, 2031, and before December 31, 2035).</i>	0.75	0.75	0.75
(E)(v) <i>Interest rate reduction refinancing loan (closed on or after December 31, 2035).</i>	0.50	0.50	0.50
(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.

* * * * *