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111TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
111–163

WAIVER OF HOUSING LOAN FEE FOR CERTAIN VETERANS WITH SERVICE-CONNECTED DISABILITIES CALLED TO ACTIVE SERVICE

JUNE 18, 2009.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 2180]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2180) to amend title 38, United States Code, to waive housing loan fees for certain veterans with service-connected disabilities called to active service, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
Purpose and Summary	2
Background and Need for Legislation	2
Hearings	3
Subcommittee Consideration	3
Committee Consideration	3
Committee Votes	3
Committee Oversight Findings	3
Statement of General Performance Goals and Objectives	3
New Budget Authority, Entitlement Authority, and Tax Expenditures	4
Earmarks and Tax and Tariff Benefits	4
Committee Cost Estimate	4
Congressional Budget Office Estimate	4
Federal Mandates Statement	5
Advisory Committee Statement	5
Constitutional Authority Statement	5
Applicability to Legislative Branch	5
Section-by-Section Analysis of the Legislation	5
Changes in Existing Law Made by the Bill as Reported	5

79–006

PURPOSE AND SUMMARY

H.R. 2180 was introduced on April 29, 2009, by Representative Harry Teague of New Mexico. H.R. 2180 would waive housing loan fees for certain veterans with service-connected disabilities called back to active service.

BACKGROUND AND NEED FOR LEGISLATION

The Department of Veterans Affairs (VA) Home Loan Program was first enacted into law in 1944 with the enactment of the Servicemen's Readjustment Act, also known as the G.I. Bill of Rights. This law provided servicemembers returning from World War II with housing assistance. Many of these veterans were able to purchase their first home with the assistance of the G.I. Bill of Rights.

The VA Home Loan Program provides veterans with VA-guaranteed low or no down payment loans in order to promote home ownership by veterans by encouraging lender participation. The guaranty is also used to protect the lender against loss if a veteran fails to repay or defaults on the loan.

The VA loan funding fee was first instituted in Public Law 97–253 (96 Stat. 763), the Omnibus Budget Reconciliation Act of 1982. Funding fees are used to offset the costs of paying claims and other expenses incurred by the VA.

Except as waived, a housing loan funding fee is normally required when purchasing or refinancing a home. The funding fee percentage varies from 0.5 percent to 3.3 percent depending on several variables, including whether the veteran is a first-time homebuyer or if the veteran is putting a down payment or is a member of the active or reserve components.

Public Law 106–419 (114 Stat. 1822) substantially re-wrote the loan fee provision and authorized a waiver of the funding fee for certain veterans receiving compensation or to a qualified surviving spouse. Public Law 108–454 (118 Stat. 3598) provided fee waivers for veterans receiving disability compensation due to service-connected disability discharge and rating. The fee waiver could be granted once the rating has been determined and prior to receiving compensation.

A funding fee waiver is currently granted to veterans but only on a case-by-case basis and the VA has the discretion to determine who would receive this waiver. Current funding fee waivers for VA home loans are granted to veterans who are receiving disability compensation for service-related medical issues, who are entitled to get compensation if they are not receiving retirement pay, and surviving spouses of those who died in the service or from service-related disabilities.

The Committee believes that the original drafters of the funding fee waivers did not foresee that a disabled veteran would be called to return to active duty. Our Country's current conflicts have placed a tremendous burden on our men and women in uniform with some veterans of the reserve components with service-connected disabilities being called back to military service. The Committee is aware of cases where injured veterans have not been provided equitable funding fee waivers because they have been called back to active duty. Section 3729(c) of title 38, United States Code, limits waiver of the funding fee for those with service-connected

disabilities or those receiving retirement pay, thus preventing those who are serving on active duty from receiving fee waivers.

HEARINGS

On May 21, 2009, the Subcommittee on Economic Opportunity conducted a legislative hearing on various bills introduced during the 111th Congress, including H.R. 2180. The following witnesses testified: The Honorable Mike Coffman of Colorado; Richard Daley, Associate Legislation Director, Paralyzed Veterans of America; John L. Wilson, Associate National Legislative Director, Disabled American Veterans; Mark Seavey, Assistant Director, National Legislative Commission, The American Legion; Raymond C. Kelley, National Legislative Director, AMVETS; Cpl. Wade J. Spann, USMC, Wounded Warrior Project; Keith M. Wilson, Director, Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs, accompanied by John Brizzi, Deputy Assistant General Counsel, U.S. Department of Veterans Affairs; and, John C. McWilliam, Deputy Assistant Secretary, Veterans' Employment and Training Service, U.S. Department of Labor. Submitting a statement for the record included: The Honorable Bob Filner of California.

SUBCOMMITTEE CONSIDERATION

On June 4, 2009, the Subcommittee on Economic Opportunity met in open markup session and ordered H.R. 2180 favorably forwarded to the full Committee by voice vote.

COMMITTEE CONSIDERATION

On June 10, 2009, the full Committee met in an open markup session, a quorum being present, and ordered H.R. 2180 reported favorably to the House of Representatives by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report the legislation and amendments thereto. There were no record votes taken on amendments or in connection with ordering H.R. 2180 reported to the House. A motion by Mr. Stearns of Florida to order H.R. 2180 reported favorably to the House of Representatives was agreed to by voice vote.

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 reflected in the descriptive portions of this report.

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. 2180 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) 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. 2180 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. 2180 provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 16, 2009.

Hon. BOB FILNER,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2180, a bill to waive housing loan fees for certain veterans with service-connected disabilities called to active service.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is David Newman.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 2180—A bill to amend title 38, United States Code, to waive housing loan fees for certain veterans with service-connected disabilities called to active service

H.R. 2180 would direct the Department of Veterans Affairs (VA) to waive its mortgage funding fee for certain reservists who have been called to active duty. VA collects a fee from most veterans when it guarantees their mortgage loans, but waives the fee for veterans who are receiving disability compensation. Some reservists receive disability compensation, but must forfeit such payments while they are receiving pay for active military service. As a result, they lose eligibility for the fee waivers for the period of their active duty service.

H.R. 2180 would allow continued eligibility for fee waivers for such activated reservists. Under the bill, CBO estimates that fewer than 10 additional veterans a year would receive a fee waiver, which would result in forgone receipts of less than $50,000 per year. Thus, CBO estimates that enacting the bill would have an insignificant effect on direct spending and no effect on revenues. In addition, CBO expects that implementing H.R. 2180 would not affect discretionary spending.

H.R. 2180 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is David Newman. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 2180 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. 2180.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for H.R. 2180 is provided by Article I, section 8 of the Constitution of the United States.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation 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.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Waiver of housing loan fee for certain veterans with service-connected disabilities called to active service.

This section provides that a fee may not be collected from a qualified service-disabled veteran who is called back to active service.

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 (new matter is printed in italic 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) * * *

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(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) or from a surviving spouse of any veteran (including a person who died in the active military, naval, or air service) who died from a service-connected disability.

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