

TO AMEND TITLE 38, UNITED STATES CODE, TO CLARIFY PRESUMPTIONS  
 RELATING TO THE EXPOSURE OF CERTAIN VETERANS WHO SERVED IN  
 THE VICINITY OF THE REPUBLIC OF VIETNAM, AND FOR OTHER PUR-  
 POSES

MAY 18, 2018.—Committed to the Committee of the Whole House on the State of  
 the Union and ordered to be printed

Mr. ROE of Tennessee, from the Committee on Veterans' Affairs,  
 submitted the following

R E P O R T

[To accompany H.R. 299]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the  
 bill (H.R. 299) to amend title 38, United States Code, to clarify pre-  
 sumptions relating to the exposure of certain veterans who served  
 in the vicinity of the Republic of Vietnam, and for other purposes,  
 having considered the same, report favorably thereon with an  
 amendment and recommend that the bill as amended do pass.

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## AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. CLARIFICATION OF PRESUMPTIONS OF EXPOSURE FOR VETERANS WHO SERVED IN VICINITY OF REPUBLIC OF VIETNAM.**

(a) IN GENERAL.—Chapter 11 of title 38, United States Code, is amended by inserting after section 1116 the following new section:

**“§ 1116A. Presumptions of service connection for veterans who served in the territorial seas of the Republic of Vietnam**

“(a) SERVICE CONNECTION.—For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease covered by section 1116 of this title becoming manifest as specified in that section in a veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of such service.

“(b) EXPOSURE.—A veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be presumed to have been exposed during such service to an herbicide agent containing dioxin or 2,4-dichlorophenoxyacetic acid, and may be presumed to have been exposed during such service to any other chemical compound in an herbicide agent, unless there is affirmative evidence to establish that the veteran was not exposed to any such agent during that service.

“(c) EFFECTIVE DATE OF AWARD.—(1) Except as provided by paragraph (2), the effective date of an award under this section shall be determined in accordance with section 5110 of this title.

“(2)(A) Notwithstanding subsection (g) of section 5110 of this title, the Secretary shall determine the effective date of an award based on a claim under this section for a veteran described in subparagraph (B) by treating the date on which the veteran filed the prior claim specified in clause (i) of such subparagraph as the date on which the veteran filed the claim so awarded under this section.

“(B) A veteran described in this subparagraph is a veteran who meets the following criteria:

“(i) The veteran submitted a claim for disability compensation on or after September 25, 1985, and before January 1, 2019, for a disease covered by this section, and the claim was denied by reason of the claim not establishing that the disease was incurred or aggravated by the service of the veteran.

“(ii) The veteran submits a claim for disability compensation on or after January 1, 2019, for the same condition covered by the prior claim under clause (i), and the claim is approved pursuant to this section.

“(d) HERBICIDE AGENT.—In this section, the term ‘herbicide agent’ has the meaning given that term in section 1116 (a)(3) of this title.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1116 the following new item:

“1116A. Presumptions of service connection for veterans who served in the territorial seas of the Republic of Vietnam.”

(c) HEALTH CARE.—Section 1710(e)(4) of such title is amended by inserting “(including the territorial seas of such Republic)” after “served on active duty in the Republic of Vietnam”.

(d) OUTREACH.—

(1) REQUIREMENT.—The Secretary of Veterans Affairs shall conduct outreach to inform veterans described in paragraph (2) of the ability to submit a claim for disability compensation under section 1116A of title 38, United States Code, as added by subsection (a).

(2) VETERAN DESCRIBED.—A veteran described in this paragraph is a veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975.

(e) REPORTS.—Not later than January 1, 2020, and not later than January 1, 2022, the Secretary of Veterans Affairs shall submit to the Committees on Veterans' Affairs of the House of Representatives and the Senate a report on claims for disability compensation under section 1116A of title 38, United States Code, as added by subsection (a). Each report shall include the following with respect to the period

covered by the report, disaggregated by the regional offices of the Department of Veterans Affairs:

- (1) The number of claims filed under such section.
- (2) The number of such claims granted.
- (3) The number of such claims denied.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2019.

**SEC. 2. PRESUMPTION OF HERBICIDE EXPOSURE FOR CERTAIN VETERANS WHO SERVED IN KOREA.**

(a) IN GENERAL.—Chapter 11 of title 38, United States Code, is amended by inserting after section 1116A, as added by section 1, the following new section:

**“§ 1116B. Presumption of herbicide exposure for certain veterans who served in Korea**

“(a) PRESUMPTION OF SERVICE-CONNECTION.—(1) For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease specified in subsection (b) that becomes manifest as specified in that subsection in a veteran described in paragraph (2) shall be considered to have been incurred or aggravated in the line of duty in the active military, naval, or air service, notwithstanding that there is no record of evidence of such disease during the period of such service.

“(2) A veteran described in this paragraph is a veteran who, during active military, naval, or air service, served in or near the Korean demilitarized zone (DMZ), during the period beginning on September 1, 1967, and ending on August 31, 1971.

“(b) DISEASES.—A disease specified in this subsection is—

“(1) a disease specified in paragraph (2) of subsection (a) of section 1116 of this title that becomes manifest as specified in that paragraph; or

“(2) any additional disease that—

“(A) the Secretary determines in regulations warrants a presumption of service-connection by reason of having positive association with exposure to an herbicide agent; and

“(B) becomes manifest within any period prescribed in such regulations.

“(c) HERBICIDE AGENT.—For purposes of this section, the term ‘herbicide agent’ has the meaning given such term in section 1821(d) of this title.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1116A, as added by section 1, the following new item:

“1116B. Presumption of herbicide exposure for certain veterans who served in Korea.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2019.

**SEC. 3. BENEFITS FOR CHILDREN OF CERTAIN THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA.**

(a) IN GENERAL.—Subchapter III of chapter 18 of title 38, United States Code, is amended by adding at the end the following new section:

**“§ 1822. Benefits for children of certain Thailand service veterans born with spina bifida**

“(a) BENEFITS AUTHORIZED.—The Secretary may provide to any child of a veteran of covered service in Thailand who is suffering from spina bifida the health care, vocational training and rehabilitation, and monetary allowance required to be paid to a child of a Vietnam veteran who is suffering from spina bifida under subchapter I of this chapter as if such child of a veteran of covered service in Thailand were a child of a Vietnam veteran who is suffering from spina bifida under such subchapter.

“(b) SPINA BIFIDA CONDITIONS COVERED.—This section applies with respect to all forms and manifestations of spina bifida, except spina bifida occulta.

“(c) VETERAN OF COVERED SERVICE IN THAILAND.—For purposes of this section, a veteran of covered service in Thailand is any individual, without regard to the characterization of that individual’s service, who—

“(1) served in the active military, naval, or air service in Thailand, as determined by the Secretary in consultation with the Secretary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975; and

“(2) is determined by the Secretary, in consultation with the Secretary of Defense, to have been exposed to a herbicide agent during such service in Thailand.

“(d) HERBICIDE AGENT.—For purposes of this section, the term ‘herbicide agent’ means a chemical in a herbicide used in support of United States and allied military operations in Thailand, as determined by the Secretary in consultation with the Sec-

retary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975.”.

(b) CLERICAL AMENDMENTS.—

(1) SUBCHAPTER HEADING.—The heading for subchapter III of chapter 18 of such title is amended by inserting “AND THAILAND” after “KOREA”.

(2) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 18 of such title is amended—

(A) by striking the item relating to subchapter III and inserting the following new item:

“SUBCHAPTER III—CHILDREN OF CERTAIN KOREA AND THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA”;

and

(B) by inserting after the item relating to section 1821 the following new item:

“1822. Benefits for children of certain Thailand service veterans born with spina bifida.”.

(c) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs, in consultation with the Secretary of Defense, shall submit to the Committees on Veterans’ Affairs of the House of Representatives and the Senate a report identifying—

(1) the military installations of the United States located in Thailand during the period beginning on January 9, 1962, and ending on May 7, 1975, at which an herbicide agent (as defined in section 1822 of title 38, United States Code, as added by subsection (a)) was actively used; and

(2) the period of such use.

#### SEC. 4. REPORT ON CERTAIN GULF WAR ILLNESS STUDY.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to the Committees on Veterans’ Affairs of the House of Representatives and the Senate a report on the findings, as of the date of the report, of the Follow-up Study of a National Cohort of Gulf War and Gulf Era Veterans under the epidemiology program of the Department of Veterans Affairs.

#### SEC. 5. LOANS GUARANTEED UNDER HOME LOAN PROGRAM OF DEPARTMENT OF VETERANS AFFAIRS.

(a) ADJUSTMENT OF LOAN LIMIT.—Section 3703(a)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)(i)(IV)—

(A) by striking “the lesser of”; and

(B) by striking “or 25 percent of the loan”; and

(2) in subparagraph (C), by striking “Freddie Mac” and all that follows through the period at the end and inserting “amount of the loan.”.

(b) LOAN FEES.—Section 3729(b)(2) of such title is amended by striking the loan fee table and inserting the following:

“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, 2019)	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, 2019, and before October 1, 2026)	2.40	2.40	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 October 1, 2026, and before October 1, 2027)	2.15	2.15	NA

"Type of loan	Active duty veter- eran	Reservist	Other obligor
(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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	3.80	3.80	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 October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	1.75	1.75	NA
(C)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	1.45	1.45	NA
(D)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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
(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

“Type of loan	Active duty vet- eran	Reservist	Other obligor
(J) Loan under section 3733(a)	2.25	2.25	2.25”.

(c) COLLECTION OF LOAN FEES.—Section 3729(c) of such title is amended—

(1) in paragraph (1), by striking “A fee” and inserting “Subject to paragraph (3), a fee”; and

(2) by adding at the end the following new paragraph:

“(3) A fee shall be collected under this section from any veteran with a service-connected disability rated as less than total, or any surviving spouse of such a veteran, who, on or after January 1, 2019, receives a loan in an amount that exceeds the Freddie Mac conforming loan limit limitation 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.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to a loan guaranteed under section 3710 of title 38, United States Code, on or after January 1, 2019.

(e) GUIDANCE.—Notwithstanding section 501 of such title, the Secretary of Veterans Affairs may issue guidance to implement this section before prescribing new regulations under sections 3703 and 3729 of such title, as amended by subsections (a), (b), and (c).

**SEC. 6. INFORMATION GATHERING FOR DEPARTMENT OF VETERANS AFFAIRS HOME LOAN APPRAISALS.**

(a) IN GENERAL.—Section 3731(b) of title 38, United States Code, is amended by adding at the end the following new paragraph:

“(3) The Secretary shall permit an appraiser on a list developed and maintained under subsection (a)(3) to make an appraisal for the purposes of this chapter based solely on information gathered by a person with whom the appraiser has entered into an agreement for such services.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to an appraisal under section 3731 of such title, on or after January 1, 2019.

(c) GUIDANCE.—Notwithstanding section 501 of such title, the Secretary of Veterans Affairs may issue guidance to implement this section before prescribing new regulations under sections 3731 of such title, as amended by subsection (a).

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 299  
OFFERED BY MR. ROE OF TENNESSEE**

Strike all after the enacting clause and insert the following:

**SECTION 1. CLARIFICATION OF PRESUMPTIONS OF EXPOSURE FOR  
VETERANS WHO SERVED IN VICINITY OF REPUBLIC OF  
VIETNAM.**

(a) IN GENERAL.—Chapter 11 of title 38, United States Code, is amended by inserting after section 1116 the following new section:

**“§ 1116A. Presumptions of service connection for veterans  
who served in the territorial seas of the Republic  
of Vietnam**

“(a) SERVICE CONNECTION.—For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease covered by section 1116 of this title becoming manifest as specified in that section in a veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of such service.

“(b) EXPOSURE.—A veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be presumed to have been exposed during such

service to an herbicide agent containing dioxin or 2,4-dichlorophenoxyacetic acid, and may be presumed to have been exposed during such service to any other chemical compound in an herbicide agent, unless there is affirmative evidence to establish that the veteran was not exposed to any such agent during that service.

“(c) EFFECTIVE DATE OF AWARD.—(1) Except as provided by paragraph (2), the effective date of an award under this section shall be determined in accordance with section 5110 of this title.

“(2)(A) Notwithstanding subsection (g) of section 5110 of this title, the Secretary shall determine the effective date of an award based on a claim under this section for a veteran described in subparagraph (B) by treating the date on which the veteran filed the prior claim specified in clause (i) of such subparagraph as the date on which the veteran filed the claim so awarded under this section.

“(B) A veteran described in this subparagraph is a veteran who meets the following criteria:

“(i) The veteran submitted a claim for disability compensation on or after September 25, 1985, and before January 1, 2019, for a disease covered by this section, and the claim was denied by reason of the claim not establishing that the disease was incurred or aggravated by the service of the veteran.

“(ii) The veteran submits a claim for disability compensation on or after January 1, 2019, for the same condition covered by the prior claim under clause (i), and the claim is approved pursuant to this section.

“(d) HERBICIDE AGENT.—In this section, the term ‘herbicide agent’ has the meaning given that term in section 1116 (a)(3) of this title.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1116 the following new item:

“1116A. Presumptions of service connection for veterans who served in the territorial seas of the Republic of Vietnam.”

(c) HEALTH CARE.—Section 1710(e)(4) of such title is amended by inserting “(including the territorial seas of such Republic)” after “served on active duty in the Republic of Vietnam”.

(d) OUTREACH.—

(1) REQUIREMENT.—The Secretary of Veterans Affairs shall conduct outreach to inform veterans described in paragraph (2) of the ability to submit a claim for disability compensation under section 1116A of title 38, United States Code, as added by subsection (a).

(2) VETERAN DESCRIBED.—A veteran described in this paragraph is a veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975.

(e) REPORTS.—Not later than January 1, 2020, and not later than January 1, 2022, the Secretary of Veterans Affairs shall submit to the Committees on Veterans’ Affairs of the House of Representatives and the Senate a report on claims for disability compensation under section 1116A of title 38, United States Code, as added by subsection (a). Each report shall include the following with respect

to the period covered by the report, disaggregated by the regional offices of the Department of Veterans Affairs:

- (1) The number of claims filed under such section.
- (2) The number of such claims granted.
- (3) The number of such claims denied.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2019.

**SEC. 2. PRESUMPTION OF HERBICIDE EXPOSURE FOR CERTAIN VETERANS WHO SERVED IN KOREA.**

(a) IN GENERAL.—Chapter 11 of title 38, United States Code, is amended by inserting after section 1116A, as added by section 1, the following new section:

**“§ 1116B. Presumption of herbicide exposure for certain veterans who served in Korea**

“(a) PRESUMPTION OF SERVICE-CONNECTION.—(1) For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease specified in subsection (b) that becomes manifest as specified in that subsection in a veteran described in paragraph (2) shall be considered to have been incurred or aggravated in the line of duty in the active military, naval, or air service, notwithstanding that there is no record of evidence of such disease during the period of such service.

“(2) A veteran described in this paragraph is a veteran who, during active military, naval, or air service, served in or near the Korean demilitarized zone (DMZ), during the period beginning on September 1, 1967, and ending on August 31, 1971.

“(b) DISEASES.—A disease specified in this subsection is—

“(1) a disease specified in paragraph (2) of subsection (a) of section 1116 of this title that becomes manifest as specified in that paragraph; or

“(2) any additional disease that—

“(A) the Secretary determines in regulations warrants a presumption of service-connection by reason of having positive association with exposure to an herbicide agent; and

“(B) becomes manifest within any period prescribed in such regulations.

“(c) HERBICIDE AGENT.—For purposes of this section, the term ‘herbicide agent’ has the meaning given such term in section 1821(d) of this title.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1116A, as added by section 1, the following new item: “1116B. Presumption of herbicide exposure for certain veterans who served in Korea.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2019.

**SEC. 3. BENEFITS FOR CHILDREN OF CERTAIN THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA.**

(a) IN GENERAL.—Subchapter III of chapter 18 of title 38, United States Code, is amended by adding at the end the following new section:



**“§ 1822. Benefits for children of certain Thailand service veterans born with spina bifida**

“(a) BENEFITS AUTHORIZED.—The Secretary may provide to any child of a veteran of covered service in Thailand who is suffering from spina bifida the health care, vocational training and rehabilitation, and monetary allowance required to be paid to a child of a Vietnam veteran who is suffering from spina bifida under subchapter I of this chapter as if such child of a veteran of covered service in Thailand were a child of a Vietnam veteran who is suffering from spina bifida under such subchapter.

“(b) SPINA BIFIDA CONDITIONS COVERED.—This section applies with respect to all forms and manifestations of spina bifida, except spina bifida occulta.

“(c) VETERAN OF COVERED SERVICE IN THAILAND.—For purposes of this section, a veteran of covered service in Thailand is any individual, without regard to the characterization of that individual’s service, who—

“(1) served in the active military, naval, or air service in Thailand, as determined by the Secretary in consultation with the Secretary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975; and

“(2) is determined by the Secretary, in consultation with the Secretary of Defense, to have been exposed to a herbicide agent during such service in Thailand.

“(d) HERBICIDE AGENT.—For purposes of this section, the term ‘herbicide agent’ means a chemical in a herbicide used in support of United States and allied military operations in Thailand, as determined by the Secretary in consultation with the Secretary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975.”.

(b) CLERICAL AMENDMENTS.—

(1) SUBCHAPTER HEADING.—The heading for subchapter III of chapter 18 of such title is amended by inserting “AND THAILAND” after “KOREA”.

(2) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 18 of such title is amended—

(A) by striking the item relating to subchapter III and inserting the following new item:

“SUBCHAPTER III—CHILDREN OF CERTAIN KOREA AND THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA”;

and

(B) by inserting after the item relating to section 1821 the following new item:

“1822. Benefits for children of certain Thailand service veterans born with spina bifida.”.

(c) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs, in consultation with the Secretary of Defense, shall submit to the Committees on Veterans’ Affairs of the House of Representatives and the Senate a report identifying—

(1) the military installations of the United States located in Thailand during the period beginning on January 9, 1962, and ending on May 7, 1975, at which an herbicide agent (as defined in section 1822 of title 38, United States Code, as added by subsection (a)) was actively used; and

(2) the period of such use.

**SEC. 4. REPORT ON CERTAIN GULF WAR ILLNESS STUDY.**

Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to the Committees on Veterans' Affairs of the House of Representatives and the Senate a report on the findings, as of the date of the report, of the Follow-up Study of a National Cohort of Gulf War and Gulf Era Veterans under the epidemiology program of the Department of Veterans Affairs.

**SEC. 5. LOANS GUARANTEED UNDER HOME LOAN PROGRAM OF DEPARTMENT OF VETERANS AFFAIRS.**

(a) ADJUSTMENT OF LOAN LIMIT.—Section 3703(a)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)(i)(IV)—

(A) by striking “the lesser of”; and

(B) by striking “or 25 percent of the loan”; and

(2) in subparagraph (C), by striking “Freddie Mac” and all that follows through the period and inserting “amount of the loan.”.

(b) LOAN FEES.—Section 3729(b)(2) of such title is amended by striking the loan fee table and inserting the following:

“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, 2019)	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, 2019, and before October 1, 2026)	2.40	2.40	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 October 1, 2026, and before October 1, 2027)	2.15	2.15	NA

"Type of loan	Active duty veteran	Reservist	Other obli- gator
(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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	3.80	3.80	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 October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	1.75	1.75	NA

“Type of loan	Active duty veteran	Reservist	Other obli- gor
(C)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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, 2019)	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, 2019, and before October 1, 2026)	1.45	1.45	NA
(D)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2026, and before October 1, 2027)	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 October 1, 2027)	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
(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”.

(c) COLLECTION OF LOAN FEES.—Section 3729(c) of such title is amended—

(1) in paragraph (1), by striking “A fee” and inserting “Subject to paragraph (3), a fee”; and

(2) by adding at the end the following new paragraph:

“(3) A fee shall be collected under this section from any veteran with a service-connected disability rated as less than total, or any surviving spouse of such a veteran, who, on or after January 1, 2019, receives a loan in an amount that exceeds the Freddie Mac conforming loan limit limitation 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.”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to a loan guaranteed under section 3710 of title 38, United States Code, on or after January 1, 2019.

(e) **GUIDANCE.**—Notwithstanding section 501 of such title, the Secretary of Veterans Affairs may issue guidance to implement this section before prescribing new regulations under sections 3703 and 3729 of such title, as amended by subsections (a), (b), and (c).

**SEC. 6. INFORMATION GATHERING FOR DEPARTMENT OF VETERANS AFFAIRS HOME LOAN APPRAISALS.**

(a) **IN GENERAL.**—Section 3731(b) of title 38, United States Code, is amended by adding at the end the following new paragraph:

“(3) The Secretary shall permit an appraiser on a list developed and maintained under subsection (a)(3) to make an appraisal for the purposes of this chapter based solely on information gathered by a person with whom the appraiser has entered into an agreement for such services.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to an appraisal under section 3731 of such title, on or after January 1, 2019.

(c) **GUIDANCE.**—Notwithstanding section 501 of such title, the Secretary of Veterans Affairs may issue guidance to implement this section before prescribing new regulations under sections 3731 of such title, as amended by subsection (a).

**PURPOSE AND SUMMARY**

H.R. 299, as amended, would, effective January 1, 2019, extend the presumption of exposure for purposes of entitlement to service connection for diseases associated with exposure to herbicide agents, such as Agent Orange, to Blue Water Navy (BWN) Vietnam veterans.<sup>1</sup> Additionally, H.R. 299, as amended, would extend the presumption of exposure to certain herbicide agents to veterans who served in or near the Korean demilitarized zone (DMZ) during the period beginning on September 1, 1967, and ending on August 31, 1971.

Consequently, these veterans may be eligible for veteran’s benefits, such as compensation and healthcare, if they develop a disease linked to exposure to herbicides. H.R. 299, as amended, would require the Secretary of the Department of Veterans Affairs (Secretary) to conduct outreach to inform such veterans of the ability to submit a claim for disability compensation if they develop certain diseases.

H.R. 299, as amended, would expand eligibility for U.S. Department of Veterans Affairs (VA) benefits to certain children with spina bifida who were born to veterans who served in Thailand be-

<sup>1</sup>BWN veterans are defined as veterans who served in the territorial seas of the Republic of Vietnam (defined below) between the dates of January 9, 1962, and May 7, 1975.

tween January 9, 1962, and May 7, 1975, and were determined by the Secretary to have been exposed to an herbicide agent.

H.R. 299, as amended, also requires the Secretary to submit a report to the Committees on Veterans' Affairs of the House of Representatives and the Senate regarding the use of herbicides in Thailand during the Vietnam era. This bill also requires VA to submit reports to the Committees on Veterans' Affairs of the House of Representatives and the Senate on claims filed by BWN veterans for disability compensation under this Act. Furthermore, the bill, as amended, would also require the Secretary to submit an update to the Committees regarding the Follow-up Study of a National Cohort of Gulf War and Gulf Era Veterans, which examines the health of veterans who served in the Gulf War in 1990–1991 and veterans who served elsewhere during the same period.

H.R. 299, as amended, would also make improvements to VA's Home Loan Guaranty program to ensure that veterans can use their home loan benefit in high-cost areas and receive appraisals in a timely and cost-efficient manner.

Representative David G. Valadao of California introduced H.R. 299 on January 5, 2017.

#### BACKGROUND AND NEED FOR LEGISLATION

##### *Toxic exposures*

The Agent Orange Act of 1991 (P.L. 102–4) established the presumption of service-connection for certain diseases associated with exposure to herbicides for veterans who served in the Republic of Vietnam between January 9, 1962, and May 7, 1975. This presumption simplifies the disability claim process for veterans who may have developed conditions linked with exposure to toxic chemicals because it may be difficult for such veterans to prove that they were actually exposed to herbicides. Additionally, this policy reduces the time and expense for VA to gather evidence of service connection on a case-by-case basis.

However, VA's current guidelines do not acknowledge that BWN may have been injured as a result of the military's use of Agent Orange during the Vietnam era. Instead, VA limits the presumption to veterans who actually set foot on land in the Republic of Vietnam or served in the country's inland waterways. H.R. 299, as amended, would remedy this inequity by extending the presumption of service connection for certain conditions<sup>2</sup> linked to contact with herbicides to BWN veterans who served off the shore of Vietnam between January 9, 1962, and May 7, 1975.

The bill is necessary because many veterans advocates contend that BWN veterans likely experienced significant exposure to defoliants during the Vietnam era. For example, it is possible that toxic substances sprayed in Vietnam polluted rivers and streams that

<sup>2</sup>VA currently acknowledges that the following conditions are linked with exposure to herbicides used during the Vietnam era: AL Amyloidosis, Chronic B-cell Leukemias, Chloracne, Diabetes Mellitus, Hodgkin's Disease, Ischemic Heart Disease, Multiple Myeloma, Non-Hodgkin's Lymphoma, Parkinson's Disease, Peripheral Neuropathy, Porphyria Cutanea Tarda, Prostate Cancer, Respiratory Cancers, and Soft Tissue Sarcomas. Accordingly, if a Vietnam veteran who served on Vietnam soil or inland waters and develops one of these conditions, VA automatically presumes that such condition is service-connected.

ran into Vietnam's territorial seas.<sup>3</sup> U.S. Naval ships used water drawn from the territorial seas to make potable water, which BWN veterans used for drinking, bathing, and cooking. Because BWN veterans may have been exposed to toxic chemicals, some advocates argue that it is unfair that veterans who served on land are eligible for VA benefits, but those who served off the coast of Vietnam are not eligible, even if they develop the same diseases.

In response to concerns raised by veterans advocates, in 2011 the Institute of Medicine (IOM) attempted to determine whether BWN veterans experience a comparable range of exposure to herbicides as those on the ground in Vietnam. However, the IOM concluded that given the passage of time and lack of sampling data collected during the conflict, there is not enough information to conclusively determine whether Blue Water Navy personnel actually came into contact to defoliants during their service.<sup>4</sup> IOM also determined that it is unlikely that such data will be available in the future. As a result, VA has decided that the lack of scientific evidence prevents the Department from extending the presumption to BWN veterans.<sup>5</sup>

Tragically, many veterans who served off the coast of the Republic of Vietnam are now experiencing health problems that are associated with herbicide exposure.<sup>6</sup> However, since BWN veterans do not receive the presumption, these veterans must provide evidence of actual exposure to herbicides to successfully file a claim for VA benefits for conditions linked to defoliants. It is very difficult, if not impossible, for BWN veterans to gather such evidence because their service records may be missing or incomplete—if a contemporaneous record documenting exposure was created in the first place. As a result, VA often denies claims for benefits filed by BWN veterans.

Our nation has a solemn duty to take care of the men and women who may have been injured during military service. In the absence of conclusive evidence to the contrary, BWN veterans should receive the benefit of the doubt. Therefore, Section 1 of H.R. 299, as amended, would ensure that these veterans are eligible for benefits, such as health care and compensation if they develop diseases that may have been caused by contact with the herbicides that were used during the Vietnam era.

To ensure that VA construes this bill to extend the presumption to all applicable BWN veterans who may have been exposed to herbicides, the Committee intends that VA's definition of "territorial seas" for this purpose be as broad as possible and in accordance with international law.

Additionally, because BWN veterans have generally been unable to successfully apply for benefits for conditions that may have been caused by service in Vietnam due to the lack of a presumption of exposure, Section 1 of H.R. 299, as amended, would provide retroactive benefits for veterans who were denied benefits between Sep-

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<sup>3</sup> Wells, John B., Executive Director, Military-Veterans Advocacy, Inc., Statement to the House of Representatives Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs Hearing on April 5, 2017.

<sup>4</sup> Institute of Medicine (IOM), Blue Water Navy Vietnam Veterans And Agent Orange Exposure, May 20, 2011.

<sup>5</sup> Shulkin, David, J., M.D., Secretary, Department of Veterans Affairs, Statement to the House of Representatives Committee on Veterans' Affairs Hearing on February 15, 2017.

<sup>6</sup> *Ibid.*

tember 1, 1985, and January 1, 2019. This provision is consistent with special effective date rules given to Vietnam veterans who served on land or on inland waterways under *Nehmer v. United States Department of Veterans Affairs* and to ensure parity for BWN veterans.<sup>7</sup> To be eligible for retroactive benefits, a BWN veteran would be required to submit a new claim for disability compensation on or after January 1, 2019, for the same condition that was previously denied.

To ensure that veterans whose claims were previously denied are aware of their rights under this Act, H.R. 299, as amended, requires the Secretary to conduct outreach to inform affected veterans, who filed a claim for benefits between September 25, 1985, and January 1, 2019, of the ability to submit a new claim. Furthermore, the bill would mandate that VA submit a report to the Committees on Veterans' Affairs of the House of Representatives and the Senate on the new claims filed under the special effective date rules by BWN veterans, on January 1, 2020, and January 1, 2022.

In 2000, the Institute of Medicine (IOM) determined there may be a link between exposure to chemicals used in Vietnam and spina bifida in offspring.<sup>8</sup> Thus, Congress provides benefits to children of some Vietnam era veterans who may have been harmed by the use of defoliants, such as those who served in Vietnam or along the Korean DMZ.<sup>9</sup> However, even though VA recognizes that some veterans who were stationed along the perimeter of military installations in Thailand (between January 9, 1962, and May 7, 1975), may have come into contact with defoliants, the Department does not provide benefits to these veterans' biological children who were born with spina bifida. Section 3 of H.R. 299, as amended, would extend benefits to these children if VA determines that the veteran may have been subject to an herbicidal agent during service. To be eligible for benefits, the child suffering from spina bifida must have been conceived subsequent to the parent's potential exposure.

Additionally, although Congress authorized benefits for certain children of veterans who served in or near the Korean DMZ between September 1, 1967, and August 31, 1971, VA's regulations limit the presumption of exposure for veterans who served in or near the Korean DMZ beginning April 1, 1968.<sup>10</sup> As a result of VA's regulation, a veteran who was stationed along the Korean DMZ between September 1, 1967, and March 31, 1968, is not automatically eligible for benefits if the veteran develops a condition linked with being subjected to toxic chemicals. Counterintuitively however, that same veteran's child who was conceived after the veterans' service in Korea and was born with spina bifida, may be eligible for benefits based on possible exposure to herbicides. Section 2 of H.R. 299, as amended, would resolve this inconsistency by expanding the presumption to include veterans who served in or

<sup>7</sup>Under *Nehmer*, for any new conditions or diseases VA recognized as linked to exposure to herbicides between September 25, 1985, and September 30, 2015, VA was required to automatically readjudicate any previously denied claims of Vietnam veterans and their survivors for those conditions or diseases. Moreover, if the veteran was awarded benefits, VA was required to establish that the effective date of the claim was the date the first claim was received. See: 38 C.F.R. § 3.816(c)(2)–(3). See also: *Nehmer v. United States Veterans Administration*, 712 F. Supp. 1404 (N.D. Cal. 1989) (*Nehmer I*); *Nehmer v. United States Veterans Administration*, 32 F. Supp. 2d 1175 (N.D. Cal. 1999) (*Nehmer II*); *Nehmer v. Veterans Administration of the Government of the United States*, 284 F.3d 1158 (9th Cir. 2002) (*Nehmer III*).

<sup>8</sup>Institute of Medicine, Veterans and Agent Orange Update 2000 (2001).

<sup>9</sup>P.L. 108–183 38 U.S.C. 1802, et. seq.

<sup>10</sup>38 C.F.R. § 3.307.



near the Korean DMZ between September 1, 1967, and April 1, 1968.

H.R. 299, as amended, would also address concerns of veterans who were stationed in U.S. bases in Thailand between January 9, 1962, and May 7, 1975, but are excluded from the current presumption. This bill would require the VA Secretary, in consultation with the Secretary of Defense, to submit a report to the Committees on Veterans' Affairs of the House of Representatives and the Senate identifying the U.S. military installations located in Thailand where an herbicide agent was actively used and identify the period of such use.

Moreover, H.R. 299, as amended, would require the Secretary to submit to the Committees on Veterans' Affairs of the House of Representatives and the Senate an update on the findings of VA's Follow-up Study of a National Cohort of Gulf War and Gulf Era Veterans. This study examines the health status of veterans who served in the Gulf War in 1990 and 1991 and the health of veterans who served in other areas during the same period.

#### *VA's home loan program*

First authorized by the Servicemember's Readjustment Act of 1944, the VA Home Loan Guaranty program helps hundreds of thousands of servicemembers and veterans, each year, purchase their part of the American dream. In FY 2017, the VA Loan Guaranty Service guaranteed 740,389 loans at a cost of over \$188 billion.<sup>11</sup> Section 3703 of title 38, U.S.C., sets the limit for the purchase price of a home loan that VA can guarantee. VA's maximum loan guaranty amount is calculated as a percentage of the Freddie Mac conforming loan limitation determined by the Federal Home Loan Mortgage Corporation Act<sup>12</sup> which varies by location and zip code. Since in most cases VA's guaranty must be at least 25 percent of the loan, this means that VA's maximum loan guaranty amount is effectively capped at the Freddie Mac limit. For many veterans who are seeking to purchase a home in high cost areas, the Freddie Mac limit is too low for VA's zero-down loan program. This either forces the veteran not to use the VA program, or pay the loan principal down.

To address this issue and make the home loan benefit available to all veterans and servicemembers that qualify, section five of this bill would amend section 3703 of title 38, U.S.C., to eliminate the maximum loan guaranty amount under the VA home loan program by eliminating the Freddie Mac limit for VA home loans and would make the maximum guaranty amount 25 percent of the loan amount. This section would also require veterans who do not have a service-connected disability of 100 percent and choose to purchase a home above the current conforming loan limit to pay a funding fee on the cost of the loan. The Committee is confident VA's current strict underwriting standards and low foreclosure rates will ensure that veterans still have the required credit and income to qualify for the loan, and that this change will not result in a significant increased amount of foreclosures.

<sup>11</sup> Fiscal Year 2019 Budget Submission, U.S. Department of Veterans Affairs, Volume 3, "Benefits and Burial Programs and Departmental Administration, page 234.

<sup>12</sup> Section 1454(a)(2) of title 12, U.S.C.

Section 3729 of title 38, U.S.C., requires certain users of VA’s loan guaranty benefit to pay a funding fee. The amount of the funding fee varies based on an individual’s active duty or reserve status, the amount of down payment brought forward, and the date of loan origination. The rates of funding fees (expressed as a percentage of the loan) have remained the same since 2004. The costs of the funding fee can be rolled into the life of the loan and can be waived if the servicemember has a service-connected disability. These fees reduce the subsidy cost associated with VA’s guaranty of mortgage loans, and have typically been viewed as a reasonable cost to the benefit gained by having VA guarantee a mortgage loan. This section would make adjustments to the home loan fee for mortgages closed on or after January 1, 2019 through September 30, 2026. After September 20, 2026, the rates will revert back to current rates. The proposed rates for mortgages closed on or after January 1, 2019 through September 30, 2026 are listed below:

Down payment and use	Current rates	Proposed rates for all participants through FY2026	Change in percent
No Money Down, 1st Use .....	2.15%	2.40%	0.25%
5% or more, 1st Use .....	1.50%	1.75%	0.25%
10% or more, 1st Use .....	1.25%	1.45%	0.20%
Subsequent Use .....	3.3%	3.8%	0.5%

The Committee believes that these modest increases would have minimal impact on the home loan market and would not seriously limit a veteran or a servicemember’s ability to use their home loan benefit. For example, in the case of an individual who chooses to roll the funding fee into the total amount of their loan, assuming a home price of \$232,000 and using an interest rate of 4.5 percent on a 30 year loan, the cost of this modest increase for initial-use loans with a zero down payment is \$2.94 per month over the course of the loan; 5 percent down is \$2.82 per month; and 10 percent down is \$2.14 per month. Under the same scenario for subsequent-use loans with a zero down payment, the cost is \$7.05 per month over the course of the loan. It should also be noted that according to VA data, out of the 589,533 VA loans expected to close this year, approximately 42 percent, or 247,603, will not require any loan fee due to the veteran borrower’s disability rating.

The section would also eliminate the current .25 percent premium that members of the National Guard and Reserve pay on top of current funding fees rates. The Committee believes this change would provide equity between the benefit provided to these servicemembers with veterans and active duty servicemembers.

Section 3731 of title 38, U.S.C., authorizes requirements and processes for the use of appraisals for VA-guaranteed home loans. This section would also establish qualifications for appraisers who are eligible to complete appraisals for VA loans. At the April 4, 2017 Subcommittee on Economic Opportunity oversight hearing on VA appraisals, witnesses described the need to improve the VA mortgage appraisal process and ensure that veterans, especially those in highly rural areas, have access to VA qualified appraisals to provide timely appraisals. The Subcommittee received testimony from Mr. Stephen S. Wagner, Vice President of the Appraisal Insti-

tute, where he highlighted the upcoming shortage and the potential impact on borrowers:

We anticipate a continued decline in the number of practicing appraisers, between 20–25 percent, over the next 5–10 years. AI data does not indicate a national shortage of appraisers at this time, but there are indications of temporary shortages in some markets. We anticipate, however, that longer-term shortages will appear going forward should the projected decline materialize.<sup>13</sup>

During this same hearing, the Subcommittee received testimony that one option to protect against this appraiser shortage is to authorize VA appraisers to utilize new and emerging technologies, such as the use of desktop appraisals. At this same hearing, Mr. Russell Johnson, Chief Revenue Officer, with Clear Capital, provided a detailed description of how this new technology can help improve VA appraisals:

With the advent of new products, services and analytics, Clear Capital suggests that the VA consider the use of a desktop appraisal, based on the physical inspection of a subject property by an industry professional, where appropriate as an option by the Department of Veterans Affairs. The product is a hybrid of traditional appraisal process and methods and leverages a qualified, arms-length, real estate professional, such as a real estate broker or agent, performing a visual inspection of the subject property and providing other market insight and analytics.

The inspection and other market data are provided to a geographically-competent, licensed appraiser for analysis, along with supporting data such as real-time MLS information, public records, and local market data and analytics. The appraiser analyzes all the information and data and concludes the final value of the property.<sup>14</sup>

At a Subcommittee on Economic Opportunity legislative hearing on March 20, 2018, Mr. Robert Worley, Director, Education Service, U.S. Department of Veterans Affairs, supported the need for new technology:

VA supports enactment of this bill, as it would enable VA-designated appraisers to expand their coverage areas and would increase the number of appraisals they could perform in a timely manner. The bill would not change the qualifications for VA-designated appraisers, nor would it make any substantial change to VA oversight requirements. It would, however, better align VA appraisal policy and procedures with industry standards, address recent industry concerns regarding timely delivery of the VA ap-

<sup>13</sup>Testimony of Mr. Stephen S. Wagner MAI, SRA, AI-GRS, Vice President, The Appraisal Institute at the oversight hearing of House Committee on Veterans Affairs, Subcommittee on Economic Opportunity, entitled, “Assessing VA Approved Appraisers and How to Improve the Program for the 21st Century,” April 4, 2017. <https://docs.house.gov/meetings/VR/VR10/20170404/105819/HHRG-115-VR10-Wstate-WagnerS-20170404.pdf>

<sup>14</sup>Testimony of Mr. Russell Johnson, Chief Revenue Officer, Clear Capital, at the oversight hearing of House Committee on Veterans Affairs, Subcommittee on Economic Opportunity, entitled, “Assessing VA Approved Appraisers and How to Improve the Program for the 21st Century,” April 4, 2017. <https://docs.house.gov/meetings/VR/VR10/20170404/105819/HHRG-115-VR10-Wstate-JohnsonR-20170404.pdf>

praisal product, and likely encourage more use of the VA Home Loan program by making VA financing a more attractive option within the mortgage industry.<sup>15</sup>

The Committee believes the use of this new technology could assist VA in reducing appraisal wait times and provide better services to veterans. Section six of this bill, therefore, would amend section 3731(b) of title 38, U.S.C., to clarify that a VA may permit a VA-approved appraiser to make an appraisal based on information collected from a third party.

#### HEARINGS

On April 5, 2017, the Subcommittee on Disability Assistance and Memorial Affairs conducted a legislative hearing on various bills introduced during the 115th Congress, including H.R. 299.

The following witnesses testified:

The Honorable Mike Bost, U.S. House of Representatives, 12th District, Illinois; The Honorable Julia Brownley, U.S. House of Representatives, 26th District, California; The Honorable Jim Banks, U.S. House of Representatives, 3rd District, Indiana; The Honorable Jack Bergman, U.S. House of Representatives, 1st District, Michigan; The Honorable David G. Valadao, U.S. House of Representatives, 21st District, California; Ms. Beth Murphy, Director, Compensation Service, Veterans Benefits Administration, U. S. Department of Veterans Affairs, accompanied by Dr. Ralph L. Erickson, Chief Consultant for Post Deployment Health Service, Veterans Health Administration, U. S. Department of Veterans Affairs; Ms. Patricia Watts, Director, Legislative and Regulatory Service, National Cemetery Administration, U. S. Department of Veterans Affairs; Mr. Zachary Hearn, Deputy Director, Veterans Affairs and Rehabilitation Division, The American Legion; Mr. Rick Weidman, Executive Director, Policy and Government Affairs, Vietnam Veterans of America; Mr. Patrick Murray, Associate Director, National Legislative Service, Veterans of Foreign Wars; Mr. LeRoy Acosta, Assistant National Legislative Director, Disabled American Veterans; and, Mr. John B. Wells, Executive Director, Military-Veterans Advocacy Inc.

Statements for the record were submitted by:

The Honorable Timothy J. Walz, U.S. House of Representatives, 1st District, Minnesota; and, the Paralyzed Veterans of America.

On March 20, 2018, the Subcommittee on Economic Opportunity held a legislative hearing on several bills pending before the Subcommittee including a draft bill which incorporated portions of section five and six of H.R. 299, as amended.

The following witnesses testified:

The Honorable Gus Bilirakis, U.S. House of Representatives, 12th District, Florida; The Honorable Brad Wenstrup, U.S. House of Representatives, 2nd District, Ohio; The Honorable

<sup>15</sup>Testimony of Mr. Robert Worley, Director, Education Service, U.S. Department of Veterans Affairs, at legislative hearing of House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, entitled, "Legislative Hearing on H.R. 1206, H.R. 3023, H.R. 3940, H.R. 4451, H.R. 4830, H.R. 4835, H.R. 5044, and a draft bill entitled, "VA Home Loan Improvement Act of 2018" March 20, 2018. <https://docs.house.gov/meetings/VR/VR10/20180320/108011/HHRG-115-VR10-Wstate-WorleyIIUSAFR-20180320.pdf>

Ted Poe, U.S. House of Representatives, 2nd District, Texas; The Honorable Luke Messer, U.S. House of Representatives 6th District, Indiana; The Honorable Steve Russell, U.S. House of Representatives, 5th District, Oklahoma; MG Robert M. Worley II, USAF (Ret.), Director, Education Service, Veterans Benefit Administration, U.S. Department of Veterans Affairs who was accompanied by Mr. Jeffrey London, Director, Loan Guaranty Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs; Mr. John J. Kamin, Assistant Director, Veterans Employment and Education Division, The American Legion; Ms. Ashlynn Haycock, Manager, Education Services, Tragedy Assistance Program for Survivors; and Mr. William Hubbard, Vice President of Government Affairs, Student Veterans of America.

Statements for the record were submitted by:

The Honorable Steve Chabot, U.S. House of Representatives, 1st District, Ohio; the U.S. Department of Labor; the National Association of State Approving Agencies; and the National Association of Veterans' Programs Administrators

#### SUBCOMMITTEE CONSIDERATION

H.R. 299 was not considered before the Subcommittee.

#### COMMITTEE CONSIDERATION

On May 8, 2018, the Full Committee met in an open markup session, a quorum being present, and ordered H.R. 299, as amended, favorably reported to the House of Representatives by voice vote. During consideration of the bill, the following amendment was considered and agreed to by voice vote:

An amendment in the nature of a substitute offered by Representative David P. Roe of Tennessee, the Chairman of the full committee, that would extend benefits to certain veterans who served in or near the Korean DMZ during the Vietnam era and to certain children of veterans who served in Thailand during the Vietnam era; require VA to conduct certain outreach to Blue Water Navy veterans; require VA to submit certain reports to the Congressional Committees of jurisdiction; and, make improvements to VA's Home Loan Guaranty program to ensure that veterans can use their home loan benefit in high-cost areas and receive appraisals in a timely and cost-efficient manner.

#### 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. 299, as amended, reported to the House. A motion by Ranking Member Timothy J. Walz of Minnesota to report H.R. 299, as amended, favorably to the House of Representatives was adopted 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 Commit-

tee'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 establish a presumption of service connection for diseases associated with exposure to certain herbicide agents to Blue Water Navy veterans who served in the territorial seas of the Republic of Vietnam and to some veterans who served on or near the Korean DMZ between September 1, 1967, and August 31, 1971; to expand eligibility for benefits to certain children of Vietnam era veterans who served in Thailand; to submit reports to the Committees on Veterans' Affairs of the House of Representatives and the Senate regarding claims for compensation under this act, the use of herbicides in Thailand between January 9, 1962, and May 7, 1975, and Gulf War Illness; and, to improve veterans' and servicemembers' access to their home loan benefits.

#### 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. 299, 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. 299, 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. 299, as amended, 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, May 15, 2018.*

Hon. PHIL ROE, M.D.,  
*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. 299, a bill to amend title

38, United States Code, to clarify presumptions relating to the exposure of certain veterans who served in the vicinity of the Republic of Vietnam, and for other purposes.

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

Sincerely,

KEITH HALL,  
*Director.*

Enclosure.

*H.R. 299—A bill to amend title 38, United States Code, to clarify presumptions relating to the exposure of certain veterans who served in the vicinity of the Republic of Vietnam, and for other purposes*

Summary: H.R. 299 would modify the loan guarantee and disability compensation programs administered by the Department of Veterans Affairs (VA). On net, CBO estimates that enacting the bill would decrease direct spending for those programs by \$271 million over the 2019–2028 period.

In addition, H.R. 299 would expand access to VA medical care for certain veterans and their dependents. In total, CBO estimates that implementing the bill would cost \$136 million over the 2019–2023 period, assuming appropriation of the necessary amounts.

Enacting H.R. 299 would affect direct spending; therefore, pay-as-you-go procedures apply. The bill would not affect revenues.

CBO estimates that enacting H.R. 299 would not increase net direct spending by more than \$2.5 billion or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

H.R. 299 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 299 is shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

TABLE 1—ESTIMATED BUDGETARY EFFECTS OF H.R. 299, THE BLUE WATER NAVY VIETNAM VETERANS ACT OF 2017

	By fiscal year, in millions of dollars—												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
INCREASES OR DECREASES (–) IN DIRECT SPENDING													
Estimated Budget Authority .....	0	16	–3	–125	–97	–73	–49	–50	–54	69	91	–280	–271
Estimated Outlays ..	0	16	–3	–125	–97	–73	–49	–50	–54	69	–91	–280	–271
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level .....	0	4	21	34	39	45	46	47	49	50	52	143	387
Estimated Outlays ..	0	4	19	32	38	43	45	46	48	49	51	136	375

The provisions of H.R. 299 would take effect on January 1, 2019. Details do not add to totals because of rounding.

Basis of estimate: For this estimate, CBO assumes that the estimated amounts will be appropriated each year, that outlays will follow historical spending patterns for affected programs, and that

the bill will be enacted in 2018. The bill specifies that the provisions would take effect on January 1, 2019.

*Direct spending*

H.R. 299 would make several changes to VA's loan-guarantee benefit. It also would increase the disability compensation paid to certain veterans who served in Southeast Asia and Korea and their dependents. On net, enacting the bill would decrease direct spending by \$271 million (see Table 2).

Guaranteed Loans. Section 5 would modify several provisions of current law related to VA's authority to guarantee certain mortgages provided to veterans. In total, those changes would decrease direct spending by almost \$1.2 billion over the 2019–2028 period.



TABLE 2—ESTIMATE OF THE EFFECTS ON DIRECT SPENDING OF H.R. 299

	Outlays, by fiscal year, in millions of dollars—												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019– 2023	2019– 2028
<b>INCREASES OR DECREASES (–) IN DIRECT SPENDING</b>													
<b>Guaranteed Loans</b>													
Loan Guarantee Fees .....	0	-140	-171	-156	-141	-124	-106	-109	-112	4	5	-732	-1,050
Jumbo Loans .....	0	-13	-19	-19	-17	-16	-14	-13	-15	-9	11	-84	-124
Home Loan Appraisals .....	0	*	1	1	1	1	1	1	1	1	1	4	9
Subtotal Guaranteed Loan .....	0	-153	-189	-174	-157	-139	-119	-121	-126	-4	17	-812	-1,165
<b>Disability Compensation</b>													
Blue Water Navy Veterans .....	0	169	186	48	59	65	69	70	71	72	73	527	882
Korea DMZ Veterans .....	0	*	*	1	1	1	1	1	1	1	1	3	8
Spina Bifida Benefits .....	0	*	*	*	*	*	*	*	*	*	*	2	3
Subtotal Disability Compensation .....	0	169	186	49	60	66	70	71	72	73	74	532	894
Total Changes in Direct Spending .....	0	16	-3	-125	-97	-73	-49	-50	-54	69	91	-280	-271

\* = less than \$500,000; DMZ = Demilitarized Zone.

The provisions of H.R. 299 would take effect on January 1, 2019; Details may not add to totals because of rounding. Budget authority equals outlays.

**Loan Guarantee Fees.** Most significantly, section 5 would change the fees that VA charges veterans for providing loan guarantees under its home loan program. Under that program, VA provides lenders a payment of up to 25 percent of the outstanding mortgage balances (subject to some limitations on the original loan amounts) in the event that a veteran defaults on a guaranteed loan. The guarantees enable veterans to get better loan terms, such as lower interest rates or smaller down payments. Increasing the fees would lower the subsidy cost of the guarantees by partially offsetting the costs of subsequent defaults.<sup>1</sup> Reducing the fees would have the opposite effect. The subsidy cost of VA loan guarantees are paid from mandatory appropriations. Hence, changing the subsidy cost would affect direct spending.

Under current law, the up-front fee varies on the basis of the size of the down payment and whether the veteran has previously used the loan-guarantee benefit. Borrowers who are members of the reserve component pay an additional fee of 0.25 percent of the loan amount. Veterans who receive compensation for service-connected disabilities are exempt from paying the fee. The fees that would be affected by section 5 are currently set as follows:

- 2.15 percent of the loan amount for loans with no down payment on the first use of the guarantee benefit,
- 3.30 percent of the loan amount for loans with no down payment on subsequent uses of the guarantee benefit,
- 1.50 percent of the loan amount for loans with a 5 percent down payment, and
- 1.25 percent of the loan amount for loans with a 10 percent down payment.

Section 5 would increase those fees to 2.40 percent, 3.80 percent, 1.75 percent, and 1.45 percent, respectively. The fees would rise on January 1, 2019; they would decline to the current levels after September 30, 2026. The provision also would permanently eliminate the additional 0.25 percent fee charged to reservists. On the basis of our analysis of information from VA on the number and size of loans guaranteed in recent years, the default rate for those loans, and the amount of fees collected, CBO estimates that the net effect of enacting those fee changes would be to decrease direct spending by \$1.1 billion over the 2019–2028 period.

**Jumbo Loans.** Section 5 also would increase the maximum loan level for which VA can provide a full guarantee. The guaranteed payment from VA is generally capped at 25 percent of the initial loan balance, up to the limit on loan size established by the Federal Home Loan Mortgage Corporation Act. That limit is currently \$453,100. (Loans at or below that level are known as conforming loans; loans in excess are called jumbo loans. Exceptions are made to the conforming limit for certain high-cost areas.) Under this provision, the cap would be eliminated as of January 1, 2019, allowing VA to provide a 25 percent guarantee on the full amount of loans. In the event that a veteran defaulted on a jumbo loan, guarantee

<sup>1</sup>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 fees, 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.

payments by VA would be greater than they would under current law. Also, CBO expects that more veterans would use the loan benefit if VA could guarantee the full amount of all loans. Thus, raising the amount guaranteed would increase direct spending.

However, the provision also would eliminate the fee exemption for most disabled veterans if they take out a jumbo loan. (Totally disabled veterans would still be exempt from paying the fee.) Also, fees on jumbo loans would be higher as a result of the temporary increase in loan fees discussed above. The additional fee income from those two sources would reduce direct spending by an amount that would more than offset the higher guarantee payments for any loans made up to September 30, 2027. At that time, under current law, the loan fees decline to 1.4 percent, 1.25 percent, 0.75 percent, and 0.50 percent, respectively. As a result of those lower fees, the additional guarantees for jumbo loans would increase subsidy costs for such loans made after that date.

Over the 2008–2011 period, VA was authorized to provide a full guarantee on loans of up to \$729,750. On the basis of information regarding the number and value of jumbo mortgages VA guaranteed during that period, CBO estimates that VA would guarantee about \$3 billion worth of additional loans a year under this provision. On net, however, that change and the changes to fees would decrease direct spending by \$124 million over the 2019–2028 period.

**Home Loan Appraisals.** Home appraisals for loans guaranteed by VA must be performed by a provider that has been approved by the department. The cost of those appraisals is paid by the borrowers. VA reports that a shortage of approved appraisers in some areas of the country has increased the cost of appraisals and the time it takes to complete them. Section 6 would permit VA-approved appraisers to base their estimates of home values solely on information provided by third parties. That change would allow appraisers to estimate home values without visiting the property through the use of information from property tax records, real estate listings, and similar sources.

On the basis of the number and the average amount of loans that VA guarantees, CBO expects that streamlining the process and reducing closing costs for borrowers would increase the number of loans guaranteed by VA by a few hundred each year. The average subsidy cost of VA loan guarantees, which are paid from mandatory appropriations, is about \$3,000. Thus, increasing the number of loans would increase direct spending by about \$1 million each year and \$9 million over the 2019–2028 period, CBO estimates.

**Disability Compensation.** Sections 1 and 2 would increase compensation benefits for certain veterans who served in Southeast Asia or Korea. In total, those changes would increase direct spending by \$894 million over the 2019–2028 period. Those changes also would affect medical care provided to disabled veterans and certain dependents. Those effects are discussed below in the section on “Spending Subject to Appropriation.”

**Blue Water Navy Veterans.** Section 1 would provide disability compensation to certain veterans who served in the territorial seas of Vietnam during the Vietnam War. It also would provide certain benefits to dependents or survivors of those veterans. Prospective and retroactive payments arising from section 1 would increase di-

rect spending by \$169 million in 2019, and by \$882 million over the 2019–2028 period, CBO estimates.

Under current law, veterans of the Vietnam War who served on land or in the country's inland or coastal waterways are presumed to have been exposed to Agent Orange, a blend of herbicides used by the Department of Defense to remove dense tropical foliage. Generally, VA compensates veterans who have disabilities or diseases that have been determined to be service-connected based on military medical records and physical examinations. However, VA presumes certain diseases, such as type 2 diabetes, Parkinson's disease, and prostate cancer, are a result of exposure to Agent Orange. If veterans served during specified time periods in designated locations where Agent Orange was used, those illnesses are presumed to be connected to the veterans' service. The veterans only need to provide evidence that they were in the designated locations at the specified times.

VA does not currently presume that veterans who served in the territorial seas of Vietnam, commonly referred to as the "Blue Water Navy," have been exposed to Agent Orange. Section 1 would make those veterans eligible for a presumption of Agent Orange exposure for purposes of disability compensation. On the basis of information from the Department of the Navy, VA, and other sources, CBO estimates that about 174,500 service members served offshore during the Vietnam War. Of those personnel, CBO estimates about 122,500 are already be eligible for Agent Orange presumption based on information from VA regarding ships that the agency has determined were exposed to Agent Orange. The remainder, about 52,000 personnel, are not currently eligible for a presumption of exposure to Agent Orange. Under H.R. 299, those additional veterans would be presumed to have been exposed to Agent Orange and would be eligible for increased disability compensation if they have one of the conditions VA has determined to be related to that exposure.

CBO estimates that about 60 percent, or 30,000, of the 52,000 offshore personnel are still living. VA reports that about 15 percent of Vietnam veterans have service-connected disabilities (SCD) and roughly 45 percent of those veterans have a disease that VA considers to be caused by exposure to Agent Orange. On that basis, CBO expects that about 2,000 veterans would have their current disability rates raised; as a result, their disability compensation would increase by about \$8,000 per veteran in 2019. After accounting for cost-of-living adjustments, CBO estimates that disability compensation for veterans with existing SCDs would increase by \$152 million over the 2019–2028 period.

The remaining group of living veterans would be newly eligible to have disabilities considered service-connected as a result of exposure to Agent Orange. CBO expects that half—roughly 5,700—of newly eligible veterans with related diseases would apply to VA for a disability rating on a continuous basis over the 2019–2023 period. New disability payments would average \$8,200 in 2019. Those payments would total \$400 million over the 2019–2028 period.

Survivors of veterans who die as a result of a SCD are eligible to receive dependency and indemnity compensation (DIC). Because more veterans would be designated as having SCDs, additional survivors would receive DIC payments. On the basis of information

about the number of DIC beneficiaries, CBO estimates the bill would result in roughly 120 additional DIC beneficiaries by 2028. New DIC payments would total \$10 million over the 2020–2028 period, CBO estimates.

Section 1 also would authorize retroactive payments to Blue Water Navy veterans who have previously been denied a claim for an eligible condition that is presumed to be caused by exposure to Agent Orange. On the basis of information from VA about the number of veterans and survivors denied a SCD rating for Agent Orange exposure, CBO estimates that about 3,400 veterans and about 1,330 survivors would receive retroactive payments under this provision. Those retroactive benefits would be paid in a lump sum for the amount of disability compensation due to the veteran or survivor for the period between when they first applied for compensation or DIC and the date on which the SCD rating is approved. CBO estimates that period would average 10 years for veterans and 8 years for survivors. Retroactive payments would be made in 2019 and 2020 totaling nearly \$320 million, CBO estimates.

**Korea Demilitarized Zone Veterans.** Section 2 would require VA to provide disability compensation to certain veterans who served at the Korea Demilitarized Zone (DMZ) at any time during the period between September 1, 1967, and August 31, 1971. Payments also would be made to certain survivors of those veterans.

Under current VA regulations, veterans who served along the Korea DMZ at any time from April 1, 1968, to August 31, 1971, are presumed to have been exposed to Agent Orange. The bill would extend the period for which exposure is presumed to have occurred by seven months.

According to VA, about 1,000 veterans who served outside of Vietnam are receiving compensation for service-connected exposure to Agent Orange. In addition to service in Vietnam and along the Korea DMZ, VA presumes exposure to Agent Orange if the veteran served near the perimeter of military bases in Thailand during the Vietnam era, at locations where Agent Orange was tested or stored outside of Vietnam, and in a few other locations. The agency cannot identify by specific location the number of disability claims for Agent Orange exposure that occurred outside of Vietnam. CBO estimates that 70 percent of those 1,000 veterans are receiving compensation payments as a result of service along the Korea DMZ.

Because the bill would extend the eligibility dates for service along the Korea DMZ by 13 percent, CBO estimates a corresponding increase in the number veterans who would receive disability compensation for exposure to Agent Orange. Those 90 veterans would receive an annual payment of about \$8,200 in 2019. Additional DIC costs for survivors of those veterans would be insignificant. In total, after accounting for inflation, section 2 would increase direct spending by \$8 million over the 2019–2028 period, CBO estimates.

**Spina Bifida Benefits.** VA provides monetary allowances, vocational training, rehabilitation services, and VA-financed health care benefits to the biological children of certain Korea and Vietnam veterans if those children have been diagnosed with spina bifida. Section 3 would expand eligibility for those benefits to the children of certain veterans who served in Thailand between January 9, 1962, and May 7, 1975. On the basis of information from VA about

the current population of children receiving benefits for spina bifida and the number of military personnel who served in Vietnam or Thailand, CBO estimates that about 20 individuals per year would receive a monetary allowance under this provision. With an average allowance of \$1,100 per month, CBO estimates that enacting section 3 would increase direct spending by \$3 million over the 2019–2028 period.

Section 3 also would provide health care benefits for those eligible individuals. The cost of that care is discussed in the “Spending Subject to Appropriation” section of the estimate.

*Spending subject to appropriation*

CBO estimates that implementing H.R. 299 would increase spending on VA medical care by a total of \$136 million over the 2019–2023 period, assuming appropriation of the necessary amounts (see Table 3).

TABLE 3—ESTIMATE OF THE EFFECTS ON SPENDING SUBJECT TO APPROPRIATION OF H.R. 299

	By fiscal year, in millions of dollars—						
	2018	2019	2020	2021	2022	2023	2019–2023
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Health Care for Veterans							
Estimated Authorization Level .....	0	4	20	33	38	44	139
Estimated Outlays .....	0	4	18	31	37	42	132
Spina Bifida Benefits							
Estimated Authorization Level .....	0	*	1	1	1	1	4
Estimated Outlays .....	0	*	1	1	1	1	4
Total Changes in Spending Subject to Appropriation							
Estimated Authorization Level .....	0	4	21	34	39	45	143
Estimated Outlays .....	0	4	19	32	38	43	136

The provisions of H.R. 299 would take effect on January 1, 2019.  
 Enacting H.R. 299 would increase spending subject to appropriation by \$375 million over the 2019–2028 period.

Health Care for Veterans. As discussed above in the section on “Direct Spending,” sections 1 and 2 would increase the disability ratings of certain veterans who served in Southeast Asia or Korea. Additionally, Blue Water Navy veterans who are not determined to have a disability connected to exposure to Agent Orange would become eligible to receive a higher priority for care or become newly eligible for care in the VA health care system. As a result, some of those veterans and certain dependents would receive additional health care benefits from VA.

Veterans whose service-connected disability rating is 50 percent or greater are charged lower copayments for VA medical care than those with a lesser rated disability or no service-connected disability. CBO expects that those lower costs would lead veterans to use more VA-funded medical care and to increase the portion of their medical care that is paid for by VA. Additionally, VA prioritizes the medical treatment of disabilities that are service-connected. Thus, CBO expects that veterans who receive a new or increased SCD rating as a result of presumed exposure to Agent Orange would receive more VA-funded care than if the disability was not connected to their service.

On the basis of data regarding participation rates in the VA health care system, CBO estimates that under the bill about 7,400 veterans who are already enrolled in the VA health care system

would be moved to a higher priority group over the next five years. Those veterans would receive an average of \$2,600 in additional care each year. In total, health care costs for existing enrollees would increase by \$62 million over the 2019–2023 period, CBO estimates.

In addition, CBO expects that about 4,800 veterans would newly enroll in the VA health care system as a result of new eligibility or heightened priority for health care over the next five years. On the basis of health care costs for existing enrollees, CBO estimates that those veterans would receive an average of \$4,600 in health care each year. Over the 2019–2023 period, CBO estimates that increases in health care costs for new enrollees would total \$70 million.

DIC recipients are eligible for health care through the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) program. CHAMPVA is an insurance program run by the VA for dependents and survivors of certain disabled veterans. Because the number of new DIC beneficiaries would be small, the costs of their CHAMPVA benefits would be insignificant.

In total, CBO estimates that, under sections 1 and 2, spending for VA health care would increase by \$132 million over the 2019–2023 period, assuming appropriation of the necessary amounts.

Spina Bifida Benefits. As discussed above in the section on “Direct Spending,” section 3 would extend eligibility for benefits related to spina bifida to include the children of veterans who served in Thailand between January 9, 1962, and May 7, 1975. Those children would be eligible for health care and certain other benefits from VA similar to those provided to children with spina bifida of veterans who served in Vietnam.

On the basis of information from VA about the current population of children receiving health benefits for spina bifida relative to the number of service members who served in Vietnam and information about the number of veterans who served in Thailand, CBO estimates that roughly 20 people per year would take advantage of the health care benefits, at an estimated cost of \$41,000 per beneficiary in 2019. Adjusting for inflation, CBO estimates that providing health benefits to this population would cost \$4 million over the 2019–2023 period. The other benefits provided under this provision are discussed in the section of the estimate titled “Direct Spending.”

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 299 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON VETERANS’ AFFAIRS ON MAY 8, 2018

	By fiscal year, in millions of dollars—												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018–2023	2018–2028
NET INCREASE OR DECREASE (–) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact .....	0	16	–3	–125	–97	–73	–49	–50	–54	69	91	–280	–271

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 299 would not increase net direct spending by more than \$2.5 billion or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

Mandates: H.R. 299 contains no intergovernmental or private-sector mandates as defined in UMRA.

Estimate prepared by: Federal costs: Ann E. Futrell, David Newman, and Logan Smith; Mandates: Andrew Laughlin.

Estimate reviewed by: Sarah Jennings, Chief, Defense, International Affairs, and Veterans Affairs Unit; Leo Lex, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 299, 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. 299, as amended.

#### CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Article I, section 8 of the United States Constitution, H.R. 299, 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. 299, 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. 299, 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. 299, as amended, contains no directed rule making that would require the Secretary to prescribe regulations.



## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Sec. 1. Clarification of presumptions of exposure for veterans who served in vicinity of Republic of Vietnam*

Section 1 would:

(a) Extend the presumption of exposure to herbicides for purposes of entitlement to service connection for certain diseases linked to exposure to herbicides to BWN veterans who served in the territorial seas of Vietnam between January 9, 1962, and May 7, 1975. Veterans who filed a claim for VA benefits for diseases and conditions VA recognizes as associated with exposure to herbicides for benefits under this Act between September 25, 1985, and January 1, 2019, but were denied benefits, may file a new claim. The effective date for the claim would be the date the veteran filed the first claim. This section would also define the term “herbicide agent.”

(b) Make a clerical amendment.

(c) Amend section 1710(e)(4) to establish eligibility for hospital care, medical services, and nursing home care to certain veterans who served in the territorial seas of the Republic of Vietnam.

(d) Require the Secretary to conduct outreach to veterans who served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, and who filed a claim for benefits between September 25, 1985, and January 1, 2019, of the ability to submit a new claim.

(e) Require VA to submit reports to the Committees on Veterans’ Affairs of the House of Representatives and the Senate on claims for disability compensation under this section.

(f) Establish the effective date of this section as January 1, 2019.

*Sec. 2. Presumption of herbicide exposure for certain veterans who served Korea*

Section 2 would:

(a) Extend the presumption of exposure for purposes of entitlement to service connection for certain diseases to veterans who served in or near the Korean DMZ between September 1, 1967, and August 31, 1971. This section would also define the terms “diseases” and “herbicide agent”

(b) Make a clerical amendment.

(c) Establish the effective date of this section as January 1, 2019.

*Sec. 3. Benefits for children of certain Thailand service veterans born with spina bifida*

Section 3 would:

(a) Extend eligibility for health care, vocational training and rehabilitation, and monetary allowance to any child who was born with spina bifida, if at least one parent of such child was a veteran who served in Thailand between January 9, 1962, and May 7, 1975, and the Secretary determined that at least one of the parents may have been exposed to a herbicide agent during such service in Thailand.

(b) Make clerical amendments.

(c) Require, not later than 180 days after the date of enactment of this Act, VA, in consultation with DOD, to submit a report to the Committees on Veterans' Affairs of the House of Representatives and the Senate identifying the military installations located in Thailand between January 9, 1962, and May 7, 1975, at which an herbicide agent was actively used and the period of such use.

*Sec. 4. Report on certain Gulf War illness study*

Section 4 would require, not later than 180 days after the date of enactment of this Act, VA to submit to the Committees on Veterans' Affairs of the House of Representatives and the Senate a report on the Follow-up Study of a National Cohort of Gulf War and Gulf Era Veterans under VA's epidemiology program.

*Sec. 5. Loans guaranteed under home loan program of Department of Veterans Affairs*

Section 5 would:

(a) Amend section 3703(a) of title 38, U.S.C., to eliminate the limitation of use of the VA home loan program to the Freddie Mac Conforming loan limit as set forth by section 1454(a)(2) of title 12, U.S.C.

(b) Amend section 3729(b)(2) of title 38, U.S.C., to provide temporary increases to home loan funding rates through FY2026. This section would also eliminate the additional .25 percent funding fee in place for members of the National Guard and Reserve.

(c) Amend section 3729(c) of title 38, U.S.C., to add a new paragraph (3) to authorize that a funding fee be collected from any veteran borrower who has a service-connected disability rated at less than 100 percent and chooses to purchase a home above the conforming loan limit set by section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (section 1454(a)(2)).

(d) States that the amendments made by this section would go into effect on January 1, 2019.

(e) Authorize, notwithstanding section 501 of title 38, U.S.C., VA to issue guidance for implementing this section in advance of regulations.

*Sec. 6. Information gathering for Department of Veterans Affairs home loan appraisals*

Section 6 would:

(a) Amend section 3731(b) of title 38, U.S.C., to authorize VA to permit a VA approved appraiser to complete an appraisal for a VA back loan based solely on information gathered by a third party.

(b) States that the amendments made by this section would go into effect on January 1, 2019.

(c) Authorize, notwithstanding section 501 of title 38, U.S.C., VA to issue guidance for implementing this section in advance of regulations.

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, 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 italic, and existing law in which no change is proposed is shown in roman):

**TITLE 38, UNITED STATES CODE**

\* \* \* \* \*

**PART II—GENERAL BENEFITS**

\* \* \* \* \*

**CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH**

SUBCHAPTER I—GENERAL

Sec.  
1101. Definitions.

\* \* \* \* \*

SUBCHAPTER II—WARTIME DISABILITY COMPENSATION

\* \* \* \* \*

1116A. *Presumptions of service connection for veterans who served in the territorial seas of the Republic of Vietnam.*

1116B. *Presumption of herbicide exposure for certain veterans who served in Korea.*

\* \* \* \* \*

SUBCHAPTER II—WARTIME DISABILITY COMPENSATION

\* \* \* \* \*

**§ 1116A. *Presumptions of service connection for veterans who served in the territorial seas of the Republic of Vietnam***

(a) *SERVICE CONNECTION.*—For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease covered by section 1116 of this title becoming manifest as specified in that section in a veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of such service.

(b) *EXPOSURE.*—A veteran who, during active military, naval, or air service, served in the territorial seas of the Republic of Vietnam during the period beginning on January 9, 1962, and ending on May 7, 1975, shall be presumed to have been exposed during such service to an herbicide agent containing dioxin or 2,4-dichlorophenoxyacetic acid, and may be presumed to have been exposed during such service to any other chemical compound in an herbicide agent, unless there is affirmative evidence to establish that the veteran was not exposed to any such agent during that service.

(c) *EFFECTIVE DATE OF AWARD.*—(1) Except as provided by paragraph (2), the effective date of an award under this section shall be determined in accordance with section 5110 of this title.

(2)(A) Notwithstanding subsection (g) of section 5110 of this title, the Secretary shall determine the effective date of an award based on a claim under this section for a veteran described in subparagraph (B) by treating the date on which the veteran filed the prior claim specified in clause (i) of such subparagraph as the date on which the veteran filed the claim so awarded under this section.

(B) A veteran described in this subparagraph is a veteran who meets the following criteria:

(i) The veteran submitted a claim for disability compensation on or after September 25, 1985, and before January 1, 2019, for a disease covered by this section, and the claim was denied by reason of the claim not establishing that the disease was incurred or aggravated by the service of the veteran.

(ii) The veteran submits a claim for disability compensation on or after January 1, 2019, for the same condition covered by the prior claim under clause (i), and the claim is approved pursuant to this section.

(d) *HERBICIDE AGENT.*—In this section, the term “herbicide agent” has the meaning given that term in section 1116 (a)(3) of this title.

**§ 1116B. Presumption of herbicide exposure for certain veterans who served in Korea**

(a) *PRESUMPTION OF SERVICE-CONNECTION.*—(1) For the purposes of section 1110 of this title, and subject to section 1113 of this title, a disease specified in subsection (b) that becomes manifest as specified in that subsection in a veteran described in paragraph (2) shall be considered to have been incurred or aggravated in the line of duty in the active military, naval, or air service, notwithstanding that there is no record of evidence of such disease during the period of such service.

(2) A veteran described in this paragraph is a veteran who, during active military, naval, or air service, served in or near the Korean demilitarized zone (DMZ), during the period beginning on September 1, 1967, and ending on August 31, 1971.

(b) *DISEASES.*—A disease specified in this subsection is—

(1) a disease specified in paragraph (2) of subsection (a) of section 1116 of this title that becomes manifest as specified in that paragraph; or

(2) any additional disease that—

(A) the Secretary determines in regulations warrants a presumption of service-connection by reason of having positive association with exposure to an herbicide agent; and

(B) becomes manifest within any period prescribed in such regulations.

(c) *HERBICIDE AGENT*.—For purposes of this section, the term “herbicide agent” has the meaning given such term in section 1821(d) of this title.

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## CHAPTER 17—HOSPITAL, NURSING HOME, DOMICILIARY, AND MEDICAL CARE

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### SUBCHAPTER II—HOSPITAL, NURSING HOME, OR DOMICILIARY CARE AND MEDICAL TREATMENT

#### § 1710. Eligibility for hospital, nursing home, and domiciliary care

(a)(1) The Secretary (subject to paragraph (4)) shall furnish hospital care and medical services which the Secretary determines to be needed—

(A) to any veteran for a service-connected disability; and

(B) to any veteran who has a service-connected disability rated at 50 percent or more.

(2) The Secretary (subject to paragraph (4)) shall furnish hospital care and medical services, and may furnish nursing home care, which the Secretary determines to be needed to any veteran—

(A) who has a compensable service-connected disability rated less than 50 percent or, with respect to nursing home care during any period during which the provisions of section 1710A(a) of this title are in effect, a compensable service-connected disability rated less than 70 percent;

(B) whose discharge or release from active military, naval, or air service was for a disability that was incurred or aggravated in the line of duty;

(C) who is in receipt of, or who, but for a suspension pursuant to section 1151 of this title (or both a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veteran’s continuing eligibility for such care is provided for in the judgment or settlement provided for in such section;

(D) who is a former prisoner of war, who was awarded the medal of honor under section 3741, 6241, or 8741 of title 10 or section 491 of title 14, or who was awarded the Purple Heart;

(E) who is a veteran of the Mexican border period or of World War I;

(F) who was exposed to a toxic substance, radiation, or other conditions, as provided in subsection (e); or

(G) who is unable to defray the expenses of necessary care as determined under section 1722(a) of this title.

(3) In the case of a veteran who is not described in paragraphs (1) and (2), the Secretary may, to the extent resources and facilities are available and subject to the provisions of subsections (f) and (g), furnish hospital care, medical services, and nursing home care which the Secretary determines to be needed.

(4) The requirement in paragraphs (1) and (2) that the Secretary furnish hospital care and medical services, the requirement in section 1710A(a) of this title that the Secretary provide nursing home care, the requirement in section 1710B of this title that the Secretary provide a program of extended care services, and the requirement in section 1745 of this title to provide nursing home care and prescription medicines to veterans with service-connected disabilities in State homes shall be effective in any fiscal year only to the extent and in the amount provided in advance in appropriations Acts for such purposes.

(5) During any period during which the provisions of section 1710A(a) of this title are not in effect, the Secretary may furnish nursing home care which the Secretary determines is needed to any veteran described in paragraph (1), with the priority for such care on the same basis as if provided under that paragraph.

(b)(1) The Secretary may furnish to a veteran described in paragraph (2) of this subsection such domiciliary care as the Secretary determines is needed for the purpose of the furnishing of medical services to the veteran.

(2) This subsection applies in the case of the following veterans:

(A) Any veteran whose annual income (as determined under section 1503 of this title) does not exceed the maximum annual rate of pension that would be applicable to the veteran if the veteran were eligible for pension under section 1521(d) of this title.

(B) Any veteran who the Secretary determines has no adequate means of support.

(c) While any veteran is receiving hospital care or nursing home care in any Department facility, the Secretary may, within the limits of Department facilities, furnish medical services to correct or treat any non-service-connected disability of such veteran, in addition to treatment incident to the disability for which such veteran is hospitalized, if the veteran is willing, and the Secretary finds such services to be reasonably necessary to protect the health of such veteran. The Secretary may furnish dental services and treatment, and related dental appliances, under this subsection for a non-service-connected dental condition or disability of a veteran only (1) to the extent that the Secretary determines that the dental facilities of the Department to be used to furnish such services, treatment, or appliances are not needed to furnish services, treatment, or appliances for dental conditions or disabilities described in section 1712(a) of this title, or (2) if (A) such non-service-connected dental condition or disability is associated with or aggravating a disability for which such veteran is receiving hospital care, or (B) a compelling medical reason or a dental emergency requires furnishing dental services, treatment, or appliances (excluding the furnishing of such services, treatment, or appliances of a routine nature) to such veteran during the period of hospitalization under this section.

(d) In no case may nursing home care be furnished in a hospital not under the direct jurisdiction of the Secretary except as provided in section 1720 of this title.

(e)(1)(A) A Vietnam-era herbicide-exposed veteran is eligible (subject to paragraph (2)) for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any disability, not-

withstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure.

(B) A radiation-exposed veteran is eligible for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any disease suffered by the veteran that is—

- (i) a disease listed in section 1112(c)(2) of this title; or
- (ii) any other disease for which the Secretary, based on the advice of the Advisory Committee on Environmental Hazards, determines that there is credible evidence of a positive association between occurrence of the disease in humans and exposure to ionizing radiation.

(C) Subject to paragraph (2) of this subsection, a veteran who served on active duty between August 2, 1990, and November 11, 1998, in the Southwest Asia theater of operations during the Persian Gulf War is eligible for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such service.

(D) Subject to paragraphs (2) and (3), a veteran who served on active duty in a theater of combat operations (as determined by the Secretary in consultation with the Secretary of Defense) during a period of war after the Persian Gulf War, or in combat against a hostile force during a period of hostilities after November 11, 1998, is eligible for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any illness, notwithstanding that there is insufficient medical evidence to conclude that such condition is attributable to such service.

(E) Subject to paragraph (2), a veteran who participated in a test conducted by the Department of Defense Deseret Test Center as part of a program for chemical and biological warfare testing from 1962 through 1973 (including the program designated as “Project Shipboard Hazard and Defense (SHAD)” and related land-based tests) is eligible for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any illness, notwithstanding that there is insufficient medical evidence to conclude that such illness is attributable to such testing.

(F) Subject to paragraph (2), a veteran who served on active duty in the Armed Forces at Camp Lejeune, North Carolina, for not fewer than 30 days during the period beginning on August 1, 1953, and ending on December 31, 1987, is eligible for hospital care and medical services under subsection (a)(2)(F) for any of the following illnesses or conditions, notwithstanding that there is insufficient medical evidence to conclude that such illnesses or conditions are attributable to such service:

- (i) Esophageal cancer.
- (ii) Lung cancer.
- (iii) Breast cancer.
- (iv) Bladder cancer.
- (v) Kidney cancer.
- (vi) Leukemia.
- (vii) Multiple myeloma.
- (viii) Myelodysplastic syndromes.
- (ix) Renal toxicity.
- (x) Hepatic steatosis.
- (xi) Female infertility.

- (xii) Miscarriage.
- (xiii) Scleroderma.
- (xiv) Neurobehavioral effects.
- (xv) Non-Hodgkin's lymphoma.

(2)(A) In the case of a veteran described in paragraph (1)(A), hospital care, medical services, and nursing home care may not be provided under subsection (a)(2)(F) with respect to—

(i) a disability that is found, in accordance with guidelines issued by the Under Secretary for Health, to have resulted from a cause other than an exposure described in paragraph (4)(A)(ii); or

(ii) a disease for which the National Academy of Sciences, in a report issued in accordance with section 3 of the Agent Orange Act of 1991, has determined that there is limited or suggestive evidence of the lack of a positive association between occurrence of the disease in humans and exposure to a herbicide agent.

(B) In the case of a veteran described in subparagraph (C), (D), (E), or (F) of paragraph (1), hospital care, medical services, and nursing home care may not be provided under subsection (a)(2)(F) with respect to a disability that is found, in accordance with guidelines issued by the Under Secretary for Health, to have resulted from a cause other than the service or testing described in such subparagraph.

(3) In the case of care for a veteran described in paragraph (1)(D), hospital care, medical services, and nursing home care may be provided under or by virtue of subsection (a)(2)(F) only during the following periods:

(A) Except as provided by subparagraph (B), with respect to a veteran described in paragraph (1)(D) who is discharged or released from the active military, naval, or air service after January 27, 2003, the five-year period beginning on the date of such discharge or release.

(B) With respect to a veteran described in paragraph (1)(D) who is discharged or released from the active military, naval, or air service after January 1, 2009, and before January 1, 2011, but did not enroll to receive such hospital care, medical services, or nursing home care pursuant to such paragraph during the five-year period described in subparagraph (A), the one-year period beginning on the date of the enactment of the Clay Hunt Suicide Prevention for American Veterans Act.

(C) With respect to a veteran described in paragraph (1)(D) who is discharged or released from the active military, naval, or air service on or before January 27, 2003, and did not enroll in the patient enrollment system under section 1705 of this title on or before such date, the three-year period beginning on January 27, 2008.

(4) For purposes of this subsection—

(A) The term “Vietnam-era herbicide-exposed veteran” means a veteran (i) who served on active duty in the Republic of Vietnam (*including the territorial seas of such Republic*) during the period beginning on January 9, 1962, and ending on May 7, 1975, and (ii) who the Secretary finds may have been exposed during such service to dioxin or was exposed during



such service to a toxic substance found in a herbicide or defoliant used for military purposes during such period.

(B) The term “radiation-exposed veteran” has the meaning given that term in section 1112(c)(3) of this title.

(5) When the Secretary first provides care for veterans using the authority provided in paragraph (1)(D), the Secretary shall establish a system for collection and analysis of information on the general health status and health care utilization patterns of veterans receiving care under that paragraph. Not later than 18 months after first providing care under such authority, the Secretary shall submit to Congress a report on the experience under that authority. The Secretary shall include in the report any recommendations of the Secretary for extension of that authority.

(f)(1) The Secretary may not furnish hospital care or nursing home care (except if such care constitutes hospice care) under this section to a veteran who is eligible for such care under subsection (a)(3) of this section unless the veteran agrees to pay to the United States the applicable amount determined under paragraph (2) or (4) of this subsection.

(2) A veteran who is furnished hospital care or nursing home care under this section and who is required under paragraph (1) of this subsection to agree to pay an amount to the United States in order to be furnished such care shall be liable to the United States for an amount equal to—

(A) the lesser of—

(i) the cost of furnishing such care, as determined by the Secretary; or

(ii) the amount determined under paragraph (3) of this subsection; and

(B) before September 30, 2019, an amount equal to \$10 for every day the veteran receives hospital care and \$5 for every day the veteran receives nursing home care.

(3)(A) In the case of hospital care furnished during any 365-day period, the amount referred to in paragraph (2)(A)(ii) of this subsection is—

(i) the amount of the inpatient Medicare deductible, plus (ii) one-half of such amount for each 90 days of care (or fraction thereof) after the first 90 days of such care during such 365-day period.

(B) In the case of nursing home care furnished during any 365-day period, the amount referred to in paragraph (2)(A)(ii) of this subsection is the amount of the inpatient Medicare deductible for each 90 days of such care (or fraction thereof) during such 365-day period.

(C)(i) Except as provided in clause (ii) of this subparagraph, in the case of a veteran who is admitted for nursing home care under this section after being furnished, during the preceding 365-day period, hospital care for which the veteran has paid the amount of the inpatient Medicare deductible under this subsection and who has not been furnished 90 days of hospital care in connection with such payment, the veteran shall not incur any liability under paragraph (2) of this subsection with respect to such nursing home care until—

(I) the veteran has been furnished, beginning with the first day of such hospital care furnished in connection with such

payment, a total of 90 days of hospital care and nursing home care; or

(II) the end of the 365-day period applicable to the hospital care for which payment was made, whichever occurs first.

(ii) In the case of a veteran who is admitted for nursing home care under this section after being furnished, during any 365-day period, hospital care for which the veteran has paid an amount under subparagraph (A)(ii) of this paragraph and who has not been furnished 90 days of hospital care in connection with such payment, the amount of the liability of the veteran under paragraph (2) of this subsection with respect to the number of days of such nursing home care which, when added to the number of days of such hospital care, is 90 or less, is the difference between the inpatient Medicare deductible and the amount paid under such subparagraph until—

(I) the veteran has been furnished, beginning with the first day of such hospital care furnished in connection with such payment, a total of 90 days of hospital care and nursing home care; or

(II) the end of the 365-day period applicable to the hospital care for which payment was made, whichever occurs first.

(D) In the case of a veteran who is admitted for hospital care under this section after having been furnished, during the preceding 365-day period, nursing home care for which the veteran has paid the amount of the inpatient Medicare deductible under this subsection and who has not been furnished 90 days of nursing home care in connection with such payment, the veteran shall not incur any liability under paragraph (2) of this subsection with respect to such hospital care until—

(i) the veteran has been furnished, beginning with the first day of such nursing home care furnished in connection with such payment, a total of 90 days of nursing home care and hospital care; or

(ii) the end of the 365-day period applicable to the nursing home care for which payment was made, whichever occurs first.

(E) A veteran may not be required to make a payment under this subsection for hospital care or nursing home care furnished under this section during any 90-day period in which the veteran is furnished medical services under paragraph (3) of subsection (a) to the extent that such payment would cause the total amount paid by the veteran under this subsection for hospital care and nursing home care furnished during that period and under subsection (g) for medical services furnished during that period to exceed the amount of the inpatient Medicare deductible in effect on the first day of such period.

(F) A veteran may not be required to make a payment under this subsection or subsection (g) for any days of care in excess of 360 days of care during any 365-calendar-day period.

(4) In the case of a veteran covered by this subsection who is also described by section 1705(a)(7) of this title, the amount for which the veteran shall be liable to the United States for hospital care under this subsection shall be an amount equal to 20 percent of the

total amount for which the veteran would otherwise be liable for such care under subparagraphs (2)(B) and (3)(A) but for this paragraph.

(5) For the purposes of this subsection, the term “inpatient Medicare deductible” means the amount of the inpatient hospital deductible in effect under section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)) on the first day of the 365-day period applicable under paragraph (3) of this subsection.

(g)(1) The Secretary may not furnish medical services (except if such care constitutes hospice care) under subsection (a) of this section (including home health services under section 1717 of this title) to a veteran who is eligible for hospital care under this chapter by reason of subsection (a)(3) of this section unless the veteran agrees to pay to the United States in the case of each outpatient visit the applicable amount or amounts established by the Secretary by regulation.

(2) A veteran who is furnished medical services under subsection (a) of this section and who is required under paragraph (1) of this subsection to agree to pay an amount to the United States in order to be furnished such services shall be liable to the United States, in the case of each visit in which such services are furnished to the veteran, for an amount which the Secretary shall establish by regulation.

(3) This subsection does not apply with respect to the following:

(A) Home health services under section 1717 of this title to the extent that such services are for improvements and structural alterations.

(B) Education on the use of opioid antagonists to reverse the effects of overdoses of specific medications or substances.

(h) Nothing in this section requires the Secretary to furnish care to a veteran to whom another agency of Federal, State, or local government has a duty under law to provide care in an institution of such government.

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**CHAPTER 18—BENEFITS FOR CHILDREN OF VIETNAM VETERANS AND CERTAIN OTHER VETERANS**

Sec.

**SUBCHAPTER I—CHILDREN OF VIETNAM VETERANS BORN WITH SPINA BIFIDA**

1802. Spina bifida conditions covered.

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**[SUBCHAPTER III.—CHILDREN OF CERTAIN KOREA SERVICE VETERANS BORN WITH SPINA BIFIDA]**

*SUBCHAPTER III—CHILDREN OF CERTAIN KOREA AND THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA*

1821. Benefits for children of certain Korea service veterans born with spina bifida.

1822. *Benefits for children of certain Thailand service veterans born with spina bifida.*

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SUBCHAPTER III—CHILDREN OF CERTAIN KOREA AND  
THAILAND SERVICE VETERANS BORN WITH SPINA BIFIDA

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**§ 1822. Benefits for children of certain Thailand service veterans born with spina bifida**

(a) *BENEFITS AUTHORIZED.*—The Secretary may provide to any child of a veteran of covered service in Thailand who is suffering from spina bifida the health care, vocational training and rehabilitation, and monetary allowance required to be paid to a child of a Vietnam veteran who is suffering from spina bifida under subchapter I of this chapter as if such child of a veteran of covered service in Thailand were a child of a Vietnam veteran who is suffering from spina bifida under such subchapter.

(b) *SPINA BIFIDA CONDITIONS COVERED.*—This section applies with respect to all forms and manifestations of spina bifida, except spina bifida occulta.

(c) *VETERAN OF COVERED SERVICE IN THAILAND.*—For purposes of this section, a veteran of covered service in Thailand is any individual, without regard to the characterization of that individual's service, who—

(1) served in the active military, naval, or air service in Thailand, as determined by the Secretary in consultation with the Secretary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975; and

(2) is determined by the Secretary, in consultation with the Secretary of Defense, to have been exposed to a herbicide agent during such service in Thailand.

(d) *HERBICIDE AGENT.*—For purposes of this section, the term “herbicide agent” means a chemical in a herbicide used in support of United States and allied military operations in Thailand, as determined by the Secretary in consultation with the Secretary of Defense, during the period beginning on January 9, 1962, and ending on May 7, 1975.

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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 I—GENERAL

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**§ 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, **the lesser of** the maximum guaranty amount (as defined in subparagraph (C)) **or 25 percent of the loan**; or

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

(B) The maximum amount of guaranty entitlement available to a veteran for purposes specified in section 3710 of this title shall be \$36,000, or in the case of a loan described in subparagraph (A)(i)(IV) of this paragraph, the maximum guaranty amount (as defined in subparagraph (C)), 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) In this paragraph, the term “maximum guaranty amount” means the dollar amount that is equal to 25 percent of the **Freddie Mac conforming loan limit limitation 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.** *amount of the loan.*

(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)(1) 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 requirements 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.

\* \* \* \* \*

SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

\* \* \* \* \*

**§ 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:

【LOAN FEE TABLE

【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 before January 1, 2004)	2.00	2.75	NA



## 【LOAN FEE TABLE—Continued

【Type of loan	Active duty vet- eran	Reservist	Other ob- ligor
(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, 2004, and before October 1, 2004)	2.20	2.40	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 October 1, 2004, and before September 30, 2027)	2.15	2.40	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 September 30, 2027)	1.40	1.65	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 before September 30, 2027)	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 September 30, 2027)	1.25	1.25	NA

## 【LOAN FEE TABLE—Continued

【Type of loan	Active duty vet- eran	Reservist	Other ob- ligor
(C)(i) Loan described in section 3710 (a) to purchase or construct a dwelling with 5-down (closed before September 30, 2027)	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 September 30, 2027)	0.75	1.00	NA
(D)(i) Initial loan described in section 3710 (a) to purchase or construct a dwelling with 10-down (closed before September 30, 2027)	1.25	1.50	NA
(D)(ii) Initial loan described in section 3710 (a) to purchase or construct a dwelling with 10-down (closed on or after September 30, 2027)	0.50	0.75	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
(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】

<i>Type of loan</i>	<i>Active duty vet- eran</i>	<i>Reservist</i>	<i>Other ob- ligor</i>
<i>(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, 2019)</i>	2.15	2.40	NA
<i>(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, 2019, and before October 1, 2026)</i>	2.40	2.40	NA
<i>(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 October 1, 2026, and before October 1, 2027)</i>	2.15	2.15	NA
<i>(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 October 1, 2027)</i>	1.40	1.40	NA

<i>Type of loan</i>	<i>Active duty vet- eran</i>	<i>Reservist</i>	<i>Other ob- ligor</i>
<i>(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, 2019)</i>	<i>3.30</i>	<i>3.30</i>	<i>NA</i>
<i>(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, 2019, and before October 1, 2026)</i>	<i>3.80</i>	<i>3.80</i>	<i>NA</i>
<i>(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 October 1, 2026, and before October 1, 2027)</i>	<i>3.30</i>	<i>3.30</i>	<i>NA</i>
<i>(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 October 1, 2027)</i>	<i>1.25</i>	<i>1.25</i>	<i>NA</i>
<i>(C)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed before January 1, 2019)</i>	<i>1.50</i>	<i>1.75</i>	<i>NA</i>

<i>Type of loan</i>	<i>Active duty vet- eran</i>	<i>Reservist</i>	<i>Other ob- ligor</i>
<i>(C)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after January 1, 2019, and before October 1, 2026)</i>	<i>1.75</i>	<i>1.75</i>	<i>NA</i>
<i>(C)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2026, and before October 1, 2027)</i>	<i>1.50</i>	<i>1.50</i>	<i>NA</i>
<i>(C)(iv) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2027)</i>	<i>0.75</i>	<i>0.75</i>	<i>NA</i>
<i>(D)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed before January 1, 2019)</i>	<i>1.25</i>	<i>1.50</i>	<i>NA</i>
<i>(D)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after January 1, 2019, and before October 1, 2026)</i>	<i>1.45</i>	<i>1.45</i>	<i>NA</i>
<i>(D)(iii) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2026, and before October 1, 2027)</i>	<i>1.25</i>	<i>1.25</i>	<i>NA</i>
<i>(D)(iv) Loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2027)</i>	<i>0.50</i>	<i>0.50</i>	<i>NA</i>

<i>Type of loan</i>	<i>Active duty vet- eran</i>	<i>Reservist</i>	<i>Other ob- ligor</i>
<i>(E) Interest rate reduction refi- nancing loan</i>	<i>0.50</i>	<i>0.50</i>	<i>NA</i>
<i>(F) Direct loan under section 3711</i>	<i>1.00</i>	<i>1.00</i>	<i>NA</i>
<i>(G) Manufactured home loan under section 3712 (other than an interest rate reduction refi- nancing loan)</i>	<i>1.00</i>	<i>1.00</i>	<i>NA</i>
<i>(H) Loan to Native American veteran under section 3762 (other than an interest rate re- duction refinancing loan)</i>	<i>1.25</i>	<i>1.25</i>	<i>NA</i>
<i>(I) Loan assumption under sec- tion 3714</i>	<i>0.50</i>	<i>0.50</i>	<i>0.50</i>
<i>(J) Loan under section 3733(a)</i>	<i>2.25</i>	<i>2.25</i>	<i>2.25</i>

(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) 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.

(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 if the veteran has previously obtained a loan guaranteed under section 3710 or made under section 3711 of this title.

(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]** *Subject to paragraph (3), 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.*

(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.

(3) *A fee shall be collected under this section from any veteran with a service-connected disability rated as less than total, or any surviving spouse of such a veteran, who, on or after January 1, 2019, receives a loan in an amount that exceeds the Freddie Mac conforming loan limit limitation 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.*

\* \* \* \* \*

### § 3731. Appraisals

(a) The Secretary shall—

(1) subject to subsection (b)(2) and in consultation with appropriate representatives of institutions which are regularly engaged in making housing loans, prescribe uniform qualifications for appraisers, including the successful completion of a written test, submission of a sample appraisal, certification of an appropriate number of years of experience as an appraiser, and submission of recommendations from other appraisers;

(2) use such qualifications in determining whether to approve an appraiser to make appraisals of the reasonable value of any property, construction, repairs, or alterations for the purposes of this chapter; and

(3) in consultation with local representatives of institutions described in clause (1) of this subsection, develop and maintain lists of appraisers who are approved under clause (2) of this subsection to make appraisals for the purposes of this chapter.

(b)(1) The Secretary shall select appraisers from a list required by subsection (a)(3) of this section on a rotating basis to make appraisals for the purposes of this chapter.

(2) If uniform qualifications become applicable for appraisers who perform appraisals for or in connection with the Federal Government, the qualifications required by subsection (a)(1) of this section

may be more stringent than such uniform qualifications, but the Secretary may use no written test in determining the qualifications of appraisers other than the test prescribed to implement such uniform qualifications.

(3) *The Secretary shall permit an appraiser on a list developed and maintained under subsection (a)(3) to make an appraisal for the purposes of this chapter based solely on information gathered by a person with whom the appraiser has entered into an agreement for such services.*

(c) Except as provided in subsection (f) of this section, the appraiser shall forward an appraisal report to the Secretary for review. Upon receipt of such report, the Secretary shall determine the reasonable value of the property, construction, repairs, or alterations for purposes of this chapter, and notify the veteran of such determination. Upon request, the Secretary shall furnish a copy of the appraisal made of property for the purposes of this chapter to the lender proposing to make the loan which is to be secured by such property and is to be guaranteed under this chapter.

(d) If a lender (other than a lender authorized under subsection (f) of this section to determine reasonable value)—

(1) has proposed to make a loan to be guaranteed under this chapter,

(2) has been furnished a certificate of reasonable value of any property or of any construction, repairs, or alterations of property which is to be the security for such loan, and

(3) within a reasonable period prescribed by the Secretary, has furnished to the Secretary an additional appraisal of the reasonable value of such property, construction, repairs, or alterations which was made by an appraiser selected by the lender from the list required by subsection (a)(3) of this section,

the Secretary shall consider both the initial appraisal and the additional appraisal and shall, if appropriate, issue a revised certificate of reasonable value of such property, construction, repairs, or alterations.

(e)(1) In no case may a veteran be required to pay all or any portion of the cost of the additional appraisal described in subsection (d)(3) of this section.

(2) If a veteran, within a reasonable period prescribed by the Secretary, has furnished to the Secretary an additional appraisal of the reasonable value of such property, construction, repairs, or alterations which was made by an appraiser selected by the veteran from the list required by subsection (a)(3) of this section, the Secretary shall consider such appraisal, along with other appraisals furnished to the Secretary, and shall, if appropriate, issue a revised certificate of reasonable value of such property, construction, repairs, or alterations.

(f)(1) Subject to the provisions of paragraphs (2) and (3) of this subsection, the Secretary may, in accordance with standards and procedures established in regulations prescribed by the Secretary, authorize a lender to determine the reasonable value of property for the purposes of this chapter if the lender is authorized to make loans which are automatically guaranteed under section 3702(d) of this title. In such a case, the appraiser selected by the Secretary pursuant to subsection (b) of this section shall submit the appraisal



report directly to the lender for review, and the lender shall, as soon as possible thereafter, furnish a copy of the appraisal to the veteran who is applying for the loan concerned and to the Secretary.

(2) In exercising the authority provided in paragraph (1) of this subsection, the Secretary shall assign a sufficient number of personnel to carry out an appraisal-review system to monitor, on at least a random-sampling basis, the making of appraisals by appraisers and the effectiveness and the efficiency of the determination of reasonable value of property by lenders.

(4) Not later than April 30 of each year following a year in which the Secretary authorizes lenders to determine reasonable value of property under this subsection, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report relating to the exercise of that authority during the year in which the authority was exercised.

(5) A report submitted pursuant to paragraph (4) of this subsection shall include, for the period covered by each report—

(A) the number and value of loans made by lenders exercising the authority of this subsection;

(B) the number and value of such loans reviewed by the appraisal-review monitors referred to in paragraph (2) of this subsection;

(C) the number and value of loans made under this subsection of which the Secretary received notification of default;

(D) the amount of guaranty paid by the Secretary to such lenders by reason of defaults on loans as to which reasonable value was determined under this subsection; and

(E) such recommendations as the Secretary considers appropriate to improve the exercise of the authority provided for in this subsection and to protect the interests of the United States.

\* \* \* \* \*

