

STATEMENT OF  
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THE ENLISTED ASSOCIATION  
OF THE NATIONAL GUARD  
OF THE UNITED STATES (EANGUS)

BEFORE THE  
COMMITTEE ON VETERANS AFFAIRS

APRIL 11, 2002

## DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Enlisted Association of the National Guard of the United States (EANGUS) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman, Members of the House Committee on Veterans Affairs, I am grateful to have this opportunity to express the views of the Enlisted Association of the National Guard of the United States (EANGUS) concerning H.R. 2095, the Reservist VA Home Loan Fairness Act.

The National Guard has recently been called upon more than at any time in history to provide peacetime and combat-ready support for contingencies around the world. Add to that the new homeland defense mission, and it becomes very clear that the National Guard will continue to be called upon to contribute to this nation's defense more than ever before.

Reserve Component servicemembers have been asked to shoulder a greater and greater share of the responsibility for defending the nation's security at home and abroad. We have more than (((waiting for numbers))) National Guard and Reserve troops on active duty to perform vital homeland defense missions – guarding airports, nuclear facilities, and other potential targets of terror across the country.

The active duty military is dependant upon the National Guard in order to sustain readiness to meet the demands of the current national military strategy. It is a fact that 52% of combat support is found within the Reserve components. This “total force” structure has taken more than twenty years to achieve. EANGUS believes that eliminating the additional loan fee for the VA Home Loan for the Guard and Reserve is another step in bringing about equity in the Total Force. I would like to thank Congressman Lane Evans for introducing H.R. 2095.

Currently, National Guard and Reserve members must pay an additional .75% funding fee for their VA Home Loans. H.R. 2095 would change existing law, making the fees uniform for active duty and Reservist members. On a \$200,000 loan, this .75% represents an additional funding fee of \$1,500 for the National Guard or Reserve member. However, EANGUS believes that we must be cautious and ensure that the VA does not suffer the loss of the additional income provided by the funding fee – in 1998, the Congressional Budget Office estimated that the origination fee charged to Reservists more than offset the subsidy, resulting in lower net spending by \$3 million annually. Without the higher fee, the program will cost \$3 million a year.<sup>1</sup> We have this concern because the program is not a permanent program, it will expire September 30, 2009, and we fully understand the pay-go implications.

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<sup>1</sup> House of Representatives Report 105-627, “Veterans Benefits Improvements Act of 1998.

Since the beginning of the Home Loan program for Guard and Reserve members in October of 1992, the VA has guaranteed more than 77,854 loans for National Guard and Reserve members as of the end of fiscal year 2000. As of 1996, according to the VA, only 93 of those loans made to Reservists had been foreclosed upon; a rate of 0.37 percent.<sup>2</sup> Foreclosure rates for loans made to other veterans were two and a half times higher at 0.97 percent. Sixty-seven percent of loans to Reservists guaranteed by the VA in fiscal year 1996 were to first time home buyers, compared to fifty-six percent of loans to other veterans.<sup>3</sup> Unfortunately, more recent numbers are not available, since the VA is no longer required to report separate numbers for the Reserve VA Home Loan.

This data demonstrates that the VA Home Loan for Guard and Reserve members is a success – over 77,000 people now own a home who may not have been able to without the program. National Guard and Reserve members are a more stable force and less likely to default on a loan.

Currently, the association has not received any inquiries about reducing the funding fee, but we have heard from our members on the need to make the program permanent.

EANGUS appreciates the dedication and commitment of the members of the Committee in protecting, defending and restoring the benefits earned by those who have served our nation in peace and war. Thank you for the opportunity to submit testimony on behalf of our membership.

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<sup>2</sup> Department of Veterans Affairs Reports to Congress, 1997

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