Financial Policy

Volume XII
Debt Management

Chapter 1A
Interest, Administrative Costs, and Penalty Charges

Approved:

[Signature]
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Interim Assistant Secretary for Management
And Interim Chief Financial Officer

Date
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0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures for charging interest, administrative costs, and penalty charges on debts owed to VA.

010101 AUTHORITY FOR INTEREST, ADMINISTRATIVE COSTS AND PENALTY CHARGES. VA has the authority to charge interest and administrative costs on benefit debts in accordance with 38 U.S.C. 5315, Interest and Administrative Cost Charges on Delinquent Payments of Certain Amounts due the United States.

010102 ACTIONS FOR INTEREST, ADMINISTRATIVE COSTS AND PENALTY CHARGES. VA will charge interest, penalties, and administrative costs on nonbenefit debts in accordance with 38 CFR 1.915 and 31 C.F.R. 901.9, Interest, Penalties, and Administrative Costs. VA will not charge interest and late payment fees on debts that meet a certain criteria or if the debts have been waived, compromised, or collection action has been terminated.

VA will review debt collection fees for interest and administrative costs annually and make changes to the rates, if applicable. Penalty charges are set by statute. Collections of interest and other late payment charges will be deposited into the appropriate General Fund Receipt or General Post Fund accounts.

0102 POLICIES

010201 AUTHORITY FOR INTEREST, ADMINISTRATIVE COSTS, AND PENALTY CHARGES.

VA will charge interest and administrative costs on most debts. In addition to interest and administrative costs, VA will charge penalties on nonbenefit debts. An exception to this rule is medical care receivables established under 38 U.S.C. 1729 (Medical Care Collection Fund). VA will not charge interest, administrative costs, or penalties on third party medical care receivables.

010202 ACTIONS FOR INTEREST, ADMINISTRATIVE COSTS, AND PENALTY CHARGES.

A. VA will notify debtors in the initial debt collection letter that interest and other late payment charges will be added to the debt at a specified rate from the date of the letter unless payment in full is received within 30 days. Refer to Volume XII, Chapter 1, VA

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1 In a July 1992 decision, VA’s then Deputy Secretary decided that VA would not charge interest on compensation and pension debts. This decision continues to be VA policy and is reported annually in VA’s notes to the Consolidated Financial Statements.
Debt Collection Standards, for the required information related to debt or demand letters and the due process notice, which VA will provide to debtors.

B. VA will apply interest on delinquent debts owed to the United States at the minimum annual interest rate equal to the U.S. Department of the Treasury’s (Treasury) Current Value of Funds Rate (CVFR), published annually by the Secretary of the Treasury. VA will assess administrative costs incurred for processing and handling delinquent debts arising out of participation in a VA benefit, medical care, or home loan program and all other debts. (38 C.F.R. 1.915(a)). The calculation of administrative costs should be based on actual costs incurred or upon estimated costs for collection of similar debts as determined by each Administration's Chief Financial Officer (CFO) and the Deputy Assistant Secretary for Finance (Austin Financial Services Center and the Debt Management Center). Unless otherwise established in a contract, repayment agreement, or by statute, VA will charge a penalty, pursuant to 31 U.S.C. 3717(e) (2), not to exceed 6 percent a year on the amount due on nonbenefit debts delinquent for more than 90 days. This charge will accrue from the date of delinquency.

C. VA will deposit interest, administrative costs and penalty charges to the appropriate General Fund Receipt or General Post Fund accounts. Interest and administrative costs collected on loan guarantee benefit debts will be deposited into the Financing accounts.

D. VA will refund interest and administrative costs to the debtor, if applicable, when the debt is waived or cleared by an administrative action after collection.

0103 AUTHORITY AND REFERENCES

010301 31 U.S.C. 3717, “Interest and Penalty on Claims"

010302 38 U.S.C. 5315, “Interest and Administrative Cost Charges on Delinquent Payments of Certain Amounts Due the United States”

010303 31 C.F.R. Part 901.9, Interest, Penalties and Administrative Costs

010304 38 C.F.R. 1.915, Interest, Administrative Costs and Penalties

0104 ROLES AND RESPONSIBILITIES

010401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department’s programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA’s financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.
010402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

0105 PROCEDURES

010501 AUTHORITY FOR INTEREST, ADMINISTRATIVE COSTS, AND PENALTY CHARGES.

A. With the exception of Federal accounts receivable debts, per 31 U.S.C. 3717 (implemented by 38 C.F.R. 1.915), VA has specific authority to charge interest and administrative costs on all nonbenefit debts in accordance with 31 U.S.C. 3717 and 31 C.F.R. 901.9.

B. VA has specific authority to charge interest and administrative costs on the following benefit debts in accordance with 38 U.S.C. 5315 and 38 C.F.R. 1.915:

1. An indebtedness resulting from a person's participation in a benefits program administered by VA.

2. An indebtedness of an individual resulting from the provision of medical care or services under 38 U.S.C. Chapter 17.

3. An indebtedness resulting from a person's participation in a program of loans, loan guaranties, or loan insurance administered by VA, to the extent not precluded by the terms of the loan instrument.

C. In accordance with 31 U.S.C. 3717 and 31 C.F.R. 901.9, VA has the authority to assess a penalty charge not to exceed 6 percent per annum for failure to pay any portion of a debt more than 90 days past due. The following debts are excluded from assessed penalty charges:

1. Debts due from Federal, state, or local government entities.

2. Debts due from participation in VA programs under Title 38 U.S.C. (in accordance with the Comptroller General's Decision, 66 Comp. Gen. 512 (June 8, 1987), and 38 U.S.C. 5315.

010502 ACTIONS FOR INTEREST, ADMINISTRATIVE COSTS, AND PENALTY CHARGES.

A. Notification to Debtors of Interest, Administrative Costs and Penalty Charges. Refer to Appendix A, Computation of Interest, Administrative, and Penalty Costs, and Appendix B, Late Payment Charges by Calendar Year.
1. Interest and Administrative Costs. Debtors will be advised in the initial notification of indebtedness (NOI) that interest and administrative costs will be charged at a specified rate from the date of the letter, unless payment in full is received within 30 days. The rate of interest, as initially charged, will remain fixed for the duration of the indebtedness. The administrative costs will be charged at a specified monthly rate (subject to change annually) from the date the debt becomes delinquent unless either payment in full or an acceptable repayment plan is received within 30 days from the date of the letter. The debtor will also be advised of any other costs of collection that might be assessed at least 30 days before VA takes action causing additional costs to be incurred (e.g., referral to Treasury for the Treasury Offset Program and Treasury Cross-Servicing).

2. Penalty Charges. For nonbenefit debts subject to penalty charges, the NOI will state that penalty charges will be assessed at 6 percent per annum if a debt is delinquent more than 90 days.

B. Application of Charges. When a debt is paid in installments, the payments will be applied in accordance with 38 C.F.R. 1.915(e), i.e., payments will be applied first to outstanding administrative costs, then to accrued interest or costs, and finally to principal.

1. Interest.

a. Interest will be charged on all debts owed VA except:

(1) Debts owed by the Veterans Canteen Service.

(2) Claims against third-party payers (i.e., insurance companies) resulting from the provision of medical services to a Veteran for a nonservice-connected disability or condition when the Veteran is eligible to receive payment from the third party for the medical treatment. In accordance with 38 U.S.C. 1729, VA will negotiate these claims with the insurer.

(3) Debts paid in full by the payment due date as specified in the initial NOI, which is usually 30 days from the date of the letter, unless an exception is granted by VA Central Office.

(4) If a debt is waived or if it is cleared by corrective award action, any accrued interest will also be waived or cleared. In accordance with 38 C.F.R. 1.915(f), the Chief of the Finance Activity is granted authority to forbear collection of interest and administrative costs, exclusive of collection of the principal of the debt on which the interest and administrative costs are assessed, as well as terminate further assessment of interest and administrative costs when the collection is determined not to be in the Government’s best interest. Collection will not be considered to be in the best interest.

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2 Refer to Chapter 1B, Waiver of Debts, in this volume for further information on waiver.
of the Government when the amount of assessed interest and administrative costs is so large, there is a reasonable certainty that the original debt will never be repaid.

b. VA will ensure the following conditions are adhered to when assessing interest for VA debts:

(1) Interest will continue to accrue until the debt is paid in full or otherwise resolved through compromise, termination, or waiver of the charges.\(^3\)

(2) Interest will accrue only up to the date of death.\(^4\)

(3) Interest will accrue up to the date of a petition for bankruptcy.

(4) Interest will not be demanded or collected on civil penalty and forfeiture claims unless the statute under which the claim arises authorizes the collection of such interest.

2. Administrative costs.

a. Administrative costs will be charged on all debts owed VA except:

(1) See paragraph 010502B1a (1-4). The same conditions apply to administrative costs.

b. The monthly administrative cost is a fixed amount owed by the debtor for each full or partial 30-day period the debt is delinquent. A debt is considered delinquent if it is not paid within 30 days from the date of the initial NOI or the debtor has not entered into a repayment agreement within 30 days of the NOI.

c. VA will ensure the following conditions are adhered to when assessing administrative costs for VA debts:

(1) Administrative costs will continue to accrue until the debt is paid in full or otherwise resolved through compromise, termination, or waiver of the charges.\(^3\)

(2) Administrative costs will accrue only up to the date of death.\(^4\)

(3) Administrative costs will accrue up to the date of a petition for bankruptcy.

(4) Administrative costs will not be demanded or collected on civil penalty and forfeiture claims unless the statute under which the claim arises authorizes the collection of such costs.

\(^3\) In accordance with 31 C.F.R. 901.9(a).

\(^4\) In accordance with 38 C.F.R. 1.942(c) and in conjunction with 31 C.F.R. 901.9(a) the assessment of interest and administrative costs cease at the death of the debtor because collection action is terminated.
(5) Administrative costs will not accrue after a debt is referred to the Department of Justice (DOJ) or the Regional Counsel (RC) for enforced collection (litigation) as long as the debt remains in referral status.5

3. Penalty charges.

a. A penalty not to exceed 6 percent will be charged, in addition to interest and administrative costs charges, on any portion of a nonbenefit debt (including employee debts) that is more than 90 days past due. While the penalty is not assessed until the debt is delinquent for more than 90 days (121 days from the date of the initial demand letter), the penalty accrues from the date the debt became delinquent (usually 31 days from the date of the first demand letter).

b. If a debt is waived, penalty charges will also be waived.

C. Collection and Deposit of Late Payment Charges.

1. Interest collected is to be deposited to General Fund Receipt (36 1435 - Proprietary Interest-Not Otherwise Classified) with the exception of Transitional Housing receivables. Transitional Housing loan interest will be deposited to the special account of the General Post Fund (36X8180).

2. Collections of administrative costs and penalty charges will be deposited to General Fund Receipt 36 3220 - Proprietary Receipt-Not Otherwise Classified.

D. Any portion of an indebtedness that has been collected, including interest and administrative costs, will be refunded to the debtor if the debt is either subsequently waived or determined not to be a valid, legally enforceable debt. These funds will be reimbursed from the appropriate fund. See Volume XII, Chapter 5, Medical Debts, Appendix B, for additional information specific to medical debts.

0106 DEFINITIONS

010601 Administrative Costs. Administrative cost is a fixed amount owed by the debtor for each full or partial 30-day period the debt is delinquent.

010602 Compromise. An offer and acceptance of a partial payment in settlement and full satisfaction of the offeror’s indebtedness, as it exists at the time the offer is made. It is a final settlement, binding on the parties to the compromise, unless procured by fraud, misrepresentation of a material fact, or mutual mistake of fact.

010603 Current Value of Funds Rate. The Treasury Current Value of Funds Rate (CVFR) is used to calculate interest on overdue Federal Government receivables and to determine the effectiveness of taking cash discounts (ITFM 6-8040.40) on Government

5 In accordance with 31 C.F.R. 904.1(b) and 38 C.F.R. 1.950(b), DOJ has exclusive jurisdiction over debts referred.
payments. Interest charged is simple interest at the rate in effect at the time the debt becomes overdue. The rate of interest remains fixed for the duration of the indebtedness (I TFM 6-8025.20). See Treasury's Cash Management Regulations (I TFM Chapter 6-8000) for more information.

010604 Delinquent. In the case of most administrative debts, delinquency occurs when payment is not made by the due date specified in the initial billing notice (usually 30 calendar days from the date the notice is mailed) or an applicable agreement (including a post-delinquency payment agreement), unless other satisfactory payment arrangements have been made.

010605 Federal Accounts Receivable. Receivables which arise from claims against another Federal entity. Federal accounts receivable may result from the performance of services and/or the delivery of goods between Federal entities. An example of such indebtedness may include reimbursements to VA for work performed for other Federal entities.

010606 Interest. Late payment interest charges are reimbursements to the Government for the loss of the Government's ability to invest a timely recovered debt for the period of time the payment is late.

010607 Penalty Charges. A fee charged on any portion of a nonbenefit debt (including employee debts) more than 90 days past due in addition to late payment interest charges and administrative costs.

010608 Treasury Cross-Servicing Program. Cross-servicing is a referral program consisting of collection tools, including Treasury demand letters, telephone calls to debtors, and the use of one or more of the private collection agencies (PCAs) on the Government-wide contract, which function concurrently with the offset program.


010610 Waiver. A decision that conditions exist, under the applicable statutes (38 U.S.C. 5302 and 5 U.S.C. 5584) and implementing regulations (38 C.F.R. 1.955 - 1.969, 17.105), that prohibit recovery by VA of certain debts as defined in the statutes and regulations, including interest and other late payment charges assessed on such debts.

0107 RESCISSIONS

010701 Volume II, Chapter 1A, Interest, Administrative Costs, and Penalty Charges, June 2010
0108 QUESTIONS

Questions concerning these financial policies and procedures should be directed as follows:

VHA  VHA Accounting Policy (10A3A0 (Outlook)
VBA  VAVBAWAS/CO/FINREP (Outlook)
All Others OFP Accounting Policy (Outlook)

0109 REVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Revision</th>
<th>Office</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix B</td>
<td>Replaced all CY 2016 rates with CY 2017 rates</td>
<td>OFP (047GC)</td>
<td>January 2017</td>
</tr>
</tbody>
</table>
APPENDIX A: COMPUTATION OF INTEREST, ADMINISTRATIVE, AND PENALTY COSTS.

A. Interest Computation. Interest is computed in 30-day periods as simple interest, using a 360-day year based on the rate equal to the U.S. Department of the Treasury’s (Treasury) Current Value of Funds Rate (CVFR), published annually by the Secretary of the Treasury in the Federal Register and available on the Financial Management Service’s Web site at www.fms.treas.gov/debt.

1. Interest will accrue from the date of initial notification but will not be assessed until 31 days from the date of the notification.

2. Following is an example of how interest will be computed:

The initial demand letter is dated July 1; the principal amount owed is $1,000; the CVFR is 3.0 percent; and payment was not received timely (by July 31). On August 1 (31 days after the date on the demand letter, and 1 day after the payment due date), another demand letter is sent. This letter informs the debtor the debt is delinquent and that interest is now owed in addition to the principal. Interest is computed and assessed from the date of the initial demand letter (July 1) through the payment due date of the first letter (July 31) as follows:

\[
\text{Interest} = \text{Principal} \times \text{Rate} \times \frac{\text{Time}}{360} = \text{Interest}
\]

\[
\text{Principal} = 1,000, \quad \text{Rate} = 0.03, \quad \text{Time} = \frac{30}{360} = 2.50
\]

If payment of the principal amount plus interest of $2.50 is not received by the due date of the second letter (August 31), then interest is computed and assessed on September 1 from the date of the initial demand letter (July 1) through the payment due date of the second letter (August 31) as follows:

\[
\text{Interest} = \text{Principal} \times \text{Rate} \times \frac{\text{Time}}{360} = \text{Interest}
\]

\[
\text{Principal} = 1,000, \quad \text{Rate} = 0.03, \quad \text{Time} = \frac{60}{360} = 5.00
\]

3. VA components may request an exception to this rule. All requests are to be sent in writing to VACO (047GC1) including a full explanation of the reason(s) for the need of a variance.
B. Administrative Cost Computation.

1. Following is an example of how administrative costs will be computed, assuming the initial demand letter is dated July 1; the rate of monthly administrative costs (set each year by the Assistant Secretary for Management) is $1.85 for benefit debts; the debt is subject to administrative charges; and payment was not received timely (by July 31).

2. On August 1 (31 days after the invoice date, and 1 day past the payment due date), the next demand letter is sent. This letter informs the debtor the debt is delinquent and that administrative costs are now owed for each full or partial 30-day period the debt is delinquent and that in addition to the interest and principal, administrative costs are computed and assessed as follows:

<table>
<thead>
<tr>
<th>ADMINISTRATIVE COSTS</th>
<th>August 1 through August 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount per 30 day period</td>
<td>x</td>
</tr>
<tr>
<td>$1.85</td>
<td>x</td>
</tr>
</tbody>
</table>

C. Penalty Cost Computation.

1. Following is an example of how penalty charges will be computed, assuming the initial demand letter is dated July 1; the debt principal amount is $1,000; and the penalty charge rate is 6 percent per annum. While the penalty is not assessed until the debt is delinquent for more than 90 days (121 days from the date of the initial demand letter), it accrues from the date the debt became delinquent (31 days from the date of the first demand letter).

2. On November 1 (123 days after the date on the initial demand letter), penalty charges are computed and assessed as follows:

<table>
<thead>
<tr>
<th>PENALTY COSTS</th>
<th>As of November 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Rate</td>
</tr>
<tr>
<td>$1,000</td>
<td>.06</td>
</tr>
</tbody>
</table>
APPENDIX B: LATE PAYMENT CHARGES BY CALENDAR YEAR

By November 15 of each calendar year, Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) are required to submit annual cost/benefit administrative cost analyses of their debt collection activities to the Office of Cash, Cost, and Debt Management Services (CCDM). The purpose of the cost analyses is to establish minimum debt amounts for collection efforts and to determine the amount of interest and administrative costs to be added to delinquent debts. In order to establish accurate fees and charges that will be assessed on delinquent debts, cost analyses should be conducted using generally accepted accounting principles and, at a minimum, should include all direct and indirect costs. These costs include, but are not limited to:

- Personnel costs
- Space
- Overhead
- Correspondence, phone costs
- Cost of credit reports
- Supplies and services
- Equipment
- Depositing collections
- Reconciling accounting records
- Preparing reports
- Contract Costs

The Chief Business Office (CBO) provides the relevant data for VHA, and the Debt Management Center (DMC) provides the relevant data for VBA. CBO and DMC use the applicable annual costs associated with debt collection responsibilities and the number of cases to determine the administration’s monthly cost-of-collection charge.

CCDM will also receive by November 15, a confirmation from the Office of General Counsel (OGC) on the litigation referral fee to be charged with any modification to the fees that will be assessed for the next calendar year. The litigation referral fee is assessed on all delinquent debts referred to VA Regional Counsel (RC) or the Department of Justice (DOJ) for enforced collection through litigation.

By December 15 of each calendar year, CCDM will review the analyses and determine the appropriate late fees and charges to be assessed on delinquent debt for the next calendar year. CCDM will notify CBO and DMC of the new rates to charge for the calendar year. Such charges will include interest, administrative charges, litigation referral fees, and penalty charges; administrative charges are broken down into a monthly cost-of-collection charge and a litigation referral charge.
A. Rates for the Current Calendar Year (2017):

1. Interest. The annual interest rate to be assessed on debts established in calendar year 2017 is 1.00 percent. This interest rate, which is set by the Department of the Treasury, will be assessed on all debts resulting from participation in a VA benefit program or from the provision of medical care under Title 38 U.S.C., unless an exception is granted. Such debts include VA benefit overpayments, loan defaults, and medical care debts—both eligible and ineligible. This interest rate will also be assessed on non-benefit debts, such as salary, travel, or vendor. The equivalent monthly rate is .083 percent (.00083), and the daily rate is .0028 percent (.000028).

2. Monthly Administrative Cost-of-Collection Charge. The monthly administrative cost of collection to be charged on applicable VBA benefit debts during calendar year 2017 will be $4.23. For all other debts subject to administrative charges, the charge will be $1.90. These rates are effective January 1, 2017.

3. Litigation Referral Fee. The one-time litigation referral fee in calendar year 2017 for claims referred to RCs/U.S. Attorneys for enforced collection is $288.46. The fee is assessed on all debts referred for litigation that are subject to administrative cost charges.

4. Penalty Charge. A 6.00 percent penalty charge will be assessed on any portion of a non-benefit debt that is more than 90 days past due (121 days from the date of the initial demand letter), in accordance with 31 U.S.C. 3717(e)(2). The penalty charge accrues from the date the debt becomes delinquent, which is 31 days from the date of the initial demand letter. This charge is not assessed on VA benefit debts, including those debts arising from the provision of medical care to eligible veterans. The equivalent monthly penalty charge rate is 0.50 percent (.005) and the daily rate is .0167 percent (.0001666).
B. Table of Current and Prior Calendar Year Late Payment Charges:

<table>
<thead>
<tr>
<th>CY</th>
<th>Interest ²,³</th>
<th>Monthly Administrative Cost-of-Collection Charge</th>
<th>Litigation Referral Fee</th>
<th>Penalty Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.00%</td>
<td>$4.23 (VBA) $1.90 (All Other)</td>
<td>$288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2016</td>
<td>1.00%</td>
<td>$3.22 (VBA) $1.87 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2015</td>
<td>1.00%</td>
<td>$3.09 (VBA) 1.87 (All Other)</td>
<td>$288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2014</td>
<td>1.00%</td>
<td>$3.30 (VBA) 1.87 (All Other)</td>
<td>$288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2013</td>
<td>1.00%</td>
<td>2.24 (VBA) 1.87 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2012</td>
<td>1.00%</td>
<td>2.32 (VBA) 1.87 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2011</td>
<td>1.00%</td>
<td>1.89 (VBA) 1.83 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2010</td>
<td>3.00%</td>
<td>1.85 (VBA) 1.76 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2009</td>
<td>5.00% 1/1/08-6/30/08 3.00% 7/1/08-12/31/08</td>
<td>2.12 (VBA) 1.70 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2008</td>
<td>4.00%</td>
<td>1.78 (VBA) 1.65 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
<tr>
<td>2007</td>
<td>2.00% 1/1/06-6/30/06 4.00% 7/1/06-12/31/06</td>
<td>1.73 (VBA) 1.60 (All Other)</td>
<td>288.46</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

² As noted above, the interest rate assessed on late payment of VA debts is established annually by the US Treasury, and is based on the CVFR. The CVFR will vary based on prevailing economic conditions – and so the rate was much higher from 2006 through 2009 than it is at present.

³ Home loans are subject to the CVFR interest rate as are other benefit-related loans, in accordance with 38 U.S.C. 5315, Interest and Administrative Cost Charges on Delinquent Payments of Certain Amounts due the United States. Prior to the implementation of this statute in the early 1980s, VA used a flat 4% for interest on home loans (per VA Administrator's Decision 825 (September 2, 1949)). While the 4% rate does not apply to new loan activity, there are a few older loans for which the 4% rate is still in effect.