

EFFECTIVE DATE

Section 8 of Pub. L. 91-506 provided that: "Section 5 of this Act [enacting this section] shall become effective sixty days following the date of enactment [Oct. 23, 1970]."

§ 3713. Release from liability under guaranty

(a) Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct housing loan obtained by the veteran, the Secretary, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving the veteran of all further liability to the Secretary on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Secretary has determined, after such investigation as the Secretary may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (A) is obligated by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan, and (B) qualifies from a credit standpoint, to the same extent as if the transferee were a veteran eligible for purposes specified in section 3710 of this title, for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which the transferee has assumed liability.

(b) If any veteran disposes of residential property securing a guaranteed, insured, or direct housing loan obtained by the veteran under this chapter without receiving a release from liability with respect to such loan under subsection (a), and a default subsequently occurs which results in liability of the veteran to the Secretary on account of the loan, the Secretary may relieve the veteran of such liability if the Secretary determines, after such investigation as the Secretary deems appropriate, that the property was disposed of by the veteran in such a manner, and subject to such conditions, that the Secretary would have issued the veteran a release from liability under subsection (a) with respect to the loan if the veteran had made application therefor incident to such disposal. Failure of a transferee to assume by contract all of the liabilities of the original veteran-borrower shall bar such release of liability only in cases in which no acceptable transferee, either immediate or remote, is legally liable to the Secretary for the indebtedness of the original veteran-borrower arising from termination of the loan. The failure of a veteran to qualify for release from liability under this subsection does not preclude relief from being granted under section 5302(b) of this title, if the veteran is eligible for relief under that section.

(c) This section shall apply only to loans for which commitments are made before March 1, 1988.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1212, §1817; Pub. L. 92-328, title II, §204, June 30, 1972, 86 Stat. 397; Pub. L. 94-324, §7(18), (19), June 30,

1976, 90 Stat. 722; Pub. L. 97-72, title III, §303(f), Nov. 3, 1981, 95 Stat. 1060; Pub. L. 100-198, §10(a)(2), Dec. 21, 1987, 101 Stat. 1323; renumbered §1813 and amended Pub. L. 100-322, title IV, §415(b)(2), May 20, 1988, 102 Stat. 550; Pub. L. 101-237, title III, §313(b)(1), Dec. 18, 1989, 103 Stat. 2077; Pub. L. 102-40, title IV, §402(d)(1), May 7, 1991, 105 Stat. 239; renumbered §3713 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 103-446, title XII, §1201(e)(15), Nov. 2, 1994, 108 Stat. 4686.)

AMENDMENTS

1994—Subsec. (b). Pub. L. 103-446 before period at end substituted "section 5302(b) of this title, if the veteran is eligible for relief under that section" for "subsection 5302(b) of this title, if eligible thereunder".

1991—Pub. L. 102-83, §5(a), renumbered section 1813 of this title as this section.

Subsec. (a). Pub. L. 102-83, §5(c)(1), substituted "3710" for "1810".

Subsec. (b). Pub. L. 102-40 substituted "5302(b)" for "3102(b)".

1989—Subsecs. (a), (b). Pub. L. 101-237 substituted "Secretary" for "Administrator" wherever appearing.

1988—Pub. L. 100-322, §415(b)(2)(B), renumbered section 1817 of this title as this section.

Subsec. (a). Pub. L. 100-322, §415(b)(2)(A), substituted "for purposes specified in section 1810" for "under section 1810".

1987—Subsec. (c). Pub. L. 100-198 added subsec. (c).

1981—Subsec. (a). Pub. L. 97-72, §303(f)(1), substituted "direct housing loan" for "direct loan".

Subsec. (b). Pub. L. 97-72, §303(f)(2), substituted "or direct housing loan obtained" for "or direct loan obtained".

1976—Subsec. (a). Pub. L. 94-324, §7(18), substituted "the veteran" for "him" in two places, "the Administrator may deem" for "he may deem", "the transferee were a veteran" for "he were a veteran", "the transferee has assumed" for "he has assumed", and "is obligated" for "has obligated himself".

Subsec. (b). Pub. L. 94-324, §7(19), substituted "obtained by the veteran" for "obtained by him", "the Administrator determines" for "he determines", and "the Administrator deems" for "he deems".

1972—Pub. L. 92-328 designated existing provisions as subsec. (a) and added subsec. (b).

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-72 effective at end of 180-day period beginning on Nov. 3, 1981, see section 305 of Pub. L. 97-72, set out as an Effective Date note under section 3741 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-324 effective June 30, 1976, see section 9(a) of Pub. L. 94-324, set out as a note under section 3701 of this title.

EFFECTIVE DATE OF 1972 AMENDMENT

Section 301(c) of Pub. L. 92-328 provided that: "Sections 201 through 206 of this Act [amending this section and sections 210, 1820 [now 3720], 3102 [now 5302], and 3503 [now 6103] of this title, and enacting provisions set out as a note under section 5302 of this title] shall take effect upon the date of enactment of this Act [June 30, 1972]."

§ 3714. Assumptions; release from liability

(a)(1) Except as provided in subsection (f) of this section, if a veteran or any other person disposes of residential property securing a loan guaranteed, insured, or made under this chapter and the veteran or other person notifies the holder of the loan in writing before the property