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.

[(3) Repealed. Pub. L. 104–110, title I, § 101(g), Feb. 13, 1996, 110 Stat. 768.]

(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.

(Added Pub. L. 99–576, title IV, § 407(a), Oct. 28, 1986, 100 Stat. 3282, § 1831; amended Pub. L. 100–198, § 11(a), (b), Dec. 21, 1987, 101 Stat. 1324; Pub. L. 101–237, title III, § 313(b)(1), Dec. 18, 1989, 103 Stat. 2077; Pub. L. 102–54, § 3(b), (c), June 13, 1991, 105 Stat. 267; renumbered § 3731 and amended Pub. L. 102–83, § 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 102–547, § 7, Oct. 28, 1992, 106 Stat. 3636; Pub. L. 104–110, title I, § 101(g), Feb. 13, 1996, 110 Stat. 768.)

CODIFICATION

Another section 11(b) of Pub. L. 100–198 amended section 1810 [now 3710] of this title.

AMENDMENTS

1996—Subsec. (f)(3). Pub. L. 104–110 struck out par. (3) which read as follows: ''The authority provided in this subsection shall terminate on December 31, 1995.''

1992—Subsec. (f)(3). Pub. L. 102–547 substituted ''1995'' for ''1992''.

1991—Pub. L. 102–83, § 5(a), renumbered section 1831 of this title as this section.

Subsec. (f)(1). Pub. L. 102–83, § 5(c)(1), substituted ''3702(d)'' for ''1802(d)''.

Subsec. (f)(3). Pub. L. 102–54, § 3(b), substituted ''December 31, 1992'' for ''October 1, 1990''.

Subsec. (f)(4), (5). Pub. L. 102–54, § 3(c), added pars. (4) and (5).

1989—Pub. L. 101–237 substituted ''Secretary'' for ''Administrator'' wherever appearing.

1987—Subsec. (a)(1). Pub. L. 100–198, § 11(a)(1), inserted ''subject to subsection (b)(2) and'' at beginning and '', 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'' before semicolon at end.

Subsec. (b). Pub. L. 100–198, § 11(a)(2), designated existing provisions as par. (1) and added par. (2).

Subsec. (c). Pub. L. 100–198, § 11(b)(1), substituted ''Except as provided in subsection (f) of this section, the appraiser shall forward an appraisal report to the Administrator for review. Upon receipt of such report, the Administrator 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 Administrator shall'' for ''The Administrator shall, upon request,''.

Subsec. (d). Pub. L. 100–198, § 11(b)(2), which directed insertion of ''(other than a lender authorized under subsection (f) of this section to determine reasonable value)'' after ''lender'' was executed by making the insertion after ''lender'' the first place it appears in subsec. (d), as the probable intent of Congress, notwithstanding appearance of ''lender'' in subsec. (d)(3).

Subsec. (f). Pub. L. 100–198, § 11(b)(3), added subsec. (f).

RATIFICATION OF ACTIONS DURING PERIOD OF EXPIRED AUTHORITY

Any action taken by Secretary of Veterans Affairs before Feb. 13, 1996, under provision of law amended by title I of Pub. L. 104–110 that was taken during period beginning on date on which authority of Secretary under such provision of law expired and ending on Feb. 13, 1996, considered to have same force and effect as if such amendment had been in effect at time of that action, see section 103 of Pub. L. 104–110, set out as a note under section 1710 of this title.

§ 3732. Procedure on default

(a)(1) In the event of default in the payment of any loan guaranteed under this chapter, the

holder of the obligation shall notify the Secretary of such default. Upon receipt of such notice, the Secretary may, subject to subsection (c) of this section, pay to such holder the guaranty not in excess of the pro rata portion of the amount originally guaranteed. Except as provided in section 3703(e) of this title, if the Secretary makes such a payment, the Secretary shall be subrogated to the rights of the holder of the obligation to the extent of the amount paid on the guaranty.

(2) Before suit or foreclosure the holder of the obligation shall notify the Secretary of the default, and within thirty days thereafter the Secretary may, at the Secretary's option, pay the holder of the obligation the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security. Nothing in this section shall preclude any forebearance for the benefit of the veteran as may be agreed upon by the parties to the loan and approved by the Secretary.

(3) The Secretary may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.

(4)(A) Upon receiving a notice pursuant to paragraph (1) of this subsection, the Secretary shall—

(i) provide the veteran with information and, to the extent feasible, counseling regarding—

(I) alternatives to foreclosure, as appropriate in light of the veteran's particular circumstances, including possible methods of curing the default, conveyance of the property to the Secretary by means of a deed in lieu of foreclosure, and the actions authorized by paragraph (2) of this subsection; and

(II) what the Department of Veterans Affairs' and the veteran's liabilities would be with respect to the loan in the event of foreclosure; and

(ii) advise the veteran regarding the availability of such counseling;

except with respect to loans made by a lender which the Secretary has determined has a demonstrated record of consistently providing timely and accurate information to veterans with respect to such matters.

(B) The Secretary shall, to the extent of the availability of appropriations, ensure that sufficient personnel are available to administer subparagraph (A) of this paragraph effectively and efficiently.

(5) In the event of default in the payment of any loan guaranteed or insured under this chapter in which a partial payment has been tendered by the veteran concerned and refused by the holder, the holder of the obligation shall notify the Secretary as soon as such payment has been refused. The Secretary may require that any such notification include a statement of the circumstances of the default, the amount tendered, the amount of the indebtedness on the date of the tender, and the reasons for the holder's refusal.

(b) With respect to any loan made under section 3711 which has not been sold as provided in subsection (g) of such section, if the Secretary finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, the Secretary shall (1) extend the time for curing the default to such time as the Secretary determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as the Secretary may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default.

(c)(1) For purposes of this subsection—

(A) The term ''defaulted loan'' means a loan that is guaranteed under this chapter, that was made for a purpose described in section 3710(a) of this title, and that is in default.

(B) The term ''liquidation sale'' means a judicial sale or other disposition of real property to liquidate a defaulted loan that is secured by such property.

(C) The term ''net value'', with respect to real property, means the amount equal to (i) the fair market value of the property, minus (ii) the total of the amounts which the Secretary estimates the Secretary would incur (if the Secretary were to acquire and dispose of the property) for property taxes, assessments, liens, property maintenance, property improvement, administration, resale (including losses sustained on the resale of the property), and other costs resulting from the acquisition and disposition of the property, excluding any amount attributed to the cost to the Government of borrowing funds.

(D) Except as provided in subparagraph (D) of paragraph (10) of this subsection, the term ''total indebtedness'', with respect to a defaulted loan, means the amount equal to the total of (i) the unpaid principal of the loan, (ii) the interest on the loan as of the date applicable under paragraph (10) of this subsection, and (iii) such reasonably necessary and proper charges (as specified in the loan instrument and permitted by regulations prescribed by the Secretary to implement this subsection) associated with liquidation of the loan, including advances for taxes, insurance, and maintenance or repair of the real property securing the loan.

(2)(A) Except as provided in subparagraph (B) of this paragraph, this subsection applies to any case in which the holder of a defaulted loan undertakes to liquidate the loan by means of a liquidation sale.

(B) This subsection does not apply to a case in which the Secretary proceeds under subsection (a)(2) of this section.

(3)(A) Before carrying out a liquidation sale of real property securing a defaulted loan, the holder of the loan shall notify the Secretary of the proposed sale. Such notice shall be provided

in accordance with regulations prescribed by the Secretary to implement this subsection.

(B) After receiving a notice described in subparagraph (A) of this paragraph, the Secretary shall determine the net value of the property securing the loan and the amount of the total indebtedness under the loan and shall notify the holder of the loan of the determination of such net value.

(4) A case referred to in paragraphs (5), (6), and (7) of this subsection as being described in this paragraph is a case in which the net value of the property securing a defaulted loan exceeds the amount of the total indebtedness under the loan minus the amount guaranteed under this chapter.

(5) In a case described in paragraph (4) of this subsection, if the holder of the defaulted loan acquires the property securing the loan at a liquidation sale for an amount that does not exceed the lesser of the net value of the property or the total indebtedness under the loan—

(A) the holder shall have the option to convey the property to the United States in return for payment by the Secretary of an amount equal to the lesser of such net value or total indebtedness; and

(B) the liability of the United States under the loan guaranty under this chapter shall be limited to the amount of such total indebtedness minus the net value of the property.

(6) In a case described in paragraph (4) of this subsection, if the holder of the defaulted loan does not acquire the property securing the loan at the liquidation sale, the liability of the United States under the loan guaranty under this chapter shall be limited to the amount equal to (A) the amount of such total indebtedness, minus (B) the amount realized by the holder incident to the sale or the net value of the property, whichever is greater.

(7) In a case described in paragraph (4) of this subsection, if the holder of the defaulted loan acquires the property securing the loan at the liquidation sale for an amount that exceeds the lesser of the total indebtedness under the loan or the net value and—

(A)(i) the amount was the minimum amount for which, under applicable State law, the property was permitted to be sold at the liquidation sale, the holder shall have the option to convey the property to the United States in return for payment by the Secretary of an amount equal to the lesser of the amount for which the holder acquired the property or the total indebtedness under the loan; or

(ii) there was no minimum amount for which the property had to be sold at the liquidation sale under applicable State law, the holder shall have the option to convey the property to the United States in return for payment by the Secretary of an amount equal to the lesser of such net value or total indebtedness; and

(B) the liability of the United States under the loan guaranty under this chapter is as provided in paragraph (6) of this subsection.

(8) If the net value of the property securing a defaulted loan is not greater than the amount of the total indebtedness under the loan minus the amount guaranteed under this chapter—

(A) the Secretary may not accept conveyance of the property from the holder of the loan; and

(B) the liability of the United States under the loan guaranty shall be limited to the amount of the total indebtedness under the loan minus the amount realized by the holder of the loan incident to the sale at a liquidation sale of the property.

(9) In no event may the liability of the United States under a guaranteed loan exceed the amount guaranteed with respect to that loan under section 3703(b) of this title. All determinations under this subsection of net value and total indebtedness shall be made by the Secretary.

(10)(A) Except as provided in subparagraphs (B) and (C) of this paragraph, the date referred to in paragraph (1)(D)(ii) of this subsection shall be the date of the liquidation sale of the property securing the loan (or such earlier date following the expiration of a reasonable period of time for such sale to occur as the Secretary may specify pursuant to regulations prescribed by the Secretary to implement this subsection).

(B)(i) Subject to division (ii) of this subparagraph, in any case in which there is a substantial delay in such sale caused by the holder of the loan exercising forebearance at the request of the Secretary, the date referred to in paragraph (1)(D)(ii) of this subsection shall be such date, on or after the date on which forebearance was requested and prior to the date of such sale, as the Secretary specifies pursuant to regulations which the Secretary shall prescribe to implement this paragraph.

(ii) The Secretary may specify a date under subdivision (i) of this subparagraph only if, based on the use of a date so specified for the purposes of such paragraph (1)(D)(ii), the Secretary is authorized, under paragraph (5)(A) or (7)(A) of this subsection, to accept conveyance of the property.

(C) In any case in which there is an excessive delay in such liquidation sale caused—

(i) by the Department of Veterans Affairs (including any delay caused by its failure to provide bidding instructions in a timely fashion); or

(ii) by a voluntary case commenced under title 11, United States Code (relating to bankruptcy);

the date referred to in paragraph (1)(D)(ii) of this subsection shall be a date, earlier than the date of such liquidation sale, which the Secretary specifies pursuant to regulations which the Secretary shall prescribe to implement this paragraph.

(D) For the purpose of determining the liability of the United States under a loan guaranty under paragraphs (5)(B), (6), (7)(B), and (8)(B), the amount of the total indebtedness with respect to such loan guaranty shall include, in any case in which there was an excessive delay caused by the Department of Veterans Affairs in the liquidation sale of the property securing such loan, any interest which had accrued as of the date of such sale and which would not be included, except for this subparagraph, in the calculation of such total indebtedness as a result of

the specification of an earlier date under subparagraph (C)(i) of this paragraph.

(11) This subsection shall apply to loans closed before October 1, 2012.

(Pub. L. 85–857, Sept. 2, 1958, 72 Stat. 1212, § 1816(a)–(c); Pub. L. 89–117, title I, § 107(f), Aug. 10, 1965, 79 Stat. 460; Pub. L. 94–324, § 7(17), June 30, 1976, 90 Stat. 722; Pub. L. 98–369, div. B, title V, § 2512(a), July 18, 1984, 98 Stat. 1117; Pub. L. 100–198, §§ 4(a), 5(a), Dec. 21, 1987, 101 Stat. 1316; renumbered § 1832 and amended Pub. L. 100–322, title IV, § 415(b)(1)(A)–(C), (5), May 20, 1988, 102 Stat. 550, 551; Pub. L. 101–237, title III, §§ 304(b), 307–308(b)(1), 313(b)(1), (2), Dec. 18, 1989, 103 Stat. 2073–2075, 2077; Pub. L. 102–54, §§ 1, 3(a), 14(g)(1), June 13, 1991, 105 Stat. 267, 288; renumbered § 3732 and amended Pub. L. 102–83, § 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 103–66, title XII, § 12006(a), Aug. 10, 1993, 107 Stat. 414; Pub. L. 103–446, title IX, § 907, Nov. 2, 1994, 108 Stat. 4677; Pub. L. 105–33, title VIII, § 8013, Aug. 5, 1997, 111 Stat. 664; Pub. L. 106–419, title IV, § 402(c), Nov. 1, 2000, 114 Stat. 1863; Pub. L. 107–103, title IV, § 405(d), Dec. 27, 2001, 115 Stat. 994; Pub. L. 108–183, title IV, § 406, Dec. 16, 2003, 117 Stat. 2666; Pub. L. 109–233, title V, § 503(9), June 15, 2006, 120 Stat. 416.)

AMENDMENTS

2006—Subsec. (c)(10)(D). Pub. L. 109–233 substituted ''paragraphs (5)(B), (6), (7)(B), and (8)(B)'' for ''clause (B) of paragraphs (5), (6), (7), and (8) of this subsection''.

2003—Subsec. (c)(11). Pub. L. 108–183 substituted ''October 1, 2012'' for ''October 1, 2011''.

2001—Subsec. (c)(11). Pub. L. 107–103 substituted ''October 1, 2011'' for ''October 1, 2008''.

2000—Subsec. (c)(11). Pub. L. 106–419 substituted ''October 1, 2008'' for ''October 1, 2002''.

1997—Subsec. (c)(11). Pub. L. 105–33 substituted ''October 1, 2002'' for ''October 1, 1998''.

1994—Subsec. (c)(6). Pub. L. 103–446, § 907(b), struck out ''either'' after ''defaulted loan'', substituted ''sale,'' for ''sale or acquires the property at such sale for an amount that exceeds the lesser of the net value of the property or the total indebtedness under the loan—'', struck out text of subpar. (A) and subpar. (B) designation before ''the liability'', and redesignated cls. (i) and (ii) as cls. (A) and (B), respectively. Prior to amendment, subpar. (A) read as follows: ''the Secretary may not accept conveyance of the property except as provided in paragraph (7) of this subsection; and''.

Subsec. (c)(7). Pub. L. 103–446, § 907(a)(1), struck out ''that was the minimum amount for which, under applicable State law, the property was permitted to be sold at the liquidation sale—'' after ''net value and'' in introductory provisions.

Subsec. (c)(7)(A). Pub. L. 103–446, § 907(a)(2), substituted ''(i) the amount was the minimum amount for which, under applicable State law, the property was permitted to be sold at the liquidation sale, the holder shall have the option to convey the property to the United States in return for payment by the Secretary of an amount equal to'' for ''the Secretary may accept conveyance of the property to the United States for a price not exceeding'' and ''loan; or'' for ''loan; and'' and added cl. (ii).

Subsec. (c)(7)(B). Pub. L. 103–446, § 907(a)(3), substituted ''paragraph (6)'' for ''paragraph (6)(B)''.

1993—Subsec. (c)(1)(C). Pub. L. 103–66, § 12006(a)(1), inserted ''(including losses sustained on the resale of the property)'' after ''resale''.

Subsec. (c)(11). Pub. L. 103–66, § 12006(a)(2), substituted ''shall apply to loans closed before October 1, 1998'' for ''shall cease to have effect on December 31, 1992''.

1991—Pub. L. 102–83, § 5(a), renumbered section 1832 of this title as this section.

Subsec. (a)(1). Pub. L. 102–83, § 5(c)(1), substituted ''3703(e)'' for ''1803(e)''.

Subsec. (a)(4)(C). Pub. L. 102–54, § 1, struck out subpar. (C) which read as follows: ''The authority to carry out this paragraph shall terminate on March 1, 1991.''

Subsec. (b). Pub. L. 102–83, § 5(c)(1), substituted ''3711'' for ''1811''.

Subsec. (c)(1)(A). Pub. L. 102–83, § 5(c)(1), substituted ''3710(a)'' for ''1810(a)''.

Subsec. (c)(9). Pub. L. 102–83, § 5(c)(1), substituted ''3703(b)'' for ''1803(b)''.

Subsec. (c)(11). Pub. L. 102–54, § 3(a), substituted ''December 31, 1992'' for ''October 1, 1991''.

1989—Subsec. (a). Pub. L. 101–237, § 313(b)(1), (2), substituted ''Secretary'', ''Secretary's'', and ''Department of Veterans Affairs'' '' for ''Administrator'', ''Administrator's'', and ''Veterans' Administration's'', respectively, wherever appearing.

Pub. L. 101–237, § 304(b), substituted ''Except as provided in section 1803(e) of this title, if'' for ''If'' in last sentence of par. (1).

Subsec. (a)(5). Pub. L. 101–237, § 307, added par. (5).

Subsecs. (b), (c). Pub. L. 101–237, § 313(b)(1), (2), substituted ''Secretary'' and ''Department of Veterans Affairs'' for ''Administrator'' and ''Veterans' Administration'', respectively, wherever appearing.

Subsec. (c)(1)(C)(ii). Pub. L. 101–237, § 308(a), inserted '', excluding any amount attributed to the cost to the Government of borrowing funds'' before period at end.

Subsec. (c)(11). Pub. L. 101–237, § 308(b)(1), substituted ''October 1, 1991'' for ''October 1, 1989''.

1988—Pub. L. 100–322, § 415(b)(1)(C), (5)(A), redesignated section catchline of section 1816 of this title as section catchline of this section and struck out former catchline which read as follows: ''Furnishing information to real estate professionals to facilitate the disposition of properties''.

Subsec. (a). Pub. L. 100–322, § 415(b)(1)(A), (C), redesignated subsec. (a) of section 1816 of this title as subsec. (a) of this section, and in par. (4)(A)(i)(I) substituted ''paragraph (2) of this subsection'' for ''section 1816(a)(2) of this title''.

Subsec. (b). Pub. L. 100–322, § 415(b)(1)(C), redesignated subsec. (b) of section 1816 of this title as subsec. (b) of this section.

Subsec. (c). Pub. L. 100–322, § 415(b)(1)(B), (C), redesignated subsec. (c) of section 1816 of this title as subsec. (c) of this section, in par. (10)(A) inserted ''(or such earlier date following the expiration of a reasonable period of time for such sale to occur as the Administrator may specify pursuant to regulations prescribed by the Administrator to implement this subsection)'' before period at end, and in par. (10)(B)(ii) inserted ''(5)(A) or'' after ''under paragraph''.

1987—Subsec. (a)(4). Pub. L. 100–198, § 4(a), added par. (4).

Subsec. (c)(1)(D). Pub. L. 100–198, § 5(a)(1)–(3), substituted ''Except as provided in subparagraph (D) of paragraph (10) of this subsection, the'' for ''The'' at beginning, ''applicable under paragraph (10) of this subsection, and'' for ''of the liquidation sale of the property securing the loan (or such earlier date following the expiration of a reasonable period of time for such sale to occur as the Administrator may specify pursuant to regulations prescribed by the Administrator to implement this subsection), and'' in cl. (ii), and ''regulations prescribed by the Administrator to implement this subsection'' for ''such regulations'' in cl. (iii).

Subsec. (c)(10), (11). Pub. L. 100–198, § 5(a)(4), added pars. (10) and (11).

1984—Subsec. (a)(1). Pub. L. 98–369, § 2512(a)(1)(A)–(C), designated existing first sentence as par. (1), substituted ''Administrator of such default. Upon receipt of such notice, the Administrator may, subject to subsection (c) of this section,'' for ''Administrator who shall thereupon'', and substituted ''guaranteed. If the Administrator makes a payment, the Administrator shall'' for ''guaranteed, and shall''.

Subsec. (a)(2). Pub. L. 98–369, § 2512(a)(1)(A), designated existing second and third sentences as par. (2).

Subsec. (a)(3). Pub. L. 98–369, § 2512(a)(1)(A), designated existing fourth sentence as par. (3).

Subsec. (c). Pub. L. 98–369, § 2512(a)(2), added subsec. (c).

1976—Subsec. (a). Pub. L. 94–324 substituted ''the Administrator's'' for ''his''.

Subsec. (b). Pub. L. 94–324 substituted ''the Administrator'' for ''he'' wherever appearing.

1965—Pub. L. 89–117 designated existing provisions as subsec. (a) and added subsec. (b).

EFFECTIVE DATE OF 1993 AMENDMENT

Section 12006(b) of Pub. L. 103–66 provided that: ''The amendments made by this section [amending this section] shall become effective October 1, 1993.''

EFFECTIVE DATE OF 1989 AMENDMENT

Section 308(b)(2) of Pub. L. 101–237 provided that: ''The amendment made by paragraph (1) [amending this section] shall take effect as of October 1, 1989.''

EFFECTIVE DATE OF 1987 AMENDMENTS

Section 4(b) of Pub. L. 100–198 provided that: ''The amendment made by subsection (a) [amending this section] shall take effect on March 1, 1988.''

Section 5(c) of Pub. L. 100–198 provided that: ''The amendments made by subsection (a) [amending this section] shall apply to defaults which occur more than 60 days after the date of the enactment of this Act [Dec. 21, 1987].''

EFFECTIVE DATE OF 1984 AMENDMENTS

Section 1(a) of Pub. L. 100–136 provided that: ''Notwithstanding section 2512(c) of the Deficit Reduction Act of 1984 (Public Law 98–369) [set out below], the provisions of section 1816(c) [now 3732(c)] of title 38, United States Code, shall continue in effect through November 15, 1987.''

Section 2512(c)(1) of Pub. L. 98–369 provided that: ''The amendments made by subsection (a) [amending subsec. (a) and adding subsecs. (c) and (d) of section 1816 [now 3732(a), (c) and 3733(a)] of this title] shall take effect on October 1, 1984.''

Section 2512(c)(2) of Pub. L. 98–369, which provided that subsecs. (c) and (d) of section 1816 (now 3732(a), (c) and 3733(a)) of this title would cease to be effective on Oct. 1, 1987, was repealed by Pub. L. 100–198, § 5(b), Dec. 21, 1987, 101 Stat. 1317.

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.

''NET VALUE'' DEFINED WITH RESPECT TO LOANS CLOSED BEFORE OCTOBER 1, 1993

Pub. L. 102–389, title I, Oct. 6, 1992, 106 Stat. 1574, provided in part: ''That notwithstanding the provisions of 38 U.S.C. 3732(c)(1)(C) and (c)(11) or any other law, with respect to any loan guaranteed for any purpose specified in 38 U.S.C. 3710 which was closed before October 1, 1993, the term 'net value' for purposes of paragraphs (4) through (10) of 38 U.S.C. 3732[(c)] shall mean 'the amount equal to (i) the fair market value of the property, minus (ii) the total of the amounts which the Secretary estimates the Secretary would incur (if the Secretary were to acquire and dispose of the property) for property taxes, assessments, liens, property maintenance, property improvement, administration, resale (including losses sustained on the resale of the property), and other costs resulting from the acquisition and disposition of the property, excluding any amount attributed to the cost of the Government of borrowing funds'.''

§ 3733. Property management

(a)(1) Of the number of purchases made during any fiscal year of real property acquired by the Secretary as the result of a default on a loan guaranteed under this chapter for a purpose described in section 3710(a) of this title, not more than 65 percent, nor less than 50 percent, of such purchases may be financed by a loan made by the Secretary. The maximum percentage stated in the preceding sentence may be increased to 80 percent for any fiscal year if the Secretary determines that such an increase is necessary in order to maintain the effective functioning of the loan guaranty program.

(2) After September 30, 1990, the percentage limitations described in paragraph (1) of this subsection shall have no effect.

(3) The Secretary may, beginning on October 1, 1990, sell any note evidencing a loan referred to in paragraph (1)—

(A) with recourse; or

(B) without recourse, but only if the amount received is equal to an amount which is not less than the unpaid balance of such loan.

(4)(A) Except as provided in subparagraph (B), the amount of a loan made by the Secretary to finance the purchase of real property from the Secretary described in paragraph (1) may not exceed an amount equal to 95 percent of the purchase price of such real property.

(B)(i) The Secretary may waive the provisions of subparagraph (A) in the case of any loan described in paragraph (5).

(ii) A loan described in subparagraph (A) may, to the extent the Secretary determines to be necessary in order to market competitively the property involved, exceed 95 percent of the purchase price.

(5) The Secretary may include, as part of a loan to finance a purchase of real property from the Secretary described in paragraph (1), an amount to be used only for the purpose of rehabilitating such property. Such amount may not exceed the amount necessary to rehabilitate the property to a habitable state, and payments shall be made available periodically as such rehabilitation is completed.

(6) The Secretary shall make a loan to finance the sale of real property described in paragraph (1) at an interest rate that is lower than the prevailing mortgage market interest rate in areas where, and to the extent, the Secretary determines, in light of prevailing conditions in the real estate market involved, that such lower interest rate is necessary in order to market the property competitively and is in the interest of the long-term stability and solvency of the Veterans Housing Benefit Program Fund established by section 3722(a) of this title.

(7) During the period that begins on December 16, 2003[1] and ends on September 30, 2013, the Secretary shall carry out the provisions of this subsection as if—

(A) the references in the first sentence of paragraph (1) to ''65 percent'' and ''may be financed'' were references to ''85 percent'' and ''shall be financed'', respectively;

(B) the second sentence of paragraph (1) were repealed; and

(C) the reference in paragraph (2) to ''September 30, 1990,'' were a reference to ''September 30, 2013,''.

[1] So in original. Probably should be followed by a comma.