

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and (d) of section 1816 (now 3732(a), (c) and 3733(a)) of this title would cease to be effective on Oct. 1, 1987, was repealed by Pub.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, 2003¹ 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.

(b) The Secretary may not make a loan to finance a purchase of property acquired by the Secretary as a result of a default on a loan guaranteed under this chapter unless the purchaser meets the credit underwriting standards established under section 3710(g)(2)(A) of this title.

(c)(1) The Secretary shall identify and compile information on common factors which the Secretary finds contribute to foreclosures on loans guaranteed under this chapter.

(2) The Secretary shall include a summary of the information compiled, and the Secretary's findings, under paragraph (1) in the annual report submitted to the Congress under section 529 of this title. As part of such summary and findings, the Secretary shall provide a separate analysis of the factors which contribute to foreclosures of loans which have been assumed.

(d)(1) The Secretary shall furnish to real estate brokers and other real estate sales professionals information on the availability of real property for disposition under this chapter and the procedures used by the Department of Veterans Affairs to dispose of such property.

(2) For the purpose of facilitating the most expeditious sale, at the highest possible price, of real property acquired by the Secretary as the result of a default on a loan guaranteed, insured, or made under this chapter, the Secretary shall list all such property with real estate brokers under such arrangements as the Secretary determines to be most appropriate and cost effective.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1212, §§1816(d)-(f), 1832; Pub. L. 98-369, div. B, title V, §2512(a)(2), July 18, 1984, 98 Stat. 1117; Pub. L. 99-576, title IV, §§402(c)(1), 403, 408(a), Oct. 28, 1986, 100 Stat. 3281, 3283; Pub. L. 100-136, §2, Oct. 16, 1987, 101 Stat. 813; Pub. L. 100-198, §§6(a)(1), (b)(1), 14, Dec. 21, 1987, 101 Stat. 1317, 1318, 1325; Pub. L. 100-203, title VII, §§7001, 7003(a), Dec. 22, 1987, 101 Stat. 1330-278, 1330-279; Pub. L. 100-253, §2, Feb. 29, 1988, 102 Stat. 20; renumbered §1833 and amended Pub. L. 100-322, title IV, §415(b)(1)(D), (5)(B), (C), May 20, 1988, 102 Stat. 550, 551; Pub. L. 100-689, title III, §301, Nov. 18, 1988, 102 Stat. 4176; Pub. L. 101-237, title III, §§305(a), 313(b)(1), (2), Dec. 18, 1989, 103 Stat. 2073, 2077; Pub. L. 101-239, title V, §§5002, 5003(a), Dec. 19, 1989, 103 Stat. 2136; Pub. L. 102-54, §§2, 14(g)(1), 15(a)(5), June 13, 1991, 105 Stat. 267, 288, 289; renumbered §3733 and amended Pub. L. 102-83, §§2(c)(3), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 402, 406; Pub. L. 102-291, §5(b), May 20, 1992, 106 Stat. 180; Pub. L. 105-368, title VI, §602(c)(2), (e)(1)(E), Nov. 11, 1998, 112 Stat. 3346; Pub. L. 108-183, title IV, §404, Dec. 16, 2003, 117 Stat. 2664; Pub. L. 109-233, title V, §503(10), June 15, 2006, 120 Stat. 416.)

AMENDMENTS

2006—Subsec. (a)(7). Pub. L. 109-233, which directed the substitution of “December 16, 2003” for “the date of the enactment of the Veterans Benefits Act of 2003”, was executed by making the substitution for “the date of the enactment of the Veterans' Benefits Act of 2003” to reflect the probable intent of Congress.

2003—Subsec. (a)(4)(A). Pub. L. 108-183, §404(b)(1)(A), (2), struck out “of this paragraph” after “subparagraph (B)” and “of this subsection” after “paragraph (1)”.

Subsec. (a)(4)(B)(i). Pub. L. 108-183, §404(b)(1)(B), (2), struck out “of this paragraph” after “subparagraph (A)” and “of this subsection” after “paragraph (5)”.

Subsec. (a)(4)(B)(ii). Pub. L. 108-183, §404(b)(2), struck out “of this paragraph” after “subparagraph (A)”.

Subsec. (a)(5), (6). Pub. L. 108-183, §404(b)(1)(A), struck out “of this subsection” after “paragraph (1)”.

Subsec. (a)(7). Pub. L. 108-183, §404(a), added par. (7).

Subsec. (c)(2). Pub. L. 108-183, §404(b)(1)(A), struck out “of this subsection” after “paragraph (1)”.

1998—Subsec. (a)(6). Pub. L. 105-368, §602(e)(1)(E), substituted “Veterans Housing Benefit Program Fund established by section 3722(a)” for “Department of Veterans Affairs Loan Guaranty Revolving Fund established by section 3724(a)”.

Subsec. (e). Pub. L. 105-368, §602(c)(2), struck out subsec. (e) which read as follows: “Notwithstanding any other provision of law, the amount received from the sale of any note evidencing a loan secured by real property described in subsection (a)(1) of this section, and the amount received from the sale of securities under section 3720(h) of this title, shall be credited, without any reduction and for the fiscal year in which the amount is received, as offsetting collections of—

“(1) the revolving fund for which a fee under section 3729 of this title was collected (or was exempted from being collected) at the time of the original guaranty of the loan that was secured by the same property; or

“(2) in any case in which there was no requirement of (or exemption from) a fee at the time of the original guaranty of the loan that was secured by the same property, the Loan Guaranty Revolving Fund; and

the total so credited to any revolving fund for a fiscal year shall offset outlays attributed to such revolving fund during such fiscal year.”

1992—Subsec. (e). Pub. L. 102-291 inserted “, and the amount received from the sale of securities under section 3720(h) of this title,”.

1991—Pub. L. 102-83, §5(a), renumbered section 1833 of this title as this section.

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

Subsec. (a)(2). Pub. L. 102-54, §2(a), added par. (2) and struck out former par. (2) which read as follows: “In carrying out paragraph (1) of this subsection, the Secretary, to the maximum extent consistent with that paragraph and with maintaining the effective functioning of the loan guaranty program under this chapter, shall minimize the number of loans made by the Secretary to finance purchases of real property from the Secretary described in that paragraph.”

Subsec. (a)(3). Pub. L. 102-54, §2(a), added par. (3) and struck out former par. (3) which authorized sales before Oct. 1, 1990, of notes for loans under subsec. (a)(1) and required Secretary to make reports of such sales to Committees on Veterans' Affairs of Senate and House of Representatives.

Subsec. (a)(6). Pub. L. 102-83, §5(c)(1), substituted “3724(a)” for “1824(a)”.

Pub. L. 102-54, §3(b), redesignated par. (7) as (6) and struck out former par. (6) which read as follows: “This subsection shall cease to have effect on December 31, 1990.”

Subsec. (a)(7). Pub. L. 102-54, §3(b)(2), redesignated par. (7) as (6).

Subsec. (b). Pub. L. 102-83, §5(c)(1), substituted “3710(g)(2)(A)” for “1810(g)(2)(A)”.

Subsec. (c)(2). Pub. L. 102-83, §2(c)(3), substituted “section 529” for “section 214”.

Subsec. (d). Pub. L. 102-54, §14(g)(1), made a technical amendment to Pub. L. 100-322, §415(b)(5)(C). See 1988 Amendment note below.

Subsec. (e). Pub. L. 102-83, §5(c)(1), substituted “3729” for “1829” in par. (1).

Pub. L. 102-54, §15(a)(5), struck out subsec. (e) as added by Pub. L. 101-239, §5003(a), which was identical to subsec. (e) added by Pub. L. 101-237, §305(a)(3). See 1989 Amendment note below.

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

Subsec. (a)(3). Pub. L. 101-239, §5002, substituted "October 1, 1990" for "October 1, 1989" wherever appearing.

Pub. L. 101-237, §305(a)(1), which directed the amendment of subpar. (A) by substituting "Subject to subparagraph (C) of this paragraph," for "Before October 1, 1990," the amendment of subparagraph (B) by striking out "occurring before October 1, 1990," after "of this paragraph", and the amendment of subpar. (C) by substituting "October 1, 1989" for "October 1, 1990" in introductory provisions, did not become effective, see section 305(b)(1) of Pub. L. 101-237, set out as an Effective Date of 1989 Amendments note below.

Subsec. (a)(6). Pub. L. 101-237, §305(a)(2), substituted "December 31" for "October 1".

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

Subsec. (e). Pub. L. 101-237, §305(a)(3), and Pub. L. 101-239, §5003(a), amended section identically adding identical subsecs. (e).

1988—Pub. L. 100-322, §415(b)(1)(D), added section catchline.

Subsec. (a). Pub. L. 100-322, §415(b)(1)(D), redesignated subsec. (d) of section 1816 of this title as subsec. (a) of this section.

Subsec. (a)(4)(B) [formerly §1816(d)(4)(B)]. Pub. L. 100-253 designated existing provisions as cl. (i) and added cl. (ii).

Subsec. (a)(7). Pub. L. 100-689 added par. (7).

Subsecs. (b), (c). Pub. L. 100-322, §415(b)(1)(D), redesignated subsecs. (e) and (f) of section 1816 of this title as subsecs. (b) and (c), respectively, of this section.

Subsec. (d). Pub. L. 100-322, §415(b)(5)(B), (C), as amended by Pub. L. 102-54, §14(g)(1), redesignated subsecs. (a) and (b) of section 1832 of this title as pars. (1) and (2), respectively, of subsec. (d) of this section.

1987—Subsec. (a)(1) [formerly §1816(d)(1)]. Pub. L. 100-198, §6(a)(1), and Pub. L. 100-203, §7003(a), amended par. (1) identically, substituting "not more than 65 percent, nor less than 50 percent" for "not more than 75 percent, nor less than 60 percent". See 1988 Amendment note above.

Subsec. (a)(3) [formerly §1816(d)(3)]. Pub. L. 100-203, §7001, added subpars. (A) and (B), redesignated existing provisions as subpar. (C), substituted "Beginning on October 1, 1989, the Administrator may sell any note evidencing" for "The Administrator may sell any note securing", and redesignated cls. (A) and (B) as (i) and (ii), respectively. See 1988 Amendment note above.

Pub. L. 100-136 amended par. (3) generally. Prior to amendment, par. (3) read as follows: "Notes securing such loans may be sold with recourse only to the extent that the Administrator determines that selling such notes with recourse is necessary in order to maintain the effective functioning of the loan guaranty program under this chapter." See 1988 Amendment note above.

Subsec. (a)(4) to (6) [formerly §1816(d)(4) to (6)]. Pub. L. 100-198, §6(b)(1), added pars. (4) to (6). See 1988 Amendment note above.

Subsec. (d) [formerly §1832]. Pub. L. 100-198, §14, designated existing provisions as subsec. (a) and added subsec. (b). See 1988 Amendment note above.

1986—Subsec. (b) [formerly §1816(e)]. Pub. L. 99-576, §402(c)(1), added subsec. (e). See 1988 Amendment note above.

Subsec. (c) [formerly §1816(f)]. Pub. L. 99-576, §403, added subsec. (f). See 1988 Amendment note above.

Subsec. (d) [formerly §1832]. Pub. L. 99-576, §408(a), enacted section. See 1988 Amendment note above.

1984—Subsec. (a) [formerly §1816(d)]. Pub. L. 98-369, §2512(a)(2), added subsec. (d). See 1988 Amendment note above.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-368 effective Oct. 1, 1998, see section 602(f) of Pub. L. 105-368, set out as a note under section 2106 of this title.

EFFECTIVE DATE OF 1991 AMENDMENT

Section 14(g)(1) of Pub. L. 102-54 provided that the amendment made by that section is effective as of May 20, 1988.

EFFECTIVE DATE OF 1989 AMENDMENTS

Section 5003(b) of Pub. L. 101-239 provided that: "Subsection (e) of section 1833 [now 3733] of title 38, United States Code, as added by subsection (a), shall apply with respect to amounts referred to in such subsection (e) received on or after October 1, 1989."

Section 305(b)(1) of Pub. L. 101-237, as amended by Pub. L. 102-83, §5(c)(2), Aug. 6, 1991, 105 Stat. 406, provided that: "If, before the date and time of the enactment of this Act [Dec. 18, 1989], no provision of law has been enacted amending section 1833 [now 3733] of title 38, United States Code, by adding a new subsection (e) with a text substantively identical to the text of the new subsection (e) added to such section 1833 [now 3733] by subsection (a)(3) of this section, the provisions of subsection (a)(1) of this section amending subsection (a)(3) of such section 1833 [now 3733] shall not take effect."

Section 305(b)(2) of Pub. L. 101-237, as amended by Pub. L. 102-83, §5(c)(2), Aug. 6, 1991, 105 Stat. 406, provided that: "Subsection (e) of section 1833 [now 3733] of such title 38, as added by subsection (a)(3), shall apply with respect to amounts referred to in such subsection (e) received after September 30, 1989."

EFFECTIVE DATE OF 1987 AMENDMENTS

Section 7003(b) of Pub. L. 100-203 provided that: "The amendment made by subsection (a) [amending this section] shall take effect as of October 1, 1987."

Section 6(a)(2) of Pub. L. 100-198 provided that: "The amendment made by paragraph (1) [amending this section] shall take effect as of October 1, 1987."

Section 6(b)(2) of Pub. L. 100-198 provided that: "The amendment made by this subsection [amending this section] shall apply to loans made more than 30 days after the date of the enactment of this Act [Dec. 21, 1987]."

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 effective Oct. 1, 1984, see section 2512(c) of Pub. L. 98-369, as amended, set out as a note under section 3732 of this title.

RULE FOR CONSTRUCTION OF DUPLICATE PROVISIONS

Section 7004(b) of title VII of Pub. L. 100-203 provided that: "In applying the provisions of this title [title VII of Pub. L. 100-203] and the provisions of the Veterans' Home Loan Program Improvements and Property Rehabilitation Act of 1987 [Pub. L. 100-198] which make the same amendments as the provisions of this title [amending sections 1816 [now 3733] and 1829 [now 3729] of this title]—

"(1) the identical provisions of title 38, United States Code, amended by the provisions of this title and the provisions of such Act shall be treated as having been amended only once; and

"(2) in executing to title 38, United States Code, the amendments made by this title and by such Act, such amendments shall be executed so as to appear only once in the law."

REPORT TO CONGRESS

Section 6(c) of Pub. L. 100-198 directed Administrator of Veterans' Affairs, by Mar. 1, 1990, to transmit to Congress a report of activities carried out, through Dec. 31, 1989, under paragraphs (4) and (5) of section 1816(d) of this title [which became pars. (4) and (5) of subsec. (a) of this section].

§ 3734. Annual submission of information on the Veterans Housing Benefit Program Fund and housing programs

(a) In the documents providing detailed information on the budget for the Department of