

Veterans Affairs that the Secretary submits to the Congress in conjunction with the President's budget submission for each fiscal year pursuant to section 1105 of title 31, the Secretary shall include—

(1) a description of the operations of the Veterans Housing Benefit Program Fund during the fiscal year preceding the fiscal year in which such budget is submitted; and

(2) the needs of such fund, if any, for appropriations for—

(A) the fiscal year in which the budget is submitted; and

(B) the fiscal year for which the budget is submitted.

(b) The matters submitted under subsection (a) of this section shall include, with respect to the fund referred to in subsection (a), the following:

(1) Information and financial data on the operations of the fund during the fiscal year before the fiscal year in which such matters are submitted and estimated financial data and related information on the operation of the fund for—

(A) the fiscal year of the submission; and

(B) the fiscal year following the fiscal year of the submission.

(2) Estimates of the amount of revenues derived by the fund in the fiscal year preceding the fiscal year of the submission, in the fiscal year of the submission, and in the fiscal year following the fiscal year of the submission from each of the following sources:

(A) Fees collected under section 3729(a) of this title for each category of loan guaranteed, insured, or made under this chapter or collected under section 3729(b) of this title for assumed loans.

(B) Investment income.

(C) Sales of foreclosed properties.

(D) Loan asset sales.

(E) Each additional source of revenue.

(3) Information, for each fiscal year referred to in paragraph (2) of this subsection, regarding the types of dispositions made and anticipated to be made of defaults on loans guaranteed, insured, or made under this chapter, including the cost to the fund, and the numbers, of such types of dispositions.

(c) The information submitted under subsection (a) shall include a statement that summarizes the financial activity of each of the housing programs operated under this chapter. The statement shall be presented in a form that is simple, concise, and readily understandable, and shall not include references to financing accounts, liquidating accounts, or program accounts.

(Added Pub. L. 101-237, title III, §302(b)(1), Dec. 18, 1989, 103 Stat. 2070, §1834; renumbered §3734 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 105-368, title VI, §602(d), (e)(1)(F), (3)(A), Nov. 11, 1998, 112 Stat. 3346, 3347; Pub. L. 107-14, §8(a)(9), June 5, 2001, 115 Stat. 35; Pub. L. 107-330, title III, §308(g)(12), Dec. 6, 2002, 116 Stat. 2829.)

AMENDMENTS

2002—Subsec. (b)(2)(B) to (F). Pub. L. 107-330 redesignated subpars. (C) to (F) as (B) to (E), respectively, and

struck out former subpar. (B) which read as follows: "Federal Government payments under section 3729(a)(3) of this title."

2001—Subsec. (a). Pub. L. 107-14, §8(a)(9)(A), struck out "United States Code," after "section 1105 of title 31," in introductory provisions.

Subsec. (a)(2). Pub. L. 107-14, §8(a)(9)(B), substituted "appropriations for" for "appropriations in".

1998—Pub. L. 105-368, §602(e)(3)(A), substituted "Veterans Housing Benefit Program Fund and housing programs" for "Loan Guaranty Revolving Fund and the Guaranty and Indemnity Fund" in section catchline.

Subsec. (a)(1). Pub. L. 105-368, §602(e)(1)(F)(i)(I), substituted "Veterans Housing Benefit Program Fund" for "Loan Guaranty Revolving Fund and the Guaranty and Indemnity Fund".

Subsec. (a)(2). Pub. L. 105-368, §602(e)(1)(F)(i)(II), substituted "fund," for "funds," in introductory provisions.

Subsec. (b). Pub. L. 105-368, §602(e)(1)(F)(ii), substituted "the fund" for "each fund" in introductory provisions.

Subsec. (b)(2)(B) to (G). Pub. L. 105-368, §602(e)(1)(F)(iii), redesignated subpars. (C) to (G) as (B) to (F), respectively, in subpar. (B), substituted "section 3729(a)(3)" for "subsections (a)(3) and (c)(2) of section 3729", and struck out former subpar. (B) which read as follows: "Federal Government contributions made under clauses (A) and (B) of section 3725(c)(2) of this title."

Subsec. (c). Pub. L. 105-368, §602(d), added subsec. (c). 1991—Pub. L. 102-83, §5(a), renumbered section 1834 of this title as this section.

Subsec. (b)(2). Pub. L. 102-83, §5(c)(1), substituted "3729(a)" for "1829(a)" and "3729(b)" for "1829(b)" in subpar. (A), "3725(c)(2)" for "1825(c)(2)" in subpar. (B), and "3729" for "1829" in subpar. (C).

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.

§ 3735. Renumbered § 2041

§ 3736. Reporting requirements

The annual report required by section 529 of this title shall include a discussion of the activities under this chapter. Beginning with the report submitted at the close of fiscal year 1996, and every second year thereafter, this discussion shall include information regarding the following:

(1) Loans made to veterans whose only qualifying service was in the Selected Reserve.

(2) Interest rates and discount points which were negotiated between the lender and the veteran pursuant to section 3703(c)(4)(A)(i) of this title.

(3) The determination of reasonable value by lenders pursuant to section 3731(f) of this title.

(4) Loans that include funds for energy efficiency improvements pursuant to section 3710(a)(10) of this title.

(5) Direct loans to Native American veterans made pursuant to subchapter V of this chapter.

(Added Pub. L. 104-110, title II, §201(a)(1), Feb. 13, 1996, 110 Stat. 770.)

SUBCHAPTER IV—SMALL BUSINESS LOANS

§ 3741. Definitions

For the purposes of this subchapter—

(1) The term "disabled veteran" means (A) a veteran who is entitled to compensation under

laws administered by the Secretary for a disability rated at 30 percent or more, or (B) a veteran whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

(2) The term "veteran of the Vietnam era" means a person (A) who served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam era, and who was discharged or released therefrom with other than a dishonorable discharge, or (B) who was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era.

(Added Pub. L. 97-72, title III, §302(a), Nov. 3, 1981, 95 Stat. 1055, §1841; amended Pub. L. 99-576, title VII, §702(9), Oct. 28, 1986, 100 Stat. 3302; renumbered §3741 and amended Pub. L. 102-83, §4(a)(1), 5(a), Aug. 6, 1991, 105 Stat. 403, 406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 1841 of this title as this section.

Par. (1). Pub. L. 102-83, §4(a)(1), substituted "administered by the Secretary" for "administered by the Veterans' Administration".

1986—Pub. L. 99-576 substituted "percent" for "per centum" in par. (1) and "180" for "one hundred and eighty" in par. (2).

EFFECTIVE DATE

Section 305 of title III of Pub. L. 97-72 provided that: "The amendments made by this title [see Tables for classification] shall take effect at the end of the one-hundred-and-eighty-day period beginning on the date of the enactment of this Act [Nov. 3, 1981], except that the authority of the Administrator of Veterans' Affairs to promulgate regulations under subchapter IV of chapter 37 of title 38, United States Code (as added by section 302), shall take effect on such date of enactment."

SHORT TITLE

For short title of title III of Pub. L. 97-72, which enacted this subchapter, as the "Veterans' Small Business Loan Act of 1981", see section 301 of Pub. L. 97-72, set out as a Short Title of 1981 Amendments note under section 101 of this title.

AUTHORIZATION OF APPROPRIATIONS

Section 304 of Pub. L. 97-72 authorized to be appropriated a total of \$750,000 for fiscal years 1982 through 1986 for use by Administrator of Veterans' Affairs for expenses incidental to establishment of small business loan program authorized by subchapter IV of this chapter.

§ 3742. Small business loan program

(a)(1) Subject to subsection (b) of this section, the Secretary may provide financial assistance to veterans' small business concerns for the purpose of (A) financing plant construction, conversion, or expansion (including the acquisition of land), (B) financing the acquisition of equipment, facilities, machinery, supplies, or materials, or (C) supplying such concerns with working capital.

(2) Subject to paragraph (3)(A) of this subsection, financial assistance under this section may be provided in the form of (A) loan guaranties, or (B) direct loans.

(3) The Secretary shall specify in regulations the criteria to be met for a business concern to

qualify as a veterans' small business concern for the purposes of this subchapter. Such regulations shall include requirements—

(A) that at least 51 percent of a business concern must be owned by individuals who are veterans of the Vietnam era or disabled veterans in order for such concern to qualify for a loan guaranty and that at least 51 percent of a business concern must be owned by disabled veterans in order for such concern to qualify for a direct loan; and

(B) that the management and daily business operations of the concern must be directed by one or more of the veterans whose ownership interest is part of the majority ownership for the purposes of meeting the requirement in clause (A) of this paragraph.

(b) The availability of financial assistance under subsection (a) of this section is subject to the following limitations:

(1) The Secretary may not make a direct loan under this section unless the veterans' small business concern applying for the loan shows to the satisfaction of the Secretary that the concern is unable to obtain a loan guaranteed by the Department under this section or made or guaranteed by the Small Business Administration.

(2) The Secretary may not guarantee a loan under this section if the loan bears a rate of interest in excess of the maximum rate of interest prescribed under section 3745 of this title.

(3) The Secretary may not make or guarantee a loan under this section for an amount in excess of \$200,000.

(4) The original liability of the Secretary on any loan guaranteed under this section may not exceed 90 percent of the amount of the loan, and such liability shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the loan, but such liability may not exceed the amount of the original guaranty.

(c) Each loan made or guaranteed under this subchapter shall be of such sound value, taking into account the creditworthiness of the veterans' small business concern (and the individual owners) applying for such loan, or so secured as reasonably to assure payment.

(d)(1) Except as provided in paragraph (2) of this subsection, the Secretary may not make or guarantee a loan under this subchapter to a veterans' small business concern in which an ownership interest is held by a veteran who also has an ownership interest in another small business concern if such ownership interest was considered in qualifying that other concern for an outstanding loan made or guaranteed under this subchapter or the Small Business Act (15 U.S.C. 631 et seq.).

(2) Paragraph (1) of this subsection shall not apply if 51 percent or more of the business concern seeking a direct or guaranteed loan under this subchapter is owned by veterans of the Vietnam era or disabled veterans without including the ownership interest of the veteran whose ownership interest in another small business concern was previously considered in qualifying that other concern for an outstanding