

119TH CONGRESS  
1ST SESSION

# H. R. 1815

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IN THE SENATE OF THE UNITED STATES

MAY 20, 2025

Received; read twice and referred to the Committee on Veterans' Affairs

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## AN ACT

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to take certain actions in the case of a default on a home loan guaranteed by the Secretary, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “VA Home Loan Pro-  
3 gram Reform Act”.

4 **SEC. 2. AUTHORITY OF THE SECRETARY OF VETERANS AF-**  
5 **FAIRS TO TAKE CERTAIN ACTIONS IN THE**  
6 **CASE OF A DEFAULT ON A HOME LOAN GUAR-**  
7 **ANTEED BY THE SECRETARY.**

8       (a) IN GENERAL.—Section 3732 of title 38, United  
9 States Code, is amended—

10           (1) in subsection (a)—

11               (A) in paragraph (1), by striking “obliga-  
12 tion” each place it appears and inserting  
13 “loan”;

14               (B) in paragraph (2)—

15                   (i) by amending subparagraph (A) to  
16 read as follows:

17           “(A) The Secretary may, under terms and conditions  
18 determined by the Secretary—

19               “(i) pay the holder of a loan guaranteed under  
20 this chapter an amount necessary to avoid the fore-  
21 closure of such loan;

22               “(ii) require the holder of the loan and the vet-  
23 eran obligated on the loan to execute all documents  
24 necessary to ensure the Secretary obtains a secured  
25 interest in the property covered by the loan; and

1           “(iii) require the holder of the loan to take any  
2           actions necessary to carry out this paragraph, in-  
3           cluding preparing, executing, transmitting, receiving,  
4           and recording documents, and requiring the holder  
5           of the loan to place the loan in forbearance.”;

6                       (ii) in subparagraph (B), by striking  
7                       “obligation” each place it appears and in-  
8                       serting “housing loan”; and

9                       (iii) by adding at the end the fol-  
10                      lowing new subparagraphs:

11           “(C)(i) Any decision by the Secretary under this  
12           paragraph is final and is not subject to judicial review.

13           “(ii) For purposes of section 511 of this title, any  
14           decision under this paragraph shall not be treated as a  
15           decision under a law that affects the provision of benefits.

16           “(D)(i) The Secretary may establish standards for  
17           processing payments under this paragraph based on a cer-  
18           tification by a holder of a loan guaranteed under this  
19           chapter that the holder has complied with all applicable  
20           requirements established by the Secretary.

21           “(ii) The Secretary shall carry out, on a random-sam-  
22           pling basis, post-payment audits to ensure compliance  
23           with all requirements described in clause (i).”; and

24                       (C) in paragraph (5), by striking “obliga-  
25                      tion” and inserting “loan”;

1 (2) in subsection (c)—

2 (A) in paragraph (1), in the matter pre-  
3 ceding subparagraph (A), by striking “sub-  
4 section—” and inserting “subsection:”; and

5 (B) in paragraph (10)(B)(i), by striking  
6 “forebearance” each place it appears and in-  
7 serting “forbearance”; and

8 (3) by adding at the end the following new sub-  
9 section:

10 “(d) The Secretary shall prescribe loss mitigation  
11 procedures, including a mandatory sequence in which the  
12 holder of a loan guaranteed under this chapter shall offer  
13 loss mitigation options (including an option to enter into  
14 a partial claim agreement under the VA Home Loan Pro-  
15 gram Reform Act) to a veteran, to help prevent the fore-  
16 closure of such loan. The Secretary may not purchase an  
17 entire such loan until the veteran has completed such se-  
18 quence.”.

19 (b) RELATIONSHIP TO OTHER POWERS OF SEC-  
20 RETARY.—Section 3720 of such title is amended—

21 (1) in subsection (a), by striking “Notwith-  
22 standing” and inserting “Except as provided in sub-  
23 section (h), notwithstanding”;

24 (2) by redesignating subsections (f) through (h)  
25 as subsections (e) through (g), respectively; and

1           (3) by adding at the end the following new sub-  
2           section (h):

3           “(h) The Secretary may not take any action under  
4           paragraph (2), (3), (4), or (5) of subsection (a) with re-  
5           spect to a loan guaranteed under this chapter before the  
6           completion of the sequence of mitigation options offered  
7           to the veteran to whom the loan is made under section  
8           3732(d) of this title.”.

9           **SEC. 3. PARTIAL CLAIM PROGRAM OF THE DEPARTMENT**  
10           **OF VETERANS AFFAIRS.**

11           (a) IN GENERAL.—Subchapter III of chapter 37 of  
12           title 38, United States Code, is amended by adding at the  
13           end the following new section:

14           **“§ 3737. Partial Claim Program**

15           “(a) ESTABLISHMENT.—The Secretary shall carry  
16           out a program, to be known as the ‘Partial Claim Pro-  
17           gram’, under which the Secretary may make a partial  
18           claim, described in subsection (b), with respect to a loan—

19                   “(1) guaranteed under this chapter;

20                   “(2) regarding the primary residence of the  
21           borrower; and

22                   “(3) that the Secretary determines is in default  
23           or at imminent risk of default.

24           “(b) PARTIAL CLAIM DESCRIBED.—A partial claim  
25           described in this subsection, with respect to a loan de-

1 scribed in subsection (a), is the purchase by the Secretary  
2 of a portion of indebtedness under the loan, through a  
3 transaction under which the Secretary—

4 “(1) pays to the holder of the loan the amount  
5 of indebtedness, subject to subsection (c), that the  
6 Secretary determines necessary to help prevent or  
7 resolve a default; and

8 “(2) receives a secured interest in the property  
9 that serves as collateral for the guaranteed loan,  
10 which is subordinate to the first lien guaranteed loan  
11 for such property.

12 “(c) ADMINISTRATION OF PARTIAL CLAIM.—(1)(A)  
13 Subject to subparagraph (B), the amount of a partial  
14 claim under this section with respect to a loan guaranteed  
15 described in subsection (a) may not exceed 25 percent of  
16 the unpaid principal balance of the loan on the date on  
17 which the partial claim is made.

18 “(B) In the case of an individual who failed to make  
19 a payment on a loan guaranteed under this chapter during  
20 the period beginning on March 1, 2020 and ending on May  
21 1, 2025, the amount of a partial claim under this section  
22 may not exceed 30 percent of the unpaid principal balance  
23 of the guaranteed loan as of the date that the initial par-  
24 tial claim is made.

1       “(2)(A) Subject to subparagraph (B), the Secretary  
2 may make only one partial claim per loan.

3       “(B) The Secretary may make an additional partial  
4 claim on a loan guaranteed under this chapter in the case  
5 of an individual who failed to make a payment on such  
6 loan during—

7               “(i) a major disaster declared by the President  
8 under section 401 of the Robert T. Stafford Disaster  
9 Relief and Emergency Assistance Act (42 U.S.C.  
10 5170); or

11              “(ii) the period of 120 days following such a  
12 major disaster.

13       “(3) An amount paid to the holder of a loan as a  
14 partial claim—

15              “(A) shall not count against the amount of a  
16 loan that may otherwise be guaranteed under this  
17 chapter; and

18              “(B) may not be applied to the portion of the  
19 loan that is guaranteed under this chapter.

20       “(4) A holder of a loan guaranteed under such chap-  
21 ter for which the Secretary makes a partial claim under  
22 this section shall apply the amount paid by the Secretary  
23 for the partial claim first to arrearages, if any, on the  
24 guaranteed loan. Such arrearages may include any addi-  
25 tional costs (such as taxes, insurance premiums, or home-

1 owner's dues) the Secretary determines necessary to pre-  
2 vent or resolve a default.

3 “(5) The Secretary may enter into a contract with  
4 an appropriate entity for the service of a partial claim  
5 made by the Secretary under this section. Any such con-  
6 tract shall provide that such entity shall provide quarterly  
7 statements to the holder of the loan for which the Sec-  
8 retary makes the partial claim.

9 “(d) REQUIREMENTS OF LOAN HOLDER.—(1) The  
10 Secretary may require the holder of a loan for which the  
11 Secretary makes a partial claim under this section to take  
12 any actions necessary to establish the partial claim, in-  
13 cluding preparing, executing, transmitting, receiving, and  
14 recording loan documents.

15 “(2) The Secretary shall compensate the holder of  
16 such a loan appropriately, as determined by the Secretary,  
17 for the services required of such holder under this sub-  
18 section.

19 “(3) The Secretary may exercise the authority of the  
20 Secretary under this subsection without regard to any  
21 other provision of law not enacted expressly in limitation  
22 of this section that would otherwise govern the expenditure  
23 of public funds.

24 “(e) DEFAULT AND FORECLOSURE.—(1)(A) Not-  
25 withstanding section 3703(e) of this title, an individual



1 who defaults on a loan for which the Secretary makes a  
2 partial claim made under this section shall be liable to the  
3 Secretary for any loss suffered by the Secretary resulting  
4 from such default. Such a loss may be recovered in the  
5 same manner as any other debt due the United States.

6 “(B) In the event of default by an individual on a  
7 loan for which the Secretary makes a partial claim made  
8 under this section, the Secretary may reduce the aggregate  
9 amount of guaranty or insurance housing loan entitlement  
10 available to the individual under this chapter.

11 “(2) Notwithstanding section 2410(c) of title 28, an  
12 action to foreclose a lien held by the United States arising  
13 under a partial claim made under this section shall follow  
14 foreclosure procedures in accordance with State or local  
15 law where the property involved is located.

16 “(f) DECISIONS BY THE SECRETARY.—(1) Any par-  
17 tial claim made under this section shall be made in the  
18 sole discretion of the Secretary and on terms and condi-  
19 tions acceptable to the Secretary that are consistent with  
20 this section.

21 “(2) Any decision by the Secretary under this section  
22 is final and conclusive and is not subject to judicial review.

23 “(3) For purposes of section 511 of this title, any  
24 decision under this section shall not be treated as a deci-  
25 sion under a law that affects the provision of benefits.

1       “(g) COMPLIANCE.—(1) The Secretary may establish  
2 standards for processing payments under this section  
3 based on a certification by a holder of a loan guaranteed  
4 under such chapter that the holder has complied with all  
5 applicable requirements established by the Secretary.

6       “(2) The Secretary shall carry out, on a random-sam-  
7 pling basis, post-payment audits to ensure compliance  
8 with all requirements under paragraph (1).

9       “(h) GUIDANCE WITH RESPECT TO CERTAIN  
10 LOANS.—(1) With respect to a loan described in para-  
11 graph (2), the Secretary may—

12               “(A) before prescribing regulations, issue ad-  
13 ministrative guidance regarding the making of a  
14 partial claim relating to such loan; and

15               “(B) establish, through such guidance, addi-  
16 tional requirements applicable to such a partial  
17 claim.

18       “(2) A loan described in this paragraph is a loan that  
19 the Secretary determines was in default on the date of  
20 the enactment of this section.

21       “(i) RULE OF CONSTRUCTION.—Nothing in this sec-  
22 tion shall be construed to limit the authority of the Sec-  
23 retary under subsections (a) and (d) of section 3732 of  
24 this title.

1       “(j) TERMINATION.—The Secretary may not make a  
2 partial claim under this section after the date that is five  
3 years after the date of the enactment of this section.”.

4       (b) CLERICAL AMENDMENT.—The table of sections  
5 at the beginning of such chapter is amended by inserting  
6 after the item relating to section 3736 the following new  
7 item:

“3737. Partial Claim Program.”.

8       **SEC. 4. STRATEGY OF THE SECRETARY OF VETERANS AF-**  
9                               **FAIRS REGARDING THE EFFECT OF CERTAIN**  
10                              **LITIGATION.**

11       Not later than 90 days after the date of the enact-  
12 ment of this Act, the Secretary of Veterans Affairs shall  
13 submit to the Committees on Veterans’ Affairs of the Sen-  
14 ate and House of Representatives a report on the strategy  
15 of the Secretary to ensure that a veteran who seeks to  
16 purchase a home with a loan guaranteed under chapter  
17 37 of title 38, United States Code, is not at a disadvan-  
18 tage when attempting to secure representation by a real  
19 estate agent or broker. Such strategy may include amend-  
20 ments to section 36.4313 of title 38, Code of Federal Reg-  
21 ulations.

1 **SEC. 5. INCREASE OF AUTHORIZATION OF APPROPRIA-**  
2 **TIONS FOR COMPREHENSIVE SERVICE PRO-**  
3 **GRAMS FOR HOMELESS VETERANS.**

4 Section 2016 of title 38, United States Code, is  
5 amended—

6 (1) in paragraph (7), by striking “fiscal year  
7 2015 and each subsequent fiscal year” and inserting  
8 “each of fiscal years 2015 through 2024”; and

9 (2) by adding at the end the following new  
10 paragraphs:

11 “(8) \$344,000,000 for each of fiscal years 2025  
12 and 2026.

13 “(9) \$257,700,000 for each fiscal year there-  
14 after through fiscal year 2030.”.

Passed the House of Representatives May 19, 2025.

Attest: KEVIN F. MCCUMBER,  
*Clerk.*