

“(b) The amendment made by clause (1) of section 104 of this title [amending section 1810 [now 3710] shall take effect on July 1, 1979, except with respect to the authority to prescribe regulations for the implementation of such amendment, which shall be effective on the date of the enactment of this Act [Oct. 18, 1978].”

#### 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 1974 AMENDMENT

Pub. L. 93-569, §10, Dec. 31, 1974, 88 Stat. 1867, provided that: “The provisions of this Act [see Tables for classification] shall become effective on the date of enactment [Dec. 31, 1974] except that the amendments made by sections 2(a)(3) [amending section 1802 [now 3702] of this title] and 2(b) [amending section 1802 [now 3702] of this title] and section 3(2) [amending section 1810 [now 3710] of this title] and 3(4) [amending section 1810 [now 3710] of this title] shall become effective ninety days after such date of enactment [Dec. 31, 1974].”

#### EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-77 effective first day of first calendar month which begins more than ten days after Aug. 31, 1967, see section 405 of Pub. L. 90-77, set out as a note under section 101 of this title.

#### ANNUAL REPORTS ON VETERANS RECEIVING GUARANTEED MORTGAGE LOANS AS RESULT OF AMENDMENTS BY PUB. L. 102-547

Pub. L. 102-547, §2(c), Oct. 28, 1992, 106 Stat. 3634, directed Secretary of Veterans Affairs to transmit report on selected reserve veterans receiving guaranteed mortgage loans to Committees on Veterans' Affairs of Senate and House of Representatives no later than Dec. 31, 1994, and annually thereafter, prior to repeal by Pub. L. 104-110, title II, §201(b), Feb. 13, 1996, 110 Stat. 770.

#### REFERENCES IN OTHER LAWS

Pub. L. 100-322, title IV, §415(c)(7), May 20, 1988, 102 Stat. 551, provided that: “Any reference, in effect on the date of the enactment of this Act [May 20, 1988], in any law, rule, or regulation to any of the sections, or parts thereof, which are redesignated or transferred by this section [sections 1802(a), (g), 1815, 1816(a) to (c), 1816(d) to (f), 1817, 1817A, 1819, and 1832 of this title were redesignated as sections 1802(a)(1), (4), 1803(a)(2), 1832(a) to (c), 1833(a) to (c), 1813, 1814, 1812, and 1833(d) [now 3702(a)(1), (4), 3703(a)(2), 3732(a) to (c), 3733(a) to (c), 3713, 3714, 3712, and 3733(d)], respectively, of this title] shall be construed to refer to the section, or part thereof, as redesignated or transferred by this section.”

#### TECHNICAL NATURE OF 1986 AMENDMENTS

Pub. L. 100-322, title IV, §415(f), May 20, 1988, 102 Stat. 552, provided that: “The status of any veteran with respect to benefits under chapter 37 of title 38, United States Code, shall not be affected by the amendments made by, or other provisions of, this section [see Tables for classification].”

### § 3703. Basic provisions relating to loan guaranty and insurance

(a)(1)(A) Any loan to a veteran eligible for benefits under this chapter, if made for any of the purposes specified in section 3710 of this title and in compliance with the provisions of this chapter, is automatically guaranteed by the United States in an amount not to exceed the lesser of—

(i)(I) in the case of any loan of not more than \$45,000, 50 percent of the loan;

(II) in the case of any loan of more than \$45,000, but not more than \$56,250, \$22,500;

(III) except as provided in subclause (IV) of this clause, in the case of any loan of more than \$56,250, the lesser of \$36,000 or 40 percent of the loan; or

(IV) in the case of any loan of more than \$144,000 for a purpose specified in clause (1), (2), (3), (5), (6), or (8) of section 3710(a) of this title, 25 percent of the loan; or

(ii) the maximum amount of guaranty entitlement available to the veteran as specified in subparagraph (B) or (C).

(B) With respect to loans described in subclauses (I), (II), or (III) of subparagraph (A)(i), the maximum amount of guaranty entitlement available to a veteran for purposes specified in section 3710 of this title shall be \$36,000, reduced by the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 3702(b) of this title.

(C)(i) With respect to loans described in subclause (IV) of subparagraph (A)(i) made to a veteran not covered by clause (ii), the maximum amount of guaranty entitlement available to the veteran shall be 25 percent of the loan.

(ii) With respect to loans described in subclause (IV) of subparagraph (A)(i) made to a covered veteran, the maximum amount of guaranty entitlement available to the veteran shall be 25 percent of the Freddie Mac conforming loan limit, reduced by the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 3702(b) of this title.

(iii) In this subparagraph:

(I) The term “covered veteran” means a veteran who has previously used entitlement under this chapter and for whom the full amount of entitlement so used has not been restored as a result of the exclusion in section 3702(b) of this title.

(II) The term “Freddie Mac conforming loan limit” means the limit determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a single-family residence, as adjusted for the year involved.

(2)(A) Any housing loan which might be guaranteed under the provisions of this chapter, when made or purchased by any financial institution subject to examination and supervision by any agency of the United States or of any State may, in lieu of such guaranty, be insured by the Secretary under an agreement whereby the Secretary will reimburse any such institution for losses incurred on such loan up to 15 percent of the aggregate of loans so made or purchased by it.

(B) Loans insured under this section shall be made on such other terms, conditions, and restrictions as the Secretary may prescribe within the limitations set forth in this chapter.

(b) The liability of the United States under any guaranty, within the limitations of this chapter, shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

(c)(1) Loans guaranteed or insured under this chapter shall be payable upon such terms and conditions as may be agreed upon by the parties

thereto, subject to the provisions of this chapter and regulations of the Secretary issued pursuant to this chapter, and shall bear interest not in excess of such rate as the Secretary may from time to time find the loan market demands, except that in establishing the rate of interest that shall be applicable to such loans, the Secretary shall consult with the Secretary of Housing and Urban Development regarding the rate of interest applicable to home loans insured under section 203(b) of the National Housing Act (12 U.S.C. 1709(b)). In establishing rates of interest under this paragraph for one or more of the purposes described in clauses (4) and (7) of section 3710(a) of this title, the Secretary may establish a rate or rates higher than the rate specified for other purposes under such section, but any such rate may not exceed such rate as the Secretary may from time to time find the loan market demands for loans for such purposes.

(2) The provisions of the Servicemen's Readjustment Act of 1944 which were in effect before April 1, 1958, with respect to the interest chargeable on loans made or guaranteed under such Act shall, notwithstanding the provisions of paragraph (1) of this subsection, continue to be applicable—

(A) to any loan made or guaranteed before April 1, 1958; and

(B) to any loan with respect to which a commitment to guarantee was entered into by the Secretary before April 1, 1958.

(3) This section shall not be construed to prohibit a veteran from paying to a lender any reasonable discount required by such lender, when the proceeds from the loan are to be used—

(A) to refinance indebtedness pursuant to clause (5), (8), or (9)(B)(i) of section 3710(a) of this title or section 3712(a)(1)(F) of this title;

(B) to repair, alter, or improve a farm residence or other dwelling pursuant to clauses (4) and (7) of section 3710(a) of this title;

(C) to construct a dwelling or farm residence on land already owned or to be acquired by the veteran except where the land is directly or indirectly acquired from a builder or developer who has contracted to construct such dwelling for the veteran;

(D) to purchase a dwelling from a class of sellers which the Secretary determines are legally precluded under all circumstances from paying such a discount if the best interest of the veteran would be so served; or

(E) to refinance indebtedness and purchase a manufactured-home lot pursuant to section 3710(a)(9)(B)(ii) or 3712(a)(1)(G) of this title, but only with respect to that portion of the loan used to refinance such indebtedness.

(4)(A) In guaranteeing or insuring loans under this chapter, the Secretary may elect whether to require that such loans bear interest at a rate that is—

(i) agreed upon by the veteran and the mortgagee; or

(ii) established under paragraph (1).

The Secretary may, from time to time, change the election under this subparagraph.

(B) Any veteran, under a loan described in subparagraph (A)(i), may pay reasonable discount points in connection with the loan. Except in

the case of a loan for the purpose specified in section 3710(a)(8), 3710(b)(7), or 3712(a)(1)(F) of this title, discount points may not be financed as part of the principal amount of a loan guaranteed or insured under this chapter.

(C) Not later than 10 days after an election under subparagraph (A), the Secretary shall transmit to the Committees on Veterans' Affairs of the Senate and House of Representatives a notification of the election, together with an explanation of the reasons therefor.

(d)(1) The maturity of any housing loan at the time of origination shall not be more than thirty years and thirty-two days.

(2)(A) Any loan for a term of more than five years shall be amortized in accordance with established procedure.

(B) The Secretary may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Secretary by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.

(3)(A) Any real estate housing loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan is so secured, the Secretary may either disregard or allow for subordination to a superior lien created by a duly recorded covenant running with the realty in favor of either of the following:

(i) A public entity that has provided or will provide assistance in response to a major disaster as determined by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(ii) A private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services, or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Secretary determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant.

(B) With respect to any superior lien described in subparagraph (A) created after June 6, 1969, the Secretary's determination under clause (ii) of such subparagraph shall have been made prior to the recordation of the covenant.

(e)(1) Except as provided in paragraph (2) of this subsection, an individual who pays a fee under section 3729 of this title, or who is exempted under section 3729(c) of this title from paying such fee, with respect to a housing loan guaranteed or insured under this chapter that is closed after December 31, 1989, shall have no liability to the Secretary with respect to the loan for any loss resulting from any default of such individual except in the case of fraud, misrepresentation, or bad faith by such individual in obtaining the loan or in connection with the loan default.

(2) The exemption from liability provided by paragraph (1) of this subsection shall not apply to—

(A) an individual from whom a fee is collected (or who is exempted from such fee) under section 3729(b)(2)(I) of this title; or

(B) a loan made for any purpose specified in section 3712 of this title.

(f) The application for or obtaining of a loan made, insured, or guaranteed under this chapter shall not be subject to reporting requirements applicable to requests for, or receipts of, Federal contracts, grants, loans, loan guarantees, loan insurance, or cooperative agreements except to the extent that such requirements are provided for in, or by the Secretary pursuant to, this title.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1205, 1212, §1803; Pub. L. 86-73, §2, June 30, 1959, 73 Stat. 156; Pub. L. 86-665, §1, July 14, 1960, 74 Stat. 531; Pub. L. 87-84, §1(a), July 6, 1961, 75 Stat. 201; Pub. L. 89-358, §5(d), Mar. 3, 1966, 80 Stat. 26; Pub. L. 90-77, title IV, §403(b), Aug. 31, 1967, 81 Stat. 190; Pub. L. 91-22, §4, June 6, 1969, 83 Stat. 32; Pub. L. 91-506, §2(b), (c), Oct. 23, 1970, 84 Stat. 1108; Pub. L. 93-75, July 26, 1973, 87 Stat. 176; Pub. L. 93-569, §§2(c), 8(1)-(5), Dec. 31, 1974, 88 Stat. 1863, 1866; Pub. L. 94-324, §7(6), (16), June 30, 1976, 90 Stat. 721; Pub. L. 95-476, title I, §103, Oct. 18, 1978, 92 Stat. 1498; Pub. L. 96-385, title IV, §401(c)(1), Oct. 7, 1980, 94 Stat. 1533; Pub. L. 97-66, title V, §501(a), Oct. 17, 1981, 95 Stat. 1031; Pub. L. 97-72, title III, §303(c), (e), Nov. 3, 1981, 95 Stat. 1060; Pub. L. 97-295, §4(61), (63), Oct. 12, 1982, 96 Stat. 1309; Pub. L. 97-306, title IV, §406(b), Oct. 14, 1982, 96 Stat. 1444; Pub. L. 98-223, title II, §205(c), Mar. 2, 1984, 98 Stat. 43; Pub. L. 100-198, §3(a)(1), Dec. 21, 1987, 101 Stat. 1315; Pub. L. 100-253, §3(a), Feb. 29, 1988, 102 Stat. 20; Pub. L. 100-322, title IV, §415(a)(3), (c)(2), (d)(1), May 20, 1988, 102 Stat. 550-552; Pub. L. 101-237, title III, §§304(a), 306(a), 313(b)(1), (6), Dec. 18, 1989, 103 Stat. 2073, 2074, 2077; Pub. L. 102-54, §§4(b), 6, June 13, 1991, 105 Stat. 268; renumbered §3703 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 102-547, §10(a), Oct. 28, 1992, 106 Stat. 3643; Pub. L. 103-78, §6, Aug. 13, 1993, 107 Stat. 769; Pub. L. 103-353, §7, Oct. 13, 1994, 108 Stat. 3175; Pub. L. 104-110, title I, §101(d), Feb. 13, 1996, 110 Stat. 768; Pub. L. 105-368, title VI, §602(e)(1)(A), Nov. 11, 1998, 112 Stat. 3346; Pub. L. 107-103, title IV, §401, Dec. 27, 2001, 115 Stat. 993; Pub. L. 107-330, title III, §308(f)(1), Dec. 6, 2002, 116 Stat. 2828; Pub. L. 108-454, title IV, §403, Dec. 10, 2004, 118 Stat. 3616; Pub. L. 110-389, title V, §504(a), Oct. 10, 2008, 122 Stat. 4176; Pub. L. 111-22, div. A, title I, §102(a), May 20, 2009, 123

Stat. 1636; Pub. L. 112-154, title VII, §701(d), Aug. 6, 2012, 126 Stat. 1204; Pub. L. 116-23, §6(a)(1), June 25, 2019, 133 Stat. 973.)

### Editorial Notes

#### REFERENCES IN TEXT

The Servicemen's Readjustment Act of 1944, referred to in subsec. (c)(2), is act June 22, 1944, ch. 268, 58 Stat. 284, which was classified generally to chapter 11C (§§693 to 697g) of former Title 38, Pensions, Bonuses, and Veterans' Relief, which was repealed upon the enactment of Title 38, Veterans' Benefits, by Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1105. For distribution of sections 693 to 697g of former Title 38 in this title, see Table preceding section 101 of this title.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, referred to in subsec. (d)(3)(A)(i), is Pub. L. 93-288, May 22, 1974, 88 Stat. 143, which is classified principally to chapter 68 (§5121 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5121 of Title 42 and Tables.

#### AMENDMENTS

2019—Subsec. (a)(1)(A)(i)(IV). Pub. L. 116-23, §6(a)(1)(A)(i), struck out “the lesser of the maximum guaranty amount (as defined in subparagraph (C)) or” before “25 percent”.

Subsec. (a)(1)(A)(ii). Pub. L. 116-23, §6(a)(1)(A)(ii), substituted “subparagraph (B) or (C)” for “subparagraph (B) of this paragraph”.

Subsec. (a)(1)(B). Pub. L. 116-23, §6(a)(1)(B), substituted “With respect to loans described in subclauses (I), (II), or (III) of subparagraph (A)(i), the maximum” for “The maximum” and struck out “or in the case of a loan described in subparagraph (A)(i)(IV) of this paragraph, the maximum guaranty amount (as defined in subparagraph (C)),” after “\$36,000.”

Subsec. (a)(1)(C). Pub. L. 116-23, §6(a)(1)(C), added subpar. (C) and struck out former subpar. (C) which read as follows: “In this paragraph, the term ‘maximum guaranty amount’ means the dollar amount that is equal to 25 percent of the Freddie Mac conforming loan limit limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a single-family residence, as adjusted for the year involved.”

2012—Subsec. (d)(3). Pub. L. 112-154 amended par. (3) generally. Prior to amendment, par. (3) read as follows: “Any real estate housing loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan for the purchase or construction of a home is so secured, the Secretary may disregard a superior lien created by a duly recorded covenant running with the realty in favor of a private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Secretary determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant. In respect to any such superior lien to be created after June 6, 1969, the Secretary's determination must have been made prior to the recordation of the covenant.”

2009—Subsec. (d)(1). Pub. L. 111-22 inserted “at the time of origination” after “loan”.

2008—Subsec. (a)(1)(A)(i)(IV). Pub. L. 110-389 inserted “(5),” after “(3).”

2004—Subsec. (a)(1)(A)(i)(IV), (B). Pub. L. 108-454, §403(a), substituted “the maximum guaranty amount (as defined in subparagraph (C))” for “\$60,000”.

Subsec. (a)(1)(C). Pub. L. 108-454, §403(b), added subpar. (C).

2002—Subsec. (e)(2)(A). Pub. L. 107-330 substituted “3729(b)(2)(I)” for “3729(b)”.

2001—Subsec. (a)(1)(A)(i)(IV), (B). Pub. L. 107-103 substituted "\$60,000" for "\$50,750".

1998—Subsec. (e)(1). Pub. L. 105-368 substituted "3729(c)" for "3729(c)(1)".

1996—Subsec. (c)(4)(D). Pub. L. 104-110 struck out subpar. (D) which read as follows: "This paragraph shall expire on December 31, 1995."

1994—Subsec. (a)(1)(A)(i)(IV), (B). Pub. L. 103-353 substituted "\$50,750" for "\$46,000".

1993—Subsec. (c)(4)(B). Pub. L. 103-78 in second sentence substituted "Except in the case of a loan for the purpose specified in section 3710(a)(8), 3710(b)(7), or 3712(a)(1)(F) of this title, discount" for "Discount".

1992—Subsec. (c)(1). Pub. L. 102-547, §10(a)(1), in first sentence substituted "applicable to" for "the Secretary of Housing and Urban Development considers necessary to meet the mortgage market for" and struck out ", and, to the maximum extent practicable, carry out a coordinated policy on interest rates on loans insured under such section 203(b) and on loans guaranteed or insured under this chapter" after "(12 U.S.C. 1709(b))".

Subsec. (c)(4). Pub. L. 102-547, §10(a)(2), added par. (4). 1991—Pub. L. 102-83, §5(a), renumbered section 1803 of this title as this section.

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

Subsec. (a)(1)(A)(i)(III). Pub. L. 102-54, §6(1), inserted "except as provided in subclause (IV) of this clause," after "(III)" and struck out "but not more than \$144,000," after "\$56,250,".

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

Pub. L. 102-54, §6(2), substituted "(6), or (8)" for "or (6)".

Subsec. (a)(1)(B). Pub. L. 102-83, §5(c)(1), substituted "3710" for "1810" and "3702(b)" for "1802(b)".

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

Subsec. (c)(3). Pub. L. 102-83, §5(c)(1), substituted "3710(a)" for "1810(a)" and "3712(a)(1)(F)" for "1812(a)(1)(F)" in subpar. (A), "3710(a)" for "1810(a)" in subpar. (B), and "3710(a)(9)(B)(ii) or 3712(a)(1)(G)" for "1810(a)(9)(B)(ii) or 1812(a)(1)(G)" in subpar. (E).

Subsec. (e)(1). Pub. L. 102-83, §5(c)(1), substituted "3729" for "1829" and "3729(c)(1)" for "1829(c)(1)".

Subsec. (e)(2). Pub. L. 102-83, §5(c)(1), substituted "3729(b)" for "1829(b)" in subpar. (A) and "3712" for "1812" in subpar. (B).

Subsec. (f). Pub. L. 102-54, §4(b), added subsec. (f).

1989—Subsec. (a)(1)(A)(i). Pub. L. 101-237, §306(a)(1), added subcls. (II) to (IV) and struck out former subcl. (II) which read as follows: "in the case of any loan of more than \$45,000, the lesser of \$36,000 or 40 percent of the loan, except that the amount of such guaranty for any such loan shall not be less than \$22,500; or".

Subsec. (a)(1)(B). Pub. L. 101-237, §306(a)(2), inserted ", or in the case of a loan described in subparagraph (A)(i)(IV) of this paragraph, \$46,000," after "\$36,000".

Subsec. (a)(2). Pub. L. 101-237, §313(b)(1), substituted "Secretary" for "Administrator" wherever appearing.

Subsec. (c)(1). Pub. L. 101-237, §313(b)(6), substituted "Secretary of Housing and Urban Development considers" for "Secretary considers".

Pub. L. 101-237, §313(b)(1), substituted "Secretary" for "Administrator" wherever appearing.

Subsec. (c)(2)(B), (3)(D). Pub. L. 101-237, §313(b)(1), substituted "Secretary" for "Administrator".

Subsec. (d)(2)(B), (C), (3). Pub. L. 101-237, §313(b)(1), substituted "Secretary" and "Secretary's" for "Administrator" and "Administrator's", respectively, wherever appearing.

Subsec. (e). Pub. L. 101-237, §304(a), added subsec. (e). 1988—Pub. L. 100-322, §415(a)(3)(B), inserted "and insurance" in section catchline.

Subsec. (a)(1). Pub. L. 100-322, §415(d)(1), inserted "as specified in subparagraph (B) of this paragraph" before period at end of cl. (A)(ii) and substituted "for purposes specified in section 1810 of this title" for "under section 1810 of this chapter" in cl. (B).

Pub. L. 100-253 amended par. (1) generally. Prior to amendment, par. (1) read as follows: "Any loan to a

veteran eligible for benefits under this chapter, if made for any of the purposes specified in section 1810 of this title and in compliance with the provisions of this chapter, is automatically guaranteed by the United States in an amount not to exceed—

"(A) in the case of any loan of not more than \$45,000, 50 percent of the loan; or

"(B) in the case of any loan of more than \$45,000, 40 percent of the loan or \$36,000, whichever is less, except that the amount of such guaranty for any such loan shall not be less than \$22,500;

reduced by the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 1802(b) of this title."

Subsec. (a)(2). Pub. L. 100-322, §415(a)(3)(A)(ii), (iii), (B)(ii), redesignated subsecs. (a) and (b) of section 1815 of this title as subpars. (A) and (B), respectively, of par. (2) of subsec. (a) of this section and struck out former par. (2) which read as follows: "Any unused entitlement of World War II or Korean conflict veterans which expired under provisions of law in effect before October 23, 1970, is hereby restored and shall not expire until used."

Subsec. (c)(3)(A). Pub. L. 100-322, §415(c)(2)(A), substituted "1812(a)(1)(F)" for "1819(a)(1)(F)".

Subsec. (c)(3)(E). Pub. L. 100-322, §415(c)(2)(B), substituted "1812(a)(1)(G)" for "1819(a)(1)(G)".

1987—Subsec. (a)(1). Pub. L. 100-198 amended par. (1) generally. Prior to amendment, par. (1) read as follows: "Any loan to a veteran eligible for benefits under this chapter, if made for any of the purposes, and in compliance with the provisions, specified in this chapter is automatically guaranteed by the United States in an amount not more than 60 percent of the loan if the loan is made for any of the purposes specified in section 1810 of this title."

1984—Subsec. (c)(3)(A). Pub. L. 98-223, §205(c)(1), substituted ", (8), or (9)(B)(i)" for "or (8)".

Subsec. (c)(3)(E). Pub. L. 98-223, §205(c)(2), inserted "1810(a)(9)(B)(ii) or" after "section".

1982—Subsec. (a)(1). Pub. L. 97-295, §4(61), substituted "percent" for "per centum".

Subsec. (a)(2). Pub. L. 97-295, §4(63)(A), substituted "before October 23, 1970," for "prior to the date of enactment of the Veterans' Housing Act of 1970".

Subsec. (c)(1). Pub. L. 97-295, §4(63)(B), inserted "(12 U.S.C. 1709(b))" after "the National Housing Act".

Subsec. (c)(3). Pub. L. 97-306, §406(b)(1), substituted "used—" for "used:". Notwithstanding that Pub. L. 97-306 directed amendment be made in provisions preceding cl. (1), amendment was executed in provisions preceding cl. (A) as the probable intent of Congress in view of the absence of a cl. (1) in subsec. (c)(3).

Subsec. (c)(3)(E). Pub. L. 97-306, §406(b)(2)-(4), added cl. (E).

Subsec. (d)(3). Pub. L. 97-295, §4(63)(C), substituted "June 6, 1969" for "the effective date of this amendment".

1981—Subsec. (a)(2)(A) [formerly §1815(a)]. Pub. L. 97-72, §303(e), substituted "Any housing loan" for "Any loan". See 1988 Amendment note above.

Subsec. (d)(1). Pub. L. 97-72, §303(c)(1), substituted "any housing loan" for "any loan".

Subsec. (d)(2). Pub. L. 97-66 designated existing provisions as subpar. (A) and added subpars. (B) and (C).

Subsec. (d)(3). Pub. L. 97-72, §303(c)(2), substituted "Any real estate housing loan" for "Any real estate loan".

1980—Subsec. (c)(3)(A). Pub. L. 96-385 substituted "clause (5) or (8) of section 1810(a) of this title or section 1819(a)(1)(F) of this title" for "section 1810(a)(5)".

1978—Subsec. (a)(1). Pub. L. 95-476, §103(a), substituted provision extending loan guarantees under this section to veterans eligible for benefits under this chapter for provision limiting such guarantees to World War II or Korean conflict veterans.

Subsec. (c)(1). Pub. L. 95-476, §103(b)(1), inserted provision authorizing the Administrator in establishing rates of interest under this paragraph for purposes of cls. (4) to (7) of section 1810(a) of this title to establish

rates higher than the rate specified for other purposes under such section but not in excess of the rate the Administrator may find the loan market demands for loans for such purposes.

Subsec. (c)(3)(B). Pub. L. 95-476, §103(b)(2), substituted "clauses (4) and (7) of section 1810(a) of this title" for "section 1810(a)(4)".

1976—Subsec. (a)(2)(A) [formerly §1815(a)]. Pub. L. 94-324, §7(16), substituted "the Administrator will" for "he will". See 1988 Amendment note above.

Subsec. (d)(3). Pub. L. 94-324, §7(6), substituted "the Administrator determines" for "he determines".

1974—Subsec. (a)(1). Pub. L. 93-569, §8(1), struck out "and not more than 50 per centum of the loan if the loan is for any of the purposes specified in section 1812, 1813, or 1814 of this title" after "section 1810 of this title".

Subsec. (a)(2)(B) [formerly §1815(b)]. Pub. L. 93-569, §8(5), struck out provision authorizing the Administrator to fix maximum interest rate payable on non-real-estate loans at not in excess of 3 percent discount rate or an equivalent straight interest rate on unamortized loans.

Pub. L. 93-569, §8(2), struck out provision that, except as provided in sections 1810, 1811, and 1819, the aggregate amount guaranteed should not be more than \$2,000 in the case of non-real-estate loans, nor \$4,000 in the case of real-estate loans or a prorated portion thereof in a combination loan.

Subsec. (c)(3). Pub. L. 93-569, §2(c), added par. (3).

Subsec. (d)(1). Pub. L. 93-569, §8(3), substituted provision that the maturity of any loan shall not be more than thirty years and thirty-two days for provisions that non-real-estate loans shall not be more than ten years except as provided in section 1819, that the maturity of a real estate loan be not more than thirty years, and a loan on farm realty be not more than forty years.

Subsec. (d)(3). Pub. L. 93-569, §8(4), struck out provision that any non-real-estate loan should be secured by personalty to the extent legal and practicable.

1973—Subsec. (c)(1). Pub. L. 93-75 substituted provisions requiring the Administrator to consult with the Secretary of Housing and Urban Development regarding the establishment of the rate of interest the Secretary considers necessary to meet the mortgage market for home loans insured under section 203(b) of the National Housing Act, and to carry out a coordinated policy on interest rates on loans insured under such section 203(b) and on loans guaranteed or insured under this chapter, for former provision limiting rate of interest to rate in effect under section 203(b)(5) of the National Housing Act.

1970—Subsec. (a). Pub. L. 91-506, §2(b), struck out loan eligibility expiration dates for World War II and Korean conflict veterans and inserted provision restoring expired entitlements of World War II and Korean conflict veterans and providing that such entitlements shall not expire until used.

Subsec. (b). Pub. L. 91-506, §2(c)(1), substituted "1810, 1811, and 1819" for "1810 and 1811".

Subsec. (d)(1). Pub. L. 91-506, §2(c)(2), limited maturity of non-real-estate loan to not more than ten years except as provided in section 1819 of this title.

1969—Subsec. (d)(3). Pub. L. 91-22 authorized the Administrator, in determining whether a Government loan is secured by a first lien on realty, to disregard a superior lien created by a duly recorded covenant which secures a veteran homeowner's share of the costs of managing, operating or maintaining property, services or programs common to the community in which the veteran's home is located, provided the interests of the Government and the veteran borrower are not prejudiced.

1967—Subsec. (a)(3)(A). Pub. L. 90-77 extended in cls. (i) and (ii) loan program for certain World War II veterans from July 25, 1967 to July 25, 1970.

1966—Subsec. (c)(1). Pub. L. 89-358 struck out provision for approval of rate of interest by the Secretary of the Treasury and substituted provision for a rate not in excess of that in effect under section 203(b)(5) of the Na-

tional Housing Act, section 1709(b)(5) of Title 12, for former limitation of 5¼ per centum per annum.

1961—Subsec. (a). Pub. L. 87-84 substituted "to a World War II or Korean conflict veteran, if made within the applicable period prescribed in paragraph (3) of this subsection" for "made to a World War II veteran, if made before July 26, 1962 (or, in the case of a veteran described in section 1801(a)(1)(B) of this title, before the expiration of fifteen years after World War II is deemed to have ended with respect to him), or to a Korean conflict veteran, if made before February 1, 1965," in par. (1), and "is received by the Administrator before the date of the expiration of the veteran's entitlement, the loan" for "to a World War II veteran, whose entitlement would otherwise expire on July 25, 1962, has been received by the Administrator before July 26, 1962, such loan" in par. (2), and added par. (3).

1960—Subsec. (a). Pub. L. 86-665 substituted "1962" for "1960" in three places, "fifteen" for "thirteen" years, and "after such date" for "before July 26, 1961".

1959—Subsec. (c)(1). Pub. L. 86-73 struck out requirement that the interest rate on a Veterans' Administration guarantee for direct loan be at least one-half of one percent below the prevailing rate on FHA-insured sales housing loans and increased the interest rate ceiling from 4¾ to 5¼ percent.

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 2019 AMENDMENT

Pub. L. 116-23, §6(d), June 25, 2019, 133 Stat. 976, provided that: "The amendments made by this section [amending this section and sections 3710, 3729, and 3762 of this title] shall apply with respect to a loan guaranteed under section 3710 of title 38, United States Code, on or after January 1, 2020."

#### EFFECTIVE DATE OF 2012 AMENDMENT

Amendment by Pub. L. 112-154 effective on the date that is one year after Aug. 6, 2012, see section 701(g) of Pub. L. 112-154, set out as an Effective Date note under section 2109 of this title.

#### EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-330, title III, §308(f)(2), Dec. 6, 2002, 116 Stat. 2828, provided that: "The amendment made by paragraph (1) [amending this section] shall take effect as if included in the enactment of section 402 of the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106-419; 114 Stat. 1861)."

#### 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 1994 AMENDMENT

Amendment by Pub. L. 103-353 effective with respect to reemployments initiated on or after the first day after the 60-day period beginning Oct. 13, 1994, with transition rules, see section 8 of Pub. L. 103-353, set out as an Effective Date note under section 4301 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-237, title III, §306(b), Dec. 18, 1989, 103 Stat. 2074, provided that: "The amendments made by subsection (a) [amending this section] shall take effect on the date of the enactment of this Act [Dec. 18, 1989] and shall apply only with respect to loans closed after such date."

#### EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-253, §3(c), Feb. 29, 1988, 102 Stat. 21, provided that: "The amendments made by this section [amending this section and section 1819 [now 3712] of this title] shall apply to loans which are closed on or after February 1, 1988, except that they shall not apply

to any loan for which a guaranty commitment is made on or before December 31, 1987.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Pub. L. 100-198, §3(d), Dec. 21, 1987, 101 Stat. 1316, provided that: “The amendments made by this section [amending this section and sections 1810, 1811, and 1819 [now 3710, 3711, and 3712] of this title] shall apply to loans which are closed on or after February 1, 1988, except that they shall not apply to any loan for which a guaranty commitment is made on or before December 31, 1987.”

#### EFFECTIVE DATE OF 1981 AMENDMENTS

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.

Amendment by Pub. L. 97-66 effective Oct. 17, 1981, see section 701(b)(1) of Pub. L. 97-66, set out as a note under section 1114 of this title.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-385 effective Oct. 7, 1980, see section 601(d) of Pub. L. 96-385, set out as a note under section 1114 of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-476 effective Oct. 1, 1978, see section 108(a) of Pub. L. 95-476, set out as a note under section 3702 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 1974 AMENDMENT

Amendment by Pub. L. 93-569 effective Dec. 31, 1974, see section 10 of Pub. L. 93-569, set out as a note under section 3702 of this title.

#### EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-77 effective first day of first calendar month which begins more than ten days after Aug. 31, 1967, see section 405 of Pub. L. 90-77, set out as a note under section 101 of this title.

#### GUIDANCE TO IMPLEMENT AMENDMENT BY PUB. L. 116-23

Pub. L. 116-23, §6(e), June 25, 2019, 133 Stat. 976, provided that: “Notwithstanding section 501 of title 38, United States Code, the Secretary of Veterans Affairs may issue guidance to implement this section [amending this section and sections 3710, 3729, and 3762 of this title and enacting provisions set out as a note under this section] before prescribing new regulations under sections 3703, 3729, and 3762 of such title, as amended by this section.”

#### IMPLEMENTATION OF AMENDMENT BY PUB. L. 111-22

Pub. L. 111-22, div. A, title I, §102(b), May 20, 2009, 123 Stat. 1636, provided that: “The Secretary of Veterans Affairs may implement the amendments made by this section [amending this section] through notice, procedure notice, or administrative notice.”

#### TEMPORARY INCREASE IN MAXIMUM LOAN GUARANTY AMOUNT FOR CERTAIN HOUSING LOANS GUARANTEED BY SECRETARY OF VETERANS AFFAIRS

Pub. L. 110-389, title V, §501, Oct. 10, 2008, 122 Stat. 4175, as amended by Pub. L. 112-154, title VII, §702(c), Aug. 6, 2012, 126 Stat. 1205, provided that: “Notwithstanding subparagraph (C) of section 3703(a)(1) of title 38, United States Code, for purposes of any loan described in subparagraph (A)(i)(IV) of such section that is originated during the period beginning on the date of

the enactment of this Act [Oct. 10, 2008] and ending on December 31, 2014, the term ‘maximum guaranty amount’ shall mean an amount equal to 25 percent of the higher of—

“(1) the limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for the calendar year in which the loan is originated for a single-family residence; or

“(2) 125 percent of the area median price for a single-family residence, but in no case to exceed 175 percent of the limitation determined under such section 305(a)(2) for the calendar year in which the loan is originated for a single-family residence.”

#### 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.

#### ANNUAL REPORTS ON GUARANTEE AND INSURANCE OF LOANS BEARING NEGOTIATED INTEREST RATES AND POINTS

Pub. L. 102-547, §10(b), Oct. 28, 1992, 106 Stat. 3643, as amended by Pub. L. 103-446, title XII, §1202(d), Nov. 2, 1994, 108 Stat. 4689, directed Secretary of Veterans Affairs to transmit report on guarantee and insurance of loans bearing negotiated interest rates and points to Committees on Veterans' Affairs of Senate and House of Representatives no later than Dec. 31, 1993, and annually thereafter, prior to repeal by Pub. L. 104-110, title II, §201(b), Feb. 13, 1996, 110 Stat. 770.

#### EXPIRATION OF LOAN BENEFIT ENTITLEMENT OF CERTAIN WORLD WAR II VETERANS

Pub. L. 90-77, title IV, §403(c), Aug. 31, 1967, 81 Stat. 190, provided that the World War II loan benefit entitlement of any veteran whose period of entitlement as computed under former subsec. (a)(3)(A) of this section extended beyond July 25, 1967, was not to be deemed to expire earlier than ninety days after the effective date of section 403 of Pub. L. 90-77 [see section 405(a) of Pub. L. 90-77, set out as an Effective Date of 1967 Amendment note under section 101 of this title].

#### § 3704. Restrictions on loans

(a) No loan for the purchase or construction of residential property shall be financed through the assistance of this chapter unless the property meets or exceeds minimum requirements for planning, construction, and general acceptability prescribed by the Secretary; however, this subsection shall not apply to a loan for the purchase of residential property on which construction is fully completed more than one year before such loan is made.

(b) Subject to notice and opportunity for a hearing, the Secretary may refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person identified with housing previously sold to veterans under this chapter as to which substantial deficiencies have been discovered, or as to which there has been a failure or indicated inability to discharge contractual liabilities to veterans, or as to which it is ascertained that the type of contract of sale or the methods or practices pursued in relation to the marketing of such properties were unfair or unduly prejudicial to vet-