

AMENDMENTS

2022—Subsec. (f). Pub. L. 117-328 substituted “the standards established under such section 109, as in effect on the date of such construction” for “such standards”.

2012—Subsec. (c)(2). Pub. L. 112-154 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “In any case in which a veteran is in active duty status as a member of the Armed Forces and is unable to occupy a property because of such status, the occupancy requirements of—

“(A) paragraph (1) of this subsection;

“(B) paragraphs (1) through (5) and paragraph (7) of section 3710(a) of this title;

“(C) section 3712(a)(5)(A)(i) of this title; and

“(D) section 3712(e)(5) of this title;

shall be considered to be satisfied if the spouse of the veteran occupies the property as the spouse's home and the spouse makes the certification required by paragraph (1) of this subsection.”

1994—Subsecs. (e) to (g). Pub. L. 103-446 redesignated subsecs. (f) and (g) as (e) and (f), respectively, and struck out former subsec. (e) which read as follows: “No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Secretary of Housing and Urban Development pursuant to title X of the National Housing Act (12 U.S.C. 1749aa et seq.)) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior to August 10, 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.”

1992—Subsec. (g). Pub. L. 102-486 added subsec. (g).

1991—Pub. L. 102-83, §5(a), renumbered section 1804 of this title as this section.

Subsec. (c)(2). Pub. L. 102-83, §5(c)(1), substituted “3710(a)” for “1810(a)” in subpar. (B), “3712(a)(5)(A)(i)” for “1812(a)(5)(A)(i)” in subpar. (C), and “3712(e)(5)” for “1812(e)(5)” in subpar. (D).

Subsec. (f). Pub. L. 102-83, §5(c)(1), substituted “3714” for “1814” in two places.

1989—Subsecs. (a) to (c)(1), (d). Pub. L. 101-237 substituted “Secretary” for “Administrator” wherever appearing.

1988—Subsec. (c)(2)(C). Pub. L. 100-322, §415(c)(3)(A), substituted “1812(a)(5)(A)(i)” for “1819(a)(5)(A)(i)”.

Subsec. (c)(2)(D). Pub. L. 100-322, §415(c)(3)(b), substituted “1812(e)(5)” for “1819(e)(5)”.

Subsec. (f). Pub. L. 100-322, §415(c)(3)(C), substituted “section 1814” for “section 1817A” in two places.

1987—Subsec. (c). Pub. L. 100-198, §8(a), designated existing provision as par. (1), substituted “Except as provided in paragraph (2) of this subsection, no” for “No” in first and second sentences, and added par. (2).

Subsec. (f). Pub. L. 100-198, §10(b), added subsec. (f).

1982—Subsec. (e). Pub. L. 97-295 inserted “(12 U.S.C. 1749aa et seq.)” after “the National Housing Act”, and substituted “August 10, 1965” for “the date of the enactment of the Housing and Urban Development Act of 1965”.

1976—Subsec. (c). Pub. L. 94-324, §7(7), substituted “the veteran” for “he” in six places and “the veteran's” for “his” wherever appearing.

Subsec. (d). Pub. L. 94-324, §7(8), substituted “the Administrator may” for “he may”.

1974—Subsec. (b). Pub. L. 93-569, §2(e), struck out “under section 512 of that Act” after “determination of the Secretary of Housing and Urban Development”.

Subsec. (c). Pub. L. 93-569, §2(d), inserted provision that, the foregoing provisions notwithstanding, in the case of an automatically guaranteed loan, the veteran

is required to make certification only at the time of loan closing.

Subsec. (d). Pub. L. 93-569, §2(e), struck out “under section 512 of that Act” after “determination of the Secretary of Housing and Urban Development”.

1970—Subsec. (b). Pub. L. 91-506 substituted “Subject to notice and opportunity for a hearing, the” for “The”.

Subsec. (d). Pub. L. 91-506 substituted “Subject to notice and opportunity for a hearing, whenever” for “Whenever”.

1967—Subsecs. (b), (d), (e). Pub. L. 90-19 substituted “Secretary of Housing and Urban Development” for “Federal Housing Commissioner”.

1965—Subsec. (e). Pub. L. 89-117 added subsec. (e).

1960—Subsec. (c). Pub. L. 86-665 inserted sentence respecting satisfaction of provisions for certification by the veteran at the time he applies for the loan and at the time the loan is closed.

1959—Subsec. (b). Pub. L. 86-73, §3(a), authorized the Administrator to refuse to appraise any property if the builder or sponsor of the property had been barred by the Federal Housing Commissioner from participation in the FHA insurance program.

Subsec. (d). Pub. L. 86-73, §3(b), authorized the Administrator to refuse to guarantee or insure loans if the lender or holder of the loans has been barred by the Federal Housing Commissioner from participation in the FHA insurance program.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1987 AMENDMENT

Pub. L. 100-198, §8(c), Dec. 21, 1987, 101 Stat. 1320, provided that: “The amendments made by this section [amending this section and sections 1810 and 1819 [now 3710 and 3712] of this title] shall apply with respect to loans made more than 30 days after the date of the enactment of this Act [Dec. 21, 1987].”

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.

§ 3705. Warranties

(a) The Secretary shall require that in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is appraised for guaranty or insurance before the beginning of construction, the seller or builder, and such other person as may be required by the Secretary to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Secretary) on which the Secretary based the Secretary's valuation of the dwelling. The Secretary shall deliver to the builder, seller, or other warrantor the Secretary's written approval (which shall be conclusive evidence of such appraisal) of any amendment of, or change or variation in, such plans and specifications which the Secretary deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and speci-

fications. Such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided in this section, by the Secretary) as to which the purchaser or home owner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs. Such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument. The provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Secretary on and after October 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made before October 1, 1954.

(b) The Secretary shall permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided in this section) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, home owner, or warrantor during such hours or periods of time as the Secretary may determine to be reasonable.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1206, §1805; Pub. L. 94-324, §7(9), June 30, 1976, 90 Stat. 721; Pub. L. 101-237, title III, §313(b)(1), Dec. 18, 1989, 103 Stat. 2077; Pub. L. 102-54, §15(a)(1), June 13, 1991, 105 Stat. 288; renumbered §3705, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406; Pub. L. 103-446, title XII, §1202(a)(2), Nov. 2, 1994, 108 Stat. 4689.)

Editorial Notes

AMENDMENTS

1994—Subsec. (a). Pub. L. 103-446 made technical correction to directory language of Pub. L. 102-54, §15(a)(1)(A). See 1991 Amendment note below.

1991—Pub. L. 102-83, §5(a), renumbered section 1805 of this title as this section.

Subsec. (a). Pub. L. 102-54, §15(a)(1)(B), substituted "appraisal" for "approval" in second sentence.

Pub. L. 102-54, §15(a)(1)(A), as amended by Pub. L. 103-446, substituted "appraised" for "approved" before "for guaranty" in first sentence.

1989—Pub. L. 101-237 substituted "Secretary" and "Secretary's" for "Administrator" and "Administrator's", respectively, wherever appearing.

1976—Subsec. (a). Pub. L. 94-324 substituted "the Administrator's" for "his" wherever appearing.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-446, title XII, §1202(a), Nov. 2, 1994, 108 Stat. 4689, provided that the amendment made by that section is effective June 13, 1991, and as if included in the enactment of Pub. L. 102-54.

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.

§ 3706. Escrow of deposits and downpayments

(a) Any deposit or downpayment made by an eligible veteran in connection with the purchase of proposed or newly constructed and previously unoccupied residential property in a project on which the Secretary has issued a Certificate of Reasonable Value, which purchase is to be financed with a loan guaranteed, insured, or made under the provisions of this chapter, shall be deposited forthwith by the seller, or the agent of the seller, receiving such deposit or payment, in a trust account to safeguard such deposit or payment from the claims of creditors of the seller. The failure of the seller or the seller's agent to create such trust account and to maintain it until the deposit or payment has been disbursed for the benefit of the veteran purchaser at settlement or, if the transaction does not materialize, is otherwise disposed of in accordance with the terms of the contract, may constitute an unfair marketing practice within the meaning of section 3704(b) of this title.

(b) If an eligible veteran contracts for the construction of a property in a project on which the Secretary has issued a Certificate of Reasonable Value and such construction is to be financed with the assistance of a construction loan to be guaranteed, insured, or made under the provisions of this chapter, it may be considered an unfair marketing practice under section 3704(b) of this title if any deposit or downpayment of the veteran is not maintained in a special trust account by the recipient until it is either (1) applied on behalf of the veteran to the cost of the land or to the cost of construction or (2), if the transaction does not materialize, is otherwise disposed of in accordance with the terms of the contract.

(Added Pub. L. 86-665, §6(a), July 14, 1960, 74 Stat. 532, §1806; amended Pub. L. 94-324, §7(10), June 30, 1976, 90 Stat. 721; Pub. L. 101-237, title III, §313(b)(1), Dec. 18, 1989, 103 Stat. 2077; renumbered §3706 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 103-446, title XII, §1201(e)(13), Nov. 2, 1994, 108 Stat. 4685.)

Editorial Notes

AMENDMENTS

1994—Pub. L. 103-446, which directed the substitution of "of this title" for "of this chapter" the second and third places appearing, was executed by making the substitution the second and fourth places appearing to reflect the probable intent of Congress.

1991—Pub. L. 102-83, §5(a), renumbered section 1806 of this title as this section.

Pub. L. 102-83, §5(c)(1), substituted "3704(b)" for "1804(b)" in subsecs. (a) and (b).

1989—Pub. L. 101-237 substituted "Secretary" for "Administrator" wherever appearing.

1976—Subsec. (a). Pub. L. 94-324 substituted "the seller's" for "his".

Statutory Notes and Related Subsidiaries

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.

§ 3707. Adjustable rate mortgages

(a) The Secretary shall carry out a project under this section for the purpose of guaran-