

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 subssecs. (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-