

119TH CONGRESS
1ST SESSION

H. R. 1815

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2025

Mr. VAN ORDEN introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

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

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

7 (1) in subsection (a)—

8 (A) in paragraph (1), by striking “obliga-
9 tion” each place it appears and inserting
10 “loan”;

11 (B) in paragraph (2)—

12 (i) by amending subparagraph (A) to
13 read as follows:

14 “(A) The Secretary may, under terms and conditions
15 as determined by the Secretary—

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

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

23 “(iii) require the holder of the loan to take any
24 actions necessary to carry out this paragraph, in-
25 cluding preparing, executing, transmitting, receiving,

1 and recording documents, and requiring the holder
2 of the loan to place the loan in forbearance.”;

3 (ii) in subparagraph (B), by striking
4 “obligation” each place it appears and in-
5 serting “housing loan”; and

6 (iii) by adding at the end the fol-
7 lowing new subparagraphs:

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

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

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

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

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

23 (2) in subsection (c)(10)(B)(i), by striking
24 “forebearance” each place it appears and inserting
25 “forbearance”; and

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

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

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

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

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

19 (3) by adding at the end the following new sub-
20 section (h):

21 “(h) The Secretary may not take any action under
22 paragraph (2),(3),(4), or (5) of subsection (a) with respect
23 to a loan guaranteed under this chapter before the comple-
24 tion of the sequence of mitigation options offered to the

1 veteran to whom the loan is made under section 3732(d)
2 of this title.”.

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

5 (a) ESTABLISHMENT.—The Secretary of Veterans
6 Affairs shall carry out a program, to be known as the
7 “Partial Claim Program”, under which the Secretary may
8 make a partial claim, described in subsection (b), with re-
9 spect to a loan—

10 (1) guaranteed under chapter 37 of title 38,
11 United States Code;

12 (2) regarding the primary residence of the bor-
13 rower; and

14 (3) that the Secretary determines is in default
15 or at imminent risk of default.

16 (b) PARTIAL CLAIM DESCRIBED.—A partial claim
17 described in this subsection is the purchase by the Sec-
18 retary of a portion of indebtedness under the guaranteed
19 loan, under which—

20 (1) the borrower of the guaranteed loan enters
21 into an agreement under subsection (c);

22 (2) the Secretary pays the holder of the guaran-
23 teed loan the amount of indebtedness, subject to
24 subsection (d), that the Secretary determines nec-
25 essary to help prevent or resolve a default; and

1 (3) the Secretary receives a secured interest in
2 the property, subordinate to the first lien guaranteed
3 loan, serving as collateral for the guaranteed loan.

4 (c) AGREEMENT BETWEEN BORROWER AND SEC-
5 RETARY.—An agreement under this subsection is an
6 agreement by the borrower of the guaranteed loan to repay
7 the Secretary the amount determined under subsection
8 (b)(2) at the end of the period of such guaranteed loan,
9 subject to the following annual interest:

10 (1) If the borrower agrees to make monthly
11 payments beginning not later than three years after
12 the date on which the Secretary makes the payment
13 under subsection (b)(2), 0 percent.

14 (2) If the borrower does not agree to a repay-
15 ment plan under paragraph (1), or fails to comply
16 with such a repayment plan, 0.5 percent.

17 (d) ADMINISTRATION OF PARTIAL CLAIM.—

18 (1) AMOUNT OF CLAIM.—The amount of a par-
19 tial claim under this section with respect to a loan
20 guaranteed under such chapter may not exceed 20
21 percent of the unpaid principal balance of the guar-
22 anteed loan on the date on which the partial claim
23 is made.

24 (2) ONE PARTIAL CLAIM PER LOAN.—The Sec-
25 retary may make only one partial claim per loan.

1 (3) NOT AN ADVANCE.—The Secretary may not
2 structure a partial claim as an advance on a new
3 loan guaranteed under such chapter.

4 (4) APPLICATION OF CLAIM.—A holder of a
5 loan guaranteed under such chapter who receives a
6 partial claim under this section with respect to such
7 loan shall apply the payment first to arrearages, if
8 any, on the guaranteed loan, which may include any
9 additional costs (such as taxes, insurance premiums,
10 or homeowner's dues) the Secretary determines nec-
11 essary to prevent or resolve a default.

12 (5) AUTHORITY TO CONTRACT.—The Secretary
13 may enter into a contract with an entity for service
14 of a partial claim under this section. Such entity
15 shall provide quarterly statements to the borrower.

16 (e) REQUIREMENTS OF LOAN HOLDER.—

17 (1) ESTABLISHMENT OF CLAIM.—The Sec-
18 retary may require the holder of a loan, regarding
19 which the Secretary makes a partial claim under this
20 section, to take any actions necessary to establish
21 the partial claim, including preparing, executing,
22 transmitting, receiving, and recording loan docu-
23 ments.

24 (2) COMPENSATION OF HOLDER.—The Sec-
25 retary shall compensate the holder of such a loan

1 appropriately, as determined by the Secretary, for
2 the services required of such holder under this sub-
3 section.

4 (3) EXERCISE OF POWERS.—The Secretary
5 may exercise the authority of the Secretary under
6 this subsection without regard to any other provision
7 of law not enacted expressly in limitation of this sec-
8 tion that would otherwise govern the expenditure of
9 public funds.

10 (f) DEFAULT AND FORECLOSURE.—

11 (1) DEFAULT.—

12 (A) IN GENERAL.—Notwithstanding sec-
13 tion 3703(e) of title 38, United States Code, an
14 individual who defaults under a partial claim
15 made under this section shall be liable to the
16 Secretary for any loss suffered by the Secretary
17 resulting from such default, and such loss may
18 be recovered in the same manner as any other
19 debt due the United States.

20 (B) REDUCTION OF ENTITLEMENT.—In
21 the event of default by an individual under a
22 partial claim made under this section, the Sec-
23 retary may reduce the aggregate amount of
24 guaranty or insurance housing loan entitlement
25 available to the individual under such chapter.

1 (2) FORECLOSURE.—Notwithstanding section
2 2410(c) of title 28, United States Code, an action to
3 foreclose a lien held by the United States arising
4 under a partial claim made under this section shall
5 follow foreclosure procedures in accordance with
6 State or local law where the property involved is lo-
7 cated.

8 (g) DECISIONS BY THE SECRETARY.—

9 (1) SOLE DISCRETION.—Any partial claim
10 under this section shall be made in the sole discre-
11 tion of the Secretary and on terms and conditions
12 acceptable to the Secretary that are consistent with
13 this section.

14 (2) FINAL AND CONCLUSIVE.—Any decision by
15 the Secretary under this section is final and conclu-
16 sive and is not subject to judicial review.

17 (3) EFFECT ON PROVISION OF BENEFITS.—For
18 purposes of section 511 of title 38, United States
19 Code, any decision under this section shall not be
20 treated as a decision under a law that affects the
21 provision of benefits.

22 (h) COMPLIANCE.—

23 (1) PROCESSING PAYMENTS.—The Secretary
24 may establish standards for processing payments
25 under this section based on a certification by a hold-

1 er of a loan guaranteed under such chapter that the
2 holder has complied with all applicable requirements
3 established by the Secretary.

4 (2) AUDITS.—The Secretary shall carry out, on
5 a random-sampling basis, post-payment audits to en-
6 sure compliance with all requirements described in
7 paragraph (1).

8 (i) GUIDANCE WITH RESPECT TO CERTAIN
9 LOANS.—

10 (1) IN GENERAL.—With respect to a loan de-
11 scribed in paragraph (2), the Secretary may—

12 (A) before prescribing regulations, issue
13 administrative guidance regarding the making
14 of a 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) LOAN DESCRIBED.—A loan described in this
19 paragraph is a loan that the Secretary determines
20 was in default on the date of the enactment of this
21 Act.

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

1 title 38, United States Code, as amended by section 2 of
2 this Act.

3 (k) TERMINATION.—The Secretary may not make a
4 partial claim under this section after September 30, 2027.

5 **SEC. 4. STRATEGY OF THE SECRETARY OF VETERANS AF-**
6 **FAIRS REGARDING THE EFFECT OF CERTAIN**
7 **LITIGATION.**

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

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