

Union Calendar No. 77

119TH CONGRESS
1ST SESSION

H. R. 1815

[Report No. 119-104]

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

MAY 19, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on March 3, 2025]

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 Program*
5 *Reform Act”.*

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

10 *(a) IN GENERAL.—Section 3732 of title 38, United*
11 *States Code, is amended—*

12 *(1) in subsection (a)—*

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

16 *(B) in paragraph (2)—*

17 *(i) by amending subparagraph (A) to*
18 *read as follows:*

19 *“(A) The Secretary may, under terms and conditions*
20 *determined by the Secretary—*

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

24 *“(ii) require the holder of the loan and the vet-*
25 *eran obligated on the loan to execute all documents*

1 *necessary to ensure the Secretary obtains a secured*
2 *interest in the property covered by the loan; and*

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

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

11 (iii) *by adding at the end the following*
12 *new subparagraphs:*

13 “(C)(i) *Any decision by the Secretary under this para-*
14 *graph is final and is not subject to judicial review.*

15 “(ii) *For purposes of section 511 of this title, any deci-*
16 *sion under this paragraph shall not be treated as a decision*
17 *under a law that affects the provision of benefits.*

18 “(D)(i) *The Secretary may establish standards for*
19 *processing payments under this paragraph based on a cer-*
20 *tification by a holder of a loan guaranteed under this chap-*
21 *ter that the holder has complied with all applicable require-*
22 *ments established by the Secretary.*

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

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

3 (2) in subsection (c)—

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

7 (B) in paragraph (10)(B)(i), by striking
8 “forebearance” each place it appears and insert-
9 ing “forbearance”; and

10 (3) by adding at the end the following new sub-
11 section:

12 “(d) The Secretary shall prescribe loss mitigation pro-
13 cedures, including a mandatory sequence in which the hold-
14 er of a loan guaranteed under this chapter shall offer loss
15 mitigation options (including an option to enter into a par-
16 tial claim agreement under the VA Home Loan Program
17 Reform Act) to a veteran, to help prevent the foreclosure
18 of such loan. The Secretary may not purchase an entire
19 such loan until the veteran has completed such sequence.”.

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

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

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

3 (3) *by adding at the end the following new sub-*
4 *section (h):*

5 “(h) *The Secretary may not take any action under*
6 *paragraph (2), (3), (4), or (5) of subsection (a) with respect*
7 *to a loan guaranteed under this chapter before the comple-*
8 *tion of the sequence of mitigation options offered to the vet-*
9 *eran to whom the loan is made under section 3732(d) of*
10 *this title.”.*

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

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

16 **“§ 3737. Partial Claim Program**

17 “(a) *ESTABLISHMENT.*—*The Secretary shall carry out*
18 *a program, to be known as the ‘Partial Claim Program’,*
19 *under which the Secretary may make a partial claim, de-*
20 *scribed in subsection (b), with respect to a loan—*

21 “(1) *guaranteed under this chapter;*

22 “(2) *regarding the primary residence of the bor-*
23 *rower; and*

24 “(3) *that the Secretary determines is in default*
25 *or at imminent risk of default.*

1 “(b) *PARTIAL CLAIM DESCRIBED.*—A partial claim
2 described in this subsection, with respect to a loan described
3 in subsection (a), is the purchase by the Secretary of a por-
4 tion of indebtedness under the loan, through a transaction
5 under which the Secretary—

6 “(1) pays to the holder of the loan the amount
7 of indebtedness, subject to subsection (c), that the Sec-
8 retary determines necessary to help prevent or resolve
9 a default; and

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

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

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

1 *of the guaranteed loan as of the date that the initial partial*
2 *claim is made.*

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

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

9 “(i) *a major disaster declared by the President*
10 *under section 401 of the Robert T. Stafford Disaster*
11 *Relief and Emergency Assistance Act (42 U.S.C.*
12 *5170); or*

13 “(ii) *the period of 120 days following such a*
14 *major disaster.*

15 “(3) *An amount paid to the holder of a loan as a par-*
16 *tial claim—*

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

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

22 “(4) *A holder of a loan guaranteed under such chapter*
23 *for which the Secretary makes a partial claim under this*
24 *section shall apply the amount paid by the Secretary for*
25 *the partial claim first to arrearages, if any, on the guaran-*

1 teed loan. Such arrearages may include any additional
2 costs (such as taxes, insurance premiums, or homeowner's
3 dues) the Secretary determines necessary to prevent or re-
4 solve a default.

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

11 “(d) REQUIREMENTS OF LOAN HOLDER.—(1) The Sec-
12 retary may require the holder of a loan for which the Sec-
13 retary makes a partial claim under this section to take any
14 actions necessary to establish the partial claim, including
15 preparing, executing, transmitting, receiving, and record-
16 ing loan documents.

17 “(2) The Secretary shall compensate the holder of such
18 a loan appropriately, as determined by the Secretary, for
19 the services required of such holder under this subsection.

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

1 “(e) *DEFAULT AND FORECLOSURE.*—(1)(A) *Notwith-*
2 *standing section 3703(e) of this title, an individual who de-*
3 *faults on a loan for which the Secretary makes a partial*
4 *claim made under this section shall be liable to the Sec-*
5 *retary for any loss suffered by the Secretary resulting from*
6 *such default. Such a loss may be recovered in the same man-*
7 *ner as any other debt due the United States.*

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

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

18 “(f) *DECISIONS BY THE SECRETARY.*—(1) *Any partial*
19 *claim made under this section shall be made in the sole*
20 *discretion of the Secretary and on terms and conditions ac-*
21 *ceptable to the Secretary that are consistent with this sec-*
22 *tion.*

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

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

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

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

12 “(h) *GUIDANCE WITH RESPECT TO CERTAIN LOANS.—*
13 *(1) With respect to a loan described in paragraph (2), the*
14 *Secretary may—*

15 “(A) *before prescribing regulations, issue admin-*
16 *istrative guidance regarding the making of a partial*
17 *claim relating to such loan; and*

18 “(B) *establish, through such guidance, additional*
19 *requirements applicable to such a partial claim.*

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

23 “(i) *RULE OF CONSTRUCTION.—Nothing in this sec-*
24 *tion shall be construed to limit the authority of the Sec-*

1 *retary under subsections (a) and (d) of section 3732 of this*
2 *title.*

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

6 “(b) *CLERICAL AMENDMENT.*—*The table of sections at*
7 *the beginning of such chapter is amended by inserting after*
8 *the item relating to section 3736 the following new item:*
9 “3737. *Partial Claim Program.*”.

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

12 *Not later than 90 days after the date of the enactment*
13 *of this Act, the Secretary of Veterans Affairs shall submit*
14 *to the Committees on Veterans' Affairs of the Senate and*
15 *House of Representatives a report on the strategy of the Sec-*
16 *retary to ensure that a veteran who seeks to purchase a*
17 *home with a loan guaranteed under chapter 37 of title 38,*
18 *United States Code, is not at a disadvantage when attempt-*
19 *ing to secure representation by a real estate agent or broker.*
20 *Such strategy may include amendments to section 36.4313*
21 *of title 38, Code of Federal Regulations.*

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 amend-*
5 *ed—*

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 para-*
10 *graphs:*

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.”.*

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