

Public Law 100-198
100th Congress

An Act

To amend title 38, United States Code, to modify the amount of the Veterans' Administration home loan guaranty and to make other improvements in the loan guaranty program, and for other purposes.

Dec. 21, 1987
[H.R. 2672]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE.

(a) **SHORT TITLE.**—This Act may be cited as the “Veterans’ Home Loan Program Improvements and Property Rehabilitation Act of 1987”.

(b) **REFERENCE.**—Whenever in this Act an amendment, repeal, or redesignation is expressed in terms of an amendment to, or repeal or redesignation of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code, unless otherwise specified.

Veterans’ Home
Loan Program
Improvements
and Property
Rehabilitation
Act of 1987.
Housing.
38 USC 101 note.

SEC. 2. LOAN FEE.

(a) **EXTENSION.**—Section 1829(c) is amended by striking out “1987” and inserting in lieu thereof “1989”.

(b) **WAIVER.**—Section 1829(b) is amended by striking out “described in section 1801(b)(2) of this title” and inserting in lieu thereof “of any veteran (including a person who died in the active military, naval, or air service) who died from a service-connected disability”.

SEC. 3. GUARANTY AMOUNT.

(a) **PURCHASE OR CONSTRUCTION OF HOMES.**—(1) Section 1803(a)(1) is amended to read as follows:

“(a)(1) 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.”.

(2) Section 1810(c) is repealed.

(b) **MANUFACTURED HOMES.**—Section 1819(c) is amended—

(1) in paragraph (3), by striking out the first sentence and inserting in lieu thereof the following: “The Administrator’s guaranty may not exceed 40 percent of the loan, or \$20,000, whichever is less, reduced by the amount of entitlement pre-

viously used by the veteran under this chapter and not restored as a result of the exclusion in section 1802(b) of this title.”; and (2) in paragraph (4), by striking out the first sentence and inserting in lieu thereof “The amount of any loan guaranteed under this section shall not exceed an amount equal to 95 percent of the purchase price of the property securing such loan.”.

(c) **DIRECT LOANS.**—Section 1811(d)(2)(A) is amended by striking out “\$27,500” each place it appears and inserting in lieu thereof “\$36,000”.

38 USC 1803
note.

(d) **EFFECTIVE DATE.**—The amendments made by this section 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.

SEC. 4. FINANCIAL INFORMATION AND COUNSELING ASSISTANCE FOR VETERANS.

(a) **ASSISTANCE TO VETERANS.**—Section 1816(a) is amended by adding at the end the following new paragraph:

“(4)(A) Upon receiving a notice pursuant to paragraph (1) of this subsection, the Administrator shall—

“(i) provide the veteran with information and, to the extent feasible, counseling regarding—

“(I) alternatives to foreclosure, as appropriate in light of the veteran’s particular circumstances, including possible methods of curing the default, conveyance of the property to the Administrator by means of a deed in lieu of foreclosure, and the actions authorized by section 1816(a)(2) of this title; and

“(II) what the Veterans’ Administration’s and the veteran’s liabilities would be with respect to the loan in the event of foreclosure; and

“(ii) advise the veteran regarding the availability of such counseling;

except with respect to loans made by a lender which the Administrator has determined has a demonstrated record of consistently providing timely and accurate information to veterans with respect to such matters.

“(B) The Administrator shall, to the extent of the availability of appropriations, ensure that sufficient personnel are available to administer subparagraph (A) of this paragraph effectively and efficiently.

“(C) The authority to carry out this paragraph shall terminate on March 1, 1991.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on March 1, 1988.

SEC. 5. ACTIONS WITH RESPECT TO DEFAULTED LOANS.

(a) **DETERMINATION OF TOTAL INDEBTEDNESS.**—Section 1816(c) is amended—

(1) in paragraph (1)(D), by striking out “The” and inserting in lieu thereof “Except as provided in subparagraph (D) of paragraph (10) of this subsection, the”;

(2) in clause (ii) of paragraph (1)(D), by striking out “of the liquidation sale” and all that follows in such clause and inserting in lieu thereof the following: “applicable under paragraph (10) of this subsection, and”;

Termination
date.

38 USC 1816
note.

(3) in clause (iii) of paragraph (1)(D), by striking out "such regulations" and inserting in lieu thereof "regulations prescribed by the Administrator to implement this subsection"; and

(4) by adding at the end the following new paragraphs:

"(10)(A) Except as provided in subparagraphs (B) and (C) of this paragraph, the date referred to in paragraph (1)(D)(ii) of this subsection shall be the date of the liquidation sale of the property securing the loan.

"(B)(i) Subject to division (ii) of this subparagraph, in any case in which there is a substantial delay in such sale caused by the holder of the loan exercising forbearance at the request of the Administrator, the date referred to in paragraph (1)(D)(ii) of this subsection shall be such date, on or after the date on which forbearance was requested and prior to the date of such sale, as the Administrator specifies pursuant to regulations which the Administrator shall prescribe to implement this paragraph.

Regulations.

"(ii) The Administrator may specify a date under subdivision (i) of this subparagraph only if, based on the use of a date so specified for the purposes of such paragraph (1)(D)(ii), the Administrator is authorized, under paragraph (7)(A) of this subsection, to accept conveyance of the property.

"(C) In any case in which there is an excessive delay in such liquidation sale caused—

"(i) by the Veterans' Administration (including any delay caused by its failure to provide bidding instructions in a timely fashion); or

"(ii) by a voluntary case commenced under title 11, United States Code (relating to bankruptcy); the date referred to in paragraph (1)(D)(ii) of this subsection shall be a date, earlier than the date of such liquidation sale, which the Administrator specifies pursuant to regulations which the Administrator shall prescribe to implement this paragraph.

"(D) For the purpose of determining the liability of the United States under a loan guaranty under clause (B) of paragraphs (5), (6), (7), and (8) of this subsection, the amount of the total indebtedness with respect to such loan guaranty shall include, in any case in which there was an excessive delay caused by the Veterans' Administration in the liquidation sale of the property securing such loan, any interest which had accrued as of the date of such sale and which would not be included, except for this subparagraph, in the calculation of such total indebtedness as a result of the specification of an earlier date under subparagraph (C)(i) of this paragraph.

"(11) This subsection shall cease to have effect on October 1, 1989."

(b) **REPEAL.**—Paragraph (2) of section 2512(c) of the Deficit Reduction Act of 1984 (Public Law 98-369; 98 Stat. 1117) is repealed.

38 USC 1816
note.

(c) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to defaults which occur more than 60 days after the date of the enactment of this Act.

38 USC 1816
note.

SEC. 6. CASH SALES OF PROPERTIES ACQUIRED THROUGH FORECLOSURES.

(a) **NUMBER OF VENDEE LOANS.**—(1) Section 1816(d)(1) is amended by striking out "not more than 75 percent, nor less than 60 percent," in the first sentence and inserting in lieu thereof "not more than 65 percent, nor less than 50 percent,".

Effective date.
38 USC 1816
note.

(2) The amendment made by paragraph (1) shall take effect as of October 1, 1987.

(b) **MAXIMUM AMOUNT AND REHABILITATION LOANS.**—(1) Section 1816(d) is amended by adding at the end the following new paragraphs:

“(4)(A) Except as provided in subparagraph (B) of this paragraph, the amount of a loan made by the Administrator to finance the purchase of real property from the Administrator described in paragraph (1) of this subsection may not exceed an amount equal to 95 percent of the purchase price of such real property.

“(B) The Administrator may waive the provisions of subparagraph (A) of this paragraph in the case of any loan described in paragraph (5) of this subsection.

“(5) The Administrator may include, as part of a loan to finance a purchase of real property from the Administrator described in paragraph (1) of this subsection, an amount to be used only for the purpose of rehabilitating such property. Such amount may not exceed the amount necessary to rehabilitate the property to a habitable state, and payments shall be made available periodically as such rehabilitation is completed.

“(6) This subsection shall cease to have effect on October 1, 1990.”

(2) The amendment made by this subsection shall apply to loans made more than 30 days after the date of the enactment of this Act.

(c) **REPORT.**—The Administrator of Veterans' Affairs shall, by March 1, 1990, transmit to the Congress a report of the activities carried out, through December 31, 1989, under paragraphs (4) and (5) of section 1816(d) of title 38, United States Code, as added by subsection (b) of this section.

SEC. 7. REFINANCING HOME LOANS.

(a) **LOANS GUARANTEED OR INSURED BY THE VETERANS' ADMINISTRATION.**—Section 1810(e)(1) is amended—

(1) in clause (B), by striking out “and such” and all that follows through “home”; and

(2) in clause (D), by striking out “and”;

(3) in clause (E), by striking out the period and inserting in lieu thereof “by more than 10 years; and”; and

(4) by adding at the end the following new clause:

“(F) the veteran must own the dwelling or farm residence securing the loan and—

“(i) must occupy such dwelling or residence as such veteran's home;

“(ii) must have previously occupied such dwelling or residence as such veteran's home and must certify, in such form as the Administrator shall require, that the veteran has previously so occupied such dwelling or residence; or

“(iii) in any case in which a veteran is in active duty status as a member of the Armed Forces and is unable to occupy such residence or dwelling as a home because of such status, the spouse of the veteran must occupy, or must have previously occupied, such dwelling or residence as such spouse's home and must certify such occupancy in such form as the Administrator shall require.”

(b) **MANUFACTURED HOUSING LOANS.**—Section 1819(a)(4)(A) is amended—

(1) in clause (ii), by striking out “and such” and all that follows through “veteran's home”;

38 USC 1816
note.

38 USC 1816
note.

- (2) in clause (iv), by striking out "and";
- (3) in clause (v), by striking out the period at the end and inserting in lieu thereof a semicolon; and

(4) by adding at the end the following new clause:

"(vi) the veteran must own the manufactured home, or the manufactured-home lot, or the manufactured home and the manufactured-home lot, securing the loan and—

"(I) must occupy the home, a manufactured home on the lot, or the home and the lot, securing the loan;

"(II) must have previously occupied the home, a manufactured home on the lot, or the home and the lot, securing the loan as the veteran's home and must certify, in such form as the Administrator shall require, that the veteran has previously so occupied the home (or such a home on the lot); or

"(III) in any case in which a veteran is in active duty status as a member of the Armed Forces and is unable to occupy the home, a manufactured home on the lot, or the home and the lot, as a home because of such status, the spouse of the veteran must occupy, or must have previously occupied, the manufactured home on the lot, or the home and the lot, as such spouse's home and must certify such occupancy in such form as the Administrator shall require."

(c) AMOUNTS OF OTHER REFINANCING LOANS.—Section 1810 is amended by adding at the end the following new subsection:

"(h) The amount of a loan guaranteed for the purpose specified in subsection (a)(5) of this section may not exceed the amount equal to 90 percent of the appraised value of the dwelling or farm residence which will secure the loan, as determined by the Administrator."

(d) EFFECTIVE DATE.—(1) The amendments made by subsections (a) and (b) of this section shall apply to loans made more than 30 days after the date of the enactment of this Act.

(2) The amendment made by subsection (c) of this section shall apply to loans for which commitments are made more than 60 days after the date of the enactment of this Act.

38 USC 1810
note.

SEC. 8. OCCUPANCY REQUIREMENTS.

(a) ORIGINAL LOANS.—(1) Section 1804(c) is amended—

(A) by striking out "(c) No" and inserting in lieu thereof "(c)(1) Except as provided in paragraph (2) of this subsection, no";

(B) by striking out "No loan" in the second sentence and inserting in lieu thereof "Except as provided in paragraph (2) of this subsection, no loan"; and

(C) by adding at the end the following new paragraph:

"(2) 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 1810(a) of this title;

"(C) section 1819(a)(5)(A)(i) of this title; and

"(D) section 1819(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."

(2) Section 1810(a) is amended by striking out “(a) Any” and inserting in lieu thereof “(a) Except as provided in section 1804(c)(2) of this title, any”.

(b) **MANUFACTURED HOUSING LOANS.**—(1) Section 1819(a)(5)(A)(i) is amended by inserting “(except as provided in section 1804(c)(2) of this title)” after “by the veteran”.

(2) Section 1819(e)(5) is amended by inserting before the semicolon the following: “; except that the requirement of this clause shall not apply (A) in the case of a guaranteed loan that is for the purpose described in paragraph (1)(F) of subsection (a), or (B) in the case described in section 1804(c)(2)”.

38 USC 1804
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to loans made more than 30 days after the date of the enactment of this Act.

SEC. 9. PROPERTY MANAGEMENT.

38 USC 1820
note.

(a) **HOMELESS PROGRAM.**—(1) To assist homeless veterans and their families acquire shelter, the Administrator of Veterans' Affairs may enter into agreements described in paragraph (2) of this subsection with—

(A) nonprofit organizations, with preference being given to any organization named in, or approved by the Administrator under, section 3402 of title 38, United States Code; or

(B) any State, as defined in section 101(20) of such title, or any political subdivision thereof.

(2) To carry out paragraph (1) of this subsection, the Administrator may enter into agreements to sell real property, and improvements thereon, acquired by the Administrator as the result of a default on a loan made or guaranteed under chapter 37 of title 38, United States Code. Such sale shall be for such consideration as the Administrator determines is in the best interests of homeless veterans and the Federal Government.

(3) The Administrator may enter into an agreement under paragraph (1) only if—

(A) the Administrator determines that such an action will not adversely affect the Veterans' Administration's ability—

(i) to fulfill its statutory missions with respect to the Veterans' Administration loan guaranty program and the short- and long-term solvency of the Loan Guaranty Revolving Fund under such chapter 37; or

(ii) to carry out other functions and administer other programs authorized by law;

(B) the entity to which the property is sold agrees to (i) utilize the property solely as a shelter primarily for homeless veterans and their families, (ii) comply with all zoning laws relating to the property, (iii) make no use of the property that is not compatible with the area where the property is located, and (iv) take such other actions as the Administrator determines are necessary or appropriate in the best interests of homeless veterans and the Federal Government; and

(C) the Administrator determines that there is no significant likelihood of the property being sold for a price sufficient to reduce the liability of the Veterans' Administration or the veteran who had defaulted on the loan guaranteed under such chapter 37.

(4) Any agreement, deed, or other instrument executed by the Administrator under this subsection shall be on such terms and

conditions as the Administrator determines to be appropriate and necessary to carry out the purpose of such agreement.

(b) **JOB TRAINING PROGRAM.**—(1) To assist veterans to obtain training pursuant to the Veterans' Job Training Act (29 U.S.C. 1721 note), the Administrator of Veterans' Affairs may convey to persons described in paragraph (2) of this subsection real property and improvements described in subsection (a)(2) of this section for an amount not less than 75 percent of the fair market value of such real property and improvements.

(2) The Administrator may convey such property to persons who enter into an agreement with the Administrator to—

(A) use veterans in a program of job training under the Veterans' Job Training Act in the rehabilitation of residences on such real property; and

(B) provide a priority to veterans in the sale of such rehabilitated residences.

(3) The Administrator may include appropriate enforcement provisions in any agreement described in paragraph (2), including provision for reasonable liquidated damages.

(4) The Administrator shall reduce the amount of any liability that a veteran has with respect to any property conveyed under this section by an amount equal to the reduction in the sale price of the property below the fair market value of the property.

(c) **TERMINATION.**—The authority provided in subsections (a) and (b) shall terminate on October 1, 1990.

(d) **REPORT.**—The Administrator of Veterans' Affairs shall, by March 1, 1990, transmit to the Congress a report of the activities carried out, through December 31, 1989, under this section.

SEC. 10. LOAN ASSUMPTIONS.

(a) **IN GENERAL.**—(1) Chapter 37 is amended by inserting after section 1817 the following new section:

“§ 1817A. Assumptions; release from liability

38 USC 1817A.

“(a)(1) If a veteran or any other person disposes of residential property securing a guaranteed, insured, or direct housing loan obtained by a veteran under this chapter and the veteran or other person notifies the holder of the loan in writing before the property is disposed of, the veteran or other person, as the case may be, shall be relieved of all further liability to the Administrator with respect to the loan (including liability for any loss resulting from any default of the purchaser or any subsequent owner of the property) and the application for assumption shall be approved if the holder determines that—

“(A) the loan is current; and

“(B) the purchaser of the property from such veteran or other person—

Contracts.

“(i) is obligated by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan; and

“(ii) qualifies from a credit standpoint, to the same extent as if the purchaser were a veteran eligible under section 1810 of this title, for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which the purchaser is to assume liability.

"(2) For the purposes of paragraph (1), paragraph (3), and paragraph (4)(C)(ii) of this subsection, the Administrator shall be considered to be the holder of the loan if the actual holder is not an approved lender described in section 1802.

"(3) If the holder of the loan determines that the loan is not current or that the purchaser of the property does not meet the requirements of paragraph (1)(B) of this subsection, the holder shall—

"(A) notify the transferor and the Administrator of such determination; and

"(B) notify the transferor that the transferor may appeal the determination to the Administrator.

"(4)(A) Upon the appeal of the transferor after a determination described in paragraph (3) is made, the Administrator shall, in a timely manner, review and make a determination (or a redetermination in any case in which the Administrator made the determination described in such paragraph) with respect to whether the loan is current and whether the purchaser of the property meets the requirements of paragraph (1)(B) of this subsection. The Administrator shall transmit, in writing, a notice of the nature of such determination to the transferor and the holder and shall inform them of the action that shall or may be taken under subparagraph (B) of this paragraph as a result of the determination of the Administrator.

"(B)(i) If the Administrator determines under subparagraph (A) of this paragraph that the loan is current and that the purchaser meets the requirements of paragraph (1)(B) of this subsection, the holder shall approve the assumption of the loan, and the transferor shall be relieved of all liability to the Administrator with respect to such loan.

"(ii) If the Administrator determines under subparagraph (A) of this paragraph that the purchaser does not meet the requirements of paragraph (1)(B) of this subsection, the Administrator may direct the holder to approve the assumption of the loan if—

"(I) the Administrator determines that the transferor of the property is unable to make payments on the loan and has made reasonable efforts to find a buyer who meets the requirements of paragraph (1)(B) of this subsection and that, as a result, the proposed transfer is in the best interests of the Veterans' Administration and the transferor;

"(II) the transferor has requested, within 15 days after receiving the notice referred to in subparagraph (A) of this paragraph, that the Administrator approve the assumption; and

"(III) the transferor will, upon assumption of the loan by the purchaser, be secondarily liable on the loan.

"(C) If—

"(i) the loan is not approved for assumption under subparagraph (B) of this paragraph or paragraph (1) of this subsection; or

"(ii) no appeal is made by the transferor under subparagraph (A) of this paragraph within 30 days after the holder informs the transferor of its determination under paragraph (3) of this subsection,

the holder may demand immediate, full payment of the principal, and all interest earned thereon, of such loan if the transferor disposes of the property.

“(b) If a person disposes of residential property described in subsection (a)(1) of this section and the person fails to notify the holder of the loan before the property is disposed of, the holder, upon learning of such action by the person, may demand immediate and full payment of the principal, interest, and all other amounts owing under the terms of the loan.

“(c)(1) In any case in which the holder of a loan described in subsection (a)(1) of this section has knowledge of a person’s disposing of residential property securing the loan, the holder shall notify the Administrator of such action.

“(2) If the holder fails to notify the Administrator in such a case, the holder shall be liable to the Administrator for any damage sustained by the Administrator as a result of the holder’s failure, as determined at the time the Administrator is required to make payments in accordance with any insurance or guaranty provided by the Administrator with respect to the loan concerned.

“(d) The Administrator shall provide that the mortgage or deed of trust and any other instrument evidencing the loan entered into by a person with respect to a loan guaranteed, insured, or made under this chapter shall contain provisions, in such form as the Administrator shall specify, implementing the requirements of this section, and shall bear in conspicuous position in capital letters on the first page of the document in type at least 2 and ½ times larger than the regular type on such page the following: ‘This loan is not assumable without the approval of the Veterans’ Administration or its authorized agent.’”

“(e) The Administrator shall establish in regulations a reasonable amount as the maximum amount that a lender may charge for processing an application for a creditworthiness determination and assumption of a loan pursuant to this section. Such regulations shall establish requirements for the timely processing of applications for acceptance of assumptions.

Regulations.

“(f) This section shall apply only to loans for which commitments are made on or after March 1, 1988.”

(2) Section 1817 is amended by adding at the end the following new subsection:

“(c) This section shall apply only to loans for which commitments are made before March 1, 1988.”

(3) The table of sections for chapter 37 is amended by inserting after the item for section 1817 the following new item:

“1817A. Assumptions; release from liability.”

(b) **PROTECTION AGAINST TRANSFERS TO PERSONS NOT CREDITWORTHY.**—Section 1804 is amended by adding at the end the following new subsection:

“(f) Any housing loan which is financed through the assistance of this chapter and to which section 1817A of this chapter applies shall include a provision that the loan is immediately due and payable upon transfer of the property securing such loan to any transferee unless the acceptability of the assumption of the loan is established pursuant to such section 1817A.”

(c) **LOAN FEE.**—Section 1829 is amended by adding at the end the following new subsection:

“(d) Except as provided in subsection (b) of this section, a fee shall be collected from a person assuming a loan to which section 1817A of this chapter applies. The amount of the fee shall be equal to one-

half of one percent of the balance of such loan on the date of the transfer of the property.”.

SEC. 11. APPRAISALS.

(a) **QUALIFICATIONS OF APPRAISERS.**—(1) Section 1831(a)(1) is amended—

(A) by striking out “(1)” and inserting in lieu thereof “(1) subject to subsection (b)(2) and”; and

(B) by inserting before the semicolon at the end the following: “, including the successful completion of a written test, submission of a sample appraisal, certification of an appropriate number of years of experience as an appraiser, and submission of recommendations from other appraisers”.

(2) Section 1831(b) is amended—

(A) by striking out “(b)” and inserting in lieu thereof “(b)(1)”; and

(B) by adding at the end the following new paragraph:

“(2) If uniform qualifications become applicable for appraisers who perform appraisals for or in connection with the Federal Government, the qualifications required by subsection (a)(1) of this section may be more stringent than such uniform qualifications, but the Administrator may use no written test in determining the qualifications of appraisers other than the test prescribed to implement such uniform qualifications.”.

(b) **REVIEW OF APPRAISALS.**—Section 1831 is amended—

(1) in subsection (c), by striking out “The Administrator shall, upon request,” and inserting in lieu thereof “Except as provided in subsection (f) of this section, the appraiser shall forward an appraisal report to the Administrator for review. Upon receipt of such report, the Administrator shall determine the reasonable value of the property, construction, repairs, or alterations for purposes of this chapter, and notify the veteran of such determination. Upon request, the Administrator shall”; and

(2) in subsection (d), by inserting “(other than a lender authorized under subsection (f) of this section to determine reasonable value)” after “lender”; and

(3) by adding at the end the following new subsection:

“(f)(1) Subject to the provisions of paragraphs (2) and (3) of this subsection, the Administrator may, in accordance with standards and procedures established in regulations prescribed by the Administrator, authorize a lender to determine the reasonable value of property for the purposes of this chapter if the lender is authorized to make loans which are automatically guaranteed under section 1802(d) of this title. In such a case, the appraiser selected by the Administrator pursuant to subsection (b) of this section shall submit the appraisal report directly to the lender for review, and the lender shall, as soon as possible thereafter, furnish a copy of the appraisal to the veteran who is applying for the loan concerned and to the Administrator.

“(2) In exercising the authority provided in paragraph (1) of this subsection, the Administrator shall assign a sufficient number of personnel to carry out an appraisal-review system to monitor, on at least a random-sampling basis, the making of appraisals by appraisers and the effectiveness and the efficiency of the determination of reasonable value of property by lenders.

“(3) The authority provided in this subsection shall terminate on October 1, 1990.”.

Reports.

Reports.

Termination
date.

(b) **CONFORMING AMENDMENT.**—Section 1810(b) is amended—

(1) in paragraph (5), by striking out “by the Administrator” and inserting in lieu thereof “pursuant to section 1831 of this title”; and

(2) by striking out the final sentence.

SEC. 12. SEQUESTRATION EXEMPTION.

(a) **IN GENERAL.**—Section 113 is amended—

(1) in subsection (a), by adding at the end the following new clause:

“(6) Benefits under subchapters I, II, and III of chapter 37 of this title, relating to housing loans for certain veterans and for the spouses and surviving spouses of certain veterans.”;

(2)(A) by striking out subsection (e); and

(B) by redesignating subsections (f) and (g) as (e) and (f), respectively; and

(3) in subsection (c)(2), by striking out “34, or 36” and inserting in lieu thereof “31, 34, 35, or 36”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on November 19, 1987. 38 USC 113 note.

SEC. 13. DETERMINATION OF MINIMUM RESIDUAL INCOME.

Paragraph (3) of section 1810(g) is amended by adding at the end the following new sentence: “If the procedures described in clause (C) of this paragraph include standards for evaluating residual income, the Administrator shall, in establishing such standards, give appropriate consideration to State statistics (in States as to which the Administrator determines that such statistics are reliable) pertinent to residual income and the cost of living in the State in question rather than in a larger region.”.

SEC. 14. MARKETING VETERANS' ADMINISTRATION-ACQUIRED PROPERTIES.

Section 1832 is amended—

(1) by inserting “(a)” before “The”; and

(2) by adding at the end the following new subsection:

“(b) For the purpose of facilitating the most expeditious sale, at the highest possible price, of real property acquired by the Administrator as the result of a default on a loan guaranteed, insured, or made under this chapter, the Administrator shall list all such property with real estate brokers under such arrangements as the Administrator determines to be most appropriate and cost effective.”.

Approved December 21, 1987.

LEGISLATIVE HISTORY—H.R. 2672 (S. 1801):

HOUSE REPORT: No. 100-257 (Comm. on Veterans' Affairs).

SENATE REPORT: No. 100-204 accompanying S. 1801 (Comm. on Veterans' Affairs).

CONGRESSIONAL RECORD, Vol. 133 (1987):

Aug. 3, considered and passed House.

Oct. 30, considered and passed Senate, amended, in lieu of S. 1801.

Nov. 17, House concurred in Senate amendments with amendments.

Dec. 4, Senate concurred in House amendments.