

107TH CONGRESS
2^D SESSION

S. 2230

To amend title 38, United States Code, to make permanent the authority of the Secretary of Veterans Affairs to guarantee adjustable rate mortgages, to authorize the guarantee of hybrid adjustable rate mortgages, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 23, 2002

Mr. SPECTER (for himself and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to make permanent the authority of the Secretary of Veterans Affairs to guarantee adjustable rate mortgages, to authorize the guarantee of hybrid adjustable rate mortgages, 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,*

1 **SECTION 1. AUTHORITY OF SECRETARY OF VETERANS AF-**
2 **FAIRS TO GUARANTEE ADJUSTABLE RATE**
3 **MORTGAGES AND HYBRID ADJUSTABLE RATE**
4 **MORTGAGES.**

5 (a) PERMANENT AUTHORITY TO GUARANTEE AD-
6 JUSTABLE RATE MORTGAGES.—Subsection (a) of section
7 3707 of title 38, United States Code, is amended to read
8 as follows:

9 “(a) The Secretary may guarantee adjustable rate
10 mortgages for veterans eligible for housing loan benefits
11 under this chapter.”.

12 (b) AUTHORITY TO GUARANTEE HYBRID ADJUST-
13 ABLE RATE MORTGAGES.—That section is further
14 amended—

15 (1) in subsection (b), by striking “Interest rate
16 adjustment provisions” and inserting “Except as
17 provided in subsection (c)(1), interest rate adjust-
18 ment provisions”;

19 (2) by redesignating subsections (c) and (d) as
20 subsections (d) and (e), respectively; and

21 (3) by inserting after subsection (b) the fol-
22 lowing new subsection (c):

23 “(c) Adjustable rate mortgages that may be guaran-
24 teed under this section include adjustable rate mortgages
25 (commonly referred to as ‘hybrid adjustable rate mort-
26 gages’) having interest rate adjustment provisions that—

1 “(1) are not subject to subsection (b)(1);

2 “(2) specify an initial rate of interest that is
3 fixed for a period of not less than the first three
4 years of the mortgage term;

5 “(3) provide for an initial adjustment in the
6 rate of interest by the mortgagee at the end of the
7 period described in paragraph (2); and

8 “(4) comply in such initial adjustment, and any
9 subsequent adjustment, with paragraphs (2) through
10 (4) of subsection (b).”.

11 (c) IMPLEMENTATION OF AUTHORITY TO GUAR-
12 ANTEE HYBRID ADJUSTABLE RATE MORTGAGES.—The
13 Secretary of Veterans Affairs may exercise the authority
14 under section 3707 of title 38, United States Code, as
15 amended by this section, to guarantee adjustable rate
16 mortgages described in subsection (c) of such section
17 3707, as so amended, in advance of any rulemaking other-
18 wise required to implement such authority.

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