

Public Law 119–31
119th Congress

An Act

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.

July 30, 2025
[H.R. 1815]

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “VA Home Loan Program Reform Act”.

VA Home Loan
Program Reform
Act.
38 USC 101 note.

SEC. 2. AUTHORITY OF THE SECRETARY OF VETERANS AFFAIRS TO TAKE CERTAIN ACTIONS IN THE CASE OF A DEFAULT ON A HOME LOAN GUARANTEED BY THE SECRETARY.

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

(1) in subsection (a)—

(A) in paragraph (1), by striking “obligation” each place it appears and inserting “loan”;

(B) in paragraph (2)—

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

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

Determination.

“(i) pay the holder of a loan guaranteed under this chapter an amount necessary to avoid the foreclosure of such loan;

“(ii) require the holder of the loan and the veteran obligated on the loan to execute all documents necessary to ensure the Secretary obtains a secured interest in the property covered by the loan; and

“(iii) require the holder of the loan to take any actions necessary to carry out this paragraph, including preparing, executing, transmitting, receiving, and recording documents, and requiring the holder of the loan to place the loan in forbearance.”;

Records.

(ii) in subparagraph (B), by striking “obligation” each place it appears and inserting “housing loan”; and

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

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

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

Standards.
Certification.
Compliance.

Audits.

Procedures.
Contracts.

“(D)(i) The Secretary may establish standards for processing payments under this paragraph based on a certification by a holder of a loan guaranteed under this chapter that the holder has complied with all applicable requirements established by the Secretary.
“(ii) The Secretary shall carry out, on a random-sampling basis, post-payment audits to ensure compliance with all requirements described in clause (i).”; and

(C) in paragraph (5), by striking “obligation” and inserting “loan”;
(2) in subsection (c)—

(A) in paragraph (1), in the matter preceding subparagraph (A), by striking “subsection—” and inserting “subsection.”; and

(B) in paragraph (10)(B)(i), by striking “forebearance” each place it appears and inserting “forbearance”; and

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

“(d) The Secretary shall prescribe loss mitigation procedures, including a mandatory sequence in which the holder of a loan guaranteed under this chapter shall offer loss mitigation options (including an option to enter into a partial claim agreement under the VA Home Loan Program Reform Act) to a veteran, to help prevent the foreclosure of such loan. The Secretary may not purchase an entire such loan until the veteran has completed such sequence.”.

(b) RELATIONSHIP TO OTHER POWERS OF SECRETARY.—Section 3720 of such title is amended—

(1) in subsection (a), by striking “Notwithstanding” and inserting “Except as provided in subsection (h), notwithstanding”;

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

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

(h):

“(h) The Secretary may not take any action under paragraph (2), (3), (4), or (5) of subsection (a) with respect to a loan guaranteed under this chapter before the completion of the sequence of mitigation options offered to the veteran to whom the loan is made under section 3732(d) of this title.”.

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

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

38 USC 3737.

“§ 3737. Partial Claim Program

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

“(1) guaranteed under this chapter;

“(2) regarding the primary residence of the borrower; and

Determination.

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

“(b) PARTIAL CLAIM DESCRIBED.—A partial claim described in this subsection, with respect to a loan described in subsection

(a), is the purchase by the Secretary of a portion of indebtedness under the loan, through a transaction under which the Secretary—

“(1) pays to the holder of the loan the amount of indebtedness, subject to subsection (c), that the Secretary determines necessary to help prevent or resolve a default; and

Payment.
Determination.

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

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

“(B) In the case of an individual who failed to make a payment on a loan guaranteed under this chapter during the period beginning on March 1, 2020 and ending on May 1, 2025, the amount of a partial claim under this section may not exceed 30 percent of the unpaid principal balance of the guaranteed loan as of the date that the initial partial claim is made.

Time period.

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

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

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

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

Time period.

“(3) An amount paid to the holder of a loan as a partial claim—

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

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

“(4) A holder of a loan guaranteed under such chapter for which the Secretary makes a partial claim under this section shall apply the amount paid by the Secretary for the partial claim first to arrearages, if any, on the guaranteed loan. Such arrearages may include any additional costs (such as taxes, insurance premiums, or homeowner’s dues) the Secretary determines necessary to prevent or resolve a default.

Applicability.

Determination.

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

Contracts.

Time period.
Statements.

“(d) REQUIREMENTS OF LOAN HOLDER.—(1) The Secretary may require the holder of a loan for which the Secretary makes a partial claim under this section to take any actions necessary to establish the partial claim, including preparing, executing, transmitting, receiving, and recording loan documents.

Records.

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

Determination.

“(3) The Secretary may exercise the authority of the Secretary under this subsection without regard to any other provision of

law not enacted expressly in limitation of this section that would otherwise govern the expenditure of public funds.

“(e) DEFAULT AND FORECLOSURE.—(1)(A) Notwithstanding section 3703(e) of this title, an individual who defaults on a loan for which the Secretary makes a partial claim made under this section shall be liable to the Secretary for any loss suffered by the Secretary resulting from such default. Such a loss may be recovered in the same manner as any other debt due the United States.

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

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

“(f) DECISIONS BY THE SECRETARY.—(1) Any partial claim made under this section shall be made in the sole discretion of the Secretary and on terms and conditions acceptable to the Secretary that are consistent with this section.

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

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

Standards.
Certification.

“(g) COMPLIANCE.—(1) The Secretary may establish standards for processing payments under this section based on a certification by a holder of a loan guaranteed under such chapter that the holder has complied with all applicable requirements established by the Secretary.

Audits.

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

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

“(A) before prescribing regulations, issue administrative guidance regarding the making of a partial claim relating to such loan; and

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

Determination.

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

“(i) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the authority of the Secretary under subsections (a) and (d) of section 3732 of this title.

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

38 USC
prec. 3701.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3736 the following new item:

“3737. Partial Claim Program.”

SEC. 4. STRATEGY OF THE SECRETARY OF VETERANS AFFAIRS Reports.
REGARDING THE EFFECT OF CERTAIN LITIGATION.

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

SEC. 5. INCREASE OF AUTHORIZATION OF APPROPRIATIONS FOR COMPREHENSIVE SERVICE PROGRAMS FOR HOMELESS VETERANS.

Section 2016 of title 38, United States Code, is amended—

(1) in paragraph (7), by striking “fiscal year 2015 and each subsequent fiscal year” and inserting “each of fiscal years 2015 through 2024”; and

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

“(8) \$344,000,000 for each of fiscal years 2025 and 2026.

“(9) \$257,700,000 for each fiscal year thereafter through fiscal year 2030.”.

Approved July 30, 2025.

LEGISLATIVE HISTORY—H.R. 1815:

HOUSE REPORTS: No. 119–104 (Comm. on Veterans' Affairs).

CONGRESSIONAL RECORD, Vol. 171 (2025):

May 19, considered and passed House.

July 15, considered and passed Senate.

DAILY COMPILATION OF PRESIDENTIAL DOCUMENTS (2025):

July 30, Presidential remarks.

