

103^D CONGRESS
1ST SESSION

H. R. 950

To amend title 38, United States Code, to provide mortgage payment assistance to avoid foreclosure of home loans guaranteed under title 38, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 1993

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

A BILL

To amend title 38, United States Code, to provide mortgage payment assistance to avoid foreclosure of home loans guaranteed under title 38, 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. MORTGAGE PAYMENT ASSISTANCE TO AVOID**
4 **FORECLOSURE OF HOME LOANS GUARAN-**
5 **TEED UNDER TITLE 38.**

6 (a) IN GENERAL.—(1) Chapter 37 of title 38, United
7 States Code, is amended by inserting after section 3714
8 the following new section:

1 **“§ 3715. Loans to refinance delinquent indebtedness**

2 “(a)(1) The Secretary may, at the Secretary’s option,
3 provide assistance to a veteran under this section for the
4 purpose of avoiding the foreclosure of a housing loan made
5 to that veteran and guaranteed by the Secretary under
6 section 3710 or 3712 of this title (hereinafter in this sec-
7 tion referred to as a ‘primary loan’).

8 “(2) Assistance under this section shall be in the
9 form of a loan to the veteran. Such assistance may be pro-
10 vided only if—

11 “(A) the dwelling that secures the primary loan
12 is the current residence of the veteran and is occu-
13 pied by the veteran as the veteran’s home;

14 “(B) the veteran is at least six months delin-
15 quent in payments on that primary loan;

16 “(C) the veteran has lost employment or has
17 had a substantial reduction in household income (as
18 defined in regulations prescribed by the Secretary)
19 through no fault of the veteran; and

20 “(D) the Secretary determines that there is a
21 reasonable prospect that the veteran will be able to
22 resume payment on the primary loan within six
23 months after receiving assistance under this section.

24 “(3) For the purposes of this section, the term ‘vet-
25 eran’ includes the surviving spouse of a veteran if the sur-
26 viving spouse was a co-obligor of the primary loan.

1 “(b)(1) A loan under this section shall be advanced
2 to the holder of the primary loan. The amount of the loan
3 under this subsection shall first be applied to the amount
4 delinquent on the loan guaranteed under this chapter in-
5 cluding any amount delinquent on taxes, assessments, haz-
6 ard insurance, and late charges required by the holder to
7 be included in the veteran’s monthly payment on the mort-
8 gage.

9 “(2) The Secretary may make more than one loan
10 under this section to a veteran. The total amount of loans
11 under this section to any veteran may not exceed \$10,000.

12 “(c) A loan under this section—

13 “(1) shall bear no interest until the date on
14 which payments on the primary loan (including
15 amounts for taxes, assessments, hazard insurance,
16 and late charges required by the holder to be in-
17 cluded in the veteran’s monthly payment on the
18 mortgage) are current;

19 “(2) shall be secured by a lien on the property
20 securing the primary loan and by such other security
21 as the Secretary may require; and

22 “(3) shall be subject to such additional terms
23 and conditions as the Secretary may require.

24 “(d) As a condition of receiving a loan under this sec-
25 tion the veteran shall execute an agreement, in such form

1 as the Secretary may prescribe, to repay the loan within
2 a reasonable period of time, as determined by the Sec-
3 retary, not to exceed 15 years from the date on which such
4 loan is made. If the Secretary determines that the veteran
5 has sufficient income or other resources to do so, the Sec-
6 retary may require the veteran to make partial payments
7 on the primary loan guaranteed under this chapter during
8 the period the holder of that loan is applying the amount
9 of the loan under this section to payments becoming due
10 on the primary loan.

11 “(e) Notwithstanding any other law, the Secretary
12 may employ attorneys to bring suit to collect any amount
13 of a loan under this section on which the veteran to whom
14 the loan is made is in default.

15 “(f) The Secretary’s decisions on any question of law
16 or fact regarding assistance under this section, including
17 whether or not to grant such assistance and the terms and
18 conditions under which such assistance is granted or not
19 granted, shall be final and conclusive, and no other official
20 or any court of the United States shall have power or ju-
21 risdiction to review any such decision by an action in the
22 nature of mandamus or otherwise.

23 “(g) A loan under this section shall be made from
24 the fund established under section 3724 or 3725 of this
25 title that is available with respect to the primary loan in

1 connection with which the loan is made under this sec-
2 tion.”.

3 (2) The table of sections at the beginning of such
4 chapter is amended by inserting after the item relating
5 to section 3714 the following new item:

“3715. Loans to refinance delinquent indebtedness.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 subsection (a), shall take effect at the end of the 60-day
8 period beginning on the date of the enactment of this Act.

9 **SEC. 2. FINANCING OF DISCOUNT POINTS.**

10 Section 3703(c)(4)(B) of title 38, United States
11 Code, is amended in the second sentence by striking out
12 “Discount” and inserting in lieu thereof “Except in the
13 case of a loan for the purpose specified in section
14 3710(a)(8), 3710(b)(7), or section 3712(a)(1)(F) of this
15 title, discount”.

16 **SEC. 3. RATE ADJUSTMENTS FOR ADJUSTABLE RATE**
17 **MORTGAGES.**

18 Section 3707(b)(2) of title 38, United States Code,
19 is amended by striking out “on the anniversary of the date
20 on which the loan was closed”.

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