

shall include information regarding the following:

- (1) Loans made to veterans whose only qualifying service was in the Selected Reserve.
- (2) Interest rates and discount points which were negotiated between the lender and the veteran pursuant to section 3703(c)(4)(A)(i) of this title.
- (3) The determination of reasonable value by lenders pursuant to section 3731(f) of this title.
- (4) Loans that include funds for energy efficiency improvements pursuant to section 3710(a)(10) of this title.
- (5) Direct loans to Native American veterans made pursuant to subchapter V of this chapter.

(Added Pub. L. 104-110, title II, §201(a)(1), Feb. 13, 1996, 110 Stat. 770.)

SUBCHAPTER IV—SMALL BUSINESS LOANS

§ 3741. Definitions

For the purposes of this subchapter—

- (1) The term “disabled veteran” means (A) a veteran who is entitled to compensation under laws administered by the Secretary for a disability rated at 30 percent or more, or (B) a veteran whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.
- (2) The term “veteran of the Vietnam era” means a person (A) who served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam era, and who was discharged or released therefrom with other than a dishonorable discharge, or (B) who was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era.

(Added Pub. L. 97-72, title III, §302(a), Nov. 3, 1981, 95 Stat. 1055, §1841; amended Pub. L. 99-576, title VII, §702(9), Oct. 28, 1986, 100 Stat. 3302; renumbered §3741 and amended Pub. L. 102-83, §§4(a)(1), 5(a), Aug. 6, 1991, 105 Stat. 403, 406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 1841 of this title as this section.

Par. (1). Pub. L. 102-83, §4(a)(1), substituted “administered by the Secretary” for “administered by the Veterans’ Administration”.

1986—Pub. L. 99-576 substituted “percent” for “per centum” in par. (1) and “180” for “one hundred and eighty” in par. (2).

EFFECTIVE DATE

Pub. L. 97-72, title III, §305, Nov. 3, 1981, 95 Stat. 1060, provided that: “The amendments made by this title [see Tables for classification] shall take effect at the end of the one-hundred-and-eighty-day period beginning on the date of the enactment of this Act [Nov. 3, 1981], except that the authority of the Administrator of Veterans’ Affairs to promulgate regulations under subchapter IV of chapter 37 of title 38, United States Code (as added by section 302), shall take effect on such date of enactment.”

SHORT TITLE

For short title of title III of Pub. L. 97-72, which enacted this subchapter, as the “Veterans’ Small Business Loan Act of 1981”, see section 301 of Pub. L. 97-72,

set out as a Short Title of 1981 Amendments note under section 101 of this title.

AUTHORIZATION OF APPROPRIATIONS

Pub. L. 97-72, title III, §304, Nov. 3, 1981, 95 Stat. 1060, authorized to be appropriated a total of \$750,000 for fiscal years 1982 through 1986 for use by Administrator of Veterans’ Affairs for expenses incidental to establishment of small business loan program authorized by subchapter IV of this chapter.

§ 3742. Small business loan program

(a)(1) Subject to subsection (b) of this section, the Secretary may provide financial assistance to veterans’ small business concerns for the purpose of (A) financing plant construction, conversion, or expansion (including the acquisition of land), (B) financing the acquisition of equipment, facilities, machinery, supplies, or materials, or (C) supplying such concerns with working capital.

(2) Subject to paragraph (3)(A) of this subsection, financial assistance under this section may be provided in the form of (A) loan guaranties, or (B) direct loans.

(3) The Secretary shall specify in regulations the criteria to be met for a business concern to qualify as a veterans’ small business concern for the purposes of this subchapter. Such regulations shall include requirements—

(A) that at least 51 percent of a business concern must be owned by individuals who are veterans of the Vietnam era or disabled veterans in order for such concern to qualify for a loan guaranty and that at least 51 percent of a business concern must be owned by disabled veterans in order for such concern to qualify for a direct loan; and

(B) that the management and daily business operations of the concern must be directed by one or more of the veterans whose ownership interest is part of the majority ownership for the purposes of meeting the requirement in clause (A) of this paragraph.

(b) The availability of financial assistance under subsection (a) of this section is subject to the following limitations:

(1) The Secretary may not make a direct loan under this section unless the veterans’ small business concern applying for the loan shows to the satisfaction of the Secretary that the concern is unable to obtain a loan guaranteed by the Department under this section or made or guaranteed by the Small Business Administration.

(2) The Secretary may not guarantee a loan under this section if the loan bears a rate of interest in excess of the maximum rate of interest prescribed under section 3745 of this title.

(3) The Secretary may not make or guarantee a loan under this section for an amount in excess of \$200,000.

(4) The original liability of the Secretary on any loan guaranteed under this section may not exceed 90 percent of the amount of the loan, and such liability shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the loan, but such liability may not exceed the amount of the original guaranty.