

HISTORICAL AND REVISION NOTES—CONTINUED

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53721(b)(2) ..	46 App.:1275(a) (last sentence proviso).	June 29, 1936, ch. 858, title XI, §1103(e) (last sentence), as added Pub. L. 98-595, §1(1), Oct. 30, 1984, 98 Stat. 3130.
53721(c)	46 App.:1273(e) (last sentence).	
	46 App.:1275(a) (1st sentence par-enthetical).	

AMENDMENTS

2008—Pub. L. 110-181, §3522(b), repealed Pub. L. 109-163, §3507(a)(1)(C), (F). See 2006 Amendment note below.

Pub. L. 110-181, §3522(a)(10)(B), (11), incorporated the substance of the amendment by Pub. L. 109-163, §3507(a)(1)(C), (F), into this section by inserting “or Administrator” after “Secretary” wherever appearing and “or Administrator’s” after “Secretary’s” in subsec. (c). See 2006 Amendment note below and section 18(a) of Pub. L. 109-304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

2006—Pub. L. 109-163, §3507(a)(1)(C), (F), which directed the amendment of sections 1273(e) and 1275(a) of the former Appendix to this title from which this section was derived, was repealed by Pub. L. 110-181, §3522(b). See 2008 Amendment notes and Historical and Revision notes above.

§ 53722. Actions by Secretary or Administrator

(a) GENERAL AUTHORITY.—On default under an obligation or related agreement between the Secretary or Administrator and the obligor, the Secretary or Administrator, on terms that may be provided in the obligation or agreement, may—

- (1) assume the obligor’s rights and duties under the obligation or agreement, make any payment in default, and notify the obligee or the obligee’s agent of the default and the Secretary’s or Administrator’s assumption; or
- (2) notify the obligee or the obligee’s agent of the default.

(b) DEMANDS BY OBLIGEEES.—

(1) DEMAND.—If the Secretary or Administrator proceeds under subsection (a)(2), the obligee or the obligee’s agent may demand that the Secretary or Administrator pay the unpaid principal amount of the obligation and the unpaid interest on the obligation. The demand must be made within the earlier of—

- (A) a period that may be specified in the guarantee or a related agreement; or
- (B) 60 days from the date of the Secretary’s or Administrator’s notice.

(2) PAYMENT.—If a demand is made under paragraph (1), the Secretary or Administrator shall pay to the obligee or the obligee’s agent the unpaid principal amount of the obligation and the unpaid interest on the obligation to the date of payment. Payment shall be made within the earlier of—

- (A) a period that may be specified in the guarantee or a related agreement; or
- (B) 30 days from the date of the demand.

(c) CONTINUED EFFECT OF GUARANTEE.—A guarantee of an obligation remains in effect after an assumption of the obligation by the Secretary or Administrator.

(d) ADDITIONAL RESPONSES.—If there is a default on an obligation, the Secretary or Administrator shall conduct operations under this chapter in a manner that—

- (1) maximizes the net present value return from the sale or disposition of assets associated with the obligation, including prompt referral to the Attorney General for collection as appropriate;
- (2) minimizes the amount of any loss realized in the resolution of the guarantee;
- (3) ensures adequate competition and fair and consistent treatment of offerors; and
- (4) requires appraisal of assets by an independent appraiser.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1618; Pub. L. 109-163, div. C, title XXXV, §3507(a)(1)(C), (F), Jan. 6, 2006, 119 Stat. 3555; Pub. L. 110-181, div. C, title XXXV, §3522(a)(10)(B), (11), (b), Jan. 28, 2008, 122 Stat. 598.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53722(a), (b)	46 App.:1275(b).	June 29, 1936, ch. 858, title XI, §1105(b), as added June 23, 1938, ch. 600, §46, 52 Stat. 971; Aug. 15, 1953, ch. 513, §3, 67 Stat. 626; Sept. 3, 1954, ch. 1265, §5, 68 Stat. 1272; Aug. 7, 1956, ch. 1026, §1(e)–(g), 70 Stat. 1087; Pub. L. 85-520, July 15, 1958, 72 Stat. 358; Pub. L. 91-469, §33, Oct. 21, 1970, 84 Stat. 1035; restated Pub. L. 92-507, §3, Oct. 19, 1972, 86 Stat. 914; Pub. L. 97-31, §12(136), Aug. 6, 1981, 95 Stat. 166; Pub. L. 98-595, §1(9), Oct. 30, 1984, 98 Stat. 3131.
53722(c)	46 App.:1273(e) (last sentence).	June 29, 1936, ch. 858, title XI, §1103(e) (last sentence), as added Pub. L. 98-595, §1(1), Oct. 30, 1984, 98 Stat. 3130.
53722(d)	46 App.:1275(f).	June 29, 1936, ch. 858, title XI, §1105(f), as added Pub. L. 108-136, title XXXV, §3524, Nov. 24, 2003, 117 Stat. 1801.

In subsection (a), before paragraph (1), the words “an obligation or related agreement” are substituted for “a mortgage, loan agreement, or other security agreement” for consistency in the revised chapter.

AMENDMENTS

2008—Pub. L. 110-181, §3522(b), repealed Pub. L. 109-163, §3507(a)(1)(C), (F). See 2006 Amendment note below.

Pub. L. 110-181, 3522(a)(10)(B), (11), incorporated the substance of the amendment by Pub. L. 109-163, §3507(a)(1)(C), (F), into this section by inserting “or Administrator” after “Secretary” in section catchline and wherever appearing in subsecs. (a) to (c) and “or Administrator’s” after “Secretary’s” in subsecs. (a)(1) and (b)(1)(B). See 2006 Amendment note below and section 18(a) of Pub. L. 109-304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

Subsec. (d). Pub. L. 110-181, §3522(a)(10)(B), inserted “or Administrator” after “Secretary” in introductory provisions.

2006—Pub. L. 109-163, §3507(a)(1)(C), (F), which directed the amendment of sections 1273(e) and 1275(b) of the former Appendix to this title from which this section was derived in part, was repealed by Pub. L. 110-181, §3522(b). See 2008 Amendment notes and Historical and Revision notes above.

§ 53723. Payments by Secretary or Administrator and issuance of obligations

(a) CASH PAYMENT.—Amounts required to be paid by the Secretary or Administrator under section 53721 or 53722 of this title shall be paid in cash.

(b) ISSUANCE OF OBLIGATIONS.—If amounts in the appropriate account under section 53717 of this title are not sufficient to make a payment required under section 53721 or 53722 of this title, the Secretary or Administrator may issue obligations to the Secretary of the Treasury. The Secretary or Administrator, with the approval of the Secretary of the Treasury, shall prescribe the form, denomination, maturity, and other terms (except the interest rate) of the obligations. The Secretary of the Treasury shall set the interest rate for the obligations, considering the current average market yield on outstanding marketable obligations of the United States Government of comparable maturities during the month before the obligations are issued.

(c) PURCHASE OF OBLIGATIONS.—The Secretary of the Treasury shall purchase the obligations issued under this section. To purchase the obligations, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of securities issued under chapter 31 of title 31. The purposes for which securities may be issued under that chapter are extended to include the purchase of obligations under this subsection. The Secretary of the Treasury may sell obligations purchased under this section. A redemption, purchase, or sale of the obligations by the Secretary of the Treasury is a public debt transaction of the Government.

(d) DEPOSITS AND REDEMPTIONS.—The Secretary or Administrator shall deposit amounts borrowed under this section in the appropriate account under section 53717 of this title and make redemptions of the obligations from that account.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1618; Pub. L. 109–163, div. C, title XXXV, §3507(a)(1)(G), Jan. 6, 2006, 119 Stat. 3555; Pub. L. 110–181, div. C, title XXXV, §3522(a)(10)(B), (b), Jan. 28, 2008, 122 Stat. 598.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53723	46 App.:1275(d).	June 29, 1936, ch. 858, title XI, §1105(d), as added June 23, 1938, ch. 600, §46, 52 Stat. 972; Aug. 15, 1953, ch. 513, §3, 67 Stat. 626; Sept. 3, 1954, ch. 1265, §5, 68 Stat. 1272; Aug. 7, 1956, ch. 1026, §1(e)–(g), 70 Stat. 1087; Pub. L. 85–520, July 15, 1958, 72 Stat. 358; Pub. L. 91–469, §33, Oct. 21, 1970, 84 Stat. 1035; restated Pub. L. 92–507, §3, Oct. 19, 1972, 86 Stat. 914; Pub. L. 96–561, title II, §220(4), Dec. 22, 1980, 94 Stat. 3294; Pub. L. 97–31, §12(136), Aug. 6, 1981, 95 Stat. 166; Pub. L. 97–35, title XVI, §1606(e), Aug. 13, 1981, 95 Stat. 752.

In subsections (b) and (d), the words “appropriate account under section 53717 of this title” are substituted for “Federal Ship Financing Fund” because the accounts under section 53717 replace the Federal Ship Financing Fund. See the explanation for section 53717.

AMENDMENTS

2008—Pub. L. 110–181, §3522(b), repealed Pub. L. 109–163, §3507(a)(1)(G). See 2006 Amendment note below.

Subsecs. (a), (b), (d). Pub. L. 110–181, §3522(a)(10)(B), incorporated the substance of the amendment by Pub. L. 109–163, §3507(a)(1)(G), into this section by inserting “or Administrator” after “Secretary” in section catchline and wherever appearing in text, except when followed by “of the Treasury”. See 2006 Amendment note below and section 18(a) of Pub. L. 109–304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

2006—Pub. L. 109–163, §3507(a)(1)(G), which directed the amendment of section 1275(d) of the former Appendix to this title from which this section was derived, was repealed by Pub. L. 110–181, §3522(b). See 2008 Amendment note for subsecs. (a), (b), (d) and Historical and Revision notes above.

§ 53724. Rights to secured property

(a) ACQUISITION OF SECURITY RIGHTS.—When the Secretary or Administrator makes a payment on, or assumes, an obligation under section 53721 or 53722 of this title, the Secretary or Administrator acquires the rights under the security agreement with the obligor in the security held by the Secretary or Administrator to guarantee the obligation.

(b) USE AND DISPOSITION OF SECURED PROPERTY.—Notwithstanding any other law relating to the acquisition, handling, or disposal of property by the United States Government, the Secretary or Administrator has the right, in the Secretary’s or Administrator’s discretion, to complete, reconstruct, recondition, renovate, repair, maintain, operate, charter, or sell any property acquired under a security agreement with an obligor, or to place a vessel so acquired in the National Defense Reserve Fleet. The terms of a sale under this subsection shall be as approved by the Secretary or Administrator.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1619; Pub. L. 109–163, div. C, title XXXV, §3507(a)(1)(F), Jan. 6, 2006, 119 Stat. 3555; Pub. L. 110–181, div. C, title XXXV, §3522(a)(10)(B), (11), (b), Jan. 28, 2008, 122 Stat. 598.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53724	46 App.:1275(c).	June 29, 1936, ch. 858, title XI, §1105(c), as added June 23, 1938, ch. 600, §46, 52 Stat. 971; Aug. 15, 1953, ch. 513, §3, 67 Stat. 626; Sept. 3, 1954, ch. 1265, §5, 68 Stat. 1272; Aug. 7, 1956, ch. 1026, §1(e)–(g), 70 Stat. 1087; Pub. L. 85–520, July 15, 1958, 72 Stat. 358; Pub. L. 91–469, §33, Oct. 21, 1970, 84 Stat. 1035; restated Pub. L. 92–507, §3, Oct. 19, 1972, 86 Stat. 914; Pub. L. 97–31, §12(136), Aug. 6, 1981, 95 Stat. 166; Pub. L. 98–595, §1(10), Oct. 30, 1984, 98 Stat. 3131.

AMENDMENTS

2008—Pub. L. 110–181, §3522(b), repealed Pub. L. 109–163, §3507(a)(1)(F). See 2006 Amendment note below.

Pub. L. 110–181, §3522(a)(10)(B), (11), incorporated the substance of the amendment by Pub. L. 109–163, §3507(a)(1)(F), into this section by inserting “or Administrator” after “Secretary” wherever appearing and, in subsec. (b), “or Administrator’s” after “Secretary’s”. See 2006 Amendment note below and section 18(a) of