

§ 1701z-15. Approval of individual residential water purification or treatment units

(a) In general

When the existing water supply does not meet the minimum property standards established by the Department of Housing and Urban Development and a permanent alternative acceptable water supply is not available, a continuous supply of water may be provided through the use of approved residential water treatment equipment or a water purification unit that provides bacterially and chemically safe drinking water.

(b) Approval process

A performance-based approval of the equipment or unit and the maintenance, monitoring, and replacement plan for such equipment or unit shall be certified by field offices of the Department of Housing and Urban Development based upon general standards recognized by the Department as modified for local or regional conditions. As a part of such approved plan, a separate monthly escrow account may be required to be established through the lender to cover the cost of the approved yearly maintenance and monitoring schedule and projected replacement of the equipment or unit.

(Pub. L. 100-242, title IV, §424, Feb. 5, 1988, 101 Stat. 1915.)

CODIFICATION

Section was enacted as part of the Housing and Community Development Act of 1987, and not as part of the National Housing Act which comprises this chapter.

§ 1701z-16. Energy efficient mortgages pilot program

(a) Establishment of pilot program

(1) In general

Not later than 6 months after October 24, 1992, the Secretary of Housing and Urban Development (hereafter referred to as the "Secretary") shall establish an energy efficient mortgage pilot program in 5 States, to promote the purchase of existing energy efficient residential buildings and the installation of cost-effective improvements in existing residential buildings.

(2) Pilot program

The pilot program established under this subsection shall include the following criteria, where applicable:

(A) Origination

The lender shall originate a housing loan that is insured under title II of the National Housing Act [12 U.S.C. 1707 et seq.] in accordance with the applicable requirements.

(B) Approval

The mortgagor's base loan application shall be approved if the mortgagor's income and credit record is found to be satisfactory.

(C) Costs of improvements

The cost of cost-effective energy efficiency improvements shall not exceed the greater of—

- (i) 5 percent of the property value (not to exceed 5 percent of the limit established

under section 203(b)(2)(A)) of the National Housing Act (12 U.S.C. 1709(b)(2)(A));¹ or

(ii) 2 percent of the limit established under section 203(b)(2)(B) of such Act [12 U.S.C. 1709(b)(2)(B)].

(D) Limitation

In any fiscal year, the aggregate number of mortgages insured pursuant to this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary of Housing and Urban Development under title II of the National Housing Act (12 U.S.C. 1707 et seq.) during the preceding fiscal year.

(3) Authority for mortgages

In granting mortgages under the pilot program established pursuant to this subsection, the Secretary shall grant mortgagees the authority—

(A) to permit the final loan amount to exceed the loan limits established under title II of the National Housing Act [12 U.S.C. 1707 et seq.] by an amount not to exceed 100 percent of the cost of the cost-effective energy efficiency improvements, if the mortgagor's request to add the cost of such improvements is received by the mortgagee prior to funding of the base loan;

(B) to hold in escrow all funds provided to the mortgagor to undertake the energy efficiency improvements until the efficiency improvements are actually installed; and

(C) to transfer or sell the energy efficient mortgage to the appropriate secondary market agency, after the mortgage is issued, but before the energy efficiency improvements are actually installed.

(4) Promotion of pilot program

The Secretary shall encourage participation in the energy efficient mortgage pilot program by—

(A) making available information to lending agencies and other appropriate authorities regarding the availability and benefits of energy efficient mortgages;

(B) requiring mortgagees and designated lending authorities to provide written notice of the availability and benefits of the pilot program to mortgagors applying for financing in those States designated by the Secretary as participating under the pilot program; and

(C) requiring each applicant for a mortgage insured under title II of the National Housing Act [12 U.S.C. 1707 et seq.] in those States participating under the pilot program to sign a statement that such applicant has been informed of the program requirements and understands the benefits of energy efficient mortgages.

(5) Training program

Not later than 9 months after October 24, 1992, the Secretary, in consultation with the Secretary of Energy, shall establish and implement a program for training personnel at

¹ So in original. There probably should be an additional closing parenthesis.