

§ 1715l. Housing for moderate income and displaced families

(a) Purpose

This section is designed to assist private industry in providing housing for low and moderate income families and displaced families.

(b) Authorization

The Secretary is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) Definitions

As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 1707 of this title.

(d) Eligibility for insurance; conditions; limits

To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Secretary under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount (A) not to exceed (i) \$31,000 (or \$36,000, if the mortgagor's family includes five or more persons) in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$35,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$48,600 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$59,400 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Secretary may increase the foregoing amounts to not to exceed \$36,000 (or \$42,000 if the mortgagor's family includes five or more persons), \$45,000, \$57,600, and \$68,400, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i)(1) in the case of a displaced family, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-

family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Secretary's estimate of its acquisition cost (excluding the mortgage insurance premium paid at the time the mortgage is insured), in cash or its equivalent; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness secured by the property: *Provided further*, That the mortgagor shall to the maximum extent feasible be given the opportunity to contribute the value of his labor as equity in such dwelling; or

(3) if executed by a mortgagor which is a public body or agency (and, except with respect to a project assisted or to be assisted pursuant to section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f], which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act [42 U.S.C. 1437 et seq.]) a cooperative (including an investor-sponsor who meets such requirements as the Secretary may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Secretary), or a private nonprofit corporation or association, or other mortgagor approved by the Secretary, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Secretary under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Secretary will effectuate the purposes of this section—

(i) Repealed. Pub. L. 93-383, title III, § 304(e)(1), Aug. 22, 1974, 88 Stat. 678.

(ii)(I) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary) \$42,048 per family unit without a bedroom, \$48,481 per family unit with one bedroom, 58,469¹ per family unit with two bedrooms, \$74,840 per family unit with three bedrooms, and \$83,375 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$44,250 per family unit without a bedroom, \$50,724 per family unit with one bedroom, \$61,680 per family unit with two bedrooms, \$79,793 per family unit with three

¹ So in original. Probably should be preceded by a dollar sign.

bedrooms, and \$87,588 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (II) the Secretary may, by regulation, increase any of the dollar amount limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 1712a of this title) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 1720² of this title (as such section existed immediately before November 30, 1983) is involved; and

(iii) not exceed (1) in the case of new construction, the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Secretary), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation: *Provided*, That the mortgage may involve the financing of the purchase of property which has been rehabilitated by a local public agency with Federal assistance pursuant to section 110(c)(8) of the Housing Act of 1949 [42 U.S.C. 1460(c)(8)], and, in such case, the amount of the mortgage shall not exceed the appraised value of the property as of the date the mortgage is accepted for insurance: *Provided further*, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1) of this section, the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or displaced families shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Secretary and the Secretary may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of

the relationship of such project to projects under other local programs; or

(4) if executed by a mortgagor and which is approved by the Secretary—

(i) Repealed. Pub. L. 93-383, title III, § 304(e)(2), Aug. 22, 1974, 88 Stat. 678.

(ii)(I) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$37,843 per family unit without a bedroom, \$42,954 per family unit with one bedroom, \$51,920 per family unit with two bedrooms, \$65,169 per family unit with three bedrooms, and \$73,846 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$40,876 per family unit without a bedroom, \$46,859 per family unit with one bedroom, \$56,979 per family unit with two bedrooms, \$73,710 per family unit with three bedrooms, and \$80,913 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (II) the Secretary may, by regulation, increase any of the dollar limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 1712a of this title) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 1720² of this title (as such section existed immediately before November 30, 1983) is involved;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Secretary, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Secretary, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(iv) not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation (including the cost of evaluating and reducing lead-based paint hazards, as such

² See References in Text note below.

terms are defined in section 4851b of title 42) and the Secretary's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That the Secretary may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Secretary may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Secretary may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the General Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance;

(5) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Secretary may in his discretion prescribe: *Provided*, That a mortgage insured under the provisions of subsection (d)(3) of this section shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Secretary, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) of this section on the basis of differences in the types or classes of such mortgagors, and

(6) provide for complete amortization by periodic payments (unless otherwise approved by the Secretary) within such terms as the Secretary may prescribe, but as to mortgages coming within the provisions of subsection (d)(2) of this section not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a displaced family, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is not able, as determined by the Secretary, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction.

(e) "Mortgagor" defined; release of mortgagor or part of property

(1) A mortgagor which may be approved by the Secretary as provided in subsection (d)(3) of this section includes a mortgagor which, as a condition of obtaining insurance of the mortgage and prior to the submission of its application for such insurance, has entered into an agreement (in form and substance satisfactory to the Secretary) with a private nonprofit corporation eligible for an insured mortgage under the provisions of subsection (d)(3) of this section, that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project, as certified pursuant to section 1715r of this title. The mortgagor to whom the property is sold shall be regulated or supervised by the Secretary as provided in subsection (d)(3) of this section to effectuate its purposes.

(2) The Secretary may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) Compliance with standards; nondwelling facilities in projects in urban renewal areas; number of family units; premium charges; housing for low-income purchasers; expiration of mortgage insurance authority; "family" defined; single occupants in subsection (d)(3) housing; use of certain housing facilities for classroom purposes; return of advances for capital improvements

The property or project shall comply with such standards and conditions as the Secretary may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Secretary deems adequate to serve the occupants: *Provided*, That in the case of any such property or project located in an urban renewal area, the provisions of section 1715k(d)(3)(B)(iv) of this title shall apply with respect to the nondwelling facilities which may be included in the mortgage: *Provided further*, That, in the case of a mortgage which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5) of this section, the provisions of section 1715k(d)(3)(B)(iv) of this title shall only apply if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to commercial facilities.

A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) of this section shall include five or more family units: *Provided*, That such units, in the case of a project designed primarily for occupancy by displaced, elderly, or handicapped families, need not, with the approval of the Secretary, contain kitchen facilities, and such projects may include central dining and other shared facilities. The Secretary is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to displaced families. Notwithstanding any provision of this chapter, the

Secretary, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after June 30, 1961, or which meets the requirements of subsection (h), (i), or (j) of this section with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Secretary may determine, and there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 1701q² of this title, or who is a displaced person, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section. Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3) of this section. In any case in which it is determined in accordance with regulations of the Secretary that facilities in existence or under construction on December 31, 1970, which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools of residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the proviso in section 1715k(d)(3)(B)(iv) of this title except the requirement that the project be predominantly residential).

As used in this section the terms "displaced family", "displaced families", and "displaced person" shall mean a family or families, or a person, displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief and Emergency Assistance Act [42 U.S.C. 5121 et seq.].

In order to induce advances by owners for capital improvements (excluding any owner contributions that may be required by the Secretary as a condition for assistance under section 201 of the Housing and Community Development Amendments of 1978) to benefit projects covered by a mortgage under the provisions of subsection (d)(3) of this section that bears a below market interest rate prescribed in the proviso to subsection (d)(5) of this section, in establishing the rental charge for the project the Secretary may include an amount that would permit a return of such advances with interest to the owner out of project income, on such terms and conditions as the Secretary may determine. Any resulting increase in rent contributions shall be—

(A) to a level not exceeding the lower of 30 percent of the adjusted income of the tenant or the published existing fair market rent for

comparable housing established under section 8(c) of the United States Housing Act of 1937 [42 U.S.C. 1437f(c)];

(B) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more; and

(C) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent.

Assistance under section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f] shall be provided, to the extent available under appropriations Acts, if necessary to mitigate any adverse effects on income-eligible tenants.

(g) Entitlement of mortgagee to benefits; applicability of other provisions; debentures; "going Federal rate" defined; transfer of original credit instrument

The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, paragraph (5) of subsection (h) of this section, or paragraph (2) of subsection (i) of this section, as provided in section 1710(a) of this title with respect to mortgages insured under section 1709 of this title, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h),² (j), and (k)² of section 1710 of this title shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 1709 of this title shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section, paragraph (1) of subsection (h) of this section, or paragraph (2) of subsection (j) of this section as provided in section 1713(g) of this title with respect to mortgages insured under said section 1713, and the provisions of subsections (h), (i), (j), (k), and (l) of section 1713 of this title shall be applicable to such mortgages insured under this section; or

(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after June 30, 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Secretary in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Secretary and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Secretary the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appro-

priate provisions of sections 1710 and 1713 of this title relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 1710 and 1713 of this title relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Secretary when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Secretary, except that as applied to mortgages so acquired (A) all references in section 1710 of this title to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 1710 of this title to section 1709 of this title shall be construed to refer to this section. If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Secretary.

(4)(A) in the event any mortgage insured under this section pursuant to a commitment to insure entered into before November 30, 1983, is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Secretary, have the option to assign, transfer, and deliver to the Secretary the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Secretary at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Secretary shall issue to the mortgagee debentures having a par value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph shall be dated as of the date the mortgage is assigned to the Secretary, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury

by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Secretary shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in sections 1713(k) and 1713(l) of this title as to mortgages insured by the Secretary and assigned to him under section 1713 of this title.

(B) In processing a claim for insurance benefits under this paragraph, the Secretary may direct the mortgagee to assign, transfer, and deliver the original credit instrument and the mortgage securing it directly to the Government National Mortgage Association in lieu of assigning, transferring, and delivering the credit instrument and the mortgage to the Secretary. Upon the assignment, transfer, and delivery of the credit instrument and the mortgage to the Association, the mortgage insurance contract shall terminate and the mortgagee shall receive insurance benefits as provided in subparagraph (A). The Association is authorized to accept such loan documents in its own name and to hold, service, and sell such loans as agent for the Secretary. The mortgagor's obligation to pay a service charge in lieu of a mortgage insurance premium shall continue as long as the mortgage is held by the Association or by the Secretary. The Secretary shall have the same authority with respect to mortgages assigned to the Secretary or the Association under this subparagraph as provided by section 1715n(c) of this title.

(C)(i) In lieu of accepting assignment of the original credit instrument and the mortgage securing the credit instrument under subparagraph (A) in exchange for receipt of debentures, the Secretary shall arrange for the sale of the beneficial interests in the mortgage loan through an auction and sale of the (I) mortgage loans, or (II) participation certificates, or other mortgage-backed obligations in a form acceptable to the Secretary (in this subparagraph referred to as "participation certificates"). The Secretary shall arrange the auction and sale at a price, to be paid to the mortgagee, of par plus accrued interest to the date of sale. The sale price shall also include the right to a subsidy payment described in clause (iii).

(ii)(I) The Secretary shall conduct a public auction to determine the lowest interest rate necessary to accomplish a sale of the beneficial interests in the original credit instrument and mortgage securing the credit instrument.

(II) A mortgagee who elects to assign a mortgage shall provide the Secretary and per-

sons bidding at the auction a description of the characteristics of the original credit instrument and mortgage securing the original credit instrument, which shall include the principal mortgage balance, original stated interest rate, service fees, real estate and tenant characteristics, the level and duration of applicable Federal subsidies, and any other information determined by the Secretary to be appropriate. The Secretary shall also provide information regarding the status of the property with respect to the provisions of the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act with respect to eligibility to prepay the mortgage, a statement of whether the owner has filed a notice of intent to prepay or a plan of action under the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act, and the details with respect to incentives provided under the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act in lieu of exercising prepayment rights.

(III) The Secretary shall, upon receipt of the information in subclause (II), promptly advertise for an auction and publish such mortgage descriptions in advance of the auction. The Secretary may conduct the auction at any time during the 6-month period beginning upon receipt of the information in subclause (II) but under no circumstances may the Secretary conduct an auction before 2 months after receiving the mortgagee's written notice of intent to assign its mortgage to the Secretary.

(IV) In any auction under this subparagraph, the Secretary shall accept the lowest interest rate bid for purchase that the Secretary determines to be acceptable. The Secretary shall cause the accepted bid to be published in the Federal Register. Settlement for the sale of the credit instrument and the mortgage securing the credit instrument shall occur not later than 30 business days after the date winning bidders are selected in the auction, unless the Secretary determines that extraordinary circumstances require an extension (not to exceed 60 days) of the period.

(V) If no bids are received, the bids that are received are not acceptable to the Secretary, or settlement does not occur within the period under subclause (IV), the mortgagee shall retain all rights (including the right to interest, at a rate to be determined by the Secretary, for the period covering any actions taken under this subparagraph) under this section to assign the mortgage loan to the Secretary.

(iii) As part of the auction process, the Secretary shall agree to provide a monthly interest subsidy payment from the General Insurance Fund to the purchaser under the auction of the original credit instrument or the mortgage securing the credit instrument (and any subsequent holders or assigns who are approved mortgagees). The subsidy payment shall be paid on the first day of each month in an amount equal to the difference between the stated interest due on the mortgage loan and the lowest interest rate necessary to accomplish a sale of the mortgage loan or participation certificates (less the servicing fee, if ap-

propriate) for the then unpaid principal balance plus accrued interest at a rate determined by the Secretary. Each interest subsidy payment shall be treated by the holder of the mortgage as interest paid on the mortgage. The interest subsidy payment shall be provided until the earlier of—

(I) the maturity date of the loan;

(II) prepayment of the mortgage loan in accordance with the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act, where applicable; or

(III) default and full payment of insurance benefits on the mortgage loan by the Federal Housing Administration.

(iv) The Secretary shall require that the mortgage loans or participation certificates presented for assignment are auctioned as whole loans with servicing rights released and also are auctioned with servicing rights retained by the current servicer.

(v) To the extent practicable, the Secretary shall encourage State housing finance agencies, nonprofit organizations, and organizations representing the tenants of the property securing the mortgage, or a qualified mortgagee participating in a plan of action under the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act to participate in the auction.

(vi) The Secretary shall implement the requirements imposed by this subparagraph within 30 days from November 5, 1990, and not be subject to the requirement of prior issuance of regulations in the Federal Register. The Secretary shall issue regulations implementing this section within 6 months of November 5, 1990.

(vii) Nothing in this subparagraph shall diminish or impair the low income use restrictions applicable to the project under the original regulatory agreement or the revised agreement entered into pursuant to the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act, if any, or other agreements for the provision of Federal assistance to the housing or its tenants.

(viii) This subparagraph shall not apply after December 31, 2002, except that this subparagraph shall continue to apply if the Secretary receives a mortgagee's written notice of intent to assign its mortgage to the Secretary on or before such date. Not later than January 31 of each year (beginning in 1992), the Secretary shall submit to the Congress a report including statements of the number of mortgages auctioned and sold and their value, the amount of subsidies committed to the program under this subparagraph, the ability of the Secretary to coordinate the program with the incentives provided under the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act, and the costs and benefits derived from the program for the Federal Government.

(ix) The authority of the Secretary to conduct multifamily auctions under this paragraph shall be effective for any fiscal year only to the extent and in such amounts as are approved in appropriations Acts for the costs of loan guarantees (as defined in section 661a

of title 2), including the cost of modifying loans.

(h) Insurance of mortgages to finance purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers, and insurance of mortgages executed for the purpose of financing rehabilitation or improvement of dwellings owned and occupied by mortgagors who purchased from nonprofit organizations

(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

(A) be executed by a private nonprofit corporation or association, approved by the Secretary, for financing the purchase and rehabilitation (with the intention of subsequent resale) of property comprising one or more tracts or parcels, whether or not contiguous, upon which there is located deteriorating or substandard housing consisting of (i) four or more single-family dwellings of detached, semidetached, or row construction, or (ii) four or more one-family units in a structure or structures for which a plan of family unit ownership approved by the Secretary is established;

(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d)(5) of this section at the time of execution;

(E) provide for complete amortization (subject to paragraph (5)(E)) by periodic payments within such term as the Secretary may prescribe; and

(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neigh-

borhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$50,000,000.

(5)(A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as "low-income purchasers") determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 1701s(c)(1) of this title.

(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

(ii) bear interest at the same rate as the principal mortgage or such lower rate, not less than 1 per centum, as the Secretary may prescribe if in his judgment the purchaser's income is sufficiently low to justify the lower rate, and provide for complete amortization within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage: *Provided*, That, if the rate of interest initially prescribed is less than the rate borne by the principal mortgage and the purchaser's income (as determined on the basis of periodic review) subsequently rises, the rate of interest so prescribed shall be increased (but not above the rate borne by such principal mortgage), under regulations of the Secretary, to the extent appropriate to reflect the increase in such income, and the mortgage shall so provide.

(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold,

the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5) of this section).

(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.] over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

(6) In addition to the mortgages that may be insured under paragraphs (1) and (5), the Secretary is authorized to insure under this subsection at any time within one year after August 1, 1968, upon such terms and conditions as he may prescribe, mortgages which are executed by individuals or families that meet the income criteria prescribed in paragraph (5)(A) and are executed for the purpose of financing the rehabilitation or improvement of single-family dwellings of detached, semidetached, or row construction that are owned in each instance by a mortgagor who has purchased the dwelling from a nonprofit organization of the type described in this subsection. To be eligible for such insurance, a mortgage shall—

(A) be in a principal amount not exceeding the lesser of \$18,000 or the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness secured by the property;

(B) bear interest (exclusive of premium charges for insurance and service charge, if any) at 3 per centum per annum or such lower rate, not less than 1 per centum, as the Secretary may prescribe if in his judgment the mortgagor's income is sufficiently low to justify the lower rate: *Provided*, That, if the rate of interest initially prescribed is less than 3 per centum per annum and the mortgagor's income (as determined on the basis of periodic review) subsequently rises, the rate shall be increased (but not above 3 per centum), under

regulations of the Secretary, to the extent appropriate to reflect the increase in such income, and the mortgage shall so provide;

(C) involve a mortgagor that shall have paid on account of the property at the time of the rehabilitation such amount (which shall not be less than \$200 in cash or its equivalent, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate under the circumstances; and

(D) contain a provision that, if the low-income mortgagor does not continue to occupy the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time the commitment was issued for insurance of the mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) a nonprofit organization which has been engaged in purchasing and rehabilitating deteriorating and substandard housing with financing under a mortgage insured under paragraph (1) of this subsection, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.] over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

(7) Where the Secretary has approved a plan of family unit ownership, the terms "single-family dwelling", "single-family dwellings", "individual dwelling", and "individual dwellings" shall mean a family unit or family units, together with the undivided interest (or interests) in the common areas and facilities.

(8) For purposes of this subsection, the terms "single-family dwelling" and "single-family dwellings" (except for purposes of paragraph (7)) shall include a two-family dwelling which has been approved by the Secretary.

(i) Conversion of insured project to plan of family unit ownership; sale of units; agreements for maintenance; release from lien of project mortgage; insurance of mortgages financing purchase of individual family units; eligibility for insurance; definitions

(1) The Secretary is authorized, with respect to any project involving a mortgage insured under subsection (d)(3) of this section which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5) of this section, to permit a conversion of the ownership of such project to a plan of family unit ownership. Under such plan, each family unit shall be eligible for individual ownership and provision shall be included for the sale of the family units, together with an undivided interest in the common areas and facilities which serve the project, to low or moderate income purchasers. The Secretary shall obtain such agreements as he determines to be necessary to assure continued maintenance of the common areas and facilities. Upon such sale, the family unit and the undivided interest in the common areas shall be released from the lien of the project mortgage.

(2)(A) The Secretary is authorized, upon application by the mortgagee, to insure under this

subsection mortgages financing the purchase of individual family units under the plan prescribed in paragraph (1). Commitments may be issued by the Secretary for the insurance of such mortgages prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe. To be eligible for such insurance, the mortgage shall—

(i) be executed by a mortgagor having an income within the limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) of this section which bears interest at the below-market rate prescribed in the proviso of subsection (d)(5) of this section;

(ii) involve a principal obligation (including such initial service charges, and such appraisal, inspection, and other fees, as the Secretary shall approve) in an amount not to exceed the Secretary's estimate of the appraised value of the family unit, including the mortgagor's interest in the common areas and facilities, as of the date the mortgage is accepted for insurance;

(iii) bear interest at a rate determined by the Secretary (which may vary in accordance with the regulations of the Secretary promulgated pursuant to the last sentence of paragraph (4) of this subsection) but not less than the below-market rate in effect under the proviso of subsection (d)(5) of this section at the date of the commitment for insurance; and

(iv) provide for complete amortization by periodic payments within such term as the Secretary may prescribe, but not to exceed forty years from the beginning of amortization of the mortgage.

(B) The price for which the individual family unit is sold to the low or moderate income purchaser shall not exceed the appraised value of the property, as determined under subparagraph (A)(ii), except that the purchaser shall be required to pay on account of the property at the time of purchase at least such amount, in cash or its equivalent (which shall be not less than 3 per centum of such price, but which may be applied in whole or in part toward closing costs), as the Secretary may determine to be reasonable and appropriate.

(3) Upon the sale of all of the family units covered by the project mortgage, and the release of all of the family units (including the undivided interest allocable to each unit in the common areas and facilities) from the lien of the project mortgage, the insurance of the project mortgage shall be terminated and no adjusted premium charge shall be collected by the Secretary upon such termination.

(4) Any mortgage covering an individual family unit insured under this subsection shall contain a provision that, if the original mortgagor does not continue to occupy the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time the commitment was issued for the insurance of the project mortgage; except that the requirement for an increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) a nonprofit purchaser approved by the Secretary, or (ii) a low or moderate income pur-

chaser who has an income within the limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) of this section which bears interest at the below-market rate prescribed in the proviso of subsection (d)(5) of this section. The mortgage shall also contain a provision that, if the Secretary determines that the annual income of the original mortgagor (or a purchaser described in clause (ii) of the preceding sentence) has increased to an amount enabling payment of a greater rate of interest, the interest rate of the individual mortgage may be increased up to the highest rate permissible under the regulations of the Secretary for mortgages insured under this section, effective at the time the commitment was issued for the insurance of the mortgage.

(5) For the purpose of this subsection—

(i) the term "mortgage", when used in relation to a mortgage insured under paragraph (2) of this subsection, includes a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project; and

(ii) the term "common areas and facilities" includes the land and such commercial, community, and other facilities as are approved by the Secretary.

(j) Conversion of insured rental projects to cooperatives; eligibility for membership; insurance of cooperative mortgages financing purchase of projects; eligibility for insurance

(1) The Secretary is authorized, with respect to any rental project involving a mortgage insured under subsection (d)(3) of this section which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5) of this section, to permit a conversion of the ownership of such project to a cooperative approved by the Secretary. Membership in such cooperative shall be made available only to those families having an income within the limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) of this section which bears interest at such below-market rate: *Provided*, That families residing in the rental project at the time of its conversion to a cooperative who do not meet such income limits may be permitted to become members in the cooperative under such special terms and conditions as the Secretary may prescribe.

(2) The Secretary is authorized, upon application by the mortgagee, to insure under this subsection cooperative mortgages financing the purchase of projects meeting the requirements of paragraph (1). Commitments may be issued by the Secretary for the insurance of such mortgages prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe. To be eligible for such insurance, the mortgage shall—

(i) involve a principal obligation (including such initial service charges and appraisal, inspection, and other fees as the Secretary shall approve) in an amount not exceeding the ap-

praised value of the property for continued use as a cooperative, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis, after the payment of all operating expenses, taxes, and required reserves;

(ii) bear interest at the below-market rate prescribed in the proviso of subsection (d)(5) of this section; and

(iii) provide for complete amortization within such term as the Secretary may prescribe.

(k) Increase in maximum insurance amounts for costs incurred from solar energy systems and energy conservation measures

With respect to any project insured under subsection (d)(3) or (d)(4) of this section, the Secretary may further increase the dollar amount limitations which would otherwise apply for the purpose of those subsections by up to 20 per centum if such increase is necessary to account for the increased cost of the project due to the installation therein of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 1703(a) of this title) or residential energy conservation measures (as defined in section 8211(11)(A) through (G) and (I) of title 42)³ in cases where the Secretary determines that such measures are in addition to those required under the minimum property standards and will be cost-effective over the life of the measure.

(l) Rental charges; "eligible multifamily housing" defined

(1) Notwithstanding any other provision of law, tenants residing in eligible multifamily housing whose incomes exceed 80 percent of area median income shall pay as rent not more than the lower of the following amounts: (A) 30 percent of the family's adjusted monthly income; or (B) the relevant fair market rental established under section 8(b) of the United States Housing Act of 1937 [42 U.S.C. 1437f(b)] for the jurisdiction in which the housing is located. An owner shall phase in any increase in rents for current tenants resulting from this subsection.

(2) For purposes of this subsection, the term "eligible multifamily housing" means any housing financed by a loan or mortgage that is (A) insured or held by the Secretary under subsection (d)(3) of this section and assisted under section 1701s of this title or section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f]; or (B) insured or held by the Secretary and bears interest at a rate determined under the proviso of subsection (d)(5) of this section.

(June 27, 1934, ch. 847, title II, §221, as added Aug. 2, 1954, ch. 649, title I, §123, 68 Stat. 599; amended Aug. 11, 1955, ch. 783, title I, §102(c), (j), 69 Stat. 635; Aug. 7, 1956, ch. 1029, title I, §108, title III, §307(c), 70 Stat. 1094, 1102; Pub. L. 85-104, title I, §112, July 12, 1957, 71 Stat. 297; Pub. L. 86-372, title I, §§110(a)(1), (2), (b)-(e), 116(b), Sept. 23, 1959, 73 Stat. 658-661, 664; Pub. L. 87-70, title I, §101(a), June 30, 1961, 75 Stat. 149; Pub. L. 88-54, June 29, 1963, 77 Stat. 73; Pub. L. 88-560, title I, §§105(c)(2), 107(d), 114, title II, §§202, 203(b), Sept. 2, 1964, 78 Stat. 772, 775, 778,

783, 784; Pub. L. 89-117, title I, §102(a), (b), title II, §207(d), title XI, §1108(i), Aug. 10, 1965, 79 Stat. 454, 467, 505; Pub. L. 89-754, title III, §§307-310(c), Nov. 3, 1966, 80 Stat. 1268-1270; Pub. L. 89-769, §4, Nov. 6, 1966, 80 Stat. 1317; Pub. L. 90-19, §1(a)(3), (4), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title I, §§101(b), (c), 105, title III, §§305, 306, 311(b), 316, Aug. 1, 1968, 82 Stat. 483, 488, 508, 510, 512; Pub. L. 91-78, §2(c), Sept. 30, 1969, 83 Stat. 125; Pub. L. 91-152, title I, §§101(c), 113(e), Dec. 24, 1969, 83 Stat. 379, 384; Pub. L. 91-432, §1(c), Oct. 2, 1970, 84 Stat. 887; Pub. L. 91-473, §1(c), Oct. 21, 1970, 84 Stat. 1064; Pub. L. 91-525, §1(c), Dec. 1, 1970, 84 Stat. 1384; Pub. L. 91-606, title III, §301(d), Dec. 31, 1970, 84 Stat. 1758; Pub. L. 91-609, title I, §§101(c), 114(a), 114[115](a), Dec. 31, 1970, 84 Stat. 1770, 1773; Pub. L. 92-503, §1(c), Oct. 18, 1972, 86 Stat. 906; Pub. L. 93-85, §1(c), Aug. 10, 1973, 87 Stat. 220; Pub. L. 93-117, §1(c), Oct. 2, 1973, 87 Stat. 421; Pub. L. 93-288, title VII, §702(d), formerly title VI, §602(d), May 22, 1974, 88 Stat. 163, renumbered title VII, §702(d), Pub. L. 103-337, div. C, title XXXIV, §3411(a)(1), (2), Oct. 5, 1994, 108 Stat. 3100; Pub. L. 93-383, title III, §§302(c), 303(d), (e), 304(e), 316(c), 319(a), Aug. 22, 1974, 88 Stat. 676-678, 685, 686; Pub. L. 94-173, §§3, 4(a), Dec. 23, 1975, 89 Stat. 1027; Pub. L. 94-375, §§3(d), 8(a), (b)(4), (5), Aug. 3, 1976, 90 Stat. 1069, 1071, 1072; Pub. L. 95-24, title I, §106, Apr. 30, 1977, 91 Stat. 56; Pub. L. 95-60, §1(c), June 30, 1977, 91 Stat. 257; Pub. L. 95-80, §1(c), July 31, 1977, 91 Stat. 339; Pub. L. 95-128, title III, §§301(c), 303(c), Oct. 12, 1977, 91 Stat. 1131, 1132; Pub. L. 95-406, §1(c), Sept. 30, 1978, 92 Stat. 879; Pub. L. 95-557, title III, §§301(c), 325, Oct. 31, 1978, 92 Stat. 2096, 2104; Pub. L. 96-71, §1(c), Sept. 28, 1979, 93 Stat. 501; Pub. L. 96-105, §1(c), Nov. 8, 1979, 93 Stat. 794; Pub. L. 96-153, title III, §§301(c), 314, Dec. 21, 1979, 93 Stat. 1111, 1117; Pub. L. 96-372, §1(c), Oct. 3, 1980, 94 Stat. 1363; Pub. L. 96-399, title III, §§301(c), 310(d), 333(c), (d), Oct. 8, 1980, 94 Stat. 1638, 1642, 1653; Pub. L. 97-35, title III, §§331(c), 339B(a), Aug. 13, 1981, 95 Stat. 412, 417; Pub. L. 97-253, title II, §201(d), Sept. 8, 1982, 96 Stat. 789; Pub. L. 97-289, §1(c), Oct. 6, 1982, 96 Stat. 1230; Pub. L. 97-377, title I, §101(g), Dec. 21, 1982, 96 Stat. 1908; Pub. L. 98-35, §1(c), May 26, 1983, 97 Stat. 197; Pub. L. 98-109, §1(c), Oct. 1, 1983, 97 Stat. 745; Pub. L. 98-181, title I [title IV, §§401(c), 404(b)(8), 408, 409, 423(b)(3), 432(b), (c), 446(d)], Nov. 30, 1983, 97 Stat. 1207, 1209, 1211, 1217, 1220, 1228; Pub. L. 98-479, title II, §204(a)(6), Oct. 17, 1984, 98 Stat. 2232; Pub. L. 99-120, §1(c), Oct. 8, 1985, 99 Stat. 502; Pub. L. 99-156, §1(c), Nov. 15, 1985, 99 Stat. 815; Pub. L. 99-219, §1(c), Dec. 26, 1985, 99 Stat. 1730; Pub. L. 99-267, §1(c), Mar. 27, 1986, 100 Stat. 73; Pub. L. 99-272, title III, §3007(c), Apr. 7, 1986, 100 Stat. 104; Pub. L. 99-289, §1(b), May 2, 1986, 100 Stat. 412; Pub. L. 99-345, §1, June 24, 1986, 100 Stat. 673; Pub. L. 99-430, Sept. 30, 1986, 100 Stat. 986; Pub. L. 100-122, §1, Sept. 30, 1987, 101 Stat. 793; Pub. L. 100-154, Nov. 5, 1987, 101 Stat. 890; Pub. L. 100-170, Nov. 17, 1987, 101 Stat. 914; Pub. L. 100-179, Dec. 3, 1987, 101 Stat. 1018; Pub. L. 100-200, Dec. 21, 1987, 101 Stat. 1327; Pub. L. 100-242, title IV, §§401(a)(2), 406(b)(10)-(13), 426(d), (e), (h), Feb. 5, 1988, 101 Stat. 1898, 1901, 1916; Pub. L. 100-707, title I, §109(e)(3), Nov. 23, 1988, 102 Stat. 4708; Pub. L. 101-508, title II, §2201, Nov. 5, 1990, 104 Stat. 1388-21; Pub. L. 101-625, title VI, §§611(b)(2),

³ See References in Text note below.

612(b), Nov. 28, 1990, 104 Stat. 4278, 4279; Pub. L. 102-550, title V, §§ 509(d), (e), 516(d), title X, § 1012(l), Oct. 28, 1992, 106 Stat. 3783, 3791, 3907; Pub. L. 104-134, title I, § 101(e) [title II, § 219], Apr. 26, 1996, 110 Stat. 1321-257, 1321-290; renumbered title I, Pub. L. 104-140, § 1(a), May 2, 1996, 110 Stat. 1327; Pub. L. 105-276, title II, § 222, Oct. 21, 1998, 112 Stat. 2489; Pub. L. 106-377, § 1(a)(1) [title II, § 209(b)], Oct. 27, 2000, 114 Stat. 1441, 1441A-25; Pub. L. 107-73, title II, § 213(d), (e), Nov. 26, 2001, 115 Stat. 676, 677; Pub. L. 107-326, § 5(b)(4), (5), Dec. 4, 2002, 116 Stat. 2795; Pub. L. 108-186, title III, § 302(b), Dec. 16, 2003, 117 Stat. 2692; Pub. L. 110-161, div. K, title II, § 221(1), Dec. 26, 2007, 121 Stat. 2436.)

REFERENCES IN TEXT

The General Insurance Fund, referred to in text, was established by section 1735c of this title.

Section 1720 of this title, referred to in subsec. (d)(3)(ii)(II), (4)(ii)(II) was repealed by Pub. L. 98-181, title I [title IV, § 483(a)], Nov. 30, 1983, 97 Stat. 1240.

The United States Housing Act of 1937, and “such act”, referred to in subssecs. (d)(3), (h)(5)(F), (6)(D), is act Sept. 1, 1937, ch. 896, as revised generally by Pub. L. 93-383, title II, § 201(a), Aug. 22, 1974, 88 Stat. 653, which is classified generally to chapter 8 (§ 1437 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 1437 of Title 42 and Tables.

Section 110 of the Housing Act of 1949 [42 U.S.C. 1460], referred to in subsec. (d)(3)(iii), was omitted from the Code pursuant to section 5316 of Title 42, which terminated authority to make grants or loans under title I of that Act [42 U.S.C. 1450 et seq.] after Jan. 1, 1975.

This chapter, referred to in subsec. (f), was in the original “this Act”, meaning act June 27, 1934, ch. 847, 48 Stat. 1246, which is classified principally to this chapter (§ 1701 et seq.). For complete classification of this Act to the Code, see Tables.

Section 1701q of this title, referred to in subsec. (f), was amended generally by Pub. L. 101-625, title VIII, § 801(a), Nov. 28, 1990, 104 Stat. 4297, and, as so amended, no longer contains provisions related to handicapped persons.

The Disaster Relief and Emergency Assistance Act, referred to in subsec. (f), is Pub. L. 93-288, May 22, 1974, 88 Stat. 143, as amended, known as the Robert T. Stafford Disaster Relief and Emergency Assistance Act, which is classified principally to chapter 68 (§ 5121 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5121 of Title 42 and Tables.

Section 201 of the Housing and Community Development Amendments of 1978, referred to in subsec. (f), is section 201 of Pub. L. 95-557, title II, Oct. 31, 1978, 92 Stat. 2084, as amended, which enacted section 1715z-1a of this title and amended section 1715z-1 of this title.

Subsection (h) of section 1710 of this title, referred to in subsec. (g)(1), was redesignated subsec. (i) by Pub. L. 105-276, title VI, § 602(1), Oct. 21, 1998, 112 Stat. 2674.

Subsection (k) of section 1710 of this title, referred to in subsec. (g)(1), was repealed by Pub. L. 105-276, title VI, § 601(c), Oct. 21, 1998, 112 Stat. 2673.

The Emergency Low Income Housing Preservation Act of 1987, referred to in subsec. (g)(4)(C), is title II of Pub. L. 100-242, Feb. 5, 1988, 101 Stat. 1877, which, as amended by Pub. L. 101-625, is known as the Low-Income Housing Preservation and Resident Homeownership Act of 1990. Subtitles A and B of title II, which were formerly set out as a note under this section and which amended section 1715z-6 of this title, were amended generally by Pub. L. 101-625 and are classified to subchapter I (§ 4101 et seq.) of chapter 42 of this title. Subtitles C and D of title II amended section 1715z-15 of this title and sections 1437f, 1472, 1485, and 1487 of Title 42, The Public Health and Welfare. Another subtitle C

of title II of Pub. L. 100-242, as added by Pub. L. 102-550, is classified generally to subchapter II (§ 4141 et seq.) of chapter 42 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 4101 of this title and Tables.

Section 8211 of title 42, referred to in subsec. (k), was omitted from the Code pursuant to section 8229 of Title 42, which terminated authority under that section on June 30, 1989.

CODIFICATION

In subsec. (g)(4)(A), “November 30, 1983,” was substituted for “the effective date of this clause”, meaning the date of enactment of Pub. L. 98-181.

AMENDMENTS

2007—Subsec. (d)(3)(ii)(II), (4)(ii)(II). Pub. L. 110-161 substituted “170 percent” for “140 percent” after “not to exceed” in two places and “215 percent in high cost areas” for “170 percent in high cost areas”.

2003—Subsec. (d)(3)(ii)(II), (4)(ii)(II). Pub. L. 108-186 substituted “140 percent in” for “110 percent in” and inserted “, or 170 percent in high cost areas,” after “and by not to exceed 140 percent”.

2002—Subsec. (d)(3)(ii). Pub. L. 107-326, § 5(b)(4), inserted “(I)” after “(ii)” and substituted “; (II) the Secretary may, by regulation, increase any of the dollar amount limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 1712a of this title)” for “; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause”.

Subsec. (d)(4)(ii). Pub. L. 107-326, § 5(b)(5), inserted “(I)” after “(ii)” and substituted “; (II) the Secretary may, by regulation, increase any of the dollar limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 1712a of this title)” for “; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause”.

2001—Subsec. (d)(3)(ii). Pub. L. 107-73, § 213(d), substituted “\$42,048”, “\$48,481”, “\$58,469”, “\$74,840”, and “\$83,375” for “\$33,638”, “\$38,785”, “\$46,775”, “\$59,872”, and “\$66,700”, respectively, and “\$44,250”, “\$50,724”, “\$61,680”, “\$79,793”, and “\$87,588” for “\$35,400”, “\$40,579”, “\$49,344”, “\$63,834”, and “\$70,070”, respectively.

Subsec. (d)(4)(ii). Pub. L. 107-73, § 213(e), substituted “\$37,843”, “\$42,954”, “\$51,920”, “\$65,169”, and “\$73,846” for “\$30,274”, “\$34,363”, “\$41,536”, “\$52,135”, and “\$59,077”, respectively, and “\$40,876”, “\$46,859”, “\$56,979”, “\$73,710”, and “\$80,913” for “\$32,701”, “\$37,487”, “\$45,583”, “\$58,968”, and “\$64,730”, respectively.

2000—Subsec. (g)(4)(C)(viii). Pub. L. 106-377 inserted “, except that this subparagraph shall continue to apply if the Secretary receives a mortgagee’s written notice of intent to assign its mortgage to the Secretary on or before such date” after “December 31, 2002”.

1998—Subsec. (g)(4)(C)(viii). Pub. L. 105-276, § 222(1), substituted “December 31, 2002” for “September 30, 1996” in first sentence.

Subsec. (g)(4)(C)(ix). Pub. L. 105-276, § 222(2), added cl. (ix).

1996—Subsec. (g)(4)(C)(viii). Pub. L. 104-134 substituted “1996” for “1995” in first sentence.

1992—Subsec. (d)(3)(ii). Pub. L. 102-550, § 509(d), substituted “\$33,638”, “\$38,785”, “\$46,775”, “\$59,872”, “\$66,700”, “\$35,400”, “\$40,579”, “\$49,344”, “\$63,834”, and “\$70,070” for “\$28,032”, “\$32,321”, “\$38,979”, “\$49,893”, “\$55,583”, “\$29,500”, “\$33,816”, “\$41,120”, “\$53,195”, and “\$58,392”, respectively.

Subsec. (d)(4)(ii). Pub. L. 102-550, § 509(e), substituted “\$30,274”, “\$34,363”, “\$41,536”, “\$52,135”, “\$59,077”, “\$32,701”, “\$37,487”, “\$45,583”, “\$58,968”, and “\$64,730” for “\$25,228”, “\$28,636”, “\$34,613”, “\$43,446”, “\$49,231”, “\$27,251”, “\$31,239”, “\$37,986”, “\$49,140”, and “\$53,942”, respectively.

Subsec. (d)(4)(iv). Pub. L. 102-550, §1012(I), inserted "(including the cost of evaluating and reducing lead-based paint hazards, as such terms are defined in section 4851b of title 42)" after "cost of repair and rehabilitation".

Subsec. (g)(4)(A). Pub. L. 102-550, §516(d), which directed substitution of "issue to the mortgagee debentures having a par value" for "subject to the cash adjustment provided herein, issue to the mortgagee debentures having total face value", was executed to text which read "having a total face value" instead of "having total face value", to reflect the probable intent of Congress.

1990—Subsec. (f). Pub. L. 101-625, §611(b)(2), added fourth undesignated paragraph relating to authority of Secretary in establishing rental charges for project covered by mortgage bearing below market interest rate prescribed in proviso to subsec. (d)(3) of this section to include an amount that would permit return of advances to owner.

Subsec. (g)(4)(C). Pub. L. 101-508 added subpar. (C).

Subsec. (I). Pub. L. 101-625, §612(b), added subsec. (I). 1988—Subsec. (d)(2). Pub. L. 100-242, §406(b)(10)(A), substituted "residence, except that the Secretary" for "residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by the mortgagor: *Provided further*, That the Secretary".

Pub. L. 100-242, §406(b)(10)(B), which directed that par. (2) be amended by striking out "*Provided*, That (i)" and all that follows through "(1) in" and inserting "*Provided*, That (i)(1) in", was executed by substituting "*Provided*, That (i)(1) in the case of a displaced family" for "*Provided further*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a displaced family", to reflect the probable intent of Congress and the fact that the provision being struck out began with "*Provided further*" rather than "*Provided*".

Pub. L. 100-242, §406(b)(10)(C), struck out "*Provided further*, That nothing contained herein shall preclude the Secretary from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value."

Pub. L. 100-242, §406(b)(10)(D), which directed that par. (2) be amended in last proviso by substituting "That the mortgagor shall" for "That, if the mortgagor is the owner and an occupant of the property such mortgagor shall", was executed by substituting "That the mortgagor shall" for "That, if the mortgagor is the owner and an occupant of the property, such mortgagor shall", to reflect the probable intent of Congress and the fact that a comma appears before "such" in provisions being struck out.

Subsec. (d)(3)(ii). Pub. L. 100-242, §426(d), substituted "\$28,032", "\$38,979", "\$49,893", "\$55,583", "\$29,500", "\$33,816", "\$41,120", "\$53,195", and "\$58,392" for "\$21,563", "\$29,984", "\$38,379", "\$42,756", "\$22,692", "\$26,012", "\$31,631", "\$40,919", and "\$44,917", respectively.

Pub. L. 100-242, §426(d), which directed that cl. (ii) be amended by substituting "\$32,321" for "\$24,862", was executed by substituting "\$32,321" for "\$24,662" to reflect the probable intent of Congress.

Pub. L. 100-242, §426(h), substituted "not to exceed 110 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 140 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Sec-

retary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 1720 of this title (as such section existed immediately before November 30, 1983) is involved" for "not to exceed 75 per centum in any geographical area where he finds that cost levels so require, except that, where the Secretary determines it necessary on a project by project basis, the foregoing dollar amount limitations contained in this paragraph may be exceeded by not to exceed 90 per centum (by not to exceed 140 per centum where the Secretary determines that a mortgage other than one purchased or to be purchased under section 1720 of this title by the Government National Mortgage Association in implementing its special assistance functions is involved) in such an area".

Subsec. (d)(4)(ii). Pub. L. 100-242, §426(e), (h), substituted "\$25,228", "\$28,636", "\$34,613", "\$43,446", "\$49,231", "\$27,251", "\$31,239", "\$37,986", "\$49,140", and "\$53,942" for "\$19,406", "\$22,028", "\$26,625", "\$33,420", "\$37,870", "\$20,962", "\$24,030", "\$29,220", "\$37,800", and "\$41,494", respectively, and substituted "not to exceed 110 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 140 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 1720 of this title (as such section existed immediately before November 30, 1983) is involved" for "not to exceed 75 per centum in any geographical area where he finds that cost levels so require, except that, where the Secretary determines it necessary on a project by project basis, the foregoing dollar amount limitations contained in this paragraph may be exceeded by not to exceed 90 per centum (by not to exceed 140 per centum where the Secretary determines that a mortgage other than one purchased or to be purchased under section 1720 of this title by the Government National Mortgage Association in implementing its special assistance functions is involved) in such an area".

Subsec. (d)(6)(ii). Pub. L. 100-242, §406(b)(11), struck out "is an owner-occupant of the property and" after "where the mortgagor".

Subsec. (f). Pub. L. 100-707 substituted "and Emergency Assistance Act" for "Act of 1974".

Pub. L. 100-242, §401(a)(2), struck out "No mortgage shall be insured under this section after March 15, 1988, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Secretary finds will assist in the provision of housing for displaced families."

Pub. L. 100-200 substituted "March 15, 1988" for "December 16, 1987".

Pub. L. 100-179 substituted "December 16, 1987" for "December 2, 1987".

Pub. L. 100-170 substituted "December 2, 1987" for "November 15, 1987".

Pub. L. 100-154 substituted "November 15, 1987" for "October 31, 1987".

Pub. L. 100-122 substituted "October 31, 1987" for "September 30, 1987".

Subsec. (h)(6). Pub. L. 100-242, §406(b)(12), struck out "and occupied" after "or row construction that are owned" in introductory provisions.

Subsec. (h)(8). Pub. L. 100-242, §406(b)(13), struck out "if one of the units is to be occupied by the owner" after "approved by the Secretary".

1986—Subsec. (f). Pub. L. 99-430 substituted "September 30, 1987" for "September 30, 1986".

Pub. L. 99-345 substituted "September 30, 1986" for "June 6, 1986".

Pub. L. 99-289 substituted "June 6, 1986" for "April 30, 1986".

Pub. L. 99-272 made amendment identical to Pub. L. 99-219. See 1985 Amendment note below.

Pub. L. 99-267 substituted "April 30, 1986" for "March 17, 1986".

1985—Subsec. (f). Pub. L. 99-219 substituted "March 17, 1986" for "December 15, 1985".

Pub. L. 99-156 substituted "December 15, 1985" for "November 14, 1985".

Pub. L. 99-120 substituted "November 14, 1985" for "September 30, 1985".

1984—Subsec. (d)(3)(iii). Pub. L. 98-479 substituted "rehabilitated" for "rehabilited" before "by a local public agency".

1983—Subsec. (d)(2)(A). Pub. L. 98-181, § 423(b)(3), struck out "": *Provided further*, That the foregoing maximum mortgage amounts may be increased by the amount of the mortgage insurance premium paid at the time the mortgage is insured" before "": and (B)".

Subsec. (d)(3)(iii). Pub. L. 98-181, § 432(b), struck out proviso that in no case involving refinancing would the mortgage exceed the estimated cost of repair and rehabilitation and the amount, as determined by the Secretary, required to refinance existing indebtedness secured by the property or project, and substituted "*Provided, That*" for "*Provided further, That*".

Subsec. (d)(4)(iv). Pub. L. 98-181, § 432(c), struck out proviso that in no case involving refinancing would the mortgage exceed the estimated cost of repair and rehabilitation and the amount, as determined by the Secretary, required to refinance existing indebtedness secured by the property or project, and substituted "*Provided, That*" for "*Provided further, That*".

Subsec. (d)(5). Pub. L. 98-181, § 404(b)(8), substituted "at such rate as may be agreed upon by the mortgagor and the mortgagee" for "(exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Secretary finds necessary to meet the mortgage market".

Subsec. (d)(6). Pub. L. 98-181, § 446(d), inserted "(unless otherwise approved by the Secretary)" after "periodic payments".

Subsec. (f). Pub. L. 98-181, § 401(c), substituted "September 30, 1985" for "November 30, 1983".

Pub. L. 98-109 substituted "November 30, 1983" for "September 30, 1983".

Pub. L. 98-35 substituted "September 30, 1983" for "May 20, 1983".

Subsec. (g)(4)(A). Pub. L. 98-181, §§ 408, 409, designated existing provision as subpar. (A) and inserted "pursuant to a commitment to insure entered into before November 30, 1983," after "this section".

Subsec. (g)(4)(B). Pub. L. 98-181, § 408, added subpar. (B).

1982—Subsec. (d)(2)(A). Pub. L. 97-253, § 201(d)(1), inserted provision that the foregoing maximum mortgage amounts may be increased by the amount of the mortgage insurance premium paid at the time the mortgage is insured.

Subsec. (d)(2)(B)(i)(2). Pub. L. 97-253, § 201(d)(2), (3), inserted "(excluding the mortgage insurance premium paid at the time the mortgage is insured)" after "of its acquisition cost" and struck out "mortgage insurance premium," after "hazard insurance,".

Subsec. (d)(3)(ii). Pub. L. 97-377 inserted "(by not to exceed 140 per centum where the Secretary determines that a mortgage other than one purchased or to be purchased under section 1720 of this title by the Government National Mortgage Association in implementing its special assistance functions is involved)" after "90 per centum".

Subsec. (d)(4)(ii). Pub. L. 97-377 inserted "(by not to exceed 140 per centum where the Secretary determines that a mortgage other than one purchased or to be purchased under section 1720 of this title by the Government National Mortgage Association in implementing its special assistance functions is involved)" after "90 per centum".

Subsec. (f). Pub. L. 97-289 substituted "May 20, 1983" for "September 30, 1982".

1981—Subsec. (f). Pub. L. 97-35, § 331(c), substituted "1982" for "1981".

Subsec. (k). Pub. L. 97-35, § 339B(a), inserted "therein" after "installation" and struck out "therein" after "measure".

1980—Subsec. (d)(6). Pub. L. 96-399, § 333(c), struck out proviso relating to maturity of a mortgage insured under subsection (d)(2) of this section.

Subsec. (f). Pub. L. 96-399, § 301(c), substituted "September 30, 1981" for "October 15, 1980".

Pub. L. 96-372 substituted "October 15, 1980" for "September 30, 1980".

Subsec. (i)(2)(A)(iv). Pub. L. 96-399, § 333(d), struck out applicability to determinations of lesser amount, if so determined, of three-quarters of the Secretary's estimate of the remaining economic life of the building improvements.

Subsec. (k). Pub. L. 96-399, § 310(d), added subsec. (k). 1979—Subsec. (d)(3)(ii). Pub. L. 96-153, § 314, substituted "75 per centum" for "50 per centum" and inserted exception that the dollar amount limitations may be exceeded not to exceed 90 per centum where the Secretary determines it to be necessary.

Subsec. (d)(4)(ii). Pub. L. 96-153, § 314, substituted "75 per centum" for "50 per centum" and inserted exception that the dollar amount limitations may be exceeded by not to exceed 90 per centum where the Secretary determines it to be necessary.

Subsec. (f). Pub. L. 96-153 substituted "September 30, 1980" for "November 30, 1979".

Pub. L. 96-105 substituted "November 30, 1979" for "October 31, 1979".

Pub. L. 96-71 substituted "October 31, 1979" for "September 30, 1979".

1978—Subsec. (d)(3)(ii). Pub. L. 95-557, § 325(a), substituted "\$21,563", "\$24,662", "\$29,984", "\$38,379", and "\$42,756" for "\$16,860", "\$18,648", "\$22,356", "\$28,152" and "\$31,884", respectively, and "\$22,692", "\$26,012", "\$31,631", "\$40,919", and "\$44,917" for "\$19,680", "\$22,356", "\$26,496", "\$33,120", and "\$38,400", respectively.

Subsec. (d)(4)(ii). Pub. L. 95-557, § 325(b), substituted "\$19,406", "\$22,028", "\$26,625", "\$33,420", and "\$37,870" for "\$18,450", "\$20,625", "\$24,630", "\$29,640" and "\$34,846", respectively.

Subsec. (f). Pub. L. 95-557, § 301(c), substituted "September 30, 1979" for "October 31, 1978".

Pub. L. 95-406 substituted "October 31, 1978" for "September 30, 1978".

1977—Subsec. (d)(2)(A). Pub. L. 95-128, § 303(c), substituted "\$31,000" for "\$25,000", "\$36,000" for "\$29,000" in two places, "\$42,000" for "\$33,000", "\$35,000" for "\$28,000", "\$48,600" for "\$38,880", "\$59,400" for "\$47,520", "\$45,000" for "\$36,000", "\$57,600" for "\$46,080" and "\$68,400" for "\$54,720".

Subsec. (d)(4). Pub. L. 95-24 struck out "other than a mortgagor referred to in subsection (d)(3) of this section," after "if executed by a mortgagor".

Subsec. (f). Pub. L. 95-128, § 301(c), substituted "September 30, 1978" for "September 30, 1977".

Pub. L. 95-80 substituted "September 30, 1977" for "July 31, 1977".

Pub. L. 95-60 substituted "July 31, 1977" for "June 30, 1977".

1976—Subsec. (d)(2)(A). Pub. L. 94-375, § 3(d), substituted "\$25,000" for "\$21,600", "\$29,000" for "\$25,200" in two places, and "\$33,000" for "\$28,800".

Subsec. (d)(3)(ii). Pub. L. 94-375, § 8(b)(4), substituted "50 per centum in any geographical area" for "75 per centum in any geographical area", "\$16,860" for "\$11,240", "\$18,648" for "\$15,540", "\$22,356" for "\$18,630", "\$28,152" for "\$23,460", "\$31,884" for "\$26,570", "\$19,680" for "\$13,120", "\$22,356" for "\$18,630", "\$26,496" for "\$22,080", "\$33,120" for "\$27,600", and "\$38,400" for "\$32,000".

Subsec. (d)(4)(ii). Pub. L. 94-375, § 8(b)(5), substituted "50 per centum in any geographical area" for "75 per centum in any geographical area", "\$18,450" for "\$12,300", "\$20,625" for "\$17,188", "\$24,630" for "\$20,525", "\$29,640" for "\$24,700", "\$34,846" for "\$29,038", "\$20,962"

for "\$13,975", "\$24,030" for "\$20,025", "\$29,220" for "\$24,350", "\$37,800" for "\$31,500", and "\$41,494" for "\$34,578".

1975—Subsec. (d)(3)(ii). Pub. L. 94-173, § 3, raised from 45 per centum to 75 per centum the amount by which any dollar limitation may, by regulation, be increased.

Subsec. (d)(4)(ii). Pub. L. 94-173, § 3, raised from 45 per centum to 75 per centum the amount by which any dollar limitation may, by regulation, be increased.

Subsec. (f). Pub. L. 94-173, § 4(a), struck out a provision limiting to 10 per centum the number of dwelling units available to low and moderate income persons under the age of 62 in a project financed with a mortgage issued under subsection (d)(3) of this section.

1974—Subsec. (d)(2)(A). Pub. L. 93-383, § 302(c), substituted "\$21,600" for "\$18,000", "\$25,200" for "\$21,000" wherever appearing, "\$28,000" for "\$24,000", "\$28,800" for "\$24,000", "\$36,000" for "\$30,000", "\$38,880" for "\$32,400", "\$46,080" for "\$38,400", "\$47,520" for "\$39,600", and "\$54,720" for "\$45,600".

Subsec. (d)(3). Pub. L. 93-383, § 319(a), inserted exception for certification of projects assisted or to be assisted pursuant to section 8 of the United States Housing Act of 1937.

Subsec. (d)(3)(i). Pub. L. 93-383, § 304(e)(1), struck out cl. (i) which set forth mortgage ceiling of \$12,500,000.

Subsec. (d)(3)(ii). Pub. L. 93-383, § 303(d), substituted "\$11,240" for "\$9,200", "\$13,120" for "\$10,925", "\$15,540" for "\$12,937.50", "\$16,200" for "\$13,500", "\$18,630" for "\$15,525", "\$22,080" for "\$18,400", "\$23,460" for "\$19,550", "\$26,570" for "\$22,137.50", "\$27,600" for "\$23,000", and "\$32,000" for "\$26,162.50".

Subsec. (d)(4)(i). Pub. L. 93-383, § 304(e)(2), struck out cl. (i) which set forth mortgage ceiling of \$12,500,000.

Subsec. (d)(4)(ii). Pub. L. 93-383, § 303(e), substituted "\$12,300" for "\$9,200", "\$13,975" for "\$10,525", "\$17,188" for "\$12,937.50", "\$20,025" for "\$15,525", "\$20,525" for "\$15,525", "\$24,350" for "\$18,400", "\$24,700" for "\$19,550", "\$29,038" for "\$22,137.50", "\$31,500" for "\$23,000", and "\$34,578" for "\$26,162.50".

Subsec. (f). Pub. L. 93-383, § 316(c), substituted "June 30, 1977" for "October 1, 1974".

Pub. L. 93-288 substituted "the Disaster Relief Act of 1974" for "the Disaster Relief Act of 1970".

1973—Subsec. (f). Pub. L. 93-117 extended the mortgage insurance authority under this section from Oct. 1, 1973, to Oct. 1, 1974.

Pub. L. 93-85 extended the mortgage insurance authority under this section from June 30, 1973, to Oct. 1, 1973.

1972—Subsec. (f). Pub. L. 92-503 extended the mortgage insurance authority under this section from October 1, 1972 to June 30, 1973.

1970—Subsec. (f). Pub. L. 91-609 in second par., substituted "October 1, 1972" for "January 1, 1971"; provided for use of certain housing facilities for classroom purposes where public schools in the community are overcrowded due in part to attendance of residents of the property or project; dispensed with need for kitchen facilities in family units in projects for displaced, elderly, or handicapped families, but permitted inclusion of central dining and other shared facilities; provided that any person who is a displaced person shall be deemed to be a family; and, in third par., substituted "the terms 'displaced family', 'displaced families', and 'displaced person' shall mean a family or families, or a person" for "the terms 'displaced family' and 'displaced families' shall mean a family or families", respectively.

Pub. L. 91-606 substituted "the Disaster Relief Act of 1970" for "the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended".

Pub. L. 91-525 substituted "January 1, 1971" for "December 1, 1970".

Pub. L. 91-473 substituted "December 1, 1970" for "November 1, 1970".

Pub. L. 91-432 substituted "November 1, 1970" for "October 1, 1970".

1969—Subsec. (d)(2). Pub. L. 91-152, § 113(e)(1), (2), substituted "\$18,000" for "\$15,000", "\$21,000" for "\$17,500", wherever appearing, "\$24,000" for "\$20,000" wherever appearing, "\$30,000" for "\$25,000", "\$32,400" for "\$27,000", "\$38,400" for "\$32,000", "\$39,600" for "\$33,000", and "\$45,600" for "\$38,000".

Subsec. (d)(3)(ii). Pub. L. 91-152, § 113(e)(3), (4), substituted "\$9,200" for "\$8,000", "\$10,925" for "\$9,500", "\$12,937.50" for "\$11,250", "\$15,525" for "\$13,500" wherever appearing, "\$18,400" for "\$16,000", "\$19,550" for "\$17,000", "\$22,137.50" for "\$19,250", "\$23,000" for "\$20,000", and "\$26,162.50" for "\$22,750".

Subsec. (d)(4)(ii). Pub. L. 91-152, § 113(e)(5), (6), substituted "\$9,200" for "\$8,000", "\$10,925" for "\$9,500", "\$12,937.50" for "\$11,250", "\$15,525" for "\$13,500" wherever appearing, "\$18,400" for "\$16,000", "\$19,550" for "\$17,000", "\$22,137.50" for "\$19,250", "\$23,000" for "\$20,000", and "\$26,162.50" for "\$22,750".

Subsec. (f). Pub. L. 91-152, § 101(c), substituted "October 1, 1970" for "January 1, 1970".

Pub. L. 91-78 substituted "January 1, 1970" for "October 1, 1969".

Subsec. (h)(6)(A). Pub. L. 91-152, § 113(e)(7), substituted "\$18,000" for "\$15,000".

1968—Subsec. (d)(2)(A). Pub. L. 90-448, §§ 101(b)(1), 305, increased maximum amount of mortgages for single-family residences from \$12,500 to \$15,000 (or \$17,500 if mortgagor's family includes five or more persons), and in geographical areas where costs levels so require from \$15,000 to \$17,500 (or \$20,000 if the mortgagor's family includes five or more persons), and § 305(d)(2)(A) substituted "the mortgagor" for "a displaced family" in first proviso.

Subsec. (d)(2)(B). Pub. L. 90-448, § 101(b)(2), inserted "in cash or its equivalent" in cl. (2), and inserted proviso directing that a mortgagor who is the owner and an occupant of the property be given the opportunity to contribute the value of his labor as equity in such dwelling.

Subsec. (d)(3)(iii). Pub. L. 90-448, § 311(b), inserted proviso to permit the mortgage to involve the financing of the purchase of property which has been rehabilitated by a local public agency with Federal assistance pursuant to section 1460(c)(8) of title 42.

Subsec. (f). Pub. L. 90-448, §§ 105(d), 306, authorized the Secretary to insure mortgages meeting the requirements of subsec. (i) or (j) of this section, struck out "if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities" from first proviso, and inserted proviso making provisions of section 1715k(d)(3)(B)(iv) applicable, in the case of a mortgage which bears interest at the below-market interest rate prescribed in subsec. (d)(5) of this section, only if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to commercial facilities.

Subsec. (g)(1). Pub. L. 90-448, § 105(b), included mortgages meeting requirements of par. (2) of subsec. (i) of this section.

Subsec. (g)(2). Pub. L. 90-448, § 105(c), included mortgages meeting requirements of par. (2) of subsec. (j) of this section.

Subsec. (h)(2)(A). Pub. L. 90-448, § 316(a), reduced number of one-family dwellings from five or more to four or more, and permitted the mortgage to cover four or more one-family units in a structure or structures for which a plan of family unit ownership approved by the Secretary is established.

Subsec. (h)(4). Pub. L. 90-448, § 101(c)(2), increased aggregate principal balance of mortgages insured from \$20,000,000 to \$50,000,000.

Subsec. (h)(5)(B)(ii). Pub. L. 90-448, § 101(c)(1), permitted mortgage to bear interest at such lower rate, not less than 1 per centum, as the Secretary may prescribe if in his judgment purchaser's income is sufficiently low to justify the lower rate, and inserted proviso requiring rate of interest to be increased if purchaser's income subsequently rises.

Subsec. (h)(6). Pub. L. 90-448, § 101(c)(3), added par. (6).

Subsec. (h)(7), (8). Pub. L. 90-448, §316(b), added pars. (7) and (8).

Subsecs. (i), (j). Pub. L. 90-448, §105(a), added subsecs. (i) and (j).

1967—Pub. L. 90-19, §1(a)(3), substituted “Secretary” for “Commissioner” wherever appearing in subsecs. (b), (d)(1) to (3), (d)(3)(ii), (iii), (d)(4), (d)(4)(ii) to (iv), (d)(5), (6), (e)(1), (2), (f), and (g)(3), (4).

Subsec. (d). Pub. L. 90-19, §1(a)(4), substituted “Secretary’s” for “Commissioner’s” wherever appearing in pars. (2), (3)(iii), (4)(iv), and (6).

1966—Subsec. (a). Pub. L. 89-769, §4(a), substituted “displaced families” for “families displaced from urban renewal areas or as a result of governmental action”.

Subsec. (d)(2), (6). Pub. L. 89-769, §4(a), substituted “displaced family” for “family displaced from an urban renewal area or as a result of governmental action” wherever appearing.

Subsec. (d)(2)(A). Pub. L. 89-754, §307, increased maximum amount of mortgages for single-family and two-family residences from \$11,000 and \$18,000 to \$12,500 and \$20,000, respectively.

Subsec. (d)(3)(iii). Pub. L. 89-769, §4(a), substituted “displaced families” for “families displaced by urban renewal or other governmental action”.

Subsec. (f). Pub. L. 89-769, §4(a), (b), substituted “displaced families” for “families displaced from urban renewal areas or as a result of governmental action”, and inserted definition of “displaced family” and “displaced families”.

Pub. L. 89-754, §§308, 309, 310(c), inserted in first sentence provision for nondwelling facilities in projects in urban renewal areas, inserted provision respecting single occupants in housing under subsec. (d)(3) of this section, and inserted in fourth sentence “or which meet the requirements of subsection (h) of this section”, respectively.

Subsec. (g)(1). Pub. L. 89-754, §310(b)(1), inserted “or paragraph (5) of subsection (h) of this section”.

Subsec. (g)(2). Pub. L. 89-754, §310(b)(2), inserted “or paragraph (1) of subsection (h) of this section”.

Subsec. (h). Pub. L. 89-754, §310(a), added subsec. (h). A prior subsec. (h) was repealed by Pub. L. 89-117, title XI, §1108(i)(4), Aug. 10, 1965, 79 Stat. 505.

1965—Subsec. (d)(3)(ii). Pub. L. 89-117, §207(d), substituted “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms” for “and \$17,000 per family unit with three or more bedrooms” and “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms” for “and \$20,000 per family unit with three or more bedrooms”.

Subsec. (d)(4). Pub. L. 89-117, §207(d), 1108(i)(1), substituted “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms” for “and \$17,000 per family unit with three or more bedrooms” and “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms” for “and \$20,000 per family unit with three or more bedrooms” in subpar. (ii) and substituted “General Insurance Fund” for “section 221 Housing Insurance Fund” wherever appearing.

Subsec. (d)(5). Pub. L. 89-117, §102(b), substituted “not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined” for “not less than the annual rate of interest determined” in proviso.

Subsec. (f). Pub. L. 89-117, §§102(a), 1108(i)(1), substituted “this section after October 1, 1969” for “subsection (d)(2) or (d)(4) after September 30, 1965, or under subsection (d)(3) after September 30, 1965” and substituted “General Insurance Fund” for “section 221 Housing Insurance Fund”.

Subsec. (g)(1). Pub. L. 89-117, §1108(i)(1), substituted “General Insurance Fund” for “section 221 Housing Insurance Fund”.

Subsec. (g)(2). Pub. L. 89-117, §1108(i)(2), struck out provision that all references in section 1713 to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the section 221 Housing Insurance Fund.

Subsec. (g)(3). Pub. L. 89-117, §1108(i)(1), (3), substituted “General Insurance Fund” for “section 221 Housing Insurance Fund” and struck out provision that all references in section 1713 of this title to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the section 221 Housing Insurance Fund.

Subsec. (h). Pub. L. 89-117, §1108(i)(4), repealed subsec. (h) which created the section 221 Housing Insurance Fund, provided for the transfer of funds thereto, authorized the purchase and cancellation of debentures and the credit and payment of charges and fees.

1964—Subsec. (d)(3). Pub. L. 88-560, §114(a), inserted “, or other mortgagor approved by the Commissioner, and” after “or association”.

Subsec. (d)(3)(ii), (4)(ii). Pub. L. 88-560, §107(d)(1), (2), changed limits on mortgages for property or project attributable to dwelling use from “\$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit)” to “\$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, and \$17,000 per family unit with three or more bedrooms”, changed such mortgage limits on project consisting of elevator-type structures from a sum “of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit” to dollar amount limitations “per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, and \$20,000 per family unit with three or more bedrooms”, and substituted provision authorizing an increase “by not to exceed 45 per centum” of any of such limits because of cost levels for former provision authorizing such an increase “by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more”.

Subsec. (d)(3)(iii). Pub. L. 88-560, §114(c), inserted “Provided further, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1) of this section, the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section”.

Subsec. (e). Pub. L. 88-560, §114(b), added par. (1) and designated existing provisions as par. (2).

Subsec. (f). Pub. L. 88-560, §§114(d), 202, 203(b), extended the mortgage insurance authority under subsec. (d)(2) and (4) of this section from July 1, 1965 to Sept. 30, 1965, inserted definition of “family”, and substituted in such definition “person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 1701q of this title,” for “person who is sixty-two years of age or over”.

Subsec. (g)(3). Pub. L. 88-560, §105(c)(2), substituted a period for “; or” and inserted “If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.”

1963—Subsec. (f). Pub. L. 88-54 extended mortgage insurance authority under subsec. (d)(2) and (4) of this section from July 1, 1963, to July 1, 1965.

1961—Pub. L. 87-70, §101(a)(1), added section catchline.

Subsec. (a). Pub. L. 87-70, §101(a)(2), redefined the purpose of this section as one to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action, and eliminated provisions which required localities, communities or environs of communities to request the mortgage insurance, which limited the number of dwelling units to not more than the aggregate number which the Housing Administrator certified to the Commissioner, and which authorized assistance for relocation of families to be displaced as the result of governmental action in a community to those cases in which a certification by

the Housing Administrator pursuant to section 1451(c) of title 42 has been made, or there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, under subchapter II of chapter 8A of title 42, or there is being carried out an urban renewal project assisted under section 1462 of title 42.

Subsec. (b). Pub. L. 87-70, §101(a)(3), empowered the Commissioner to insure advances during construction on mortgages covering property of the character described in pars. (3) and (4) of this section.

Subsec. (d)(2). Pub. L. 87-70, §101(a)(4), (5), increased the maximum amount of mortgages for single-family residences from \$9,000 to \$11,000, three-family residences from \$25,000 to \$27,000 and for four-family residences from \$32,000 to \$33,000, increased the maximum amount of mortgages that the Commissioner may authorize in cases where he finds the cost levels so require from \$12,000 to \$15,000 for single-family residences, \$20,000 to \$25,000 for two-family residences, \$27,500 to \$32,000 for three-family residences and \$35,000 to \$38,000 for four-family residences, required families other than those displaced from an urban renewal area or as a result of Government action to pay on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost, prohibited insurance of mortgages for dwellings designed principally for two-, three-, or four-family residences except in the case of dwellings for occupancy by a family displaced from an urban renewal area or as a result of governmental action, and eliminated provisions which required the Commissioner to prescribe procedures relating to priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner.

Subsec. (d)(3). Pub. L. 87-70, §101(a)(6), included public bodies and agencies which certify that they are not receiving financial assistance exclusively pursuant to the United States Housing Act of 1937 cooperatives, and limited dividend corporations, increased the maximum amount of mortgages from not more than \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use to not more than \$2,250 per room (or \$8,500 per family unit if the number of rooms is less than four per family unit) for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements), empowered the Commissioner to increase the maximum from \$2,250 to \$2,750 per room and from \$8,500 to \$9,000 per family unit to compensate for higher costs incident to the construction of elevator-type structures, and in geographical areas which the cost levels so require from \$2,250 to \$3,250 per room, increased the maximum amount of the mortgage in the case of repair and rehabilitation from not more than the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed to not more than the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, limited, in cases involving refinancing, the amount of the mortgage to not more than the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, and eliminated provisions which required the property or project to be for use as rental accommodations for ten or more families eligible for occupancy.

Subsec. (d)(4). Pub. L. 87-70, §101(a)(7)-(10), substituted "other than a mortgagor referred to in subsection (d)(3) of this section" for "which is not a non-profit organization" in opening provisions, increased the maximum amount of mortgages from not more than \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use to not more than \$2,250 per room (or \$8,500 per family unit if the number of rooms is less than four per family unit) for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements), empowered the Commissioner to increase the maximum from \$2,250 to \$2,750 per room and

from \$8,500 to \$9,000 per family unit to compensate for higher costs incident to the construction of elevator-type structures, and in geographical areas which the cost levels so require from \$2,250 to \$3,250 per room, increased the maximum amount of the mortgage in the case of repair and rehabilitation from not more than 90 per centum of the Commissioner's estimate of the value of the property or project when the proposed repair and rehabilitation is completed to not more than 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, limited, in cases involving refinancing, the amount of the mortgage to not more than the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property of project, and eliminated provisions which required the property or project to be for use as rental accommodations for ten or more families eligible for occupancy.

Subsec. (d)(5). Pub. L. 87-70, §101(a)(10), (11), struck out provisions which required the mortgage to provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser, and inserted proviso requiring the mortgage to bear interest at not less than the annual rate of interest determined by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum.

Subsec. (d)(6). Pub. L. 87-70, §101(a)(10), added par. (6).

Subsec. (f). Pub. L. 87-70, §101(a)(12), required a property or project covered by a mortgage insured under subsec. (d)(3) or (d)(4) of this section to include five or more family units, empowered the Commissioner to adopt such procedures and requirements to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action, authorized the Commissioner to insure a mortgage which meets subsec. (d)(3) of this section with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as he may determine, and prohibited insurance of mortgages under subsec. (d)(2) or (d)(4) of this section after July 1, 1963, or under subsec. (d)(3) of this section after July 1, 1965, except pursuant to a commitment to insure before that date or except a mortgage covering property which will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.

Subsec. (g)(3), (4). Pub. L. 87-70, §101(a)(13), (14), added par. (3), redesignated former par. (3) as (4), and substituted "this paragraph" for "this paragraph (3)".

Subsec. (h). Pub. L. 87-70, §101(a)(15), inserted "cash payments," after "cash adjustments," in last sentence.

1959—Subsec. (a). Pub. L. 86-372, §110(a)(1), (2), inserted provisions in first par. to authorize assistance in relocating families residing in the environs of a community described in cl. (2) which are to be displaced as the result of governmental action, inserted provisions in second par. making mortgage insurance available in environs of communities and substituted "in or near any such community" for "in any such community" in second proviso of second par.

Subsec. (d)(2). Pub. L. 86-372, §110(b), required a mortgage to be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsec. (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, increased the maximum amount of the mortgage on a single-family residence in a high cost area from \$10,000 to \$12,000, authorized insurance of mortgages for two-, three-, and four-family

residences and required the Commissioner to prescribe such procedures as are necessary to secure to families, referred to in subsec. (a) of this section, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner.

Subsec. (d)(3). Pub. L. 86-372, §110(c)(1), (2), substituted "\$12,000" for "\$10,000", and "not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or" for "not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and".

Subsec. (d)(4), (5). Pub. L. 86-372, §110(c)(3), added par. (4) and redesignated former par. (4) as (5).

Subsec. (f). Pub. L. 86-372, §110(d), authorized the property or project to include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

Subsec. (g)(1). Pub. L. 86-372, §116(b), inserted reference to subsec. (k) of section 1710 of this title.

Subsec. (g)(2). Pub. L. 86-372, §110(e), substituted "paragraph (3) or (4)" for "paragraph (3)".

1957—Subsec. (g)(1). Pub. L. 85-104 substituted "(h), and (j) of section 1710 of this title" for "and (h) of section 1710 of this title".

1956—Subsec. (a). Act Aug. 7, 1956, §307(c), inserted in first sentence " , or (3) there is being carried out an urban renewal project assisted under section 1462 of title 42" and substituted "clause (2) or (3)" for "clause (2)" each place it appears in last proviso.

Subsec. (d). Act Aug. 7, 1956, §108, substituted "\$9,000" for "\$7,600" and "\$10,000" for "\$8,600" in pars. (2) and (3); amended par. (2) to allow mortgage insurance for appraised value and to require at least \$200 initial payment, which amount could include prepaid expenses, in lieu of former provisions which allowed mortgage to be insured up to 95 percent of the appraised value and required at least a 5 percent initial payment; eliminated "95 per centum of" after "not in excess of" and inserted "or the Federal Housing Commissioner" after "agencies thereof" in par. (3) and substituted "forty" for "thirty" in par. (4).

1955—Subsec. (a). Act Aug. 11, 1955, §102(j), authorized assistance in relocating families from urban renewal areas even though such families are not required to leave the area.

Subsec. (d)(3). Act Aug. 11, 1955, §102(c), increased from \$5,000,000 to \$12,500,000 the limitation on the maximum amount of a mortgage.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 406(b)(10)-(13) of Pub. L. 100-242 applicable only with respect to mortgages insured pursuant to conditional commitment issued on or after Feb. 5, 1988, or in accordance with direct endorsement program (24 CFR 200.163), if approved underwriter of mortgagee signs appraisal report for property on or after Feb. 5, 1988, see section 406(d) of Pub. L. 100-242, set out as a note under section 1709 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

For effective date of amendment by section 423(b)(3) of Pub. L. 98-181, see section 423(c) of Pub. L. 98-181, set out as a note under section 1709 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-35 effective Oct. 1, 1981, see section 371 of Pub. L. 97-35, set out as an Effective Date note under section 3701 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-288 effective Apr. 1, 1974, see section 605 of Pub. L. 93-288, formerly set out as an Effective Date note under section 5121 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-606 effective Dec. 31, 1970, see section 304 of Pub. L. 91-606, set out as a note under section 165 of Title 26, Internal Revenue Code.

IMPLEMENTATION OF 1982 AMENDMENT

Amendment by Pub. L. 97-253 to be implemented only if Secretary determines that program of advance payment of insurance premiums, considering the effect of said amendment, is actuarially sound, see section 201(g) of Pub. L. 97-253, set out as a note under section 1709 of this title.

DELEGATION OF PROCESSING OF MORTGAGE INSURANCE

Secretary of Housing and Urban Development to implement system of mortgage insurance for mortgages insured under this section that delegates processing functions to selected approved mortgagees, with Secretary to retain authority to approve rents, expenses, property appraisals, and mortgage amounts and to execute firm commitments, see section 328 of Pub. L. 101-625, set out as a note under section 1713 of this title.

EFFECTIVE DATE OF TEMPORARY EXTENSION OF EMERGENCY LOW INCOME HOUSING PRESERVATION ACT OF 1987 AND CORRECTION OF ANY REPEAL

Pub. L. 101-494, §1, Oct. 31, 1990, 104 Stat. 1185, provided that:

"(a) EFFECTIVE DATE OF EXTENDER.—Public Law 101-402 [amending section 1709 of this title and section 11319 of Title 42, The Public Health and Welfare, and amending provisions set out as a note below] shall be deemed to have taken effect as if such law were enacted on September 29, 1990.

"(b) STATUS OF ACT.—The Emergency Low Income Housing Preservation Act of 1987 [title II of Pub. L. 100-242] (12 U.S.C. 1715I note) shall be deemed to have been in effect on and after September 29, 1990, as if Public Law 101-402 had been enacted on September 29, 1990.

"(c) CORRECTION OF ANY REPEAL.—The provisions of the Emergency Low Income Housing Preservation Act of 1987 (12 U.S.C. 1715I note), other than section 203, are amended to read as such provisions were in effect on September 29, 1990. The amendment made by this subsection shall take effect as if this Act were enacted on September 29, 1990.

"(d) EFFECTIVE DATE.—If the Cranston-Gonzalez National Affordable Housing Act [Pub. L. 101-625, which was approved Nov. 28, 1990] is enacted before the enactment of this Act [Oct. 31, 1990], this section shall be deemed to have taken effect immediately before the enactment of the Cranston-Gonzalez National Affordable Housing Act."

PRESERVATION OF LOW-INCOME HOUSING

The Emergency Low Income Housing Preservation Act of 1987, consisting of title II of Pub. L. 100-242, Feb. 5, 1988, 101 Stat. 1877, amended the National Housing Act, the United States Housing Act of 1937, and the Housing Act of 1949, and enacted provisions formerly set out as a note under this section. The provisions set out as a note under this section consisted of subtitles A and B [§§201-203, 221-230, and 231-235] of title II of Pub. L. 100-242, as amended by Pub. L. 100-628, title X, §§1021-1027, Nov. 7, 1988, 102 Stat. 3270, 3271; Pub. L. 101-235, title II, §§201, 202(a)-(c), 203(b), Dec. 15, 1989, 103 Stat. 2037, 2038; Pub. L. 101-402, §1, Oct. 1, 1990, 104 Stat.

866; Pub. L. 101-494, §§1(c), 2(a), Oct. 31, 1990, 104 Stat. 1185, which set up a temporary program for the prepayment of mortgages on low income housing insured under the National Housing Act that terminated on the date of enactment of the Cranston-Gonzalez National Affordable Housing Act (Nov. 28, 1990). The Cranston-Gonzalez National Affordable Housing Act [Pub. L. 101-625] amended subtitles A and B of title II of Pub. L. 100-242 generally, changing the name of title II of Pub. L. 100-242 to the "Low-Income Housing Preservation and Resident Homeownership Act of 1990". As amended, subtitles A and B of title II are classified generally to subchapter I (§4101 et seq.) of chapter 42 of this title. Prior to the general revision by Pub. L. 101-625, subtitles A and B of title II read as follows:

"SUBTITLE A—GENERAL PROVISIONS

"SEC. 201. SHORT TITLE.

"This title [amending sections 1715z-6 and 1715z-15 of this title and sections 1437f, 1472, 1485, and 1487 of Title 42, The Public Health and Welfare] may be cited as the 'Emergency Low Income Housing Preservation Act of 1987'.

"SEC. 202. FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) in the next 15 years, more than 330,000 low income housing units insured or assisted under sections 221(d)(3) and 236 of the National Housing Act [12 U.S.C. 1715f(d)(3), 1715z-1] could be lost as a result of the termination of low income affordability restrictions;

"(2) in the next decade, more than 465,000 low income housing units produced with assistance under section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f] could be lost as a result of the expiration of the rental assistance contracts;

"(3) some 150,000 units of rural low income housing financed under section 515 of the Housing Act of 1949 [42 U.S.C. 1485] are threatened with loss as a result of the prepayment of mortgages by owners;

"(4) the loss of this privately owned and federally assisted housing, which would occur in a period of sharply rising rents on unassisted housing and extremely low production of additional low rent housing, would inflict unacceptable harm on current tenants and would precipitate a grave national crisis in the supply of low income housing that was neither anticipated nor intended when contracts for these units were entered into;

"(5) the loss of this affordable housing, to encourage the production of which the public has provided substantial benefits over past years, would irreparably damage hard-won progress toward such important and long-established national objectives as—

"(A) providing a more adequate supply of decent, safe, and sanitary housing that is affordable to low income Americans;

"(B) increasing the supply of housing affordable to low income Americans that is accessible to employment opportunities; and

"(C) expanding housing opportunities for all Americans, particularly members of disadvantaged minorities;

"(6) the provision of an adequate supply of low income housing has depended and will continue to depend upon a strong, long-term partnership between the public and private sectors that accommodates a fair return on investment;

"(7) recent reductions in Federal housing assistance and tax benefits related to low income housing have increased the incentives for private industry to withdraw from the production and management of low income housing;

"(8) efforts to retain this housing must take account of specific financial and market conditions that differ markedly from project to project;

"(9) a major review of alternative responses to this threatened loss of affordable housing is now being undertaken by numerous private sector task forces as well as State and local organizations; and

"(10) until the Congress can act on recommendations that will emerge from this review, interim measures are needed to avoid the irreplaceable loss of low income housing and irrevocable displacement of current tenants.

"(b) PURPOSE.—It is the purpose of this title—

"(1) to preserve and retain to the maximum extent practicable as housing affordable to low income families or persons those privately owned dwelling units that were produced for such purpose with Federal assistance;

"(2) to minimize the involuntary displacement of tenants currently residing in such housing; and

"(3) to continue the partnership between all levels of government and the private sector in the production and operation of housing that is affordable to low income Americans.

"SEC. 203. TERMINATION OF CERTAIN PROVISIONS.

"(a) IN GENERAL.—Effective on November 30, 1990, or the date of enactment of the Cranston-Gonzalez National Affordable Housing Act [Nov. 28, 1990], whichever is earlier—

"(1) subtitles B and D [amending sections 1715z-6 and 1715z-15 of this title and sections 1437f and 1485 of Title 42, The Public Health and Welfare and enacting provisions set out in this note] are repealed; and

"(2) each provision of law amended by subtitle B or D is amended to read as it would without such amendment.

"(b) SAVINGS PROVISION.—The repeal or amendment of any provision under subsection (a) shall have no effect on any action taken or authorized under the provision prior to such repeal or amendment.

"SUBTITLE B—PREPAYMENT OF MORTGAGES INSURED UNDER NATIONAL HOUSING ACT

"SEC. 221. GENERAL PREPAYMENT LIMITATION.

"(a) PRIOR APPROVAL OF PLAN OF ACTION.—An owner of eligible low income housing may prepay, and a mortgagee may accept prepayment of, a mortgage on such housing only in accordance with a plan of action approved by the Secretary of Housing and Urban Development under this subtitle. An insurance contract with respect to eligible low-income housing may be terminated pursuant to section 229 of the National Housing Act [12 U.S.C. 1715t] only in accordance with a plan of action approved by the Secretary under this subtitle.

"(b) ALTERNATIVE PREPAYMENT MORATORIUM.—In the event any court of the United States or any State invalidates the requirements established in this subtitle (1) an owner of eligible low income housing located in the geographic area subject to the jurisdiction of such court may not prepay, and a mortgagee may not accept prepayment of, a mortgage on such housing during the 2-year period following the date of such invalidation, and (2) an insurance contract with respect to eligible low-income housing located in the geographic area subject to the jurisdiction of such court may not be terminated pursuant to section 229 of the National Housing Act [12 U.S.C. 1715t] during the 2-year period following the date of such invalidation.

"SEC. 222. NOTICE OF INTENT.

"An owner of eligible low income housing seeking to initiate prepayment or other changes in the status or terms of the mortgage or regulatory agreement (including a request to terminate the insurance contract pursuant to section 229 of the National Housing Act [12 U.S.C. 1715t]) shall file with the Secretary a notice of the intent of the owner in such form and manner as the Secretary shall prescribe. The owner shall simultaneously file the notice of intent with any appropriate State or local government agency for the jurisdiction within which the housing is located.

"SEC. 223. PLAN OF ACTION.

"(a) PREPARATION AND SUBMISSION.—Upon receipt of a notice of intent, the Secretary shall provide the owner with such information as the owner needs to prepare a plan of action, which information shall include a de-

scription of the Federal incentives authorized under this title, and any relevant market area and demographic information that the Secretary has custody of and that the owner may use in preparing the plan. The owner shall submit the plan of action to the Secretary in such form and manner as the Secretary shall prescribe. The owner may simultaneously submit the plan of action to any appropriate State or local government agency for the jurisdiction within which the housing is located, which agency shall, in reviewing the plan, consult with representatives of the tenants of the housing.

“(b) CONTENTS.—The plan of action shall include—

“(1) a description of any proposed changes in the status or terms of the mortgage or regulatory agreement, which may include a request for incentives to extend the low income use of the housing;

“(2) a description of any assistance that could be provided by State or local government agencies, as determined by prior consultation between the owner and any appropriate State or local agencies;

“(3) a description of any proposed changes in the low income affordability restrictions;

“(4) a description of any change in ownership that is related to prepayment;

“(5) an assessment of the effect of the proposed changes on existing tenants;

“(6) a statement of the effect of the proposed changes on the supply of housing affordable to lower and very low income families or persons in the community within which the housing is located and in the area that the housing could reasonably be expected to serve; and

“(7) any other information that the Secretary determines is necessary to achieve the purposes of this title.

“(c) REVISIONS.—The owner may from time to time revise and amend the plan of action as may be necessary to obtain approval of the plan under this subtitle.

“(d) AUTHORITY TO LIMIT CONTENTS OF PLAN.—The Secretary shall limit the amount of appraisal, market area, and demographic information required under this section in the case of a plan of action requesting incentives.

“SEC. 224. INCENTIVES TO EXTEND LOW INCOME USE.

“(a) AGREEMENTS BY SECRETARY.—After receiving a plan of action from an owner of eligible low income housing, the Secretary may enter into such agreements as are necessary to satisfy the criteria for approval under section 225.

“(b) PERMISSIBLE INCENTIVES.—Agreements entered into under subsection (a) that by modifications to the existing regulatory agreement or mortgage extend the low income affordability restrictions through the term of the mortgage or, in the case of the prepayment of a mortgage, by a recorded instrument impose low income affordability restrictions (including the obligations specified in the regulatory agreement) through a period equivalent to the term of the original mortgage may include one or more of the following incentives that the Secretary, after taking into account local market conditions, determines to be necessary to achieve the purposes of this title:

“(1) An increase in the allowable distribution or other measures to increase the rate of return on investment.

“(2) Revisions to the method of calculating equity.

“(3) Increased access to residual receipts accounts or excess replacement reserves.

“(4) Provision of insurance for a second mortgage under section 241(f) of the National Housing Act [12 U.S.C. 1715z-6(f)].

“(5) An increase in the rents permitted under an existing contract under section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f], or (subject to the availability of amounts provided in appropriation Acts) additional assistance under such section 8 or an extension of any project-based assistance attached to the housing.

“(6) Financing of capital improvements under section 201 of the Housing and Community Development Amendments of 1978 [12 U.S.C. 1715z-1a].

“(7) Other actions, authorized in other provisions of law, to facilitate a transfer or sale of the project to a qualified nonprofit organization, limited equity tenant cooperative, public agency, or other entity acceptable to the Secretary.

“(8) Other incentives authorized in law.

“SEC. 225. CRITERIA FOR APPROVAL OF PLAN OF ACTION.

“(a) PLAN OF ACTION INVOLVING TERMINATION OF LOW INCOME AFFORDABILITY RESTRICTIONS.—The Secretary may approve a plan of action that involves termination of the low income affordability restrictions only upon a written finding that—

“(1) implementation of the plan of action will not materially increase economic hardship for current tenants (and will not in any event result in (A) a monthly rental payment by a current tenant that exceeds 30 percent of the monthly adjusted income of the tenant or an increase in the monthly rental payment in any year that exceeds 10 percent (whichever is lower), or (B) in the case of a current tenant who already pays more than such percentage, an increase in the monthly rental payment in any year that exceeds the increase in the Consumer Price Index or 10 percent (whichever is lower)) or involuntarily displace current tenants (except for good cause) where comparable and affordable housing is not readily available, determined without regard to the availability of Federal housing assistance that would address any such hardship or involuntary displacement; and

“(2)(A) the supply of vacant, comparable housing is sufficient to ensure that such prepayment will not materially affect—

“(i) the availability of decent, safe, and sanitary housing affordable to lower income and very low-income families or persons in the area that the housing could reasonably be expected to serve;

“(ii) the ability of lower income and very low-income families or persons to find affordable, decent, safe, and sanitary housing near employment opportunities; or

“(iii) the housing opportunities of minorities in the community within which the housing is located; or

“(B) the plan has been approved by the appropriate State agency and any appropriate local government agency for the jurisdiction within which the housing is located as being in accordance with a State strategy approved by the Secretary under section 226.

“(b) PLAN OF ACTION INCLUDING INCENTIVES.—The Secretary may approve a plan of action that includes incentives only upon finding that—

“(1) the package of incentives is necessary to provide a fair return on the investment of the owner;

“(2) due diligence has been given to ensuring that the package of incentives is, for the Federal Government, the least costly alternative that is consistent with the full achievement of the purposes of this title; and

“(3) binding commitments have been made to ensure that—

“(A) the housing will be retained as housing affordable for very low-income families or persons, lower income families or persons, and moderate income families or persons for the remaining term of the mortgage;

“(B) throughout such period, adequate expenditures will be made for maintenance and operation of the housing;

“(C) current tenants shall not be involuntarily displaced (except for good cause);

“(D) any increase in rent contributions for current tenants shall be to a level that does not exceed 30 percent of the adjusted income of the tenant or the fair market rent for comparable housing under

section 8(b) of the United States Housing Act of 1937 [42 U.S.C. 1437f(b)], whichever is lower;

“(E)(i) any resulting increase in rents for current tenants (except for increases made necessary by increased operating costs)—

“(I) shall be phased in equally over a period of not less than 3 years, if such increase is 30 percent or more; and

“(II) shall be limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent; and

“(ii) assistance under section 8 of the United States Housing Act of 1937 shall be provided if necessary to mitigate any adverse affect on current income eligible tenants; and

“(F)(i) rents for units becoming available to new tenants shall be at levels approved by the Secretary that will ensure, to the extent practicable, that the units will be available and affordable to the same proportions of very low-income families or persons, lower income families or persons, and moderate income families or persons (including families or persons whose incomes are 95 percent or more of area median income) as resided in the housing as of January 1, 1987 (based on the area median income limits established by the Secretary in February, 1987), or the date the plan of action is approved, whichever date results in the highest proportion of very low-income families, except that this limitation shall not prohibit a higher proportion of very low-income families from occupying the housing; and

“(ii) in approving rents under this paragraph, the Secretary shall take into account any additional incentives provided under this subtitle and shall make provision for such annual rent adjustments as may be made necessary by future reasonable increases in operating costs.

“(c) SECTION 8 RENTAL ASSISTANCE.—When providing rental assistance under section 8 [of the United States Housing Act of 1937, 42 U.S.C. 1437f], the Secretary may enter into a contract with an owner, contingent upon the future availability of appropriations for the purpose of renewing expiring contracts for rental assistance as provided in appropriations Acts, to extend the term of such rental assistance for such additional period or periods as is necessary to carry out an approved plan of action. The contract and the approved plan of action shall provide that, if the Secretary is unable to extend the term of such rental assistance or is unable to develop a revised package of incentives providing benefits to the owner comparable to those received under the original approved plan of action, the Secretary, upon the request of the owner, shall take the following actions (subject to the limitations under the following paragraphs):—

“(1) Modification of the binding commitments made pursuant to subsection (b) that are dependent on such rental assistance.

“(2) If action under paragraph (1) is not feasible, release of an owner from the binding commitments made pursuant to subsection (b) that are dependent on such rental assistance.

“(3) If action under paragraphs (1) and (2) would, in the determination of the Secretary, result in the default of the insured loan, approval of the revised plan of action, notwithstanding subsection (a), that involves the termination of low-income affordability restrictions.

At least 30 days prior to making a request under the preceding sentence, an owner shall notify the Secretary of the owner's intention to submit the request. The Secretary shall have a period of 90 days following receipt of such notice to take action to extend the rental assistance contract and to continue the binding commitments under subsection (b).

“(d) RELOCATION OF DISPLACED TENANTS.—Any plan of action shall specify actions that the Secretary and the owner shall take to ensure that any tenants, displaced as a result of a plan of action approved under subsection (a) or as a result of modifications taken pursu-

ant to subsection (c), are relocated to affordable housing.

“SEC. 226. ALTERNATIVE STATE STRATEGY.

“(a) CRITERIA FOR APPROVAL.—The Secretary may approve a State strategy for purposes of section 225(a) only upon finding that it is a practicable statewide strategy that ensures at a minimum that—

“(1) current tenants will not be involuntarily displaced (except for good cause);

“(2) housing opportunities for minorities will not be adversely affected in the communities within which the housing is located;

“(3) any increase in rent for current tenants shall be to a level that does not exceed 30 percent of the adjusted income of the tenants or the fair market rent for comparable housing under section 8(b) of the United States Housing Act of 1937 [42 U.S.C. 1437f(b)], whichever is lower, except that any increase not necessitated by increased operating costs shall be phased in equally over not less than 3 years if such increase exceeds 10 percent;

“(4) housing approved under the State strategy will remain affordable to very low-income, lower income or moderate income families and persons for not less than the remaining term of the original mortgage, if the housing is to be made available for rental, or for not less than 40 years, if the housing is to be made available for homeownership;

“(5)(A) not less than 80 of all units in eligible low income housing approved under the State strategy shall be retained as affordable to families or persons meeting the income eligibility standards for initial occupancy that applies to the housing on January 1, 1987; and

“(B) not less than 60 percent of the units in any one project shall remain available and affordable to such families or persons, within which not less than 20 percent of the units shall remain available and affordable to very low income families or persons as determined by the Secretary with adjustments for smaller and larger families;

“(6) expenditures for rehabilitation, maintenance and operation shall be at a level necessary to maintain the housing as decent, safe and sanitary for the period specified in paragraph (4);

“(7) not less than 25 percent of new assistance required to maintain low income affordability in accordance with this section shall be provided through State and local actions, such as tax exempt financing, low-income tax credits, State or local tax concessions, and other incentives provided by the State or local governments; and

“(8) for each unit of eligible low income housing approved under the State strategy that is not retained as affordable to families or persons meeting the income eligibility standards for initial occupancy on January 1, 1987, the State will provide with State funds 1 additional unit of comparable housing in the same market area that is available and affordable to such families or persons, and such units or funds shall be made available before the Secretary approves the State strategy.

“(b) ADDITIONAL REQUIREMENTS.—

“(1) The Secretary may not approve a State strategy until the State has entered into all of the agreements necessary to carry out the strategy.

“(2) Each State strategy shall include any other provision that the Secretary determines to be necessary to implement an approved State strategy.

“(c) IMPLEMENTATION AGREEMENTS.—The Secretary may enter into such agreements as are necessary to implement an approved State strategy, which agreements may include incentives that are authorized in other provisions of this subtitle.

“SEC. 227. TIMETABLE FOR APPROVAL OF PLAN OF ACTION.

“(a) NOTIFICATION OF DEFICIENCIES.—Not later than 60 days after receipt of a plan of action, the Secretary shall notify the owner in writing of any deficiencies

that prevent the plan of action from being approved. If deficiencies are found, such notice shall describe alternative ways in which the plan could be revised to meet the criteria for approval.

“(b) NOTIFICATION OF APPROVAL.—

“(1) IN GENERAL.—Not later than 180 days after receipt of a plan of action, or such longer period as the owner requests, the Secretary shall notify the owner in writing whether the plan of action, including any revisions, is approved. If approval is withheld, the notice shall describe—

“(A) the reasons for withholding approval; and

“(B) the actions that could be taken to meet the criteria for approval.

“(2) OPPORTUNITY TO REVISE.—The Secretary shall subsequently give the owner a reasonable opportunity to revise the plan of action and seek approval.

“SEC. 228. MODIFICATION OF EXISTING REGULATORY AGREEMENTS.

“(a) IN GENERAL.—If a plan of action cannot be approved within 300 days after a plan of action is submitted, the Secretary may, upon the request of the owner, modify existing regulatory agreements to—

“(1) prevent involuntary displacement of current tenants (except for good cause);

“(2) ensure that adequate expenditures will be made for maintenance and operation of the housing;

“(3) extend any expiring project-based assistance on the housing for the term of the agreement;

“(4) permit an increase in the allowable distribution that could be accommodated by a rise in rents on occupied units to rise to a level no higher than 30 percent of the adjusted income of the current tenants, as determined by the Secretary, except that rents shall not exceed the fair market rent for comparable housing under section 8(b) of the United States Housing Act of 1937 [42 U.S.C. 1437f(b)] and any resulting increase in rents for current tenants shall be phased in equally over a period of no less than 3 years unless such increase is less than 10 percent; and

“(5) ensure that units becoming vacant during the term of the agreement are made available in accordance with section 225(b)(3)(F).

“(b) EXPIRATION.—Agreements entered into under this section shall expire upon the expiration of the 4-year period beginning on the date of the enactment of this Act [Feb. 5, 1988]. Upon the expiration of the agreements, the housing covered by the agreements shall be subject to any law then affecting low income affordability restrictions.

“SEC. 229. CONSULTATIONS WITH OTHER INTERESTED PARTIES.

“The Secretary shall confer with any appropriate State or local government agency to confirm any State or local assistance that is available to achieve the purposes of this title and shall give consideration to the views of any such agency when making determinations under section 225. The Secretary shall also confer with appropriate interested parties that the Secretary believes could assist in the development of a plan of action that best achieves the purposes of this title.

“SEC. 230. RIGHT OF CONVERSION TO ALTERNATIVE PREPAYMENT SYSTEM.

“Any agreement to extend low income affordability restrictions under section 225(b) shall, for 4 years from the date of the enactment of this Act [Feb. 5, 1988], provide the owner the right to convert to any system of incentives and restrictions provided in law during such period, with such adjustments as the Secretary determines are appropriate to compensate for the value of any benefits the owner had received under this title.

“SEC. 232. REPORT TO CONGRESS.

“Not later than 1 year after the date of the enactment of this Act [Feb. 5, 1988], the Secretary shall submit to the Congress a report setting forth the activities carried out under this subtitle. The report shall include a description of the plans of action approved under sub-

sections (a) and (b) of section 225 and an analysis of the extent to which the plans retain housing affordable for very low-income families or persons, lower income families or persons, and moderate income families or persons. The report shall also include a detailed description of (1) the actions taken by the Secretary to ensure meaningful participation by affected tenants; and (2) the incentives developed by the Secretary under section 224 to ensure compliance with this subtitle.

“SEC. 233. DEFINITIONS.

“For purposes of this subtitle:

“(1) The term ‘eligible low income housing’ means any housing financed by a loan or mortgage—

“(A) that is—

“(i) insured or held by the Secretary under section 221(d)(3) of the National Housing Act [12 U.S.C. 1715I(d)(3)] and assisted under section 101 of the Housing and Urban Development Act of 1965 [12 U.S.C. 1701s] or section 8 of the United States Housing Act of 1937 [42 U.S.C. 1437f];

“(ii) insured or held by the Secretary and bears interest at a rate determined under the proviso of section 221(d)(5) of the National Housing Act;

“(iii) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act [12 U.S.C. 1715z-1]; or

“(iv) held by the Secretary and formerly insured under a program referred to in clause (i), (ii), or (iii); and

“(B) that, under regulation or contract in effect before the date of the enactment of this Act [Feb. 5, 1988], is or will within 1 year become eligible for prepayment without prior approval of the Secretary.

“(2) The term ‘low income affordability restrictions’ means limits imposed by regulation or regulatory agreement on tenant rents, rent contributions, or income eligibility in eligible low income housing.

“(3) The terms ‘lower income families or persons’ and ‘very low-income families or persons’ mean families or persons whose incomes do not exceed the respective levels established for lower income families and very low-income families under section 3(b)(2) of the United States Housing Act of 1937 [42 U.S.C. 1437a(b)(2)].

“(4) The term ‘moderate income families or persons’ means families or persons whose incomes are between 80 percent and 95 percent of median income for the area, as determined by the Secretary with adjustments for smaller and larger families.

“(5) The term ‘owner’ means the current or subsequent owner or owners of eligible low income housing.

“(6) The term ‘Secretary’ means the Secretary of Housing and Urban Development.

“(7) The term ‘termination of low income affordability restrictions’ means any elimination or relaxation of low income affordability restrictions (other than those permitted under an approved plan of action under section 225(b)).

“SEC. 234. REGULATIONS.

“The Secretary shall issue final regulations to carry out this subtitle not later than 60 days after the date of the enactment of this Act [Feb. 5, 1988]. The Secretary shall provide for the regulations to take effect not later than 45 days after the date on which the regulations are issued.

“SEC. 235. EFFECTIVE DATE.

“The requirements of this subtitle shall apply to any project that is eligible low income housing on or after November 1, 1987.”

[Pub. L. 101-494, §2(b), Oct. 31, 1990, 104 Stat. 1185, provided that: “If the Cranston-Gonzalez National Affordable Housing Act [Pub. L. 101-625, which was approved Nov. 28, 1990] is enacted on or after October 31, 1990, this section [amending section 203(a) of Pub. L. 100-242 set out above] shall be deemed to have taken effect on October 30, 1990.”]

NEHEMIAH HOUSING OPPORTUNITY GRANTS

Pub. L. 100-242, title VI (§§601-613), Feb. 5, 1988, 101 Stat. 1951, as amended by Pub. L. 102-139, title II, Oct. 28, 1991, 105 Stat. 759; Pub. L. 102-550, title I, §183, Oct. 28, 1992, 106 Stat. 3738, established the Nehemiah Housing Opportunity Fund to provide assistance in the form of grants to nonprofit organizations for the construction, rehabilitation, and financing of housing for families not otherwise able to afford homeownership. Pub. L. 101-625, title II, §289(a)(3), (b), Nov. 28, 1990, 104 Stat. 4128, which is classified to section 12839(a)(3), (b) of Title 42, The Public Health and Welfare, provided that, except with respect to projects and programs for which binding commitments have been entered into prior to Oct. 1, 1991, no new grants or loans be made after Oct. 1, 1991, under title VI of Pub. L. 100-242, and effective Oct. 1, 1991, title VI of Pub. L. 100-242 is repealed.

LIMITATION ON NUMBER OF DWELLING UNITS WITH MORTGAGES NOT PROVIDING FOR COMPLETE AMORTIZATION

For limitation on the number of dwelling units with mortgages not providing for complete amortization pursuant to authority granted by amendment to subsec. (d)(6) by section 446 of Pub. L. 98-181, see section 446(f) of Pub. L. 98-181, set out as a note under section 1713 of this title.

AMENDMENTS TO PROVISIONS FOR FAMILY UNIT LIMITS ON RENTAL HOUSING; EQUITABLE APPLICATION OF SUCH AMENDMENTS OR PRE-AMENDMENT PROVISIONS TO PROJECTS SUBMITTED FOR CONSIDERATION PRIOR TO SEPTEMBER 2, 1964

Equitable application of amendment to subsec. (d)(3) (ii), (4)(ii) of this section by section 107(d)(1), (2) of Pub. L. 88-560 or pre-amendment provisions to projects submitted for consideration prior to Sept. 2, 1964, see section 107(g) of Pub. L. 88-560, set out as a note under section 1713 of this title.

TAXATION OF INTEREST PAID ON OBLIGATIONS SECURED BY INSURED MORTGAGE AND ISSUED BY PUBLIC AGENCY

Pub. L. 93-383, title III, §319(b), Aug. 22, 1974, 88 Stat. 686, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "With respect to any obligation secured by a mortgage which is insured under section 221(d)(3) of the National Housing Acts [subsec. (d)(3) of this section] and issued by a public agency as mortgagor in connection with the financing of a project assisted under section 8 of the United States Housing Act of 1937 [section 1437f of title 42], the interest paid on such obligation shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1986 [chapter 1 of title 26]."

§ 1715m. Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(5), July 30, 2008, 122 Stat. 2835

Section, act June 27, 1934, ch. 847, title II, §222, as added Aug. 2, 1954, ch. 649, title I, §124, 68 Stat. 603; amended Pub. L. 85-104, title I, §§103, 112, July 12, 1957, 71 Stat. 296, 297; Pub. L. 86-372, title I, §§111, 116(b), Sept. 23, 1959, 73 Stat. 661, 664; Pub. L. 88-560, title I, §115, Sept. 2, 1964, 78 Stat. 779; Pub. L. 89-117, title II, §212, title XI, §1108(j), Aug. 10, 1965, 79 Stat. 470, 505; Pub. L. 90-19, §1(a)(3), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title III, §301, Aug. 1, 1968, 82 Stat. 505; Pub. L. 91-152, title I, §§102(c), 105, 113(f), Dec. 24, 1969, 83 Stat. 380, 381, 384; Pub. L. 91-621, §7(b), Dec. 31, 1970, 84 Stat. 1865; Pub. L. 93-383, title III, §§302(d), 310(c), Aug. 22, 1974, 88 Stat. 676, 682; Pub. L. 95-128, title III, §§303(d), 304(c), Oct. 12, 1977, 91 Stat. 1132, 1133; Pub. L. 96-153, title III, §312(c), Dec. 21, 1979, 93 Stat. 1116; Pub. L. 96-399, title III, §336(c), Oct. 8, 1980, 94 Stat. 1654; Pub. L. 100-242, title IV, §406(b)(14), Feb. 5, 1988, 101 Stat. 1901; Pub. L. 109-241, title IX, §902(f), July 11, 2006, 120 Stat. 567, related to mortgage insurance for servicemen.

§ 1715n. Miscellaneous mortgage insurance**(a) Projects covered**

Notwithstanding any of the provisions of this chapter and without regard to limitations upon eligibility contained in any section or subchapter of this chapter, other than the limitation in section 1709(g) of this title, the Secretary is authorized, upon application by the mortgagee, to insure or make commitments to insure under any section or subchapter of this chapter any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Secretary of Housing and Urban Development, or by any public housing agency with the approval of the Secretary, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of Tennessee Valley Authority, or of any housing under the jurisdiction of the Department of the Interior located within the town area of Coulee Dam, Washington, acquired by the United States for the construction, operation, and maintenance of Grand Coulee Dam and its appurtenant works: *Provided*, That for the purpose of the application of this subchapter to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957, the selling price of the property involved shall be deemed to be the appraised value, of any permanent housing under the jurisdiction of the Department of the Interior constructed under the Boulder Canyon Project Act of December 21, 1928, as amended and supplemented [43 U.S.C. 617 et seq.] located within the Boulder City municipal area: *Provided*, That for purposes of the application of this subchapter to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958, the selling price of the property involved shall be deemed to be the appraised value; or

(4) executed in connection with the sale by the Government, or any agency or official thereof, of any housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants