

graph (2)(A) shall be liabilities and obligations of the Guarantee Fund.

(7) Authorization of appropriations

There are authorized to be appropriated to the Guarantee Fund to carry out this section such sums as may be necessary for each of fiscal years 2001, 2002, 2003, 2004, and 2005.

(k) Requirements for standard housing

(1) In general

The Secretary shall, by regulation, establish housing safety and quality standards to be applied for use under this section.

(2) Standards

The standards referred to in paragraph (1) shall—

(A) provide sufficient flexibility to permit the use of various designs and materials in housing acquired with loans guaranteed under this section; and

(B) require each dwelling unit in any housing acquired in the manner described in subparagraph (A) to—

(i) be decent, safe, sanitary, and modest in size and design;

(ii) conform with applicable general construction standards for the region in which the housing is located;

(iii) contain a plumbing system that—

(I) uses a properly installed system of piping;

(II) includes a kitchen sink and a partitioned bathroom with lavatory, toilet, and bath or shower; and

(III) uses water supply, plumbing, and sewage disposal systems that conform to any minimum standards established by the applicable county or State;

(iv) contain an electrical system using wiring and equipment properly installed to safely supply electrical energy for adequate lighting and for operation of appliances that conforms to any appropriate county, State, or national code;

(v) be not less than the size provided under the applicable locally adopted standards for size of dwelling units, except that the Secretary, upon request of the Department of Hawaiian Home Lands may waive the size requirements under this paragraph; and

(vi) conform with the energy performance requirements for new construction established by the Secretary under section 526(a) of the National Housing Act [12 U.S.C. 1735f-4(a)], unless the Secretary determines that the requirements are not applicable.

(l) Applicability of civil rights statutes

To the extent that the requirements of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or of the Fair Housing Act [42 U.S.C. 3601 et seq.] apply to a guarantee provided under this subsection, nothing in the requirements concerning discrimination on the basis of race shall be construed to prevent the provision of the guarantee to an eligible entity on the basis that the entity serves Native Hawaiian families or is a Native Hawaiian family.

(Pub. L. 102-550, title I, § 184A, as added Pub. L. 106-568, title II, § 204, Dec. 27, 2000, 114 Stat. 2895, and Pub. L. 106-569, title V, § 514, Dec. 27, 2000, 114 Stat. 2989.)

REFERENCES IN TEXT

The Hawaiian Homes Commission Act, 1920, referred to in subsec. (a)(1), (5), is act July 9, 1921, ch. 42, 42 Stat. 108, as amended, which was classified generally to sections 691 to 718 of Title 48, Territories and Insular Possessions, and was omitted from the Code. Section 204 of the Act was classified to section 698 of Title 48.

The National Housing Act, referred to in subsecs. (c)(4)(B)(i) and (h)(2)(B), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended, which is classified principally to this chapter (§ 1701 et seq.). Title II of the Act is classified generally to this subchapter (§ 1707 et seq.). For complete classification of this Act to the Code, see section 1701 of this title and Tables.

The Housing Act of 1949, referred to in subsec. (c)(4)(B)(iii), is act July 15, 1949, ch. 338, 63 Stat. 413, as amended, which is classified principally to chapter 8A (§ 1441 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 1441 of Title 42 and Tables.

The Civil Rights Act of 1964, referred to in subsec. (l), is Pub. L. 88-352, July 2, 1964, 78 Stat. 241, as amended. Title VI of the Act is classified generally to subchapter V (§ 2000d et seq.) of chapter 21 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 2000a of Title 42 and Tables.

The Fair Housing Act, referred to in subsec. (l), is title VIII of Pub. L. 90-284, Apr. 11, 1968, 82 Stat. 81, as amended, which is classified principally to subchapter I (§ 3601 et seq.) of chapter 45 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 3601 of Title 42 and Tables.

CODIFICATION

Section was enacted as part of the Housing and Community Development Act of 1992, and not as part of the National Housing Act which comprises this chapter.

Pub. L. 106-568, § 204, and Pub. L. 106-569, § 514, enacted substantially identical sections 184A to Pub. L. 102-550. This section is based on the text of section 184A of Pub. L. 102-550, as added by Pub. L. 106-569.

§ 1715z-14. Risk-sharing demonstration

(a) Demonstration mortgage risk-sharing program; areas; number of mortgages

The purpose of this section is to authorize a demonstration mortgage risk-sharing program designed to test the feasibility of entering into risk-sharing contracts with private mortgage insurers and with insured community development financial institutions in order to reduce Government risk and administrative costs, and to speed mortgage processing. The Secretary shall limit the demonstration under this section to not more than four administrative regions of the Department of Housing and Urban Development, and shall assure that the program is in the financial interest of the Government and will not result in loss of employment by any employees of the Department of Housing and Urban Development before the expiration of the 5-year period beginning on December 21, 2000. The aggregate number of mortgages for which risk of nonpayment is shared under this section in any administrative region of the Department of Housing and Urban Development in any fiscal year may not exceed 20 percent of the aggregate

number of mortgages and loans insured by the Secretary under this subchapter in such region during the preceding fiscal year.

(b) One- to four-family dwellings; requirements for private mortgage insurance companies

Notwithstanding any other provision of this chapter inconsistent with this section, the Secretary is authorized, in providing mortgage insurance with respect to one- to four-family dwellings under sections 1709(b), 1715y, and 1715z-10¹ of this title, to enter into risk-sharing contracts with private mortgage insurance companies which have been determined to be qualified insurers under section 1717(b)(2)(C) of this title and with insured community development financial institutions. Such contracts shall require private mortgage insurance companies and insured community development financial institutions to—

(1) assume a secondary percentage of loss on any mortgage insured pursuant to section 1709(b), 1715y, or 1715z-10 of this title covering a one- to four-family dwelling, which percentage of loss shall be set forth in the risk-sharing contract, with the first percentage of loss to be borne by the Secretary;²

(2) perform or delegate underwriting, credit approval, appraisal, inspection, commitment, claims processing, property disposition, or other functions as the Secretary shall approve as consistent with the purposes of this section and shall set forth in the risk-sharing contract.

(c) Required contract provisions

Any contract for risk-sharing under this section shall contain such provisions relating to the sharing of premiums received by the Secretary with a private mortgage insurer or insured community development financial institution on a sound actuarial basis, establishment of loss reserves, manner of calculating claims on such risk-sharing contract, conditions with respect to foreclosure, handling and disposition of property prior to claim or settlement, rights of assignees, and other similar matters as the Secretary may prescribe pursuant to regulations. Pursuant to a contract under this section, a private mortgage insurance company or insured community development financial institution shall endorse loans for risk-sharing and take such other actions on behalf of the Secretary and in the Secretary's name as the Secretary may authorize.

(d) Mortgages offered for inclusion by Secretary

The Secretary shall require any private mortgage insurance company or insured community development financial institution participating in the program under this section to provide risk-sharing for those mortgages offered by the Secretary for inclusion in the program.

(e) Insured community development financial institution

For purposes of this section, the term "insured community development financial institution" means a community development financial in-

stitution, as such term is defined in section 4702 of this title that is an insured depository institution (as such term is defined in section 1813 of this title) or an insured credit union (as such term is defined in section 1752 of this title).

(June 27, 1934, ch. 847, title II, § 249, as added Pub. L. 98-181, title I [title IV, § 428(a)], Nov. 30, 1983, 97 Stat. 1219; amended Pub. L. 99-120, § 1(g), Oct. 8, 1985, 99 Stat. 502; Pub. L. 99-156, § 1(g), Nov. 15, 1985, 99 Stat. 815; Pub. L. 99-219, § 1(g), Dec. 26, 1985, 99 Stat. 1730; Pub. L. 99-267, § 1(g), Mar. 27, 1986, 100 Stat. 73; Pub. L. 99-272, title III, § 3007(g), Apr. 7, 1986, 100 Stat. 105; 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. 106-554, § 1(a)(7) [title I, § 143], Dec. 21, 2000, 114 Stat. 2763, 2763A-618.)

REFERENCES IN TEXT

Section 1715z-10 of this title, referred to in subsec. (b), was repealed by Pub. L. 110-289, div. B, title I, § 2120(a)(7), July 30, 2008, 122 Stat. 2835.

AMENDMENTS

2000—Pub. L. 106-554, § 1(a)(7) [title I, § 143(1)], substituted "Risk-sharing demonstration" for "Reinsurance contracts" in section catchline.

Subsec. (a). Pub. L. 106-554, § 1(a)(7) [title I, § 143(2), (3)], in heading and first sentence substituted "risk-sharing" for "reinsurance" wherever appearing, in first sentence inserted "and with insured community development financial institutions" after "private mortgage insurers", in second sentence substituted "four administrative regions" for "two administrative regions" and "the expiration of the 5-year period beginning on December 21, 2000" for "March 15, 1988", and in last sentence substituted "mortgages for which risk of nonpayment is shared" for "mortgages insured" and "20 percent" for "10 percent".

Subsec. (b). Pub. L. 106-554, § 1(a)(7) [title I, § 143(2), (4)(A), (B)], in first sentence of introductory provisions, substituted "in providing" for "to provide", "to enter into" for "through" and "risk-sharing" for "reinsurance" and inserted "and with insured community development financial institutions" before period at end and, in second sentence of introductory provisions, inserted "and insured community development financial institutions" after "private mortgage insurance companies".

Subsec. (b)(1). Pub. L. 106-554, § 1(a)(7) [title I, § 143(4)(C)], added par. (1) and struck out former par. (1) which read as follows: "assume a percentage of loss on any mortgage insured pursuant to section 1709(b), 1715y, or 1715z-10 of this title covering a one- to four-family dwelling, which percentage of loss shall be set forth in the risk-sharing contract; and".

Pub. L. 106-554, § 1(a)(7) [title I, § 143(2)], substituted "risk-sharing" for "reinsurance".

Subsec. (b)(2). Pub. L. 106-554, § 1(a)(7) [title I, § 143(4)(D)], substituted "perform or delegate underwriting," for "carry out (under appropriate delegation) such" and "functions as the Secretary" for "function as the Secretary pursuant to regulations," and inserted before period at end "and shall set forth in the risk-sharing contract".

Subsec. (c). Pub. L. 106-554, § 1(a)(7) [title I, § 143(2), (5)], in first sentence, substituted "contract for" for "contract of" and "risk-sharing" for "reinsurance", inserted "received by the Secretary with a private mortgage insurer or insured community development financial institution" after "sharing of premiums", sub-

¹ See References in Text note below.

² So in original. Probably should be followed by "and".

stituted "loss reserves" for "insurance reserves", "such risk-sharing contract" for "such insurance", and "rights of assignees" for "right of assignees" and, in second sentence, inserted "or insured community development financial institution" after "private mortgage insurance company" and substituted "loans for risk-sharing" for "loans for insurance".

Subsec. (d). Pub. L. 106-554, §1(a)(7) [title I, §143(2), (6)], inserted "or insured community development financial institution" after "private mortgage insurance company" and substituted "risk-sharing" for "reinsurance".

Subsec. (e). Pub. L. 106-554, §1(a)(7) [title I, §143(7)], added subsec. (e).

1987—Subsec. (a). 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".

1986—Subsec. (a). 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. (a). 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".

EVALUATION OF REINSURANCE PROGRAM; REPORT TO CONGRESS

Pub. L. 98-181, title I [title IV, §428(b)], Nov. 30, 1983, 97 Stat. 1219, provided that: "The Secretary of Housing and Urban Development shall evaluate the reinsurance program under section 249 of the National Housing Act [this section] and, not later than March 1, 1985, submit to the Congress a report setting forth the results of such evaluation. Such report shall include an evaluation of the possible effect of a reinsurance program on the characteristics of the pool of mortgages remaining wholly under the applicable insurance funds and the actuarial soundness of such funds under such conditions."

§ 1715z-15. Limitation on prepayment of mortgages on multifamily rental housing

(a) Acceptance of offer to prepay; qualifications

During any period in which an owner of a multifamily rental housing project is required to obtain the approval of the Secretary for prepayment of the mortgage, the Secretary shall not accept an offer to prepay the mortgage on such project or permit a termination of an insurance contract pursuant to section 1715t of this title unless—

- (1) the Secretary has determined that such project is no longer meeting a need for rental housing for lower income families in the area;
- (2) the Secretary (A) has determined that the tenants have been notified of the owner's request for approval of a prepayment; (B) has provided the tenants with an opportunity to comment on the owner's request; and (C) has taken such comments into consideration; and
- (3) the Secretary has ensured that there is a plan for providing relocation assistance for

adequate, comparable housing for any lower income tenant who will be displaced as a result of the prepayment and withdrawal of the project from the program.

(b) Approval prior to foreclosure

A mortgagee may foreclose the mortgage on, or acquire by deed in lieu of foreclosure, any eligible low-income housing project (as such term is defined in section 4119 of this title) only if the mortgagee also conveys title to the project to the Secretary in connection with a claim for insurance benefits.

(c) "Lower income families" defined

For purposes of this section, the term "lower income families" has the meaning given such term in section 1437a(b)(2) of title 42.

(June 27, 1934, ch. 847, title II, §250, as added Pub. L. 98-181, title I [title IV, §433], Nov. 30, 1983, 97 Stat. 1221; amended Pub. L. 100-242, title II, §261, Feb. 5, 1988, 101 Stat. 1890; Pub. L. 101-235, title II, §202(d)(1), Dec. 15, 1989, 103 Stat. 2037; Pub. L. 101-625, title VI, §602(b), (c), Nov. 28, 1990, 104 Stat. 4277.)

AMENDMENTS

1990—Subsec. (b). Pub. L. 101-625, §602(b), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: "In the case of a project assisted under section 1715z-1 of this title or the proviso to section 1715(d)(5) of this title, section 101 of the Housing and Urban Development Act of 1965, or section 1701q of this title where the owner has the right to prepay the mortgage covering the assisted project without the Secretary's approval, the Secretary shall give a priority for additional assistance under section 1437f of title 42 and section 201 of the Housing and Community Development Amendments of 1978 to tenants and applicants to become tenants of the project, if—

"(1) funds to provide such additional assistance are available; and

"(2) the Secretary determines that making such additional assistance available to the project is necessary to prevent the owner from prepaying the mortgage."

Subsecs. (c), (d). Pub. L. 101-625, §602(c), redesignated subsec. (d) as (c) and struck out former subsec. (c) which read as follows: "Any owner of a multifamily rental housing project referred to in subsection (b) of this section who receives additional assistance under section 1437f of title 42 under the priority established in subsection (b) of this section shall—

"(1) fully utilize the assistance which is available;

"(2) grant a priority to applicants to become tenants who have the lowest incomes; and

"(3) maintain the low-income character of the project for a period at least equal to the remaining term of the project mortgage to the extent that assistance is provided."

1989—Subsec. (a). Pub. L. 101-235 inserted "or permit a termination of an insurance contract pursuant to section 1715t of this title" after second reference to "project".

1988—Subsec. (a)(1). Pub. L. 100-242 struck out "or that the needs of lower income families in such project can more efficiently and effectively be met through other Federal housing assistance taking into account the remaining time the project could meet such needs" after "families in the area".

§ 1715z-16. Adjustable rate single family mortgages

(a) One- to four-family dwellings; maximum term of mortgage; adjustments in effective rate of interest

The Secretary may insure under any provision of this subchapter a mortgage involving prop-