

able to care for themselves and authorized such housing for the handicapped to be utilized in conjunction with educational and training facilities.

Subsec. (d)(3). Pub. L. 95-128, § 508(c), substituted definition of "congregate housing" for prior definition of "elderly persons" as persons 62 years of age or over and "elderly families" as families the head of which (or his spouse) is 62 years of age or over.

1974—Subsec. (b)(1). Pub. L. 93-383, § 510(a), struck out "\$750,000 or" after "exceed" and substituted "less" for "least".

Subsec. (b)(5). Pub. L. 93-383, § 509(b), substituted "June 30, 1977" for "October 1, 1974".

Subsec. (d)(4). Pub. L. 93-383, § 510(b), inserted provisions including initial operating expenses up to 2 per centum of enumerated costs and requiring payments to be made to consultants rendering services to nonprofit corporations or consumer cooperatives providing housing and related facilities to low or moderate income families.

1973—Subsec. (b)(5). Pub. L. 93-117 substituted "October 1, 1974" for "October 1, 1973".

1970—Subsec. (b)(1). Pub. L. 91-609 substituted "\$750,000" for "\$300,000".

1969—Subsec. (b)(5). Pub. L. 91-152 substituted "October 1, 1973" for "January 1, 1970".

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

1966—Subsec. (a). Pub. L. 89-754, §§ 804(a), 805(a), inserted "or other persons and families of low income" after "income" and substituted "rental or cooperative housing" for "rental housing", respectively.

Subsec. (b). Pub. L. 89-754, § 805(a), (b), substituted "rental or cooperative housing" for "rental housing" and inserted "or other persons and families of moderate income" after "families", respectively.

Subsec. (d)(1). Pub. L. 89-754, § 804(b), substituted in the definition of "housing" the words "occupants eligible under this section," for "elderly persons or elderly families".

Subsec. (d)(4). Pub. L. 89-754, § 805(c), defined fees and charges as used for purposes of "development cost" to include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.

1965—Subsec. (b)(5). Pub. L. 89-117 substituted "October 1, 1969" for "September 30, 1965".

1964—Subsec. (b). Pub. L. 88-560 substituted "\$300,000" for "\$100,000" in cl. (1), and "1965" for "1964" in cl. (5).

Pub. L. 88-340 substituted "September 30, 1964" for "June 30, 1964" in cl. (5).

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-120 to be construed to have become effective Oct. 1, 1995, see section 13(a) of Pub. L. 104-120, set out as an Effective and Termination Dates of 1996 Amendments note under section 1437d of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Section 708(b) of Pub. L. 102-550 provided that: "The amendment made by subsection (a)(5) [amending this section] shall take effect on October 1, 1993, and shall apply to fiscal year 1994 and each fiscal year thereafter."

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 Title 12, Banks and Banking.

REGULATIONS

Section 707(f)(2) of Pub. L. 102-550 provided that: "The Secretary of Agriculture shall issue any regulations necessary to carry out the amendment made by paragraph (1) [amending this section] not later than the expiration of the 45-day period beginning on the date of

the enactment of this Act [Oct. 28, 1992]. Not later than the expiration of the 30-day period beginning on the date of the enactment of this Act, the Secretary shall submit a copy of any regulations to be issued under this subsection to the Congress. The requirements of section 534(d) of the Housing Act of 1949 [42 U.S.C. 1490n(d)] and subsections (b) and (c) of section 553 of title 5, United States Code, shall apply to any such regulations."

§ 1486. Financial assistance to provide low-rent housing for domestic farm labor

(a) Application; considerations

Upon the application of any State or political subdivision thereof, or any Indian tribe, or any broad-based public or private nonprofit organization incorporated within the State, or any nonprofit organization of farmworkers incorporated within the State, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities (which may be located any place within the State) for domestic farm labor, if he finds that—

(1) the housing and related facilities for which financial assistance is requested will fulfill a pressing need in the area in which such housing and facilities will be located, and there is reasonable doubt that the same can be provided without financial assistance under this section;

(2) the applicant will contribute, from its own resources or from funds borrowed under section 1484 of this title or elsewhere, at least 10 per centum of the total development cost;

(3) the types of housing and related facilities to be provided are most practicable, giving due consideration to the purposes to be served thereby and the needs of the occupants thereof, and such housing and facilities shall be durable and suitable for year-around occupancy or use, unless the Secretary finds that there is no need for such year-around occupancy or use in that area; and

(4) the construction will be undertaken in an economical manner, and the housing and related facilities will not be of elaborate or extravagant design or material.

(b) Maximum amount of assistance

The amount of any financial assistance provided under this section for low-rent housing and related facilities shall not exceed 90 per centum of the total development cost thereof, as determined by the Secretary, less such amount as the Secretary determines can be practicably obtained from other sources (including a loan under section 1484 of this title).

(c) Prerequisite agreements; rentals; safety and sanitation standards; priority of domestic farm labor

No financial assistance for low-rent housing and related facilities shall be made available under this section unless, to any extent and for any periods required by the Secretary, the applicant agrees—

(1) that the rentals charged domestic farm labor shall not exceed such amounts as may be approved by the Secretary, giving due consideration to the income and earning capacity of the tenants, and the necessary costs of operating and maintaining such housing;

(2) that such housing shall be maintained at all times in a safe and sanitary condition in accordance with such standards as may be prescribed by State or local law, or, in the absence of such standards, in accordance with such minimum requirements as the Secretary shall prescribe; and

(3) an absolute priority will be given at all times in granting occupancy of such housing and facilities to domestic farm labor.

(d) Payments; contracts to specify uses of housing

The Secretary may make payments pursuant to any contract for financial assistance under this section at such times and in such manner, as may be specified in the contract. In each contract, the Secretary shall include such covenants, conditions, or provisions as he deems necessary to insure that the housing and related facilities, for which financial assistance is made available, be used only in conformity with the provisions of this section.

(e) Regulations for prevention of waste

The Secretary shall prescribe regulations to insure that Federal funds expended under this section are not wasted or dissipated. The Secretary shall not give priority for funding under this section to any one of the groups listed in subsection (a) of this section over any of the others so listed.

(f) Wages; labor standards; waiver; authority and functions of Secretary

All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary which are undertaken by approved applicants under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with sections 3141-3144, 3146, and 3147 of title 40. The Secretary shall not extend any financial assistance under this section for any project without first obtaining adequate assurance that these labor standards will be maintained on the construction work; except that compliance with such standards may be waived by the Secretary in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts thereby saved are fully credited to the person, corporation, association, organization, or other entity, undertaking the project. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267), and section 3145 of title 40.

(g) Definitions

As used in this section—

(1) the term “low-rent housing” means rental housing within the financial reach of families of low income consisting of (A) new structures (including household furnishings) suitable for dwelling use by domestic farm labor, and (B) existing structures (including house-

hold furnishings) which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement;

(2) the terms “related facilities” and “domestic farm labor” shall have the meaning assigned to them in section 1484(f) of this title;

(3) the term “development cost” shall have the meaning assigned to it in section 1485(d)(4)¹ of this title; and

(4) the term “domestic farm labor” has the meaning given such term in section 1484(f)(3) of this title.

(h) Migrant farmworker housing

Notwithstanding the provisions of subsection (a)(3) of this section, the Secretary may, upon a finding of persistent need for migrant farmworker housing in any area, provide assistance to eligible applicants for 90 per centum of the development costs of such housing in such area to be used solely by migrant farmworkers while they are away from their residence. Such housing shall be constructed in such a manner as to be safe and weatherproof for the time it is to be occupied, be equipped with potable water and modern sanitation facilities (including a kitchen sink, toilet, and bathing facilities), and meet such other requirements as the Secretary may prescribe.

(i) Farm labor housing

The Secretary shall utilize not more than 10 per centum of the amounts available for any fiscal year for purposes of this section for financial assistance to eligible private and public non-profit agencies to encourage the development of domestic and migrant farm labor housing projects under this subchapter.

(j) Domestic farm labor housing available for other families

Housing and related facilities constructed with grants under this section may be used for tenants eligible for occupancy under section 1485 of this title if the Secretary determines that—

(1) there is no longer a need in the area for farm labor housing; or

(2) the need for such housing in the area has diminished to the extent that the purpose of the grant, providing housing for domestic farm labor, can no longer be met.

(k) Housing for rural homeless and migrant farmworkers

(1) In general

The Secretary may provide financial assistance for providing affordable rental housing and related facilities for migrant farmworkers and homeless individuals (and the families of such individuals) to applicants as provided in this subsection.

(2) Types of assistance

(A) In general

The Secretary may provide the following assistance for housing under this subsection:

(i) An advance, in an amount not to exceed \$400,000, of the cost of acquisition, substantial rehabilitation, or acquisition

¹ See References in Text note below.

and rehabilitation of an existing structure or construction of a new structure for use in the provision of housing under this subsection. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for an advance under this subparagraph if the structure was not used for the purposes under this subsection prior to the receipt of assistance.

(ii) A grant, in an amount not to exceed \$400,000, for moderate rehabilitation of an existing structure for use in the provision of housing under this subsection.

(iii) Annual payments for operating costs of such housing (without regard to whether the housing is an existing structure), not to exceed 75 percent of the annual operating costs of such housing.

(B) Available assistance

A recipient may receive assistance under both clauses (i) and (ii) of subparagraph (A). The Secretary may increase the limit contained in such clauses to \$800,000 in areas which the Secretary finds have high acquisition and rehabilitation costs.

(C) Repayment of advance

Any advance provided under subparagraph (A)(i) shall be repaid on such terms as may be prescribed by the Secretary when the project ceases to be used as housing in accordance with the provisions of this subsection. Recipients shall be required to repay 100 percent of the advance if the housing is used for purposes under this subsection for fewer than 10 years following initial occupancy. If the housing is used for such purposes for more than 10 years, the percentage of the amount that shall be required to be repaid shall be reduced by 10 percentage points for each year in excess of 10 that the property is so used.

(D) Prevention of undue benefits

Upon any sale or other disposition of housing acquired or rehabilitated with assistance under this subsection prior to the close of 20 years after the housing is placed in service, other than a sale or other disposition resulting in the use of the project for the direct benefit of low income persons or where all of the proceeds are used to provide housing for migrant farmworkers and homeless individuals (and the families of such individuals), the recipient shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient from unduly benefiting from the sale or other disposition of the project.

(3) Program requirements

(A) Applications

(i) Applications for assistance under this subsection shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

(ii) The Secretary shall require that applications contain at a minimum (I) a descrip-

tion of the proposed housing, (II) a description of the size and characteristics of the population that would occupy the housing, (III) a description of any public and private resources that are expected to be made available in connection with the housing, (IV) a description of the housing needs for migrant farmworkers and homeless individuals (and the families of such individuals) in the area to be served by the housing, and (V) assurances satisfactory to the Secretary that the housing assisted will be operated for not less than 10 years for the purpose specified in the application.

(iii) The Secretary shall require that an application furnish reasonable assurances that the housing will be available for occupancy by homeless individuals (and the families of such individuals) only on an emergency and temporary basis during the off-season and shall be otherwise available for occupancy by migrant farmworkers (and their families).

(iv) The Secretary shall require that an application furnish reasonable assurances that the applicant will own or have control of a site for the proposed housing not later than 6 months after notification of an award for grant assistance. An applicant may obtain ownership or control of a suitable site different from the site specified in the application. If an applicant fails to obtain ownership or control of the site within 1 year after notification of an award for grant assistance, the grant shall be recaptured and reallocated.

(B) Selection criteria

The Secretary shall establish selection criteria for a national competition for assistance under this subsection, which shall include—

(i) the ability of the applicant to develop and operate the housing;

(ii) the feasibility of the proposal in providing the housing;

(iii) the need for such housing in the area to be served;

(iv) the cost effectiveness of the proposed housing;

(v) the extent to which the project would meet the needs of migrant farmworkers and homeless individuals (and the families of such individuals) in the State;

(vi) the extent to which the applicant has control of the site of the proposed housing; and

(vii) such other factors as the Secretary determines to be appropriate for purposes of this subsection.

(C) Required agreements

The Secretary may not approve assistance for any housing under this subsection unless the applicant agrees—

(i) to operate the proposed project as housing for migrant farmworkers and homeless individuals (and the families of such individuals) in compliance with the provisions of this subsection and the application approved by the Secretary;

(ii) to monitor and report to the Secretary on the progress of the housing; and

(iii) to comply with such other terms and conditions as the Secretary may establish for purposes of this subsection.

(D) Occupant rent

Each migrant farmworker and homeless individual residing in a facility assisted under this subsection shall pay as rent an amount determined in accordance with the provisions of section 1437a(a) of this title.

(4) Guidelines

(A) Regulations

Not later than 120 days after November 28, 1990, the Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this subsection.

(B) Limitation on use of funds

No assistance received under this subsection (or any State or local government funds used to supplement such assistance) may be used to replace other public funds previously used, or designated for use, to assist homeless individuals (and the families of such individuals) or migrant farmworkers.

(5) Limitation on administrative expenses

No recipient may use more than 5 percent of an advance or grant received under this subsection for administrative purposes.

(6) Omitted

(7) Definitions

For purposes of this subsection:

(A) The term “applicant” means a State, political subdivision thereof, Indian tribe, any private nonprofit organization incorporated within the State that has applied for a grant under this subsection.

(B) The term “homeless individual” has the same meaning given the term under section 11302 of this title.

(C) The term “migrant farmworker”—

(i) means any person (and the family of such person) who (I) receives a substantial portion of his or her income from primary production of agricultural or aquacultural commodities, the handling of such commodities in the unprocessed stage, or the processing of such commodities, without respect to the source of employment, and (II) establishes residence in a location on a seasonal or temporary basis, in an attempt to receive an income as described in subclause (I); and

(ii) includes any person (and the family of such person) who is retired or disabled, but who met the requirements of clause (i) at the time of retirement or becoming disabled.

(D) The term “operating costs” means expenses incurred by a recipient providing housing under this subsection with respect to the administration, maintenance, repair, and security of such housing and utilities, fuel, furnishings, and equipment for such housing.

(July 15, 1949, ch. 338, title V, § 516, as added Pub. L. 88-560, title V, § 503(a), Sept. 2, 1964, 78 Stat. 796; amended Pub. L. 91-609, title VIII, § 801(c),

(d), Dec. 31, 1970, 84 Stat. 1806; Pub. L. 95-557, title V, § 505, Oct. 31, 1978, 92 Stat. 2112; Pub. L. 96-153, title V, § 509, Dec. 21, 1979, 93 Stat. 1136; Pub. L. 96-399, title V, § 507(d), Oct. 8, 1980, 94 Stat. 1670; Pub. L. 98-181, title I [title V, § 513], Nov. 30, 1983, 97 Stat. 1247; Pub. L. 100-242, title III, § 305(b), Feb. 5, 1988, 101 Stat. 1895; Pub. L. 100-628, title X, § 1043(b), Nov. 7, 1988, 102 Stat. 3273; Pub. L. 101-625, title VII, § 714(a), Nov. 28, 1990, 104 Stat. 4292; Pub. L. 106-400, § 2, Oct. 30, 2000, 114 Stat. 1675.)

REFERENCES IN TEXT

Reorganization Plan Numbered 14 of 1950, referred to in subsec. (f), is set out in the Appendix to Title 5, Government Organization and Employees.

Section 1485(d)(4) of this title, referred to in subsec. (g)(3), was redesignated section 1485(e)(4) of this title by Pub. L. 100-242, title II, § 242(1), Feb. 5, 1988, 101 Stat. 1890.

CODIFICATION

In subsec. (f), “sections 3141-3144, 3146, and 3147 of title 40” substituted for “the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5)” and “section 3145 of title 40” substituted for “section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c)” on authority of Pub. L. 107-217, § 5(c), Aug. 21, 2002, 116 Stat. 1303, the first section of which enacted Title 40, Public Buildings, Property, and Works.

Subsec. (k)(6) of this section, which required the Secretary to submit an annual report to Congress summarizing the activities carried out under subsec. (k) and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, item 18 on page 103 of House Document No. 103-7.

AMENDMENTS

2000—Subsec. (k)(7)(B). Pub. L. 106-400 made technical amendment to reference in original act which appears in text as reference to section 11302 of this title.

1990—Subsec. (k). Pub. L. 101-625 added subsec. (k).

1988—Subsec. (g)(4). Pub. L. 100-242 added par. (4).

Subsec. (j). Pub. L. 100-628 added subsec. (j).

1983—Subsec. (i). Pub. L. 98-181 added subsec. (i).

1980—Subsec. (a). Pub. L. 96-399 inserted reference to Indian tribe in provisions preceding par. (1).

1979—Subsec. (h). Pub. L. 96-153 added subsec. (h).

1978—Subsec. (e). Pub. L. 95-557 inserted “The Secretary shall not give priority for funding under this section to any one of the groups listed in subsection (a) of this section over any of the others so listed”.

1970—Subsec. (a). Pub. L. 91-609, § 801(d)(1), authorized financial assistance for broad-based nonprofit organizations incorporated within the State and nonprofit organizations of farmworkers incorporated within the State and provided for low-rent housing and related facilities “(which may be located within the State)”.

Subsec. (a)(2). Pub. L. 91-609, § 801(d)(2), substituted “10 per centum” for “one-third”.

Subsec. (a)(3). Pub. L. 91-609, § 801(d)(3), inserted “, and such housing and facilities shall be durable and suitable for year-around occupancy or use, unless the Secretary finds that there is no need for such year-around occupancy or use in that area;”.

Subsec. (b). Pub. L. 91-609, § 801(d)(4), substituted “90 per centum” for “two-thirds”.

Subsec. (g)(1). Pub. L. 91-609, § 801(c), substituted “structures (including household furnishings)” for “structures” in cls. (A) and (B).

§ 1487. Rural Housing Insurance Fund

(a) Authority to make and insure loans for housing and buildings on adequate farms; amounts

The Secretary may insure loans meeting the requirements of section 1472 of this title, and may make loans in accordance with the requirements of such section to be sold and insured. The amount of such a loan to a low income person or family shall not exceed the amount necessary to provide adequate housing which is modest in size, design, and cost (as determined by the Secretary).

(b) Authority to make and insure loans for housing and related facilities for domestic farm labor and elderly persons; transfer of notes, contracts, and mortgages from Agricultural Credit Insurance Fund; compensation

The Secretary may insure loans in accordance with the requirements of section 1484 of this title (exclusive of subsections (a)(3), (a)(5), and (b) thereof), 1485 of this title (exclusive of subsections (a) and (b)(3) thereof), 1490d, and 1490f of this title, and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 1484 or 1485(b) of this title, except in conformity with this section. The notes held in the Agricultural Credit Insurance Fund (section 1929 of title 7) which evidence loans made or insured by the Secretary under section 1484 or 1485(b) of this title, the rights and liabilities of that Fund under insurance contracts relating to such loans held by insured investors, the mortgages securing the obligations of the borrowers under such loans held in the Fund or by insured investors, and all rights to subsequent collections on and proceeds of such notes, contracts, and mortgages, are hereby transferred to the Rural Housing Insurance Fund and for the purposes of this subchapter and any other Act shall be subject to the provisions of this section as if created pursuant thereto. The Rural Housing Insurance Fund shall compensate the Agricultural Credit Insurance Fund for the aggregate unpaid principal balance plus accrued interest of the notes so transferred.

(c) Use of funds from Rural Housing Insurance Fund for loans; sale of insured and guaranteed loans to public

The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section. Any loan made and sold by the Secretary under this section after April 7, 1986 (and any loan made by other lenders under this subchapter that is insured or guaranteed in accordance with this section, is purchased by the Secretary, and is sold by the Secretary under this section after such date) shall be sold to the public and may not be sold to the Federal Financing Bank, unless such sale to the Federal Financing Bank is required to service transactions under this subchapter between the Secretary and the Federal Financing Bank occurring on or before such date.

(d) Authority to insure payment of interest and principal; liens; assignability of notes evidencing loans; interest subsidy on insured and guaranteed loans offered for sale to public; protection of borrowers under loans sold to public

(1) The Secretary may, in conformity with subsections (a), (b), and (m) of this section, insure the payment of principal and interest on loans made by lenders other than the United States, and on loans made from or otherwise acquired by the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

(2) Each loan made by the Secretary or other lenders under this subchapter that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by an agreement by the Secretary to pay to the holder of such loan (through an agreement to purchase such loan or through such other means as the Secretary determines to be appropriate) the difference between the rate of interest paid by the borrower of such loan and the market rate of interest (as determined by the Secretary) on obligations having comparable periods to maturity on the date of such sale.

(3) Each loan made by the Secretary or other lenders under this subchapter that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by agreements for the benefit of the borrower under the loan that provide that—

(A) the purchaser or any assignee of the loan shall not diminish any substantive or procedural right of the borrower arising under this subchapter;

(B) upon any substantial default of the borrower, but prior to foreclosure, the loan shall be assigned to the Secretary for the purpose of avoiding foreclosure; and

(C) following any assignment under subparagraph (B) and before commencing any action to foreclose or otherwise dispossess the borrower, the Secretary shall afford the borrower all substantive and procedural rights arising under this subchapter, including consideration for interest subsidy, moratorium, reamortization, refinancing, and appeal of any adverse decision to an impartial officer.

(4) From the proceeds of loan sales under paragraph (2), the Secretary shall set aside as a reserve against future losses not less than 5 percent of the outstanding face amount of the loans held by the public at any time.