

For purposes of this subchapter, any area classified as “rural” or a “rural area” prior to October 1, 1990, and determined not to be “rural” or a “rural area” as a result of data received from or after the 1990 or 2000 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2010, if such area has a population in excess of 10,000 but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. Notwithstanding any other provision of this section, the city of Plainview, Texas, shall be considered a rural area for purposes of this subchapter, and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this subchapter until the receipt of data from the decennial census in the year 2000.

(July 15, 1949, ch. 338, title V, § 520, as added Pub. L. 89-117, title X, § 1007, Aug. 10, 1965, 79 Stat. 502; amended Pub. L. 91-609, title VIII, § 803(e), Dec. 31, 1970, 84 Stat. 1807; Pub. L. 93-383, title V, § 511, Aug. 22, 1974, 88 Stat. 695; Pub. L. 94-375, § 25(b), Aug. 3, 1976, 90 Stat. 1078; Pub. L. 98-181, title I [title V, § 515], Nov. 30, 1983, 97 Stat. 1247; Pub. L. 98-479, title I, § 105(g), Oct. 17, 1984, 98 Stat. 2227; Pub. L. 99-120, § 3(b), Oct. 8, 1985, 99 Stat. 503; Pub. L. 99-156, § 3(b), Nov. 15, 1985, 99 Stat. 816; Pub. L. 99-219, § 3(b), Dec. 26, 1985, 99 Stat. 1731; Pub. L. 99-267, § 3(b), Mar. 27, 1986, 100 Stat. 74; Pub. L. 99-272, title III, § 3009(b), 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. 100-242, title III, § 308, Feb. 5, 1988, 101 Stat. 1896; Pub. L. 101-137, § 7(b), Nov. 3, 1989, 103 Stat. 826; Pub. L. 101-625, title VII, § 715(a), Nov. 28, 1990, 104 Stat. 4296; Pub. L. 102-550, title VII, § 709, Oct. 28, 1992, 106 Stat. 3840; Pub. L. 105-276, title V, § 599H(g), Oct. 21, 1998, 112 Stat. 2669; Pub. L. 106-554, § 1(a)(4) [div. A, § 102], Dec. 21, 2000, 114 Stat. 2763, 2763A-172; Pub. L. 106-569, title VII, § 705, Dec. 27, 2000, 114 Stat. 3015.)

AMENDMENTS

2000—Pub. L. 106-554 and Pub. L. 106-569 amended second sentence identically, substituting “1990 or 2000 decennial census” for “1990 decennial census” and “year 2010” for “year 2000”.

1998—Pub. L. 105-276 inserted before period at end “, and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this subchapter until the receipt of data from the decennial census in the year 2000”.

1992—Pub. L. 102-550 inserted at end “Notwithstanding any other provision of this section, the city of Plainview, Texas, shall be considered a rural area for purposes of this subchapter.”

1990—Pub. L. 101-625 substituted “cases” for “case” in first sentence, inserted “, and Guadalupe, in the State of Arizona” after “California”, and substituted last sentence for “For purposes of this subchapter, any area classified as ‘rural’ or a ‘rural area’ prior to the receipt of data from or after the 1980 decennial census and determined not to be ‘rural’ or a ‘rural area’ as a result of such data shall continue to be so classified through September 30, 1990, if such area has a population in excess of 10,000 but not in excess of 20,000.”

1989—Pub. L. 101-137 substituted “September 30, 1990” for “September 30, 1989”.

1988—Pub. L. 100-242 added parenthetical exception for Pajaro, in the State of California, and substituted “September 30, 1989” for “March 15, 1988”.

1987—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—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 directed amendment identical to Pub. L. 99-219, substituting “March 17, 1986” for “December 15, 1985”.

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

1985—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 “the end of fiscal year 1985”.

1984—Pub. L. 98-479 substituted “1985” for “1984”.

1983—Pub. L. 98-181 inserted provisions relating to applicability of this subchapter through fiscal year 1984 to areas classified pursuant to 1980 decennial census.

1976—Cl. (3)(B). Pub. L. 94-375 inserted “for lower and moderate-income families” after “has a serious lack of mortgage credit”.

1974—Cl. (3). Pub. L. 93-383 added cl. (3).

1970—Pub. L. 91-609 substituted as upper population limit “10,000” for “5,500”.

EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101-625, title VII, § 715(b), Nov. 28, 1990, 104 Stat. 4296, provided that: “The amendment made by this section [amending this section] shall apply with respect to classification of rural areas for fiscal year 1991 and any fiscal year thereafter.”

§ 1490a. Loans to provide occupant owned, rental, and cooperative housing for low and moderate income, elderly or handicapped persons or families

(a) Interest rates; additional assistance; payments to owners; rent limitations

(1)(A) Notwithstanding the provisions of sections 1472, 1487(a) and 1485 of this title, loans to persons of low or moderate income under section 1472 or 1487(a)(1)¹ of this title, loans under section 1485 of this title to provide rental or cooperative housing and related facilities for persons and families of low or moderate income or elderly or handicapped persons or families and loans under section 1490f of this title to provide condominium housing for persons and families of low or moderate income, shall bear interest at a rate prescribed by the Secretary at not less than a rate determined by the Secretary of the Treasury upon the request of the Secretary taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to ma-

¹ See References in Text note below.

turity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum. Any loan guaranteed under this subchapter shall bear interest at such rate as may be agreed upon by the borrower and the lender.

(B) From the interest rate so determined, the Secretary may provide the borrower with assistance in the form of credits so as to reduce the effective interest rate to a rate not less than 1 per centum per annum for such periods of time as the Secretary may determine for applicants described in subparagraph (A) if without such assistance such applicants could not afford the dwelling or make payments on the indebtedness of the rental or cooperative housing. In the case of assistance provided under this subparagraph with respect to a loan under section 1472 of this title, the Secretary may not reduce, cancel, or refuse to renew the assistance due to an increase in the adjusted income of the borrower if the reduction, cancellation, or nonrenewal will cause the borrower to be unable to reasonably afford the resulting payments required under the loan.

(C) For persons of low income under section 1472 or 1487(a) of this title who the Secretary determines are unable to afford a dwelling with the assistance provided under subparagraph (B) and when the Secretary determines that assisted rental housing programs (as authorized under this subchapter, the National Housing Act [12 U.S.C. 1701 et seq.], and the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.]) would be unsuitable in the area in which such persons reside, the Secretary may provide additional assistance, pursuant to amounts approved in appropriation Acts and for such periods of time as the Secretary may determine, which may be in an amount not to exceed the difference between (i) the amount determined by the Secretary to be necessary to pay the principal indebtedness, interest, taxes, insurance, utilities, and maintenance, and (ii) 25 per centum of the income of such applicant. The amount of such additional assistance which may be approved in appropriation Acts may not exceed an aggregate amount of \$100,000,000. Such additional assistance may not be so approved with respect to any fiscal year beginning on or after October 1, 1981.

(D)(i) With respect to borrowers under section 1472 or 1487(a) of this title who have received assistance under subparagraph (B) or (C), the Secretary shall provide for the recapture of all or a portion of such assistance rendered upon the disposition or nonoccupancy of the property by the borrower. In providing for such recapture, the Secretary shall make provisions to provide incentives for the borrower to maintain the property in a marketable condition. Notwithstanding any other provision of law, any such assistance whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that the Secretary may provide for recapture of such assistance.

(ii) In determining the amount recaptured under this subparagraph with respect to any loan made pursuant to section 1472(a)(3) of this title for the purchase of a dwelling located on land owned by a community land trust, the Secretary shall determine any appreciation of the

dwelling based on any agreement between the borrower and the community land trust that limits the sale price or appreciation of the dwelling.

(E) Except for Federal or State laws relating to taxation, the assistance rendered to any borrower under subparagraphs (B) and (C) shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to welfare and public assistance programs.

(F) Loans subject to the interest rates and assistance provided under this paragraph (1) may be made only when the Secretary determines the needs of the applicant for necessary housing cannot be met with financial assistance from other sources including assistance under the National Housing Act [12 U.S.C. 1701 et seq.] and the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.].

(G) Interest on loans under section 1472 or 1487(a) of this title to victims of a natural disaster shall not exceed the rate which would be applicable to such loans under section 1472 of this title without regard to this section.

(2)(A) The Secretary shall make and insure loans under this section and sections 1484, 1485, and 1487 of this title to provide rental or cooperative housing and related facilities for persons and families of low income in multifamily housing projects, and shall make, and contract to make, assistance payments to the owners of such rental, congregate, or cooperative housing in order to make available to low-income occupants of such housing rentals at rates commensurate to income and not exceeding the highest of (i) 30 per centum of monthly adjusted income, (ii) 10 per centum of monthly income, or (iii) if the person or family is receiving payments for welfare assistance from a public agency, the portion of such payments which is specifically designated by such agency to meet the person's or family's housing costs. Any rent or contribution of any recipient shall not increase as a result of this section or any other provision of Federal law or regulation by more than 10 per centum during any twelve-month period, unless the increase above 10 per centum is attributable to increases in income which are unrelated to this subsection or other law or regulation.

(B) The owner of any project assisted under this paragraph or paragraph (5) shall be required to provide at least annually a budget of operating expenses and record of tenants' income. The budget (and the income, in the case of a project assisted under this paragraph) shall be used to determine the amount of the assistance for each project.

(C) The project owner shall accumulate, safeguard, and periodically pay to the Secretary any rental charges collected in excess of basic rental charges as established by the Secretary in conformity with subparagraph (A). These funds may be credited to the appropriation and used by the Secretary for making such assistance payments through the end of the next fiscal year. Notwithstanding the preceding sentence, excess funds received from tenants in projects financed under section 1485 of this title during a fiscal year shall be available during the next succeeding fiscal year, together with funds provided under

subparagraph (D), to the extent approved in appropriations Acts, to make assistance payments to reduce rent overburden on behalf of tenants of any such project whose rents exceed the levels referred to in subparagraph (A). In providing assistance to relieve rent overburden, the Secretary shall provide assistance with respect to very low-income and low-income families to reduce housing rentals to the levels specified in subparagraph (A).

(D) The Secretary, to the extent approved in appropriation Acts, may enter into rental assistance contracts aggregating not more than \$398,000,000 in carrying out subparagraph (A) with respect to the fiscal year ending on September 30, 1982.

(E) In order to assist elderly or handicapped persons or families who elect to live in a shared housing arrangement in which they benefit as a result of sharing the facilities of a dwelling with others in a manner that effectively and efficiently meets their housing needs and thereby reduces their cost of housing, the Secretary shall permit rental assistance to be used by such persons or families if the shared housing arrangement is in a single-family dwelling. For the purpose of this subparagraph, the Secretary shall prescribe minimum habitability standards to assure decent, safe, and sanitary housing for such families while taking into account the special circumstances of shared housing.

(3)(A) In the case of loans under sections 1484 and 1485 of this title approved prior to the effective date of this paragraph with respect to which rental assistance is provided, the rent for tenants receiving such assistance shall not exceed the highest of (i) 30 per centum of monthly adjusted income, (ii) 10 per centum of monthly income, or (iii) if the person or family is receiving payments for welfare assistance from a public agency, the portion of such payments which is specifically designated by such agency to meet the person's or family's housing costs.

(B) In the case of a section 1485 loan approved prior to the effective date of this paragraph with respect to which interest credits are provided, the tenant's rent shall not exceed the highest of (i) 30 per centum of monthly adjusted income, (ii) 10 per centum of monthly income, or (iii) if the person or family is receiving payments for welfare assistance from a public agency, the portion of such payments which is specifically designated by such agency to meet the person's or family's housing costs, or, where no rental assistance authority is available, the rent level established on a basis of a 1 per centum interest rate on debt service.

(C) No rent for a unit financed under section 1484 or 1485 of this title shall be increased as a result of this subsection or other provision of Federal law or Federal regulation by more than 10 per centum in any twelve-month period, unless the increase above 10 per centum is attributable to increases in income which are unrelated to this subsection or other law, or regulation.

(4) In the case of a loan with respect to the purchase of a manufactured home with respect to which rental assistance is provided, the monthly payment for principal and interest on the manufactured home and for lot rental and

utilities shall not exceed the highest of (A) 30 per centum of monthly adjusted income, (B) 10 per centum of monthly income, or (C) if the person or family is receiving payments for welfare assistance from a public agency, the portion of such payments which is specifically designated by such agency to meet the person's or family's housing costs.

(5) OPERATING ASSISTANCE FOR MIGRANT FARMWORKER PROJECTS.—

(A) AUTHORITY.—In the case of housing (and related facilities) for migrant farmworkers provided or assisted with a loan under section 1484 of this title or a grant under section 1486 of this title, the Secretary may, at the request of the owner of the project, use amounts provided for rental assistance payments under paragraph (2) to provide assistance for the costs of operating the project. Any tenant or unit assisted under this paragraph may not receive rental assistance under paragraph (2).

(B) AMOUNT.—In any fiscal year, the assistance provided under this paragraph for any project shall not exceed an amount equal to 90 percent of the operating costs for the project for the year, as determined by the Secretary. The amount of assistance to be provided for a project under this paragraph shall be an amount that makes units in the project available to migrant farmworkers in the area of the project at rates not exceeding 30 percent of the monthly adjusted incomes of such farmworkers, based on the prevailing incomes of such farmworkers in the area.

(C) SUBMISSION OF INFORMATION.—The owner of a project assisted under this paragraph shall be required to provide to the Secretary, at least annually, a budget of operating expenses and estimated rental income, which the Secretary may use to determine the amount of assistance for the project.

(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

(i) The term "migrant farmworker" has the same meaning given such term in section 1486(k)(7) of this title.

(ii) The term "operating cost" means expenses incurred in operating a project, including expenses for—

(I) administration, maintenance, repair, and security of the project;

(II) utilities, fuel, furnishings, and equipment for the project; and

(III) maintaining adequate reserve funds for the project.

(b) Location in rural areas; inclusion of qualified nonrural residents who will become rural residents

Housing and related facilities provided with loans described in subsection (a) of this section shall be located in rural areas; and applicants eligible for such loans under section 1472, 1487(a)(1),² or 1490f(a) of this title, or for occupancy of housing provided with such loans under section 1485 or 1490f(c) of this title, shall include otherwise qualified nonrural residents who will become rural residents.

² See References in Text note below.

(c) Reimbursement of Rural Housing Insurance Fund

There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations (1) the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a)(1) of this section exceed interest due from the borrowers during each year, and (2) the amount of assistance payments described in subsections (a)(2) and (a)(5) of this section. There are authorized to be appropriated to the Rural Housing Insurance Fund such sums as may be necessary to reimburse such fund for the amount of assistance payments described in subsection (a)(1)(C) of this section. The Secretary may from time to time issue notes to the Secretary of the Treasury under section 1487(h) and of this title and section 1490f of this title to obtain amounts equal to such unreimbursed payments, pending the annual reimbursement by appropriation.

(d) Rental assistance contract authority; pre-conditions, limitations, etc.

(1) In utilizing the rental assistance payments authority pursuant to subsection (a)(2) of this section—

(A) the Secretary shall make such assistance available in existing projects for units occupied by low income families or persons to extend expiring contracts or to provide additional assistance when necessary to provide the full amount authorized pursuant to existing contracts;

(B) any such authority remaining after carrying out subparagraph (A) shall be used in projects receiving commitments under section 1484, 1485, or 1486 of this title after fiscal year 1983 for contracts to assist very low-income families or persons to occupy the units in such projects, except that not more than 5 percent of the units assisted may be occupied by low income families or persons who are not very low-income families or persons; and

(C) any such authority remaining after carrying out subparagraphs (A) and (B) may be used to provide further assistance to existing projects under section 1484, 1485, or 1486 of this title.

(2) The Secretary shall transfer rental assistance contract authority under this section from projects where such authority is unused after initial rentup and not needed because of a lack of eligible tenants in the area to projects where such authority is needed.

(e) Increases in rent or contribution of any recipient

Any rent or contribution of any recipient or any tenant in a project assisted under subsection (a)(5) of this section shall not increase as a result of this section, any amendment thereto, or any other provision of Federal law or regulation by more than 10 per centum during any twelve-month period, unless the increase above 10 per centum is attributable to increases in income which are unrelated to this subsection or other law or regulation.

(July 15, 1949, ch. 338, title V, § 521, as added Pub. L. 90-448, title X, § 1001, Aug. 1, 1968, 82 Stat. 551;

amended Pub. L. 93-383, title V, §§ 514(a), (b), 516(c), Aug. 22, 1974, 88 Stat. 696, 698; Pub. L. 94-375, § 25(a), Aug. 3, 1976, 90 Stat. 1078; Pub. L. 95-128, title V, §§ 502(d), 507(a)(4), (5), 511, Oct. 12, 1977, 91 Stat. 1139, 1140, 1142; Pub. L. 95-557, title V, §§ 506(a), 507, Oct. 31, 1978, 92 Stat. 2112, 2113; Pub. L. 96-153, title V, §§ 501(c), 502(a), 504, Dec. 21, 1979, 93 Stat. 1133-1135; Pub. L. 96-372, § 6(d), Oct. 3, 1980, 94 Stat. 1364; Pub. L. 96-399, title V, §§ 501(e), (f), 505, Oct. 8, 1980, 94 Stat. 1668, 1669; Pub. L. 97-35, title III, §§ 351(d), 352, Aug. 13, 1981, 95 Stat. 421; Pub. L. 98-181, title I [title V, §§ 516, 517(a)-(c), (e)], Nov. 30, 1983, 97 Stat. 1247-1249; Pub. L. 98-479, title I, § 105(h), Oct. 17, 1984, 98 Stat. 2227; Pub. L. 100-242, title III, §§ 309, 316(d), Feb. 5, 1988, 101 Stat. 1896, 1898; Pub. L. 101-625, title VII, § 716, Nov. 28, 1990, 104 Stat. 4296; Pub. L. 102-550, title VII, § 702(b), Oct. 28, 1992, 106 Stat. 3834; Pub. L. 105-276, title V, § 599C(e)(1), (e)(2)(D)-(F), Oct. 21, 1998, 112 Stat. 2661, 2663; Pub. L. 106-569, title VII, § 706, Dec. 27, 2000, 114 Stat. 3015.)

REFERENCES IN TEXT

Section 1487(a) of this title, referred to in subsecs. (a)(1)(A) and (b), was amended by Pub. L. 98-181, title I [title V, § 514(a)(1)], Nov. 30, 1983, 98 Stat. 1247, and, as so amended, does not contain a par. (1).

The National Housing Act, referred to in subsec. (a)(1)(C) and (F), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended, which is classified principally to chapter 13 (§1701 et seq.) of Title 12, Banks and Banking. For complete classification of this Act to the Code, see section 1701 of Title 12 and Tables.

The United States Housing Act of 1937, referred to in subsec. (a)(1)(C) and (F), 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, and amended, which is classified generally to chapter 8 (§1437 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1437 of this title and Tables.

The effective date of this paragraph, referred to in subsec. (a)(3)(A) and (B), is six months after Nov. 30, 1983, or upon the earlier promulgation of implementing regulations by the Secretary. See section 517(f) of Pub. L. 98-181, set out as an Effective Date of 1983 Amendment note below.

AMENDMENTS

2000—Subsec. (a)(5)(A). Pub. L. 106-569 substituted “Any tenant or unit assisted” for “Any project assisted” in last sentence.

1998—Subsec. (a)(2)(B). Pub. L. 105-276, § 599C(e)(2)(D), inserted “or paragraph (5)” after “this paragraph” and substituted “. The budget (and the income, in the case of a project assisted under this paragraph) shall be used to determine the amount of the assistance for each project.” for “which shall be used to determine the amount of assistance for each project.”

Subsec. (a)(5). Pub. L. 105-276, § 599C(e)(1), added par. (5).

Subsec. (c)(2). Pub. L. 105-276, § 599C(e)(2)(E), substituted “subsections (a)(2) and (a)(5)” for “subsection (a)(2)”.

Subsec. (e). Pub. L. 105-276, § 599C(e)(2)(F), inserted “or any tenant in a project assisted under subsection (a)(5) of this section” after “recipient”.

1992—Subsec. (a)(1)(D). Pub. L. 102-550 designated existing provisions as cl. (i) and added cl. (ii).

1990—Subsec. (a)(2)(C). Pub. L. 101-625 inserted at end “Notwithstanding the preceding sentence, excess funds received from tenants in projects financed under section 1485 of this title during a fiscal year shall be available during the next succeeding fiscal year, together with funds provided under subparagraph (D), to the extent approved in appropriations Acts, to make assist-

ance payments to reduce rent overburden on behalf of tenants of any such project whose rents exceed the levels referred to in subparagraph (A). In providing assistance to relieve rent overburden, the Secretary shall provide assistance with respect to very low-income and low-income families to reduce housing rentals to the levels specified in subparagraph (A)."

1988—Subsec. (a)(1)(A). Pub. L. 100-242, § 316(d)(1), struck out before period at end "", except that such loans to provide housing and related facilities for persons or families of moderate income shall bear interest at the rate established by the Secretary of Housing and Urban Development under section 1709-1 of title 12 with respect to maximum interest rates established for mortgages insured under section 1709(b) of title 12 if the Secretary determines that the borrower can afford such higher interest charges."

Subsec. (a)(1)(B). Pub. L. 100-242, § 309, inserted at end "In the case of assistance provided under this subparagraph with respect to a loan under section 1472 of this title, the Secretary may not reduce, cancel, or refuse to renew the assistance due to an increase in the adjusted income of the borrower if the reduction, cancellation, or nonrenewal will cause the borrower to be unable to reasonably afford the resulting payments required under the loan."

Subsec. (a)(2)(A). Pub. L. 100-242, § 316(d)(2), substituted comma for semicolon at end of cl. (ii).

1984—Subsec. (d)(1). Pub. L. 98-479 in amending par. (1) generally, inserted provisions preceding subpar. (A), in subpar. (A) substituted provisions authorizing Secretary to make assistance available in existing projects for former provisions which required Secretary to first assure that expiring contracts are extended for those units occupied by persons or families of low income and that additional assistance is used when necessary to provide the full amount authorized pursuant to existing contracts, in subpar. (B) substituted "any such authority remaining after carrying out subparagraph (A)" for "Remaining funds" and inserted provisions relating to persons who are not very low-income families or persons, and in subpar. (C) substituted provisions that remaining authority may be used to provide assistance under sections 1484 to 1486 of this title for former provisions which authorized the Secretary to use remaining funds for existing projects for very low-income families except that 5 per centum of the units assisted may be occupied by families and persons of low income.

1983—Subsec. (a)(2)(A). Pub. L. 98-181, § 517(c), substituted provisions setting forth factors applicable to determination of maximum amount, for provisions setting forth maximum amount as 25 per centum of income, and inserted provisions relating to limitations on increases of any rent or contribution of recipient.

Pub. L. 98-181, § 517(a), struck out provisions requiring assistance payments to be made on a unit basis and maximum amount of such payments, and provisions respecting priority for approval of projects under this paragraph.

Subsec. (a)(2)(E). Pub. L. 98-181, § 516, added subpar. (E).

Subsec. (a)(3), (4). Pub. L. 98-181, § 517(b), added pars. (3) and (4).

Subsecs. (d), (e). Pub. L. 98-181, § 517(e), added subsecs. (d) and (e).

1981—Subsec. (a)(1)(B). Pub. L. 97-35, § 352, substituted "may provide" for "shall provide".

Subsec. (a)(2)(D). Pub. L. 97-35, § 351(d), substituted "\$398,000,000" for "\$493,000,000", and substituted provisions relating to fiscal year ending Sept. 30, 1982, for provisions relating to fiscal year ending Sept. 30, 1981.

1980—Subsec. (a)(1)(B). Pub. L. 96-399, § 505, substituted "the Secretary shall provide" for "the Secretary may provide".

Subsec. (a)(1)(C). Pub. L. 96-399, § 501(f), substituted provisions limiting the amount of additional assistance which may be approved to \$100,000,000, for provisions limiting such amounts to \$985,000,000 for contracts entered into with respect to fiscal year 1979 and \$500,000,000 for contracts entered into through Oct. 15,

1980, and substituted "with respect to any fiscal year beginning on or after October 1, 1981" for "after October 15, 1980".

Pub. L. 96-372 substituted "through October 15, 1980" for "with respect to fiscal year 1980" and in last sentence "after October 15, 1980" for "with respect to any fiscal year after fiscal year 1980".

Subsec. (a)(2)(D). Pub. L. 96-399, § 501(e), added subpar. (D).

1979—Subsec. (a)(1)(A). Pub. L. 96-153, § 502(a), inserted exception that loans to provide housing and related facilities for persons or families of moderate income shall bear interest at the rate established by the Secretary under certain provisions of title 12.

Subsec. (a)(1)(C). Pub. L. 96-153, § 501(c)(1), inserted provisions that the amount of such additional assistance which may be approved in appropriation acts may not exceed an aggregate amount of \$985,000,000 for contracts entered into with respect to fiscal year 1979 and an aggregate amount of \$500,000,000 for contracts entered into with respect to fiscal year 1980 and that such additional assistance may not be so approved with respect to any fiscal year after fiscal year 1980.

Subsec. (a)(1)(H). Pub. L. 96-153, § 501(c)(3), repealed subpar. (H) which provided that the aggregate principal amount of loans made to borrowers receiving assistance pursuant to subpar. (C) shall not exceed \$440,000,000.

Subsec. (a)(2)(A). Pub. L. 96-153, § 504, substituted "assistance payments to the owners of" for "assistance payments to public and private nonprofit owners of", "70 per centum" for "20 per centum" in two places, "by a loan under section 1484 of this title to a public or private nonprofit owner" for "by a loan under section 1484 of this title", the first time section 1484 of this title appeared in cl. (i), and inserted provisions that in approving projects for assistance under this paragraph, the Secretary shall give priority to projects in which assistance is provided to 40 per centum or fewer of the units contained in the project.

Subsec. (c). Pub. L. 96-153, § 501(c)(2), inserted authorization of appropriation to Rural Housing Insurance Fund of such sums as may be necessary to reimburse fund for amount of assistance payments under subsec. (a)(1)(C) of this section.

1978—Subsec. (a)(1)(A) to (H). Pub. L. 95-557, § 506(a), designated existing provisions as par. (1)(A), and in par. (1)(A) as so designated, struck out "less not to exceed the difference between the adjusted rate determined by the Secretary of the Treasury and 1 per cent per annum: *Provided*, That such a loan may be made only when the Secretary determines that the needs of the applicant for necessary housing cannot be met with financial assistance from other sources including assistance under section 1715z or 1715z-1 of title 12: *Provided further*, That interest on loans under section 1472 or 1487(a) of this title to victims of natural disaster shall not exceed the rate which would be applicable to such loans under section 1472 of this title without regard to this section", after "one-eighth of 1 per centum," and added pars. (B) to (H).

Subsec. (a)(2)(A). Pub. L. 95-557, § 507, substituted "public and private nonprofit owners" for "the owners", inserted "congregate, or cooperative" after "rental" and inserted "by a loan under section 1484 of this title" after "section 1485 of this title for elderly or handicapped housing".

1977—Subsec. (a)(1). Pub. L. 95-128, §§ 502(d), 507(a)(4), provided that any loan guaranteed under this subchapter shall bear interest at the rate as may be agreed upon by the borrower and the lender and provided loans for housing of handicapped persons or families.

Subsec. (a)(2)(A). Pub. L. 95-128, §§ 507(a)(5), 511, included handicapped housing in cl. (i) and substituted "shall" for "may" wherever appearing, except in cl. (i).

1976—Subsec. (a)(1). Pub. L. 94-375 substituted "rate determined by the Secretary of the Treasury upon the request of the Secretary" for "rate determined annually by the Secretary of the Treasury".

1974—Subsec. (a)(1). Pub. L. 93-383, §§ 514(a), 516(c)(1), redesignated existing subsec. (a) as (a)(1) and, as so re-

designated, substituted “loans under section 1485 of this title” for “and loans under section 1485 of this title” and inserted provisions relating to loans under section 1490f of this title to provide condominium housing for persons and families of low or moderate income.

Subsec. (a)(2), Pub. L. 93-383, § 514(a), added par. (2).

Subsec. (b), Pub. L. 93-383, § 516(c)(2), inserted references to sections 1490f(a) and 1490f(c) of this title.

Subsec. (c), Pub. L. 93-383, §§ 514(b), 516(c)(3), reorganized structure of subsec. (c) by designating existing provisions as cl. (1) and, as so designated, substituted reference to subsec. (a)(1) of this section for reference to subsec. (a) of this section, added cl. (2), and made former second clause into second sentence, and, as so amended, inserted reference to section 1490f of this title and struck out “excess” after “unreimbursed”.

EFFECTIVE DATE OF 1983 AMENDMENT

Pub. L. 98-181, title I [title V, § 517(f)], Nov. 30, 1983, 97 Stat. 1249, provided that: “The amendments made by this section [amending this section and section 1490j of this title] shall take effect six months after the date of enactment of this Act [Nov. 30, 1983], or upon the earlier promulgation of regulations implementing this section by the Secretary.”

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.

§ 1490b. Housing for rural trainees

(a) Authorization; financial and technical assistance; selection of training sites and location of housing

Upon the application of any State or political subdivision thereof, or any public or private nonprofit organization, the Secretary is authorized, after consultation with the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, and the Director of the Office of Economic Opportunity, and after the Secretary determines that the housing and related facilities cannot reasonably be provided in any other way, to provide financial and technical assistance for the establishment, in rural areas, of housing and related facilities for trainees and their families who are residents of a rural area and have a rural background, while such trainees are enrolled and participating in training courses designed to improve their employment capability. The selection of training sites and location of housing shall be made with due regard to the economic viability of the area, and only after consideration of a labor area survey and full coordination among all Government agencies having primary responsibility for administering related programs.

(b) Quality of housing and related facilities; design and location

Housing and related facilities assisted under this section shall be safe and sanitary, constructed in the most economical manner, and of modest design, giving due consideration to the purposes to be served and the needs of the occupants, and may, in the discretion of the Secretary, include mobile family quarters. Design and location shall be such as to facilitate, as feasible, the use of such housing and related facilities for other purposes when no longer needed for the primary purpose.

(c) Contribution of land by applicant

The applicant shall contribute the necessary land, or funds to acquire such land, from its own resources, including land acquired by donation or from funds repayable under subsection (e) of this section or borrowed from other sources.

(d) Conditions precedent to grant of financial assistance

No financial assistance shall be made available under this section unless, to the extent and for the periods required by the Secretary, the applicant agrees that—

(1) such housing will be maintained at all times in a safe and sanitary condition in accordance with standards prescribed by State or local law, or, in the absence of such standards, with requirements prescribed by the Secretary;

(2) priority shall be given at all times, in granting occupancy of such housing and facilities, to the trainees and their families described in subsection (a) of this section; and

(3) rentals charged them shall not exceed amounts approved by the Secretary after considering the portion of the actual total family income which the family can afford to pay for rent while meeting its other immediate needs during occupancy.

(e) Advances; repayment; limitation on amount

The Secretary may make advances pursuant to any contract for financial assistance under this section at such times and in such manner as may be specified in the contract. Such advances for the purchase of land shall be repayable with interest and within a period not to exceed thirty-three years and may be made upon such security, if any, as the Secretary requires. Advances for other purposes may be made repayable with or without interest or nonrepayable, as determined by the Secretary on the basis of the anticipated income, and cost of operation of the housing and related facilities and the ability of each applicant to finance such facilities. Any advances shall be limited to cover the capital costs of constructing such facilities, plus interest on borrowings to cover such costs.

(f) Sale of housing and related facilities to ineligible transferee or diversion to use other than primary purpose; repayment of advances; return of property to original condition

Should housing and related facilities assisted pursuant to a contract under this section be sold to an ineligible transferee or diverted to a use other than its primary purpose within a period specified in the contract, all advances made under such contract shall be repaid to the Secretary, up to the amount of the sales price or the fair value of the property as determined by the Secretary, whichever is higher, with interest from the date of the sale or diversion. If no suitable alternate use of the property is available, as determined by the Secretary, after the purpose of this section can no longer be served, the property shall be returned to its original condition by the recipient of the assistance.

(g) Interest on advances

Interest charged on advances made under this section shall be at a rate, prescribed by the Sec-