

charged on interest which is deferred on a loan or advance of credit made under this chapter. In establishing rates, terms and conditions for loans or advances of credit made under this chapter, the Secretary shall take into account a homeowner's ability to repay such loan or advance of credit." for "interest on a loan or advance of credit insured under section 2704 of this title or emergency mortgage relief payments made under section 2705 of this title shall not be charged at a rate which exceeds the maximum interest rate applicable with respect to mortgages insured pursuant to section 1709(b) of this title."

Subsec. (e). Pub. L. 111-203, §1496(b)(2)(C), inserted "Any eligible homeowner who receives a grant or an advance of credit under this chapter may repay the loan in full, without penalty, by lump sum or by installment payments at any time before the loan becomes due and payable." after "purpose of this chapter."

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

§ 2704. Insurance for emergency mortgage loans and advances

(a) Institutions eligible

The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to insure banks, trust companies, finance companies, mortgage companies, savings and loan associations, insurance companies, credit unions, and such other financial institutions, which the Secretary finds to be qualified by experience and facilities and approves as eligible for insurance, against losses which they may sustain as a result of emergency loans or advances of credit made in accordance with the provisions of section 2703 of this title and this section with respect to mortgages eligible for assistance under this chapter.

(b) Premium charge; amount

The Secretary is authorized to fix a premium charge or charges for the insurance granted under this section, but in the case of any loan or advance of credit, such charge or charges shall not exceed an amount equivalent to one-half of 1 per centum per annum of the principal obligation of such loan or advance of credit outstanding at any time.

(c) Waiver of compliance with rules and regulations; finality and incontestability of payment for loss; transfer of insurance

The Secretary is authorized and empowered to waive compliance with any rule or regulation prescribed by the Secretary for the purposes of this section if, in the Secretary's judgment, the enforcement of such rule or regulation would impose an injustice upon an insured lending institution which has substantially complied with such regulations in good faith. Any payment for loss made to an insured financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution unless a demand for re-

purchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period. The Secretary is authorized to transfer to any financial institution approved for insurance under this chapter any insurance in connection with any loan which may be sold to it by another insured financial institution.

(d) Maximum aggregate amount of loans and advances insured

The aggregate amount of loans and advances insured under this section and emergency mortgage relief payments made under section 2705 of this title shall not exceed \$3,000,000,000.

(e) Underwriting guidelines and procedures

The Secretary shall establish underwriting guidelines or procedures to allocate amounts made available for loans and advances insured under this section and for emergency relief payments made under section 2705 of this title based on the likelihood that a mortgagor will be able to resume mortgage payments, pursuant to the requirement under section 2702(5) of this title.

(Pub. L. 94-50, title I, §105, July 2, 1975, 89 Stat. 251; Pub. L. 111-203, title XIV, §1496(b)(3), July 21, 2010, 124 Stat. 2208.)

AMENDMENTS

2010—Subsecs. (b) to (d). Pub. L. 111-203, §1496(b)(3)(A), (C), redesignated subsecs. (c) to (e) as (b) to (d), respectively, and struck out former subsec. (b). Prior to amendment, text of subsec. (b) read as follows: "In no case shall the insurance granted by the Secretary under this section to any financial institution on loans and advances made by such financial institution for the purposes of this chapter exceed 40 per centum of the total amount of such loans and advances made by the institution, except that, with respect to any individual loan or advance of credit, the amount of any claim for loss on such individual loan or advance of credit paid by the Secretary under the provision of this section shall not exceed 90 per centum of such loss."

Subsec. (e). Pub. L. 111-203, §1496(b)(3)(D), added subsec. (e). Former subsec. (e) redesignated (d).

Pub. L. 111-203, §1496(b)(3)(B), inserted "and emergency mortgage relief payments made under section 2705 of this title" after "insured under this section" and substituted "\$3,000,000,000" for "\$1,500,000,000 at any one time".

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

§ 2705. Emergency mortgage relief payments

(a) Direct payments to mortgagee

In the case of any mortgagee which would otherwise be eligible to participate in the program authorized under section 2704 of this title but does not qualify for an advance or advances as authorized by section 2712¹ of this title or under section 1430, 1430b, or 1431 of this title or otherwise elects not to participate in the program authorized under section 2704 of this title,

¹ See References in Text note below.