

Subsec. (f). Pub. L. 110-289, §2116(1)(B), redesignated subsec. (e) as (f).

2000—Subsec. (c)(2)(E). Pub. L. 106-377, §1(a)(1) [title II, §209(c)(1)], struck out “and” at end.

Subsec. (c)(2)(F). Pub. L. 106-377, §1(a)(1) [title II, §209(c)(2)], which directed substitution of “and” for “or their designees.”, was executed by inserting “and” after semicolon to reflect the probable intent of Congress, because the phrase “or their designees.” appeared at end of par. (2) and did not appear in subpar. (F).

Subsec. (c)(2)(G). Pub. L. 106-377, §1(a)(1) [title II, §209(c)(3)], added subpar. (G).

1997—Subsec. (c)(3)(C). Pub. L. 105-65 inserted after first sentence “Notwithstanding paragraph (4)(A), a suspension shall be effective upon issuance by the Board if the Board determines that there exists adequate evidence that immediate action is required to protect the financial interests of the Department or the public.”

1992—Subsec. (b)(11). Pub. L. 102-550, §502, added par. (11).

Subsec. (c)(3)(C). Pub. L. 102-550, §518, inserted “temporarily” after “order”, “(i)” after “Administration if”, “(ii)” after “violations and”, and “, and for not longer than 1 year. The Board may extend the suspension for an additional 6 months if it determines the extension is in the public interest. If the Board and the mortgagee agree, these time limits may be extended” after “6 months”.

Subsec. (c)(6)(D). Pub. L. 102-550, §519(1), struck out subpar. (D) which read as follows: “For purposes of this paragraph, the term ‘mortgagee’ means a mortgagee, a branch office or subsidiary of a mortgagee, or a director, officer, employee, agent, or other person participating in the conduct of the affairs of such mortgagee.”

Subsec. (c)(7), (8). Pub. L. 102-550, §519(2), added par. (7) and redesignated former par. (7) as (8).

1990—Subsec. (e)(3), (4). Pub. L. 101-625 added pars. (3) and (4).

1989—Pub. L. 101-235 substituted “Federal Housing Administration operations” for “Mutual Mortgage Insurance Fund” in section catchline, designated existing provisions as subsec. (a) and inserted heading, and added subsecs. (b) to (e).

1967—Pub. L. 90-19 substituted “Secretary” for “Commissioner” wherever appearing.

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

1939—Act June 3, 1939, substituted “created” for “create”.

1938—Act Feb. 3, 1938, inserted “with respect to mortgages insured under section 1709 of this title”.

#### CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress. Committee on Banking and Financial Services of House of Representatives abolished and replaced by Committee on Financial Services of House of Representatives, and jurisdiction over matters relating to securities and exchanges and insurance generally transferred from Committee on Energy and Commerce of House of Representatives by House Resolution No. 5, One Hundred Seventh Congress, Jan. 3, 2001.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

#### EXPANDED REVIEW OF FHA MORTGAGEE APPLICANTS AND NEWLY APPROVED MORTGAGEES

Pub. L. 111-22, div. A, title II, §203(g), May 20, 2009, 123 Stat. 1648, provided that: “Not later than the expiration of the 3-month period beginning upon the date of

the enactment of this Act [May 20, 2009], the Secretary of Housing and Urban Development shall—

“(1) expand the existing process for reviewing new applicants for approval for participation in the mortgage insurance programs of the Secretary for mortgages on 1- to 4-family residences for the purpose of identifying applicants who represent a high risk to the Mutual Mortgage Insurance Fund; and

“(2) implement procedures that, for mortgagees approved during the 12-month period ending upon such date of enactment—

“(A) expand the number of mortgages originated by such mortgagees that are reviewed for compliance with applicable laws, regulations, and policies; and

“(B) include a process for random reviews of such mortgagees and a process for reviews that is based on volume of mortgages originated by such mortgagees.”

### § 1709. Insurance of mortgages

#### (a) Authorization

The Secretary is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Secretary may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon.

#### (b) Eligibility for insurance; mortgage limits

To be eligible for insurance under this section a mortgage shall comply with the following:

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

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount—

(A) not to exceed the lesser of—

(i) in the case of a 1-family residence, 115 percent of the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation determined under the sixth sentence of section 1454(a)(2) of this title for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation determined under such section for a 1-family residence; or

(ii) 150 percent of the dollar amount limitation determined under the sixth sentence of such section 1454(a)(2) for a residence of applicable size;

except that the dollar amount limitation in effect under this subparagraph for any size residence for any area may not be less than the greater of: (I) the dollar amount limitation in effect under this section for the area on October 21, 1998; or (II) 65 percent of the dollar amount limitation determined under the sixth sentence of such section 1454(a)(2) for a residence of the applicable size; and

(B) not to exceed 100 percent of the appraised value of the property.

For purposes of the preceding sentence, the term “area” means a metropolitan statistical

area as established by the Office of Management and Budget; and the median 1-family house price for an area shall be equal to the median 1-family house price of the county within the area that has the highest such median price. Notwithstanding any other provision of this paragraph, the amount which may be insured under this section may be increased by up to 20 percent if such increase is necessary to account for the increased cost of the residence due to the installation of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 1703(a) of this title) therein.

Notwithstanding any other provision of this paragraph, the Secretary may not insure, or enter into a commitment to insure, a mortgage under this section that is executed by a first-time homebuyer and that involves a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the property unless the mortgagor has completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary; except that the Secretary may, in the discretion of the Secretary, waive the applicability of this requirement.

(3) Have a maturity satisfactory to the Secretary, but not to exceed, in any event, thirty-five years (or thirty years if such mortgage is not approved for insurance prior to construction) from the date of the beginning of amortization of the mortgage.

(4) Contain complete amortization provisions satisfactory to the Secretary requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Secretary.

(5) Bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee.

(6) Provide, in a manner satisfactory to the Secretary, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default, reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Secretary may in his discretion prescribe.

(8) Repealed. Pub. L. 100-242, title IV, § 406(b)(2), Feb. 5, 1988, 101 Stat. 1900.

(9) CASH INVESTMENT REQUIREMENT.—

(A) IN GENERAL.—A mortgage insured under this section shall be executed by a mortgagor who shall have paid, in cash or its equivalent, on account of the property an amount equal to not less than 3.5 percent of the appraised value of the property or such larger amount as the Secretary may determine.

(B) FAMILY MEMBERS.—For purposes of this paragraph, the Secretary shall consider as

cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 1707 of this title), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, that—

(i) such lien shall be subordinate to the mortgage; and

(ii) the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage.

(C) PROHIBITED SOURCES.—In no case shall the funds required by subparagraph (A) consist, in whole or in part, of funds provided by any of the following parties before, during, or after closing of the property sale:

(i) The seller or any other person or entity that financially benefits from the transaction.

(ii) Any third party or entity that is reimbursed, directly or indirectly, by any of the parties described in clause (i).

This subparagraph shall apply only to mortgages for which the mortgagee has issued credit approval for the borrower on or after October 1, 2008.

**(c) Premium charges**

(1) The Secretary is authorized to fix premium charges for the insurance of mortgages under the separate sections of this subchapter but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That premium charges fixed for insurance (1) under section 1715z-10,<sup>1</sup> 1715z-12, 1715z-16, 1715z-17, or 1715z-18 of this title, or any other financing mechanism providing alternative methods for repayment of a mortgage that is determined by the Secretary to involve additional risk, or (2) under subsection (n) are not required to be the same as the premium charges for mortgages insured under the other provisions of this section, but in no case shall premium charges under subsection (n) exceed 1 per centum per annum: *Provided*, That any reduced premium charge so fixed and computed may, in the discretion of the Secretary, also be made applicable in such manner as the Secretary shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Secretary under this subchapter at par plus accrued interest, in such manner as may be prescribed by the Secretary: *Provided*, That debentures presented in payment of premium charges shall represent obligations

<sup>1</sup> See References in Text note below.

of the particular insurance fund or account to which such premium charges are to be credited: *Provided further*, That the Secretary may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Secretary finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Secretary may prescribe; but no mortgage shall be accepted for insurance under this section unless the Secretary finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance is paid in full prior to the maturity date, the Secretary is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid: *Provided*, That with respect to mortgages (1) for which the Secretary requires, at the time the mortgage is insured, the payment of a single premium charge to cover the total premium obligation for the insurance of the mortgage, and (2) on which the principal obligation is paid before the number of years on which the premium with respect to a particular mortgage was based, or the property is sold subject to the mortgage or is sold and the mortgage is assumed prior to such time, the Secretary shall provide for refunds, where appropriate, of a portion of the premium paid and shall provide for appropriate allocation of the premium cost among the mortgagors over the term of the mortgage, in accordance with procedures established by the Secretary which take into account sound financial and actuarial considerations.

(2) Notwithstanding any other provision of this section, each mortgage secured by a 1- to 4-family dwelling that is an obligation of the Mutual Mortgage Insurance Fund shall be subject to the following requirements:

(A) The Secretary shall establish and collect, at the time of insurance, a single premium payment in an amount not exceeding 3 percent of the amount of the original insured principal obligation of the mortgage. In the case of a mortgage for which the mortgagor is a first-time homebuyer who completes a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary, the premium payment under this subparagraph shall not exceed 2.75 percent of the amount of the original insured principal obli-

gation of the mortgage. Upon payment in full of the principal obligation of a mortgage prior to the maturity date of the mortgage, the Secretary shall refund all of the unearned premium charges paid on the mortgage pursuant to this subparagraph, provided that the mortgagor refinances the unpaid principal obligation under this subchapter.

(B) In addition to the premium under subparagraph (A), the Secretary may establish and collect annual premium payments in an amount not exceeding 1.5 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments) for the following periods:

(i) For any mortgage involving an original principal obligation (excluding any premium collected under subparagraph (A)) that is less than 90 percent of the appraised value of the property (as of the date the mortgage is accepted for insurance), for the first 11 years of the mortgage term.

(ii) For any mortgage involving an original principal obligation (excluding any premium collected under subparagraph (A)) that is greater than or equal to 90 percent of such value, for the first 30 years of the mortgage term; except that notwithstanding the matter preceding clause (i), for any mortgage involving an original principal obligation (excluding any premium collected under subparagraph (A)) that is greater than 95 percent of such value, the annual premium collected during the 30-year period under this clause may be in an amount not exceeding 1.55 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments).

(C)(i) In addition to the premiums under subparagraphs (A) and (B), the Secretary shall establish and collect annual premium payments for any mortgage for which the Secretary collects an annual premium payment under subparagraph (B), in an amount described in clause (ii).

(ii)(I) Subject to subclause (II), with respect to a mortgage, the amount described in this clause is 10 basis points of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments).

(II) During the 2-year period beginning on December 23, 2011, the Secretary shall increase the number of basis points of the annual premium payment collected under this subparagraph incrementally, as determined appropriate by the Secretary, until the number of basis points of the annual premium payment collected under this subparagraph is equal to the number described in subclause (I).

**(d) Increase in maximum amount of mortgage**

(1) Except as provided in paragraph (2) of this subsection, notwithstanding<sup>2</sup> provision of this subchapter governing maximum mortgage amounts for insuring a mortgage secured by a one- to four-family dwelling, the maximum amount of the mortgage determined under any such provision may be increased by the amount of the mortgage insurance premium paid at the time the mortgage is insured.

(2) The maximum amount of a mortgage determined under subsection (b)(2)(B) of this section may not be increased as provided in paragraph (1).

**(e) Contract of insurance as evidence of eligibility**

Any contract of insurance heretofore or hereafter executed by the Secretary under this subchapter shall be conclusive evidence of the eligibility of the loan or mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved financial institution or approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved financial institution or approved mortgagee.

**(f) Disclosure of other mortgage products****(1) In general**

In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a 1-page analysis of mortgage products offered by that lender and for which the borrower would qualify.

**(2) Notice**

The notice required under paragraph (1) shall include—

(A) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under subsection (b) with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 1454(a)(2) of this title or section 1717(b)(2) of this title, as applicable), assuming prevailing interest rates; and

(B) a statement regarding when the requirement of the mortgagor to pay the mortgage insurance premiums for a mortgage insured under this section would terminate, or a statement that the requirement shall terminate only if the mortgage is refinanced, paid off, or otherwise terminated.

**(g) Limitation on use of single family mortgage insurance by investors**

(1) The Secretary may insure a mortgage under this subchapter that is secured by a 1- to 4-family dwelling, or approve a substitute mort-

gagor with respect to any such mortgage, only if the mortgagor is to occupy the dwelling as his or her principal residence or as a secondary residence, as determined by the Secretary. In making this determination with respect to the occupancy of secondary residences, the Secretary may not insure mortgages with respect to such residences unless the Secretary determines that it is necessary to avoid undue hardship to the mortgagor. In no event may a secondary residence under this subsection include a vacation home, as determined by the Secretary.

(2) The occupancy requirement established in paragraph (1) shall not apply to any mortgagor (or co-mortgagor, as appropriate) that is—

(A) a public entity, as provided in section 1715d or 1715z-12 of this title, or any other State or local government or an agency thereof;

(B) a private nonprofit or public entity, as provided in section 1715l(h) or 1715z(j) of this title, or other private nonprofit organization that is exempt from taxation under section 501(c)(3) of title 26 and intends to sell or lease the mortgaged property to low or moderate-income persons, as determined by the Secretary;

(C) an Indian tribe, as provided in section 1715z-13 of this title;

(D) a serviceperson who is unable to meet such requirement because of his or her duty assignment, as provided in section 1715g of this title or subsection (b)(4) or (f) of section 1715m<sup>1</sup> of this title;

(E) a mortgagor or co-mortgagor under subsection (k); or

(F) a mortgagor that, pursuant to section 1715n(a)(7) of this title, is refinancing an existing mortgage insured under this chapter for not more than the outstanding balance of the existing mortgage, if the amount of the monthly payment due under the refinancing mortgage is less than the amount due under the existing mortgage for the month in which the refinancing mortgage is executed.

(3) For purposes of this subsection, the term “substitute mortgagor” means a person who, upon the release by a mortgagee of a previous mortgagor from personal liability on the mortgage note, assumes such liability and agrees to pay the mortgage debt.

**(h) Disaster housing**

Notwithstanding any other provision of this section, the Secretary is authorized to insure any mortgage which involves a principal obligation not in excess of the applicable maximum dollar limit under subsection (b) and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor establishes (to the satisfaction of the Secretary) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to sections 5122(2) and 5170 of title 42, has determined to be a major disaster.

<sup>2</sup>So in original.

**(i) Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(1), July 30, 2008, 122 Stat. 2835**

**(j) Real estate loans by national banks**

Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

**(k) Rehabilitation of one- to four-family structures; definitions; eligibility; refinancing and extension; General Insurance Fund**

(1) The Secretary may, in order to assist in the rehabilitation of one- to four-family structures used primarily for residential purposes, insure and make commitments to insure rehabilitation loans (including advances made during rehabilitation) made by financial institutions. Such commitments to insure and such insurance shall be made upon such terms and conditions which the Secretary may prescribe and which are consistent with the provisions of subsections (b), (c), (e), (i),<sup>1</sup> and (j) of this section, except as modified by the provisions of this subsection.

(2) For the purpose of this subsection—

(A) the term “rehabilitation loan” means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit, made for the purpose of financing—

(i) the rehabilitation of an existing one- to four-unit structure which will be used primarily for residential purposes;

(ii) the rehabilitation of such a structure and the refinancing of the outstanding indebtedness on such structure and the real property on which the structure is located; or

(iii) the rehabilitation of such a structure and the purchase of the structure and the real property on which it is located; and

(B) the term “rehabilitation” means the improvement (including improvements designed to meet cost-effective energy conservation standards prescribed by the Secretary) or repair of a structure, or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes, a community development plan, or a statewide property insurance plan to be provided by the owner or tenant of the project. The term “rehabilitation” may also include measures to evaluate and reduce lead-based paint hazards, as such terms are defined in section 4851b of title 42.

(3) To be eligible for insurance under this subsection, a rehabilitation loan shall—

(A) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount which does not exceed, when added to any outstanding indebtedness of the borrower which is secured by the structure and the property on which it is located, the amount specified in subsection (b)(2); except that, in determining the amount of the principal obligation for purposes of this subsection, the Secretary shall establish as the appraised value of the property an amount not

to exceed the sum of the estimated cost of rehabilitation and the Secretary’s estimate of the value of the property before rehabilitation;

(B) bear interest at such rate as may be agreed upon by the borrower and the financial institution;

(C) be an acceptable risk, as determined by the Secretary; and

(D) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

(4) Any rehabilitation loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or term which exceeds the maximum provided for in this subsection.

(5) All funds received and all disbursements made pursuant to the authority established by this subsection shall be credited or charged, as appropriate, to the Mutual Mortgage Insurance Fund, and insurance benefits shall be paid in cash out of such Fund or in debentures executed in the name of such Fund. Insurance benefits paid with respect to loans secured by a first mortgage and insured under this subsection shall be paid in accordance with section 1710 of this title. Insurance benefits paid with respect to loans secured by a mortgage other than a first mortgage and insured under this subsection shall be paid in accordance with paragraphs (6) and (7) of section 1715k(h) of this title, except that reference to “this subsection” in such paragraphs shall be construed as referring to this subsection.

**(l) Repealed. Pub. L. 90-448, title I, § 103(b), Aug. 1, 1968, 82 Stat. 486**

**(m) Repealed. Pub. L. 100-242, title IV, § 406(c), Feb. 5, 1988, 101 Stat. 1902**

**(n) Cooperative housing projects; definitions**

(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this chapter or the construction of which was completed more than a year prior to the application for the mortgage insurance. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

(2) For the purposes of this subsection—

(A) The terms “home mortgage” and “mortgage” include a first or subordinate mortgage or lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a cooperative ownership housing cor-

poration the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

(B) The terms “appraised value of the property”, “value of the property”, and “value” include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term “property” includes a dwelling unit in such a cooperative project.

(C) The term “mortgagor” includes a person or persons giving a first or subordinate mortgage or lien (of the type described in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation.

**(o) Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(2), July 30, 2008, 122 Stat. 2835**

**(p) Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(3), July 30, 2008, 122 Stat. 2835**

**(q) Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(4), July 30, 2008, 122 Stat. 2835**

**(r) Actions to reduce losses under single family mortgage insurance program**

The Secretary shall take appropriate actions to reduce losses under the single-family mortgage insurance programs carried out under this subchapter. Such actions shall include—

(1) an annual review by the Secretary of the rate of early serious defaults and claims, in accordance with section 1735f-11 of this title;

(2) requiring that at least one person acquiring ownership of a one- to four-family residential property encumbered by a mortgage insured under this subchapter be determined to be creditworthy under standards prescribed by the Secretary, whether or not such person assumes personal liability under the mortgage (except that acquisitions by devise or descent shall not be subject to this requirement);

(3) in any case where personal liability under a mortgage is assumed, requiring that the original mortgagor be advised of the procedures by which he or she may be released from liability; and

(4) providing counseling, either directly or through third parties, to delinquent mortgagors whose mortgages are insured under this section, using the Fund to pay for such counseling.

In any case where the homeowner does not request a release from liability, the purchaser and the homeowner shall have joint and several liability for any default for a period of 5 years following the date of the assumption. After the close of such 5-year period, only the purchaser shall be liable for any default on the mortgage unless the mortgage is in default at the time of the expiration of the 5-year period.

**(s) Transferred**

**(t) Disclosure regarding interest due upon mortgage prepayment**

(1) Each mortgagee (or servicer) with respect to a mortgage under this section shall provide each mortgagor of such mortgagee (or servicer) written notice, not less than annually, containing a statement of the amount outstanding for prepayment of the principal amount of the mortgage and describing any requirements the mortgagor must fulfill to prevent the accrual of any interest on such principal amount after the date of any prepayment. This paragraph shall apply to any insured mortgage outstanding on or after the expiration of the 90-day period beginning on the date of effectiveness of final regulations implementing this paragraph.

(2) Each mortgagee (or servicer) with respect to a mortgage under this section shall, at or before closing with respect to any such mortgage, provide the mortgagor with written notice (in such form as the Secretary shall prescribe, by regulation, before the expiration of the 90-day period beginning upon November 28, 1990) describing any requirements the mortgagor must fulfill upon prepayment of the principal amount of the mortgage to prevent the accrual of any interest on the principal amount after the date of such prepayment. This paragraph shall apply to any mortgage executed after the expiration of the period under paragraph (1).

**(u) Accountability of mortgage lenders**

(1) No mortgagee may make or hold mortgages insured under this section if the customary lending practices of the mortgagee, as determined by the Secretary pursuant to section 1735f-17 of this title, provide for a variation in mortgage charge rates that exceeds 2 percent for insured mortgages made by the mortgagee on dwellings located within an area. The Secretary shall ensure that any permissible variations in the mortgage charge rates of any mortgagee are based only on actual variations in fees or costs to the mortgagee to make the loan.

(2) For purposes of this subsection—

(A) the term “area” means a metropolitan statistical area as established by the Office of Management and Budget;

(B) the term “mortgage charges” includes the interest rate, discount points, loan origination fee, and any other amount charged to a mortgagor with respect to an insured mortgage; and

(C) the term “mortgage charge rate” means the amount of mortgage charges for an insured mortgage expressed as a percentage of the initial principal amount of the mortgage.

**(v) Use of FHA insurance with assistance under 42 U.S.C. 1437f**

The insurance of a mortgage under this section in connection with the assistance provided under section 1437f(y) of title 42 shall be the obligation of the Mutual Mortgage Insurance Fund.

**(w) Annual report**

The Secretary of Housing and Urban Development shall submit to the Congress an annual report on the single family mortgage insurance

program under this section. Each report shall set forth—

(1) an analysis of the income groups served by the single family insurance program, including—

(A) the percentage of borrowers whose incomes do not exceed 100 percent of the median income for the area;

(B) the percentage of borrowers whose incomes do not exceed 80 percent of the median income for the area; and

(C) the percentage of borrowers whose incomes do not exceed 60 percent of the median income for the area;

(2) an analysis of the percentage of minority borrowers annually assisted by the program; the percentage of central city borrowers assisted and the percentage of rural borrowers assisted by the program;

(3) the extent to which the Secretary in carrying out the program has employed methods to ensure that needs of low and moderate income families, underserved areas, and historically disadvantaged groups are served by the program; and

(4) the current impediments to having the program serve low and moderate income borrowers; borrowers from central city areas; borrowers from rural areas; and minority borrowers.

The report required under this subsection shall include the report required under section 1735f-18(c) of this title and the report required under section 1711(g)<sup>1</sup> of this title.

**(x) Management deficiencies report**

**(1) In general**

Not later than 60 days after October 21, 1998, and annually thereafter, the Secretary shall submit to Congress a report on the plan of the Secretary to address each material weakness, reportable condition, and noncompliance with an applicable law or regulation (as defined by the Director of the Office of Management and Budget) identified in the most recent audited financial statement of the Federal Housing Administration submitted under section 3515 of title 31.

**(2) Contents of annual report**

Each report submitted under paragraph (1) shall include—

(A) an estimate of the resources, including staff, information systems, and contract assistance, required to address each material weakness, reportable condition, and noncompliance with an applicable law or regulation described in paragraph (1), and the costs associated with those resources;

(B) an estimated timetable for addressing each material weakness, reportable condition, and noncompliance with an applicable law or regulation described in paragraph (1); and

(C) the progress of the Secretary in implementing the plan of the Secretary included in the report submitted under paragraph (1) for the preceding year, except that this subparagraph does not apply to the initial report submitted under paragraph (1).

(June 27, 1934, ch. 847, title II, §203, 48 Stat. 1248; May 28, 1935, ch. 150, §29(a), 49 Stat. 299; Aug. 23, 1935, ch. 614, title III, §344(c), 49 Stat. 722; Feb. 3, 1938, ch. 13, §3, 52 Stat. 10; June 3, 1939, ch. 175, §§6-8, 53 Stat. 805, 806; June 28, 1941, ch. 261, §8, 55 Stat. 365; Oct. 15, 1943, ch. 259, §2, 57 Stat. 571; July 1, 1946, ch. 531, 60 Stat. 408; Aug. 10, 1948, ch. 832, title I, §101(g)-(k), 62 Stat. 1272; July 15, 1949, ch. 338, title II, §201(2), 63 Stat. 421; Aug. 30, 1949, ch. 524, 63 Stat. 681; Oct. 25, 1949, ch. 729, §1(2), 63 Stat. 905; Apr. 20, 1950, ch. 94, title I, §§103, 104(a), 122, 64 Stat. 51, 59; June 30, 1953, ch. 170, §3, 67 Stat. 121; Aug. 2, 1954, ch. 649, title I, §§104-110, 68 Stat. 591, 592; Aug. 7, 1956, ch. 1029, title I, §§102, 104(a), 70 Stat. 1091, 1092; Pub. L. 85-104, title I, §§101, 106, July 12, 1957, 71 Stat. 294, 297; Pub. L. 85-364, §1(a), Apr. 1, 1958, 72 Stat. 73; Pub. L. 86-372, title I, §§102, 103, title VIII, §809, Sept. 23, 1959, 73 Stat. 654, 688; Pub. L. 87-70, title I, §102(b), title VI, §§604(b), 605, 606, 612(a), June 30, 1961, 75 Stat. 157, 177, 178, 180; Pub. L. 88-560, title I, §§102, 103, 105(c)(1), Sept. 2, 1964, 78 Stat. 769, 772; Pub. L. 89-117, title II, §§203-206, title XI, §1108(c), Aug. 10, 1965, 79 Stat. 466, 504; Pub. L. 89-754, title III, §§301, 302, Nov. 3, 1966, 80 Stat. 1266; Pub. L. 90-19, §1(a)(3), (4), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title I, §103(b), title III, §§317, 318, title XI, §1106(d), Aug. 1, 1968, 82 Stat. 486, 512, 567; Pub. L. 91-152, title I, §§102(a), 113(a), Dec. 24, 1969, 83 Stat. 379, 383; Pub. L. 91-606, title III, §301(c), Dec. 31, 1970, 84 Stat. 1758; Pub. L. 93-288, title VII, §702(c), formerly title VI, §602(c), May 22, 1974, 88 Stat. 163, renumbered title VII, §702(c), Pub. L. 103-337, div. C, title XXXIV, §3411(a)(1), (2), Oct. 5, 1994, 108 Stat. 3100; Pub. L. 93-383, title III, §§302(a), 310(a), Aug. 22, 1974, 88 Stat. 676, 682; Pub. L. 93-449, §4(b), Oct. 18, 1974, 88 Stat. 1367; Pub. L. 95-128, title III, §§303(a), (g), 304(a), 305, 307, Oct. 12, 1977, 91 Stat. 1132, 1133, 1134; Pub. L. 95-557, title I, §101(c)(1), (2), Oct. 31, 1978, 92 Stat. 2082, 2083; Pub. L. 95-619, title II, §248(a), Nov. 9, 1978, 92 Stat. 3235; Pub. L. 96-153, title III, §§310, 312(a), 318, Dec. 21, 1979, 93 Stat. 1114, 1116, 1119; Pub. L. 96-399, title III, §§321, 328, 333(a), 336(a), Oct. 8, 1980, 94 Stat. 1646, 1651, 1653, 1654; Pub. L. 97-253, title II, §201(a), (b), Sept. 8, 1982, 96 Stat. 789; Pub. L. 98-63, title I, July 30, 1983, 97 Stat. 321; Pub. L. 98-181, title I [title IV, §§404(b)(2), (3), 419, 423(a), (b)(1), 424(a), 425, 447], Nov. 30, 1983, 97 Stat. 1209, 1212, 1216-1218, 1228; Pub. L. 98-479, title II, §204(a)(2), Oct. 17, 1984, 98 Stat. 2232; Pub. L. 99-601, Nov. 5, 1986, 100 Stat. 3357; Pub. L. 100-242, title IV, §§403-405(1), 406(a)-(b)(6), (c), 407(a)(1), 422(b), 423, 429(c), Feb. 5, 1988, 101 Stat. 1899-1902, 1914, 1918; Pub. L. 100-628, title X, §§1061-1063(a), Nov. 7, 1988, 102 Stat. 3274; Pub. L. 100-707, title I, §109(e)(2), Nov. 23, 1988, 102 Stat. 4708; Pub. L. 101-144, title II, Nov. 9, 1989, 103 Stat. 852; Pub. L. 101-235, title I, §§132(a), 135, 143(a), (b), Dec. 15, 1989, 103 Stat. 2026, 2028, 2036; Pub. L. 101-402, §3, Oct. 1, 1990, 104 Stat. 866; Pub. L. 101-507, title II, Nov. 5, 1990, 104 Stat. 1369; Pub. L. 101-508, title II, §§2101-2103(a), Nov. 5, 1990, 104 Stat. 1388-17; Pub. L. 101-625, title III, §§326(a), 327, 329, 330(a), title IV, §429, Nov. 28, 1990, 104 Stat. 4137, 4138, 4171; Pub. L. 102-40, title IV, §402(d)(2), May 7, 1991, 105 Stat. 239; Pub. L. 102-389, title II, Oct. 6, 1992, 106 Stat. 1591, 1593; Pub. L. 102-550, title I, §185(c)(1), title V, §§503(a), 504-506(a), 507(a), title

X, §1012(k)(2), Oct. 28, 1992, 106 Stat. 3747, 3779–3782, 3907; Pub. L. 103–211, title I, Feb. 12, 1994, 108 Stat. 12; Pub. L. 103–327, title II, Sept. 28, 1994, 108 Stat. 2314; Pub. L. 104–204, title IV, §§424, 425(a), 426, Sept. 26, 1996, 110 Stat. 2927, 2928; Pub. L. 105–65, title II, §211, Oct. 27, 1997, 111 Stat. 1366; Pub. L. 105–276, title II, §§212, 224, 225(a), 228, Oct. 21, 1998, 112 Stat. 2486, 2489–2491; Pub. L. 106–74, title II, §207, Oct. 20, 1999, 113 Stat. 1072; Pub. L. 106–281, §2, Oct. 6, 2000, 114 Stat. 865; Pub. L. 106–377, §1(a)(1) [title II, §209(a), 225], Oct. 27, 2000, 114 Stat. 1441, 1441A–25, 1441A–30; Pub. L. 106–569, title XI, §1103(f), Dec. 27, 2000, 114 Stat. 3031; Pub. L. 107–73, title II, §207(a), Nov. 26, 2001, 115 Stat. 674; Pub. L. 107–326, §2, Dec. 4, 2002, 116 Stat. 2792; Pub. L. 108–386, §8(b), Oct. 30, 2004, 118 Stat. 2231; Pub. L. 108–447, div. I, title II, §§222, 223, Dec. 8, 2004, 118 Stat. 3321; Pub. L. 109–13, div. A, title VI, §6073, May 11, 2005, 119 Stat. 300; Pub. L. 110–289, div. B, title I, §§2112(a), (b), 2113–2115, 2116(2), (3), 2118(b)(1), 2120(a)(1)–(4), (b), 2121, July 30, 2008, 122 Stat. 2830–2832, 2834, 2835; Pub. L. 111–229, §1(a), Aug. 11, 2010, 124 Stat. 2483; Pub. L. 112–78, title IV, §402(a), (b), Dec. 23, 2011, 125 Stat. 1289.)

#### AMENDMENT OF SUBSECTION (c)(2)

*Pub. L. 112–78, §402(b), Dec. 23, 2011, 125 Stat. 1289, provided that, effective Oct. 1, 2021, subsection (c)(2) of this section is amended by striking subparagraph (C). See 2011 Amendment note below.*

#### REFERENCES IN TEXT

Section 1715z–10 of this title, referred to in subsec. (c)(1), was repealed by Pub. L. 110–289, div. B, title I, §2120(a)(7), July 30, 2008, 122 Stat. 2835.

Section 1715m of this title, referred to in subsec. (g)(2)(D), was repealed by Pub. L. 110–289, div. B, title I, §2120(a)(5), July 30, 2008, 122 Stat. 2835.

This chapter, referred to in subsecs. (g)(2)(F) and (n)(1), was in the original “this Act”, meaning act June 27, 1934, ch. 847, 48 Stat. 1246, which is classified principally to this chapter (§1701 et seq.). For complete classification of this Act to the Code, see Tables.

Subsection (i) of this section, referred to in subsec. (k)(1), was repealed by Pub. L. 110–289, div. B, title I, §2120(a)(1), July 30, 2008, 122 Stat. 2835.

Section 1711(g) of this title, referred to in subsec. (w), was repealed by Pub. L. 110–289, div. B, title I, §2118(c)(1), July 30, 2008, 122 Stat. 2835.

#### AMENDMENTS

2011—Subsec. (c)(2)(C). Pub. L. 112–78, §402(b), struck out subpar. (C) which related to requirement that the Secretary, in addition to the premiums under subpars. (A) and (B), establish and collect annual premium payments of up to 10 basis points of the remaining insured principal balance for any mortgage for which the Secretary collects an annual premium under subpar.(B). See Effective Date of 2011 Amendment note below.

Pub. L. 112–78, §402(a), added subpar. (C).

2010—Subsec. (c)(2)(B). Pub. L. 111–229, §1(a)(1), in introductory provisions, substituted “may” for “shall” and “1.5 percent” for “0.50 percent”.

Subsec. (c)(2)(B)(ii). Pub. L. 111–229, §1(a)(2), substituted “may be in an amount not exceeding 1.55 percent” for “shall be in an amount not exceeding 0.55 percent”.

2008—Subsec. (b)(2). Pub. L. 110–289, §2112(a)(2), which directed striking out second sentence in matter following subpar. (B) and all that followed through “section 3103A(d) of title 38”, was executed in first undesignated par. after subpar. (B) by striking out “For purposes of

this paragraph, the term ‘average closing cost’ means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages. Notwithstanding any other provision of this section, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, such mortgage shall not exceed 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance, unless (i) the dwelling was completed more than one year prior to the application for mortgage insurance, or (ii) the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38 prior to the beginning of construction, or (iii) the dwelling is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements which would have been applicable if such dwelling had been approved for mortgage insurance prior to the beginning of construction. As used herein, the term ‘veteran’ means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable, except that persons enlisting in the armed forces after September 7, 1980, or entering active duty after October 16, 1981, shall have their eligibility determined in accordance with section 5303A(d) of title 38.”, to reflect the probable intent of Congress and amendment by Pub. L. 102–40. See 1991 Amendment note below.

Subsec. (b)(2)(A), (B). Pub. L. 110–289, §2112(a)(1), added subpars. (A) and (B) and struck out former subpars. (A) and (B) which related to maximum limits for principal loan obligation.

Subsec. (b)(9). Pub. L. 110–289, §2113, amended par. (9) generally. Prior to amendment, par. (9) related to requirement that mortgagors other than veterans pay on account of the property at least 3 per centum, or such larger amount as the Secretary may determine, of the Secretary’s estimate of the cost of acquisition, excluding the mortgage insurance premium paid at the time the mortgage is insured, in cash or its equivalent.

Subsec. (c)(2). Pub. L. 110–289, §2114(1), in introductory provisions, struck out “or of the General Insurance Fund pursuant to subsection (v) of this section and each mortgage that is insured under subsection (k) of this section or section 1715y(c) of this title,,” after “Mutual Mortgage Insurance Fund”.

Subsec. (c)(2)(A). Pub. L. 110–289, §2114(2), substituted “3 percent” for “2.25 percent” and “2.75 percent” for “2.0 percent”.

Subsec. (d). Pub. L. 110–289, §2112(b), substituted “Except as provided in paragraph (2) of this subsection, notwithstanding” for “Notwithstanding any”, designated existing provisions as par. (1), and added par. (2).

Subsec. (i). Pub. L. 110–289, §2120(a)(1), struck out subsec. (i) which related to Secretary’s authority to insure mortgages for single-family residences in suburban and outlying areas or small communities and certain farm homes.

Subsec. (k)(1). Pub. L. 110–289, §2115(1), struck out “on and after 180 days following October 31, 1978” after “financial institutions”.

Subsec. (k)(5). Pub. L. 110–289, §2115(2), substituted “Mutual Mortgage Insurance Fund” for “General Insurance Fund” and struck out “, except that all references in section 1710 of this title to the Mutual Mortgage Insurance Fund shall be construed as referring to the General Insurance Fund” after “section 1710 of this title”.

Subsec. (n)(2)(A), (C). Pub. L. 110–289, §2121, inserted “or subordinate mortgage or” before “lien”.

Subsec. (o). Pub. L. 110–289, §2120(a)(2), struck out subsec. (o) which related to insurance of mortgages on owner occupied homes in communities subject to ad-



verse economic conditions resulting from Indian claims to ownership of land and obligation of Special Risk Insurance Fund.

Subsec. (p). Pub. L. 110-289, §2120(a)(3), struck out subsec. (p) which related to insurance of mortgages in communities subject to temporary adverse economic conditions as a result of claims to ownership of land in the community by an American Indian Tribe, band, or nation.

Subsec. (q). Pub. L. 110-289, §2120(a)(4), struck out subsec. (q) which related to insurance of mortgages secured by property on certain lands leased by Seneca Nation of New York Indians.

Subsec. (s). Pub. L. 110-289, §2116(3), redesignated and transferred subsec. (s) of this section to subsec. (e) of section 1708 of this title.

Subsec. (s)(4). Pub. L. 110-289, §2116(2), added par. (4) and struck out former par. (4) which read as follows: "the Administrator of the Farmers Home Administration;"

Subsec. (u)(2)(A). Pub. L. 110-289, §2120(b), substituted "means a metropolitan statistical area as established by the Office of Management and Budget;" for "shall have the meaning given the term under subsection (b)(2) of this section;"

Subsec. (v). Pub. L. 110-289, §2118(b)(1), substituted "The" for "Notwithstanding section 1708 of this title, the" and "Mutual Mortgage Insurance Fund." for "General Insurance Fund created pursuant to section 1735c of this title. The provisions of subsections (a) through (h), (j), and (k) of section 1710 of this title shall apply to such mortgages, except that (1) all references in section 1710 of this title to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (2) any excess amounts described in section 1710(f)(1) of this title shall be retained by the Secretary and credited to the General Insurance Fund."

2005—Subsec. (c)(1). Pub. L. 109-13, §6073(b)(2), struck out "or (k)" after "(2) under subsection (n)" and "charges under subsection (n)".

Pub. L. 109-13, §6073(b)(1), substituted "(2) under subsection (n)" for "(2) under subsections (n)".

Pub. L. 109-13, §6073(a), repealed Pub. L. 108-447, §222. See note below.

2004—Subsec. (c)(1). Pub. L. 108-447, §222, which directed the substitution of "subsection (n)" for "subsections (n) and (k)" and the striking out of "or (k)", was repealed by Pub. L. 109-13, §6073(a).

Subsec. (c)(2)(A). Pub. L. 108-447, §223, inserted "provided that the mortgagor refinances the unpaid principal obligation under this subchapter" before period at end.

Subsec. (s)(5). Pub. L. 108-386 struck out "or District bank" after "national bank".

2002—Subsec. (b). Pub. L. 107-326, §2(1)(A), substituted "shall comply with the following:" for "shall—" in introductory provisions.

Subsec. (b)(2). Pub. L. 107-326, §2(1)(C), transferred text of subsec. (b)(10)(B) so as to appear as second sentence of concluding provisions in par. (2).

Pub. L. 107-326, §2(1)(B)(ii)(III), in concluding provisions, struck out the eleventh sentence through the end which read as follows: "In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 1454(a)(2) of this title or section

1717(b)(2) of this title, as applicable), assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor's requirement to pay the mortgage insurance premiums for a mortgage insured under this section would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated."

Pub. L. 107-326, §2(1)(B)(ii)(II), in concluding provisions, struck out seventh through ninth sentences which read as follows: "Except with respect to mortgages executed by mortgagors who are veterans, a mortgage may not involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 98.75 percent of the appraised value of the property (97.75 percent, in the case of a mortgage with an appraised value in excess of \$50,000), plus the amount of the mortgage insurance premium paid at the time the mortgage is insured. For purposes of the preceding sentence, the term 'appraised value' means the amount set forth in the written statement required under section 1715q of this title, or a similar amount determined by the Secretary if section 1715q of this title does not apply. Notwithstanding the authority of the Secretary to establish the terms of insurance under this section and approve the initial service charges, appraisal, inspection, and other fees (and subject to any other limitations under this section on the amount of a principal obligation), the Secretary may not (by regulation or otherwise) limit the percentage or amount of any such approved charges and fees that may be included in the principal obligation of a mortgage."

Pub. L. 107-326, §2(1)(B)(ii)(I), in concluding provisions, struck out second and third sentences which read as follows: "If the mortgage to be insured under this section covers property on which there is located a one-to-four-family residence, and the appraised value of the property, as of the date the mortgage is accepted for insurance, does not exceed \$50,000, the principal obligation may be in an amount not to exceed 97 percent of such appraised value. If the mortgagor is a veteran, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 95 per centum of such value in excess of \$25,000."

Subsec. (b)(2)(A). Pub. L. 107-326, §2(1)(B)(i), realigned margins of matter that precedes cl. (ii).

Subsec. (b)(2)(B). Pub. L. 107-326, §2(1)(B)(iii), added subpar. (B) and struck out former subpar. (B) which read as follows: "except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of—

"(i) 97 percent of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance;

"(ii) 95 percent of such value in excess of \$25,000 but not in excess of \$125,000; and

"(iii) 90 percent of such value in excess of \$125,000."

Subsec. (b)(10). Pub. L. 107-326, §2(1)(C), (D), transferred text of subpar. (B) so as to appear as second sentence of concluding provisions in subsec. (b)(2) and struck out headings and text of remainder of par. (10) which related to calculation of downpayment.

Subsec. (f). Pub. L. 107-326, §2(2), added subsec. (f).

2001—Subsec. (c)(1). Pub. L. 107-73, §207(a)(1), substituted "subsections (n) or (k)" for "subsections (n) and (k)" in cl. (2) of first proviso.

Subsec. (c)(2). Pub. L. 107-73, §207(a)(2), in introductory provisions, struck out "and executed on or after October 1, 1994," after "1- to 4-family dwelling" and inserted "and each mortgage that is insured under subsection (k) of this section or section 1715y(c) of this title," after "subsection (v) of this section".

2000—Subsec. (b)(10)(A). Pub. L. 106-377, §1(a)(1) [title II, §225], substituted "mortgage closed on or before December 31, 2002, involving" for "mortgage closed on or

before October 30, 2000 involving” in introductory provisions.

Pub. L. 106-281 substituted “closed on or before October 30, 2000” for “executed for insurance in fiscal years 1998, 1999, and 2000” in introductory provisions.

Subsec. (s). Pub. L. 106-377, §1(a)(1) [title II, §209(a)(2)], redesignated subsec. (s), relating to disclosure regarding interest due upon mortgage prepayment, as (t).

Subsec. (t). Pub. L. 106-377, §1(a)(1) [title II, §209(a)(2)], redesignated subsec. (s), relating to disclosure regarding interest due upon mortgage prepayment, as (t).

Pub. L. 106-377, §1(a)(1) [title II, §209(a)(1)], redesignated subsec. (t) as (u).

Subsec. (u). Pub. L. 106-377, §1(a)(1) [title II, §209(a)(1)], redesignated subsec. (t) as (u).

Subsec. (v). Pub. L. 106-377, §1(a)(1) [title II, §209(a)(3)], redesignated subsec. (v), relating to annual report, as (w).

Subsec. (w). Pub. L. 106-569, which directed the amendment of subsec. (v) relating to annual report by inserting concluding provisions, was executed by making the insertion in subsec. (w) to reflect the probable intent of Congress and the intervening redesignation of that subsec. (v) as (w) by Pub. L. 106-377, §1(a)(1) [title II, §209(a)(3)]. See below.

Pub. L. 106-377, §1(a)(1) [title II, §209(a)(3)], redesignated subsec. (v), relating to annual report, as (w).

1999—Subsec. (b)(2)(A)(ii). Pub. L. 106-74 inserted “the greater of the dollar amount limitation in effect under this section for the area on October 21, 1998, or” before “48 percent”.

1998—Subsec. (b)(2). Pub. L. 105-276, §225(a), inserted at end undesignated par. relating to disclosure notice furnished by original lender.

Subsec. (b)(2)(A). Pub. L. 105-276, §228(a), added cl. (ii) and struck out former cl. (ii) and concluding provisions which read as follows:

“(i) 75 percent of the dollar amount limitation determined under section 1454(a)(2) of this title for a residence of the applicable size; except that the applicable dollar amount limitation in effect for any area under this subparagraph may not be less than the greater of the dollar amount limitation in effect under this section for the area on September 28, 1994, or 38 percent of the dollar amount limitation determined under section 1454(a)(2) of this title for a residence of the applicable size; and”.

Subsec. (b)(2)(B). Pub. L. 105-276, §228(b), amended first sentence of concluding provisions generally. Prior to amendment, sentence read as follows: “For purposes of the preceding sentence, the term ‘area’ means a county, or a metropolitan statistical area as established by the Office of Management and Budget, whichever results in the higher dollar amount.”

Subsec. (b)(10). Pub. L. 105-276, §212(1), substituted “CALCULATION OF DOWNPAYMENT” for “ALASKA AND HAWAII” in heading.

Subsec. (b)(10)(A). Pub. L. 105-276, §212(2), substituted “executed for insurance in fiscal years 1998, 1999, and 2000” for “originated in the State of Alaska or the State of Hawaii and endorsed for insurance in fiscal years 1997 and 1998”.

Subsec. (x). Pub. L. 105-276, §224, added subsec. (x).

1997—Subsec. (b)(10)(A). Pub. L. 105-65 substituted “fiscal years 1997 and 1998” for “fiscal year 1997”.

1996—Subsec. (b)(9). Pub. L. 104-204, §425(a), inserted before period at end “: *Provided further*, That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 1707 of this title), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage”.

Subsec. (b)(10). Pub. L. 104-204, §426, added par. (10).

Subsec. (c)(2)(A). Pub. L. 104-204, §424, inserted after first sentence “In the case of a mortgage for which the mortgagor is a first-time homebuyer who completes a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary, the premium payment under this subparagraph shall not exceed 2.0 percent of the amount of the original insured principal obligation of the mortgage.”

1994—Subsec. (b)(2)(A). Pub. L. 103-327 substituted cl. (ii) and concluding provisions for former cl. (ii) and concluding provisions which read as follows:

“(ii) 75 percent of the dollar amount limitation determined under section 1454(a)(2) of this title (as in effect on September 30, 1992) for a residence of the applicable size;

except that the applicable dollar amount limitation in effect for any area under this subparagraph (A) may not be less than the dollar amount limitation in effect under this section for the area on May 12, 1992.”.

Subsec. (h). Pub. L. 103-211, effective for 18-month period following Feb. 12, 1994, for eligible persons, substituted “Robert T. Stafford Disaster Relief and Emergency Assistance Act” for “section 5122(2) and 5170 of title 42” and inserted at end “In any case in which the single family residence to be insured under this subsection is within a jurisdiction in which the President has declared a major disaster to have occurred, the Secretary is authorized, for a temporary period not to exceed 18 months from the date of such Presidential declaration, to enter into agreements to insure a mortgage which involves a principal obligation of up to 100 percent of the dollar limitation determined under section 1454(a)(2) of this title for single family residence, and not in excess of 100 percent of the appraised value.” See Applicability of 1994 Amendment note below.

Subsec. (k)(6). Pub. L. 103-211, effective for 18-month period following Feb. 12, 1994, for eligible persons, added par. (6) which read as follows: “The Secretary is authorized, for a temporary period not to exceed 18 months from the date on which the President has declared a major disaster to have occurred, to enter into agreements to insure a rehabilitation loan under this subsection which involves a principal obligation of up to 100 percent of the dollar limitation determined under section 1454(a)(2) of this title for a residence of the applicable size, if such loan is secured by a structure and property that are within a jurisdiction in which the President has declared such disaster, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5121 et seq.], and if such loan otherwise conforms to the loan-to-value ratio and other requirements of this subsection.” See Applicability of 1994 Amendment note below.

1992—Subsec. (b)(2). Pub. L. 102-550, §506(a), added undesignated par. prohibiting Secretary from insuring mortgage executed by first-time homebuyer involving principal obligation in excess of 97 percent of value of property, unless mortgagor completes approved counseling program or Secretary waives requirement.

Pub. L. 102-550, §505(a), substituted “Except with respect to mortgages executed by mortgagors who are veterans” for “Notwithstanding any other provision of this paragraph” in second undesignated par.

Pub. L. 102-550, §503(a), amended first sentence generally. Prior to amendment, first sentence read as follows: “Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount—

“(A) not to exceed the lesser of—

“(i) in the case of the 1-family residence, 95 percent of the median 1-family house price in the area (as determined by the Secretary); in the case of a 2-family residence, 107 percent of such median price; in the case of a 3-family residence, 130 percent of such median price; or in the case of a 4-family residence, 150 percent of such median price; or

“(ii) 75 percent of the dollar amount limitation determined under section 1454(a)(2) of this title (as

adjusted annually under such section) for a residence of the applicable size; except that the applicable dollar amount limitation in effect for any area under this subparagraph (A) may not be less than the dollar amount limitation in effect under this section for the area on May 12, 1992; and

“(B) except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of—

“(i) 97 percent of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance;

“(ii) 95 percent of such value in excess of \$25,000 but not in excess of \$125,000; and

“(iii) 90 percent of such value in excess of \$125,000.”

Pub. L. 102-389 amended first sentence generally. Prior to amendment, first sentence read as follows: “Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed \$67,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$76,000 in the case of a two-family residence; or \$92,000 in the case of a three-family residence, or \$107,000 in the case of a four-family residence; except that the Secretary may increase the preceding maximum dollar amounts on an area-by-area basis to the extent the Secretary deems necessary, after taking into consideration the extent to which moderate and middle income persons have limited housing opportunities in the area due to high prevailing housing sales prices, but in no case may such limits, as so increased, exceed the lesser of (A) 185 percent of the dollar amount specified, or (B) in the case of a one-family residence, 95 per centum of the median one-family house price in the area, as determined by the Secretary; in the case of a two-family residence, 107 per centum of such median price; in the case of a three-family residence, 130 per centum of such median price; or in the case of a four-family residence, 150 per centum of such median price; and (except as otherwise provided in this paragraph) not to exceed an amount equal to the sum of (i) 97 per centum of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, and (ii) 95 per centum of such value in excess of \$25,000.”

Pub. L. 102-389 inserted at end of second undesignated par. “Notwithstanding the authority of the Secretary to establish the terms of insurance under this section and approve the initial service charges, appraisal, inspection, and other fees (and subject to any other limitations under this section on the amount of a principal obligation), the Secretary may not (by regulation or otherwise) limit the percentage or amount of any such approved charges and fees that may be included in the principal obligation of a mortgage.”

Subsec. (b)(9). Pub. L. 102-550, § 505(b), substituted “(except with respect to a mortgage executed by a mortgagor who is a veteran)” for “(except in a case to which the next to the last sentence of paragraph (2) applies)”.

Subsec. (c)(2). Pub. L. 102-550, § 185(c)(1)(A), inserted “or of the General Insurance Fund pursuant to subsection (v) of this section” after “Fund” in introductory provisions.

Subsec. (c)(2)(A), (B). Pub. L. 102-550, § 507(a)(1), (2)(A), substituted “not exceeding” for “equal to”.

Subsec. (c)(2)(B)(ii). Pub. L. 102-550, § 507(a)(2)(B), substituted “not exceeding 0.55 percent” for “equal to 0.55 percent”.

Subsec. (k)(2)(B). Pub. L. 102-550, § 1012(k)(2), inserted at end “The term ‘rehabilitation’ may also include measures to evaluate and reduce lead-based paint hazards, as such terms are defined in section 4851b of title 42.”

Subsec. (v). Pub. L. 102-550, § 504, added subsec. (v) relating to annual reports.

Pub. L. 102-550, § 185(c)(1)(B), added subsec. (v) relating to use of FHA insurance with assistance under 42 U.S.C. 1437f.

1991—Subsec. (b)(2). Pub. L. 102-40 substituted “section 5303A(d) of title 38” for “section 3103A(d) of title 38”.

1990—Subsec. (b)(2). Pub. L. 101-508, § 2102, inserted at end “Notwithstanding any other provision of this paragraph, a mortgage may not involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 98.75 percent of the appraised value of the property (97.75 percent, in the case of a mortgage with an appraised value in excess of \$50,000), plus the amount of the mortgage insurance premium paid at the time the mortgage is insured. For purposes of the preceding sentence, the term ‘appraised value’ means the amount set forth in the written statement required under section 1715q of this title, or a similar amount determined by the Secretary if section 1715q of this title does not apply.”

Pub. L. 101-508, § 2101, substituted “185 percent of the dollar amount specified” for “150 percent (185 percent until October 31, 1990) of the dollar amount specified” after “exceed the lesser of (A)”.

Pub. L. 101-507 which directed the substitution of “(185 percent during fiscal year 1991)” for “(185 percent during fiscal year 1990)” could not be executed because “during fiscal year 1990” did not appear in text after amendment by Pub. L. 101-402. See below.

Pub. L. 101-402 substituted “until October 31, 1990” for “during fiscal year 1990”.

Subsec. (b)(9). Pub. L. 101-625, § 429, inserted “or with respect to a mortgage covering a housing unit in connection with a homeownership program under the Homeownership and Opportunity Through HOPE Act,” before “the mortgagor’s payment”.

Subsec. (c). Pub. L. 101-508, § 2103(a), designated existing provisions as par. (1), added par. (2), and struck out at end of par. (1) “In the case of any mortgage secured by a 1- to 4-family dwelling, the total premium charge shall not exceed an amount equal to 3.8 percent of the original principal obligation of the mortgage if the Secretary requires (1) a single premium charge to cover the total premium obligation of the insurance of the mortgage; or (2) a periodic premium charge over less than the term of the mortgage.”

Subsec. (g)(1). Pub. L. 101-625, § 326(a), inserted at end “In making this determination with respect to the occupancy of secondary residences, the Secretary may not insure mortgages with respect to such residences unless the Secretary determines that it is necessary to avoid undue hardship to the mortgagor. In no event may a secondary residence under this subsection include a vacation home, as determined by the Secretary.”

Subsec. (r)(4). Pub. L. 101-625, § 327, added par. (4).

Subsec. (s). Pub. L. 101-625, § 329, added subsec. (s) relating to disclosure regarding interest due upon mortgage prepayment.

Subsec. (t). Pub. L. 101-625, § 330, added subsec. (t).

1989—Subsec. (b)(2). Pub. L. 101-144 inserted “(185 percent during fiscal year 1990)” after “(A) 150 percent”.

Subsec. (g)(2). Pub. L. 101-235, § 143(b), redesignated par. (3) as (2) and struck out former par. (2) which read as follows: “The occupancy requirement established in paragraph (1) shall apply only if the mortgage involves a principal obligation that exceeds, as appropriate, 75 percent of—

“(A) the appraised value of the dwelling;

“(B) the estimate of the Secretary of the replacement cost of the property;

“(C) the sum of the estimates of the Secretary of the cost of repair and rehabilitation and the value of the property before repair and rehabilitation; or

“(D) the sum of the estimates of the Secretary of the cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness secured by the property, and, in the case of a property refinanced under section 1715k(d)(3)(A) of this title, any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property.”

Subsec. (g)(2)(A). Pub. L. 101-235, §143(a)(1), inserted “, or any other State or local government or an agency thereof” before semicolon at end.

Subsec. (g)(2)(B). Pub. L. 101-235, §143(a)(2), inserted “, or other private nonprofit organization that is exempt from taxation under section 501(c)(3) of title 26 and intends to sell or lease the mortgaged property to low or moderate-income persons, as determined by the Secretary” before semicolon at end.

Subsec. (g)(3), (4). Pub. L. 101-235, §143(b)(2), redesignated par. (4) as (3). Former par. (3) redesignated (2).

Subsec. (r). Pub. L. 101-235, §132(a)(1), amended first sentence generally, substituting “the single-family mortgage insurance programs carried out under this subchapter” for “the mortgage insurance program carried out under this section”.

Subsec. (r)(2), (3). Pub. L. 101-235, §132(a)(2), amended pars. (2) and (3) generally. Prior to amendment, pars. (2) and (3) read as follows:

“(2) requiring reviews of the credit standing of each person seeking to assume a mortgage insured under this section (A) during the 12-month period following the date on which the mortgage is executed, or (B) during the 24-month period following the date on which the mortgage is executed in the case of an investor originated mortgage; and

“(3) in any case where a mortgage is assumed after the period specified in paragraph (2), requiring that the original mortgagor be advised of the procedures by which he or she may be released from liability.”

Subsec. (s). Pub. L. 101-235, §135, added subsec. (s).

1988—Subsec. (b)(2). Pub. L. 100-628, §§1061, 1062(b), clarified amendments by Pub. L. 100-242, §§405(1), 406(b)(1)(B).

Pub. L. 100-242, §406(b)(1)(A), struck out “(whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes)” after “in the case of a two-family residence” in first sentence.

Pub. L. 100-242, §404, substituted “150 percent” for “133 $\frac{1}{3}$  per centum” in cl. (A) of first sentence.

Pub. L. 100-242, §423, inserted definition of “area”.

Pub. L. 100-242, §406(b)(1)(B), struck out “to be occupied as the principal residence of the owner” after “residence”.

Pub. L. 100-242, §405(1), which directed insertion of “, except that persons enlisting in the armed forces after September 7, 1980, or entering active duty after October 16, 1981, shall have their eligibility determined in accordance with section 3103A(d) of title 38” before period at end of first undesignated paragraph, was executed by making the insertion after “other than dishonorable” at end of sentence defining “veteran”, to reflect the probable intent of Congress.

Subsec. (b)(8). Pub. L. 100-242, §406(b)(2), struck out par. (8) which related to eligibility for insurance of a mortgage in the case of a mortgagor who is not occupant of the property.

Subsec. (c). Pub. L. 100-242, §403, inserted provisions at end relating to total premium charge to be fixed by Secretary in case of any mortgage secured by 1- to 4-family dwelling.

Subsec. (g). Pub. L. 100-242, §406(a), added subsec. (g).

Subsec. (g)(3)(F). Pub. L. 100-628, §1062(a), added subpar. (F).

Subsec. (h). Pub. L. 100-707, §109(e)(2), struck out “riot or civil disorder” after “hurricane, earthquake, storm,” and substituted “5170” for “5141”.

Pub. L. 100-242, §406(b)(3), struck out “is the owner and occupant and” after “where the mortgagor”.

Subsec. (i). Pub. L. 100-242, §406(b)(4), struck out “Provided, That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property:” after “for a single-family residence:” and substituted “Provided, That the Secretary” for “Provided further, That the Secretary”.

Subsec. (k)(3)(B). Pub. L. 100-242, §429(c), substituted “borrower and the financial institution” for “mortgagor and the mortgagee”.

Subsec. (m). Pub. L. 100-242, §406(c), struck out subsec. (m) which related to insurance of mortgages on dwellings that need not be designed for year-round occupancy.

Subsec. (o)(2). Pub. L. 100-242, §406(b)(5), substituted “owner” for “owner occupant” in first sentence.

Subsec. (p)(2). Pub. L. 100-242, §406(b)(6), substituted “owner” for “owner-occupant” in first sentence.

Subsec. (q)(1). Pub. L. 100-242, §422(b), substituted “Secretary shall” for “Secretary may”.

Subsec. (r). Pub. L. 100-242, §407(a)(1), added subsec. (r).

Subsec. (r)(2)(A), (B). Pub. L. 100-628, §1063(a), substituted “date on which the mortgage is executed” for “date on which the mortgage is endorsed for insurance”.

1986—Subsec. (q). Pub. L. 99-601 added subsec. (q).

1984—Subsec. (n)(2)(A). Pub. L. 98-479 substituted “a” for “an” before “cooperative ownership”.

1983—Subsec. (b)(2). Pub. L. 98-181, §424(a), struck out “(except as provided in the next to the last sentence of this paragraph)” and inserted “(except as otherwise provided in this paragraph)” and inserted after first sentence “If the mortgage to be insured under this section covers property on which there is located a one- to four-family residence to be occupied as the principal residence of the owner, and the appraised value of the property, as of the date the mortgage is accepted for insurance, does not exceed \$50,000, the principal obligation may be in an amount not to exceed 97 percent of such appraised value.”

Pub. L. 98-181, §423(b)(1), struck out “: Provided, That the foregoing maximum mortgage amounts may be increased by the amount of the mortgage insurance premium paid at the time the mortgage is insured” after “150 per centum of such median price”.

Subsec. (b)(5). Pub. L. 98-181, §404(b)(2), substituted provision that the interest rate be at such rate as agreed upon by the mortgagor and the mortgagee for provision that the interest rate, exclusive of premium charges for insurance and service charges if any, not exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not exceed such per centum per annum not in excess of 6 per centum as the Secretary finds necessary to meet the mortgage market.

Subsec. (b)(8). Pub. L. 98-181, §425, substituted “the lesser of (A) the otherwise applicable maximum dollar amount prescribed under paragraph (2), or (B) 85 percent of the appraised value of the property as of the date the mortgage is accepted for insurance” for “85 per centum of the amount computed under the provisions of paragraph (2) of this subsection”.

Subsec. (c). Pub. L. 98-181, §447, inserted “(1) under section 1715z-10, 1715z-12, 1715z-16, 1715z-17, or 1715z-18 of this title, or any other financing mechanism providing alternative methods for repayment of a mortgage that is determined by the Secretary to involve additional risk, or (2)” after “fixed for insurance”.

Subsec. (d). Pub. L. 98-181, §423(a), added subsec. (d).

Subsec. (h). Pub. L. 98-63 substituted “the applicable maximum dollar limit under subsection (b)” for “\$14,400”.

Subsec. (k)(3)(B). Pub. L. 98-181, §404(b)(3), substituted provision that interest be at such a rate as agreed upon by the mortgagor and mortgagee for provision that interest be at a rate permitted by the Secretary for mortgages insured under this section, except that the Secretary could permit a higher rate with respect to the period beginning with the making of the loan and ending with the completion of the rehabilitation or such earlier time as determined by the Secretary.

Subsec. (n)(1). Pub. L. 98-181, §419(1), inserted “or the construction of which was completed more than a year prior to the application for the mortgage insurance” after “under this chapter”.

Subsec. (n)(2)(A). Pub. L. 98-181, §419(2), struck out “nonprofit” before “cooperative”.

1982—Subsec. (b)(2). Pub. L. 97-253, §201(a)(1), inserted provision that the foregoing maximum mortgage

amounts may be increased by the amount of the mortgage insurance premium paid at the time the mortgage is insured.

Subsec. (b)(9). Pub. L. 97-253, § 201(a)(2), inserted "(excluding the mortgage insurance premium paid at the time the mortgage is insured)" after "cost of acquisition".

Subsec. (c). Pub. L. 97-253, § 201(b), inserted provision that with respect to mortgages for which the Secretary requires, at the time the mortgage is insured, the payment of a single premium charge to cover the total premium obligation for the insurance of the mortgage, and on which the principal obligation is paid before the number of years on which the premium with respect to a particular mortgage was based, or the property is sold subject to the mortgage or is sold and the mortgage is assumed prior to such time, the Secretary shall provide for refunds, where appropriate, of a portion of the premium paid and shall provide for appropriate allocation of the premium cost among the mortgagors over the term of the mortgage, in accordance with procedures established by the Secretary which take into account sound financial and actuarial considerations.

1980—Subsec. (b)(2). Pub. L. 96-399, § 336(a), inserted provisions authorizing the Secretary to increase maximum dollar amounts with respect to four-family residences.

Subsec. (b)(3). Pub. L. 96-399, § 333(a), struck out provisions relating to applicability to criteria of three-quarters of the Secretary's estimate of the remaining economic life of the building improvements.

Subsec. (k)(5). Pub. L. 96-399, § 321, substituted provisions relating to insurance benefits paid with respect to loans secured by a first mortgage, and insured under this subsection, and those secured by a mortgage other than a first mortgage, and insured under this subsection, for provisions relating to insurance benefits paid with respect to loans insured under this subsection.

Subsec. (p). Pub. L. 96-399, § 328, added subsec. (p).

1979—Subsec. (b)(2). Pub. L. 96-153, §§ 310, 312(a), excepted dwellings covered by a consumer protection or warranty plan acceptable to the Secretary and satisfying all requirements which would have been applicable if such dwellings had been approved for mortgage insurance prior to the beginning of construction from the limit on the maximum amount of mortgage on dwellings not approved for mortgage insurance prior to the beginning of construction, and substituted "\$67,500" for "\$60,000", "\$76,000" for "\$65,000" where it first appeared, "\$92,000" for "\$65,000" where it appeared the second time, and "\$107,000" for "\$75,000".

Subsec. (i). Pub. L. 96-153, § 318, substituted "two and one-half or more acres in size adjacent to an all-weather public road" for "five or more acres in size adjacent to a public highway" in last proviso.

1978—Subsec. (b)(2). Pub. L. 95-619 inserted provision that the amount insurable under this section could be increased by up to 20 per centum if such increase were necessary to account for the increased cost of a residence due to the installation of a solar energy system.

Subsec. (c). Pub. L. 95-557, § 101(c)(2), substituted "subsections (n) and (k) are not required" for "subsection (n) is not required" and "subsection (n) or (k) exceed 1 per centum" for "subsection (n) exceed 1 per centum".

Subsec. (k). Pub. L. 95-557, § 101(c)(1), generally revised subsec. (k) to meet the credit needs of owners of from one-to-four family properties who can afford market rate borrowing by insuring one hundred percent of the loan amount and covering the cost of rehabilitation, rehabilitation and refinancing existing debt, or the purchase and rehabilitation of properties.

1977—Subsec. (b)(2). Pub. L. 95-128, §§ 303(a), 304(a), substituted "\$60,000" for "\$45,000", "\$65,000" for "\$48,750" wherever appearing, and "\$75,000" for "\$56,000" in provisions preceding cl. (i); struck out in cl. (i) following "97 per centum" parenthetical text "(but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of con-

struction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38 prior to the beginning of construction, 90 per centum)"; substituted in first sentence "and (ii) 95 per centum of such value in excess of \$25,000" for "(ii) 90 per centum of such value in excess of \$25,000 but not in excess of \$35,000, and (iii) 80 per centum of such value in excess of \$35,000" and in second sentence "and (ii) 95 per centum of such value in excess of \$25,000" for "(ii) 90 per centum of such value in excess of \$25,000 but not in excess of \$35,000, and (iii) 85 per centum of such value in excess of \$35,000"; and inserted following the second sentence provision limiting the mortgage to 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance where the dwelling is not approved for mortgage insurance prior to the beginning of construction.

Subsec. (c). Pub. L. 95-128, § 305, inserted proviso respecting premium charges for insurance under subsec. (n) of this section.

Subsec. (i). Pub. L. 95-128, § 303(g), substituted provision which authorizes the Secretary to insure a mortgage hereunder which involves a principal obligation not in excess of 75 per centum of the limit on the principal obligation applicable to a one-family residence under subsec. (b) of this section for prior limitation of such insurance on a mortgage which involved a principal obligation not in excess of \$16,200.

Subsec. (o). Pub. L. 95-128, § 307, added subsec. (o).

1974—Subsec. (b)(2). Pub. L. 93-383, § 302(a), substituted "\$45,000" for "\$33,000", "\$48,750" for "\$35,750" wherever appearing therein, and "\$56,000" for "\$41,250" in provisions preceding cl. (i).

Subsec. (b)(2)(i). Pub. L. 93-383, § 310(a)(1), substituted "\$25,000" for "\$15,000" in first and second sentences.

Subsec. (b)(2)(ii). Pub. L. 93-383, § 310(a)(2), substituted "\$25,000" for "\$15,000" and "\$35,000" for "\$25,000" in first and second sentences.

Subsec. (b)(2)(iii). Pub. L. 93-383, § 310(a)(3), substituted "\$35,000" for "\$25,000" in first and second sentences.

Subsec. (h). Pub. L. 93-288 substituted "sections 5122(2) and 5141 of title 42" for "section 4402(1) of title 42".

Subsec. (n). Pub. L. 93-449 added subsec. (n).

1970—Subsec. (h). Pub. L. 91-606 substituted reference to section "4402(1)" for "1855a(a)" of title 42.

1969—Subsec. (b)(2). Pub. L. 91-152, §§ 102(a), 113(a)(1), substituted "\$25,000" for "\$20,000" wherever appearing, "\$33,000" for "\$30,000", "\$35,750" for "\$32,500" wherever appearing, and "\$41,250" for "\$37,500".

Subsec. (h). Pub. L. 91-152, § 113(a)(2), substituted "\$14,400" for "\$12,000".

Subsec. (i). Pub. L. 91-152, § 113(a)(3), substituted "\$16,200" for "\$13,500".

Subsec. (m). Pub. L. 91-152, § 113(a)(4), substituted "\$18,000" for "\$15,000".

1968—Subsec. (h). Pub. L. 90-448, § 1106(d), authorized insurance of mortgages for reconstruction of homes destroyed or damaged as a result of riot or civil disorder.

Subsec. (i). Pub. L. 90-448, § 317, substituted "\$13,500" for "\$12,500".

Subsec. (l). Pub. L. 90-448, § 103(b), repealed subsec. (l) which authorized insurance of mortgages in areas affected by civil disorders. See section 1715n(e) of this title.

Subsec. (m). Pub. L. 90-448, § 318, added subsec. (m).

1967—Pub. L. 90-19, § 1(a)(3), substituted "Secretary" for "Commissioner" wherever appearing in subssecs. (a), (b)(1) to (9), (c), (e), (h), (i), and (k).

Subsec. (b)(3), (9). Pub. L. 90-19, § 1(a)(4), substituted "Secretary's" for "Commissioner's".

1966—Subsec. (b)(2). Pub. L. 89-754, § 301, substituted "If the mortgagor is a veteran," for "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling)

which was to be owned and occupied by him as his home.”.

Subsec. (l). Pub. L. 89-754, § 302, added subsec. (l).

1965—Subsec. (b)(2). Pub. L. 89-117, §§ 203, 206(a), substituted “and (except as provided in the next to the last sentence of this paragraph) not to exceed” for “and not to exceed”, and “80 per centum” for “75 per centum”, and inserted provisions prescribing the amount of the principal obligation for veterans and defining “veteran”.

Subsec. (b)(9). Pub. L. 89-117, §§ 204, 206(b), inserted “(except in a case to which the next to the last sentence of paragraph (2) applies)” and “or with respect to a mortgage covering a single-family home being purchased under the low-income housing demonstration project assisted pursuant to section 1436 of title 42”.

Subsec. (i). Pub. L. 89-117, § 205, substituted “\$12,500” for “\$11,000”.

Subsec. (k). Pub. L. 89-117, § 1108(c), substituted “the General Insurance Fund” for “a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund” in cl. (3) of the first sentence and “the General Insurance Fund or in debentures executed in the name of such Fund” for “the section 203 Home Improvement Account or in debentures executed in the name of such Account” in cl. (4), and removed references to section 220 Housing Insurance Fund and section 203 Home Improvement Account elsewhere in the subsec., including provisions for the funding of a special revolving fund for carrying out the provisions of the subsec.

1964—Subsec. (b)(2). Pub. L. 88-560, § 102(a), increased maximum amount of the principal obligation for one-family residences from \$25,000 to \$30,000, for two-family residences from \$27,500 to \$32,500, for three-family residences from \$27,500 to \$32,500, and for four-family residences from \$35,000 to \$37,500.

Subsec. (i). Pub. L. 88-560, § 102(b), increased maximum amount of the principal obligation from \$9,000 to \$11,000.

Subsec. (k). Pub. L. 88-560, §§ 103, 105(c)(1), substituted in cl. (2) “an acceptable risk” for “economically sound”, in cl. (4) provision for payment of insurance benefits “in cash out of the Section 203 Home Improvement Account or in debentures executed in the name of such Account” for provision for such payment “in debentures executed in the name of the Section 203 Home Improvement Account”, and in the third sentence “Insurance benefits paid with respect to loans insured under this subsection shall be paid” for “Debentures issued with respect to loans insured under this subsection shall be issued”; and inserted the provision that “If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.”, respectively.

1961—Subsec. (a). Pub. L. 87-70, § 604(b), struck out proviso which limited the aggregate amount of principal obligations of all mortgages insured under this chapter to not more than \$7,750,000,000, and which permitted additional increases in such sum by not more than \$1,250,000,000 in the aggregate.

Subsec. (b)(2). Pub. L. 87-70, § 605(a), (b), increased maximum amount of the principal obligation for one-family residences from \$22,500 to \$25,000, and for two-family residences from \$25,000 to \$27,500, and substituted “\$15,000” for “\$13,500” in two places, “\$20,000” for “\$18,000” in two places, and “75 per centum” for “70 per centum”.

Subsec. (b)(3). Pub. L. 87-70, §§ 605(c), 612(a)(1), substituted “thirty-five years (or thirty years if such mortgage is not approved for insurance prior to construction) from the date of the beginning of amortization of the mortgage” for “thirty years from the date of the insurance of the mortgage”.

Subsec. (c). Pub. L. 87-70, §§ 606, 612(a)(2), reduced minimum premium charge from an amount equivalent to one-half of 1 per centum per annum to an amount equivalent to one-fourth of 1 per centum per annum,

permitted the Commissioner to make the reduced premium charge applicable to each insured mortgage outstanding under the section or sections involved at the time the reduced charge is fixed, struck out provisos which related to premium charges for mortgages insured prior to Feb. 3, 1938, and for mortgages described in section 203(b)(2)(B) of the National Housing Act accepted for insurance prior to July 1, 1939, and substituted “particular insurance fund or account” for “particular insurance fund” in the first proviso of the second sentence.

Subsec. (e). Pub. L. 87-70, § 102(b)(1), (2), substituted “eligibility of the loan or mortgage” for “eligibility of the mortgage”, and “approved financial institution or approved mortgagee” for “approved mortgagee” in two places.

Subsec. (k). Pub. L. 87-70 § 102(b)(3), added subsec. (k).

1959—Subsec. (b)(2). Pub. L. 86-372, § 102(a), increased maximum amount of the principal obligation for one-family residences from \$20,000 to \$22,500, and for two-family residences from \$20,000 to \$25,000, increased the maximum amount of loans over \$13,500 from 85 per centum of the value in excess of \$13,500 but not in excess of \$16,000 to 90 per centum of the value in excess of \$13,500 but not in excess of \$18,000, and inserted provisions relating to dwellings approved for guaranty, insurance, or direct loan under chapter 37 of title 38 prior to the beginning of construction.

Subsec. (b)(8). Pub. L. 86-372, § 102(b), inserted proviso making the 85 per centum limitation inapplicable if the mortgagor and mortgagee assume responsibility for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the 18th amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness.

Subsec. (i). Pub. L. 86-372, § 103, increased maximum amount of the principal obligation from \$8,000 to \$9,000, inserted parenthetical clause, and struck out provisions that limited the total amount of insurance outstanding at any one time for farm homes to not more than \$100,000,000.

Subsec. (j). Pub. L. 86-372, § 809, added subsec. (j).

1958—Subsec. (b)(2). Pub. L. 85-364 substituted “\$13,500” for “\$10,000” in two places.

1957—Subsec. (b)(2). Pub. L. 85-104, § 101(a), increased maximum amount of loan from 95 per centum of the first \$9,000 plus 75 per centum of excess above \$9,000, to 97 per centum of the first \$10,000 plus 85 per centum of the next \$6,000 and 70 per centum of the remainder, and struck out provisions authorizing President to increase former \$9,000 figure to \$10,000, eliminated provision that principal of mortgage shall not exceed 85 per centum if mortgagor is not occupant of property, and eliminated provision that mortgagor shall have paid at least 5 per centum cash payment. See subsec. (b)(8), (9).

Subsec. (b)(8), (9). Pub. L. 85-104, § 101(b), added pars. (8) and (9).

Subsec. (d). Pub. L. 85-104, § 106, repealed provisions which related to insurance of mortgages on farm properties.

Subsec. (i). Pub. L. 85-104, § 101(c), amended provisions generally, and, among other changes, increased maximum loan from \$6,650 to \$8,000, and from 95 per centum to 97 per centum of value, and substituted provisions that mortgage obligation shall not exceed 85 per centum of value if mortgagor is not occupant, for provisions that (1) mortgagor be the owner and occupant and had paid at least 5 per centum cash, or (2) mortgagor be owner and occupant with whom a person or corporation having satisfactory credit standing had contracted to pay on his behalf all or part of downpayment, taking as security a note at not more than 4 per centum interest, and to guarantee payment of insured mortgage, or (3) to be the builder constructing the dwelling in which case principal should not exceed 85 per centum of value or \$5,950.

1956—Subsec. (b)(2). Act Aug. 7, 1956, §§102(a), 104(a), inserted “unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance” before “90 per centum” in parenthetical clause, and inserted provision that in cases where mortgagor is a person 60 years of age or older, the downpayment required could be paid by a person other than the mortgagor under conditions prescribed by the Commissioner.

Subsec. (h). Act Aug. 7, 1956, §102(b), substituted “\$12,000” for “\$7,000”.

1954—Subsec. (b)(2). Act Aug. 2, 1954, §104, generally amended provisions to provide, among others, for an increase in, and equalization of, maximum mortgage amounts, with respect to new housing, substitution of a loan to value ratio of 95 per centum of the \$9,000 of value plus 75 per centum of the balance in excess of \$9,000, with Presidential authority to increase the \$9,000 figure to \$10,000 under certain conditions, and with respect to existing housing, substitution of a loan to value ratio of 90 per centum of the first \$9,000 of value plus 75 per centum of the balance in excess of \$9,000, with Presidential authority to increase the \$9,000 figure to \$10,000, and inserted a provision limiting the maximum loan to value ratio where the builder becomes the mortgagor, not to exceed 85 per centum of the mortgage loan which an owner-occupant could obtain.

Subsec. (b)(3). Act Aug. 2, 1954, §105, substituted a provision for a maximum maturity of 30 years or three-quarters of the Commissioner’s estimate of the remaining economic life of the building improvements, whichever is the lesser, for former provision carrying varying limits ranging from twenty to thirty years.

Subsec. (b)(5). Act Aug. 2, 1954, §106, fixed maximum statutory interest rate on mortgages at 5 per centum with authority in the Commissioner to increase the rate to not to exceed 6 per centum as he finds it necessary to meet the mortgage market; and permitted the allowance of service charges.

Subsec. (c). Act Aug. 2, 1954, §107, provided that debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited.

Subsec. (d). Act Aug. 2, 1954, §108, prohibited insurance of mortgages pursuant to this subsection after Aug. 2, 1954, except pursuant to commitments to insure issued on or before such date.

Subsecs. (f), (g). Act Aug. 2, 1954, §109, repealed subsec. (f) which related to refinance mortgages and subsec. (g) which related to higher loan to value ratio and longer maturity for single-family residences. See subsecs. (b)(2) and (b)(3) of this section.

Subsecs. (h), (i). Act Aug. 2, 1954, §110, added subsecs. (h) and (i).

1953—Subsec. (g). Act June 30, 1953, added subsec. (g).

1950—Act Apr. 20, 1950, §122, substituted “Commissioner” for “Administrator” wherever appearing.

Subsec. (a). Act Apr. 20, 1950, §103, increased statutory amount of insurance authority from \$6,750,000,000 to \$7,500,000,000 and provided that an additional \$1,250,000,000 in insurance authority could be made available with the authority of the President.

Subsec. (b)(2). Act Apr. 20, 1950, §104(a), inserted proviso to clause (A) to allow the Commissioner to increase the dollar limitation by not exceeding \$4,500 for each additional family dwelling unit, in excess of two located on such property, repealed clause (B), changed “\$9,500” to read “\$9,450”, “90” to “95” in clause (C), and changed clause (D) to provide that an insured mortgage could not exceed \$6,650 in amount and not exceed 95 per centum of the appraised value, except that the Commissioner is given discretionary authority to increase such dollar amount limitation by not exceeding \$950 for each additional bedroom in excess of two, and also to give Commissioner authority to increase the insurance limitation in any geographical area where he finds that cost levels so require.

1949—Subsec. (a). Joint Res. Oct. 25, 1949, substituted “\$6,000,000,000” for “\$5,500,000,000”, and “\$6,750,000,000” for “\$6,000,000,000”.

Act Aug. 30, 1949 substituted “\$5,500,000,000” for “\$5,300,000,000” and “\$6,000,000,000” for “\$5,500,000,000”.

Act July 15, 1949, substituted “\$5,300,000,000” for “\$4,000,000,000” and “\$5,500,000,000” for “\$5,000,000,000”.

1948—Subsec. (b)(2). Act Aug. 10, 1948, §101(g), (h)(1)–(3), (j)(1), substituted “\$6,300” for “\$5,400” in subpar. (B), substituted “\$9,500” for “\$8,600”, “\$7,000” for “\$6,000”, and “\$11,000” for “\$10,000” in subpar. (C), and added subpar. (D).

Subsec. (b)(3). Act Aug. 10, 1948, §101(i), (j)(2), substituted “on property approved for insurance prior to the beginning of construction” for “of the character described in paragraph (2)(B) of this subsection” and inserted “or not to exceed thirty years in the case of a mortgage insured under paragraph (2)(D) of this subsection”, at the end thereof.

Subsec. (b)(5). Act Aug. 10, 1948, §101(j)(3), inserted “or not to exceed 4 per centum per annum in the case of a mortgage insured under paragraph (2)(D) of this subsection, or not to exceed such percentage per annum, not in excess of 5 per centum, as the Administrator finds necessary to meet the mortgage market” at the end thereof.

Subsec. (c). Act Aug. 10, 1948, §101(k)(1), (2), struck out of last sentence “under this section or section 1715a of this title” after “accepted for insurance” and “and a mortgage on the same property is accepted for insurance at the time of such payment” after “herein set forth”.

1946—Subsec. (a). Act July 1, 1946, struck out second and third provisos providing for a limitation on the aggregate amount of mortgages outstanding, and limiting insuring of mortgages after July 1, 1946, respectively.

1943—Subsec. (a). Act Oct. 15, 1943, substituted “1946” for “1944” in third proviso.

1941—Subsec. (a). Act June 28, 1941, substituted “\$4,000,000,000” for “\$3,000,000,000”, “\$5,000,000,000” for “\$4,000,000,000”; and affected second and third provisos.

1939—Subsec. (a). Act June 3, 1939, §6, substituted “\$3,000,000” for “\$2,000,000”, “\$4,000,000” for “\$3,000,000”, generally revised second proviso and inserted third proviso.

Subsec. (b)(3). Act June 3, 1939, §7, struck out “until July 1, 1939”.

Subsecs. (e), (f). Act June 3, 1939, §8, added subsecs. (e) and (f).

1938—Subsecs. (a) to (d). Act Feb. 3, 1938, amended provisions generally.

1935—Subsec. (a)(1). Act Aug. 23, 1935, inserted “property and” before “project”.

Subsec. (c). Act May 28, 1935, inserted part of last sentence before the semicolon.

#### EFFECTIVE DATE OF 2011 AMENDMENT

Pub. L. 112–78, title IV, §402(b), Dec. 23, 2011, 125 Stat. 1289, provided that the amendment made by section 402(b) is effective Oct. 1, 2021.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110–289, div. B, title I, §2112(c), July 30, 2008, 122 Stat. 2831, provided that: “The amendments made by subsection (a) [amending this section] shall take effect upon the expiration of the date described in section 202(a) of the Economic Stimulus Act of 2008 (Public Law 110–185; 122 Stat. 620) [Dec. 31, 2008].”

#### EFFECTIVE DATE OF 2004 AMENDMENTS

Pub. L. 108–447, div. I, title II, §223, Dec. 8, 2004, 118 Stat. 3321, provided in part that: “This provision [amending this section] shall apply to loans that become insured on or after date of enactment of this Act [Dec. 8, 2004].”

Amendment by Pub. L. 108–386 effective Oct. 30, 2004, and, except as otherwise provided, applicable with respect to fiscal year 2005 and each succeeding fiscal year, see sections 8(i) and 9 of Pub. L. 108–386, set out as notes under section 321 of this title.

#### EFFECTIVE DATE OF 2001 AMENDMENT

Pub. L. 107–73, title II, §207(b), Nov. 26, 2001, 115 Stat. 675, provided that: “The amendments made by subsection (a) [amending this section] shall—

“(1) apply only to mortgages that are executed on or after the date of enactment of this Act [Nov. 26, 2001]; and

“(2) be implemented in advance of any necessary conforming changes to regulations.”

#### APPLICABILITY OF 1994 AMENDMENT

Pub. L. 103-211, title I, Feb. 12, 1994, 108 Stat. 12, provided in part that: “For higher mortgage limits and improved access to mortgage insurance for victims of the January 1994 earthquake in Southern California, title II of the National Housing Act, as amended [12 U.S.C. 1707 et seq.], is further amended, as follows:

“(1) [Amended this section.]

“(2) [Amended this section.]

“(3) [Amended section 1715y of this title.]

“Eligibility for loans made under the authority granted by the preceding paragraph [amending this section and section 1715y of this title] shall be limited to persons whose principal residence was damaged or destroyed as a result of the January 1994 earthquake in Southern California: *Provided*, That the provisions under this heading [amending this section and section 1715y of this title] shall be effective only for the 18-month period following the date of enactment of this Act [Feb. 12, 1994].”

#### EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 102-550, title V, §503(b), Oct. 28, 1992, 106 Stat. 3779, provided that: “The amendment made by subsection (a) [amending this section] shall apply only to mortgages executed on or after January 1, 1993.”

Pub. L. 102-550, title V, §506(b), Oct. 28, 1992, 106 Stat. 3781, provided that: “The amendment made by subsection (a) [amending this section] shall apply to mortgages for which commitments for insurance are issued after the expiration of the 12-month period beginning on the date of the enactment of this Act [Oct. 28, 1992].”

#### EFFECTIVE DATE OF 1990 AMENDMENTS

Pub. L. 101-625, title III, §326(b), Nov. 28, 1990, 104 Stat. 4137, provided that: “The amendments made by subsection (a) [amending this section] shall apply only with respect to—

“(1) mortgages insured—

“(A) pursuant to a conditional commitment issued after the expiration of the 60-day period beginning on the date of the enactment of this Act [Nov. 28, 1990]; or

“(B) in accordance with the direct endorsement program, if the approved underwriter of the mortgages signs the appraisal report for the property after the expiration of the 60-day period beginning on the date of the enactment of this Act; and

“(2) the approval of substitute mortgagors, if the original mortgagor was subject to such amendments.”

Amendment by Pub. L. 101-402 deemed to have taken effect as if enacted September 29, 1990, see section 1(a) of Pub. L. 101-494, set out as an Effective Date of Temporary Extension of Emergency Low Income Housing Preservation Act of 1987 and Correction of Any Repeal note under section 1715l of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-235, title I, §132(b), Dec. 15, 1989, 103 Stat. 2027, provided that: “The amendments made by subsection (a) [amending this section] shall apply only with respect to—

“(1) mortgages insured—

“(A) pursuant to a conditional commitment issued on or after the date of the enactment of this Act [Dec. 15, 1989]; or

“(B) in accordance with the direct endorsement program (24 C.F.R. 200.163), if the approved underwriter of the mortgage signs the appraisal report for the property on or after the date of the enactment of this Act; and

“(2) the approval of substitute mortgagors, if the original mortgagor was subject to such amendments.”

Pub. L. 101-235, title I, §143(c), Dec. 15, 1989, 103 Stat. 2036, provided that: “The amendments made by this section [amending this section] shall apply only with respect to—

“(1) mortgages insured—

“(A) pursuant to a conditional commitment issued on or after the date of the enactment of this Act [Dec. 15, 1989]; or

“(B) in accordance with the direct endorsement program, if the approved underwriter of the mortgagee signs the appraisal report for the property on or after the date of the enactment of this Act; and

“(2) the approval of substitute mortgagors, if the original mortgagor was subject to such amendments.”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-242, title IV, §406(d), Feb. 5, 1988, 101 Stat. 1902, provided that: “The amendments made by this section [amending this section and sections 1715d, 1715g, 1715k, 1715l, 1715m, 1715n, 1715y, and 1715z of this title] shall apply only with respect to—

“(1) mortgages insured—

“(A) pursuant to a conditional commitment issued on or after the date of the enactment of this Act [Feb. 5, 1988]; or

“(B) in accordance with the direct endorsement program (24 CFR 200.163), if the approved underwriter of the mortgagee signs the appraisal report for the property on or after the date of the enactment of this Act; and

“(2) the approval of substitute mortgagors, referred to in the amendment made by subsection (a) [amending this section], if the original mortgagor was subject to such amendment.”

Pub. L. 100-242, title IV, §407(a)(2), Feb. 5, 1988, 101 Stat. 1902, as amended by Pub. L. 100-628, title X, §1063(b), Nov. 7, 1988, 102 Stat. 3274, provided that: “The amendment made by paragraph (1) [amending this section] shall apply to each mortgage originated pursuant to an application for commitment for insurance signed by the applicant on or after December 1, 1986.”

#### EFFECTIVE DATE OF 1983 AMENDMENT

Pub. L. 98-181, title I [title IV, §424(b)], Nov. 30, 1983, 97 Stat. 1217, provided that: “The amendment made by subsection (a) [amending this section] shall take effect only if the Secretary finds and reports to the Congress that such amendment, taking into account the higher loan-to-value ratio resulting from the advance payment of mortgage insurance premiums, will not adversely affect the actuarial soundness of the Federal Housing Administration mortgage insurance program.” [For finding and report by Secretary and rule implementing the amendments effective June 24, 1985, see 49 F.R. 39686 and 50 F.R. 19924.]

Pub. L. 98-181, title I [title IV, §423(c)], Nov. 30, 1983, 97 Stat. 1217, provided that: “The amendments made by this section [amending this section and sections 1715e, 1715l, 1715y, and 1715z of this title] shall take effect only if the Secretary of Housing and Urban Development determines that the program of advance payment of insurance premiums, with specific regard to the effect of the provisions authorized by the amendments made by such sections, is actuarially sound.” [For determination by Secretary and rule implementing the amendments effective May 10, 1984, see 49 F.R. 12693.]

#### EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-557, title I, §104, Oct. 31, 1978, 92 Stat. 2084, provided that: “The amendments made by this title [enacting section 5319 of Title 42, The Public Health and Welfare, and amending this section, sections 1706e and 1717 of this title, and sections 1452b, 5304, 5305, 5307, and 5318 of Title 42] shall become effective October 1, 1978.”

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-288 effective Apr. 1, 1974, see section 605 of Pub. L. 93-288, formerly set out as an



Effective Date note under section 5121 of Title 42, The Public Health and Welfare.

#### EFFECTIVE DATE OF 1970 AMENDMENT

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

#### EFFECTIVE DATE OF 1949 AMENDMENT

Amendment by act July 15, 1949, effective June 30, 1949, see section 202 of that act, set out as a note under section 1703 of this title.

#### REGULATIONS

Pub. L. 105-276, title II, §225(b), Oct. 21, 1998, 112 Stat. 2490, provided that: "The Secretary of Housing and Urban Development shall develop the disclosure notice under subsection (a) [amending this section] within 150 days of the enactment [Oct. 21, 1998] through notice and comment rulemaking."

#### IMPLEMENTATION

Pub. L. 111-229, §1(b), Aug. 11, 2010, 124 Stat. 2483, provided that: "The Secretary may adjust the amount of any initial or annual premium charged pursuant to subsection (a) [amending this section] through notice published in the Federal Register or mortgagee letter. Such notice or mortgagee letter shall establish the effective date of any premium adjustment therein."

#### TEMPORARY EXTENSION OF FHA MORTGAGE LIMIT

Pub. L. 101-494, §4, Oct. 31, 1990, 104 Stat. 1185, provided that:

"(a) EXTENSION.—If upon enactment of this Act [see Effective Date of 1990 Amendments note above], section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) provides for an increase in the maximum dollar amount limitations on the principal obligations of mortgages insured under such section until October 31, 1990, then notwithstanding such section, such maximum dollar amount limitations may be increased (to the percent specified in such section) until November 30, 1990.

"(b) LIMITATIONS.—If upon enactment of this Act such section 203(b)(2) [12 U.S.C. 1709(b)(2)] provides for an increase in the maximum dollar amount limitations (referred to in subsection (a)) until a date other than October 31, 1990, this section shall not apply. This section shall not apply with respect to any amendment to section 203(b)(2) of the National Housing Act made after the date of the enactment of this Act [Oct. 31, 1990]."

#### TRANSITION PROVISIONS OF 1990 AMENDMENTS

Pub. L. 101-625, title III, §326(c), Nov. 28, 1990, 104 Stat. 4137, provided that: "Any mortgage insurance provided under title II of the National Housing Act [this subchapter] before the expiration of the 60-day period beginning on the date of the enactment of this Act [Nov. 28, 1990], shall continue to be governed (to the extent applicable) by the provisions of section 203(g)(1) of the National Housing Act [12 U.S.C. 1709(g)(1)], as such provisions existed before the date of the enactment of this Act."

Pub. L. 101-508, title II, §2103(b), (c), Nov. 5, 1990, 104 Stat. 1388-18, 1388-19, as amended by Pub. L. 102-550, title I, §185(c)(3), title V, §507(b), Oct. 28, 1992, 106 Stat. 3748, 3782, provided that:

"(b) TRANSITION PROVISIONS.—Notwithstanding section 203(c) of the National Housing Act [12 U.S.C. 1709(c)] (as amended by subsection (a)), mortgage insurance premiums on mortgages executed during fiscal years 1991 through 1994 and that are obligations of the Mutual Mortgage Insurance Fund or of the General Insurance Fund pursuant to section 203(v) of the National Housing Act shall be subject to the following requirements:

"(1) 1991 AND 1992.—For mortgages executed during fiscal years 1991 and 1992 (but after the date of the ef-

fectiveness of regulations issued under subsection (c)), the Secretary shall establish and collect the following premiums:

"(A) UP-FRONT.—At the time of insurance, a single premium payment in an amount not exceeding 3.80 percent of the amount of the original insured principal obligation of the mortgage.

"(B) ANNUAL.—In addition to the premium under subparagraph (A), annual premium payments in an amount not exceeding 0.50 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments), for any mortgage involving an original principal obligation (excluding any premium collected under subparagraph (A)) that is—

"(i) less than 90 percent of the appraised value of the property (as of the date the mortgage is accepted for insurance), for the first 5 years of the mortgage term;

"(ii) greater than or equal to 90 percent of such value but equal to or less than 95 percent of such value, for the first 8 years of the mortgage term; and

"(iii) greater than 95 percent of such value, for the first 10 years of the mortgage term.

"(2) 1993 AND 1994.—For mortgages executed during fiscal years 1993 and 1994, the Secretary shall establish and collect the following premiums:

"(A) UP-FRONT.—At the time of insurance, a single premium payment in an amount not exceeding 3.00 percent of the amount of the original insured principal obligation of the mortgage.

"(B) ANNUAL.—In addition to the premium under subparagraph (A), annual premium payments in an amount not exceeding 0.50 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments), for any mortgage involving an original principal obligation (excluding any premium collected under subparagraph (A)) that is—

"(i) less than 90 percent of the appraised value of the property (as of the date the mortgage is accepted for insurance), for the first 7 years of the mortgage term;

"(ii) greater than or equal to 90 percent of such value but equal to or less than 95 percent of such value, for the first 12 years of the mortgage term; and

"(iii) greater than 95 percent of such value, for the first 30 years of the mortgage term.

"(3) REFUNDS.—With respect to any mortgage subject to premiums under this subsection, the Secretary shall refund all of the unearned premium charges paid on a mortgage pursuant to paragraph (1)(A) or (2)(A) upon payment in full of the principal obligation of the mortgage prior to the maturity date.

"(c) REGULATIONS.—The Secretary shall issue regulations to carry out this section and the amendments made by this section [amending this section] not later than the expiration of the 90-day period beginning on the date of the enactment of this Act [Nov. 5, 1990]."

#### TRANSITION PROVISIONS OF 1989 AMENDMENT

Pub. L. 101-235, title I, §132(c), Dec. 15, 1989, 103 Stat. 2027, provided that: "Any mortgage insurance provided under title II of the National Housing Act [this subchapter] as it existed immediately before the date of the enactment of this Act [Dec. 15, 1989], shall continue to be governed (to the extent applicable) by the provisions of section 203(r) of the National Housing Act [12 U.S.C. 1709(r)], as such section existed immediately before such date."

Pub. L. 101-235, title I, §143(d), Dec. 15, 1989, 103 Stat. 2036, provided that: "Any mortgage insurance provided under title II of the National Housing Act [this sub-

chapter], as it existed immediately before the date of the enactment of this Act [Dec. 15, 1989], shall continue to be governed (to the extent applicable) by the provisions amended by subsections (a) and (b) [amending this section] as such provisions existed immediately before such date.”

#### TRANSITION PROVISIONS OF 1988 AMENDMENT

Pub. L. 100-242, title IV, §406(e), Feb. 5, 1988, 101 Stat. 1902, provided that: “Any mortgage insurance provided under title II of the National Housing Act [this subchapter], as it existed immediately before the date of the enactment of this Act [Feb. 5, 1988], shall continue to be governed (to the extent applicable) by the provisions specified in subsections (a) through (c) [this section and sections 1715d, 1715g, 1715k, 1715l, 1715m, 1715n, 1715y, 1715z of this title], as such provisions existed immediately before such date.”

#### IMPLEMENTATION OF 1982 AMENDMENT

Pub. L. 97-253, title II, §201(g), Sept. 8, 1982, 96 Stat. 790, provided that: “The amendments made by this section [amending this section and sections 1715e, 1715f, 1715y, and 1715z of this title], other than by subsection (b) [amending subsec. (c) of this section], may be implemented only if the Secretary determines that the program of advance payment of insurance premiums, with specific regard to the effect of the provisions authorized by the amendments made by this section, is actuarially sound.”

#### EFFECT OF REPEAL OF SUBSEC. (b)(2)(B) OF THIS SECTION

Act Apr. 20, 1950, ch. 94, title I, §104(b), 64 Stat. 52, provided that: “The repeal of section 203(b)(2)(B) of said Act [former subsection (b)(2)(B) of this section], as provided by subsection (a) of this section, shall not affect the right of the Commissioner to insure under said section any mortgage (1) for the insurance of which application has been filed prior to the effective date of this Act [Apr. 20, 1950], or (2) with respect to a property covered by a mortgage insured under any section of the National Housing Act, as amended [this chapter].”

#### LIMITATION ON MORTGAGE INSURANCE PREMIUM INCREASES

Pub. L. 110-289, div. B, title I, §2130, July 30, 2008, 122 Stat. 2842, provided that:

“(a) IN GENERAL.—Notwithstanding any other provision of law, including any provision of this title [see Short Title of 2008 Amendment note set out under section 1701 of this title] and any amendment made by this title—

“(1) for the period beginning on the date of the enactment of this title [July 30, 2008] and ending on October 1, 2009, the premiums charged for mortgage insurance under multifamily housing programs under the National Housing Act [12 U.S.C. 1701 et seq.] may not be increased above the premium amounts in effect under such program on October 1, 2006, unless the Secretary of Housing and Urban Development determines that, absent such increase, insurance of additional mortgages under such program would, under the Federal Credit Reform Act of 1990 [2 U.S.C. 661 et seq.], require the appropriation of new budget authority to cover the costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 [2 U.S.C. 661a]) of such insurance; and

“(2) a premium increase pursuant to paragraph (1) may be made only if not less than 30 days prior to such increase taking effect, the Secretary of Housing and Urban Development—

“(A) notifies the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives of such increase; and

“(B) publishes notice of such increase in the Federal Register.

“(b) WAIVER.—The Secretary of Housing and Urban Development may waive the 30-day notice requirement

under subsection (a)(2), if the Secretary determines that waiting 30-days before increasing premiums would cause substantial damage to the solvency of multifamily housing programs under the National Housing Act [12 U.S.C. 1701 et seq.]”

#### MUTUAL MORTGAGE INSURANCE FUND PREMIUMS

Pub. L. 103-66, title III, §3005, Aug. 10, 1993, 107 Stat. 340, provided that: “To improve the actuarial soundness of the Mutual Mortgage Insurance Fund under the National Housing Act [12 U.S.C. 1701 et seq.], the Secretary of Housing and Urban Development shall increase the rate at which the Secretary earns the single premium payment collected at the time of insurance of a mortgage that is an obligation of such Fund (with respect to the rate in effect on the date of the enactment of this Act [Aug. 10, 1993]). In establishing such increased rate, the Secretary shall consider any current audit findings and reserve analyses and information regarding the expected average duration of mortgages that are obligations of such Fund and may consider any other information that the Secretary determines to be appropriate.”

#### REPORT ON HOME EQUITY CONVERSION MORTGAGES FOR THE ELDERLY

Pub. L. 98-181, title I [title IV, §448], Nov. 30, 1983, 97 Stat. 1228, directed Secretary of Housing and Urban Development to evaluate existing use of home equity conversion mortgages for the elderly and, not later than the expiration of the 1-year period following Nov. 30, 1983, submit to Congress a report setting forth the results of such evaluation. Such report to include an evaluation of whether use of such mortgages improves financial situation, or otherwise meets special needs, of elderly homeowners; an evaluation of any risks incurred by mortgagors as a result of use of such mortgages, and any recommendations of Secretary for appropriate safeguards to be included in such mortgages to minimize such risks; an evaluation of the potential for acceptance of such mortgages in the private market; and any recommendations of Secretary for establishment of a Federal program of insuring such mortgages.

#### STUDIES OF MORTGAGE INSURANCE PREMIUMS AND ALTERNATIVES TO STATUTORY MORTGAGE AMOUNTS

Pub. L. 96-153, title III, §309, Dec. 21, 1979, 93 Stat. 1114, directed Secretary of Housing and Urban Development to (a) conduct a study of the relative risks of loss for various classes of mortgages which may be insured under sections 1709(b) and 213 of this title, for the purpose of making recommendations on the advisability of reducing mortgage insurance premiums, and transmit the recommendations to Congress within 18 months from Dec. 21, 1979, and (b) conduct a study of alternatives to the present system of fixed statutory maximum amounts for mortgages insured under subchapters I and II of this chapter and report to Congress on the results of the study together with recommendations for legislative, by Mar. 1, 1980.

#### INSURANCE PROGRAM OR HOMEOWNERS TO MEET MORTGAGE PAYMENTS IN TIMES OF PERSONAL ECONOMIC ADVERSITY

Pub. L. 90-448, §109, authorized Secretary of Housing and Urban Development to develop a plan of insurance to help homeowners meet mortgage payments in times of personal economic adversity, i.e., death, disability, illness, and unemployment; required the program to be actuarially sound through the use of premiums, fees, extended or increased payment schedules, or other similar methods in conjunction with federal participation as necessary; directed the Secretary to report to Congress within 6 months of Aug. 1, 1968 and to recommend legislation, authorizing him to contract with companies, corporations, or joint enterprises formed to provide home mortgage insurance protection for the purpose of reinsuring insurance reserve funds, subsidiz-

ing premium payments for lower income mortgagors, or otherwise making possible insurance protection of homeowners; and authorized the Secretary, in preparing his recommendations, to consult with other agencies or instrumentalities of the United States which insure or guarantee home mortgages in order that any recommended legislation afford equal benefits to mortgagors participating in their programs.

**§ 1709-1. Repealed. Pub. L. 98-181, title I [title IV, § 404(a)], Nov. 30, 1983, 97 Stat. 1208**

Section, Pub. L. 90-301, §3(a), May 7, 1968, 82 Stat. 113; Pub. L. 90-448, title III, §315, Aug. 1, 1968, 82 Stat. 512; Pub. L. 91-78, §3, Sept. 30, 1969, 83 Stat. 125; Pub. L. 91-152, title IV, §401, Dec. 24, 1969, 83 Stat. 394; Pub. L. 91-351, title VI, §601, July 24, 1970, 84 Stat. 461; Pub. L. 92-213, §1, Dec. 22, 1971, 85 Stat. 775; Pub. L. 92-335, §1, July 1, 1972, 86 Stat. 405; Pub. L. 93-85, §2, Aug. 10, 1973, 87 Stat. 220; Pub. L. 93-117, §3, Oct. 2, 1973, 87 Stat. 422; Pub. L. 93-234, title II, §208, Dec. 31, 1973, 87 Stat. 984; Pub. L. 93-383, title III, §§309(e), 317, Aug. 22, 1974, 88 Stat. 682, 685; Pub. L. 95-60, §2, June 30, 1977, 91 Stat. 257; Pub. L. 95-80, §2, July 31, 1977, 91 Stat. 339; Pub. L. 95-128, title III, §302, Oct. 12, 1977, 91 Stat. 1131; Pub. L. 95-406, §2, Sept. 30, 1978, 92 Stat. 880; Pub. L. 95-557, title III, §302, Oct. 31, 1978, 92 Stat. 2096; Pub. L. 96-71, §2, Sept. 28, 1979, 93 Stat. 501; Pub. L. 96-105, §2, Nov. 8, 1979, 93 Stat. 794; Pub. L. 96-153, title III, §302, Dec. 21, 1979, 93 Stat. 1112; Pub. L. 96-372, §3, Oct. 3, 1980, 94 Stat. 1364; Pub. L. 96-399, title III, §§302, 332, Oct. 8, 1980, 94 Stat. 1639, 1652; Pub. L. 97-35, title III, §332, Aug. 13, 1981, 95 Stat. 413; Pub. L. 97-289, §2, Oct. 6, 1982, 96 Stat. 1231; Pub. L. 98-35, §2, May 26, 1983, 97 Stat. 197; Pub. L. 98-109, §2, Oct. 1, 1983, 97 Stat. 746, authorized the Secretary, until Dec. 1, 1983, to set the maximum interest rates for certain mortgage insurance programs, notwithstanding the authority of the Secretary of Housing and Urban Development to establish such rates, specified the criteria to be considered in establishing such rates, authorized the Secretary to provide that the interest rate applicable under section 1709(b) of this title be the negotiated interest rate specified in the commitment agreement, limited the amount of mortgages with such negotiated interest rates which may be insured and prohibited such negotiated interest rates with respect to mortgages subject to section 1715z-10 of this title.

**MORTGAGE CREDIT INTEREST RATES**

Pub. L. 90-301, §4, May 7, 1968, 82 Stat. 114, as amended by Pub. L. 90-565, Oct. 12, 1968, 82 Stat. 1001; Pub. L. 91-9, Apr. 11, 1969, 83 Stat. 7; Pub. L. 91-38, July 1, 1969, 83 Stat. 43, which established a Commission to study mortgage interest rates and to make recommendations to assure the availability of an adequate supply of mortgage credit at a reasonable cost to the consumer, directed the Commission to make an interim report not later than July 1, 1969, and a final report of its study and recommendations not later than August 1, 1969, to enable the President, Congress, and the Secretary of Housing and Urban Development to take necessary action before October 1, 1969, when the authorization for the increase in interest rates above present statutory ceilings will expire, and provided that the Commission cease to exist sixty days after the submission of its final report, was repealed by Pub. L. 98-181, title I [title IV, § 404(a)], Nov. 30, 1983, 97 Stat. 1208.

**§ 1709-1a. State constitutional and legal limits upon interest chargeable on loans, mortgages, or other interim financing arrangements; applicability; covered arrangements**

(a) The provisions of the constitution of any State expressly limiting the amount of interest which may be charged, taken, received, or reserved by certain classes of lenders and the provisions of any law of that State expressly limit-

ing the amount of interest which may be charged, taken, received, or reserved shall not apply to—

(1) any loan or mortgage which is secured by a one- to four-family dwelling and which is (A) insured under title I or II [12 U.S.C. 1702 et seq. or 1707 et seq.] of the National Housing Act, or (B) insured, guaranteed, or made under chapter 37 of title 38; or

(2) any temporary construction loan or other interim financing if at the time such loan is made or financing is arranged, the intention to obtain permanent financing substantially by means of loans or mortgages so insured, guaranteed, or made is declared.

(b) The provisions of this section shall apply to such loans, mortgages, or other interim financing made or executed in any State until the effective date (after June 30, 1976) of a provision of law of that State limiting the amount of interest which may be charged, taken, received, or reserved on such loans, mortgages, or financing.

(Pub. L. 94-324, §8, June 30, 1976, 90 Stat. 722.)

**REFERENCES IN TEXT**

The National Housing Act, referred to in subsec. (a)(1), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended. Titles I and II of the National Housing Act are classified generally to subchapters I (§1702 et seq.) and II (§1707 et seq.), respectively, of this chapter. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

**CODIFICATION**

Section was enacted as part of the Veterans Housing Amendments Act of 1976, and not as part of the National Housing Act which comprises this chapter.

**EFFECTIVE DATE**

Section effective June 30, 1976, see section 9(a) of Pub. L. 94-324, set out as a note under section 3701 of Title 38, Veterans' Benefits.

**§ 1709-2. Equity skimming; penalty; persons liable; one dwelling exemption**

Whoever, with intent to defraud, willfully engages in a pattern or practice of—

(1) purchasing one- to four-family dwellings (including condominiums and cooperatives) which are subject to a loan in default at time of purchase or in default within one year subsequent to the purchase and the loan is secured by a mortgage or deed of trust insured or held by the Secretary of Housing and Urban Development or guaranteed by the Department of Veterans Affairs, or the loan is made by the Department of Veterans Affairs,

(2) failing to make payments under the mortgage or deed of trust as the payments become due, regardless of whether the purchaser is obligated on the loan, and

(3) applying or authorizing the application of rents from such dwellings for his own use,

shall be fined not more than \$250,000 or imprisoned not more than 5 years, or both. This section shall apply to a purchaser of such a dwelling, or a beneficial owner under any business organization or trust purchasing such dwelling, or to an officer, director, or agent of any such purchaser. Nothing in this section shall apply to the purchaser of only one such dwelling.