

AMENDMENTS

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

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

§ 1747i. Repealed. Pub. L. 89-117, title XI, § 1108(aa), Aug. 10, 1965, 79 Stat. 507

Section, act June 27, 1934, ch. 847, title VII, § 710, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1280; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59, created the Housing Investment Insurance Fund, provided for the transfer of funds thereto, and authorized the payment of claims and the issue and cancellation of debentures.

For establishment of the General Insurance Fund, see section 1735c of this title.

§ 1747j. Taxation of real property

Nothing in this subchapter shall be construed to exempt any real property acquired and held by the Secretary under this subchapter from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

(June 27, 1934, ch. 847, title VII, § 711, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1281; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

AMENDMENTS

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§ 1747k. Rules and regulations

The Secretary may make such rules and regulations as may be necessary or desirable to carry out the provisions of this subchapter, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Secretary; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Secretary may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this subchapter, utilize, contract with, and act through, such department or agency and without regard to section 6101 of title 41.

(June 27, 1934, ch. 847, title VII, § 712, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1281;

amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

CODIFICATION

In text, “section 6101 of title 41” substituted for “section 3709 of the Revised Statutes” on authority of Pub. L. 111-350, § 6(c), Jan. 4, 2011, 124 Stat. 3854, which Act enacted Title 41, Public Contracts.

AMENDMENTS

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§ 1747l. Definitions

The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) “Investor” shall mean (1) any natural person; (2) any group of not more than ten natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this subchapter, which the Secretary (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this subchapter.

(b) “Project” shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this subchapter shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Secretary shall determine to be necessary or desirable appurtenances to such project.

(c) “Estimated investment” shall mean the estimated cost of the development of the project, as stated in the application submitted to the Secretary for insurance under this subchapter.

(d) “Established investment” shall mean the amount of the reasonable costs, as approved by the Secretary, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in the course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Secretary shall determine to be necessary for the develop-

ment of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Secretary, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

(e) "Physical completion date" shall mean the last day of the calendar month in which the Secretary determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

(f) "Initial occupancy date" shall mean the last day of the calendar month in which 90 per centum in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

(g) "Operating year" shall mean the period of twelve consecutive calendar months next following the initial occupancy date and each succeeding period of twelve consecutive calendar months, and the period of the first twelve consecutive calendar months next following the initial occupancy date shall be the first operating year.

(h) "Gross income" for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

(i) "Operating expenses" for any operating year shall mean the amounts, as approved by the Secretary, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real estate taxes, special assessments, premium charges made pursuant to this subchapter, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Secretary shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

(j) "Net income" for any operating year shall mean gross income remaining after the payment of the operating expenses.

(k) "Minimum annual amortization charge" shall mean an amount equal to 2 per centum of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 1747b(a) of this title) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 per centum of the established investment plus the amount of the annual rental under such

lease to the extent that the same is not paid from the gross income.

(l) "Annual return" for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

(m) "Insured annual return" shall have the meaning ascribed to it in section 1747 of this title.

(n) "Minimum annual return" for any operating year shall mean an amount equal to 3½ per centum of the outstanding investment for such operating year or such lesser amount as shall be agreed upon by the investor and the Secretary.

(o) "Excess earnings" for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return and income taxes.

(p) "Outstanding investment" for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 1747d of this title.

(q) "State" shall include the several States and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

(June 27, 1934, ch. 847, title VII, §713, as added Aug. 10, 1948, ch. 832, title IV, §401, 62 Stat. 1281; amended Apr. 20, 1950, ch. 94, title I, §122, 64 Stat. 59; Sept. 1, 1951, ch. 378, title VI, §§610, 612, 65 Stat. 316; July 14, 1952, ch. 723, §10(a)(4), 66 Stat. 603; Pub. L. 86-70, §10(a), June 25, 1959, 73 Stat. 142; Pub. L. 86-624, §6, July 12, 1960, 74 Stat. 411; Pub. L. 90-19, §1(a)(3), May 25, 1967, 81 Stat. 17.)

AMENDMENTS

1967—Pub. L. 90-19 substituted "Secretary" for "Commissioner" wherever appearing in subsecs. (a) to (e), (i), and (n).

1960—Subsec. (q). Pub. L. 86-624 struck out "Hawaii," before "Puerto Rico".

1959—Subsec. (q). Pub. L. 86-70 struck out "Alaska," before "Hawaii".

1952—Subsec. (q). Act July 14, 1952, added subsec. (q). 1951—Subsec. (n). Act Sept. 1, 1951, §610, inserted "or such lesser amount as shall be agreed upon by the investor and the Commissioner".

Subsec. (o). Act Sept. 1, 1951, §612, inserted "and income taxes".

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

SUBCHAPTER VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

AMENDMENTS

1955—Act Aug. 11, 1955, ch. 783, title IV, §401, 69 Stat. 646, substituted "ARMED SERVICES" for "MILITARY" and inserted "MORTGAGE" in subchapter heading.

§ 1748. Definitions

As used in this subchapter—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-