

**CHAPTER 28—EMERGENCY MORTGAGE
RELIEF**

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§ 2701. Congressional findings and declaration of purpose

(a) The Congress finds that—

(1) the Nation is in a severe recession and that the sharp downturn in economic activity has driven large numbers of workers into unemployment and has reduced the incomes of many others;

(2) as a result of these adverse economic conditions the capacity of many homeowners to continue to make mortgage payments has deteriorated and may further deteriorate in the months ahead, leading to the possibility of widespread mortgage foreclosures and distress sales of homes; and

(3) many of these homeowners could retain their homes with temporary financial assistance until economic conditions improve.

(b) It is the purpose of this chapter to provide a standby authority which will prevent widespread mortgage foreclosures and distress sales of homes resulting from the temporary loss of employment and income through a program of emergency loans and advances and emergency mortgage relief payments to homeowners to defray mortgage expenses.

(Pub. L. 94-50, title I, §102, July 2, 1975, 89 Stat. 249.)

SHORT TITLE

Pub. L. 94-50, §1, July 2, 1975, 89 Stat. 249, provided: "That this Act [enacting this chapter, amending sections 1723e and 1735b of this title and sections 1452 and 4106 of Title 42, The Public Health and Welfare, enacting provisions set out as a note under this section, and amending provisions set out as a note under section 1723e of this title] may be cited as the 'Emergency Housing Act of 1975'."

Pub. L. 94-50, title I, §101, July 2, 1975, 89 Stat. 249, provided that: "This title [enacting this chapter] may be cited as the 'Emergency Homeowners' Relief Act'."

§ 2702. Mortgages eligible for assistance

No assistance shall be extended with respect to any mortgage under this chapter unless—

(1) the holder of the mortgage has indicated to the mortgagor its intention to foreclose;

(2) the mortgagor and holder of the mortgage have certified that circumstances make it probable that there will be a foreclosure and that the mortgagor is in need of emergency mortgage relief as authorized by this chapter;

(3) payments under the mortgage have been delinquent for at least three months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary

unemployment or underemployment due to adverse economic conditions or medical conditions and is financially unable to make full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor.

(Pub. L. 94-50, title I, §103, July 2, 1975, 89 Stat. 249; Pub. L. 111-203, title XIV, §1496(b)(1), July 21, 2010, 124 Stat. 2207.)

AMENDMENTS

2010—Par. (2). Pub. L. 111-203, §1496(b)(1)(A), substituted "have certified" for "have indicated in writing to the Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') and to any agency or department of the Federal Government responsible for the regulation of the holder" and struck out "(such as the volume of delinquent loans in its portfolio)" after "circumstances" and ", except that such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this chapter" after "by this chapter".

Par. (4). Pub. L. 111-203, §1496(b)(1)(B), inserted "or medical conditions" after "adverse economic conditions".

EFFECTIVE DATE OF 2010 AMENDMENT

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

§ 2703. Manner of assistance and repayment

(a) Form of assistance

Assistance under this chapter with respect to a mortgage which meets the requirements of section 2702 of this title may be provided in the form of emergency mortgage relief loans and advances of credit insured pursuant to section 2704 of this title or in the form of emergency mortgage relief payments made by the Secretary pursuant to section 2705 of this title.

(b) Amount of assistance

Assistance under this chapter on behalf of a homeowner may be made available in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the homeowner's mortgage. The amount of assistance provided to a homeowner under this chapter shall be an amount that the Secretary determines is reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment, except that the aggregate amount of such assistance provided for any homeowner shall not exceed \$50,000.

(c) Monthly payments; extension of time; report of increase in income

Monthly payments may be provided under this chapter either with the proceeds of an insured loan or advance of credit or with emergency mortgage relief payments for up to twelve

months, and, in accordance with criteria prescribed by the Secretary, such monthly payments may be extended once for up to twelve additional months. A mortgagor receiving the benefit of mortgage relief assistance pursuant to this chapter shall be required, in accordance with criteria prescribed by the Secretary, to report any increase in income which will permit a reduction or termination of such assistance during this period.

(d) Conditions and terms of repayment; interest rate

Emergency loans or advances of credit made and insured under section 2704 of this title, and emergency mortgage relief payments made under section 2705 of this title, shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that (1) the rate of interest on any loan or advance of credit insured under this chapter shall be fixed for the life of the loan or advance of credit and shall not exceed the rate of interest that is generally charged for mortgages on single-family housing insured by the Secretary of Housing and Urban Development under title II of the National Housing Act [12 U.S.C. 1707 et seq.] at the time such loan or advance of credit is made, and (2) no interest shall be charged on interest which is deferred on a loan or advance of credit made under this chapter. In establishing rates, terms and conditions for loans or advances of credit made under this chapter, the Secretary shall take into account a homeowner's ability to repay such loan or advance of credit.

(e) Deferral of commencement of repayment; security for repayment

The Secretary may provide for the deferral of the commencement of the repayment of a loan or advance insured under section 2704 of this title or emergency mortgage relief payments made under section 2705 of this title until one year following the date of the last disbursement of the proceeds of the loan or advance or payments or for such longer period as the Secretary determines would further the purpose of this chapter. Any eligible homeowner who receives a grant or an advance of credit under this chapter may repay the loan in full, without penalty, by lump sum or by installment payments at any time before the loan becomes due and payable. The Secretary shall by regulation require such security for the repayment of insured loans or advances of credit or emergency mortgage relief payments as he deems appropriate and may require that such repayment be secured by a lien on the mortgaged property.

(Pub. L. 94-50, title I, §104, July 2, 1975, 89 Stat. 250; Pub. L. 111-203, title XIV, §1496(b)(2), July 21, 2010, 124 Stat. 2208.)

REFERENCES IN TEXT

The National Housing Act, referred to in subsec. (d)(1), is act June 27, 1934, ch. 847, 48 Stat. 1246. Title II of the Act is classified generally to subchapter II (§1707 et seq.) of chapter 13 of this title. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

AMENDMENTS

2010—Subsec. (b). Pub. L. 111-203, §1496(b)(2)(A), substituted “. The amount of assistance provided to a

homeowner under this chapter shall be an amount that the Secretary determines is reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment, except that the aggregate amount of such assistance provided for any homeowner shall not exceed \$50,000.” for “; but such assistance shall not exceed the lesser of \$250 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.”

Subsec. (d). Pub. L. 111-203, §1496(b)(2)(B), substituted “(1) the rate of interest on any loan or advance of credit insured under this chapter shall be fixed for the life of the loan or advance of credit and shall not exceed the rate of interest that is generally charged for mortgages on single-family housing insured by the Secretary of Housing and Urban Development under title II of the National Housing Act at the time such loan or advance of credit is made, and (2) no interest shall be charged on interest which is deferred on a loan or advance of credit made under this chapter. In establishing rates, terms and conditions for loans or advances of credit made under this chapter, the Secretary shall take into account a homeowner's ability to repay such loan or advance of credit.” for “interest on a loan or advance of credit insured under section 2704 of this title or emergency mortgage relief payments made under section 2705 of this title shall not be charged at a rate which exceeds the maximum interest rate applicable with respect to mortgages insured pursuant to section 1709(b) of this title.”

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

EFFECTIVE DATE OF 2010 AMENDMENT

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

§ 2704. Insurance for emergency mortgage loans and advances

(a) Institutions eligible

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

(b) Premium charge; amount

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