

(2) long periods to complete the foreclosure of these mortgages under certain State laws lead to deterioration in the condition of the properties involved; necessitate substantial Federal management and holding expenditures; increase the risk of vandalism, fire loss, depreciation, damage, and waste with respect to the properties; and adversely affect the residents of the projects and the neighborhoods in which the properties are located;

(3) these conditions seriously impair the Secretary's ability to protect the Federal financial interest in the affected properties and frustrate attainment of the objectives of the underlying Federal program authorities, as well as the national housing goal of "a decent home and a suitable living environment for every American family";

(4) application of State redemption periods to these mortgages following their foreclosure would impair the salability of the properties involved and discourage their rehabilitation and improvement, thereby compounding the problems referred to in clause (3);

(5) the availability of a uniform and more expeditious procedure for the foreclosure of these mortgages by the Secretary and continuation of the practice of not applying post-sale redemption periods to such mortgages will tend to ameliorate these conditions; and

(6) providing the Secretary with a nonjudicial foreclosure procedure will reduce unnecessary litigation by removing many foreclosures from the courts where they contribute to overcrowded calendars.

(b) The purpose of this chapter is to create a uniform Federal foreclosure remedy for multifamily mortgages.

(Pub. L. 97-35, title III, § 362, Aug. 13, 1981, 95 Stat. 422; Pub. L. 102-550, title V, § 517(a), Oct. 28, 1992, 106 Stat. 3791.)

AMENDMENTS

1992—Subsec. (a)(1). Pub. L. 102-550, § 517(a)(1), substituted "multifamily mortgages" for "real estate mortgages which the Secretary holds pursuant to title II of the National Housing Act or section 312 of the Housing Act of 1964 covering multiunit residential and nonresidential properties".

Subsec. (b). Pub. L. 102-550, § 517(a)(2), substituted "multifamily mortgages" for "multiunit residential and nonresidential mortgages held by the Secretary of Housing and Urban Development pursuant to title II of the National Housing Act or section 312 of the Housing Act of 1964".

EFFECTIVE DATE

Pub. L. 97-35, title III, § 371, Aug. 13, 1981, 95 Stat. 431, provided that:

"(a) Except as otherwise provided in this subtitle, the provisions of this subtitle [for classification of subtitle A (§300-371) of title III of Pub. L. 97-35, see Tables] shall take effect on October 1, 1981.

"(b) The amendments made by sections 324, 325, and 326(a) [amending section 1437f of Title 42, The Public Health and Welfare] shall apply only with respect to contracts entered into on and after October 1, 1981."

SHORT TITLE

Pub. L. 97-35, title III, § 361, Aug. 13, 1981, 95 Stat. 422, provided that: "This part [enacting this chapter] may be cited as the 'Multifamily Mortgage Foreclosure Act of 1981'."

§ 3702. Definitions

As used in this chapter—

(1) "mortgage" means a deed of trust, mortgage, deed to secure debt, security agreement, or any other form of instrument under which any interest in property, real, personal or mixed, or any interest in property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law, is conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien, for the purpose of securing the payment of money or the performance of an obligation;

(2) "multifamily mortgage" means a mortgage held by the Secretary pursuant to—

(A) section 608 or 801, or title II or X, of the National Housing Act [12 U.S.C. 1743, 1748, 1707 et seq., 1749aa et seq.];

(B) section 312 of the Housing Act of 1964 [42 U.S.C. 1452b], as it existed immediately before its repeal by section 289 of the Cranston-Gonzalez National Affordable Housing Act;

(C) section 202 of the Housing Act of 1959 [12 U.S.C. 1701q], as it existed immediately before its amendment by section 801 of the Cranston-Gonzalez National Affordable Housing Act;

(D) section 202 of the Housing Act of 1959 [12 U.S.C. 1701q], as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act; and

(E) section 811 of the Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 8013].

(3) "mortgage agreement" means the note or debt instrument and the mortgage instrument, deed of trust instrument, trust deed, or instrument or instruments creating the mortgage, including any instrument incorporated by reference therein (including any applicable regulatory agreement), and any instrument or agreement amending or modifying any of the foregoing;

(4) "mortgagor" means the obligor, grantor, or trustor named in the mortgage agreement and, unless the context otherwise indicates, includes the current owner of record of the security property whether or not personally liable on the mortgage debt;

(5) "person" includes any individual, group of individuals, association, partnership, corporation, or organization;

(6) "record" and "recorded" include "register" and "registered" in the instance of registered land;

(7) "security property" means the property, real, personal or mixed, or an interest in property, including leaseholds, life estates, reversionary interests, and any other estates under applicable State law, together with fixtures and other interests subject to the lien of the mortgage under applicable State law;

(8) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands, and Indian tribes as defined by the Secretary;

(9) “county” means county as defined in section 2 of title 1; and

(10) “Secretary” means the Secretary of Housing and Urban Development.

(Pub. L. 97-35, title III, §363, Aug. 13, 1981, 95 Stat. 422; Pub. L. 102-550, title V, §517(b), Oct. 28, 1992, 106 Stat. 3792.)

REFERENCES IN TEXT

The National Housing Act, referred to in par. (2)(A), is act June 27, 1934, ch. 847, 48 Stat. 1246, as amended. Title II of the Act is classified principally to subchapter II (§1707 et seq.) of chapter 13 of this title. Title X of the Act, which was classified principally to subchapter IX-A (§1749aa et seq.) of chapter 13 of this title, was repealed by Pub. L. 101-235, title I, §133(a), Dec. 15, 1989, 103 Stat. 2027. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

Section 312 of the Housing Act of 1964, referred to in par. (2)(B), is section 312 of Pub. L. 88-560, which was classified to section 1452b of Title 42, The Public Health and Welfare, and was repealed by Pub. L. 101-625, title II, §289(b)(1), Nov. 28, 1990, 104 Stat. 4128.

Section 801 of the Cranston-Gonzalez National Affordable Housing Act, referred to in par. (2)(C), (D), is section 801 of Pub. L. 101-625.

AMENDMENTS

1992—Par. (2). Pub. L. 102-550 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “‘multifamily mortgage’ means a mortgage held by the Secretary pursuant to title II of the National Housing Act or section 312 of the House Act of 1964 covering any property, except a property on which there is located a one- to four-family residence;”.

TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

§ 3703. Applicability

Multifamily mortgages held by the Secretary encumbering real estate located in any State may be foreclosed by the Secretary in accordance with this chapter, or pursuant to other foreclosure procedures available, at the option of the Secretary. If the Secretary forecloses on any such mortgage pursuant to such other foreclosure procedures available, the provisions of section 3706(b) of this title may be applied at the discretion of the Secretary.

(Pub. L. 97-35, title III, §364, Aug. 13, 1981, 95 Stat. 423; Pub. L. 98-181, title I [title IV, §471], Nov. 30, 1983, 97 Stat. 1237.)

AMENDMENTS

1983—Pub. L. 98-181 inserted provision relating to application of section 3706(b) of this title in event of foreclosure under other foreclosure procedures.

§ 3704. Foreclosure commissioner; designation, duties, etc.

A foreclosure commissioner or commissioners designated pursuant to this chapter shall have a nonjudicial power of sale as provided in this chapter. Where the Secretary is the holder of a multifamily mortgage, the Secretary may designate a foreclosure commissioner and, with or without cause, may designate a substitute foreclosure commissioner to replace a previously

designated foreclosure commissioner, by executing a duly acknowledged, written designation stating the name and business or residential address of the commissioner or substitute commissioner. The designation shall be effective upon execution. Except as provided in section 3707(b) of this title, a copy of the designation shall be mailed with each copy of the notice of default and foreclosure sale served by mail in accordance with section 3708(1) of this title. The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security property is located and, if not a natural person, the foreclosure commissioner must be duly authorized to transact business under the laws of the State in which the security property is located. The foreclosure commissioner shall be a person who is responsible, financially sound and competent to conduct the foreclosure. More than one foreclosure commissioner may be designated. If a natural person is designated as foreclosure commissioner or substitute foreclosure commissioner, such person shall be designated by name, except that where such person is designated in his or her capacity as an official or employee of the government of the State or subdivision thereof in which the security property is located, such person may be designated by his or her unique title or position instead of by name. The Secretary shall be a guarantor of payment of any judgment against the foreclosure commissioner for damages based upon the commissioner’s failure properly to perform the commissioner’s duties. As between the Secretary and the mortgagor, the Secretary shall bear the risk of any financial default by the foreclosure commissioner. In the event that the Secretary makes any payment pursuant to the preceding two sentences, the Secretary shall be fully subrogated to the rights satisfied by such payment.

(Pub. L. 97-35, title III, §365, Aug. 13, 1981, 95 Stat. 423.)

§ 3705. Prerequisites to foreclosure

Foreclosure by the Secretary under this chapter of a multifamily mortgage may be commenced, as provided in section 3707 of this title, upon the breach of a covenant or condition in the mortgage agreement for which foreclosure is authorized under the mortgage, except that no such foreclosure may be commenced unless any previously pending proceeding, judicial or nonjudicial, separately instituted by the Secretary to foreclose the mortgage other than under this chapter has been withdrawn, dismissed, or otherwise terminated. No such separately instituted foreclosure proceeding on the mortgage shall be instituted by the Secretary during the pendency of foreclosure pursuant to this chapter. Nothing in this chapter shall preclude the Secretary from enforcing any right, other than foreclosure, under applicable State law, including any right to obtain a monetary judgment. Nothing in this chapter shall preclude the Secretary from foreclosing under this chapter where the Secretary has obtained or is seeking any other remedy available pursuant to Federal or State law or under the mortgage agreement, including, but not limited to, the appointment