

1980—Subsec. (f). Pub. L. 96-399 substituted “\$1,738,000,000” for “\$1,341,000,000, which amount shall be increased by \$165,000,000 on October 1, 1978, which shall be increased by not to exceed \$93,000,000 on October 1, 1979”.

1979—Subsec. (f). Pub. L. 96-153 provided for an increase of \$93,000,000 on October 1, 1979.

1978—Subsec. (f). Pub. L. 95-557 inserted “which amount shall be increased by \$165,000,000 on October 1, 1978”.

1977—Subsec. (f). Pub. L. 95-24 substituted “\$1,341,000,000” for “\$500,000,000”.

1976—Subsec. (f). Pub. L. 94-375 added subsec. (f).

1970—Subsec. (c). Pub. L. 91-609 provided for guarantee as to principal and interest by any agency of the United States and for investment of moneys in bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market.

1968—Subsec. (e). Pub. L. 90-448 prohibited use of Fund for carrying out provisions of sections 1715n(e), 1715x(a)(2), 1715z, 1715z-1 and 1715z-2 of this title.

1967—Pub. L. 90-19 substituted “Department of Housing and Urban Development” for “Federal Housing Administration” wherever appearing in subssecs. (b) and (c) of this section and “Secretary” for “Commissioner” in subssecs. (a), (c), and (d) of this section, respectively.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-35 effective Oct. 1, 1981, see section 371 of Pub. L. 97-35, set out as an Effective Date note under section 3701 of this title.

#### § 1735d. Payment of insurance benefits in cash or debentures; borrowing money from Treasury to make payments

(a) Notwithstanding any other provisions of this chapter with respect to the payment of insurance benefits, the Secretary is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after August 10, 1965, on a mortgage or a loan which was insured under any section of this chapter either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus 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 Secretary.

(b) The Secretary is authorized to borrow from the Treasury from time to time such amounts as the Secretary shall determine are necessary (1) to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this chapter) pursuant to the provisions of this section, and (2) to make payments for reinsured and directly insured losses under subchapter IX-C<sup>1</sup> of this chapter: *Provided, however*, That borrowings to make payments for reinsured and directly insured losses under subchapter IX-C<sup>1</sup> shall be limited to \$250,000,000 or such further sum as the Congress, by joint resolution, may from time to time determine. Notes or other obligations issued by the Secretary in borrowing under this subsection shall be subject to such terms and conditions as the secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the

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

Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations.

(June 27, 1934, ch. 847, title V, § 520, as added Pub. L. 89-117, title II, § 215, Aug. 10, 1965, 79 Stat. 472; amended Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title XI, § 1104, Aug. 1, 1968, 82 Stat. 566; Pub. L. 91-609, title VI, § 604, Dec. 31, 1970, 84 Stat. 1791.)

#### Editorial Notes

##### REFERENCES IN TEXT

Subchapter IX-C of this chapter, referred to in subsec. (b), was classified to section 1749bbb et seq. of this title and was omitted from the Code.

##### AMENDMENTS

1970—Subsec. (b)(2). Pub. L. 91-609 provided for making payments for directly insured losses and made limitation provision applicable to such payments.

1968—Subsec. (b). Pub. L. 90-448 empowered the Secretary to borrow to make payments for reinsured losses under subchapter IX-C of this chapter, and limited such borrowing to \$250,000,000 or such further sum as Congress may determine.

1967—Subsecs. (a), (b). Pub. L. 90-19 substituted “Secretary” for “Commissioner” wherever appearing.

#### § 1735e. Acceptance of materials or products used in structures

The Secretary shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this chapter. Under such procedure any material or product which the Secretary finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the Secretary to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk.

(June 27, 1934, ch. 847, title V, § 521, as added Pub. L. 89-117, title II, § 216, Aug. 10, 1965, 79 Stat. 473; amended Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

#### Editorial Notes

##### AMENDMENTS

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

#### § 1735e-1. Use of American materials and products

In the administration of housing assistance programs, the Secretary of Housing and Urban Development shall encourage the use of materials and products mined and produced in the United States.

(Pub. L. 100-242, title V, § 571, Feb. 5, 1988, 101 Stat. 1950.)

#### Editorial Notes

##### CODIFICATION

Section was enacted as part of the Housing and Community Development Act of 1987, and not as part of the National Housing Act which comprises this chapter.

**§ 1735f. Water and sewerage facilities**

Notwithstanding any other provision of this chapter, no mortgage which covers new construction shall be approved for insurance under this chapter (except pursuant to a commitment made prior to August 10, 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the Secretary pursuant to subchapter IX-A of this chapter, as such subchapter existed immediately before December 15, 1989, and which is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further*, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.

(June 27, 1934, ch. 847, title V, § 522, as added Pub. L. 89-117, title II, § 217(a), Aug. 10, 1965, 79 Stat. 473; amended Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17; Pub. L. 101-235, title I, § 133(d)(4), Dec. 15, 1989, 103 Stat. 2027.)

**Editorial Notes**

## REFERENCES IN TEXT

Subchapter IX-A of this chapter, referred to in text, was repealed by Pub. L. 101-235, title I, § 133(a), Dec. 15, 1989, 103 Stat. 2027.

## AMENDMENTS

1989—Pub. L. 101-235 inserted “, as such subchapter existed immediately before December 15, 1989,” after “subchapter IX-A of this chapter”.

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

**§ 1735f-1. Waiver of deduction on assignment of property to Secretary in lieu of foreclosure**

Notwithstanding any other provision of this chapter, from and after November 3, 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage.

(June 27, 1934, ch. 847, title V, § 523, as added Pub. L. 89-754, title III, § 312, Nov. 3, 1966, 80 Stat. 1271.)

**§ 1735f-2. Uniform rehabilitation standards for housing within and without urban renewal areas**

In determining whether properties should be approved by the Secretary prior to rehabilitation and covered by mortgages insured under subchapter II of this chapter, the Secretary shall apply uniform property standards as between properties located outside urban renewal

areas and those located within urban renewal areas.

(June 27, 1934, ch. 847, title V, § 524, as added Pub. L. 91-609, title I, § 116, Dec. 31, 1970, 84 Stat. 1774.)

**§ 1735f-3. Insurance of mortgage proceeds advanced during construction or rehabilitation or prior to final endorsement of project mortgage**

The Secretary is authorized to insure mortgage proceeds advanced during construction or rehabilitation or otherwise prior to final endorsement of a project mortgage for the purpose of (1) financing improvements to the property and the purchase of materials and building components delivered to the property, and (2) providing funds to cover the cost of building components where such components have been assembled and specifically identified for incorporation into the property but are located at a site other than the mortgaged property, with such security as the Secretary may require.

(June 27, 1934, ch. 847, title V, § 525, as added Pub. L. 93-383, title III, § 301, Aug. 22, 1974, 88 Stat. 676.)

**§ 1735f-4. Minimum property standards**

(a) To the maximum extent feasible, the Secretary of Housing and Urban Development shall promote the use of energy saving techniques through minimum property standards established by him for newly constructed residential housing, other than manufactured homes, subject to mortgages insured under this chapter. Such standards shall establish energy performance requirements that will achieve a significant increase in the energy efficiency of new construction. Such requirements shall be implemented as soon as practicable after November 9, 1978. Following November 30, 1983, the energy performance requirements developed and established by the Secretary under this subsection for newly constructed residential housing, other than manufactured homes, shall be at least as effective in performance as the energy performance requirements incorporated in the minimum property standards that were in effect under this subsection on September 30, 1982.

(b) The Secretary may require that each property, other than a manufactured home, subject to a mortgage insured under this chapter shall, with respect to health and safety, comply with one of the nationally recognized model building codes, or with a State or local building code based on one of the nationally recognized model building codes or their equivalent. The Secretary shall be responsible for determining the comparability of the State and local codes to such model codes and for selecting for compliance purposes an appropriate nationally recognized model building code where no such model code has been duly adopted or where the Secretary determines the adopted code is not comparable.

(c) The Secretary may establish an exception to any minimum property standard established under this section in order to address alternative water systems, including cisterns, which meet requirements of State and local building codes that ensure health and safety standards.