

**(e) Insured community development financial institution**

For purposes of this section, the term “insured community development financial institution” means a community development financial institution, as such term is defined in section 4702 of this title that is an insured depository institution (as such term is defined in section 1813 of this title) or an insured credit union (as such term is defined in section 1752 of this title).

(June 27, 1934, ch. 847, title II, §249, as added Pub. L. 98-181, title I [title IV, §428(a)], Nov. 30, 1983, 97 Stat. 1219; amended Pub. L. 99-120, §1(g), Oct. 8, 1985, 99 Stat. 502; Pub. L. 99-156, §1(g), Nov. 15, 1985, 99 Stat. 815; Pub. L. 99-219, §1(g), Dec. 26, 1985, 99 Stat. 1730; Pub. L. 99-267, §1(g), Mar. 27, 1986, 100 Stat. 73; Pub. L. 99-272, title III, §3007(g), Apr. 7, 1986, 100 Stat. 105; Pub. L. 99-289, §1(b), May 2, 1986, 100 Stat. 412; Pub. L. 99-345, §1, June 24, 1986, 100 Stat. 673; Pub. L. 99-430, Sept. 30, 1986, 100 Stat. 986; Pub. L. 100-122, §1, Sept. 30, 1987, 101 Stat. 793; Pub. L. 100-154, Nov. 5, 1987, 101 Stat. 890; Pub. L. 100-170, Nov. 17, 1987, 101 Stat. 914; Pub. L. 100-179, Dec. 3, 1987, 101 Stat. 1018; Pub. L. 100-200, Dec. 21, 1987, 101 Stat. 1327; Pub. L. 106-554, §1(a)(7) [title I, §143], Dec. 21, 2000, 114 Stat. 2763, 2763A-618.)

**Editorial Notes**

## REFERENCES IN TEXT

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 (b), was repealed by Pub.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

## AMENDMENTS

2000—Pub. L. 106-554, §1(a)(7) [title I, §143(1)], substituted “Risk-sharing demonstration” for “Reinsurance contracts” in section catchline.

Subsec. (a). Pub. L. 106-554, §1(a)(7) [title I, §143(2), (3)], in heading and first sentence substituted “risk-sharing” for “reinsurance” wherever appearing, in first sentence inserted “and with insured community development financial institutions” after “private mortgage insurers”, in second sentence substituted “four administrative regions” for “two administrative regions” and “the expiration of the 5-year period beginning on December 21, 2000” for “March 15, 1988”, and in last sentence substituted “mortgages for which risk of nonpayment is shared” for “mortgages insured” and “20 percent” for “10 percent”.

Subsec. (b). Pub. L. 106-554, §1(a)(7) [title I, §143(2), (4)(A), (B)], in first sentence of introductory provisions, substituted “, in providing” for “to provide”, “, to enter into” for “through” and “risk-sharing” for “reinsurance” and inserted “and with insured community development financial institutions” before period at end and, in second sentence of introductory provisions, inserted “and insured community development financial institutions” after “private mortgage insurance companies”.

Subsec. (b)(1). Pub. L. 106-554, §1(a)(7) [title I, §143(4)(C)], added par. (1) and struck out former par. (1) which read as follows: “assume a percentage of loss on any mortgage insured pursuant to section 1709(b), 1715y, or 1715z-10 of this title covering a one- to four-family dwelling, which percentage of loss shall be set forth in the risk-sharing contract; and”.

Pub. L. 106-554, §1(a)(7) [title I, §143(2)], substituted “risk-sharing” for “reinsurance”.

Subsec. (b)(2). Pub. L. 106-554, §1(a)(7) [title I, §143(4)(D)], substituted “perform or delegate underwriting,” for “carry out (under appropriate delegation) such” and “functions as the Secretary” for “function as the Secretary pursuant to regulations,” and inserted

before period at end “and shall set forth in the risk-sharing contract”.

Subsec. (c). Pub. L. 106-554, §1(a)(7) [title I, §143(2), (5)], in first sentence, substituted “contract for” for “contract of” and “risk-sharing” for “reinsurance”, inserted “received by the Secretary with a private mortgage insurer or insured community development financial institution” after “sharing of premiums”, substituted “loss reserves” for “insurance reserves”, “such risk-sharing contract” for “such insurance”, and “rights of assignees” for “right of assignees” and, in second sentence, inserted “or insured community development financial institution” after “private mortgage insurance company” and substituted “loans for risk-sharing” for “loans for insurance”.

Subsec. (d). Pub. L. 106-554, §1(a)(7) [title I, §143(2), (6)], inserted “or insured community development financial institution” after “private mortgage insurance company” and substituted “risk-sharing” for “reinsurance”.

Subsec. (e). Pub. L. 106-554, §1(a)(7) [title I, §143(7)], added subsec. (e).

1987—Subsec. (a). Pub. L. 100-200 substituted “March 15, 1988” for “December 16, 1987”.

Pub. L. 100-179 substituted “December 16, 1987” for “December 2, 1987”.

Pub. L. 100-170 substituted “December 2, 1987” for “November 15, 1987”.

Pub. L. 100-154 substituted “November 15, 1987” for “October 31, 1987”.

Pub. L. 100-122 substituted “October 31, 1987” for “September 30, 1987”.

1986—Subsec. (a). Pub. L. 99-430 substituted “September 30, 1987” for “September 30, 1986”.

Pub. L. 99-345 substituted “September 30, 1986” for “June 6, 1986”.

Pub. L. 99-289 substituted “June 6, 1986” for “April 30, 1986”.

Pub. L. 99-272 made amendment identical to Pub. L. 99-219. See 1985 Amendment note below.

Pub. L. 99-267 substituted “April 30, 1986” for “March 17, 1986”.

1985—Subsec. (a). Pub. L. 99-219 substituted “March 17, 1986” for “December 15, 1985”.

Pub. L. 99-156 substituted “December 15, 1985” for “November 14, 1985”.

Pub. L. 99-120 substituted “November 14, 1985” for “September 30, 1985”.

**Statutory Notes and Related Subsidiaries**

## EVALUATION OF REINSURANCE PROGRAM; REPORT TO CONGRESS

Pub. L. 98-181, title I [title IV, §428(b)], Nov. 30, 1983, 97 Stat. 1219, provided that: “The Secretary of Housing and Urban Development shall evaluate the reinsurance program under section 249 of the National Housing Act [this section] and, not later than March 1, 1985, submit to the Congress a report setting forth the results of such evaluation. Such report shall include an evaluation of the possible effect of a reinsurance program on the characteristics of the pool of mortgages remaining wholly under the applicable insurance funds and the actuarial soundness of such funds under such conditions.”

**§ 1715z-15. Limitation on prepayment of mortgages on multifamily rental housing****(a) Acceptance of offer to prepay; qualifications**

During any period in which an owner of a multifamily rental housing project is required to obtain the approval of the Secretary for prepayment of the mortgage, the Secretary shall not accept an offer to prepay the mortgage on such project or permit a termination of an insurance contract pursuant to section 1715t of this title unless—

- (1) the Secretary has determined that such project is no longer meeting a need for rental housing for lower income families in the area;

(2) the Secretary (A) has determined that the tenants have been notified of the owner's request for approval of a prepayment; (B) has provided the tenants with an opportunity to comment on the owner's request; and (C) has taken such comments into consideration; and

(3) the Secretary has ensured that there is a plan for providing relocation assistance for adequate, comparable housing for any lower income tenant who will be displaced as a result of the prepayment and withdrawal of the project from the program.

**(b) Approval prior to foreclosure**

A mortgagee may foreclose the mortgage on, or acquire by deed in lieu of foreclosure, any eligible low-income housing project (as such term is defined in section 4119 of this title) only if the mortgagee also conveys title to the project to the Secretary in connection with a claim for insurance benefits.

**(c) "Lower income families" defined**

For purposes of this section, the term "lower income families" has the meaning given such term in section 1437a(b)(2) of title 42.

(June 27, 1934, ch. 847, title II, §250, as added Pub. L. 98-181, title I [title IV, §433], Nov. 30, 1983, 97 Stat. 1221; amended Pub. L. 100-242, title II, §261, Feb. 5, 1988, 101 Stat. 1890; Pub. L. 101-235, title II, §202(d)(1), Dec. 15, 1989, 103 Stat. 2037; Pub. L. 101-625, title VI, §602(b), (c), Nov. 28, 1990, 104 Stat. 4277.)

**Editorial Notes**

AMENDMENTS

1990—Subsec. (b). Pub. L. 101-625, §602(b), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: "In the case of a project assisted under section 1715z-1 of this title or the proviso to section 1715(d)(5) of this title, section 101 of the Housing and Urban Development Act of 1965, or section 1701q of this title where the owner has the right to prepay the mortgage covering the assisted project without the Secretary's approval, the Secretary shall give a priority for additional assistance under section 1437f of title 42 and section 201 of the Housing and Community Development Amendments of 1978 to tenants and applicants to become tenants of the project, if—

"(1) funds to provide such additional assistance are available; and

"(2) the Secretary determines that making such additional assistance available to the project is necessary to prevent the owner from prepaying the mortgage."

Subsecs. (c), (d). Pub. L. 101-625, §602(c), redesignated subsec. (d) as (c) and struck out former subsec. (c) which read as follows: "Any owner of a multifamily rental housing project referred to in subsection (b) of this section who receives additional assistance under section 1437f of title 42 under the priority established in subsection (b) of this section shall—

"(1) fully utilize the assistance which is available;

"(2) grant a priority to applicants to become tenants who have the lowest incomes; and

"(3) maintain the low-income character of the project for a period at least equal to the remaining term of the project mortgage to the extent that assistance is provided."

1989—Subsec. (a). Pub. L. 101-235 inserted "or permit a termination of an insurance contract pursuant to section 1715t of this title" after second reference to "project".

1988—Subsec. (a)(1). Pub. L. 100-242 struck out "or that the needs of lower income families in such project

can more efficiently and effectively be met through other Federal housing assistance taking into account the remaining time the project could meet such needs" after "families in the area".

**§ 1715z-16. Adjustable rate single family mortgages**

**(a) One- to four-family dwellings; maximum term of mortgage; adjustments in effective rate of interest**

The Secretary may insure under any provision of this subchapter a mortgage involving property upon which there is located a dwelling designed principally for occupancy by one to four families, where the mortgage provides for periodic adjustments by the mortgagee in the effective rate of interest charged. Such interest rate adjustments may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of these factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years. Adjustments in the effective rate of interest shall correspond to a specified national interest rate index approved in regulations by the Secretary, information on which is readily accessible to mortgagors from generally available published sources. Adjustments in the effective rate of interest shall (1) be made on an annual basis; (2) be limited, with respect to any single interest rate increase, to no more than 1 percent on the outstanding loan balance; and (3) be limited to a maximum increase of 5 percentage points above the initial contract interest rate over the term of the mortgage.

**(b) Written explanation of mortgage features**

The Secretary shall require that the mortgagee make available to the mortgagor, at the time of loan application, a written explanation of the features of an adjustable rate mortgage consistent with the disclosure requirements applicable to variable rate mortgages secured by a principal dwelling under the Truth in Lending Act [15 U.S.C. 1601 et seq.].

**(c) Number of mortgages and loans**

The aggregate number of mortgages and loans insured under this section in any fiscal year may not exceed 30 percent of the aggregate number of mortgages and loans insured by the Secretary under this subchapter during the preceding fiscal year.

**(d) Adjustable rate mortgage with initial fixed rate of interest**

(1) The Secretary may insure under this subsection a mortgage that meets the requirements of subsection (a), except that the effective rate of interest—

(A) shall be fixed for a period of not less than the first 3 years of the mortgage term;

(B) shall be adjusted by the mortgagee initially upon the expiration of such period and annually thereafter; and

(C) in the case of the initial interest rate adjustment, is subject to the 1 percent limitation only if the interest rate remained fixed for 3 or fewer years.

(2) The disclosure required under subsection (b) shall be required for a mortgage insured under this subsection.