

1999—Subsec. (b)(5). Pub. L. 106-74, §226(1), as added by 106-113, §175(d), substituted “in each of the fiscal years 1999 and 2000” for “during fiscal year 1999”.

Subsec. (c)(4). Pub. L. 106-74, §226(2), as added by Pub. L. 106-113, §175(d), substituted “in each of fiscal years 1999 and 2000” for “during fiscal year 1999”.

1998—Subsec. (b)(5). Pub. L. 105-276, §211(1), inserted before period at end “, and not more than an additional 25,000 units during fiscal year 1999”.

Subsec. (c)(4). Pub. L. 105-276, §211(2), substituted “1996,” for “1996 and” and inserted “and not more than an additional 25,000 units during fiscal year 1999” after “fiscal year 1997”.

1997—Subsec. (c)(4). Pub. L. 105-18 substituted “on not more than 12,000 units during fiscal year 1996 and not more than an additional 7,500 units during fiscal year 1997” for “on not more than 12,000 units during fiscal year 1996”.

1996—Subsec. (b)(5). Pub. L. 104-120, §8(a), and Pub. L. 104-134, §101(e) [title II, §205(a)], amended par. (5) identically, substituting “on not more than 7,500 units during fiscal year 1996” for “on not more than 15,000 units over fiscal years 1993 and 1994”.

Subsec. (c)(4). Pub. L. 104-120, §8(b), and Pub. L. 104-134, §101(e) [title II, §205(b)], amended par. (4) identically, substituting “on not more than 12,000 units during fiscal year 1996” for “on not to exceed 30,000 units over fiscal years 1993, 1994, and 1995”.

1994—Subsec. (b)(1), (2). Pub. L. 103-233, §307(a)(1), added pars. (1) and (2) and struck out headings and text of former pars. (1) and (2) relating to authority of Secretary for carrying out risk-sharing pilot program and authority of Secretary for reinsurance agreements, respectively.

Subsec. (b)(4). Pub. L. 103-233, §307(a)(2), substituted “eligibility under this subsection of qualified participating entities” for “financial institutions and entities to be eligible to enter into reinsurance agreements”.

Subsec. (b)(8). Pub. L. 103-233, §307(a)(3), (4), added par. (8) and struck out heading and text of former par. (8). Text read as follows: “The Secretary shall take any administrative actions necessary to initiate the pilot program under this subsection not later than the expiration of the 8-month period beginning on October 28, 1992.”

Subsec. (b)(9), (10). Pub. L. 103-233, §307(a)(4), added pars. (9) and (10).

Subsec. (b)(11). Pub. L. 103-233, §307(a)(3), added par. (11).

Subsec. (c)(1). Pub. L. 103-233, §307(b)(1), inserted “(including entities established by States that provide mortgage insurance)” after “qualified housing finance agencies”.

Subsec. (c)(2)(C). Pub. L. 103-233, §307(b)(2)(A), substituted “Such agreements shall specify that the qualified housing finance agency and the Secretary shall share any loss in accordance with the risk-sharing agreement.” for “Such agreements shall specify that the qualified housing finance agency and the Secretary shall share equally the full amount of any loss on the insured mortgage.”

Subsec. (c)(2)(F). Pub. L. 103-233, §307(b)(2)(B), added subpar. (F).

Subsec. (c)(7). Pub. L. 103-233, §307(b)(3), struck out “very low-income” before “families” and “(2)” after “section 42(g)”.

Subsec. (c)(9), (10). Pub. L. 103-233, §307(b)(4), added pars. (9) and (10).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-120 to be construed to have become effective Oct. 1, 1995, see section 13(a) of Pub. L. 104-120, set out as a note under section 1437d of Title 42, The Public Health and Welfare.

§ 1715z-22a. Definitions

For purposes of this subtitle:

(1) The term “multifamily housing” means housing accommodations on the mortgaged property that are designed principally for residential use, conform to standards satisfactory to the Secretary, and consist of not less than 5 rental units on 1 site. These units may be detached, semidetached, row house, or multifamily structures.

(2) The term “qualified housing finance agency” means any State or local housing finance agency that—

(A) carries the designation of “top tier” or its equivalent, as evaluated by Standard and Poors or any other nationally recognized rating agency;

(B) receives a rating of “A” for its general obligation bonds from a nationally recognized rating agency; or

(C) otherwise demonstrates its capacity as a sound and experienced agency based on, but not limited to, its experience in financing multifamily housing, fund balances, administrative capabilities, investment policy, internal controls and financial management, portfolio quality, and State or local support.

(3) The term “reinsurance agreement” means a contractual obligation under which the Secretary, in exchange for appropriate compensation, agrees to assume a specified portion of the risk of loss that a lender or other party has previously assumed with respect to a mortgage on a multifamily housing property.

(4) The term “Secretary” means the Secretary of Housing and Urban Development.

(5) The term “qualified participating entity” means an entity approved by the Secretary for participation in the pilot program under this subsection, which may include—

(A) the Federal National Mortgage Association;

(B) the Federal Home Loan Mortgage Corporation;

(C) State housing finance and mortgage insurance agencies; and

(D) the Federal Housing Finance Board.

(Pub. L. 102-550, title V, §544, Oct. 28, 1992, 106 Stat. 3801; Pub. L. 103-233, title III, §307(c), Apr. 11, 1994, 108 Stat. 378.)

Editorial Notes

REFERENCES IN TEXT

This subtitle, referred to in text, means subtitle C (§§541-544) of Pub. L. 102-550, title V, Oct. 28, 1992, 106 Stat. 3794, as amended, known as the Multifamily Housing Finance Improvement Act, which enacted this section and section 1715z-22 of this title and provisions set out as a note under section 1701 of this title. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1701 of this title and Tables.

CODIFICATION

Section was formerly set out as a note under section 1707 of this title.

Section was enacted as part of the Multifamily Housing Finance Improvement Act and also as part of the Housing and Community Development Act of 1992, and not as part of the National Housing Act which comprises this chapter.

AMENDMENTS

1994—Par. (1). Pub. L. 103-233, §307(c)(1), added par. (1) and struck out heading and text of former par. (1). Text read as follows: “The term ‘multifamily housing’ means a property consisting of more than 4 dwelling units.”

Par. (5). Pub. L. 103-233, §307(c)(2), added par. (5).

§ 1715z-23. HOPE for Homeowners Program

(a) Establishment

There is established in the Federal Housing Administration a HOPE for Homeowners Program.

(b) Purpose

The purpose of the HOPE for Homeowners Program is—

(1) to create an FHA program, participation in which is voluntary on the part of homeowners and existing loan holders to insure refinanced loans for distressed borrowers to support long-term, sustainable homeownership;

(2) to allow homeowners to avoid foreclosure by reducing the principle¹ balance outstanding, and interest rate charged, on their mortgages;

(3) to help stabilize and provide confidence in mortgage markets by bringing transparency to the value of assets based on mortgage assets;

(4) to target mortgage assistance under this section to homeowners for their principal residence;

(5) to enhance the administrative capacity of the FHA to carry out its expanded role under the HOPE for Homeowners Program;

(6) to ensure the HOPE for Homeowners Program remains in effect only for as long as is necessary to provide stability to the housing market; and

(7) to provide servicers of delinquent mortgages with additional methods and approaches to avoid foreclosure.

(c) Establishment and implementation of program requirements

(1) Duties of Secretary

In order to carry out the purposes of the HOPE for Homeowners Program, the Secretary, after consultation with the Board, shall—

(A) establish requirements and standards for the program consistent with section 1709(b) of this title to the maximum extent possible; and

(B) prescribe such regulations and provide such guidance as may be necessary or appropriate to implement such requirements and standards.

(2) Duties of the Secretary

In carrying out any of the program requirements or standards established under paragraph (1), the Secretary may issue such interim guidance and mortgagee letters as the Secretary determines necessary or appropriate.

(3) Duties of Board

The Board shall advise the Secretary regarding the establishment and implementation of the HOPE for Homeowners Program.

(d) Insurance of mortgages

The Secretary is authorized upon application of a mortgagee to make commitments to insure or to insure any eligible mortgage that has been refinanced in a manner meeting the requirements under subsection (e).

(e) Requirements of insured mortgages

To be eligible for insurance under this section, a refinanced eligible mortgage shall comply with all of the following requirements:

(1) Borrower certification

(A) No intentional default or false information

The mortgagor shall provide a certification to the Secretary that the mortgagor has not intentionally defaulted on the existing mortgage or mortgages or any other substantial debt within the last 5 years and has not knowingly, or willfully and with actual knowledge, furnished material information known to be false for the purpose of obtaining the eligible mortgage to be insured and has not been convicted under Federal or State law for fraud during the 10-year period ending upon the insurance of the mortgage under this section.

(B) Liability for repayment

The mortgagor shall agree in writing that the mortgagor shall be liable to repay to the Secretary any direct financial benefit achieved from the reduction of indebtedness on the existing mortgage or mortgages on the residence refinanced under this section derived from misrepresentations made by the mortgagor in the certifications and documentation required under this paragraph, subject to the discretion of the Secretary.

(C) Current borrower debt-to-income ratio

As of the date of application for a commitment to insure or insurance under this section, the mortgagor shall have had, or thereafter is likely to have, due to the terms of the mortgage being reset, a ratio of mortgage debt to income, taking into consideration all existing mortgages of that mortgagor at such time, greater than 31 percent (or such higher amount as the Secretary determines appropriate).

(2) Determination of principal obligation amount

The principal obligation amount of the refinanced eligible mortgage to be insured shall—

(A) be determined by the reasonable ability of the mortgagor to make his or her mortgage payments, as such ability is determined by the Secretary pursuant to section 1709(b)(4) of this title or by any other underwriting standards established by the Secretary; and

(B) not exceed 90 percent of the appraised value of the property to which such mortgage relates (or such higher percentage as the Secretary determines, in the discretion of the Secretary).

(3) Required waiver of prepayment penalties and fees

All penalties for prepayment or refinancing of the eligible mortgage, and all fees and pen-

¹ So in original. Probably should be “principal”.