

bentures in accordance with the provisions of this section and section 1747g of this title to any such assignee, pledgee, or other transferee.

(June 27, 1934, ch. 847, title VII, § 707, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1278; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Sept. 1, 1951, ch. 378, title VI, § 609(b), 65 Stat. 316; Pub. L. 89-117, title XI, § 1108(s), Aug. 10, 1965, 79 Stat. 506; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

Editorial Notes

REFERENCES IN TEXT

The General Insurance Fund, referred to in text, was established by section 1735c of this title.

AMENDMENTS

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

1965—Pub. L. 89-117 substituted “General Insurance Fund” for “Housing Investment Insurance Fund”.

1951—Act Sept. 1, 1951, inserted second sentence.

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

§ 1747g. Debentures

(a) Acquisition of project by Secretary; issuance of debentures

If the aggregate of the amounts paid to the investor pursuant to section 1747f of this title with respect to a project insured under this subchapter shall at any time equal or exceed 15 per centum of the established investment, the Secretary thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Secretary title to the project which meets the requirements of the rules and regulations of the Secretary in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Secretary may, at his option, terminate the insurance contract.

(b) Relinquishment of project by investor

If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 per centum of the established investment, the investor shall thereafter have the right, after written notice to the Secretary of his intention so to do, to convey to the Secretary, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Secretary in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the

Secretary debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year.

(c) Adjustment of difference between outstanding investment and total face value of debentures

Any difference, not exceeding \$50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Secretary pursuant to this section and the total face value of the debentures to be issued and delivered to the investment pursuant to this section shall be adjusted by the payment of cash by the Secretary to the investor from the General Insurance Fund.

(d) Termination of insurance contract by Secretary

Upon the acquisition of a project by the Secretary pursuant to this section, the insurance contract shall terminate.

(e) Issuance and execution of debentures

Debentures issued under this subchapter to any investor shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the Secretary, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Secretary, shall bear interest at a rate to be determined by the Secretary, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed $2\frac{3}{4}$ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Secretary and stated on the face of such debentures.

(f) Terms and conditions of debentures

Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions of redemption as shall be prescribed by the Secretary, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

(g) Exemption from taxation; exceptions; guaranty

Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the General Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the General Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so

guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(h) Payment of expenses and charges; collection of claims

Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Secretary shall have power, for the protection of the General Insurance Fund, to pay out of said Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this subchapter; and, notwithstanding any other provisions of law, the Secretary shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this subchapter: *Provided*, That section 6101 of title 41 shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this subchapter if the amount of such purchase or contract does not exceed \$1,000.

(June 27, 1934, ch. 847, title VII, § 708, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1278; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 89-117, title XI, § 1108(t), Aug. 10, 1965, 79 Stat. 506; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

Editorial Notes

REFERENCES IN TEXT

The General Insurance Fund, referred to in text, was established by section 1735c of this title.

CODIFICATION

In subsec. (h), “section 6101 of title 41” substituted for “section 3709 of the Revised Statutes” on authority of Pub. L. 111-350, § 6(c), Jan. 4, 2011, 124 Stat. 3854, which Act enacted Title 41, Public Contracts.

AMENDMENTS

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

1965—Subsecs. (c), (e), (g), (h). Pub. L. 89-117 substituted “General Insurance Fund” for “Housing Investment Insurance Fund” wherever appearing.

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

§ 1747h. Termination of insurance contract by investor

The investor, after written notice to the Secretary of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this subchapter. The Secretary shall prescribe the events and conditions under which said Secretary shall have the option to terminate any insurance con-

tract made pursuant to this subchapter, and the events and conditions under which said Secretary may reinstate any insurance contract terminated pursuant to this section or section 1747g(a) of this title. If any insurance contract is terminated pursuant to this section, the Secretary may require the investor to pay an adjusted premium charge in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

(June 27, 1934, ch. 847, title VII, § 709, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1280; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; 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.

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

§ 1747i. Repealed. Pub. L. 89-117, title XI, § 1108(aa), Aug. 10, 1965, 79 Stat. 507

Section, act June 27, 1934, ch. 847, title VII, § 710, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1280; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59, created the Housing Investment Insurance Fund, provided for the transfer of funds thereto, and authorized the payment of claims and the issue and cancellation of debentures.

For establishment of the General Insurance Fund, see section 1735c of this title.

§ 1747j. Taxation of real property

Nothing in this subchapter shall be construed to exempt any real property acquired and held by the Secretary under this subchapter from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

(June 27, 1934, ch. 847, title VII, § 711, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1281; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; 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”.

1950—Act Apr. 20, 1950, substituted “Commissioner” for “Administrator” wherever appearing.

§ 1747k. Rules and regulations

The Secretary may make such rules and regulations as may be necessary or desirable to carry out the provisions of this subchapter, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Secretary; the submission of financial and operating statements and the ap-