

**(f) Authorization of appropriations**

There are authorized to be appropriated such sums as may be necessary to carry out this section.

(Pub. L. 102-486, title I, §106, Oct. 24, 1992, 106 Stat. 2792; Pub. L. 110-289, div. B, title I, §2123, July 30, 2008, 122 Stat. 2839.)

**Editorial Notes**

## REFERENCES IN TEXT

The National Housing Act, referred to in subsecs. (a)(2)(A), (D), (3)(A), (4)(C), and (c)(1), is act June 27, 1934, ch. 847, 48 Stat. 1246. Title II of the Act is classified generally to subchapter II (§1707 et seq.) of this chapter. For complete classification of this Act to the Code, see section 1701 of this title and Tables.

## CODIFICATION

Section was enacted as part of the Energy Policy Act of 1992, and not as part of the National Housing Act which comprises this chapter.

Section was formerly classified as a note under section 12712 of Title 42, The Public Health and Welfare.

## AMENDMENTS

2008—Subsec. (a)(2)(C). Pub. L. 110-289, §2123(1), amended subpar. (C) generally. Prior to amendment, text read as follows: “The cost of cost-effective energy efficiency improvements shall not exceed the greater of—

“(i) 5 percent of the property value (not to exceed \$8,000); or

“(ii) \$4,000.”

Subsec. (a)(2)(D). Pub. L. 110-289, §2123(2), added subpar. (D).

**Statutory Notes and Related Subsidiaries**

## SIMILAR PROVISIONS

Similar provisions were contained in Pub. L. 102-550, title V, §513, Oct. 28, 1992, 106 Stat. 3786.

**§ 1701z-17. Increasing access and understanding of energy efficient mortgages****(a) Definition**

As used in this section, the term “energy efficient mortgage” has the same meaning as given that term in paragraph (24) of section 12704 of title 42.

**(b) Recommendations to eliminate barriers to use of energy efficient mortgages****(1) In general**

Not later than 180 days after July 30, 2008, the Secretary of Housing and Urban Development, in conjunction with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall consult with the residential mortgage industry and States to develop recommendations to eliminate the barriers that exist to increasing the availability, use, and purchase of energy efficient mortgages, including such barriers as—

(A) the lack of reliable and accessible information on such mortgages, including estimated energy savings and other benefits of energy efficient housing;

(B) the confusion regarding underwriting requirements and differences among various energy efficient mortgage programs;

(C) the complex and time consuming process of securing such mortgages;

(D) the lack of publicly available research on the default risk of such mortgages; and

(E) the availability of certified or accredited home energy rating services.

**(2) Report to Congress**

The Secretary of Housing and Urban Development shall submit a report to Congress that—

(A) summarizes the recommendations developed under paragraph (1); and

(B) includes any recommendations for statutory, regulatory, or administrative changes that the Secretary deems necessary to institute such recommendations.

**(c) Energy efficient mortgages outreach campaign****(1) In general**

The Secretary of Housing and Urban Development, in consultation and coordination with the Secretary of Energy, the Administrator of the Environmental Protection Agency, and State Energy and Housing Finance Directors, shall carry out an education and outreach campaign to inform and educate consumers, home builders, residential lenders, and other real estate professionals on the availability, benefits, and advantages of—

(A) improved energy efficiency in housing; and

(B) energy efficient mortgages.

**(2) Authorization of appropriations**

There are authorized to be appropriated such sums as are necessary to carry out the education and outreach campaign described under paragraph (1).

(Pub. L. 110-289, div. B, title IX, §2902, July 30, 2008, 122 Stat. 2876.)

**Editorial Notes**

## CODIFICATION

Section was enacted as part of the Foreclosure Prevention Act of 2008, and also as part of the Housing and Economic Recovery Act of 2008, and not as part of the National Housing Act which comprises this chapter.

**SUBCHAPTER I—HOUSING RENOVATION AND MODERNIZATION****§ 1702. Administrative provisions**

The powers conferred by this chapter shall be exercised by the Secretary of Housing and Urban Development (hereinafter referred to as the “Secretary”). In order to carry out the provisions of this subchapter and subchapters II, III, V, VI, VII, VIII, IX-B, and X, the Secretary may establish such agencies, accept and utilize such voluntary and uncompensated services, utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees, and appoint such other officers and employees as he may find necessary, and may prescribe their authorities, duties, responsibilities, and tenure and fix their compensation. The Secretary may delegate any of the functions and powers conferred upon him under this subchapter and subchapters II, III, V, VI, VII, VIII, IX-B, and X to such officers, agents, and employees as he may designate or

appoint, and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this subchapter and subchapters II, III, V, VI, VII, VIII, IX-B, and X, without regard to any other provisions of law governing the expenditure of public funds. All such compensation, expenses, and allowances shall be paid out of funds made available by this chapter: *Provided*, That notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, all expenses of the Department of Housing and Urban Development in connection with the examination and insurance of loans or investments under any subchapter of this chapter all properly capitalized expenditures, and other necessary expenses not attributable to general overhead in accordance with generally accepted accounting principles shall be considered non-administrative and payable from funds made available by this chapter, except that, unless made pursuant to specific authorization by the Congress therefor, expenditures made in any fiscal year pursuant to this proviso, other than the payment of insurance claims and other than expenditures (including services on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Department acquired under authority of this chapter, shall not exceed 35 per centum of the income received by the Department of Housing and Urban Development from premiums and fees during the preceding fiscal year. Except with respect to subchapter III, for the purposes of this section, the term “non-administrative” shall not include contract expenses that are not capitalized or routinely deducted from the proceeds of sales, and such expenses shall not be payable from funds made available by this chapter. The Secretary shall, in carrying out the provisions of this subchapter and subchapters II, III, V, VI, VII, VIII, IX-B, and X, be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.

(June 27, 1934, ch. 847, title I, §1, 48 Stat. 1246; Aug. 23, 1935, ch. 614, title III, §344(a), 49 Stat. 722; Mar. 28, 1941, ch. 31, §2, 55 Stat. 61; June 28, 1941, ch. 261, §6, 55 Stat. 365; Aug. 10, 1948, ch. 832, title IV, §402, 62 Stat. 1283; Aug. 8, 1949, ch. 403, §2, 63 Stat. 576; Oct. 25, 1949, ch. 729, §2, 63 Stat. 905; Apr. 20, 1950, ch. 94, title I, §122, 64 Stat. 59; Sept. 1, 1951, ch. 378, title II, §202, 65 Stat. 303; Pub. L. 89-117, title XI, §1108(bb), Aug. 10, 1965, 79 Stat. 507; Pub. L. 89-754, title X, §1020(g), Nov. 3, 1966, 80 Stat. 1296; Pub. L. 90-19, §1(a)(1), (3), (c), May 25, 1967, 81 Stat. 17, 18; Pub. L. 98-479, title II, §202(a)(1), Oct. 17, 1984, 98 Stat. 2228; Pub. L. 100-242, title IV, §429(a), Feb. 5, 1988, 101 Stat. 1918; Pub. L. 101-235, title I, §133(d)(1), Dec. 15, 1989, 103 Stat. 2027; Pub. L. 106-74, title II, §212, Oct. 20, 1999, 113 Stat. 1073.)

## Editorial Notes

### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning act June 27, 1934, ch. 847, 48 Stat. 1246, which is classified principally to this chapter (§1701 et seq.). For complete classification of this Act to the Code, see Tables.

### AMENDMENTS

1999—Pub. L. 106-74 inserted before last sentence “Except with respect to subchapter III, for the purposes of this section, the term “nonadministrative” shall not include contract expenses that are not capitalized or routinely deducted from the proceeds of sales, and such expenses shall not be payable from funds made available by this chapter.”

1989—Pub. L. 101-235 struck out “IX-A,” after “VIII,” wherever appearing.

1988—Pub. L. 100-242 struck out comma before period at end of second sentence.

1984—Pub. L. 98-479 struck out “without regard to the provisions of other laws applicable to the employment or compensation of other officers or employees of the United States” at end of second sentence.

1967—Pub. L. 90-19 substituted “Department of Housing and Urban Development” and “Secretary” for “Federal Housing Administration” and “Commissioner”, respectively, wherever appearing, substituted provision for exercise of national housing powers by the Secretary of Housing and Urban Development for former authorization for creation of a Federal Housing Administration under a Federal Housing Commissioner appointed by the President with the consent of the Senate, and substituted “Department” for “Administration” in penultimate sentence.

1966—Pub. L. 89-754 inserted references to subchapter IX-B.

1965—Pub. L. 89-117 inserted references to subchapters V and IX-A.

1951—Act Sept. 1, 1951, inserted references to subchapter X.

1950—Act Apr. 20, 1950, made technical amendments to section to reflect change in title of Administrator to Commissioner and to omit provisions relating to tenure and compensation of Commissioner.

1949—Joint Res. Oct. 25, 1949, inserted proviso at end of fourth sentence.

Act Aug. 8, 1949, made provisions applicable to subchapter VIII.

1948—Act Aug. 10, 1948, substituted “subchapters II, III, VI, and VII” for “subchapters II, III, and VI”.

1941—Act June 28, 1941, substituted “\$12,000” for “\$10,000”.

Act Mar. 28, 1941, substituted “subchapters II, III, and VI” for “subchapters II and III”.

1935—Act Aug. 23, 1935, inserted sentence at end.

## Statutory Notes and Related Subsidiaries

### EFFECTIVE DATE OF 1941 AMENDMENT

Amendment by act June 28, 1941, effective July 1, 1941, see section 6 of act June 28, 1941.

### REPEALS

Act Aug. 10, 1948, ch. 832, title V, §501(a), 62 Stat. 1283, formerly cited as a credit to this section, was repealed by Pub. L. 89-554, §8(a), Sept. 6, 1966, 80 Stat. 655.

### TRANSFER OF FUNCTIONS

Functions, powers, and duties of Federal Housing Administration and Housing and Home Finance Agency transferred to Secretary of Housing and Urban Development who was authorized to delegate such functions, powers, and duties to such officers and employees of Department of Housing and Urban Development as Secretary may designate, see sections 3534 and 3535 of Title 42, The Public Health and Welfare.

**Executive Documents****TRANSFER OF FUNCTIONS**

Reorg. Plan No. 3 of 1947, eff. July 27, 1947, 12 F.R. 4981, 61 Stat. 954, set out in the Appendix to Title 5, Government Organization and Employees, abolished office of Federal Housing Administrator and transferred functions to Federal Housing Commissioner. It also consolidated Federal Housing Administration with other agencies into Housing and Home Finance Agency and transferred functions of Federal Loan Administrator with respect to Federal Housing Administration and its functions to Housing and Home Finance Administrator. Federal Housing Administration continued as a constituent agency within Housing and Home Finance Agency. For provisions concerning appointment and compensation of Federal Housing Commissioner, see section 3 of Reorganization Plan.

Functions, powers, and duties of National Housing Agency with respect to property, funds, and other assets which were formerly under administration of Farm Security Administration and were transferred to National Housing Agency by Ex. Ord. No. 9070, Feb. 24, 1942, 7 F.R. 1529, as amended, were abolished by section 2(a)(3) of act Aug. 14, 1946, ch. 964, 60 Stat. 1063, as amended, set out as a note under sections 1001 to 1005d of Title 7, Agriculture, except with respect of housing projects and such other properties and assets in process of liquidation.

Federal Housing Administration consolidated with other agencies into National Housing Agency during World War II, see Ex. Ord. No. 9070.

Functions of National Housing Agency with respect to non-farm-housing projects and other properties remaining under its jurisdiction pursuant to section 2(a)(3) of act Aug. 14, 1946, transferred to Public Housing Commissioner by Reorg. Plan No. 3 of 1947, §4(b), eff. July 27, 1947, 12 F.R. 4983, 61 Stat. 955, set out in the Appendix to Title 5.

Federal Housing Administration to be administered by Federal Loan Administrator within Federal Loan Agency, see Reorg. Plan No. I of 1939, §402, eff. July 1, 1939, 4 F.R. 2730, 53 Stat. 1429 set out in the Appendix to Title 5.

**EXECUTIVE ORDER NO. 7058**

Ex. Ord. No. 7058, May 29, 1935, authorized Federal Housing Administrator to adopt a seal for Federal Housing Administration, provided that copies of any books, records, papers, documents, agreements, orders, rules, or regulations of Administration were admissible in evidence equally with originals thereof, and empowered Administrator or his designee to certify or exemplify copies of any books, records, papers, or documents of Administration.

**EXECUTIVE ORDER NO. 7280**

Ex. Ord. No. 7280, Jan. 28, 1936, was issued as evidence of creation of Federal Housing Administration and validated and confirmed creation thereof.

**§ 1702a. Repealed. June 28, 1955, ch. 189, § 12(c)(14), 69 Stat. 182**

Section, act June 27, 1934, ch. 847, title II, §228, as added Aug. 2, 1954, ch. 649, title I, §126, 68 Stat. 809, authorized Commissioner to establish one position in GS-18, four in GS-17, and eight in GS-16 in Federal Housing Administration.

**§ 1703. Insurance of financial institutions****(a) Authority to insure financial institutions**

The Secretary is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lend-

ing companies and other such financial institutions, which the Secretary finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them for the purpose of (i) financing alterations, repairs, and improvements upon or in connection with existing structures or manufactured homes, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit; and for the purpose of (ii) financing the purchase of a manufactured home to be used by the owner as his principal residence or financing the purchase of a lot on which to place such home and paying expenses reasonably necessary for the appropriate preparation of such lot, including the installation of utility connections, sanitary facilities, and paving, and the construction of a suitable pad, or financing only the acquisition of such a lot either with or without such preparation by an owner of a manufactured home; and for the purpose of financing the preservation of historic structures, and, as used in this section, the term "historic structures" means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term "preservation" means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior. Other than in connection with a manufactured home or a lot on which to place such a home (or both), in no case shall the insurance granted by the Secretary under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. With respect to any loan, advance of credit, or purchase, the amount of any claim for loss on any such individual loan, advance of credit or purchase paid by the Secretary under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss.

After August 2, 1954, (i) the Secretary shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Secretary finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Secretary approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases;

(ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Secretary shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Secretary is authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures (other than manufactured homes) that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved: *Provided*, That this clause (iii) may in the discretion of the Secretary be waived with respect to the period of occupancy or completion of any such new residential structures. The Secretary is hereby authorized and directed, with respect to manufactured homes to be financed under this section, to (i) prescribe minimum property standards to assure the livability and durability of the manufactured home and the suitability of the site on which the manufactured home is to be located; and (ii) obtain assurances from the borrower that the manufactured home will be placed on a site which complies with the standards prescribed by the Secretary and with local zoning and other applicable local requirements.

The insurance authority provided under this section may be made available with respect to any existing manufactured home that has not been insured under this section if such home was constructed in accordance with the standards issued under the National Manufactured Housing Construction and Safety Standards Act of 1974 [42 U.S.C. 5401 et seq.] and it meets standards similar to the minimum property standards applicable to existing homes insured under subchapter II.

Alterations, repairs, and improvements upon or in connection with existing structures may include the provision of fire safety equipment, energy conserving improvements, or the installation of solar energy systems. Alterations, repairs, and improvements upon or in connection with existing structures may also include the evaluation and reduction of lead-based paint hazards. As used in this section—

(1) the term “fire safety equipment” means any device or facility which is designed to reduce the risk of personal injury or property damage resulting from fire and is in conformity with such criteria and standards as shall be prescribed by the Secretary;

(2) the term “energy conserving improvements” means the purchase and installation of weatherization materials as defined in section 6862(9) of title 42; and<sup>1</sup>

(3) the term “solar energy system” means any addition, alteration, or improvement to an existing or new structure which is designed to utilize wind energy or solar energy either of the active type based on mechanically forced energy transfer or of the passive type based on convective, conductive, or radiant energy transfer or some combination of these types to reduce the energy requirements of that structure from other energy sources, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the Secretary of Energy.<sup>2</sup>

(4) the terms “evaluation”, “reduction”, and “lead-based paint hazard” have the same meanings given those terms in section 4851b of title 42.

#### (b) Conditions for denial of insurance

(1) Except as provided in the last sentence of this paragraph, no insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it if the amount of such loan, advance of credit, or purchase exceeds—

(A)(i) \$25,000 if made for the purpose of financing alterations, repairs and improvements upon or in connection with existing single-family structures; and

(ii) \$25,090 if made for the purpose of financing alterations, repairs and improvements upon or in connection with existing manufactured homes;

(B) \$60,000 or an average amount of \$12,000 per family unit if made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families;

(C) \$69,678 if made for the purpose of financing the purchase of a manufactured home;

(D) \$92,904 if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home; and<sup>1</sup>

(E) \$23,226 if made for the purpose of financing the purchase, by an owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home, and if the owner certifies that he or she will place the manufactured home on the lot acquired with such loan within 6 months after the date of such loan.<sup>3</sup>

(F) \$15,000 per family unit if made for the purpose of financing the preservation of an historic structure; and

(G) such principal amount as the Secretary may prescribe if made for the purpose of financing fire safety equipment for a nursing home, extended health care facility, intermediate health care facility, or other comparable health care facility.

The Secretary shall, by regulation, annually increase the dollar amount limitations in subparagraphs (A)(ii), (C), (D), and (E) (as such limita-

<sup>1</sup> So in original. The word “and” probably should not appear.

<sup>2</sup> So in original. The period probably should be “; and”.

<sup>3</sup> So in original. The period probably should be a semicolon.

tions may have been previously adjusted under this sentence) in accordance with the index established pursuant to paragraph (9).

(2) Because of prevailing higher costs, the Secretary may, by regulation, in Alaska, Guam, or Hawaii, increase any dollar amount limitation on manufactured homes or manufactured home lot loans contained in this subsection by not to exceed 40 per centum. In other areas, the maximum dollar amounts specified in subsections (b)(1)(D) and (b)(1)(E) may be increased on an area-by-area basis to the extent the Secretary deems necessary, but in no case may such limits, as so increased, exceed the lesser of (A) 185 percent of the dollar amount specified, or (B) the dollar amount specified as increased by the same percentage by which 95 percent of the median one-family house price in the area (as determined by the Secretary) exceeds \$67,500.

(3) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it if the term to maturity of such loan, advance of credit or purchase exceeds—

(A)(i) twenty years and thirty-two days if made for the purpose of financing alterations, repairs, and improvements upon or in connection with an existing single-family structure; and

(ii) fifteen years and thirty-two days if made for the purpose of financing alterations, repairs, and improvements upon or in connection with an existing manufactured home;

(B) twenty years and thirty-two days if made for the purpose of financing the alteration, repair, improvement or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families;

(C) twenty years and thirty-two days (twenty-three years and thirty-two days in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home;

(D) twenty years and thirty-two days (twenty-five years and thirty-two days in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home;

(E) twenty years and thirty-two days if made for the purpose of financing the purchase, by the owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home;

(F) fifteen years and thirty-two days if made for the purpose of financing the preservation of an historic structure;

(G) such term to maturity as the Secretary may prescribe if made for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; and

(H) such term to maturity as the Secretary may prescribe if made for the purpose of financing fire safety equipment for a nursing home, extended health care facility, intermediate health care facility, or other comparable health care facility.

(4) For the purpose of this subsection—

(A) the term “developed lot” includes an interest in a condominium project (including any interest in the common areas) or a share in a cooperative association;

(B) a loan to finance the purchase of a manufactured home or a manufactured home and lot may also finance the purchase of a garage, patio, carport, or other comparable appurtenance; and

(C) a loan to finance the purchase of a manufactured home or a manufactured home and lot shall be secured by a first lien upon such home or home and lot, its furnishings, equipment, accessories, and appurtenances.

(5) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it unless the obligation has such maturity, bears such insurance premium charges, and contains such other terms, conditions, and restrictions as the Secretary shall prescribe, in order to make credit available for the purpose of this subchapter. Any such obligation with respect to which insurance is granted under this section shall bear interest at such rate as may be agreed upon by the borrower and the financial institution.

(6)(A) Any obligation with respect to which insurance is granted under this section may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or term in excess of any applicable maximum provided for in this subsection.

(B) The owner of a manufactured home lot purchased without assistance under this section but otherwise meeting the requirements of this section may refinance such lot under this section in connection with the purchase of a manufactured home if the borrower certifies that the home and lot is or will be his or her principal residence within six months after the date of the loan.

(C) The owner-occupant of a manufactured home or a home and lot which was purchased without assistance under this section but which otherwise meets the requirements of this section may refinance such home or home and lot under this section if the home was constructed in accordance with standards established under section 604 of the National Manufactured Housing Construction and Safety Standards Act of 1974 [42 U.S.C. 5403].

(7) With respect to the financing of alterations, repairs, and improvements to existing structures or the building of new structures as authorized under clause (i) of the first sentence of subsection (a), any loan broker (as defined by the Secretary) or any other party having a financial interest in the making of such a loan or advance of credit or in providing assistance to the borrower in preparing the loan application or otherwise assisting the borrower in obtaining the loan or advance of credit who knowingly (as defined in section 1735f-14(g) of this title) submits to any such financial institution or to the Secretary false information shall be subject to a civil money penalty in the amount and manner provided under section 1735f-14 of this title with respect to mortgagees and lenders under this chapter.

(8) **INSURANCE BENEFITS FOR MANUFACTURED HOUSING LOANS.**—Any contract of insurance with respect to loans, advances of credit, or purchases in connection with a manufactured home or a lot on which to place a manufactured home (or both) for a financial institution that is executed under this subchapter after July 30, 2008, by the Secretary shall be conclusive evidence of the eligibility of such financial institution for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of the bearer from the date of the execution of such contract, except for fraud or misrepresentation on the part of such institution.

(9) **ANNUAL INDEXING OF MANUFACTURED HOUSING LOANS.**—The Secretary shall develop a method of indexing in order to annually adjust the loan limits established in subparagraphs (A)(ii), (C), (D), and (E) of this subsection. Such index shall be based on the manufactured housing price data collected by the United States Census Bureau. The Secretary shall establish such index no later than 1 year after July 30, 2008.

(10) **FINANCIAL SOUNDNESS OF MANUFACTURED HOUSING PROGRAM.**—The Secretary shall establish such underwriting criteria for loans and advances of credit in connection with a manufactured home or a lot on which to place a manufactured home (or both), including such loans and advances represented by obligations purchased by financial institutions, as may be necessary to ensure that the program under this subchapter for insurance for financial institutions against losses from such loans, advances of credit, and purchases is financially sound.

(11) **LEASEHOLD REQUIREMENTS.**—No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, made for the purposes of financing a manufactured home which is intended to be situated in a manufactured home community pursuant to a lease, unless such lease—

(A) expires not less than 3 years after the origination date of the obligation;

(B) is renewable upon the expiration of the original 3 year term by successive 1 year terms; and

(C) requires the lessor to provide the lessee written notice of termination of the lease not less than 180 days prior to the expiration of the current lease term in the event the lessee is required to move due to the closing of the manufactured home community, and further provides that failure to provide such notice to the mortgagor in a timely manner will cause the lease term, at its expiration, to automatically renew for an additional 1 year term.

**(c) Handling and disposal of property**

**(1) Authority of Secretary**

Notwithstanding any other provision of law, the Secretary may—

(A) deal with, complete, rent, renovate, modernize, insure, or assign or sell at public or private sale, or otherwise dispose of, for cash or credit in the Secretary's discretion, and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real or per-

sonal property conveyed to or otherwise acquired by the Secretary, in connection with the payment of insurance heretofore or hereafter granted under this subchapter, including any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section; and

(B) pursue to final collection, by way of compromise or otherwise, all claims assigned to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the payment of such insurance, including unpaid insurance premiums owed in connection with insurance made available by this subchapter.

**(2) Advertisements for proposals**

Section 6101 of title 41 shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$25,000.

**(3) Delegation of authority**

The power to convey and to execute in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Secretary pursuant to the provisions of this subchapter may be exercised by an officer appointed by the Secretary without the execution of any express delegation of power or power of attorney. Nothing in this subsection shall be construed to prevent the Secretary from delegating such power by order or by power of attorney, in the Secretary's discretion, to any officer or agent the Secretary may appoint.

**(d) Authority to transfer insurance**

The Secretary is authorized and empowered, under such regulations as he may prescribe, to transfer to any such approved financial institution any insurance in connection with any loans and advances of credit which may be sold to it by another approved financial institution.

**(e) Authority to waive compliance with regulations**

The Secretary is authorized to waive compliance with regulations heretofore or hereafter prescribed by him with respect to the interest and maturity of and the terms, conditions, and restrictions under which loans, advances of credit, and purchases may be insured under this section and section 1706a<sup>4</sup> of this title, if in his judgment the enforcement of such regulations would impose an injustice upon an insured institution which has substantially complied with such regulations in good faith and refunded or credited any excess charge made, and where such waiver does not involve an increase of the obligation of the Secretary beyond the obligation which would have been involved if the regulations had been fully complied with.

<sup>4</sup> See References in Text note below.

**(f) Premium charges; manufactured home loans****(1) Premium charges**

The Secretary shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Secretary.

**(2) Manufactured home loans**

Notwithstanding paragraph (1), in the case of a loan, advance of credit, or purchase in connection with a manufactured home or a lot on which to place such a home (or both), the premium charge for the insurance granted under this section shall be paid by the borrower under the loan or advance of credit, as follows:

(A) At the time of the making of the loan, advance of credit, or purchase, a single premium payment in an amount not to exceed 2.25 percent of the amount of the original insured principal obligation.

(B) In addition to the premium under subparagraph (A), annual premium payments during the term of the loan, advance, or obligation purchased in an amount not exceeding 1.0 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments).

(C) Premium charges under this paragraph shall be established in amounts that are sufficient, but do not exceed the minimum amounts necessary, to maintain a negative credit subsidy for the program under this section for insurance of loans, advances of credit, or purchases in connection with a manufactured home or a lot on which to place such a home (or both), as determined based upon risk to the Federal Government under existing underwriting requirements.

(D) The Secretary may increase the limitations on premium payments to percentages above those set forth in subparagraphs (A) and (B), but only if necessary, and not in excess of the minimum increase necessary, to maintain a negative credit subsidy as described in subparagraph (C).

**(g) Finality of payment for loss**

Any payment for loss made to an approved financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution, unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period.

**(h) Authority to regulate**

The Secretary is authorized and directed to make such rules and regulations as may be nec-

essary to carry out the provisions of this subchapter.

**(i) "Manufactured home" defined**

For purposes of this section, the term "manufactured home" includes any elder cottage housing opportunity unit that is small, freestanding, barrier-free, energy efficient, removable, and designed to be installed adjacent to an existing 1- to 4-family dwelling.

(June 27, 1934, ch. 847, title I, § 2, 48 Stat. 1246; May 28, 1935, ch. 150, § 28, 49 Stat. 299; Aug. 23, 1935, ch. 614, title III, § 344(b), 49 Stat. 722; Apr. 3, 1936, ch. 165, § 1, 49 Stat. 1187; Apr. 17, 1936, ch. 234, § 4, 49 Stat. 1234; Apr. 22, 1937, ch. 121, § 2, 50 Stat. 71; Feb. 3, 1938, ch. 13, § 2, 52 Stat. 9; June 3, 1939, ch. 175, §§ 1, 2, 53 Stat. 804, 805; June 28, 1941, ch. 261, §§ 1-5, 55 Stat. 364, 365; May 26, 1942, ch. 319, § 13, 56 Stat. 305; Mar. 23, 1943, ch. 21, § 2, 57 Stat. 43; Oct. 15, 1943, ch. 259, §§ 3, 4, 57 Stat. 571; June 26, 1947, ch. 152, 61 Stat. 182; Aug. 10, 1948, ch. 832, title I, § 101(s), 62 Stat. 1275; July 15, 1949, ch. 338, title II, § 201(1), 63 Stat. 421; Aug. 30, 1949, ch. 524, 63 Stat. 681; Oct. 25, 1949, ch. 729, § 1(1), 63 Stat. 905; Apr. 20, 1950, ch. 94, title I, §§ 101(a), 122, 64 Stat. 48, 59; Mar. 10, 1953, ch. 5, § 1, 67 Stat. 4; Aug. 2, 1954, ch. 649, title I, §§ 101(a), 102, 68 Stat. 590; June 30, 1955, ch. 251, § 1(1), 69 Stat. 225; Aug. 11, 1955, ch. 783, title I, § 101, 69 Stat. 635; Feb. 10, 1956, ch. 33, 70 Stat. 11; Aug. 7, 1956, ch. 1029, title I, § 101, 70 Stat. 1091; Pub. L. 85-104, title I, § 105, July 12, 1957, 71 Stat. 297; Pub. L. 86-372, title I, § 101, Sept. 23, 1959, 73 Stat. 654; Pub. L. 86-788, § 2(a), Sept. 14, 1960, 74 Stat. 1028; Pub. L. 87-70, title VI, § 604(a), June 30, 1961, 75 Stat. 177; Pub. L. 88-560, title I, § 101, Sept. 2, 1964, 78 Stat. 769; Pub. L. 89-117, title II, § 202(a), title XI, § 1108(a), Aug. 10, 1965, 79 Stat. 465, 504; Pub. L. 90-19, § 1(a)(3), (d), May 25, 1967, 81 Stat. 17, 18; Pub. L. 90-448, title III, § 308, Aug. 1, 1968, 82 Stat. 509; Pub. L. 91-78, § 2(a), Sept. 30, 1969, 83 Stat. 125; Pub. L. 91-152, title I, §§ 101(a), 103(c), Dec. 24, 1969, 83 Stat. 379, 380; Pub. L. 91-432, § 1(a), Oct. 2, 1970, 84 Stat. 886; Pub. L. 91-473, § 1(a), Oct. 21, 1970, 84 Stat. 1064; Pub. L. 91-525, § 1(a), Dec. 1, 1970, 84 Stat. 1384; Pub. L. 91-609, title I, §§ 101(a), 113, Dec. 31, 1970, 84 Stat. 1770, 1773; Pub. L. 92-503, § 1(a), Oct. 18, 1972, 86 Stat. 906; Pub. L. 93-85, § 1(a), Aug. 10, 1973, 87 Stat. 220; Pub. L. 93-117, § 1(a), Oct. 2, 1973, 87 Stat. 421; Pub. L. 93-383, title III, §§ 309(a)-(d), 316(a), Aug. 22, 1974, 88 Stat. 680, 681, 685; Pub. L. 93-449, § 4(a), Oct. 18, 1974, 88 Stat. 1366; Pub. L. 94-173, § 1, Dec. 23, 1975, 89 Stat. 1027; Pub. L. 95-60, § 1(a), June 30, 1977, 91 Stat. 257; Pub. L. 95-80, § 1(a), July 31, 1977, 91 Stat. 339; Pub. L. 95-128, title II, §§ 301(a), 306, Oct. 12, 1977, 91 Stat. 1131, 1134; Pub. L. 95-406, § 1(a), Sept. 30, 1978, 92 Stat. 879; Pub. L. 95-557, title III, §§ 301(a), 320, Oct. 31, 1978, 92 Stat. 2095, 2101; Pub. L. 95-619, title II, § 241, Nov. 9, 1978, 92 Stat. 3228; Pub. L. 96-71, § 1(a), Sept. 28, 1979, 93 Stat. 501; Pub. L. 96-105, § 1(a), Nov. 8, 1979, 93 Stat. 794; Pub. L. 96-153, title III, §§ 301(a), 313(a), Dec. 21, 1979, 93 Stat. 1111, 1116; Pub. L. 96-372, § 1(a), Oct. 3, 1980, 94 Stat. 1363; Pub. L. 96-399, title III, §§ 301(a), 308(a)-(c)(1), Oct. 8, 1980, 94 Stat. 1638, 1640; Pub. L. 97-35, title III, §§ 331(a), 338(a), 339B(c), Aug. 13, 1981, 95 Stat. 412, 414, 417; Pub. L. 97-289, § 1(a), Oct. 6, 1982, 96 Stat. 1230; Pub. L. 98-35, § 1(a), May 26, 1983, 97 Stat. 197; Pub. L. 98-109, § 1(a),

Oct. 1, 1983, 97 Stat. 745; Pub. L. 98-181, title I [title IV, §§ 401(a), 404(b)(1), 415-417], Nov. 30, 1983, 97 Stat. 1207, 1208, 1212; Pub. L. 99-120, § 1(a), Oct. 8, 1985, 99 Stat. 502; Pub. L. 99-156, § 1(a), Nov. 15, 1985, 99 Stat. 815; Pub. L. 99-219, § 1(a), Dec. 26, 1985, 99 Stat. 1730; Pub. L. 99-267, § 1(a), Mar. 27, 1986, 100 Stat. 73; Pub. L. 99-272, title III, § 3007(a), Apr. 7, 1986, 100 Stat. 104; 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. 100-242, title IV, § 401(b), Feb. 5, 1988, 101 Stat. 1898; Pub. L. 101-235, title I, § 134(a), Dec. 15, 1989, 103 Stat. 2027; Pub. L. 101-625, title III, § 340(b)(1), (c), title VIII, § 806(a), Nov. 28, 1990, 104 Stat. 4147, 4323; Pub. L. 102-389, title II, Oct. 6, 1992, 106 Stat. 1592, 1593; Pub. L. 102-550, title V, § 503(c)(1), title X, § 1012(k)(1), Oct. 28, 1992, 106 Stat. 3779, 3906; Pub. L. 106-569, title IX, § 901, Dec. 27, 2000, 114 Stat. 3026; Pub. L. 110-289, div. B, title I, §§ 2143, 2144(a), 2145-2148(a), 2150, July 30, 2008, 122 Stat. 2844-2848.)

### Editorial Notes

#### REFERENCES IN TEXT

The National Manufactured Housing Construction and Safety Standards Act of 1974, referred to in subsec. (a), is title VI of Pub. L. 93-383, Aug. 22, 1974, 88 Stat. 700, which is classified generally to chapter 70 (§ 5401 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5401 of Title 42 and Tables.

This chapter, referred to in subsec. (b)(7), was in the original “this Act”, meaning act June 27, 1934, ch. 847, 48 Stat. 1246, which is classified principally to this chapter (§ 1701 et seq.). For complete classification of this Act to the Code, see Tables.

Section 1706a of this title, referred to in subsec. (e), was repealed by act June 3, 1939, ch. 175, § 3, 53 Stat. 805, eff. July 1, 1939.

#### CODIFICATION

In subsec. (c)(2), “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

2008—Subsec. (a). Pub. L. 110-289, § 2147(a), in first undesignated par., struck out “on and after July 1, 1939,” after “made by them” and after “institution for such purposes” and struck out “made after August 2, 1954” after “credit, or purchase”.

Pub. L. 110-289, § 2143, in first undesignated par., substituted “Other than in connection with a manufactured home or a lot on which to place such a home (or both), in no case” for “In no case” and “. With” for “. Provided, That with”.

Subsec. (b)(1). Pub. L. 110-289, § 2145(c), substituted “Except as provided in the last sentence of this paragraph, no” for “No” in introductory provisions and inserted concluding provisions.

Subsec. (b)(1)(A)(ii). Pub. L. 110-289, § 2145(a)(1), substituted “\$25,090” for “\$17,500”.

Subsec. (b)(1)(C) to (E). Pub. L. 110-289, § 2145(a)(2)-(5), realigned margins and substituted “\$69,678” for “\$48,600” in subpar. (C), “\$92,904” for “\$64,800” in subpar. (D), and “\$23,226” for “\$16,200” in subpar. (E).

Subsec. (b)(8). Pub. L. 110-289, § 2144(a), added par. (8).

Subsec. (b)(9). Pub. L. 110-289, § 2145(b), added par. (9).

Subsec. (b)(10). Pub. L. 110-289, § 2148(a), added par. (10).

Subsec. (b)(11). Pub. L. 110-289, § 2150, added par. (11).

Subsec. (c). Pub. L. 110-289, § 2147(b), amended subsec. (c) generally. Prior to amendment, subsec. (c) related to the Secretary’s powers with respect to any debt, contract, claim, personal property, or security assigned or held in connection with the payment of insurance.

Subsec. (f). Pub. L. 110-289, § 2146, designated existing provisions as par. (1), inserted heading, and added par. (2).

2000—Subsec. (b)(3)(E). Pub. L. 106-569 substituted “twenty years” for “fifteen years”.

1992—Subsec. (a). Pub. L. 102-550, § 1012(k)(1), which directed amendment of fifth undesignated par. by inserting “Alterations, repairs, and improvements upon or in connection with existing structures may also include the evaluation and reduction of lead-based paint hazards.”, and by adding par. (4), was executed to fourth undesignated par. to reflect the probable intent of Congress.

Subsec. (b)(1)(C) to (E). Pub. L. 102-550, § 503(c)(1), added subpars. (C) to (E) and struck out former subpars. (C) to (E) which read as follows:

“(C) 70 percent of the median 1-family house price in the area, as determined by the Secretary under section 1709(b)(2) of this title, if made for the purpose of financing the purchase of a manufactured home;

“(D) 80 percent of the median 1-family house price in the area, as determined by the Secretary under section 1709(b)(2) of this title, if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home;

“(E) the greater of (i) 20 percent of the median 1-family house price in the area, as determined by the Secretary under section 1709(b)(2) of this title, or (ii) \$13,500, if made for the purpose of financing the purchase, by an owner of a manufactured home which is the principal residence of the owner, of a suitably developed lot on which to place that manufactured home, and if the owner certifies that the owner will place the manufactured home on the lot acquired with such loan within 6 months after the date of such loan;”.

Pub. L. 102-389 added subpars. (C) to (E) and struck out former subpars. (C) to (E) which read as follows:

“(C) \$40,500 if made for the purpose of financing the purchase of a manufactured home;

“(D) \$54,000 if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home;

“(E) \$13,500, if made for the purpose of financing the purchase, by an owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home, and if the owner certifies that he or she will place the manufactured home on the lot acquired with such loan within six months after the date of such loan;”.

Subsec. (b)(2). Pub. L. 102-389 substituted “but in no case may such limits, as so increased, exceed the lesser of (A) 185 percent of the dollar amount specified, or (B) the dollar amount specified as increased by the same percentage by which 95 percent of the median one-family house price in the area (as determined by the Secretary) exceeds \$67,500” for “but not to exceed the percentage by which the maximum mortgage amount of a one-family residence in the area is increased by the Secretary under section 1709(b)(2) of this title”.

1990—Subsec. (b)(1)(A). Pub. L. 101-625, § 340(b)(1)(A), added subpar. (A) and struck out former subpar. (A) which read as follows: “\$17,500 (\$20,000 where financing the installation of a solar energy system is involved) if made for the purpose of financing alterations, repairs and improvements upon or in connection with existing single-family structures or manufactured homes;”.

Subsec. (b)(1)(B). Pub. L. 101-625, § 340(b)(1)(B), substituted “\$60,000 or an average amount of \$12,000 per family unit” for “\$43,750 or an average amount of \$8,750 per family unit (\$50,000 and \$10,000, respectively, where financing the installation of a solar energy system is involved)”.



Subsec. (b)(3)(A). Pub. L. 101-625, § 340(c)(1), added subpar. (A) and struck out former subpar. (A) which read as follows: "fifteen years and thirty-two days if made for the purpose of financing alterations, repairs, and improvements upon or in connection with an existing single-family structure or manufactured home;"

Subsec. (b)(3)(B). Pub. L. 101-625, § 340(c)(2), substituted "twenty years" for "fifteen years".

Subsec. (i). Pub. L. 101-625, § 806(a), added subsec. (i). 1989—Subsec. (b)(7). Pub. L. 101-235 added par. (7).

1988—Subsec. (a). Pub. L. 100-242 struck out "and not later than March 15, 1988," after "made by them on or after July 1, 1939,".

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 "not later than March 17, 1986" for "prior to December 16, 1985".

Pub. L. 99-156 substituted "December 16, 1985" for "November 15, 1985".

Pub. L. 99-120 substituted "November 15, 1985" for "October 1, 1985".

1983—Subsec. (a). Pub. L. 98-181, § 415, inserted new undesignated par. authorizing insurance be made available to existing manufactured homes not insured under this section if such homes were constructed in accordance with the standards issued under the National Manufactured Housing Construction and Safety Standards Act of 1974 and meet standards similar to the minimum property standards applicable to existing homes issued under subchapter II of this chapter.

Pub. L. 98-181, § 401(a), substituted "October 1, 1985" for "December 1, 1983".

Pub. L. 98-109 substituted "December 1, 1983" for "October 1, 1983".

Pub. L. 98-35 substituted "October 1, 1983" for "May 21, 1983".

Subsec. (b)(1)(C). Pub. L. 98-181, § 416(a)(1), substituted "\$40,500" for "\$22,500 (\$35,000 in the case of a manufactured home composed of two or more modules)".

Subsec. (b)(1)(D). Pub. L. 98-181, § 416(a)(2), substituted "\$54,000" for "\$35,000 (\$47,500 in the case of a manufactured home composed of two or more modules)".

Subsec. (b)(1)(E). Pub. L. 98-181, § 416(a)(3), substituted "\$13,500" for "such an amount as may be necessary, but not exceeding \$12,500".

Subsec. (b)(2). Pub. L. 98-181, § 416(b), substituted provision authorizing the Secretary, in other areas, to increase the maximum dollar amounts specified in subsec. (b)(1)(D) and (E) on an area-by-area basis as deemed necessary, but not to exceed the percentage by which the maximum mortgage amount of a one-family residence in the area is increased by the Secretary under section 1709(b)(2) of this title for provision which authorized the Secretary, by regulation, in other areas where needed to meet the higher costs of land acquisition, etc., in connection with the purchase of a manufactured home or lot, to increase any dollar amount limitation otherwise applicable by an additional \$7,500.

Subsec. (b)(5). Pub. L. 98-181, § 404(b)(1), amended par. (5) generally, substituting provision that any obligation with respect to which insurance is granted under

this section bear interest at such rate as agreed upon by the borrower and the financial institution for provision that any such obligation bear interest and insurance premium charges as do not exceed an amount determined by a specified formula.

Subsec. (b)(6)(C). Pub. L. 98-181, § 417, added subpar. (C).

1982—Subsec. (a). Pub. L. 97-289 substituted "May 21, 1983" for "October 1, 1982".

1981—Pub. L. 97-35, § 339B(c), provided that for purposes of section 308(c)(1) of Pub. L. 96-399, the terms "mobile home" and "manufactured home" shall be deemed to include the terms "mobile homes" and "manufactured homes", respectively. See 1980 Amendment notes below.

Subsec. (a). Pub. L. 97-35, § 331(a), substituted "1982" for "1981".

Subsec. (b). Pub. L. 97-35, § 338(a), completely revised and reorganized provisions respecting computations, adjustments, applicability, etc., for granting of insurance to financial institutions for obligations representing loans, advances of credit, or purchases.

1980—Subsec. (a). Pub. L. 96-399, § 308(c)(1), which directed substitution of "manufactured home" for "mobile home" wherever appearing, was executed by substituting "manufactured home" for "mobile home" and "manufactured homes" for "mobile homes" wherever appearing pursuant to Pub. L. 97-35, § 339B(c). See 1981 Amendment note above.

Pub. L. 96-399, § 301(a), substituted "October 1, 1981" for "October 16, 1980".

Pub. L. 96-372 substituted "October 16, 1980" for "October 1, 1980".

Subsec. (b). Pub. L. 96-399, § 308(c)(1), which directed substitution of "manufactured home" for "mobile home" wherever appearing, was executed by substituting "manufactured home" for "mobile home" and "manufactured homes" for "mobile homes" wherever appearing pursuant to Pub. L. 97-35, § 339B(c). See 1981 Amendment note above.

Pub. L. 96-399, § 308(a), (b), inserted provisions respecting areas of high land costs or high set-up costs and increased amounts with respect to financing purchases of such homes from \$18,000 to \$20,000 (from \$27,000 to \$30,000 where there are two or more modules), where an undeveloped lot is concerned from \$24,000 to \$26,675 (from \$33,000 to \$36,675 where there are two or more modules), where a suitably developed lot is concerned from \$27,500 to \$30,550 (from \$36,500 to \$40,550 where there are two or more modules), and where a principal place of residence of the owner is concerned from \$6,250 to \$6,950 and \$9,375 to \$10,425, respectively, for undeveloped and developed lots.

1979—Subsec. (a). Pub. L. 96-153, § 301(a), substituted "October 1, 1980" for "December 1, 1979".

Pub. L. 96-105 substituted "December 1, 1979" for "November 1, 1979".

Pub. L. 96-71 substituted "November 1, 1979" for "October 1, 1979".

Subsec. (b). Pub. L. 96-153, § 313(a), substituted: in cl. (1) of first sentence of first unlettered paragraph "\$18,000 (\$27,000 in the case of a mobile home containing" for "\$16,000 (\$24,000 in the case of a mobile home composing", in subpar. (A) of second unlettered paragraph "such an amount not exceeding \$24,000 (\$33,000 in the case of a mobile home composed of two or more modules)" for "an amount not exceeding (i) the maximum amount under clause (1) of the first paragraph of this subsection, and (ii) such amount not to exceed \$5,000 as may be necessary to cover the cost of purchasing the lot", in subpar. (B) of second unlettered paragraph "twenty years and thirty-two days (twenty-five" for "fifteen years and thirty-two days (twenty-three", in subpar. (A) of third unlettered paragraph "such an amount not exceeding \$27,500 (\$36,500 in the case of a mobile home composed of two or more modules)" for "an amount not exceeding (i) the maximum amount under clause (1) of the first paragraph of this subsection, and (ii) such amount not to exceed \$7,500 as may be necessary to cover the cost of purchasing the

lot", in subpar. (B) of such unlettered paragraph "twenty years and thirty-two days (twenty-five" for "fifteen years and thirty-two days (twenty-three", in subpar. (A) of the fourth unlettered paragraph "\$6,250 in the case of an undeveloped lot, or (ii) \$9,375" for "\$5,000 in the case of an undeveloped lot, or (ii) \$7,500", and in subpar. (B) of such paragraph "fifteen years and thirty-two days" for "ten years and thirty-two days".

1978—Subsec. (a). Pub. L. 95-557, §301(a), substituted "October 1, 1979" for "November 1, 1978".

Pub. L. 95-406 substituted "November 1, 1978" for "October 1, 1978".

Subsec. (a)(2). Pub. L. 95-619 defined "energy conserving improvements" in terms of purchase and installation of weatherization materials as defined in section 6862(9) of title 42 rather than additions, alterations, or improvements of an existing or new structure, designed to reduce the total energy requirements of a structure in conformity with standards prescribed by the Secretary.

Subsec. (a)(3). Pub. L. 95-619 expanded definition of "solar energy system" to include the utilization of wind energy and added the distinction between active and passive types of energy systems.

Subsec. (b). Pub. L. 95-557, §320, substituted "not in excess of \$37,500 nor an average amount of \$7,500 per family unit and having a maturity not in excess of fifteen years" for "not in excess of \$25,000 nor an average amount of \$5,000 per family unit and having a maturity not in excess of twelve years".

1977—Subsec. (a). Pub. L. 95-128, §301(a), substituted "October 1, 1978" for "October 1, 1977".

Pub. L. 95-80 substituted "October 1, 1977" for "August 1, 1977".

Pub. L. 95-60 substituted "August 1, 1977" for "June 30, 1977".

Subsec. (b). Pub. L. 95-128, §306, substituted: in cl. (1) of first sentence "\$15,000" for "\$10,000" and "\$16,000 (\$24,000)" for "\$12,500 (\$20,000)", and in cl. (2) "fifteen years" for "twelve years"; inserted at end of proviso in cl. (2) "(twenty-three years and thirty-two days in the case of a mobile home composed of two or more modules)"; substituted in subpar. (B) of the second and third paragraphs "twenty-three years" for "twenty years"; and inserted paragraph at end of subsec. (b) which authorized the Secretary to increase by regulation any dollar amount limitation on mobile homes or mobile home lot loans contained in this subsection by not to exceed 40 per centum.

1975—Subsec. (b). Pub. L. 94-173 substituted "\$12,500 (\$20,000)" for "\$10,000 (\$15,000)" in cl. 1.

1974—Subsec. (a). Pub. L. 93-449, §4(a)(1), inserted provisions relating to financing preservation of historic structures and defining "historic structures" and "preservation".

Pub. L. 93-383, §§309(b)(1), (2), (c), 316(a), substituted "June 30, 1977" for "October 1, 1974" in provisions preceding initially designated cl. (i), inserted "or mobile homes" after "in connection with existing structures" in initial cl. (i), provisions relating to the financing of the purchase of a lot on which a mobile home is to be placed and payment of reasonable expenses for the appropriate preparation of such lot, and paragraph relating to alteration, repair, and improvement upon or in connection with existing structures with respect to inclusion of fire safety equipment, etc.

Subsec. (b). Pub. L. 93-449, §4(a)(2), added par. relating to loans financing preservation of historic structures.

Pub. L. 93-383, §309(a), (b)(3), (d), in cl. (1) substituted "exceeds \$10,000" for "exceeds \$5,000", in cl. (2) substituted provisions relating to maturity of obligation in excess of twelve years and thirty-two days for provisions relating to maturity of obligation in excess of three years and thirty-two days and authorization of increase to seven years and thirty-two days under conditions determined by the Secretary and substituted "fifteen years and thirty-two days" for "twelve years and thirty-two days (fifteen years and thirty-two days in the case of a mobile home composed of two or more

modules)", in cl. (3) substituted "\$25,000" for "\$15,000", "\$5,000" for "\$2,500", and "twelve years" for "seven years", inserted provision relating to loans to finance fire safety equipment for a nursing home, etc., and inserted paragraphs relating to financing the purchase of a mobile home and an undeveloped lot on which the mobile home is to be placed, financing the purchase of a mobile home and a suitably developed lot on which the mobile home is to be placed, and financing the purchase by the owner of a mobile home of a lot on which the mobile home is to be placed.

1973—Subsec. (a). Pub. L. 93-117 substituted "October 1, 1974" for "October 1, 1973".

Pub. L. 93-85 substituted "October 1, 1973" for "June 30, 1973".

1972—Subsec. (a). Pub. L. 92-503 substituted "June 30, 1973" for "October 1, 1972".

1970—Subsec. (a). Pub. L. 91-609, §101(a), substituted "October 1, 1972" for "January 1, 1971".

Pub. L. 91-525 substituted "January 1, 1971" for "December 1, 1970".

Pub. L. 91-473 substituted "December 1, 1970" for "November 1, 1970".

Pub. L. 91-432 substituted "November 1, 1970" for "October 1, 1970".

Subsec. (b). Pub. L. 91-609, §113(1), (2), in cl. (1) prohibited insurance with respect to obligations representing a loan where loan exceeds "\$15,000 in the case of a mobile home composed of two or more modules)", and in cl. (2) prescribed maturity date for obligation financing purchase of a mobile home of "(fifteen years and thirty-two days in the case of a mobile home composed of two or more modules)".

1969—Subsec. (a). Pub. L. 91-152, §§101(a), 103(c)(1)(4), substituted "October 1, 1970" for "January 1, 1970", designated as "(i)" provisions authorizing and empowering the Secretary to insure institutions financing alterations, repairs, and improvements, etc., inserted provisions designated as "(ii)" dealing with institutions which finance the purchase of mobile homes used by the owner as his principal residence, inserted "(other than mobile homes)" after "(1) with respect to new residential structures", and inserted provisions authorizing and directing the Secretary to prescribe minimum property standards and conformance to local zoning requirements with respect to mobile homes financed by insured institutions.

Pub. L. 91-78 substituted "January 1, 1970" for "October 1, 1969".

Subsec. (b). Pub. L. 91-152, §103(c)(5), (6), in cl. (1) inserted provision excepting obligations financing the purchase of mobile homes in an amount not exceeding \$10,000, and in cl. (2) inserted proviso limiting obligations financing the purchase of mobile homes to a maturity date not in excess of twelve years and thirty-two days.

Subsec. (c)(2). Pub. L. 91-152, §103(c)(7), substituted "real or personal property" for "real property" wherever appearing.

1968—Subsec. (b). Pub. L. 90-448 substituted "\$5,000" for "\$3,500", "seven years" for "five years", "\$5.50 discount" for "\$5 discount", and "\$4.50 discount" for "\$4 discount".

1967—Pub. L. 90-19, §1(a)(3), substituted "Secretary" for "Commissioner" wherever appearing in subsecs. (a), (b), (c)(1), (2), and (d) to (h).

Subsec. (c)(2). Pub. L. 90-19, §1(d), substituted "an officer" for "the Commissioner or by any Assistant Commissioner".

1965—Subsec. (a). Pub. L. 89-117, §202(a), substituted "October 1, 1969" for "October 1, 1965".

Subsec. (f). Pub. L. 89-117, §1108(a), struck out provisions directing the deposit of premium charges and fees and property held with respect to insurance into a United States Treasury account to be used to defray Federal Housing Administration expenses and to pay insurance claims and making allowance for transfer and merger of funds and disposition of surplus funds.

1964—Subsec. (g). Pub. L. 88-560 struck out "after December 31, 1957," after "Any payment for loss made".

1961—Subsec. (a). Pub. L. 87-70 substituted “October 1, 1965” for “October 1, 1961”.

1960—Subsec. (a). Pub. L. 86-788 substituted “October 1, 1961” for “October 1, 1960”, and struck out provisions limiting the aggregate amount of all loans, advances of credit, and obligations purchased, with respect to which insurance could be granted under the section, at \$1,750,000,000.

1959—Subsec. (a). Pub. L. 86-372 substituted “October 1, 1960” for “September 30, 1959”.

1957—Subsecs. (g), (h). Pub. L. 85-104 added subsec. (g) and redesignated former subsec. (g) as (h).

1956—Subsec. (a). Act Aug. 7, 1956, §101(a), substituted “September 30, 1959” for “September 30, 1956” and proviso of second par. authorizing waiver of clause (iii) in discretion of Commissioner with respect to occupancy of completion of new residential structures, for former proviso providing that the clause (iii) occupancy requirement should not be mandatory with respect to new residences damaged by a major disaster.

Act Feb. 10, 1956, removed the six months’ occupancy requirement with respect to new residences damaged by a major disaster.

Subsec. (b). Act Aug. 7, 1956, §101(b), (c), increased amount of loans which can be insured to \$3,500 in lieu of former provisions providing \$2,500 for improvement of existing structures and \$3,000 for construction of new structures, increased maximum term of loans which can be insured from 3 years and thirty-two days to 5 years and thirty-two days, inserted proviso limiting interest and premium charges equivalent to \$5 discount per \$100 for proceeds of loan up to \$2,500 and \$4 discount per \$100 for proceeds in excess of \$2,500, and substituted “\$15,000 nor an average amount of \$2,500 per family unit” for “\$10,000”.

1955—Subsec. (a). Act Aug. 11, 1955, substituted “September 30, 1956” for “August 1, 1955”.

Act June 30, 1955, substituted “August 1, 1955” for “July 1, 1955”.

1954—Subsec. (a). Act Aug. 2, 1954, §101(a), in second sentence, inserted proviso restricting claims for losses on individual loans, advances of credit, and purchases to 90 per centum of loss in each such case, and added second par.

Subsec. (f). Act Aug. 2, 1954, §102, inserted last two sentences with respect to termination of the Title I Claims Account as of August 1, 1954.

1953—Subsec. (a). Act Mar. 10, 1953, increased the Subchapter I loan insurance authorization from \$1,250,000,000 to \$1,750,000,000.

1950—Act Apr. 20, 1950, §122, substituted “Commissioner” for “Administrator” wherever appearing.

Subsec. (a). Act Apr. 20, 1950, §101(a)(1), (2), substituted “July 1, 1955” for “Mar. 1, 1950”, and limited the total amount of outstanding loans with respect to which insurance is granted under this section to \$1,250,000,000 outstanding at any one time.

Subsec. (b)(1). Act Apr. 20, 1950, §101(a)(3), substituted “\$3,000” for “\$4,500”.

Subsec. (b)(2). Act Apr. 20, 1950, §101(a)(4), struck out “residential or” before “agricultural purposes”.

Subsec. (f). Act Apr. 20, 1950, §101(a)(5), substituted “section” for “subchapter” wherever appearing.

1949—Subsec. (a). Joint Res. Oct. 25, 1949, substituted “March 1, 1950” for “November 1, 1949” in first sentence and “\$225,000,000” for “\$200,000,000” in last sentence.

Act Aug. 30, 1949, substituted “November 1, 1949” for “September 1, 1949”.

Act July 15, 1949, substituted “September 1, 1949” for “July 1, 1949”.

1948—Subsec. (a). Act Aug. 10, 1948, §101(s)(1), substituted “\$200,000,000” for “\$165,000,000”.

Subsec. (b). Act Aug. 10, 1948, §101(s)(2)–(4), substituted “\$4,500” for “\$3,000”, struck out first proviso and inserted in lieu a new proviso, and struck out last sentence.

1947—Subsec. (a). Act June 26, 1947, extended provisions of section for two years from 1947 to 1949.

1943—Subsec. (a). Act Oct. 15, 1943, substituted “1947” for “1944” in first sentence.

Act Mar. 23, 1943, substituted “1944” for “1943” in first sentence.

Subsec. (f). Act Oct. 15, 1943, §4, struck out “three-fourths of” before “1 per centum” in first sentence.

1942—Subsec. (b). Act May 26, 1942, amended provisions generally.

1941—Subsec. (a). Act June 28, 1941, §§1, 2, substituted “July 1, 1943” for “July 1, 1941” in first sentence; inserted “and other sources” after “premiums”; and substituted “\$165,000,000” for “\$100,000,000”.

Subsec. (b). Act June 28, 1941, §3, substituted “made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500 (or in the case of the alteration, repair, or improvement of an existing dwelling designed or to be designed for more than one family, exceeds \$5,000), or for the purpose of financing the construction of new structures exceeds \$3,000” for “exceeds \$2,500”; substituted in cl. (2) “where the loan, advance of credit, or purchase does not exceed \$2,500, or has a maturity in excess of five years and thirty-two days, where the loan, advance of credit, or purchase exceeds \$2,500 but does not exceed \$5,000; except that such maturity limitations shall not apply if” for “unless”; and inserted proviso at end.

Subsec. (c). Act June 28, 1941, §4, designated existing provisions as par. (1), inserted “personal” before “property”, and added par. (2).

Subsec. (f). Act June 28, 1941, §5, inserted “and all moneys collected by the Administrator as fees of any kind in connection with the granting of insurance as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Administrator as provided in subsection (c) of this section with respect to insurance collected on and after July 1, 1939” in last sentence.

1939—Subsecs. (a), (b). Act June 3, 1939, §1, amended provisions generally.

Subsecs. (f), (g). Act June 3, 1939, §2, added subsecs. (f) and (g).

1938—Subsecs. (a), (b). Act Feb. 3, 1938, amended provisions generally.

1937—Subsec. (a). Act Apr. 22, 1937, in third sentence, limited the total liability for all insurance under this section and former section 1026a of this title, not to exceed in the aggregate \$100,000,000.

1936—Subsecs. (a) to (d). Act Apr. 3, 1936, amended provisions generally.

Subsec. (e). Act Apr. 17, 1936, added subsec. (e).

1935—Subsec. (a). Act Aug. 23, 1935, substituted “and the purchase and installation of equipment and machinery on real property” for “including the installation of equipment and machinery” in first sentence.

Act May 28, 1935, substituted “April” for “January” in first sentence and inserted “including the installation of equipment and machinery”, and amended generally the last sentence.

## Statutory Notes and Related Subsidiaries

### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-289, div. B, title I, §2144(b), July 30, 2008, 122 Stat. 2844, provided that: “The amendment made by subsection (a) [amending this section] shall only apply to loans that are registered or endorsed for insurance after the date of the enactment of this title [July 30, 2008].”

### EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101-625, title III, §340(b)(2), Nov. 28, 1990, 104 Stat. 4147, provided that: “The amendments made by this subsection [amending this section] shall apply to loans executed on or after June 1, 1991.”

### EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-235, title I, §134(b), Dec. 15, 1989, 103 Stat. 2028, provided that: “The amendment made by subsection (a) [amending this section] shall apply only with respect to—

“(1) violations referred to in the amendment that occur on or after the date of the enactment of this Act [Dec. 15, 1989]; and

“(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation referred to in the amendment that occurs on or after such date.”

#### 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.

#### EFFECTIVE DATE OF 1954 AMENDMENT

Act Aug. 2, 1954, ch. 649, title I, §101(b), 68 Stat. 590, provided that, as used in the amendments made by such act (see 1954 Amendments note above), the words “effective date of the Housing Act of 1954 [Act Aug. 2, 1954]” mean the first day after the first full calendar month following the date of approval of such act (Aug. 2, 1954).

#### EFFECTIVE DATE OF 1950 AMENDMENT

Act Apr. 20, 1950, ch. 94, title I, §101(b), 64 Stat. 48, provided that “This section [amending this section] shall take effect as of March 1, 1950.”

#### EFFECTIVE DATE OF 1949 AMENDMENT

Act July 15, 1949, ch. 338, title II, §202, 63 Stat. 421, provided that: “This title [amending this section and sections 1709 and 1738 of this title] shall take effect as of June 30, 1949.”

#### EFFECTIVE DATE OF 1939 AMENDMENT

Act June 3, 1939, ch. 175, §4, 53 Stat. 805, provided that: “The provisions of sections 1, 2, and 3 of this Act [amending this section and repealing section 1706a of this title] shall take effect on July 1, 1939.”

#### EFFECTIVE DATE OF 1936 AMENDMENT

Act Apr. 3, 1936, ch. 165, §1, 49 Stat. 1187, provided that the amendment made by that section is effective Apr. 1, 1936.

#### INCONSISTENT LAWS

Act Aug. 2, 1954, ch. 649, title VIII, §818, 68 Stat. 648, provided that: “Insofar as the provisions of any other law are inconsistent with the provisions of this Act [see 1954 Short Title note set out under section 1701 of this title], the provisions of this Act shall be controlling.”

#### POWERS AND AUTHORITIES OF ACT AUGUST 2, 1954 AS CUMULATIVE; SEPARABILITY

Act Aug. 2, 1954, ch. 649, title VIII, §819, 68 Stat. 648, provided that: “Except as may be otherwise expressly provided in this Act [see Short Title of 1954 Amendments note set out under section 1701 of this title], all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances.”

#### PURPOSES

Pub. L. 110-289, div. B, title I, §2142, July 30, 2008, 122 Stat. 2844, provided that: “The purposes of this subtitle [subtitle B (§§2141-2150) of title I of div. B of Pub. L. 110-289, see Short Title of 2008 Amendment note set out under section 1701 of this title] are—

“(1) to provide adequate funding for FHA-insured manufactured housing loans for low- and moderate-

income homebuyers during all economic cycles in the manufactured housing industry;

“(2) to modernize the FHA title I insurance program for manufactured housing loans to enhance participation by Ginnie Mae and the private lending markets; and

“(3) to adjust the low loan limits for title I manufactured home loan insurance to reflect the increase in costs since such limits were last increased in 1992 and to index the limits to inflation.”

#### TIMING

Pub. L. 110-289, div. B, title I, §2148(b), July 30, 2008, 122 Stat. 2847, provided that: “Not later than the expiration of the 6-month period beginning on the date of the enactment of this title [July 30, 2008], the Secretary of Housing and Urban Development shall revise the existing underwriting criteria for the program referred to in paragraph (10) of section 2(b) of the National Housing Act [12 U.S.C. 1703(b)(10)] (as added by subsection (a) of this section) in accordance with the requirements of such paragraph.”

“MOBILE HOME” AND “MANUFACTURED HOME” TO INCLUDE “MOBILE HOMES” AND “MANUFACTURED HOMES”

Pub. L. 97-35, title III, §339B(c), Aug. 13, 1981, 95 Stat. 417, provided that: “For purposes of paragraphs (1) and (4) of section 308(c) of the Housing and Community Development Act of 1980 [amending sections 1703 and 1713 of this title, and section 5401 et seq. of Title 42, The Public Health and Welfare], the term ‘mobile home’ and the term ‘manufactured home’ shall be deemed to include the term ‘mobile homes’ and the term ‘manufactured homes’, respectively.”

DATA COLLECTION AND REPORTING PROCEDURES RESPECTING MEAN AND MEDIAN SALES PRICES ON MANUFACTURED HOMES AND LOTS; DEVELOPMENT, CONTENTS, ETC.

Pub. L. 96-399, title III, §308(e), Oct. 8, 1980, 94 Stat. 1641, provided that: “Not later than January 1, 1982, the Secretary of Housing and Urban Development shall develop a procedure for collecting and regularly reporting data on the mean and median sales price for new manufactured homes, and, where available, data on the mean and median sales price for manufactured home lots and combination new manufactured home and lot packages. Such reports shall contain, to the maximum extent feasible, sales price information for the Nation, each census region, each State on an annual basis, and selected standard metropolitan statistical areas having sufficient activity on an annual basis.”

#### REPORT RESPECTING OWNERSHIP OF MOBILE HOME SITES

Pub. L. 96-153, title III, §321, Dec. 21, 1979, 93 Stat. 1119, required the Secretary of Housing and Urban Development to submit a report to Congress by Mar. 31, 1980, containing recommendations for programs and policies which encourage individual ownership of mobile home lots through several methods.

#### REPAYMENT TO TREASURY ON CAPITAL ACCOUNT OF SUBCHAPTER I INSURANCE FUND

Act Mar. 10, 1953, ch. 5, §2, 67 Stat. 5, directed the Federal Housing Commissioner to pay out of the capital account of the Title I Insurance Fund to the Secretary of the Treasury, prior to June 30, 1954, the sum of \$8,333,313.65 either in one lump sum or in installments, except that the first payment was to be made on July 1, 1953.

#### § 1704. Repealed. Apr. 3, 1936, ch. 165, § 2, 49 Stat. 1188

Section, act June 27, 1934, ch. 847, title I, §3, 48 Stat. 1247, related to loans to financial institutions.

**§ 1705. Allocation of funds**

For the purposes of carrying out the provisions of this subchapter and subchapters II and III, the President, in his discretion, is authorized to provide such funds or any portion thereof by allotment to the Secretary from any funds that are available, or may hereafter be made available, to the President for emergency purposes.

(June 27, 1934, ch. 847, title I, § 4, 48 Stat. 1247; June 30, 1947, ch. 166, title II, § 206(7), 61 Stat. 208; Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17; Pub. L. 98-479, title II, § 204(a)(1), Oct. 17, 1984, 98 Stat. 2231.)

**Editorial Notes****AMENDMENTS**

1984—Pub. L. 98-479 substituted “such” for “suuch”.

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

1950—Act Apr. 20, 1950, § 122, substituted “Commissioner” for “Administrator”.

1947—Act June 30, 1947, struck out references to Reconstruction Finance Corporation.

**§ 1706. Repealed. Aug. 2, 1954, ch. 649, title VIII, § 802(b), 68 Stat. 642**

Section, acts June 27, 1934, ch. 847, title I, § 5, 48 Stat. 1247; Mar. 28, 1941, ch. 31, § 3, 55 Stat. 61; Aug. 10, 1948, ch. 832, title IV, § 402 (part), 62 Stat. 1283; Aug. 8, 1949, ch. 403, § 2 (part), 63 Stat. 576; Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Sept. 1, 1951, ch. 378, title II, § 202 (part), 65 Stat. 303, related to reports to Congress. See section 1701o of this title.

**§ 1706a. Repealed. June 3, 1939, ch. 175, § 3, 53 Stat. 805**

Section, act June 27, 1934, ch. 847, title I, § 6, as added act Apr. 17, 1936, ch. 234, § 3, 49 Stat. 1233; amended act Apr. 22, 1937, ch. 121, § 1, 50 Stat. 70, related to insurance of financial institutions financing rehabilitation of property damaged by fires, floods, storms, etc.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF REPEAL**

Repeal effective July 1, 1939, see section 4 of act June 3, 1939, set out as an Effective Date of 1939 Amendment note under section 1703 of this title.

**§ 1706b. Taxation of real property held by Secretary**

Nothing in this subchapter shall be construed to exempt any real property acquired and held by the Secretary in connection with the payment of insurance heretofore or hereafter granted 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 I, § 7, as added June 28, 1941, ch. 261, § 7, 55 Stat. 365; 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”.

**§ 1706c. Insurance of mortgages****(a) Supplemental system; limitation on amount; termination of authority**

To assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas, this section is designed to supplement systems of mortgage insurance under other provisions of this chapter by making feasible the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The Secretary is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (as defined in section 1707 of this title) offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Secretary may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this section and outstanding at any one time shall not exceed \$100,000,000, except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than \$150,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest: *And provided further*, That no mortgage shall be insured under this section after August 2, 1954, except pursuant to a commitment to insure issued on or before such date.

**(b) Eligibility conditions**

To be eligible for insurance under this section, a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Secretary as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed \$5,700, and not to exceed 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property upon which there is located a dwelling designed principally for a single-family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Secretary's estimate of the cost of acquisition in cash or its equivalent, or shall be the builder constructing the dwelling, in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,100: *Provided further*, That the Secretary finds that the project with respect to which the mortgage is exe-

cuted is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas: *And provided further*, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Secretary) that his home, which he occupied as an owner or as a tenant, was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President, pursuant to sections 5122(2) and 5170 of title 42, has determined to be a major disaster, such maximum dollar limitation may be increased by the Secretary from \$5,700 to \$7,000, and the percentage limitation may be increased by the Secretary from 95 per centum to 100 per centum of the appraised value;

(3) have a maturity satisfactory to the Secretary but not to exceed thirty years from the date of insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Secretary requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Secretary;

(5) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the Secretary, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided and to the service charge, if any) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, service charges, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, and other matters as the Secretary may in his discretion prescribe.

#### **(c) Premium charge**

The Secretary is authorized to fix a premium charge for the insurance of mortgages under this section, but in the case of any mortgage, such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash or in debentures issued by the Secretary under this section at par plus accrued interest, in such manner as may be prescribed by the Secretary: *Provided*, That the Secretary may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Secretary finds, upon the presentation of a mortgage for insurance and the

tender of the initial premium charge or charges so required, that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Secretary may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Secretary is further authorized, in his discretion, to require the payment by the mortgagee of 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 that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

#### **(d) Release of mortgagor**

The Secretary may, at any time under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

#### **(e) Conclusiveness of insurance contract as to eligibility**

Any contract of insurance executed by the Secretary under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

#### **(f) Rights of mortgagee upon foreclosure**

In any case in which the mortgagee under a mortgage insured under this section shall have foreclosed and taken possession of the mortgaged property in accordance with the regulations of, and within a period to be determined by, the Secretary or shall, with the consent of the Secretary, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefits of the insurance as provided in section 1710(a) of this title with respect to mortgages insured under section 203(b)(2)(D) of this Act.

#### **(g) Applicability of other sections**

Subsections (c), (d), (e), (f), (g), (h),<sup>1</sup> (j), and (k)<sup>1</sup> of section 1710 of this title shall be applicable to mortgages insured under this section except that all references therein to the Mutual Mortgage Insurance Funds or the Fund shall be construed to refer to the General Insurance Fund, and all references therein to section 1709 of this title shall be construed to refer to this section: *Provided*, That debentures issued in connection with mortgages insured under this sec-

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

tion shall have the same tax exemption as debentures issued in connection with mortgages insured under section 1709 of this title.

(June 27, 1934, ch. 847, title I, § 8, as added Apr. 20, 1950, ch. 94, title I, § 102, 64 Stat. 48; amended Aug. 3, 1951, ch. 293, § 1, 65 Stat. 173; June 30, 1953, ch. 170, § 2, 67 Stat. 121; Aug. 2, 1954, ch. 649, title I, § 103, 68 Stat. 591; Pub. L. 86-372, title I, § 116(a), Sept. 23, 1959, 73 Stat. 664; Pub. L. 89-117, title XI, § 1108(b), Aug. 10, 1965, 79 Stat. 504; Pub. L. 90-19, § 1(a)(3), (4), May 25, 1967, 81 Stat. 17; Pub. L. 91-606, title III, § 301(b), Dec. 31, 1970, 84 Stat. 1758; Pub. L. 93-288, title VII, § 702(b), formerly title VI, § 602(b), May 22, 1974, 88 Stat. 163, renumbered title VII, § 702(b), Pub. L. 103-337, div. C, title XXXIV, § 3411(a)(1), (2), Oct. 5, 1994, 108 Stat. 3100; Pub. L. 100-707, title I, § 109(e)(1), Nov. 23, 1988, 102 Stat. 4708.)

### Editorial Notes

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original “this Act”, meaning act June 27, 1934, ch. 847, 48 Stat. 1246, which is classified principally to this chapter (§ 1701 et seq.). For complete classification of this Act to the Code, see Tables.

Section 203(b)(2)(D) of this Act, referred to in subsec. (f), which was formerly classified to section 1709(b)(2)(D) of this title, was repealed by act Aug. 2, 1954, ch. 649, title I, § 104, 68 Stat. 591.

Subsection (h) of section 1710 of this title, referred to in subsec. (g), was redesignated subsec. (i) by Pub. L. 105-276, title VI, § 602(1), Oct. 21, 1998, 112 Stat. 2674.

Subsection (k) of section 1710 of this title, referred to in subsec. (g), was repealed by Pub. L. 105-276, title VI, § 601(c), Oct. 21, 1998, 112 Stat. 2673.

The General Insurance Fund, referred to in subsec. (g), was established by section 1735c of this title.

#### AMENDMENTS

1988—Subsec. (b)(2). Pub. L. 100-707 substituted “5170 of title 42” for “5141 of title 42”.

1974—Subsec. (b)(2). Pub. L. 93-288 substituted “sections 5122(2) and 5141 of title 42” for “section 4402(1) of title 42”.

1970—Subsec. (b)(2). Pub. L. 91-606 substituted reference to section “4402(1)” for “1855a(a)” of title 42.

1967—Pub. L. 90-19, § 1(a)(3), substituted “Secretary” for “Commissioner” wherever appearing in subssecs. (a), (b)(1) to (4), (6), (7), and (c) to (f).

Subsec. (b)(2). Pub. L. 90-19, § 1(a)(4), substituted “Secretary’s” for “Commissioner’s”.

1965—Subsec. (g). Pub. L. 89-117, § 1108(b)(1), substituted “General Insurance Fund” for “Title I Housing Insurance Fund”.

Subsec. (h). Pub. L. 89-117, § 1108(b)(2), repealed subsec. (h) which created the Title I Housing Insurance Fund.

Subsec. (i). Pub. L. 89-117, § 1108(b)(2), repealed subsec. (i) which dealt with the disposition of surplus funds of the Title I Housing Insurance Fund, purchase of debentures, and credits and charges to fund.

1959—Subsec. (g). Pub. L. 86-372 inserted reference to subssecs. (j) and (k) of section 1710 of this title.

1954—Subsec. (a). Act Aug. 2, 1954, inserted proviso prohibiting the insurance of mortgages under this section after Aug. 2, 1954, except pursuant to commitments to insure issued on or before such date.

1953—Subsec. (b)(2). Act June 30, 1953, raised the maximum mortgage, where the mortgagor is the owner-occupant, from \$4,750, not exceeding 95 per centum of value, to \$5,700, not exceeding 95 per centum of value; and raised the maximum mortgage, where the builder is the mortgagor, from \$4,250, not exceeding 85 per centum of value, to \$5,100, not exceeding 85 per centum of value.

1951—Subsec. (b)(2). Act Aug. 3, 1951, permitted more liberal mortgage insurance for those building low-cost homes to replace their homes lost in a flood or other major disaster.

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-288 effective Apr. 1, 1974, see section 605 of Pub. L. 93-288, formerly set out as an Effective Date note under section 5121 of Title 42, The Public Health and Welfare.

#### EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-606 effective Dec. 31, 1970, see section 304 of Pub. L. 91-606, set out as a note under section 165 of Title 26, Internal Revenue Code.

#### REPAYMENT TO TREASURY ON CAPITAL ACCOUNT OF TITLE I INSURANCE FUND

Act Mar. 10, 1953, ch. 5, § 2, 67 Stat. 5, directed the Federal Housing Commissioner to pay out of the capital account of the Title I Insurance Fund to the Secretary of the Treasury, prior to June 30, 1954, the sum of \$8,333,313.65 either in one lump sum or in installments, except that the first payment was to be made on July 1, 1953.

### § 1706d. Applicability

The provisions of sections 1703 and 1706c of this title shall be applicable in the several States and Puerto Rico, the District of Columbia, Guam, the Trust Territory of the Pacific Islands, American Samoa, and the Virgin Islands.

(June 27, 1934, ch. 847, title I, § 9, as added July 14, 1952, ch. 723, § 10(a)(1), 66 Stat. 603; amended Pub. L. 86-70, § 10(a), June 25, 1959, 73 Stat. 142; Pub. L. 86-624, § 6, July 12, 1960, 74 Stat. 411; Pub. L. 91-152, title IV, § 403(c)(3), Dec. 24, 1969, 83 Stat. 395; Pub. L. 98-181, title I [title IV, § 407(a)], Nov. 30, 1983, 97 Stat. 1211; Pub. L. 100-242, title IV, § 429(b), Feb. 5, 1988, 101 Stat. 1918.)

### Editorial Notes

#### AMENDMENTS

1988—Pub. L. 100-242 inserted “Applicability” as section catchline.

1983—Pub. L. 98-181 inserted “American Samoa,” after “Pacific Islands,”.

1969—Pub. L. 91-152 inserted “the Trust Territory of the Pacific Islands,” after “Guam,”.

1960—Pub. L. 86-624 struck out “Hawaii,” before “Puerto Rico”.

1959—Pub. L. 86-70 struck out “Alaska,” before “Hawaii”.

### Executive Documents

#### 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.

### § 1706e. Repealed. Pub. L. 101-625, title II, § 289(b), Nov. 28, 1990, 104 Stat. 4128

Section, Pub. L. 93-383, title VIII, § 810, Aug. 22, 1974, 88 Stat. 734; Pub. L. 94-375, § 20, Aug. 3, 1976, 90 Stat. 1077; Pub. L. 95-24, title I, § 103, Apr. 30, 1977, 91 Stat. 55; Pub. L. 95-128, title II, § 203, Oct. 12, 1977, 91 Stat. 1129; Pub. L. 95-557, title I, § 102, Oct. 31, 1978, 92 Stat. 2083; Pub. L. 96-153, title I, § 106, Dec. 21, 1979, 93 Stat. 1104; Pub. L. 96-399, title I, § 116, Oct. 8, 1980, 94 Stat. 1623;

Pub. L. 97-35, title III, §312, Aug. 13, 1981, 95 Stat. 397; Pub. L. 98-181, title I [title I, §122], Nov. 30, 1983, 97 Stat. 1170; Pub. L. 98-479, title I, §101(a)(14), Oct. 17, 1984, 98 Stat. 2220; Pub. L. 100-242, title V, §517(a), (c)-(e), Feb. 5, 1988, 101 Stat. 1936, 1937; Pub. L. 101-73, title V, §501(e)(1), Aug. 9, 1989, 103 Stat. 394; Pub. L. 101-235, title I, §126(a), (b), Dec. 15, 1989, 103 Stat. 2025; Pub. L. 101-625, title IX, §914(a), (b), Nov. 28, 1990, 104 Stat. 4394, 4395, related to urban homestead program of unit of general local government, State, or designated public agency.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1991, and except with respect to projects and programs for which binding commitments have been entered into prior to Oct. 1, 1991, no new grants or loans to be made after Oct. 1, 1991, under this section, see section 12839(a)(5), (b)(1) of Title 42, The Public Health and Welfare.

#### § 1706f. Prohibition against kickbacks and unearned fees

##### (a) In general

Except as provided in subsection (b), the provisions of sections 2602, 2607, 2614, 2615, 2616, and 2617 of this title shall apply to each sale of a manufactured home financed with an FHA-insured loan or extension of credit, as well as to services rendered in connection with such transactions.

##### (b) Authority of the Secretary

The Secretary is authorized to determine the manner and extent to which the provisions of sections 2602, 2607, 2614, 2615, 2616, and 2617 of this title may reasonably be applied to the transactions described in subsection (a), and to grant such exemptions as may be necessary to achieve the purposes of this section.

##### (c) Definitions

For purposes of this section—

(1) the term “federally related mortgage loan” as used in sections 2602, 2607, 2614, 2615, 2616, and 2617 of this title shall include an FHA-insured loan or extension of credit made to a borrower for the purpose of purchasing a manufactured home that the borrower intends to occupy as a personal residence; and

(2) the term “real estate settlement service” as used in sections 2602, 2607, 2614, 2615, 2616, and 2617 of this title shall include any service rendered in connection with a loan or extension of credit insured by the Federal Housing Administration for the purchase of a manufactured home.

##### (d) Unfair and deceptive practices

In connection with the purchase of a manufactured home financed with a loan or extension of credit insured by the Federal Housing Administration under this subchapter, the Secretary shall prohibit acts or practices in connection with loans or extensions of credit that the Secretary finds to be unfair, deceptive, or otherwise not in the interests of the borrower.

(June 27, 1934, ch. 847, title I, §10, as added Pub. L. 110-289, div. B, title I, §2149, July 30, 2008, 122 Stat. 2847.)

#### SUBCHAPTER II—MORTGAGE INSURANCE

##### § 1707. Definitions

As used in section 1709 of this title—

(a) The term “mortgage” means (A) a first mortgage on real estate, in fee simple, (B) a first mortgage on a leasehold on real estate (i) under a lease for not less than ninety-nine years which is renewable, or (ii) under a lease having a period of not less than ten years to run beyond the maturity date of the mortgage, or (C) a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, real estate consisting of a one-family unit in a multifamily project, including a project in which the dwelling units are attached, or are manufactured housing units, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State, in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term “mortgagee” includes the original lender under a mortgage, and his successors and assigns approved by the Secretary; and the term “mortgagor” includes the original borrower under a mortgage and his successors and assigns.

(c) The term “maturity date” means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term “State” includes the several States, and Puerto Rico, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Virgin Islands.

(e) The term “family member” means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor’s spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual’s household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

(f) The term “child” means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.

(g) The term “real estate” means land and all natural resources and structures permanently affixed to the land, including residential buildings and stationary manufactured housing. The Secretary may not require, for treatment of any land or other property as real estate for purposes of this subchapter, that such land or property be treated as real estate for purposes of State taxation.

(June 27, 1934, ch. 847, title II, §201, 48 Stat. 1247; Feb. 3, 1938, ch. 13, §3, 52 Stat. 9; Mar. 28, 1941, ch. 31, §4(a), 55 Stat. 61; Apr. 20, 1950, ch. 94, title I, §122, 64 Stat. 59; July 14, 1952, ch. 723, §10(a)(2), 66 Stat. 603; Pub. L. 86-70, §10(a), June 25, 1959,