Public Law 94-375
94th Congress

An Act

To amend and extend laws relating to housing and community development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Housing Authorization Act of 1976".

AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 2. (a) Section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following new sentence: "The Secretary is authorized to enter into contracts for annual contributions aggregating not more than $1,524,000,000 per annum, which limit shall be increased by $965,000,000 on July 1, 1974, by $662,300,000 on July 1, 1975, and by $850,000,000 on October 1, 1976, except that the additional authority to enter into contracts for annual contributions provided on or after July 1, 1975, shall be effective only in such amounts as may be approved in appropriation Acts."; and

(2) by inserting immediately after "on July 1, 1975," in the fourth sentence thereof the following: "and by not less than $17,000,000 per annum on October 1, 1976,".

(b) (1) Effective on October 1, 1976, the second and third sentences of section 5(c) of such Act are amended to read as follows: "Of the additional authority to enter into contracts for annual contributions provided on October 1, 1976, and approved in appropriation Acts, the Secretary shall (A) make available at least $60,000,000 for the modernization of low-income housing projects, and (B) make available at least $140,000,000 to assist in financing low-income housing projects for ownership by public housing agencies other than under section 8, of which not less than $100,000,000 shall be available only for the purpose of financing the construction or substantial rehabilitation of low-income housing projects. The Secretary, in utilizing the additional authority to enter into contracts for annual contributions provided on October 1, 1976, shall administer the programs authorized by this Act to provide assistance for new, substantially rehabilitated, and existing units, to the maximum extent practicable and consistent with section 213(d) of the Housing and Community Development Act of 1974, in accordance with the goals of units of general local government for such types of housing as reflected in their housing assistance plans prepared pursuant to section 104(a)(4) of such Act.".

(2) Effective on October 1, 1976, the fourth sentence of section 5(c) of such Act is amended by striking out "to the amount of contracts for annual contributions required to be entered into by the Secretary under the second sentence of this subsection".

Aug. 3, 1976
[S. 3295]


12 USC 1701 note.

Low-income housing projects, contracts for annual contributions.

42 USC 1437c.

New and rehabilitated housing units.

42 USC 1439.

42 USC 5304.

42 USC 1437c.
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Appropriation authorization. 42 USC 1437g.

"(c) Section 9(c) of such Act is amended to read as follows:

"There are authorized to be appropriated, for the purpose of providing annual contributions pursuant to this section not to exceed $555,000,000 on or after July 1, 1975, not to exceed $800,000,000 on or after July 1, 1976, and not to exceed $576,000,000 on or after October 1, 1976."

42 USC 1437f.

"(d) Section 8(c)(4) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following:

"and, subject to the provisions of the following sentence, such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after such sixty-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after such sixty-day period (i) if the unoccupied unit is in a project insured under the National Housing Act, except pursuant to section 244 of such Act, or (ii) if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.”.

12 USC 1701 and note, 1715x-9.

42 USC 1437f.

"(e) Section 8(f) of such Act is amended by striking out “and” at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof “; and”, and by adding the following new paragraph at the end thereof:

“Debt service.”

"(6) the term ‘debt service’ means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.”.

42 USC 1437a.

"(f) The third sentence of section 8(2) of such Act is amended by striking out the word “and” before “(C)” and inserting before the semicolon the following: “and (D) other single persons in circumstances described in regulations of the Secretary: Provided, That in no event shall more than 10 percent of the units under the jurisdiction of any public housing agency be occupied by single persons under this clause (D): Provided further, That in determining priority for admission to housing under this Act the Secretary shall give preference to those single persons who are elderly, handicapped, or displaced before those eligible under this clause (D)”.

42 USC 1437f.

"(g) Section 8(e)(1) of such Act is amended by inserting after “State or local agency” the following: “or the Farmers’ Home Administration”.

42 USC 1382 note.

42 USC 1430.

12 USC 1701 and note.

12 USC 1701a.

42 USC 1471.

42 USC 1381.

Mortgage insurance. termination. 12 USC 1715z.

Sec. 3. (a) Section 235(m) of the National Housing Act is amended by striking out “June 30, 1976” and inserting in lieu thereof “September 30, 1977”.

Section 235 Homeownership Program
(b) The last proviso in section 235(b)(2) of such Act is amended by striking out "$21,600", "$25,200", and "$25,200", and inserting in lieu thereof "$25,000", "$29,000", and "$33,000", respectively.

c) Section 235(i)(3)(B) of such Act is amended by striking out "$21,600", "$25,200", and "$25,200", and inserting in lieu thereof "$25,000", "$29,000", and "$33,000", respectively.

(d) Section 221(d)(2)(A) of such Act is amended—

(1) by striking out "$21,600" and "$25,200" in the matter preceding the first proviso and inserting in lieu thereof "$25,000" and "$29,000", respectively; and

(2) by striking out "$25,200" and "$28,800" in the second proviso and inserting in lieu thereof "$29,000" and "$33,000", respectively.

e) Section 235(h)(2) of such Act is amended by striking out "80 per centum" wherever it appears and inserting in lieu thereof "95 per centum".

(f) (1) Section 235(a) of such Act is amended—

(A) by inserting "(1)" immediately after "(a)"; and

(B) by adding at the end thereof the following:

"(2) (A) Notwithstanding any other provision of this section, the Secretary is authorized to make periodic assistance payments under this section on behalf of families whose incomes do not exceed the maximum income limits prescribed pursuant to subsection (h)(2) of this section for the purpose of assisting such families in acquiring ownership of a mobile home consisting of two or more modules and a lot on which such mobile home is or will be situated, except that periodic assistance payments pursuant to this paragraph shall not be made with respect to more than 20 per centum of the total number of units with respect to which assistance is approved under this section after January 1, 1976. Assistance payments under this section pursuant to this paragraph shall be accomplished through payments on behalf of an owner of lower-income of a mobile home as described in the preceding sentence to the financial institution which makes the loan, advance of credit, or purchase of an obligation representing the loan or advance of credit to finance the purchase of the mobile home and the lot on which such mobile home is or will be situated, but only if insurance under section 2 of this Act covering such loan, advance of credit, or obligation has been granted to such institution.

(B) Notwithstanding the provisions of subsection (c) of this section, assistance payments provided pursuant to this paragraph shall be in an amount not exceeding the lesser of—

"(i) the balance of the monthly payment for principal, interest, real and personal property taxes, insurance, and insurance premium chargeable under section 2 of this Act due under the loan or advance of credit remaining unpaid after applying 20 per centum of the mobile homeowner's income; or

(ii) the difference between the amount of the monthly payment for principal, interest, and insurance premium chargeable under section 2 of this Act which the mobile homeowner is obligated to pay under the loan or advance of credit and the monthly payment of principal and interest which the owner would be obligated to pay if the loan or advance of credit were to bear interest at a rate derived by subtracting from the interest rate applicable to such loan or advance of credit the interest rate differential between the maximum interest rate plus mortgage insurance premium applicable to mortgages insured under subsection
(i) of this section at the time such loan or advance of credit is made and the interest rate which such mortgages are presumed, under regulations prescribed by the Secretary, to bear for purposes of subsection (c)(2) of this section.”

12 USC 1715z.

(2) Section 236(c) of such Act is amended by inserting “(a)(2)(B),” immediately before “(c)”.

SECTION 236 AMENDMENTS

12 USC 1715z–1. Sec. 4. (a) Section 236(n) of the National Housing Act is amended by striking out “June 30, 1976” and inserting in lieu thereof “September 30, 1977”.

(b) Section 236(f)(2) of such Act is amended—

(1) by inserting “(including the amount allowed for utilities in the case of a project with separate utility metering)” immediately after “basic rentals” in the first sentence thereof and by striking out everything in such sentence which follows “of their income” and inserting in lieu thereof a period; and

(2) by inserting “(including the amount allowed for utilities in the case of a project with separate utility metering)” immediately after “rental payment” in the second sentence thereof and by striking out everything in such sentence which follows “tenant’s income” and inserting in lieu thereof a period.

FHA SUPPLEMENTAL LOANS FOR HOSPITALS

12 USC 1715z–6. Sec. 5. Section 241(a) of the National Housing Act is amended—

(1) by inserting “hospital,” immediately after “multifamily project” in the first sentence thereof;

(2) by inserting “hospital,” immediately after “such project” in the material preceding the proviso in the second sentence thereof; and

(3) by inserting “hospital,” immediately before “or a group practice facility” and immediately before “or facility” in the proviso in the second sentence thereof.

CO-INSURANCE

12 USC 1715z–9. Sec. 6. (a) Section 244 of the National Housing Act is amended by inserting at the end thereof the following new subsection:

“(g) (1) Where the mortgagee is a public housing agency or an insured depository institution and the mortgage covers a multifamily housing project, the co-insurance contract may provide that the mortgagee assume (i) the full amount of any loss on the insured mortgage up to an amount equal to a fixed percentage of the outstanding principal balance of the mortgage at the time of claim for insurance benefits, or (ii) the full amount of any losses on insured mortgages in a portfolio of mortgages approved by the Secretary up to an amount equal to a fixed percentage of the outstanding principal balance of all mortgages in such portfolio at the time of claim for insurance benefits on a mortgage in the portfolio, plus a share of any loss in excess of the amount under clause (i) or (ii), whichever is applicable.

“(2) The second sentence of subsection (d) shall not apply to mortgages made to public housing agencies, but for purposes of such second sentence such mortgages shall not be counted in the aggregate principal amount of all mortgages insured under this title.
“(3) The Secretary may make loans, from the applicable insurance fund, to public housing agencies in connection with mortgages which have been insured pursuant to this subsection and which are in default.

“(4) The Secretary may insure and make a commitment to insure in connection with a co-insurance contract pursuant to this subsection (A) a mortgage on a project assisted under the second proviso in the first sentence of section 236(b) of this Act, and (B) a mortgage or advance on a mortgage made to a public housing agency on a project under construction which is not approved for insurance prior to construction.

“(5) As used in this subsection, the term ‘public housing agency’ has the same meaning as in section 3(6) of the United States Housing Act of 1937, and the term ‘insured depository institution’ means any savings bank, savings and loan association, commercial bank or other such depository institution whose deposits are insured by the Federal Deposit Insurance Corporation, by the Federal Savings and Loan Insurance Corporation, or by an agency or instrumentality of a State.

“(6) Notwithstanding any other provision of this Act, the Secretary may include in the determination of replacement cost of a project to be covered by a mortgage made to a public housing agency and insured pursuant to this subsection, such reserves and development costs, not to exceed 5 per centum of the amount otherwise allowable, as may be established or authorized by the public housing agency consistent with such agency’s procedures and underwriting standards.’

(b) Section 244(a) of such Act is amended by adding the following new sentence at the end thereof: “A mortgagor which enters into a contract of co-insurance under this section shall not by reason of such contract, or its adherence to such contract or applicable regulations of the Secretary, including provisions relating to the retention of risks in the event of sale or assignment of a mortgage, be made subject to any State law regulating the business of insurance.”.

EXPERIMENTAL FINANCING

Sec. 7. Section 245 of the National Housing Act is amended by striking out “June 30, 1976” and inserting in lieu thereof “September 30, 1977”.

MULTIFAMILY MORTGAGE LIMITS

Sec. 8. (a) The National Housing Act is amended by striking out “by not to exceed 75 per centum in any geographical area” where it appears in sections 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), and 234(e)(3) and inserting in lieu thereof “by not to exceed 50 per centum in any geographical area”.

(b) (1) (A) Section 207(c)(3) of the National Housing Act is amended by striking out “$13,000”, “$18,000”, “$21,500”, “$26,500”, “$30,000”, and “$3,250” in the matter preceding the first semicolon and inserting in lieu thereof “$19,500”, “$21,600”, “$25,800”, “$31,800”, “$36,000”, and “$3,900”, respectively.

(B) Section 207(c)(3) of such Act is further amended by striking out “$15,000”, “$21,000”, “$25,750”, “$32,250”, and “$36,455” in the matter following the first semicolon and inserting in lieu thereof “$22,500”, “$25,200”, “$30,000”, “$38,700”, and “$43,758”, respectively.

(2) (A) Section 213(b)(2) of such Act is amended by striking out “$13,000”, “$18,000”, “$21,500”, “$26,500”, and “$30,000” in the matter preceding the first proviso and inserting in lieu thereof “$19,500”, “$21,600”, “$25,800”, “$31,800”, and “$36,000”, respectively.
12 USC 1715e.  (B) Section 213(b)(2) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$29,250", and "$36,465" in the first proviso and inserting in lieu thereof "$22,500", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

12 USC 1715k.  (3) (A) Section 220(d)(3)(B) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding "except" where it first appears and inserting in lieu thereof "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 220(d)(3)(B) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following "except" where it first appears and inserting in lieu thereof "$22,500", "$25,200", "$29,000", "$38,700", and "$43,758", respectively.

12 USC 1715l.  (4) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$11,240", "$15,540", "$18,630", "$23,460", and "$26,496" and inserting in lieu thereof "$16,860", "$18,648", "$22,356", "$24,152", and "$28,884", respectively; and

(B) by striking out "$13,120", "$18,630", "$22,080", "$27,600", and "$32,000" and inserting in lieu thereof "$19,680", "$22,356", "$26,496", "$33,120", and "$38,400", respectively.

12 USC 1715v.  (5) (A) Section 221(d)(4)(ii) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 221(d)(4)(ii) of such Act is further amended by striking out "$13,975", "$20,025", "$22,080", "$27,600", and "$32,000" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

12 USC 1715y.  (6) (A) Section 231(c)(2) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 231(c)(2) of such Act is further amended by striking out "$13,975", "$20,025", "$22,080", "$27,600", and "$32,000" in the matter following the first semicolon and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

12 USC 1735b.  Sec. 9. (a) (1) Section 518(b) of the National Housing Act is amended by striking out "not more than nineteen months after the date of enactment of the Housing and Community Development Act of 1974" in the first sentence thereof and inserting in lieu thereof "not more than four months after the date of enactment of the Housing Authorization Act of 1976".

CORRECTION OF DEFECTS
(2) Section 518(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for."

(b) Section 518 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(d) The Secretary is authorized to make expenditures to correct or to reimburse the owner for the correction of structural or other major defects which so seriously affect use and liveability as to create a serious danger to the life or safety of inhabitants of any one-, two-, three-, or four-family dwelling which is more than one year old on the date of issuance of the insurance commitment, is located in an older, declining urban area, and is covered by a mortgage insured under section 203 or 221 on or after January 1, 1973, but prior to the date of enactment of this subsection if (1) the owner requests assistance from the Secretary not more than one year after the date of enactment of this subsection, and (2) the defect is one that existed on the date of the issuance of the insurance commitment and is one that a proper inspection could reasonably have been expected to have disclosed. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling. Expenditures pursuant to this subsection shall be made from the insurance fund chargeable for insurance benefits on the mortgage covering the structure to which the expenditures relate. There are hereby authorized to be appropriated such sums as may be necessary to cover the costs of such expenditures not otherwise provided for.

(e) The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study and report to Congress, with recommendations, not later than March 1, 1977, with respect to an effective program for protecting home buyers from hidden or undisclosed defects seriously affecting the use and livability of the home, which would be applicable to existing homes financed with mortgages insured under this Act. In the study and report the Secretary shall particularly investigate the need for, cost and feasible structure of, a national home inspection and warranty program, with respect to such homes, to be operated by the Federal Government out of fees assessed on the home buyer and amortized over a period of two years. The Secretary's report shall also present an analysis of alternative Federal programs to meet these needs, and the cost and means of financing such programs. In the report the Secretary shall also outline administrative steps which can be taken to provide disclosure to purchasers of existing homes financed with mortgages insured under this Act of the actual condition of the home and the types of repairs or replacements likely to be needed within a period of two years, such as repairs or replacement of furnace, roof or major appliances, based on age and useful life expectancy of such appurtenances."

GENERAL INSURANCE FUND AUTHORIZATION

Sec. 10. Section 519 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(f) There are authorized to be appropriated to cover losses sustained by the General Insurance Fund not to exceed $500,000,000."
Sec. 11. (a) Section 202(a) (4) (B) (i) of the Housing Act of 1959 is amended—

(1) by striking out "$800,000,000" in the first sentence and inserting in lieu thereof "$1,475,000,000, which amount shall be increased to $2,387,500,000 on October 1, 1977, and to $3,300,000,000 on October 1, 1978"; and

(2) by inserting the following new sentence at the end thereof: "The Secretary may not issue notes or other obligations to the Secretary of the Treasury pursuant to this section in an aggregate amount exceeding $800,000,000 except as approved in appropriation Acts."

(b) Section 202(d) (4) of such Act is amended by adding the following new sentence at the end thereof: "Notwithstanding the preceding provisions of this paragraph, the term 'elderly or handicapped families' includes two or more elderly or handicapped persons living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary) to be essential to their care or well-being, and the surviving member or members of any family described in the first sentence of this paragraph who were living, in a unit assisted under this section, with the deceased member of the family at the time of his or her death."

(c) (1) Section 202(a) (8) of such Act is amended by striking out "current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans" and inserting in lieu thereof the following: "average interest rate on all interest bearing obligations of the United States then forming a part of the public debt, computed at the end of the fiscal year next preceding the date on which the loan is made."

(2) The second sentence of section 202(a) (4) (B) (i) of such Act is amended by striking out "the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations", and inserting in lieu thereof the following: "the average interest rate on all interest bearing obligations of the United States then forming a part of the public debt, computed at the end of the fiscal year next preceding the date on which the loan is made."

Sec. 12. (a) Section 312(d) of the Housing Act of 1964 is amended—

(1) by striking out "and not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975" and inserting in lieu thereof "not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975, and not to exceed $100,000,000 for the fiscal year beginning on October 1, 1976"; and

(2) by adding at the end thereof the following new sentence: "The amount of commitments to make loans pursuant to this section entered into after August 22, 1976, shall not exceed amounts approved in appropriation Acts."

(b) Section 312(h) of such Act is amended to read as follows:

"(h) No loan shall be made under this section after September 30, 1977, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section prior to October 1, 1977."
EMERGENCY HOUSING

SEC. 13. (a) Section 109(b) of the Emergency Homeowners' Relief Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977".
(b) The first sentence of section 110(a) of such Act is amended—
(1) by striking out "Until one year from the date of enactment of this title, each" and inserting in lieu thereof "Each";
(2) by inserting "prior to October 1, 1977," immediately after "(1)"; and
(3) by inserting "until one year from the date of enactment of this title," immediately after "(2)".
(c) Section 111 of such Act is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".
(d) Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "July 1, 1976" and inserting in lieu thereof "October 1, 1977".
(e) (1) Section 313(b) of the National Housing Act is amended by striking out the period at the end thereof and inserting in lieu thereof "and", and by inserting the following at the end thereof:
"(D) such mortgage involves a principal residence the sales price of which does not exceed $48,000 ($52,000 in high-cost areas as determined by the Secretary) per family residence or dwelling unit, except that such sales price in Alaska, Hawaii, and Guam may not exceed $65,000.
(2) The amendment made by paragraph (1) shall apply only with respect to mortgages purchased pursuant to commitments made after the date of the enactment of this Act.

FLOOD INSURANCE

SEC. 14. (a) Section 202(b) of the Flood Disaster Protection Act of 1973 is amended by striking out all that follows "shall not apply to" and inserting in lieu thereof the following: "(1) any loan made to finance the acquisition of a residential dwelling occupied as a residence prior to March 1, 1976, or one year following identification of the area within which such dwelling is located as an area containing special flood hazards, whichever is later, or made to extend, renew, or increase the financing or refinancing in connection with such a dwelling, (2) any loan, which does not exceed an amount prescribed by the Secretary, to finance the acquisition of a building or structure completed and occupied by a small business concern, as defined by the Secretary, prior to January 1, 1976, (3) any loan or loans, which in the aggregate do not exceed $5,000, to finance improvements to or rehabilitation of a building or structure occupied as a residence prior to January 1, 1976, or (4) any loan or loans, which in the aggregate do not exceed an amount prescribed by the Secretary, to finance nonresidential additions or improvements to be used solely for agricultural purposes on a farm.
(b) Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "December 31, 1976" and inserting in lieu thereof "September 30, 1977".
(c) Section 1376 of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following new subsection: "(c) There are authorized to be appropriated for studies under this title not to exceed $100,000,000 for the fiscal year 1977."
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Sec. 15. (a) Section 103(a)(2) of the Housing and Community Development Act of 1974 is amended by inserting "; and $200,000,000 for the fiscal year 1977, not more than 50 per centum of which amount may be used under section 106(d)(1)."," immediately after "1976".

(b) Paragraph (2) of section 105(a) of such Act is amended by inserting immediately after "neighborhood facilities," the following: "centers for the handicapped."

(c) Section 107(a)(1) of such Act is amended by inserting the following immediately before the semicolon at the end thereof: "or in behalf of new community projects assisted under title X of the National Housing Act which meet the eligibility standards set forth in title VII of the Housing and Urban Development Act of 1970 and which were the subject of an application or preapplication under such title prior to January 14, 1975."

(d) Section 116 of such Act is amended by adding at the end thereof the following new subsection:

"(h) In the event that the total amount available for distribution in fiscal year 1977 in metropolitan areas is insufficient to meet all basic grant and hold-harmless entitlement needs, as provided by section 106(a), and funds are not otherwise appropriated to meet such deficiency, the Secretary shall meet the deficiency, first, from amounts available for use under section 107 and, if such amounts are exhausted, through a ratable reduction of all entitlements under section 106(a)."

COMPREHENSIVE PLANNING

Sec. 16. (a) The first sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed $150,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $150,000,000 for the fiscal year 1976, and not to exceed $100,000,000 for the fiscal year 1977."

(b) No eligible recipient under section 701 of the Housing Act of 1954 may be excluded from qualifying for funds under such section solely on the basis of participation or nonparticipation under such section prior to fiscal year 1977.

CONFIRMATION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION PRESIDENT

Sec. 17. (a) The National Housing Act is amended by striking out the third sentence of section 308(a) and inserting in lieu thereof the following: "There is hereby established in the Department of Housing and Urban Development the position of President, Government National Mortgage Association, who shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary shall select and effect the appointment of qualified persons to fill the offices of vice president, and such other offices as may be provided for in the bylaws. Persons appointed under the preceding sentence shall perform such executive functions, powers, and duties as may be prescribed by the bylaws or by the Secretary, and such persons shall be executive officers of the Association and shall discharge all such executive functions, powers, and duties."

(b) Section 309(d) of such Act is amended by striking out the word "The" immediately preceding "Secretary" in the first sentence and inserting in lieu thereof "Subject to the provisions of section 308(a), the".
(c) Section 5315 of title 5, United States Code, is amended by adding at the ending thereof the following new paragraph:

"(108) President, Government National Mortgage Association, Department of Housing and Urban Development."

(d) Section 7(c) of the Department of Housing and Urban Development Act is amended by striking out "seven" in the proviso and substituting in lieu thereof "six".

(e) Notwithstanding the amendment made by subsection (a), the rights, powers, and duties of the position of President, Government National Mortgage Association, as in effect on the day preceding the date of enactment of this Act shall remain in effect until the position established hereunder has been filled in accordance with the terms of this Act.

SPECIAL ASSISTANT FOR COOPERATIVE HOUSING

Sec. 18. The first sentence of section 102(h) of the Housing Amendments of 1955 is amended—

(1) by inserting after "section 221(d)(3)" a comma and the following: "section 235, section 236, section 241, section 243, section 246, and section 203(n)";

(2) by inserting after "Housing and Urban Development Act of 1965" the following: "or section 8 of the United State Housing Act of 1937"; and

(3) by inserting before the period the following: "and Assistant Secretary for Housing Management".

NEW COMMUNITIES

Sec. 19. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "June 30, 1975" and inserting in lieu thereof "October 1, 1977".

URBAN HOMESTEADING

Sec. 20. Section 810(g) of the Housing and Community Development Act of 1974 is amended by striking out "and not to exceed $5,000,000 for the fiscal year 1976" and inserting in lieu thereof "not to exceed $6,250,000 for the fiscal year 1976, and for the transition quarter, not to exceed $5,000,000 for fiscal year 1977, and not to exceed $5,000,000 for the fiscal year 1978".

DAY CARE

Sec. 21. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip and operate a day care center facility for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be chargeable against the Department of Housing and Urban Development employees or others who are beneficiaries of services provided by such a day care center.".
HOME OWNER'S LOAN ACT

Sec. 22. The twelfth undesignated paragraph of section 5(e) of the Home Owner's Loan Act of 1933 (12 U.S.C. 1464(e)) is amended by adding in the first sentence, immediately after the words "made pursuant to either of such sections" and before the period the following language: "and in the share capital and capital reserve of the Inter-American Savings and Loan Bank".

RESEARCH AUTHORIZATION

Sec. 23. (a) Section 501 of the Housing and Urban Development Act of 1970 is amended by striking out the second sentence and inserting in lieu thereof the following: "There are authorized to be appropriated for activities under this title not to exceed $65,000,000 for the fiscal year 1977."

(b) Section 504(b) of such Act is amended by striking out the first, third, and fourth sentences.

(c) Section 502(f) of such Act is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: "and such departments and agencies are hereby authorized to execute such contracts and grants."

NATIONAL INSTITUTE OF BUILDING SCIENCES

Sec. 24. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting "and $5,000,000 for each of the fiscal years 1977 and 1978" immediately after "fiscal year 1976".

RURAL HOUSING

Sec. 25. (a) Section 521(a)(1) of the Housing Act of 1949 is amended by striking out "rate determined annually by the Secretary of the Treasury" and inserting in lieu thereof "rate determined by the Secretary of the Treasury upon the request of the Secretary".

(b) Section 620(3)(B) of such Act is amended by inserting "for lower and moderate-income families" immediately after "has a serious lack of mortgage credit".

(c) Section 510 of such Act is amended by redesignating subsections (f) and (g) as subsections (h) and (i), respectively, and by inserting the following new subsections immediately after subsection (e):

"(f) continue processing as expeditiously as possible applications on hand received prior to the time an area has been determined by the Secretary not to be 'rural' or a 'rural area', as those terms are defined in section 520, and make loans or grants to such applicants who are found to be eligible on the same basis as though the area were still rural;

"(g) notwithstanding that an area ceases, or has ceased, to be 'rural', or a 'rural area', or an eligible area, make assistance under this title available in connection with transfers and assumptions of property securing any loan made, insured, or held by the Secretary or in connection with any property held by the Secretary under this title on the same basis as though the area were still rural;"

COUNSELING

Sec. 26. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:
"COUNSELING TO MORTGAGORS"

"Sec. 508. (a) In carrying out activities under section 501, the Secretary is directed to undertake programs of studies and demonstrations within at least three standard metropolitan statistical areas to determine the extent of need for and cost effectiveness of providing pre-purchase, default and delinquency counseling and related services to owners and purchasers of single-family dwellings insured or to be insured under the unsubsidized mortgage insurance programs of the National Housing Act.

"(b) Within one year from enactment of this section, the Secretary shall submit an interim report to the Congress with respect to the progress made under such studies and demonstrations, including an estimate as to the date when a final report on the results of such demonstrations will be made available to the Congress."

Approved August 3, 1976.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 94–545 accompanying H.R. 9852 and No. 94–1091 and No. 94–1091, pt. II, accompanying H.R. 12945 (Comm. on Banking, Currency and Housing) and Nos. 94–1291 and 94–1304 (Comm. of Conference).

SENATE REPORTS: No. 94–520 accompanying H.R. 9852 and No. 94–749 (Comm. on Banking, Housing and Urban Affairs).

CONGRESSIONAL RECORD:
Apr. 27, considered and passed Senate.
May 26, considered and passed House, amended, in lieu of H.R. 12945.
June 30, House agreed to conference report.
July 20, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS:

12 USC 1701z-7.
12 USC 1701z-1.

12 USC 1701 note.
Report to Congress.