

Stat. 2095, provided that: “With respect to any obligation secured by a mortgage which is insured under section 221(d)(3) of the National Housing Acts [subsec. (d)(3) of this section] and issued by a public agency as mortgagor in connection with the financing of a project assisted under section 8 of the United States Housing Act of 1937 [section 1437f of title 42], the interest paid on such obligation shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1986 [chapter 1 of title 26].”

§ 1715m. Repealed. Pub. L. 110-289, div. B, title I, § 2120(a)(5), July 30, 2008, 122 Stat. 2835

Section, act June 27, 1934, ch. 847, title II, § 222, as added Aug. 2, 1954, ch. 649, title I, § 124, 68 Stat. 603; amended Pub. L. 85-104, title I, §§ 103, 112, July 12, 1957, 71 Stat. 296, 297; Pub. L. 86-372, title I, §§ 111, 116(b), Sept. 23, 1959, 73 Stat. 661, 664; Pub. L. 88-560, title I, § 115, Sept. 2, 1964, 78 Stat. 779; Pub. L. 89-117, title II, § 212, title XI, § 1108(j), Aug. 10, 1965, 79 Stat. 470, 505; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17; Pub. L. 90-448, title III, § 301, Aug. 1, 1968, 82 Stat. 505; Pub. L. 91-152, title I, §§ 102(c), 105, 113(f), Dec. 24, 1969, 83 Stat. 380, 381, 384; Pub. L. 91-621, § 7(b), Dec. 31, 1970, 84 Stat. 1865; Pub. L. 93-383, title III, §§ 302(d), 310(c), Aug. 22, 1974, 88 Stat. 676, 682; Pub. L. 95-128, title III, §§ 303(d), 304(c), Oct. 12, 1977, 91 Stat. 1132, 1133; Pub. L. 96-153, title III, § 312(c), Dec. 21, 1979, 93 Stat. 1116; Pub. L. 96-399, title III, § 336(c), Oct. 8, 1980, 94 Stat. 1654; Pub. L. 100-242, title IV, § 406(b)(14), Feb. 5, 1988, 101 Stat. 1901; Pub. L. 109-241, title IX, § 902(f), July 11, 2006, 120 Stat. 567, related to mortgage insurance for servicemen.

§ 1715n. Miscellaneous mortgage insurance

(a) Projects covered

Notwithstanding any of the provisions of this chapter and without regard to limitations upon eligibility contained in any section or subchapter of this chapter, other than the limitation in section 1709(g) of this title, the Secretary is authorized, upon application by the mortgagee, to insure or make commitments to insure under any section or subchapter of this chapter any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Secretary of Housing and Urban Development, or by any public housing agency with the approval of the Secretary, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the vil-

lage properties or employee's housing under the jurisdiction of Tennessee Valley Authority, or of any housing under the jurisdiction of the Department of the Interior located within the town area of Coulee Dam, Washington, acquired by the United States for the construction, operation, and maintenance of Grand Coulee Dam and its appurtenant works: *Provided*, That for the purpose of the application of this subchapter to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957, the selling price of the property involved shall be deemed to be the appraised value, of any permanent housing under the jurisdiction of the Department of the Interior constructed under the Boulder Canyon Project Act of December 21, 1928, as amended and supplemented [43 U.S.C. 617 et seq.] located within the Boulder City municipal area: *Provided*, That for purposes of the application of this subchapter to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958, the selling price of the property involved shall be deemed to be the appraised value; or

(4) executed in connection with the sale by the Government, or any agency or official thereof, of any housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof) pursuant to the Atomic Energy Community Act of 1955, as amended [42 U.S.C. 2301 et seq.]; *Provided*, That such insurance shall be issued without regard to any preferences or priorities except those prescribed by this chapter or the Atomic Energy Community Act of 1955, as amended; or

(5) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(6) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), (3), and (4) above; or

(7) given to refinance an existing mortgage insured under this chapter, or an existing mortgage held by the Secretary that is subject to a mortgage restructuring and rental assistance sufficiency plan pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), provided that—

(A) the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee, except that (i) the principal amount of any such refinancing mortgage may equal the out-

standing balance of an existing mortgage insured pursuant to section 1715z-10¹ of this title, if the amount of the monthly payment due under the refinancing mortgage is less than that due under the existing mortgage for the month in which the refinancing mortgage is executed; (ii) a mortgagee may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage; (iii) in any case involving the refinancing of a loan in which the Secretary determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage; and (iv) any multifamily mortgage that is refinanced under this paragraph shall be documented through amendments to the existing insurance contract and shall not be structured through the provisions of a new insurance contract; and

(B) a mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity and a principal obligation not in excess of the maximums prescribed under the applicable section or subchapter of this chapter, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 per centum of the appraised value of the mortgaged property, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee;

(C) a mortgage that is subject to a mortgage restructuring and rental assistance sufficiency plan pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) and is refinanced under this paragraph may have a term of not more than 30 years; or

(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 3374 of title 42.

(b) Insurance of mortgages given to refinance mortgages covering existing property or projects in urban renewal areas

Notwithstanding any of the provisions of this subchapter and without regard to limitations upon eligibility contained in section 1715l of this title, the Secretary may in his discretion insure under section 1715l(d)(3) of this title any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Secretary finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action.

(c) Insurance of certain assigned mortgages

The Secretary shall also have authority to insure under this chapter any mortgage assigned to the Secretary in connection with payment under a contract of mortgage insurance or executed in connection with the sale by the Secretary, including a sale through another entity acting under authority of the fourth sentence of section 1710(g) of this title, of any property acquired under any section or subchapter of this chapter without regard to any limitations or requirements contained in this chapter upon the eligibility of the mortgage, upon the payment of insurance premiums, or upon the terms and conditions of insurance settlement and the benefits of the insurance to be included in such settlement.

(d) Insurance of loans made to cover operating losses of certain projects having existing mortgages insured by Secretary

(1) Notwithstanding any other provision of this chapter, the Secretary is authorized to insure loans made to cover the operating losses of certain projects that have existing project mortgages insured by the Secretary. Insurance under this subsection shall be in the Secretary's discretion and upon such terms and conditions as the Secretary may prescribe, and shall be provided in accordance with the provisions of this subsection. For purposes of this subsection, the term "operating loss" means the amount by which the sum of the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by the mortgage, exceeds the income of the project.

(2) To be eligible for insurance pursuant to this paragraph—

(A) the existing project mortgage (i) shall have been insured by the Secretary at any time before or after February 5, 1988; and (ii) shall cover any property, other than a property upon which there is located a 1- to 4-family dwelling;

(B) the operating loss shall have occurred during the first 24 months after the date of completion of the project, as determined by the Secretary; and

(C) the loan shall be in an amount not exceeding the operating loss.

(3) To be eligible for insurance pursuant to this paragraph—

(A) the existing project mortgage (i) shall have been insured by the Secretary at any time before or after February 5, 1988; (ii) shall cover any property, other than a property upon which there is located a 1- to 4-family dwelling; and (iii) shall not cover a subsidized project, as defined by the Secretary;

(B) the loan shall be in an amount not exceeding 80 percent of the unreimbursed cash contributions made on or after March 18, 1987, by the project owner for the use of the project, during any period of consecutive months (not exceeding 24 months) in the first 10 years after the date of completion of the project, as determined by the Secretary, except that in no event may the amount of the loan exceed the operating loss during such period;

¹ See References in Text note below.

(C) the loan shall be made within 10 years after the end of the period of consecutive months referred to in the preceding subparagraph; and

(D) the project shall meet all applicable underwriting and other requirements of the Secretary at the time the loan is to be made.

(4) Any loan insured pursuant to this subsection shall (A) bear interest at such rate as may be agreed upon by the mortgagor and mortgagee; (B) be secured in such manner as the Secretary shall require; (C) be limited to a term not exceeding the unexpired term of the original mortgage; and (D) be insured under the same section as the original mortgage. The Secretary may provide insurance pursuant to paragraph (2) or (3), or pursuant to both such paragraphs, in connection with an existing project mortgage, except that the Secretary may not provide insurance pursuant to both such paragraphs in connection with the same period of months referred to in paragraphs (2)(B) and (3)(B). The Secretary is authorized to collect a premium charge for insurance of loans pursuant to this subsection in an amount computed at the same premium rate as is applicable to the original mortgage. This premium shall be payable in cash or in debentures of the insurance fund under which the loan is insured at par plus accrued interest. In the event of a failure of the borrower to make any payment due under such loan or under the original mortgage, both the loan and original mortgage shall be considered in default, and if such default continues for a period of thirty days, the lender shall be entitled to insurance benefits, computed in the same manner as for the original mortgage, except that in determining the interest rate under section 1715o of this title for the debentures representing the portion of the claim applicable to the loan, the date of the commitment to insure the loan and the insurance date of the loan shall be taken into consideration rather than the commitment or insurance date for the original mortgage.

(5) A loan involving a project covered by a mortgage insured under section 1715e of this title that is the obligation of the Cooperative Management Housing Insurance Fund shall be the obligation of such fund, and loans involving projects covered by a mortgage insured under section 1715z-1 of this title or under any section of this subchapter pursuant to subsection (e) of this section shall be the obligation of the Special Risk Insurance Fund.

(6) In determining the amount of an operating loss loan to be insured pursuant to this subsection, the Secretary shall not reduce such amount solely to reflect any amounts placed in escrow (at the time the existing project mortgage was insured) for initial operating deficits. If an operating loss loan was insured by the Secretary pursuant to this subsection before October 28, 1992, and was reduced solely to reflect the amount placed in escrow for initial operating deficits, the Secretary shall insure, to the extent of the availability of insurance authority provided in appropriation Acts, an increase in the existing loan or a separate loan, in an amount equal to the lesser of (A) the maximum amount permitted under this subsection and the

applicable underwriting requirements established by the Secretary and in effect at the time the loan is to be made, or (B) the amount of the escrow for initial operating deficits.

(e) Insurance of mortgages executed in connection with repair, rehabilitation, construction, or purchase of property in older, declining urban areas

Notwithstanding any of the provisions of this chapter except section 1715c of this title, and without regard to limitations upon eligibility contained in any section of this subchapter or subchapter IX-B, other than the limitation in section 1709(g) of this title, the Secretary is authorized, upon application by the mortgagee, to insure under any section of this subchapter or subchapter IX-B a mortgage executed in connection with the repair, rehabilitation, construction, or purchase of property located in an older, declining urban area in which the conditions are such that one or more of the eligibility requirements applicable to the section or subchapter under which insurance is sought could not be met, if the Secretary finds that (1) the area is reasonably viable, giving consideration to the need for providing adequate housing or group practice facilities for families of low and moderate income in such area, and (2) the property is an acceptable risk in view of such consideration. The insurance of a mortgage pursuant to this subsection shall be the obligation of the Special Risk Insurance Fund.

(f) Insurance of mortgages executed in connection with purchase or refinancing of existing multifamily housing project; refinancing of existing debt of existing hospital, or purchase or refinancing of rental rehabilitated property; terms and conditions, etc.

(1) Notwithstanding any of the provisions of this chapter, the Secretary is authorized, in his discretion, to insure under any section of this subchapter a mortgage executed in connection with the purchase of² refinancing of an existing multifamily housing project or the purchase or refinancing of existing debt of an existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, or any combination thereof).

(2) In the case of the purchase or refinancing under this subsection of a multifamily housing project located in an older, declining urban area, the Secretary shall make available an amount not to exceed \$30,000,000 of available purchase authority pursuant to section 1720¹ of this title to reduce interest rates on low- and moderate-income rental housing in projects having 100 units or less which otherwise could not support refinancing and moderate rehabilitation without causing excessive rent burdens on current tenants due to rent increases. The Secretary shall prescribe such terms and conditions as he deems necessary to assure that—

(A) the refinancing is used to lower the monthly debt service only to the extent necessary to assure the continued economic viability of the project, taking into account any rent reductions to be implemented by the mortgagor; and

² So in original. Probably should be "or".

(B) during the mortgage term no rental increases shall be made except those which are necessary to offset actual and reasonable operating expense increases or other necessary expense increases and maintain reasonable profit levels approved by the Secretary.

(3) For all insurance authorized by this subsection and provided pursuant to a commitment entered into after October 8, 1980, the Secretary may not accept an offer to prepay or request refinancing of a mortgage secured by rental housing unless the Secretary takes appropriate action that will obligate the borrower (and successors in interest thereof) to utilize the property as a rental property for a period of five years from the date on which the insurance was provided (twenty years in the case of any such mortgage purchased under section 1720¹ of this title) unless the Secretary finds that—

(A) the conversion of the property to a cooperative, or condominium form of ownership is sponsored by a bona fide tenants' organization representing a majority of the households in the project;

(B) continuance of the property as rental housing is clearly unnecessary to assure adequate rental housing opportunities for low- and moderate-income people in the community; or

(C) continuance of the property as rental housing would have an undesirable and deleterious effect on the surrounding neighborhood.

(4) In the case of refinancing of an existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, or any combination thereof) the Secretary shall prescribe such terms and conditions as the Secretary deems necessary to assure that—

(A) the refinancing is employed to lower the monthly debt service costs (taking into account any fees or charges connected with such refinancing) of such existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, or any combination thereof);

(B) the proceeds of any refinancing will be employed only to retire the existing indebtedness and pay the necessary cost of refinancing on such existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, or any combination thereof);

(C) such existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, or any combination thereof) is economically viable; and

(D) the applicable requirements for certificates, studies, and statements of section 1715w of this title (for the existing nursing home, existing assisted living facility, intermediate care facility, board and care home, or any combination thereof, proposed to be refinanced) or of section 1715z-7 of this title (for the existing hospital proposed to be refinanced) have been met.

(5) In the case of any purchase or refinancing under this subsection involving property to be

rehabilitated or developed under section 1437o¹ of title 42, the Secretary may—

(A) include rehabilitation or development costs of not to exceed \$20,000 per unit, except that the Secretary may increase such amount by not to exceed 25 per centum for specific properties where cost levels so require;

(B) permit subordinated liens securing up to the full amount of mortgage financing provided by State or local governments or agencies thereof; and

(C) pay such benefits in cash unless the mortgagee submits a written request for debt payment.

(g) Insurance of mortgages covering multifamily housing projects including units not self-contained

Notwithstanding any other provisions of this chapter, the Secretary may, in his discretion, insure a mortgage covering a multifamily housing project including units which are not self-contained.

(June 27, 1934, ch. 847, title II, § 223, as added Aug. 2, 1954, ch. 649, title I, § 125, 68 Stat. 605; amended Aug. 4, 1955, ch. 543, ch. 11, § 201, 69 Stat. 484; Aug. 11, 1955, ch. 783, title I, § 102(k), 69 Stat. 636; Pub. L. 85-104, title I, § 114, July 12, 1957, 71 Stat. 298; Pub. L. 85-240, § 4, Aug. 30, 1957, 71 Stat. 528; Pub. L. 85-900, § 12, Sept. 2, 1958, 72 Stat. 1735; Pub. L. 87-70, title I, § 101(d), title VI, § 612(h), June 30, 1961, 75 Stat. 154, 182; Pub. L. 88-560, title I, § 116, Sept. 2, 1964, 78 Stat. 779; Pub. L. 89-117, title I, § 108(e), title II, § 213, Aug. 10, 1965, 79 Stat. 461, 471; Pub. L. 89-754, title X, § 1013(h), Nov. 3, 1966, 80 Stat. 1292; Pub. L. 90-19, § 1(a)(3), (h), May 25, 1967, 81 Stat. 17, 18; Pub. L. 90-448, title I, § 103(a), title III, § 312, Aug. 1, 1968, 82 Stat. 486, 510; Pub. L. 91-152, title IV, § 418(c), (d), Dec. 24, 1969, 83 Stat. 402; Pub. L. 93-383, title III, § 311(a), Aug. 22, 1974, 88 Stat. 683; Pub. L. 95-557, title III, § 326, Oct. 31, 1978, 92 Stat. 2104; Pub. L. 96-399, title III, § 327, Oct. 8, 1980, 94 Stat. 1650; Pub. L. 97-35, title III, § 339B(b), Aug. 13, 1981, 95 Stat. 417; Pub. L. 98-181, title I [title III, § 303(b)], Nov. 30, 1983, 97 Stat. 1207; Pub. L. 98-479, title II, § 204(a)(7), Oct. 17, 1984, 98 Stat. 2232; Pub. L. 100-242, title IV, §§ 406(b)(15), (16), 408(a), 409(a), (b), 419(b), 427, 429(d), Feb. 5, 1988, 101 Stat. 1901, 1903, 1913, 1916, 1918; Pub. L. 102-550, title V, §§ 510, 511(f), Oct. 28, 1992, 106 Stat. 3784, 3786; Pub. L. 103-327, title II, Sept. 28, 1994, 108 Stat. 2316; Pub. L. 105-276, title VI, § 601(e), Oct. 21, 1998, 112 Stat. 2674; Pub. L. 107-116, title VI, § 615, Jan. 10, 2002, 115 Stat. 2225; Pub. L. 109-115, div. A, title III, § 323, Nov. 30, 2005, 119 Stat. 2466.)

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.

Public Law 849, Seventy-sixth Congress, as amended, referred to in subsec. (a)(1), is act Oct. 14, 1940, ch. 862, 54 Stat. 1125, as amended, known as the “Lanham Public War Housing Act”, which is classified generally to subchapters II to VII (§§ 1521 et seq., 1531 et seq., 1541 et seq., 1561 et seq., 1571 et seq., and 1581 et seq.) of

chapter 9 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 1501 of Title 42 and Tables.

Public Laws 9, 73, and 353, Seventy-seventh Congress, referred to in subsec. (a)(1), refer to the following acts, respectively: Public Law 9, Urgent Deficiency Appropriation Act, 1941, act Mar. 1, 1941, ch. 9, 55 Stat. 14; Public Law 73, Additional Urgent Deficiency Appropriation Act, 1941, act May 24, 1941, ch. 132, 55 Stat. 197; and Public Law 353, Third Supplemental National Defense Appropriation Act, 1942, act Dec. 17, 1941, ch. 591, 55 Stat. 810. These three acts appropriated a total of \$320,000,000 to the President for the purpose of providing housing necessary because of national defense activities and conditions arising out of World War II. These provisions were not classified to the code, although all three acts are cited in a “Prior Additional Appropriations” note under section 1523 of Title 42.

Public Law 671, Seventy-sixth Congress, referred to in subsec. (a)(2), is act June 28, 1940, ch. 440, 54 Stat. 676. Provisions of the Act relating to housing are contained in title II, which is classified generally to subchapter I (§1501 et seq.) of chapter 9 of Title 42. For complete classification of this Act to the Code, see Tables.

The Emergency Relief Appropriation Act of 1935, referred to in subsec. (a)(3), is Joint Res. Apr. 8, 1935, ch. 48, 49 Stat. 115. It was temporary legislation, and was formerly set out in a note in former chapter 16 of Title 15, Commerce and Trade. See notes under former sections 721 to 728 of that title.

Subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957 [Pub. L. 85-240, Aug. 30, 1957, 71 Stat. 524], referred to in subsec. (a)(3), are set out in a note under section 835c of Title 16, Conservation.

The Boulder Canyon Project Act of December 21, 1928, as amended and supplemented, referred to in subsec. (a)(3), is act Dec. 21, 1928, ch. 42, 45 Stat. 1057, as amended, which is classified generally to subchapter I (§617 et seq.) of chapter 12A of Title 43, Public Lands. For complete classification of this Act to the Code, see section 617t of Title 43 and Tables.

Subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958 [Pub. L. 85-900, Sept. 2, 1958, 72 Stat. 1726], referred to in subsec. (a)(3), are not classified to the Code. Subsections (a) to (d) of section 3 read as follows:

“(a) The Secretary is authorized to sell such dwelling houses, duplex houses or units thereof, and garages, with furniture, fixtures, and appurtenances, as are owned by the United States within the Boulder City municipal area and are not needed in connection with the administration, operation, and maintenance of Federal activities located within or near the Boulder City municipal area.

“(b) Except in the case of property determined to be substandard under subsection (c) of this section, the following system of priority shall be established with respect to property authorized to be sold under subsection (a) of this section:

“(1) Persons employed by the Federal Government within or near the Boulder City municipal area (and surviving spouses of such persons who have not remarried) who are tenants in Federal housing in Boulder City shall be offered the opportunity to purchase the property in which they are tenants at the appraised value as established under subsection (d) of this section. This right of priority shall expire unless notice of intent to purchase has been received by the Secretary before the expiration of sixty days after the date on which the property has been offered for sale, and shall be deemed abandoned unless before the expiration of sixty days after the Secretary’s tender of the instrument of transfer the prospective purchaser concludes the sale;

“(2) Persons employed by the Federal Government within or near the Boulder City municipal area may apply to purchase housing not purchased under subsection (b)(1) of this section. Applicants to purchase shall be placed in order of opportunity to choose pursuant to a public drawing, but spouses of such applicants

shall not be entitled to apply. Sales shall be made at the appraised value as established under subsection (d) of this section and selections and purchases by successful applicants shall be concluded within limits of time to be established by the Secretary. A purchase under subsection (b)(1) or (b)(2) of this section shall render the purchaser and any spouse of such purchaser ineligible thereafter to purchase under subsection (b)(1) or (b)(2); and

“(3) Property subject to disposal under this section and not sold pursuant to subsections (b)(1) and (b)(2) of this section shall be opened to bids from the general public, and shall be sold to the highest responsible bidder.

“In the event that incorporation of the municipality shall be effected within four years after the date of this Act, persons purchasing housing under this subsection or their successors, assigns, or legal representatives, shall be entitled to a reduction in the purchase price (or rebate as appropriate) of 10 per centum: *Provided*, That no person who has purchased a house under the Act of May 25, 1948 (62 Stat. 268), shall be eligible for such reduction.

“(c) Where the Secretary determines that property authorized to be sold under subsection (a) of this section is substandard, he shall sell such property only for off-site use, such property to be opened to bids from the general public for sale to the highest responsible bidder.

“(d) The appraised value of all property to be sold under subsections (b)(1) and (b)(2) of this section, and of all lots leased or to be leased by the United States for the purpose of maintaining, locating, or erecting permanent structures thereon, shall be determined by an appraiser or appraisers to be designated by the Administrator of Housing and Home Finance Agency at the request of the Secretary. Said appraisals shall be made promptly after the date of this Act, or immediately prior to the granting of any lease of lands not previously appraised, as the case may be. The representatives of the Boulder City community, as determined by the Secretary, shall be granted an opportunity to offer advice in connection with [sic] such appraisals.”

The Atomic Energy Community Act of 1955, as amended, referred to in subsec. (a)(4), is act Aug. 4, 1955, ch. 543, 69 Stat. 472, as amended, which is classified principally to chapter 24 (§2301 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 2301 of Title 42 and Tables.

The Multifamily Assisted Housing Reform and Affordability Act of 1997, referred to in subsec. (a)(7), is title V of Pub. L. 105-65, Oct. 27, 1997, 111 Stat. 1384. For complete classification of this Act to the Code, see Short Title of 1997 Amendment note set out under section 1701 of this title and Tables.

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

Section 1720 of this title, referred to in subsec. (f)(2), (3), was repealed by Pub. L. 98-181, title I [title IV, §483(a)], Nov. 30, 1983, 97 Stat. 1240.

Section 1437o of title 42, referred to in subsec. (f)(5), was repealed by Pub. L. 101-625, title II, §289(b), Nov. 28, 1990, 104 Stat. 4128.

AMENDMENTS

2005—Subsec. (f)(1). Pub. L. 109-115 inserted “purchase or” before “refinancing of existing debt”.

2002—Subsec. (a)(7). Pub. L. 107-116, §615(1), substituted “under this chapter, or an existing mortgage held by the Secretary that is subject to a mortgage restructuring and rental assistance sufficiency plan pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), provided that—” for “under this chapter: *Provided*, That”.

Subsec. (a)(7)(A). Pub. L. 107-116, §615(1)-(5), designated as subpar. (A) existing provisions beginning “the principal amount of any such refinancing mortgage shall not exceed” and ending “a new insurance

contract”, redesignated former cls. (A) to (D) as (i) to (iv), respectively, of subpar. (A), and inserted “; and” at end after “a new insurance contract”.

Subsec. (a)(7)(B). Pub. L. 107-116, § 615(6), (7), substituted “(B) a mortgage” for “; *Provided further*, That a mortgage” and struck out “or” after “and the mortgagee;”. Former cl. (B) redesignated cl. (ii) of subpar. (A).

Subsec. (a)(7)(C). Pub. L. 107-116, § 615(8), added subpar. (C). Former cl. (C) redesignated cl. (iii) of subpar. (A).

Subsec. (a)(7)(D). Pub. L. 107-116, § 615(5), redesignated cl. (D) as cl. (iv) of subpar. (A).

1998—Subsec. (c). Pub. L. 105-276 substituted “the Secretary” for “him” in two places and inserted “, including a sale through another entity acting under authority of the fourth sentence of section 1710(g) of this title,” before “of any property acquired”.

1994—Subsec. (a)(7)(D). Pub. L. 103-327 added cl. (D).

1992—Subsec. (d)(6). Pub. L. 102-550, § 510, added par. (6).

Subsec. (f)(1), (4). Pub. L. 102-550, § 511(f), inserted “existing assisted living facility,” after “existing nursing home,” wherever appearing.

1988—Subsec. (a). Pub. L. 100-242, § 406(b)(15), inserted “other than the limitation in section 1709(g) of this title,” after first reference to “this chapter.”

Subsec. (a)(7). Pub. L. 100-242, § 429(d)(1), substituted in first proviso “such rate as may be agreed upon by the mortgagor and the mortgagee” for “a rate not in excess of the maximum rate prescribed under the applicable section or subchapter of this chapter”, substituted in second proviso “maturity and a principal obligation” for “maturity, a principal obligation, and an interest rate”, and inserted before semicolon at end “, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee”.

Pub. L. 100-242, § 419(b), in first proviso, inserted cl. (B) and designated former cl. (B) as (C).

Pub. L. 100-242, § 408(a), in first proviso, inserted cl. (B) designation and added cl. (A).

Subsec. (d). Pub. L. 100-242, § 427, added pars. (1) to (3), inserted par. (4) designation and “Any loan insured pursuant to this subsection shall (A) bear interest at such rate as may be agreed upon by the mortgagor and mortgagee; (B) be secured in such manner as the Secretary shall require; (C) be limited to a term not exceeding the unexpired term of the original mortgage; and (D) be insured under the same section as the original mortgage. The Secretary may provide insurance pursuant to paragraph (2) or (3), or pursuant to both such paragraphs, in connection with an existing project mortgage, except that the Secretary may not provide insurance pursuant to both such paragraphs in connection with the same period of months referred to in paragraphs (2)(B) and (3)(B).”, inserted par. (5) designation, and struck out former first and second sentences of subsec. (d) which read as follows: “With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Secretary, and notwithstanding any other provision of this chapter, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Secretary, exceed the project income, the Secretary may, in his discretion and upon such terms and conditions as he may prescribe, insure under the same section as the original mortgage a loan by the mortgagee in an amount not exceeding the excess of the foregoing expenses over the project income. Such loan shall (1) bear interest (exclusive of premium charges for insurance) at not to exceed the per centum per annum currently permitted for mortgages insured under the section under which it is to be insured, (2) be secured in such manner as the Secretary shall require, and (3) be limited to a term not exceeding the unexpired term of the original mortgage.”

Pub. L. 100-242, § 429(d)(2), which directed substitution of “bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee” for “bear interest (exclusive of premium charges for insurance) at not to exceed the per centum per annum currently permitted for mortgages insured under the section under which it is to be insured” in cl. (1) of sentence beginning “Such loan shall”, could not be executed because of previous amendment by Pub. L. 100-242, § 427, see above, which directed in part the striking out of second sentence of subsec. (d)(1), which contained the language sought to be amended.

Subsec. (e). Pub. L. 100-242, § 406(b)(16), inserted reference to limitation in section 1709(g) of this title.

Subsec. (f)(1). Pub. L. 100-242, § 409(b)(1), inserted parenthetical reference to existing nursing homes, intermediate care facilities, board and care homes, or any combination thereof after “existing hospital”.

Subsec. (f)(4)(A) to (C). Pub. L. 100-242, § 409(b)(2), inserted parenthetical reference to existing nursing homes, intermediate care facilities, board and care homes, or any combination thereof after “existing hospital” wherever appearing.

Subsec. (f)(4)(D). Pub. L. 100-242, § 409(a), amended subpar. (D) generally. Prior to amendment, subpar. (D) read as follows: “such existing hospital has received such certifications from a State agency designated in accordance with section 291d(a)(1) or section 300m of title 42 for the State in which the hospital is located as the Secretary deems necessary and appropriate and comparable to the certification required for hospitals insured under section 1715z-7 of this title and that such State agency additionally certify that the services being provided by such existing hospital at the time of refinancing are appropriate as determined pursuant to section 300m-2(a)(6) title 42.”

1984—Subsec. (f)(2). Pub. L. 98-479 in provisions preceding subpar. (A) inserted “a” before “multifamily”.

1983—Subsec. (f)(5). Pub. L. 98-181 added par. (5).

1981—Subsec. (f). Pub. L. 97-35 inserted “and” after the semicolon at end of par. (2)(A), and redesignated par. (5) as (4).

1980—Subsec. (f)(1). Pub. L. 96-399, § 327(1), redesignated first sentence of subsec. (f) as par. (1).

Subsec. (f)(2). Pub. L. 96-399, § 327(2)-(6), redesignated second sentence of subsec. (f) as par. (2), inserted applicability to purchases, provisions authorizing the Secretary to make not to exceed \$30,000,000 available for purchase authority, and provisions authorizing rent increases to maintain reasonable profit levels, and substituted “(A)” and “(B)” for “(1)” and “(2)”, respectively.

Subsec. (f)(3). Pub. L. 96-399, § 327(7), added par. (3).

Subsec. (f)(5). Pub. L. 96-399, § 327(8), redesignated third sentence of subsec. (f) as par. (5).

1978—Subsec. (f). Pub. L. 95-557 inserted “or the refinancing of existing debt of an existing hospital” after “housing project”, substituted “multifamily housing project” for “housing project”, and inserted provisions relating to the prescription of terms and conditions in the case of refinancing of an existing hospital.

1974—Subsecs. (f), (g). Pub. L. 93-383 added subsecs. (f) and (g).

1969—Subsec. (d). Pub. L. 91-152, § 418(c), inserted provision that any loan involving a project covered by a mortgage insured under section 1715e, 1715z-1, or any section of this subchapter pursuant to subsec. (e) of this section be the obligation of the specified Fund.

Subsec. (e). Pub. L. 91-152, § 418(d), substituted “this chapter” for “this subchapter” and inserted references to subchapter IX-B.

1968—Subsec. (a). Pub. L. 90-448, § 312(a)(1), substituted “chapter” for “subchapter”, “any section or subchapter of this chapter” for “section 1709, 1713, 1715e, 1715k, 1715l, 1715m, 1715v, 1715w, or 1715x of this title” and “under any section or subchapter of this chapter” for “under either of said sections”.

Subsec. (a)(7). Pub. L. 90-448, § 312(a)(2), substituted “prescribed under the applicable section or subchapter of this chapter” for “applicable to loans insured under

section 1709, 1713, 1715e, 1715k, 1715l, 1715m, 1715v, 1715w, or 1715x of this title” in two places.

Subsec. (c). Pub. L. 90-448, §312(a)(3)-(5), substituted “this chapter” for “this subchapter” in two places, and “any section or subchapter of this chapter” for “subchapters I, II, VI, VII, VIII or X of this chapter”, and struck out phrase which required payment of insurance to be in debentures.

Subsec. (d). Pub. L. 90-448, §312(b), substituted “insure under the same section as the original mortgage a loan by a mortgagee in an amount not exceeding the excess of the foregoing expenses over the project income” for “permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage”, and inserted sentences requiring the loan to bear interest at not more than the per centum per annum currently permitted for mortgages insured under the section under which it is to be insured, to be secured, and to be limited to a term not more than the unexpired term of the original mortgage, authorizing collection of a premium charge for insurance of loans, directing the premium to be payable in cash or in debentures of the fund, and making the lender entitled to insurance benefits in the event of a failure of the borrower to make any payment due under the loan or under the original mortgage and the default continues for a period of thirty days.

Subsec. (e). Pub. L. 90-448, §103(a), added subsec. (e). 1967—Pub. L. 90-19, §1(a)(3), substituted “Secretary” for “Commissioner” wherever appearing in subssecs. (a) preceding par. (1), (a)(7), and (b) to (d).

Subsec. (a)(2). Pub. L. 90-19, §1(h), substituted “Secretary of Housing and Urban Development” and “Secretary” for “Public Housing Administration” and “said Administration”, respectively.

1966—Subsec. (a)(8). Pub. L. 89-754 substituted “Government” and “section 3374 of title 42” for “Commissioner” and “section 1735h of this title”, respectively.

1965—Subsec. (a)(7). Pub. L. 89-117, §213, substituted “this Act” for “section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908”, which for purposes of codification has been changed to “this chapter”.

Subsec. (a)(8). Pub. L. 89-117, §108(e)(2), added par. (8).

1964—Subsec. (c). Pub. L. 88-560 substituted “limitations or requirements contained in this subchapter upon the eligibility of the mortgage, upon the payment of insurance premiums, or upon the terms and conditions of insurance settlement and the benefits of the insurance to be included in such settlement (except that in any case the payment of insurance shall be in debentures)” for “limitation upon eligibility contained in this subchapter”.

1961—Subsec. (a). Pub. L. 87-70, §612(h)(1), (2), included sections 1715k, 1715l, 1715v, 1715w and 1715x in the opening provisions, and, in par. (7), substituted “section 1715k, 1715l, 1750b, or 1750g of this title” for “section 1750b or 1750g of this title,” “1715e, 1715k, 1715l, 1715m, 1715v, 1715w, or 1715x of this title” for “1715e or 1715m of this title” in two places, and struck out “insured under section 1743 of section 1750g of this title” after “refinancing of a loan”.

Subsecs. (b), (c). Pub. L. 87-70, §101(d), added subsec. (b) and redesignated former subsec. (b) as (c).

Subsec. (d). Pub. L. 87-70, §612(h)(3), added subsec. (d). 1958—Subsec. (a)(3). Pub. L. 85-900 authorized insurance of mortgages executed in connection with the sale of property constructed under the Boulder Canyon Project Act and located in Boulder City.

1957—Subsec. (a). Pub. L. 85-104, §114(1), substituted “1715e, or 1715m of this title” for “or 1715e of this title”.

Subsec. (a)(3). Pub. L. 85-240 authorized insurance of mortgages executed in connection with the sale of Government housing at Coulee Dam.

Subsec. (a)(4). Pub. L. 85-104, §114(2), inserted “this chapter or” after “prescribed by”.

Subsec. (a)(7). Pub. L. 85-104, §114(3), substituted “1715e, or 1715m of this title” for “or 1715e of this title” in first proviso, and substituted provisions of second proviso for former provisions which required mortgages described in pars. (1), (2), (3), (4), (5), or (6) to have maturity satisfactory to Commissioner but forbade maturity of such mortgage to exceed maximum terms of loans insured under sections 1709, 1713, or 1715e of this title, forbade principal obligation to exceed 90 percent of value of property, and forbade interest rate to exceed rate of loans made under either of said sections, with the exception that where such mortgage covered property held by certain nonprofit cooperatives, principal obligation should not exceed 95 percent of appraised value.

1955—Subsec. (a). Act Aug. 11, 1955, substituted “section 1709, 1713, or 1715e of this title” for “section 1709 or 1713 of this title” wherever appearing.

Act Aug. 4, 1955, added par. (4), and redesignated pars. (4) to (6) as (5) to (7), respectively.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-116, title VI, §603, Jan. 10, 2002, 115 Stat. 2222, provided that: “Except as provided in sections 616(a)(2), 633(b), and 634(b) [enacting provisions set out as notes under section 1701q of this title and sections 1437f and 11301 of Title 42, The Public Health and Welfare], this title [amending this section and sections 1437f and 5305 of Title 42, enacting provisions set out as notes under section 1701q of this title and sections 1437, 1437f, and 11301 of Title 42, and amending provisions set out as notes under section 1701q of this title and sections 1437f and 11301 of Title 42] and the amendments made by this title shall take effect or are deemed to have taken effect, as appropriate, on the earlier of—

- “(1) the date of the enactment of this title [Jan. 10, 2002]; or
- “(2) September 30, 2001.”

EFFECTIVE AND TERMINATION DATES OF 1994 AMENDMENTS

Pub. L. 104-134, title I, §101(e) [title II, §209], Apr. 26, 1996, 110 Stat. 1321-257, 1321-285; renumbered title I, Pub. L. 104-140, §1(a), May 2, 1996, 110 Stat. 1327, provided that: “Notwithstanding the 16th paragraph under the item relating to ‘administrative provisions’ in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995 (Public Law 103-327; 108 Stat. 2316) [set out below], the amendments to section 223(a)(7) of the National Housing Act [12 U.S.C. 1715n(a)(7)] made by the 15th paragraph of such Act shall be effective during fiscal year 1996 and thereafter.”

Pub. L. 103-327, title II, Sept. 28, 1994, 108 Stat. 2316, provided in part that: “The amendments of the two immediately preceding paragraphs [amending this section and section 1437f of Title 42, The Public Health and Welfare] shall be effective only during fiscal year 1995.” [For provision that amendment by Pub. L. 103-327 to subsec. (a)(7) of this section be effective during fiscal year 1996 and thereafter, see Pub. L. 104-134, title I, §101(e) [title II, §209], set out above.]

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 406(b)(15), (16) of Pub. L. 100-242 applicable only with respect to mortgages insured pursuant to conditional commitment issued on or after Feb. 5, 1988, or in accordance with direct endorsement program (24 CFR 200.163), if approved underwriter of mortgagee signs appraisal report for property on or after Feb. 5, 1988, see section 406(d) of Pub. L. 100-242, set out as a note under section 1709 of this title.

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.

REGULATIONS

Pub. L. 100-242, title IV, § 409(c), Feb. 5, 1988, 101 Stat. 1904, provided that: “The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendment made by this section [amending this section] by not later than the expiration of the 90-day period following the date of the enactment of this Act [Feb. 5, 1988].”

HEALTHCARE OPERATING LOSS LOANS

Pub. L. 116-260, div. N, title V, § 542, Dec. 27, 2020, 134 Stat. 2090, provided that:

“(a) DEFINITIONS.—In this section:

“(1) OPERATING LOSS.—The term ‘operating loss’ has the meaning given the term in section 223(d) of the National Housing Act (12 U.S.C. 1715n(d)).

“(2) SECRETARY.—The term ‘Secretary’ means the Secretary of Housing and Urban Development.

“(b) AUTHORIZATION TO PROVIDE MORTGAGE INSURANCE.—Notwithstanding any other provision of law, for fiscal years 2020 and 2021, in addition to the authority provided to insure operating loss loans under section 223(d) of the National Housing Act (12 U.S.C. 1715n(d)), the Secretary may insure or enter into commitments to ensure mortgages under such section 223(d) with respect to healthcare facilities—

“(1) insured under section 232 or section 242 of the National Housing Act (12 U.S.C. 1715w, 1715z-7);

“(2) that were financially sound immediately prior to the President’s March 13, 2020 Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak [Proc. No. 9994, 50 U.S.C. 1621 note];

“(3) that have exhausted all other forms of assistance; and

“(4) subject to—

“(A) the limitation for new commitments to guarantee loans insured under the General and Special Risk Insurance Funds under the heading ‘General and Special Risk Program Account’ for fiscal years 2020 and 2021; and

“(B) the underwriting parameters and other terms and conditions that the Secretary determines appropriate through guidance.

“(c) AMOUNT OF LOAN.—After all other realized or reasonably anticipated assistance (including reimbursements, loans, or other payments from other Federal sources) are taken into account, a loan insured under subsection (b) shall be in an amount not exceeding the lesser of—

“(1) the temporary losses or additional expenses incurred or expected to be incurred by the healthcare facility as a result of the impact of the circumstances giving rise to the President’s March 13, 2020 Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak; or

“(2) the amount expected to be needed to cover the sum of—

“(A) 1 year of principal and interest payments for the existing loans of the healthcare facility insured by the Secretary;

“(B) 1 year of principal and interest payments for the loan pursuant to this section;

“(C) 1 year of mortgage insurance premiums for the loans described in subparagraphs (A) and (B);

“(D) 1 year of monthly deposits to reserve accounts required by the Secretary for the loans described in subparagraphs (A) and (B);

“(E) 1 year of property taxes and insurance for the healthcare facility; and

“(F) transaction costs, including legal fees, for the loans described in subparagraphs (A) and (B).”

STREAMLINED REFINANCING

Pub. L. 103-233, title I, § 103(d), Apr. 11, 1994, 108 Stat. 361, provided that: “As soon as practicable, the Secretary shall implement a streamlined refinancing program under the authority provided in section 223 of the

National Housing Act [12 U.S.C. 1715n] to prevent the default of mortgages insured by the FHA which cover multifamily housing projects, as defined in section 203(b) of the Housing and Community Development Amendments of 1978 [12 U.S.C. 1701z-11(b)].”

DELEGATION OF PROCESSING OF MORTGAGE INSURANCE

Secretary of Housing and Urban Development to implement system of mortgage insurance for mortgages insured under this section that delegates processing functions to selected approved mortgagees, with Secretary to retain authority to approve rents, expenses, property appraisals, and mortgage amounts and to execute firm commitments, see section 328 of Pub. L. 101-625, set out as a note under section 1713 of this title.

PURPOSE OF SECTION

Act Aug. 2, 1954, ch. 649, title I, § 125, 68 Stat. 605, as amended by Pub. L. 90-19, § 10(b), May 25, 1967, 81 Stat. 22, in enacting this section, provided in part that the purpose thereof was to transfer to title II of the National Housing Act [this subchapter] “the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI [section 1745 of this title]; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX [sections 1743, 1750b and 1750g of this title]; and to authorize the insurance under title II [this subchapter] of mortgages assigned to the Secretary of Housing and Urban Development under insurance contracts and mortgages held by the Secretary of Housing and Urban Development in connection with the sale of property acquired under insurance contracts”.

§ 1715o. Interest rate on debentures; method of establishment

Notwithstanding any other provisions of this chapter, debentures issued under any section of this chapter with respect to a loan or mortgage accepted for insurance on or after thirty days following August 2, 1954 (except debentures issued pursuant to paragraph (4) of section 1715(g) of this title) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 1715k(f), 1715k(h)(7), 1715(g), 1715x, or 1715z-3 of this title may, at the discretion of the Secretary, bear interest at the rate in effect on the date they are issued. The Secretary shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Secretary, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Notwithstanding the preceding sentence and the following paragraph,¹ if an insur-

¹ So in original.