

§ 122, 64 Stat. 59; Aug. 11, 1955, ch. 783, title I, § 104, 69 Stat. 637; Pub. L. 88-560, title I, § 105(d), (f), Sept. 2, 1964, 78 Stat. 772, 774; Pub. L. 89-117, title XI, § 1108(p), Aug. 10, 1965, 79 Stat. 506; Pub. L. 90-19, § 1(a)(3), (4), (d), May 25, 1967, 81 Stat. 17, 18.)

#### Editorial Notes

##### REFERENCES IN TEXT

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

Sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, referred to in subsec. (a)(2), are sections 302 and 306, respectively, of act Oct. 17, 1940, ch. 888, 54 Stat. 1178. That Act was amended generally and renamed the "Servicemembers Civil Relief Act" by Pub. L. 108-189, § 1, Dec. 19, 2003, 117 Stat. 2835. As so amended, provisions of the Servicemembers Civil Relief Act that are similar to those contained in former sections 302 and 306 of act Oct. 17, 1940, are now contained in sections 3953 and 3959 of Title 50, War and National Defense.

The Housing Amendments of 1955, referred to in subsec. (f)(2), is act Aug. 11, 1955, ch. 783, 69 Stat. 635. For complete classification of this Act to the Code, see Short Title of 1955 Amendments note set out under section 1701 of this title and Tables.

##### CODIFICATION

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

##### AMENDMENTS

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

Pub. L. 90-19, § 1(a)(4), substituted "Secretary's" for "Commissioner's" wherever appearing in subsecs. (b) and (f)(3) of this section.

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

1965—Subsecs. (c), (d), (f)(1)(i). Pub. L. 89-117 substituted "General Insurance Fund" for "War Housing Insurance Fund".

1964—Subsec. (a). Pub. L. 88-560, § 105(d)(1), (f), inserted "Provided further, That with respect to any debentures issued on or after September 2, 1964, the Commissioner may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee;" and struck out of third sentence "paid after either of such dates", after "mortgage insurance premiums", respectively.

Subsec. (c). Pub. L. 88-560, § 105(d)(2), increased limitation on difference between value of mortgage and aggregate face value of debentures issued from \$50 to \$350.

Subsec. (d). Pub. L. 88-560, § 105(d)(3), substituted in second sentence "default, except that debentures issued pursuant to claims for insurance filed on or after September 2, 1964, shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures" for "default, and".

Subsec. (f). Pub. L. 88-560, § 105(d)(4)-(8), designated introductory par. as par. (1) and substituted "If, after deducting (in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the Commissioner, the net amount realized

from any property conveyed to the Commissioner under this section and the claims assigned therewith exceed the face value" for "If the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith, after deducting all expenses incurred by the Commissioner in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value"; redesignated former par. (1) as (i) and substituted "property: *Provided*, That on and after September 2, 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim shall be retained by the Commissioner and credited to the War Housing Insurance Fund; and" for "property; and"; redesignated former par. (2) as (ii); designated concluding par. as par. (2) and inserted proviso; and added par. (3), respectively.

1955—Subsec. (f). Act Aug. 11, 1955, authorized the Commissioner to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property.

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

1948—Subsec. (b). Act Mar. 31, 1948, substituted "value" for "necessary current cost".

1946—Subsec. (b). Act May 22, 1946, substituted "Administrator's estimate of the necessary current cost" after "10 per centum of the" for "appraised value of such property as determined by the Administrator".

1943—Subsec. (a). Act Oct. 14, 1943, inserted proviso dealing with losses due to nonforeclosure of mortgages to last sentence.

1942—Act May 26, 1942, § 14(b), substituted "War" and "war" for "Defense" and "defense" wherever occurring.

Subsec. (a). Act May 26, 1942, § 5, substituted "section 1738 of this title" for "this subchapter".

Subsec. (c). Act May 26, 1942, § 6, substituted "subchapter" for "section".

Subsec. (d). Act May 26, 1942, § 7, amended subsec. (d).

Subsec. (g). Act May 26, 1942, § 8, substituted "subchapter" for "section" and inserted "with respect to mortgages insured under section 1738 of this title".

#### § 1740. Repealed. Pub. L. 89-117, title XI, § 1108(aa), Aug. 10, 1965, 79 Stat. 507

Section, act June 27, 1934, ch. 847, title VI, § 605, as added Mar. 28, 1941, ch. 31, § 1, 55 Stat. 61; amended May 26, 1942, ch. 319, §§ 9, 14(b), 56 Stat. 303, 305; 1947 Reorg. Plan No. 3, § 3, eff. July 27, 1947, 12 F.R. 4981, 61 Stat. 954; Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59, provided for disposition and investment of surplus money in the War Housing Insurance Fund and for credit and payment of charges and fees.

#### § 1741. State taxation of realty held by Secretary

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

(June 27, 1934, ch. 847, title VI, § 606, as added Mar. 28, 1941, ch. 31, § 1, 55 Stat. 61; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

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

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#### § 1742. Rules and regulations

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

essary to carry out the provisions of this subchapter.

(June 27, 1934, ch. 847, title VI, § 607, as added Mar. 28, 1941, ch. 31, § 1, 55 Stat. 61; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

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### § 1743. Insurance of mortgages

#### (a) Additional authorization; advances during construction

In addition to mortgages insured under section 1738 of this title, the Secretary is authorized to insure mortgages as defined in section 1736 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

#### (b) Eligibility requirements

To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Secretary. The Secretary may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Secretary may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the Secretary may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance.

(2) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families, and for hardship cases as defined by the Secretary, shall be provided under such regulations and procedures as may be prescribed by the Secretary.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed \$5,000,000; and

(B) not to exceed 90 per centum of the amount which the Secretary estimates will be the necessary current cost of the completed property or project, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incidental to construction and approved by the Secretary: *Provided*, That such mortgage shall not in any event exceed the amount which the Secretary estimates will be the cost of the completed physical improvements on the property or project, exclusive of off-site public utilities and streets, and organization and legal expenses: *And provided further*, That the principal obligation of the mortgage

shall not, in any event, exceed 90 per centum of the Secretary's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and

(C) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use.

The mortgage shall provide for complete amortization by periodic payment within such term as the Secretary shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time. The Secretary may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

#### (c) Payments; default; insurance benefits for mortgagee; value of mortgage; foreclosure of mortgage

The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage, and if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with rules and regulations to be prescribed by the Secretary of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagors or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Secretary shall, subject to the cash adjustment provided for in section 1739(c) of this title, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Secretary, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insur-