

tions" note under section 1523 of Title 42, The Public Health and Welfare.

Public Law 671, Seventy-sixth Congress, referred to in text, 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 text, is Joint Res. Apr. 8, 1935, ch. 48, 49 Stat. 115. It was a temporary legislation, and was formerly set out in a note in former chapter 16 of Title 15, Commerce and Trade. See notes under sections 721 to 728 of that title.

AMENDMENTS

1967—Pub. L. 90-19 substituted "Secretary" for "Commissioner" wherever appearing, and "Secretary" for "Public Housing Administration" and "said Administration" in second par., respectively.

1952—Act July 14, 1952, inserted last par.

1950—Act Apr. 20, 1950, §120, made the insurance authority of this section applicable to sale by the Public Housing Administration, or any public housing agency, of any housing owned or financially assisted pursuant to the provisions of sections 1501 to 1505 of Title 42. The Public Health and Welfare, which provided for the construction of war housing out of prior authorizations for low-rent public housing on the condition that such housing would be converted to low-rent use after termination of its use for war housing.

Act Apr. 20, 1950, §122, substituted "Commissioner" for "Administrator" wherever appearing.

1948—Act Aug. 10, 1948, inserted last par. relating to the Greenbelt towns.

§ 1746. Insurance on mortgages on large-scale housing projects

(a) Additional authorization; encouragement of cost-reduction techniques; advances

In addition to mortgages insured under other sections of this subchapter, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Secretary is authorized to insure mortgages (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—

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

(2) cover property, held by a mortgagor approved by the Secretary, upon which there is to be constructed or erected dwelling units for not less than twenty-five families consisting of a group of single-family dwellings approved by the Secretary for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Secretary may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

(3) involve a principal obligation in an amount—

(A) not to exceed 85 per centum of the amount which the Secretary estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows: \$5,950 or 85 per centum of the valuation, whichever is the lower amount, with respect to each single-family dwelling: *Provided*, That if the Secretary finds that it is not feasible, within the dollar amount limitation in this clause on the principal obligation of the mortgage, to construct dwellings containing three or four bedrooms without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitation by not exceeding \$850 for each additional bedroom (as defined by the Secretary) in excess of two contained in each such dwelling if he finds that such dwelling meets sound standards of design and livability as a three-bedroom unit or a four-bedroom unit, as the case may be, but the amount computed under this clause for each such dwelling shall not exceed, in any event, \$7,650.

With respect to the insurance of advances during construction, the Secretary is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

(4) provide for complete amortization by periodic payments within such term as the Secretary shall prescribe and shall bear interest (exclusive of premium charges for insurance) as not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Secretary with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ per centum per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. 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, and the mortgage may provide that, upon the completion of the construction of the project, such mortgage may be replaced by individual mortgages covering each individual dwelling in the project. Each such individual mortgage may be insured under this section with the mortgagor being either the builder who constructed the dwellings or the owner and occupant of the dwelling at the time, and where the mortgagor is the owner and occupant, may involve a principal obligation in such amount and have such maturity and interest rate as a mortgage eligible for insurance under section 1709(b)(2)(D) of this title.

(c) Preferences in occupancy for veterans and hardship cases

Preference or priority of opportunity in the occupancy of the mortgaged property for vet-

erans 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.

(d) Applicability of other provisions

The provisions of subsections (c), (d), (e), and (f) of section 1743 of this title shall be applicable to mortgages insured under this section covering a project described in subsection (b) of this section, and the provisions of subsections (a) to (f), and (h) of section 1739 of this title shall be applicable to the individual mortgages insured pursuant to subsection (b)(4) of this section covering individual dwellings in the project.

(June 27, 1934, ch. 847, title VI, § 611, as added Aug. 10, 1948, ch. 832, title I, § 101(f), 62 Stat. 1271; amended Apr. 20, 1950, ch. 94, title I, §§ 121, 122, 64 Stat. 58, 59; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

Editorial Notes

REFERENCES IN TEXT

Section 1709(b)(2)(D) of this title, referred to in subsec. (b)(4), is a reference to subsec. (b)(2)(D) of section 1709 prior to amendment by section 104 of act Aug. 2, 1954, ch. 649, 68 Stat. 590.

AMENDMENTS

1967—Pub. L. 90-19 substituted “Secretary” for “Commissioner” wherever appearing in subsections (a), (b), and (c).

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

Subsec. (b)(3). Act Apr. 20, 1950, § 121(1), (2), substituted “85” for “80” in cl. (A), and inserted entirely new material in cl. (B).

Subsec. (b)(4). Act Apr. 20, 1950, § 121(2), inserted “, and the mortgage may provide that, upon the completion of the construction of the project, such mortgage may be replaced by individual mortgages covering each individual dwelling in the project. Each such individual mortgage may be insured under this section with the mortgagor being either the builder who constructed the dwellings or the owner and occupant of the dwelling at the time, and where the mortgagor is the owner and occupant, may involve a principal obligation in such amount and have such maturity and interest rate as a mortgage eligible for insurance under section 1709(b)(2)(D) of this title”.

Subsec. (d). Act Apr. 20, 1950, § 121(3), inserted “covering a project described in subsection (b) of this section, and the provisions of subsections (a) to (f), and (h) of section 1739 of this title shall be applicable to the individual mortgages insured pursuant to subsection (b)(4) of this section covering individual dwellings in the project”.

§ 1746a. Termination of commitment authority under this subchapter

Notwithstanding any other provision of this subchapter, no mortgage or loan shall be insured under any section of this subchapter after August 2, 1954 except pursuant to a commitment to insure issued on or before such date.

(June 27, 1934, ch. 847, title VI, § 612, as added Aug. 2, 1954, ch. 649, title I, § 127, 68 Stat. 609.)

SUBCHAPTER VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

§ 1747. Purpose of subchapter; authorization; terms and conditions; expiration of insurance contract

The purpose of this subchapter is to supplement the existing systems of mortgage insurance for rental housing under this chapter by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Secretary is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Secretary shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the “insured annual return”) equal to such rate of return, not exceeding 2¾ per centum per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this subchapter shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 per centum of the established investment.

(June 27, 1934, ch. 847, title VII, § 701, as added Aug. 10, 1948, ch. 832, title IV, § 401, 62 Stat. 1276; amended Apr. 20, 1950, ch. 94, title I, § 122, 64 Stat. 59; Pub. L. 86-372, title I, § 118, Sept. 23, 1959, 73 Stat. 664; Pub. L. 90-19, § 1(a)(3), May 25, 1967, 81 Stat. 17.)

Editorial Notes

AMENDMENTS

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

1959—Pub. L. 86-372 struck out provisions which limited the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this subchapter to not more than \$1,000,000,000.

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

Statutory Notes and Related Subsidiaries

SEPARABILITY

Act Aug. 10, 1948, ch. 832, title V, § 505, 62 Stat. 1285, provided that: “Except as may be otherwise expressly provided in this Act [sections 1701c, 1701e to 1701g-3, 1702, 1703, 1709, 1710, 1713, 1716, 1738, 1743 to 1746 and 1747 to 1747] of this title, section 846 of former Title 31, Money and Finance, section 694 of former Title 38, Pensions, Bonuses, and Veterans’ Relief, and section 1404a of Title 42, The Public Health and Welfare], all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any person or circumstances, shall be adjudged by any court of competent jurisdiction to