

Public Law 96-153  
96th Congress

An Act

To amend and extend certain Federal laws relating to housing, community and neighborhood development and preservation, and related programs, and for other purposes.

Dec. 21, 1979  
[H.R. 3875]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Housing and Community Development Amendments of 1979".

Housing and  
Community  
Development  
Amendments of  
1979.  
42 USC 5301  
note.

TITLE I—COMMUNITY AND NEIGHBORHOOD  
DEVELOPMENT AND CONSERVATION

REHABILITATION LOANS

SEC. 101. (a) Section 312(d) of the Housing Act of 1964 is amended—

42 USC 1452b.

(1) by striking out "and not to exceed \$245,000,000 for the fiscal year beginning on October 1, 1978" in the first sentence and inserting in lieu thereof "not to exceed \$245,000,000 for the fiscal year beginning on October 1, 1978, and not to exceed \$140,000,000 for the fiscal year beginning on October 1, 1979"; and

(2) by adding at the end thereof the following new sentence: "Of the amounts available for loans under this section during any fiscal year beginning on or after October 1, 1979, the Secretary may utilize not more than \$75,000,000 for rehabilitation loans for multifamily properties."

Multifamily  
properties.

(b) Section 312(h) of such Act is amended—

(1) by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980"; and

(2) by striking out "December 1, 1979" and inserting in lieu thereof "October 1, 1980".

(c) Subsections (i) and (j) of section 312 of such Act, as added by section 101(b) of the Housing and Community Development Amendments of 1978, are redesignated as subsections (j) and (k), respectively.

92 Stat. 2081.  
42 USC 1452b.

COMPREHENSIVE PLANNING

SEC. 102. The second sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed \$57,000,000 for the fiscal year 1979" and inserting in lieu thereof "not to exceed \$57,000,000 for the fiscal year 1979, and not to exceed \$50,000,000 for the fiscal year 1980".

40 USC 461.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

SEC. 103. (a) Section 103(c) of the Housing and Community Development Act of 1974 is amended by striking out "a sum not in excess of \$400,000,000 for supplemental grant assistance under section 119 for each of the fiscal years 1978, 1979, and 1980" and inserting in lieu thereof "for supplemental grant assistance under section 119 a sum

42 USC 5303.  
42 USC 5318.

not to exceed \$400,000,000 for each of the fiscal years 1978 and 1979, and not to exceed \$675,000,000 for the fiscal year 1980”.

42 USC 5303.

(b) Section 103(a)(2) of the Housing and Community Development Act of 1974 is amended by striking out “\$250,000,000 for the fiscal year 1980” and inserting in lieu thereof “\$275,000,000 for the fiscal year 1980”.

42 USC 5304.

Waiver.

(c) Section 104(b)(3) of such Act is amended to read as follows:

“(3) The Secretary may waive all or part of the requirements contained in paragraphs (1), (2), and (3) of subsection (a) if (A) the application does not involve a comprehensive community development program, as determined by the Secretary, and (B) the Secretary determines that, considering the nature of the activity to be carried out, such waiver is not inconsistent with the purposes of this title.”.

42 USC 5306.

(d) Section 106(m) of such Act is amended by striking out “or fiscal year 1979” and inserting in lieu thereof “, fiscal year 1979, or fiscal year 1980”.

Urban county,  
computation of  
funds.

(e) Section 106(b) of such Act is amended by adding at the end thereof the following new paragraph:

“(5) In computing amounts under this section with respect to any urban county, there shall be included all of the area of any unit of local government which is part of, but is not located entirely within the boundaries of, such urban county if the part of such unit of local government which is within the boundaries of such urban county would otherwise be included in computing the amount for such urban county under this section, and if the part of such unit of local government which is not within the boundaries of such urban county is not included as a part of any other unit of local government for the purpose of this section. Any amount received by such urban county under this section may be used with respect to the part of such unit of local government which is outside the boundaries of such urban county.”.

42 USC 5302.

(f) Section 102(a)(1) of such Act is amended by inserting “the Northern Mariana Islands,” after “Guam,”.

42 USC 5304.

(g) Section 104(h) of such Act is amended—

(1) by inserting in the first sentence of paragraph (1)—

(A) after “National Environmental Policy Act of 1969” the following: “and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary)”; and

(B) after “such Act” the following: “, and such other provisions of law as the regulations of the Secretary specify,”;

(2) by inserting in the second sentence of paragraph (2) after “National Environmental Policy Act” the following: “of 1969 and such other provisions of law as the regulations of the Secretary specify”; and

(3) by inserting in paragraph (3)(D)(i)—

(A) after “National Environmental Policy Act of 1969” the following: “and each provision of law specified in regulations issued by the Secretary”; and

(B) after “such Act” the following: “or other such provision of law”.

42 USC 4321  
note.

#### POCKETS OF POVERTY

42 USC 5318.

SEC. 104. (a) Section 119(b) of the Housing and Community Development Act of 1974 is amended by inserting “(1)” after “(b)” and by adding at the end thereof the following:

"(2) A city or urban county which fails to meet the minimum standards established pursuant to paragraph (1) shall be eligible for assistance under this section if it meets the requirements of the first sentence of paragraph (1), and—

City or urban  
county,  
eligibility  
requirements for  
grants.

"(A) in the case of a city with a population of fifty thousand persons or more or an urban county, contains an area (i) composed of one or more contiguous census tracts, enumeration districts, or block groups, as defined by the United States Bureau of Census, having at least a population of ten thousand persons or 10 per centum of the population of the city or urban county, (ii) in which at least 70 per centum of the residents have incomes below 80 per centum of the median income of such city or urban county, and (iii) in which at least 30 per centum of the residents have incomes of below the national poverty level; or

"(B) in the case of a city with a population of less than fifty thousand persons, contains an area (i) composed of one or more contiguous census tracts, enumeration districts, or block groups or other areas defined by the United States Bureau of Census or for which data certified by the United States Bureau of Census are available having at least a population of two thousand and five hundred persons or 10 per centum of the population of such city, whichever is greater, (ii) in which at least 70 per centum of the residents have incomes below 80 per centum of the median income for such city, and (iii) in which at least 30 per centum of the residents have incomes of below the national poverty level.

The Secretary shall utilize up to, but not more than, 20 per centum of the funds appropriated for use in any fiscal year under this section for the purpose of making grants to cities and urban counties eligible under this paragraph."

(b) Section 119(e) of such Act is amended—

42 USC 5318.

(1) by striking out "In" after "(e)" and inserting in lieu thereof "(1) Except in the case of a city or urban county eligible under subsection (b)(2), in";

(2) by redesignating clauses (1), (2), and (3) as clauses (A), (B), and (C); and

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

"(2) For the purpose of making grants with respect to areas described in subsection (b)(2), the Secretary shall establish selection criteria, which must include (A) factors determined to be relevant by the Secretary in assessing the comparative degree of physical and economic deterioration among eligible areas, and (B) such other criteria as the Secretary may determine, including at a minimum the criteria listed in clause (C) of paragraph (1) of this subsection.

"(3) The Secretary may not approve any grant to a city or urban county eligible under subsection (b)(2) unless—

"(A) the grant will be utilized in connection with a project located in an area described in subsection (b)(2), except that the Secretary may waive this requirement where the Secretary determines (i) that there is no suitable site for the project within such area, (ii) the project will be located directly adjacent to such area, and (iii) the project will substantially contribute to the physical and economic development of such area;

"(B) the city or urban county has demonstrated to the satisfaction of the Secretary that basic services supplied by the city or urban county to the area described in subsection (b)(2) are at least equivalent, as measured by per capita expenditures, to those supplied to other areas within the city or urban county which are similar in population size and physical characteristics and which

have median incomes above the median income for the city or urban county;

“(C) the grant will be utilized in connection with a project which will directly benefit the low- and moderate-income families and individuals residing in the area described in subsection (b)(2); and

“(D) the city or urban county makes available, from its own funds or from funds received from the State or under any Federal program which permits the use of financial assistance to meet the non-Federal share requirements of Federal grant-in-aid programs, an amount equal to 20 per centum of the grant to be available pursuant to this section to be used in carrying out the activities described in the application.”.

#### URBAN DEVELOPMENT ACTION GRANT PROGRAM

42 USC 5318.

SEC. 105. Section 119 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following:

“(1) A grant may be made under this section only where the Secretary determines that there is a strong probability that the non-Federal investment in the project would not be made without such grant and where the Secretary determines that there is a strong probability that the grant would not substitute for non-Federal funds which are otherwise available to the project.

“(m) For purposes of carrying out this section, the Secretary may reduce or waive the requirement, as described in section 102(a)(5)(B)(ii) and applied to recipients of community development grants, that a town or township be closely settled.”.

#### URBAN HOMESTEADING AMENDMENT

12 USC 1706e.

SEC. 106. Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following:

“(g)(1) The Secretary is authorized to reimburse the Administrator of Veterans' Affairs, in an amount to be agreed upon by the Secretary and the Administrator, for property which the Administrator conveys to a unit of general local government, State, or agency for use in connection with an urban homesteading program approved by the Secretary.

“(2) The Secretary is authorized to reimburse the Secretary of Agriculture, in an amount to be agreed upon by the Secretary and the Secretary of Agriculture, for property which the Secretary of Agriculture conveys to a unit of general local government, State, or agency for use in connection with an urban homesteading program approved by the Secretary.”.

#### NEIGHBORHOOD SELF-HELP DEVELOPMENT

92 Stat. 2121.

42 USC 8124.

92 Stat. 2120.

42 USC 8123.

SEC. 107. (a) Section 705 of the Housing and Community Development Amendments of 1978 is amended by striking out “\$15,000,000” and inserting in lieu thereof “\$13,500,000”.

(b) Section 704(d) of such Act is amended by inserting before the period at the end thereof the following: “, except that the Secretary may make such grants and other forms of assistance available without such certification if such assistance is made available for the demonstration of innovative means of assisting in neighborhood conservation and revitalization, but not more than 10 per centum of

assistance made available under this title in any fiscal year shall be made available without such certification”.

#### LIVABLE CITIES

SEC. 108. Section 807 of the Housing and Community Development Amendments of 1978 is amended by striking out “\$10,000,000” and inserting in lieu thereof “\$5,000,000”.

92 Stat. 2124.  
42 USC 8146.

#### REVIEW OF EFFECTS OF RENTAL CONVERSIONS

SEC. 109. (a) Section 104(a)(4)(A) of the Housing and Community Development Act of 1974 is amended by inserting before the comma at the end thereof the following: “, including the impact of conversion of rental housing to condominium or cooperative ownership on such needs”.

42 USC 5304.

(b) Not later than six months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress concerning the conversion of rental housing to condominium or cooperative ownership. Such report shall at least include—

Report to  
Congress.  
42 USC 5304  
note.

(1) an estimate of the number of such conversions which have occurred since 1970;

(2) a projection of the number of such conversions estimated to occur during the period 1980 through 1985;

(3) an assessment of the impact that such conversions have had or are likely to have on the availability of housing for lower income persons;

(4) an assessment of the extent to which such conversions are concentrated in certain areas or types of areas of the country; and

(5) an assessment of the factors contributing to the increase in such conversions.

The Secretary may also include in such report recommendations concerning alternative means to minimize the adverse impact that such conversions may have on lower income persons.

Recommendations  
to Congress.

## TITLE II—HOUSING ASSISTANCE PROGRAMS

### LOW-INCOME HOUSING

SEC. 201. (a) The first sentence of section 5(c) of the United States Housing Act of 1937 is amended—

42 USC 1437c.

(1) by striking out “and” immediately after “October 1, 1977,”; and

(2) by inserting immediately after “on October 1, 1978” the following: “, and by \$1,140,661,000 on October 1, 1979,”.

(b) Section 5(c) of such Act is amended by inserting the following after the third sentence: “Of the additional authority authorized by the first sentence of this subsection on October 1, 1979, not more than \$195,053,000 is authorized to be approved in appropriation Acts for units assisted under this Act other than under section 8 (not less than \$50,000,000 of which is authorized to be so approved for modernization of such units with a preference being given to the modernization of substandard vacant units). In no case may the Secretary, with respect to the additional authority made available on October 1, 1979, enter into annual contributions contracts aggregating more than \$195,053,000 for units assisted under this Act other than under section 8.”.

42 USC 1437f.

42 USC 1437g.

(c) Section 9(c) of such Act is amended—

(1) by striking out “and” immediately after “on or after October 1, 1977,”; and

(2) by inserting immediately before the period at the end thereof the following: “, and not to exceed \$741,500,000 on or after October 1, 1979”.

#### AMOUNT OF TENANT CONTRIBUTION FOR RENTAL PAYMENTS

42 USC 1437a.

SEC. 202. (a) Section 3(1) of the United States Housing Act of 1937 is amended by striking out the third sentence and inserting in lieu thereof the following: “The rental for any dwelling unit shall not exceed that portion of the resident family’s income which the Secretary establishes on the basis of the relative level of income of the family, but such rental shall not exceed 25 per centum of family income in the case of a very low income family or, in the case of other families, 30 per centum of such income.”

42 USC 1437f.

(b) Section 8(c)(3) of such Act is amended by striking out the first and second sentences and inserting in lieu thereof the following: “The amount of the monthly assistance payment with respect to any dwelling unit shall be the difference between the maximum monthly rent which the contract provides that the owner is to receive for the unit and a portion of one-twelfth of the resident family’s income which the Secretary establishes on the basis of the relative level of income of the family and on the basis of such other factors as the number of minor children in the household and the extent of medical and other unusual expenses incurred by the family. In carrying out the previous sentence, the Secretary shall provide that—

“(A) in the case of a very low income family, the amount of such assistance payment shall be the difference between such rent and not less than 15 per centum but not more than 25 per centum of such family income, taking into consideration such relative level of income and such other factors;

“(B) in the case of a large very low income family or a lower income family with exceptional medical or other expenses, as determined by the Secretary, the amount of such assistance payment shall be the difference between such rent and 15 per centum of such family income;

“(C) in the case of a very large lower-income family, the amount of such assistance payment shall be the difference between such rent and 20 per centum of such family income; and

“(D) in the case of other families, the amount of such assistance payment shall be the difference between such rent and not less than 20 per centum but not more than 30 per centum of such family income, taking into consideration such relative level of income and such other factors.”

Effective date.  
42 USC 1437a  
note.

42 USC 1437  
note.

(c) The amendments made by subsections (a) and (b) shall become effective on January 1, 1980, except that the amount of the tenant contribution required of families whose occupancy of housing units assisted under the United States Housing Act of 1937 commenced prior to such date shall be determined in accordance with the provisions of such Act in effect on December 31, 1979, so long as such occupancy is continuous thereafter.

#### SECTION 101 RENT SUPPLEMENT AND SECTION 236 INCOME DEFINITIONS

12 USC 1701s.

SEC. 203. (a) Section 101 of the Housing and Urban Development Act of 1965 is amended—

(1) by striking out the first sentence of subsection (c) and inserting in lieu thereof the following new sentence: "As used in this section, the term—

"(1) 'qualified tenant' means any individual or family having an income which would qualify such individual or family for assistance under section 8 of the United States Housing Act of 1937, except that such term shall also include any individual or family who was receiving assistance under this section on the day preceding the date of the enactment of the Housing and Community Development Amendments of 1979, so long as such individual or family continues to meet the conditions for such assistance which were in effect on such day; and

"Qualified tenant."

42 USC 1437f.

"(2) 'income' means income as determined under section 8 of the United States Housing Act of 1937.";

"Income."

(2) by striking out subsection (d) and inserting in lieu thereof the following:

"(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Secretary pursuant to procedures and regulations established by the Secretary. Notwithstanding the preceding sentence, the amount of the payment made under any contract amended pursuant to subsection (1) with respect to any dwelling unit assisted under this section shall be determined in the same manner as it would be determined under section 8 of the United States Housing Act of 1937 if the tenant on whose behalf such payment is made were receiving assistance with respect to such unit under section 8 of such Act.";

(3) by striking out subsection (e)(1)(B) and inserting in lieu thereof the following:

"(B) whether the individual or family was occupying substandard housing or was involuntarily displaced at the time it was seeking assistance under this section."; and

(4) by adding the following new subsections at the end thereof:

"(k) In making assistance available under this section, the Secretary shall give priority to individuals or families who are occupying substandard housing or are involuntarily displaced at the time they are seeking housing assistance under this section.

"(l) The Secretary may offer to amend each contract entered into pursuant to this section for the purpose of making such contract contain such terms and conditions as the Secretary deems necessary to implement the amendments made to this section by the Housing and Community Development Amendments of 1979. Notwithstanding the provisions of subsection (a) and any other provision of law, the Secretary may utilize additional authority under section 5(c) of the United States Housing Act of 1937 made available by appropriation Acts on or after October 1, 1979, in order to carry out any changes in contracts as a result of the preceding sentence to the extent necessary to supplement assistance authority available for that purpose under this section."

Ante, p. 1105.

(b) Section 236(m) of the National Housing Act is amended to read as follows:

"Income."  
12 USC 1715z-1.

"(m) For the purpose of this section, the term 'income' means income as determined under section 8 of the United States Housing Act of 1937."

(c) The amendments made by subsections (a) and (b) shall become effective on the date of enactment of this Act. The maximum tenant contribution applicable to any family whose occupancy of housing

Effective date.  
12 USC 1701s  
note.

12 USC 1701s,  
1715z-1.

assisted under section 101 of the Housing and Urban Development Act of 1965 or section 236 of the National Housing Act commenced prior to such date shall not exceed the maximum tenant contribution which would have been applicable under such section, as it was in effect on the day preceding the date of enactment of this Act, so long as such occupancy is continuous thereafter.

#### SECTION 213 ALLOCATION REQUIREMENTS

42 USC 1439.

SEC. 204. (a) Section 213(d)(1) of the Housing and Community Development Act of 1974 is amended by inserting after "In allocating financial assistance" in the first sentence the following: "(other than assistance approved in appropriation Acts for use on and after October 1, 1979, under the United States Housing Act of 1937 for the purpose of modernization of low-income housing projects)".

42 USC 1437  
note.

(b) Section 213(d)(1) of such Act is amended by inserting before the last sentence the following: "Any amounts allocated to a State or to areas or communities within a State which are not likely to be utilized within a fiscal year shall not be reallocated for use in another State unless the Secretary determines that other areas or communities within the same State cannot utilize the amounts in accordance with the appropriate housing assistance plans within that fiscal year.".

#### OPERATING ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS

92 Stat. 2084.  
12 USC  
1715z-1a.

SEC. 205. (a) The first sentence of section 201(h) of the Housing and Community Development Amendments of 1978 is amended by inserting immediately before the period at the end thereof the following: ", and not to exceed \$82,000,000 for the fiscal year 1980".

12 USC 1715z-1.

(b) Section 236(f)(3)(B) of the National Housing Act is amended—

(1) by inserting immediately after "October 1, 1978," in the first sentence the following: "or credited to such fund prior to October 1, 1978, but remaining unobligated on October 31, 1978,"; and

(2) by striking out "September 30, 1979" in the third sentence and inserting in lieu thereof "September 30, 1980".

#### TENANT SELECTION CRITERIA

42 USC 1437d.

SEC. 206. (a) Section 6(c)(4)(A) of the United States Housing Act of 1937 is amended by inserting after "tenant selection criteria" the following: "which gives preference to families which occupy substandard housing or are involuntarily displaced at the time they are seeking assistance under this Act and which is".

42 USC 1437f.

(b)(1) Section 8(d)(1)(A) of such Act is amended by inserting before the semicolon at the end thereof the following: ", except that the tenant selection criteria used by the owner shall give preference to families which occupy substandard housing or are involuntarily displaced at the time they are seeking assistance under this section".

(2) Section 8(e)(2) of such Act is amended by inserting before the period at the end of the first sentence the following: ", except that the tenant selection criteria shall give preference to families which occupy substandard housing or are involuntarily displaced at the time they are seeking housing assistance under this section".



## DISTRIBUTION OF SECTION 9 OPERATING SUBSIDIES

SEC. 207. Section 9 of the United States Housing Act of 1937 is amended by adding the following new subsection at the end thereof: 42 USC 1437g.

“(d) If, in any fiscal year beginning after September 30, 1979, any funds which have been appropriated for such year remain after applying the provisions of the second and fourth sentences of subsection (a)(1), the Secretary shall distribute such funds to low-income housing projects which incurred excessive costs which were beyond their control and the full extent of which was not taken into account in the original distribution of funds for such fiscal year.”.

## DISPLACED TENANTS IN A HUD-OWNED PROJECT

SEC. 208. Section 203(d)(2) of the Housing and Community Development Amendments of 1978 is amended by striking out “The Secretary shall seek to assure the maximum opportunity for any such tenant—” and inserting in lieu thereof the following: “The Secretary shall assure for any such tenant (who continues to meet applicable qualification standards) the right—”. 92 Stat. 2088.  
12 USC 1701z-11.

## ENERGY CONSERVATION

SEC. 209. The United States Housing Act of 1937 is amended by adding at the end thereof the following new section:

## “ENERGY CONSERVATION

“SEC. 13. (a) In utilizing contract authority which is provided by section 5(c) and has been approved in appropriation Acts for use in the modernization of low-income housing projects (other than projects assisted under section 8) on or after October 1, 1979, the Secretary shall, to the maximum extent practicable, also take into consideration projects which will be modernized to a substantial extent with weatherization materials as defined in section 412(9) of the Energy Conservation in Existing Buildings Act of 1976. 42 USC 1437k.

“(b) The Secretary shall, to the maximum extent practicable, require that newly constructed and substantially rehabilitated projects assisted under this Act with authority provided on or after October 1, 1979, shall be equipped with heating and cooling systems selected on the basis of criteria which include a life-cycle cost analysis of such systems.”. 42 USC 6862.

## VERIFICATION OF INCOME

SEC. 210. Section 8 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection: 42 USC 1437f.

“(k) The Secretary shall establish procedures which are appropriate and necessary to assure that income data provided to public housing agencies and owners by families applying for or receiving assistance under this section is complete and accurate. In establishing such procedures, the Secretary shall randomly, regularly, and periodically select a sample of families to authorize the Secretary to obtain information on these families for the purpose of income verification, or to allow those families to provide such information themselves. Such information may include, but is not limited to, data concerning unemployment compensation and Federal income taxation and data relating to benefits made available under the Social Security Act, the Food Stamp Act of 1977, or title 38, United States 42 USC 1305.  
7 USC 2011 note.

Code. Any such information received pursuant to this subsection shall remain confidential and shall be used only for the purpose of verifying incomes in order to determine eligibility of families for benefits (and the amount of such benefits, if any) under this section.”.

PRESERVATION OF LOW-INCOME CHARACTER OF ASSISTED HOUSING

42 USC 1437g.

SEC. 211. (a) Section 9(a) of the United States Housing Act of 1937 is amended—

(1) by inserting “(1)” after “(a)”;

(2) by striking out “(1)” and “(2)” in the second sentence and inserting in lieu thereof “(A)” and “(B)”;

(3) by inserting the following before the period at the end of the third sentence: “, and such contract shall provide that no disposition of the low-income housing project, with respect to which the contract is entered into, shall occur during and for ten years after the period when contributions were made pursuant to such contract unless approved by the Secretary”; and

(4) by adding the following new paragraph at the end thereof:

“(2) The Secretary may not make assistance available under this section for any low-income housing project unless such project is being assisted by an annual contributions contract authorized by section 5(c) but not subject to section 8, except that after the duration of any such annual contributions contract with respect to a low-income housing project, the Secretary may provide assistance under this section with respect to such project as long as the low-income nature of such project is maintained.”.

*Ante*, p. 1105,  
1109.

42 USC 1437f.

(b) The first sentence of section 8(e)(1) of such Act is amended by striking out “one month” and inserting in lieu thereof “two hundred and forty months”.

92 Stat. 2084.  
12 USC  
1715z-1a.

(c) Section 201(d)(1) of the Housing and Community Development Amendments of 1978 is amended by inserting the following before the semicolon at the end thereof: “, and the owner has agreed to maintain the low- and moderate-income character of such project for a period at least equal to the remaining term of the project mortgage”.

RENT STUDIES

42 USC 1437f  
note.

SEC. 212. (a) The Secretary of Housing and Urban Development shall conduct a study of the feasibility and financial desirability of requiring minimum rent payments from tenants in low-income housing assisted under the United States Housing Act of 1937. The study shall examine (1) the extent to which tenants in such housing are not required to or do not pay rent, (2) the incentives for greater tenant care of such housing which minimum rents may create, (3) the administrative costs of assessing and collecting minimum rents, and (4) for each of the five fiscal years beginning on October 1, 1980, and ending September 30, 1984, the reductions in appropriations for the payment of annual contributions for assisted housing and for payments for the operation of low-income housing projects which several alternative specifications of minimum rent requirements would allow. The Secretary shall submit a report to the Congress containing the findings and conclusions of such study not later than ten days after the Budget for fiscal year 1981 is transmitted pursuant to section 201 of the Budget and Accounting Act, 1921.

31 USC 11.

(b) The Secretary of Housing and Urban Development shall conduct a study to provide detailed comparisons between the rents paid by tenants occupying low-income housing assisted under the United

States Housing Act of 1937, and the rents paid by tenants at the same income levels who are not in assisted housing. The comparisons shall be made for differing regions, income levels and family size, and shall include data on utility costs paid by tenants. Data on tenants not in assisted housing shall be further subdivided in accordance with various indicators of housing quality. The Secretary shall transmit a report on such study to the Congress not later than March 1, 1980.

## SECTION 235 AMENDMENTS

SEC. 213. (a) Section 235(a)(1) of the National Housing Act is amended by adding the following new sentence at the end thereof: "In making such assistance available, the Secretary shall give preference to low-income families who, without such assistance, would be likely to be involuntarily displaced (including those who would be likely to be displaced from rental units which are to be converted into a condominium project or a cooperative project). Such assistance may include the acquisition of a condominium or a membership in a cooperative association."

12 USC 1715z.

(b) Section 235(i)(3)(A) of such Act is amended by striking out " , if the mortgagor qualifies" in the first proviso and all that follows through "public housing".

(c)(1) Section 235 of such Act is amended by adding at the end thereof the following new subsection:

"(o) The Secretary may insure a mortgage under this section involving a principal obligation which exceeds, by not more than 20 per centum, the maximum limits specified under subsection (b)(2) or (i)(3) of this section if the mortgage relates to a dwelling in an urban neighborhood where the Secretary determines that a community sponsored program of concentrated redevelopment or revitalization is being undertaken and the Secretary determines that such action is necessary to enable eligible families residing in the area who occupy substandard housing or are being involuntarily displaced to remain in the area in decent, safe, and sanitary housing."

(2) Section 235(c)(2) of such Act is amended by inserting after "1 per centum per annum" the following: "(4 per centum per annum in the case of a mortgage described in subsection (o))".

## TITLE III—PROGRAM AMENDMENTS AND EXTENSIONS

## EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "December 1, 1979" in the first sentence and inserting in lieu thereof "October 1, 1980".

12 USC 1703.

(b) Section 217 of such Act is amended by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980".

12 USC 1715h.

(c) Section 221(f) of such Act is amended by striking out "November 30, 1979" in the fifth sentence and inserting in lieu thereof "September 30, 1980".

12 USC 1715l.

(d) Section 235(m) of such Act is amended by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980".

12 USC 1715z.

(e) Section 236(n) of such Act is amended by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980".

12 USC 1715z-1.

(f) Section 244(d) of such Act is amended—

12 USC 1715z-9.

(1) by striking out "November 30, 1979" in the first sentence and inserting in lieu thereof "September 30, 1980"; and

- (2) by striking out "December 1, 1979" in the second sentence and inserting in lieu thereof "October 1, 1980".
- 12 USC 1715z-10. (g) Section 245 of such Act is amended by striking out "November 30, 1979" where it appears and inserting in lieu thereof "September 30, 1980".
- 12 USC 1748h-1. (h) Section 809(f) of such Act is amended by striking out "November 30, 1979" in the second sentence and inserting in lieu thereof "September 30, 1980".
- 12 USC 1748h-2. (i) Section 810(k) of such Act is amended by striking out "November 30, 1979" in the second sentence and inserting in lieu thereof "September 30, 1980".
- 12 USC 1749bb. (j) Section 1002(a) of such Act is amended by striking out "November 30, 1979" in the second sentence and inserting in lieu thereof "September 30, 1980".
- 12 USC 1749aaa. (k) Section 1101(a) of such Act is amended by striking out "November 30, 1979" in the second sentence and inserting in lieu thereof "September 30, 1980".

## EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

- 12 USC 1709-1. SEC. 302. Section 3(a) of Public Law 90-301 is amended by striking out "December 1, 1979" and inserting in lieu thereof "October 1, 1980".

## EXTENSION OF EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

- 12 USC 1723e note. SEC. 303. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "December 1, 1979" and inserting in lieu thereof "October 1, 1980".

## RESEARCH AUTHORIZATIONS

- 12 USC 1701z-1. SEC. 304. The second sentence of section 501 of the Housing and Urban Development Act of 1970 is amended by striking out "and not to exceed \$62,000,000 for the fiscal year 1979" and inserting in lieu thereof "not to exceed \$62,000,000 for the fiscal year 1979, and not to exceed \$50,300,000 for the fiscal year 1980".

## FEDERAL HOUSING ADMINISTRATION GENERAL INSURANCE FUND

- 12 USC 1735c. SEC. 305. Section 519(f) of the National Housing Act is amended by inserting before the period at the end thereof the following: ", which shall be increased by not to exceed \$93,000,000 on October 1, 1979".

## HOUSING FOR THE ELDERLY OR HANDICAPPED

- 12 USC 1701q. SEC. 306. (a) Section 202(a)(4)(B)(i) of the Housing Act of 1959 is amended by striking out "and to \$3,300,000,000 on October 1, 1978" and inserting in lieu thereof "to \$3,300,000,000 on October 1, 1978, to \$3,827,500,000 on October 1, 1979, to \$4,777,500,000 on October 1, 1980, and to \$5,752,500,000 on October 1, 1981".
- (b) Section 202(a) of such Act is amended by adding at the end thereof the following new paragraphs:
- "(6) In reviewing applications for loans under this section, the Secretary may consider the extent to which such loans—
- "(A) will assist in stabilizing, conserving, and revitalizing neighborhoods and communities;
- "(B) will assist in providing housing for elderly and handicapped families in neighborhoods and communities in which

they are experiencing significant displacement due to public or private investment; or

“(C) will assist in the substantial rehabilitation, in an economical manner, of structures having architectural, historical, or cultural significance.

“(7) The Secretary may make available appropriate technical and training assistance to assure that applicants having limited resources, particularly minority applicants, are able to participate more fully in the program carried out under this section.”.

(c)(1) Section 202(d)(8)(A) of such Act is amended by striking out “or infirmaries or other inpatient or” and inserting in lieu thereof “adult day health facilities, or other”.

12 USC 1701q.

(2) Section 202(f) of such Act is amended by inserting “(including adult day health services)” after “health”.

(d) Section 202(g) of such Act is amended by adding the following new sentence at the end thereof: “At the time of settlement on permanent financing with respect to a project under this section, the Secretary shall make an appropriate adjustment in the amount of any assistance to be provided under a contract for annual contributions pursuant to section 8 of the United States Housing Act of 1937 in order to reflect fully any difference between the interest rate which will actually be charged in connection with such permanent financing and the interest rate which was in effect at the time of the reservation of assistance in connection with the project.”.

(e) Not later than six months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall transmit a report to the Congress on the housing needs of the elderly and handicapped in rural areas. Such report shall at least include—

Report to Congress.  
12 USC 1701q  
note.

(1) an assessment of the operations of the present programs in rural areas available to the elderly and handicapped;

(2) an assessment of the housing needs of the elderly and handicapped living in rural areas; and

(3) an examination of the various alternatives available to meet the housing needs of the elderly and handicapped in rural areas.

(f) Not later than six months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall transmit a report to the Congress containing recommendations on means to reduce the costs of the program carried out under section 202 of the Housing Act of 1959 without—

Report to Congress.  
12 USC 1701q  
note.

(1) unduly burdening sponsors of programs and projects under this section; or

(2) adversely affecting the ability of the program under this section to meet the housing needs of elderly and handicapped families.

#### NEIGHBORHOOD REINVESTMENT CORPORATION

SEC. 307. Section 608(a) of the Housing and Community Development Amendments of 1978 is amended by inserting “, and not to exceed \$12,000,000 for fiscal year 1980” after “1979”.

92 Stat. 2119.  
42 USC 8107.

#### EXEMPTION FROM STATE USURY LAWS

SEC. 308. Title V of the National Housing Act is amended by adding the following new section at the end thereof:

## "EXEMPTION FROM STATE USURY LAWS

12 USC 1735f-7.

"SEC. 529. (a) The provisions of the constitution of any State expressly limiting the rate or amount of interest, discount points, or other charges which may be charged, taken, received, or reserved by lenders and the provisions of any State law expressly limiting the rate or amount of interest, discount points, or other charges which may be charged, taken, received, or reserved shall not apply to any loan, mortgage, or advance which is insured under title I or II of this Act.

12 USC 1702, 1707.

"(b) The provisions of subsection (a) shall apply to loans, mortgages, or advances made or executed in any State until the effective date (after the date of enactment of this section) of a provision of law of that State limiting the rate or amount of interest, discount points, or other charges on any such loan, mortgage, or advance."

## STUDIES OF MORTGAGE INSURANCE PREMIUMS AND ALTERNATIVES TO STATUTORY MORTGAGE AMOUNTS

12 USC 1709 note.

SEC. 309. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall conduct a study of the relative risks of loss which exist with respect to the various classes of mortgages which may be insured under sections 203(b) and 213 of the National Housing Act. Such study shall be conducted for the purpose of making recommendations on the advisability of reducing, in accordance with sound actuarial and accounting practices, some or all of the mortgage insurance premiums required for such classes of mortgages. The Secretary shall transmit such recommendations to the Congress within eighteen months from the date of the enactment of this Act.

*Infra; Ante, p. 1108.*

(b) The Secretary shall conduct a study of alternatives to the present system of fixed statutory maximum amounts for mortgages insured by the Department of Housing and Urban Development under titles I and II of the National Housing Act. Such study shall include an examination of possible alternatives, including but not limited to flexible mortgage ceilings, prototype cost limits, ceilings based on regional housing costs, sales prices of homes, and construction costs. The Secretary shall report to the Congress on the results of such study, together with recommendations for legislation, no later than March 1, 1980.

## MORTGAGE INSURANCE FOR EXISTING DWELLINGS WITH WARRANTY PLANS

12 USC 1709.

SEC. 310. Section 203(b)(2) of the National Housing Act is amended by striking out "the dwelling was completed more than one year prior to the application for mortgage insurance, or the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction" in the third sentence and by inserting in lieu thereof the following: "(i) the dwelling was completed more than one year prior to the application for mortgage insurance, or (ii) the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, or (iii) the dwelling is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements which would have been applicable if such dwelling had been approved for mortgage insurance prior to the beginning of construction".

38 USC 1801 *et seq.*

## MODIFICATION OF GRADUATED PAYMENT MORTGAGE PROGRAM

SEC. 311. (a) This section may be cited as the "Homeownership Opportunity Act of 1979".

(b) Section 245 of the National Housing Act is amended—

(1) by inserting "(a)" after "SEC. 245.";

(2) by inserting after "title" in the second sentence the following: ", except as provided in subsection (b) of this section,";

(3) by striking out "section" after "pursuant to this" and inserting in lieu thereof "subsection";

(4) by striking out the last sentence; and

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

"(b) Notwithstanding the provisions of subsection (a), the Secretary may insure under any provision of this title a mortgage or loan which meets the requirements of the first sentence of subsection (a) and which has provisions for varying rates of amortization if the Secretary determines—

"(1) the mortgagor could not reasonably afford to purchase the dwelling unit by means of a mortgage insured under subsection (a) or any other mortgage insurance program under this title;

"(2) the principal obligation of the mortgage or loan initially does not exceed the percentage of the initial appraised value of the property specified in section 203(b) of this title as of the date the mortgage or loan is accepted for insurance;

"(3) the principal obligation of the mortgage or loan thereafter (including all interest to be deferred and added to principal) will not at any time be scheduled to exceed 97 per centum, or, if the mortgagor is a veteran, such higher percentage as is provided under section 203(b)(2) for veterans, of the projected value of the property; and

"(4) the principal obligation of the mortgage thereafter will not exceed 113 per centum of the initial appraised value of the property.

Mortgage insurance under this subsection shall be limited to mortgages executed by mortgagors who, as determined by the Secretary, have not owned dwelling units within the preceding three years. For the purpose of this subsection, the projected value of the property shall be calculated by the Secretary by increasing the initial appraised value of the property at a rate not in excess of 2½ per centum per annum. The number of mortgages which are insured in accordance with this subsection in any fiscal year may not exceed (A) that number of mortgages the aggregate initial principal obligation of which equals 10 per centum of the aggregate amount of the initial principal obligation of all mortgages secured by properties improved by one- to four-family residences which are insured under this title during the preceding fiscal year, or (B) 50,000 mortgages, whichever is greater.

"(c) Any mortgage or loan insured pursuant to this section which contains or sets forth any graduated mortgage provisions (including but not limited to provisions for adding deferred interest to principal) which are authorized under this section and applicable regulations, or which have been insured on the basis of their being so authorized, shall not be subject to any State constitution, statute, court decree, common law, or rule or public policy (1) limiting the amount of interest which may be charged, taken, received, or reserved, or the manner of calculating such interest (including but not limited to prohibitions against the charging of interest on interest), if such constitution, statute, court decree, common law, or rule would not

Homeownership  
Opportunity Act  
of 1979.  
12 USC 1701  
note.  
12 USC 1715z-10.

Ante, p. 1114.

apply to the mortgage or loan in the absence of such graduated payment mortgage provisions, or (2) requiring a minimum amortization of principal under the mortgage or loan.”.

FEDERAL HOUSING ADMINISTRATION MORTGAGE LIMITS

12 USC 1709.

SEC. 312. (a) Section 203(b)(2) of the National Housing Act is amended by striking out everything through “or \$75,000 in the case of a four-family residence;” and inserting in lieu thereof the following:

“(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed \$67,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$76,000 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$92,000 in the case of a three-family residence, or \$107,000 in the case of a four-family residence;”.

12 USC 1715k.

(b) Section 220(d)(3)(A)(i) of such Act is amended—

(1) by striking out “\$60,000” and inserting in lieu thereof “\$67,500”;

(2) by striking out “\$65,000” the first time it appears and inserting in lieu thereof “\$76,000”;

(3) by striking out “\$65,000” the second time it appears and inserting in lieu thereof “\$92,000”;

(4) by striking out “\$75,000” and inserting in lieu thereof “\$107,000”; and

(5) by striking out “\$7,700” and inserting in lieu thereof “\$8,250”.

12 USC 1715m,  
1715y.

(c) Section 222(b)(2) and section 234(c) of such Act are amended by striking out “\$60,000” in each such section and inserting in lieu thereof “\$67,500”.

LOANS FOR MOBILE HOMES AND LOTS

12 USC 1703.

SEC. 313. (a) Section 2(b) of the National Housing Act is amended—

(1) by striking out “\$16,000 (\$24,000 in the case of a mobile home composed of two or more modules” in the first sentence and inserting in lieu thereof “\$18,000 (\$27,000 in the case of a mobile home containing two or more modules”;

(2) by striking out subparagraph (A) of the second paragraph and inserting in lieu thereof the following:

“(A) involve such an amount not exceeding \$24,000 (\$33,000 in the case of a mobile home composed of two or more modules); and”;

(3) by striking out “fifteen years and thirty-two days (twenty-three” in subparagraph (B) of the second paragraph and inserting in lieu thereof “twenty years and thirty-two days (twenty-five”;

(4) by striking out subparagraph (A) of the third paragraph and inserting in lieu thereof the following:

“(A) involve such an amount not exceeding \$27,500 (\$36,500 in the case of a mobile home composed of two or more modules); and”;

(5) by striking out “fifteen years and thirty-two days (twenty-three” in subparagraph (B) of the third paragraph and inserting in lieu thereof “twenty years and thirty-two days (twenty-five”;



(6) by striking out “\$5,000 in the case of an undeveloped lot, or (ii) \$7,500,” in subparagraph (A) of the fourth paragraph and inserting in lieu thereof “\$6,250 in the case of an undeveloped lot, or (ii) \$9,375”; and

(7) by striking out “ten years and thirty-two days” in subparagraph (B) of the fourth paragraph and inserting in lieu thereof “fifteen years and thirty-two days”.

(b) Section 207(c)(3) of such Act is amended by striking out “\$3,900” and inserting in lieu thereof “\$8,000”. 12 USC 1713.

#### HIGH-COST AREA MAXIMUM MORTGAGE AMOUNTS

SEC. 314. The National Housing Act is amended by striking out “by not to exceed 50 per centum in any geographical area where he finds that cost levels so require” 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 in each such section “by not to exceed 75 per centum in any geographical area where he finds that cost levels so require, except that, where the Secretary determines it necessary on a project by project basis, the foregoing dollar amount limitations contained in this paragraph may be exceeded by not to exceed 90 per centum in such an area”.

12 USC 1713,  
1715e, 1715k,  
1715f, 1715v,  
1715y.

#### COMBINATION FINANCING

SEC. 315. Section 242(d) of the National Housing Act is amended by adding the following new paragraph at the end thereof: 12 USC 1715z-7.

“(5) The Secretary shall not insure any mortgage or approve any modification of an existing mortgage insured pursuant to this section or section 223(f) if such insurance or modification is to be made in connection with a guarantee, as authorized pursuant to section 306, of a trust certificate or other security which is exempt from Federal taxation or which is to be used to collateralize obligations which are so exempt, except that the Secretary shall not refuse to insure such a mortgage or approve such a modification solely on the basis that such insurance or modification is to be made in connection with a guarantee, as authorized pursuant to section 306, of a trust certificate or other security which is exempt from Federal taxation or which is to be used to collateralize obligations which are so exempt if—

12 USC 1715n.  
12 USC 1721.

“(A) a written application for such insurance or modification submitted at the express direction of the hospital has been submitted to the appropriate office of the Department of Health, Education, and Welfare prior to March 29, 1979; or

“(B) in the case of a nonprofit mortgagor which is seeking refinancing or modification of an existing mortgage insured pursuant to this section or section 223(f), the mortgagor (i) had engaged an investment banker for the purpose of obtaining such refinancing or modification, or had undertaken or arranged for the undertaking of a market or feasibility study with respect to the advisability of obtaining such refinancing or modification, and had made written notification of its interest in such refinancing or modification to the Department of Health, Education, and Welfare or the Department of Housing and Urban Development prior to June 7, 1979; and (ii) receives from the programs established under titles XVIII and XIX of the Social Security Act a percentage of its total revenue which is greater than 125 per centum of the national average for hospitals which derive revenue from such titles.”.

42 USC 1395,  
1396.

## FEDERAL HOME LOAN MORTGAGE CORPORATION AMENDMENTS

12 USC 1455. SEC. 316. (a) Section 306 of the Federal Home Loan Mortgage Corporation Act is amended by adding at the end thereof the following:

12 USC 1454. “(e)(1) Any person, trust, or organization created pursuant to or existing under the laws of the United States or any State shall be authorized to purchase, hold, and invest in mortgages, obligations, or other securities which are or have been sold by the Corporation pursuant to this section or pursuant to section 305 of this title to the same extent that such person, trust, or organization is authorized under any applicable law to purchase, hold, or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Where State law limits the purchase, holding, or investment in obligations issued by the United States by such a person, trust, or organization, such Corporation mortgages, obligations, and other securities shall be considered to be obligations issued by the United States for purposes of the limitation.

Exceptions. “(2) The provisions of paragraph (1) shall not apply with respect to a particular person, trust, or organization or class thereof in any State which, after the date of enactment of this subsection, enacts a statute which specifically names the Corporation and either prohibits or provides for a more limited authority to purchase, hold, or invest in such securities by such person, trust, or organization or class thereof than is provided in paragraph (1). The enactment by any State of any statute of the type described in the preceding sentence shall not affect the validity of any contractual commitment to purchase, hold, or invest which was made prior thereto.

“ (3) Any authority granted by paragraph (1) and not granted by any other Federal statute shall expire as of the end of June 30, 1985. Such expiration shall not affect the validity of any contractual commitment to purchase, hold, or invest which was made prior thereto pursuant to paragraph (1), and shall not affect the validity of any contractual commitment or other action to purchase, hold, or invest pursuant to any other authorization.”

12 USC 1452. (b) Section 303 of such Act is amended by adding at the end thereof the following:

“ (f) All mortgages, obligations, or other securities which are or have been sold by the Corporation pursuant to section 305 or section 306 of this title shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposits of which shall be under the authority and control of the United States or any officers thereof.”

12 USC 1451. (c) Section 302(h) of such Act is amended by adding at the end thereof the following sentence: “Such term shall also include a mortgage, lien, or other security interest on the stock or membership certificate issued to a tenant-stockholder or resident-member by a cooperative housing corporation, as defined in section 216 of the Internal Revenue Code of 1954, and on the proprietary lease, occupancy agreement, or right of tenancy in the dwelling unit of the tenant-stockholder or resident-member in such cooperative housing corporation.”

26 USC 216. “

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MAXIMUM  
MORTGAGE AMOUNT

SEC. 317. The second sentence of section 302(b)(1) of the National Housing Act is amended to read as follows: "Notwithstanding the provisions of clause (3) of the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation which exceeds the otherwise applicable maximum amount per dwelling unit if (1) the mortgage is insured under section 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), 234(e)(3), or 236, and (2) at least 20 per centum of the units covered by such mortgage are assisted under contracts authorized by section 8 of the United States Housing Act of 1937."

12 USC 1717.

12 USC 1720.

12 USC 1713,  
1715e, 1715k,  
1715l, 1715v,  
1715y, 1715z-1.  
42 USC 1437f.

SECTION 203(i) PROGRAM

SEC. 318. Section 203(i) of the National Housing Act is amended—

(1) by striking out "adjacent to a public highway" in the last proviso and inserting in lieu thereof "adjacent to an all-weather public road"; and

(2) by striking out "five" in the last proviso and inserting in lieu thereof "two and one-half".

12 USC 1709.

MATURITIES FOR SUPPLEMENTAL LOANS

SEC. 319. Section 241(b)(2) of the National Housing Act is amended by striking out the phrase "but not to exceed the remaining term of the mortgage".

12 USC 1715z-6.

AMENDMENT TO THE NATIONAL MOBILE HOME CONSTRUCTION AND  
SAFETY STANDARDS ACT OF 1974

SEC. 320. Section 620 of the National Mobile Home Construction and Safety Standards Act of 1974 is amended by inserting after "conducting such inspections," the following: "and the Secretary may use any fees so collected to pay expenses incurred in connection with such inspections,".

42 USC 5419.

OWNERSHIP OF MOBILE HOME SITES

SEC. 321. Not later than March 31, 1980, the Secretary of Housing and Urban Development shall transmit to the Congress a report containing recommendations for programs and policies which encourage individual ownership of mobile home lots through condominium or cooperative development of mobile home parks or through the development of mobile home subdivisions.

Report to  
Congress.  
12 USC 1703  
note.

INVALIDATION OF HUD INCREASES IN THERMAL REQUIREMENTS

SEC. 322. The final rule revision 6A of the Department of Housing and Urban Development (entitled "Increases in Thermal Requirements for HUD Minimum Property Standards" and contained in the Federal Register, volume 44, number 74, April 16, 1979, 24 CFR Part 200) is hereby disapproved and invalidated insofar as it applies to masonry construction.

DEPOSIT INSURANCE AND SECURITY EXTENDED TO INDIAN TRIBAL  
GOVERNMENT DEPOSITS

- 12 USC 1821. SEC. 323. (a) Paragraph (2)(A) of section 11(a) of the Federal Deposit Insurance Act is amended by—
- (1) striking out "or" at the end of clause (iii),
  - (2) inserting "or" following the semicolon at the end of clause (iv), and
  - (3) inserting immediately after clause (iv) the following:
 

“(v) an officer, employee, or agent of any Indian tribe (as defined in section 3(c) of the Indian Financing Act of 1974) or agency thereof having official custody of tribal funds and lawfully investing or depositing the same in time and savings deposits in an insured bank;”.
- 25 USC 1452. (b) Paragraph (1) of section 405(d) of the National Housing Act is amended by—
- (1) striking out "or" at the end of clause (iii),
  - (2) inserting "or" following the semicolon at the end of clause (iv), and
  - (3) inserting immediately after clause (iv) the following:
 

“(v) an officer, employee, or agent of any Indian tribe (as defined in section 3(c) of the Indian Financing Act of 1974) or agency thereof having official custody of tribal funds and lawfully investing the same in an insured institution;”.
- 12 USC 1728. (c) Subparagraph (2)(A) of section 207(c) of the Federal Credit Union Act is amended by—
- (1) striking out "or" at the end of clause (iii),
  - (2) inserting "or" following the semicolon at the end of clause (iv), and
  - (3) inserting immediately after clause (iv) the following:
 

“(v) an officer, employee, or agent of any Indian tribe (as defined in section 3(c) of the Indian Financing Act of 1974) or agency thereof having official custody of tribal funds and lawfully investing the same in a credit union insured in accordance with this title;”.
- 25 USC 1452. (d) Section 107(6) of the Federal Credit Union Act is amended by striking out “nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act” and inserting in lieu thereof “nonmember units of Federal, Indian tribal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act”.
- 12 USC 1757. (e) The amendments made by subsections (a) through (d) are not applicable to any claim arising out of the closing of a bank, savings and loan association, or credit union prior to the date of enactment of this Act, but shall be applicable to any such claim arising on or after such date.
- 12 USC 1787. (f) Section 5153 of the Revised Statutes is amended by adding at the end thereof the following paragraph:
- “Any national banking association may, upon the deposit with it of any funds by any federally recognized Indian tribe, or any officer, employee, or agent thereof in his or her official capacity, give security for the safekeeping and prompt payment of the funds so deposited by the deposit of United States bonds and otherwise as may be prescribed by the Secretary of the Treasury for public funds under the first paragraph of this section.”.
- 12 USC 1728 note.
- 12 USC 90.

## AIDING MEMBERS OF THE FEDERAL HOME LOAN BANK SYSTEM

SEC. 324. Section 11(h) of the Federal Home Loan Bank Act is amended by inserting after "in the stock of the Federal National Mortgage Association," the following: "in stock, obligations, or other securities of any small business investment company formed pursuant to section 301(d) of the Small Business Investment Act of 1958, for the purpose of aiding members of the Federal Home Loan Bank System,".

12 USC 1431.

15 USC 681.

## SMALL BUSINESS INVESTMENT COMPANIES

SEC. 325. Section 5(c)(4) of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following:

12 USC 1464.

"(E) SMALL BUSINESS INVESTMENT COMPANIES.—An association may invest in stock, obligations, or other securities of any small business investment company formed pursuant to section 301(d) of the Small Business Investment Act of 1958, for the purpose of aiding members of the Federal Home Loan Bank System, but no association may make any investment under this subparagraph if its aggregate outstanding investment under this subparagraph would exceed 1 per centum of the assets of such association."

15 USC 681.

## SINGLE FAMILY LOAN LIMITATION

SEC. 326. Paragraph (1)(B) of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "\$60,000" and inserting in lieu thereof "\$75,000".

12 USC 1464.

## STOCK TO ADVANCES RATIO

SEC. 327. Section 6(c)(2)(ii) of the Federal Home Loan Bank Act is amended by striking out "twelve" and inserting in lieu thereof "twenty".

12 USC 1426.

## PAPERWORK REDUCTION

SEC. 328. Section 905 of the Housing and Community Development Amendments of 1978 is amended to read as follows:

92 Stat. 2126.  
42 USC 3541.

## "PAPERWORK REDUCTION

"SEC. 905. (a) The Congress finds and declares—

"(1) that various departments, agencies, and instrumentalities of the Federal Government with responsibilities involving housing and housing finance programs, require, approve, use or otherwise employ a variety of different forms as residential mortgages (or deeds of trust or similar security instruments) as notes secured by those mortgages, and for applications, appraisals and other purposes, and that such duplication of forms constitutes a paperwork burden that adds to the costs imposed on the Nation's homeowners and home buyers;

"(2) that unnecessary paperwork impairs the effectiveness of Federal housing and housing finance programs;

"(3) that both single-family and multi-family programs are affected; and

“(4) that simplification of paperwork imposed by Federal housing and housing finance programs would contribute to achieving the Nation’s housing goals by reducing housing costs.

“(b)(1) Not later than October 1, 1980, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans’ Affairs shall, consistent with provisions of law governing the conduct of housing programs, employ in their respective programs—

“(A) uniform single-family and multi-family note and mortgage forms;

“(B) a uniform application form for mortgage approval and commitment for mortgage insurance;

“(C) a uniform form for computation of the monthly net effective income of applicants;

“(D) a uniform property appraisal form;

“(E) a uniform settlement statement which shall satisfy the requirements of the Real Estate Settlement Procedures Act; and

“(F) such other consolidated or simplified forms, particularly those which solicit identical or nearly identical information from the same persons in the conduct of two or more such programs, the consolidation or simplification of which the Secretaries of Housing and Urban Development and Agriculture and the Administrator of Veterans’ Affairs mutually agree would contribute to a reduction in the paperwork and regulatory burden of such programs.

“(2) The Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans’ Affairs shall, consistent with provisions of law governing their respective programs, provide by regulation for the elimination of forms which solicit information which is already available from other available sources through indexing or other means of identifying such forms.

“(3) Each agency referred to in subsection (b) may employ riders, addenda, or similar forms of modification agreements to adapt such uniform forms to its respective programs and policies, consistent with the goals of minimizing the use and extent of such modification agreements and maximizing the suitability of such forms for the use of all participants, public and private.

“(c) The Director of the Office of Management and Budget shall coordinate and monitor the development and implementation by Federal departments and agencies of the efforts required by subsection (b) and shall report to the Congress on such development and implementation and with respect to any provisions of law which unnecessarily prevent such departments and agencies from carrying out the provisions of this section as part of each report required under Public Law 93-556. Such report shall include an estimate of the reduction of the level of paperwork burden hours of the affected agencies as allocated by the Office of Management and Budget.”.

#### TITLE IV—INTERSTATE LAND SALES

##### DEFINITIONS

SEC. 401. Section 1402 of the Interstate Land Sales Full Disclosure Act is amended by redesignating paragraphs (4) through (10) as paragraphs (5) through (11), respectively, and by striking out paragraph (3) and inserting in lieu thereof the following new paragraphs:

“(3) ‘subdivision’ means any land which is located in any State or in a foreign country and is divided or is proposed to be divided

12 USC 2601  
note.

Report to  
Congress by  
OMB Director.

15 USC 1701.

into lots, whether contiguous or not, for the purpose of sale or lease as part of a common promotional plan;

“(4) ‘common promotional plan’ means a plan, undertaken by a single developer or a group of developers acting in concert, to offer lots for sale or lease; where such land is offered for sale by such a developer or group of developers acting in concert, and such land is contiguous or is known, designated, or advertised as a common unit or by a common name, such land shall be presumed, without regard to the number of lots covered by each individual offering, as being offered for sale or lease as part of a common promotional plan;”.

#### EXEMPTIONS

SEC. 402. Subsections (a) and (b) of section 1403 of the Interstate Land Sales Full Disclosure Act are amended to read as follows:

15 USC 1702.

“(a) Unless the method of disposition is adopted for the purpose of evasion of this title, the provisions of this title shall not apply to—

“(1) the sale or lease of lots in a subdivision containing less than twenty-five lots;

“(2) the sale or lease of any improved land on which there is a residential, commercial, condominium, or industrial building, or the sale or lease of land under a contract obligating the seller or lessor to erect such a building thereon within a period of two years;

“(3) the sale of evidences of indebtedness secured by a mortgage or deed of trust on real estate;

“(4) the sale of securities issued by a real estate investment trust;

“(5) the sale or lease of real estate by any government or government agency;

“(6) the sale or lease of cemetery lots;

“(7) the sale or lease of lots to any person who acquires such lots for the purpose of engaging in the business of constructing residential, commercial, or industrial buildings or for the purpose of resale or lease of such lots to persons engaged in such business; or

“(8) the sale or lease of real estate which is zoned by the appropriate governmental authority for industrial or commercial development or which is restricted to such use by a declaration of covenants, conditions, and restrictions which has been recorded in the official records of the city or county in which such real estate is located, when—

“(A) local authorities have approved access from such real estate to a public street or highway;

“(B) the purchaser or lessee of such real estate is a duly organized corporation, partnership, trust, or business entity engaged in commercial or industrial business;

“(C) the purchaser or lessee of such real estate is represented in the transaction of sale or lease by a representative of its own selection;

“(D) the purchaser or lessee of such real estate affirms in writing to the seller or lessor that it either (i) is purchasing or leasing such real estate substantially for its own use, or (ii) has a binding commitment to sell, lease, or sublease such real estate to an entity which meets the requirements of subparagraph (B), is engaged in commercial or industrial

business, and is not affiliated with the seller, lessor, or agent thereof; and

“(E) a policy of title insurance or a title opinion is issued in connection with the transaction showing that title to the real estate purchased or leased is vested in the seller or lessor, subject only to such exceptions as may be approved in writing by such purchaser or the lessee prior to recordation of the instrument of conveyance or execution of the lease, but (i) nothing herein shall be construed as requiring the recordation of a lease, and (ii) any purchaser or lessee may waive, in writing in a separate document, the requirement of this subparagraph that a policy of title insurance or title opinion be issued in connection with the transaction.

“(b) Unless the method of disposition is adopted for the purpose of evasion of this title, the provisions requiring registration and disclosure (as specified in section 1404(a)(1) and sections 1405 through 1408) shall not apply to—

*Post*, p. 1127;  
15 USC 1704-  
1707.

“(1) the sale or lease of lots in a subdivision containing fewer than one hundred lots which are not exempt under subsection (a);

“(2) the sale or lease of lots in a subdivision if, within the twelve-month period commencing on the date of the first sale or lease of a lot in such subdivision after the effective date of this subsection or on such other date within that twelve-month period as the Secretary may prescribe, not more than twelve lots are sold or leased, and the sale or lease of the first twelve lots in such subdivision in any subsequent twelve-month period, if not more than twelve lots have been sold or leased in any preceding twelve-month period after the effective date of this subsection;

“(3) the sale or lease of lots in a subdivision if each noncontiguous part of such subdivision contains not more than twenty lots, and if the purchaser or lessee (or spouse thereof) has made a personal, on-the-lot inspection of the lot purchased or leased, prior to signing of the contract or agreement to purchase or lease;

“(4) the sale or lease of lots in a subdivision in which each of the lots is at least twenty acres (inclusive of easements for ingress and egress or public utilities);

“(5) the sale or lease of a lot which is located within a municipality or county where a unit of local government specifies minimum standards for the development of subdivision lots taking place within its boundaries, when—

“(A)(i) the subdivision meets all local codes and standards, and (ii) each lot is either zoned for single family residences or, in the absence of a zoning ordinance, is limited exclusively to single family residences;

“(B)(i) the lot is situated on a paved street or highway which has been built to standards applicable to streets and highways maintained by the unit of local government in which the subdivision is located and is acceptable to such unit, or, where such street or highway is not complete, a bond or other surety acceptable to the municipality or county in the full amount of the cost of completing such street or highway has been posted to assure completion to such standards, and (ii) the unit of local government or a homeowners association has accepted or is obligated to accept the responsibility of maintaining such street or highway, except that, in any case in which a homeowners association has accepted or is obligated to accept such responsibility, a good faith written estimate of the cost of



carrying out such responsibility over the first ten years of ownership or lease is provided to the purchaser or lessee prior to the signing of the contract or agreement to purchase or lease;

“(C) at the time of closing, potable water, sanitary sewage disposal, and electricity have been extended to the lot or the unit of local government is obligated to install such facilities within one hundred and eighty days, and, for subdivisions which do not have a central water or sewage disposal system, rather than installation of water or sewer facilities, there must be assurances that an adequate potable water supply is available year-round and that the lot is approved for the installation of a septic tank;

“(D) the contract of sale requires delivery of a warranty deed (or, where such deed is not commonly used in the jurisdiction where the lot is located, a deed or grant which warrants that the grantor has not conveyed the lot to another person and that the lot is free from encumbrances made by the grantor or any other person claiming by, through, or under him) to the purchaser within one hundred and eighty days after the signing of the sales contract;

“(E) at the time of closing, a title insurance binder or a title opinion reflecting the condition of the title shall be in existence and issued or presented to the purchaser or lessee showing that, subject only to such exceptions as may be approved in writing by the purchaser or lessee at the time of closing, marketable title to the lot is vested in the seller or lessor;

“(F) the purchaser or lessee (or spouse thereof) has made a personal, on-the-lot inspection of the lot purchased or leased, prior to signing of the contract or agreement to purchase or lease; and

“(G) there are no offers, by direct mail or telephone solicitation, of gifts, trips, dinners, or other such promotional techniques to induce prospective purchasers or lessees to visit the subdivision or to purchase or lease a lot;

“(6) the sale or lease of a lot, if a mobile home is to be erected or placed thereon as a residence, where the lot is sold as a homesite by one party and the home by another, under contracts that obligate such sellers to perform, contingent upon the other seller carrying out its obligations so that a completed mobile home will be erected or placed on the completed homesite within a period of two years, and provide for all funds received by the sellers to be deposited in escrow accounts (controlled by parties independent of the sellers) until the transactions are completed, and further provide that such funds shall be released to the buyer on demand without prejudice if the land with the mobile home erected or placed thereon is not conveyed within such two-year period. Such homesite must conform to all local codes and standards for mobile home subdivisions, if any, must provide potable water, sanitary sewage disposal, electricity, access by roads, the purchaser must receive marketable title to the lot, and where common facilities are to be provided, they must be completed or fully funded;

“(7)(A) the sale or lease of real estate by a developer who is engaged in a sales operation which is intrastate in nature. For purposes of this exemption, a lot may be sold only if—

“(i) the lot is free and clear of all liens, encumbrances, and adverse claims;

“(ii) the purchaser or lessee (or spouse thereof) has made a personal on-the-lot inspection of the lot to be purchased or leased;

“(iii) each purchase or lease agreement contains—

“(I) a clear and specific statement describing a good faith estimate of the year of completion of, and the party responsible for, providing and maintaining the roads, water facilities, sewer facilities and any existing or promised amenities; and

“(II) a nonwaivable provision specifying that the contract or agreement may be revoked at the option of the purchaser or lessee until midnight of the seventh day following the signing of such contract or agreement or until such later time as may be required pursuant to applicable State laws; and

“(iv) the purchaser or lessee has, prior to the time the contract or lease is entered into, acknowledged in writing the receipt of a written statement by the developer containing good faith estimates of the cost of providing electric, water, sewer, gas, and telephone service to such lot.

Definitions.

“(B) As used in subparagraph (A)(i) of this paragraph, the terms ‘liens’, ‘encumbrances’, and ‘adverse claims’ do not include United States land patents and similar Federal grants or reservations, property reservations which land developers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being developed, taxes and assessments imposed by a State, by any other public body having authority to assess and tax property, or by a property owners’ association, which, under applicable State or local law, constitute liens on the property before they are due and payable or beneficial property restrictions which would be enforceable by other lot owners or lessees in the subdivision, if—

“(i) the developer, prior to the time the contract of sale or lease is entered into, has furnished each purchaser or lessee with a statement setting forth in descriptive and concise terms all such liens, reservations, taxes, assessments and restrictions which are applicable to the lot to be purchased or leased; and

“(ii) receipt of such statement has been acknowledged in writing by the purchaser or lessee.

“(C) For the purpose of this paragraph, a sales operation is ‘intrastate in nature’ if the developer is subject to the laws of the State in which the land is located, and each lot in the subdivision, other than those which are exempt under section 1403 (a), (b)(6), or (b)(8), is sold or leased to residents of the State in which the land is located; or

“(8) the sale or lease of a lot in a subdivision containing fewer than three hundred lots if—

“(A) the principal residence of the purchaser or lessee is within the same standard metropolitan statistical area, as defined by the Office of Management and Budget, as the lot purchased or leased;

“(B) the lot is free and clear of liens (such as mortgages, deeds of trust, tax liens, mechanics liens, or judgments) at the time of the signing of the contract or agreement and until a deed is delivered to the purchaser or the lease

expires. As used in this subparagraph, the term 'liens' does not include (i) United States land patents and similar Federal grants or reservations, (ii) property reservations which land developers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being developed, (iii) taxes and assessments imposed by a State, by any other public body having authority to assess and tax property, or by a property owners' association, which, under applicable State or local law, constitute liens on the property before they are due and payable or beneficial property restrictions which would be enforceable by other lot owners or lessees in the subdivision, or (iv) other interests described in regulations prescribed by the Secretary;

Liens.

"(C) the purchaser or lessee (or spouse thereof) has made a personal on-the-lot inspection of the lot to be purchased or leased;

"(D) each purchase or lease agreement contains (i) a clear and specific statement describing a good faith estimate of the year of completion of and the party responsible for providing and maintaining the roads, water facilities, sewer facilities and any existing or promised amenities; and (ii) a nonwaivable provision specifying that the contract or agreement may be revoked at the option of the purchaser or lessee until midnight of the seventh day following the signing of such contract or agreement or until such later time as may be required pursuant to applicable State laws;

"(E) the purchaser or lessee has, prior to the time the contract or lease is entered into, acknowledged in writing receipt of a written statement by the developer setting forth (i) in descriptive and concise terms all liens, reservations, taxes, assessments, beneficial property restrictions which would be enforceable by other lot owners or lessees in the subdivision, and adverse claims which are applicable to the lot to be purchased or leased, and (ii) good faith estimates of the cost of providing electric, water, sewer, gas, and telephone service to such lot;

"(F) the developer executes and supplies to the purchaser a written instrument designating a person within the State of residence of the purchaser as his agent for service of process and acknowledging that the developer submits to the legal jurisdiction of the State in which the purchaser or lessee resides; and

"(G) the developer executes a written affirmation to the effect that he has complied with the provisions of this paragraph, such affirmation to be given on a form provided by the Secretary, which shall include the following: the name and address of the developer; the name and address of the purchaser or lessee; a legal description of the lot; an affirmation that the provisions of this paragraph have been complied with; a statement that the developer submits to the jurisdiction of this title with regard to the sale or lease; and the signature of the developer."

#### REQUIREMENTS RELATING TO THE SALE OR LEASE OF LOTS

SEC. 403. Section 1404 of the Interstate Land Sales Full Disclosure Act is amended to read as follows:

15 USC 1703.

## "REQUIREMENTS RELATING TO THE SALE OR LEASE OF LOTS

"SEC. 1404. (a) It shall be unlawful for any developer or agent, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce, or of the mails—

*Ante*, p. 1123.

"(1) with respect to the sale or lease of any lot not exempt under section 1403—

15 USC 1706.

"(A) to sell or lease any lot unless a statement of record with respect to such lot is in effect in accordance with section 1407;

15 USC 1707.

"(B) to sell or lease any lot unless a printed property report, meeting the requirements of section 1408, has been furnished to the purchaser or lessee in advance of the signing of any contract or agreement by such purchaser or lessee;

"(C) to sell or lease any lot where any part of the statement of record or the property report contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein pursuant to sections 1405 through 1408 of this title or any regulations thereunder; or

"(D) to display or deliver to prospective purchasers or lessees advertising and promotional material which is inconsistent with information required to be disclosed in the property report; or

"(2) with respect to the sale or lease, or offer to sell or lease, any lot not exempt under section 1403(a)—

"(A) to employ any device, scheme, or artifice to defraud;

"(B) to obtain money or property by means of any untrue statement of a material fact, or any omission to state a material fact necessary in order to make the statements made (in light of the circumstances in which they were made and within the context of the overall offer and sale or lease) not misleading, with respect to any information pertinent to the lot or subdivision;

"(C) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser; or

"(D) to represent that roads, sewers, water, gas, or electric service, or recreational amenities will be provided or completed by the developer without stipulating in the contract of sale or lease that such services or amenities will be provided or completed.

"(b) Any contract or agreement for the sale or lease of a lot not exempt under section 1403 may be revoked at the option of the purchaser or lessee until midnight of the seventh day following the signing of such contract or agreement or until such later time as may be required pursuant to applicable State laws, and such contract or agreement shall clearly provide this right.

"(c) In the case of any contract or agreement for the sale or lease of a lot for which a property report is required by this title and the property report has not been given to the purchaser or lessee in advance of his or her signing such contract or agreement, such contract or agreement may be revoked at the option of the purchaser or lessee within two years from the date of such signing, and such contract or agreement shall clearly provide this right.

"(d) Any contract or agreement which is for the sale or lease of a lot not exempt under section 1403 and which does not provide—

"(1) a description of the lot which makes such lot clearly identifiable and which is in a form acceptable for recording by the appropriate public official responsible for maintaining land records in the jurisdiction in which the lot is located;

"(2) that, in the event of a default or breach of the contract or agreement by the purchaser or lessee, the seller or lessor (or successor thereof) will provide the purchaser or lessee with written notice of such default or breach and of the opportunity, which shall be given such purchaser or lessee, to remedy such default or breach within twenty days after the date of the receipt of such notice; and

"(3) that, if the purchaser or lessee loses rights and interest in the lot as a result of a default or breach of the contract or agreement which occurs after the purchaser or lessee has paid 15 per centum of the purchase price of the lot, excluding any interest owed under the contract or agreement, the seller or lessor (or successor thereof) shall refund to such purchaser or lessee any amount which remains after subtracting (A) 15 per centum of the purchase price of the lot, excluding any interest owed under the contract or agreement, or the amount of damages incurred by the seller or lessor (or successor thereof) as a result of such breach, whichever is greater, from (B) the amount paid by the purchaser or lessee with respect to the purchase price of the lot, excluding any interest paid under the contract or agreement, may be revoked at the option of the purchaser or lessee for two years from the date of the signing of such contract or agreement. This subsection shall not apply to the sale of a lot for which, within one hundred and eighty days after the signing of the sales contract, the purchaser receives a warranty deed (or, where such deed is not commonly used in the jurisdiction where the lot is located, a deed or grant that warrants at least that the grantor has not conveyed the lot to another person and that the lot is free from encumbrances made by the grantor or any other person claiming by, through, or under him or her).

"(e) If a contract or agreement is revoked pursuant to subsection (b), (c), or (d), if the purchaser or lessee tenders to the seller or lessor (or successor thereof) an instrument conveying his or her rights and interests in the lot, and if the rights and interests and the lot are in a condition which is substantially similar to the condition in which they were conveyed or purported to be conveyed to the purchaser or lessee, such purchaser or lessee shall be entitled to all money paid by him or her under such contract or agreement."

#### CERTIFICATION OF SUBSTANTIALLY EQUIVALENT STATE LAW

SEC. 404. Section 1409 of the Interstate Land Sales Full Disclosure Act is amended to read as follows:

15 USC 1708.

#### "CERTIFICATION OF SUBSTANTIALLY EQUIVALENT STATE LAW

"SEC. 1409. (a)(1) A State shall be certified if the Secretary determines—

"(A) that, when taken as a whole, the laws and regulations of the State applicable to the sale or lease of lots not exempt under section 1403 require the seller or lessor of such lots to disclose information which is at least substantially equivalent to the information required to be disclosed by section 1408; and

*Ante*, p. 1123.

15 USC 1707.

“(B) that the State’s administration of such laws and regulations provides, to the maximum extent practicable, that such information is accurate.

“(2) In the case of any State which is not certified under paragraph (1), such State shall be certified if the Secretary determines—

“(A) that, when taken as a whole, the laws and regulations of the State applicable to the sale or lease of lots not exempt under section 1403 provide sufficient protection for purchasers and lessees with respect to the matters for which information is required to be disclosed by section 1408 but which is not required to be disclosed by such State’s laws and regulations; and

“(B) that the State’s administration of such laws and regulations provides, to the maximum extent practicable, that (i) information required to be disclosed by such laws and regulations is accurate, and (ii) sufficient protection for purchasers and lessees is made available with respect to the matters for which information is not required to be disclosed.

“(3) Any State requesting certification must agree to accept a property report covering land located in another certified State but offered for sale or lease in the State requesting certification if the property report has been approved by the other certified State. Such property report shall be the only property report required by the State with respect to the sale or lease of such land.

“(b) After the Secretary has certified a State under subsection (a), the Secretary shall accept for filing under sections 1405 through 1408 (and declare effective as the Federal statement of record and property report which shall be used in all States in which the lots are offered for sale or lease) disclosure materials found acceptable, and any related documentation required, by State authorities in connection with the sale or lease of lots located within the State. The Secretary may accept for such filing, and declare effective as the Federal statement of record and property report, such materials and documentation found acceptable by the State in connection with the sale or lease of lots located outside that State. Nothing in this subsection shall preclude the Secretary from exercising the authority conferred by subsections (d) and (e) of section 1407.

“(c) If a State fails to meet the standards for certification pursuant to subsection (a), the Secretary shall notify the State in writing of the changes in State law, regulation, or administration that are needed in order to obtain certification.

“(d) The Secretary shall periodically review the laws and regulations, and the administration thereof, of States certified under subsection (a), and may withdraw such certification upon a determination that such laws, regulations, and the administration thereof, taken as a whole, no longer meet the requirements of subsection (a).

“(e) Nothing in this title may be construed to prevent or limit the authority of any State or local government to enact and enforce with regard to the sale of land any law, ordinance, or code not in conflict with this title. In administering this title, the Secretary shall cooperate with State authorities charged with the responsibility of regulating the sale or lease of lots which are subject to this title.”

#### CIVIL LIABILITIES

SEC. 405. Section 1410 of the Interstate Land Sales Full Disclosure Act is amended to read as follows:

Ante, p. 1123.

15 USC 1707.

15 USC 1704-1707.

15 USC 1706.

Review.

15 USC 1709.

## "CIVIL LIABILITIES

"SEC. 1410. (a) A purchaser or lessee may bring an action at law or in equity against a developer or agent if the sale or lease was made in violation of section 1404(a). In a suit authorized by this subsection, the court may order damages, specific performance, or such other relief as the court deems fair, just, and equitable. In determining such relief the court may take into account, but not be limited to, the following factors: the contract price of the lot or leasehold; the amount the purchaser or lessee actually paid; the cost of any improvements to the lot; the fair market value of the lot or leasehold at the time relief is determined; and the fair market value of the lot or leasehold at the time such lot was purchased or leased.

Ante, p. 1128.

"(b) A purchaser or lessee may bring an action at law or in equity against the seller or lessor (or successor thereof) to enforce any right under subsection (b), (c), (d), or (e) of section 1404.

"(c) The amount recoverable in a suit authorized by this section may include, in addition to matters specified in subsections (a) and (b), interest, court costs, and reasonable amounts for attorneys' fees, independent appraisers' fees, and travel to and from the lot.

"(d) Every person who becomes liable to make any payment under this section may recover contribution as in cases of contract from any person who, if sued separately, would have been liable to make the same payment."

## LIMITATION OF ACTIONS

SEC. 406. Section 1412 of the Interstate Land Sales Full Disclosure Act is amended to read as follows:

15 USC 1711.

## "LIMITATION OF ACTIONS

"SEC. 1412. (a) No action shall be maintained under section 1410 with respect to—

Supra.

"(1) a violation of subsection (a)(1) or (a)(2)(D) of section 1404 more than three years after the date of signing of the contract of sale or lease; or

"(2) a violation of subsection (a)(2)(A), (a)(2)(B), or (a)(2)(C) of section 1404 more than three years after discovery of the violation or after discovery should have been made by the exercise of reasonable diligence.

"(b) No action shall be maintained under section 1410 to enforce a right created under subsection (b), (c), (d), or (e) of section 1404 unless brought within three years after the signing of the contract or lease, notwithstanding delivery of a deed to a purchaser."

## ADMINISTRATIVE PROCEDURE

SEC. 407. Section 1416 of the Interstate Land Sales Full Disclosure Act is amended by adding at the end thereof the following:

15 USC 1715.

"(c) The Secretary shall conduct all actions with respect to rule-making or adjudication under this title in accordance with the provisions of chapter 5 of title 5, United States Code. Notice shall be given of any adverse action or final disposition and such notice and the entry of any order shall be accompanied by a written statement of supporting facts and legal authority."

## CRIMINAL PENALTIES

15 USC 1717. SEC. 408. Section 1418 of the Interstate Land Sales Full Disclosure Act is amended to read as follows:

## "PENALTIES

Rules and regulations.

"SEC. 1418. Any person who willfully violates any of the provisions of this title, or the rules and regulations prescribed pursuant thereto, or any person who willfully, in a statement of record filed under, or in a property report issued pursuant to, this title, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein, shall upon conviction be fined not more than \$10,000 or imprisoned not more than five years, or both."

## REPORT TO CONGRESS

15 USC 1720.  
15 USC 1701  
note.

SEC. 409. The Interstate Land Sales Full Disclosure Act is amended by redesignating sections 1421 and 1422 as sections 1422 and 1423, respectively, and by inserting the following new section after section 1420:

## "REPORT TO CONGRESS

15 USC 1719a.

"SEC. 1421. The Secretary shall prepare and submit to the Congress on March 1, 1981, and biennially thereafter a report on the administration of this title and its impact upon the land development industry and purchasers and lessees of undeveloped land. Such report shall include but not be restricted to the analysis of—

"(1) consumer and industry complaints and their resolution, with particular emphasis on the impact of various statutory and regulatory exemptions;

"(2) the effect the State certification has had in encouraging States to provide protection to purchasers of undeveloped land; and

"(3) efforts by the Secretary to simplify registration and disclosure procedures.

The report shall also contain such legislative recommendations as the Secretary deems advisable."

## EFFECTIVE DATE

Regulations.  
15 USC 1701  
note.

Ante, p. 1123.

SEC. 410. The amendments made by this title shall become effective on the effective date of regulations implementing such amendments, but in no case later than six months following the date of enactment of this Act, except that section 1403(b)(7) of the Interstate Land Sales Full Disclosure Act, contained in the amendment made by section 402, shall become effective on the date of enactment.

## TITLE V—RURAL HOUSING

## AUTHORIZATIONS

42 USC 1483.

SEC. 501. (a) Section 513 of the Housing Act of 1949 is amended to read as follows:

## "AUTHORIZATIONS

"SEC. 513. (a) The Secretary may, as approved in appropriation Acts, insure and guarantee loans under the authorities provided in



this title in an aggregate principal amount not to exceed \$4,484,000,000 with respect to fiscal year ending September 30, 1980; except that—

“(1) not less than \$3,070,000,000 of any amount so approved in appropriation Acts for such year shall be made available for loans insured or guaranteed on behalf of borrowers receiving assistance pursuant to subparagraph (B) or (C) of section 521(a)(1);

42 USC 1490a.

“(2) not more than \$38,000,000 of such amount so approved for such fiscal year may be made available for loans insured under section 514; and

*Infra.*

“(3) not more than \$5,000,000 of such amount so approved shall be available for making advances under section 501(e) for such fiscal year.

42 USC 1471.

“(b) There are authorized to be appropriated—

“(1) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary;

42 USC 1481.

“(2) not to exceed \$48,000,000 for loans and grants pursuant to section 504 for the fiscal year ending September 30, 1980;

42 USC 1473.

“(3) not to exceed \$30,000,000 for financial assistance pursuant to section 516 for the fiscal year ending September 30, 1980;

42 USC 1474.

“(4) not to exceed \$1,500,000 for the purposes of section 525(a), of which not less than \$750,000 shall be used for counseling purchasers and delinquent borrowers, and not to exceed \$1,000,000 for the purposes of section 525(b) for the fiscal year ending September 30, 1980; and

42 USC 1486.

“(5) such sums as may be required by the Secretary to administer the provisions of sections 235 and 236 of the National Housing Act and section 8 of the United States Housing Act of 1937.”

42 USC 1490e.

(b) Section 514(d) of such Act is repealed.

12 USC 1715z.  
12 USC 1715z-1.

(c)(1) Section 521(a)(1)(C) of such Act is amended by adding the following new sentences at the end thereof: “The amount of such additional assistance which may be approved in appropriation Acts may not exceed an aggregate amount of \$985,000,000 for contracts entered into with respect to fiscal year 1979 and an aggregate amount of \$500,000,000 for contracts entered into with respect to fiscal year 1980. Such additional assistance may not be so approved with respect to any fiscal year after fiscal year 1980.”

42 USC 1437f.  
Repeal.  
42 USC 1484.  
42 USC 1490a.

(2) Section 521(c) of such Act is amended by inserting the following new sentence after the first sentence thereof: “There are authorized to be appropriated to the Rural Housing Insurance Fund such sums as may be necessary to reimburse such fund for the amount of assistance payments described in subsection (a)(1)(C).”

(3) Section 521(a)(1) of such Act is amended by striking out subparagraph (H).

(d) Section 523(f) of such Act is amended—

42 USC 1490c.

(1) by striking out the first sentence and inserting in lieu thereof the following: “There is authorized to be appropriated an amount to carry out this section not to exceed \$5,000,000 for the fiscal year ending September 30, 1980.”; and

(2) by striking out “November 30, 1979” in the second sentence and inserting in lieu thereof “September 30, 1980”.

(e) Section 523(g) of such Act is amended by striking out “and not to exceed \$3,000,000 for the fiscal year ending September 30, 1979” and

inserting in lieu thereof "not to exceed \$3,000,000 for the fiscal year ending September 30, 1979, and not to exceed \$1,000,000 for the fiscal year ending September 30, 1980".

42 USC 1485.

(f) Section 515(b)(5) of such Act is amended by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980".

42 USC 1487.

(g) Section 517(a)(1) of such Act is amended by striking out "November 30, 1979" and inserting in lieu thereof "September 30, 1980".

#### INTEREST RATE; DEFINITION OF LOW INCOME

42 USC 1490a.

SEC. 502. (a) Section 521(a)(1)(A) of the Housing Act of 1949 is amended by inserting before the period at the end of the first sentence the following: ", except that such loans to provide housing and related facilities for persons or families of moderate income shall bear interest at the rate established by the Secretary of Housing and Urban Development under section 3(a) of Public Law 90-301 with respect to maximum interest rates established for mortgages insured under section 203(b) of the National Housing Act if the Secretary determines that the borrower can afford such higher interest charges".

12 USC 1709-1.

12 USC 1709.

Definitions.

42 USC 1471.

(b) Section 501(b) of such Act is amended by adding at the end thereof the following:

"(4) For the purpose of this title, the term 'persons of low income' and the term 'persons and families of low income' means families and persons whose income do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that (A) if the Secretary determines that it is impracticable to use the median income for any area, the Secretary may use for such area the median income of all the nonmetropolitan areas in the State, and (B) the Secretary may establish income ceilings higher or lower than 80 per centum of median income on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

"(5) For the purpose of this title, the term 'income' means income from all sources of each member of a household, as determined in accordance with criteria prescribed by the Secretary."

#### PREPAYMENT AND REFINANCING OF LOANS UNDER SECTIONS 514 AND 515

42 USC 1472.

SEC. 503. (a) Section 502(b)(2) of the Housing Act of 1949 is amended by inserting the following before the semicolon at the end thereof: ", except that any prepayment of a loan made or insured under section 514 or 515 shall be subject to the provisions of subsection (c)".

42 USC 1484.

42 USC 1485.

(b) Section 502 of such Act is amended by inserting the following new subsection at the end thereof:

"(c)(1) Except as provided in paragraph (2), the Secretary may not accept an offer to prepay, or request refinancing in accordance with subsection (b)(3) of, any loan made or insured under section 514 or 515 of this title pursuant to a contract entered into before or after the date of enactment of this subsection, unless the Secretary takes appropriate action which will obligate the borrower (and successors in interest thereof) to utilize the assisted housing and related facilities for the purposes specified in section 514 or 515, as the case may be, for a period of—

"(A) fifteen years from the date on which the loan was made in the case of a loan made or insured pursuant to a contract entered

into before or after the date of enactment of this subsection and utilized for housing and related facilities which have not received assistance under section 521 (a)(1)(B) or (a)(2) of this title or section 8 of the United States Housing Act of 1937; or

42 USC 1490a.

42 USC 1437f.

“(B) twenty years from the date on which the loan was made in the case of any other such loan;

or until the Secretary determines (prior to the end of such period) that there is no longer a need for such housing and related facilities to be so utilized or that Federal or other financial assistance provided to the residents of such housing will no longer be provided.

“(2) In the case of any such loan made or insured pursuant to a contract entered into before the date of enactment of this subsection, the Secretary, after examining an offer to prepay such loan and the likely consequences of accepting such offer, shall accept such offer without taking the appropriate action described in paragraph (1) unless, after such examination, the Secretary determines that—

“(A) due to a change in the use of such housing and related facilities, or to an increase in rental or other charges, likely to occur as a result of prepayment, the low and moderate income and elderly tenants occupying the assisted housing and related facilities at the time of such offer cannot reasonably be expected to remain in occupancy for the applicable period described in paragraph (1), but notwithstanding such a determination, the Secretary shall accept such an offer without taking such appropriate action if such tenants who are likely to be displaced as a result of such changes or increases will be provided with affordable, decent, safe, sanitary, and available alternative housing; or

“(B) in the case of housing and related facilities containing more than ten dwelling units, the changes likely to occur as a result of such prepayment will have a substantial, adverse effect on the supply of affordable, decent, safe, and sanitary housing available to low and moderate income and elderly persons in the area in which such housing and related facilities are located.”.

#### RENTAL ASSISTANCE

SEC. 504. (a) The first sentence of section 521(a)(2)(A) of the Housing Act of 1949 is amended—

42 USC 1490a.

(1) by striking out “public and private nonprofit owners” and inserting in lieu thereof “the owners”; and

(2) by inserting a comma before “congregate”.

(b) Section 521(a)(2)(A) of the Housing Act of 1949 is amended—

(1) by striking out “20 per centum” each place it appears in the second sentence and inserting in lieu thereof “70 per centum”;

(2) by inserting “to a public or private nonprofit owner” after “section 514” the first time it appears in clause (i) of the second sentence; and

42 USC 1484.

(3) by inserting after the second sentence the following: “In approving projects for assistance under this paragraph, the Secretary shall give a priority to projects in which assistance is provided to 40 per centum or fewer of the units contained in the project.”.

#### TRAINING FOR SELF-HELP HOUSING

SEC. 505. Section 523(b) of the Housing Act of 1949 is amended—

42 USC 1490c.

(1) by striking out “and” at the end of paragraph (1);

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

"(2) to make grants to, or contract with, national or regional private nonprofit corporations to provide training and technical assistance to public or private nonprofit corporations, agencies, institutions, organizations, and other associations eligible to receive assistance under this section in order to expand the use of authorities contained in this section and to improve performance; and".

#### REFINANCING

42 USC 1471.

SEC. 506. Section 501(a)(4) of the Housing Act of 1949 is amended by inserting "and" after the comma at the end of subparagraph (A), and by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following:

"(B)(i) if not refinanced, is likely to result (because of circumstances beyond the control of the applicant) at an early date in the loss of the applicant's necessary dwelling or essential farm service buildings, or

"(ii) if combined (in the case of a dwelling that the Secretary finds not to be decent, safe, and sanitary) with a loan for improvement, rehabilitation, or repairs and not refinanced, is likely to result in the applicant's continuing to be deprived of a decent, safe, and sanitary dwelling."

#### PROPERTY DISPOSITION

42 USC 1480.

SEC. 507. Section 510(e) of the Housing Act of 1949 is amended—  
(1) by inserting ", to repair and rehabilitate such property," after "United States therein"; and

(2) by inserting before the semicolon at the end thereof the following: "; except that the Secretary may not sell or otherwise dispose of such property unless (1) the Secretary assures that such property will meet decent, safe, and sanitary standards, (2) the recipient of the property is obligated, as a condition of the sale or other disposition of the property, to meet such standards with respect to the property before such property is occupied, or (3) such recipient is precluded, as a condition of the sale or other disposition of the property, from using the property for residential purposes".

#### CONSTRUCTION DEFECTS

42 USC 1479.

SEC. 508. Section 509(c) of the Housing Act of 1949 is amended by striking out "within eighteen months after such date of enactment" in the first sentence and inserting in lieu thereof "within thirty-six months after such date of enactment".

#### FARM LABOR HOUSING ASSISTANCE

42 USC 1486.

SEC. 509. Section 516 of the Housing Act of 1949 is amended by adding at the end thereof the following:

"(h) Notwithstanding the provisions of subsection (a)(3), the Secretary may, upon a finding of persistent need for migrant farmworker housing in any area, provide assistance to eligible applicants for 90

per centum of the development costs of such housing in such area to be used solely by migrant farmworkers while they are away from their residence. Such housing shall be constructed in such a manner as to be safe and weatherproof for the time it is to be occupied, be equipped with potable water and modern sanitation facilities (including a kitchen sink, toilet, and bathing facilities), and meet such other requirements as the Secretary may prescribe.”

#### INCREASE IN THE CEILING FOR SECTION 504(a) LOANS AND LOAN-GRANT COMBINATIONS

SEC. 510. The second sentence of section 504(a) of the Housing Act of 1949 is amended to read as follows: “No assistance shall be extended to any individual or family under this subsection in the form of a grant in excess of \$5,000, and no assistance shall be extended to any individual or family under this subsection in the form of a loan or a combined loan and grant in excess of \$7,500.” 42 USC 1474.

#### ASSISTANCE ALLOCATION

SEC. 511. Section 517(o) of the Housing Act of 1949 is amended— 42 USC 1487.  
 (1) by inserting “(1)” before “At”; and  
 (2) by adding the following new paragraph at the end thereof:  
 “(2) At least 30 per centum of the assistance made available in any area of any State pursuant to this title in any fiscal year shall, to the extent practicable, benefit persons with incomes below 50 per centum of the median income which is determined for that area in accordance with section 501(b)(4).” 42 USC 1471.

### TITLE VI—CRIME INSURANCE, RIOT REINSURANCE, AND FLOOD INSURANCE EXTENSIONS

#### EXTENSIONS OF CRIME AND RIOT INSURANCE PROGRAM

SEC. 601. Section 1201 of the National Housing Act is amended— 41 USC 1749bbb.  
 (1) by striking out in subsection (b)(1), “September 30, 1980” and inserting in lieu thereof “September 30, 1981”;  
 (2) by striking out, in subsection (b)(1)(A), “September 30, 1983” and inserting in lieu thereof “September 30, 1984”; and  
 (3) by striking out, in subsection (b)(2), “or as soon thereafter as possible,”.

#### EXTENSION OF FLOOD INSURANCE PROGRAM

SEC. 602. (a) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out “September 30, 1980” and inserting in lieu thereof “September 30, 1981”. 42 USC 4026.  
 (b) Section 1336(a) of such Act is amended by striking out “September 30, 1980” and inserting in lieu thereof “September 30, 1981”. 42 USC 4056.  
 (c) Section 1376(c) of such Act is amended by striking out “and not to exceed \$114,000,000 for the fiscal year 1979” and inserting in lieu 42 USC 4127.

thereof the following: "not to exceed \$114,000,000 for the fiscal year 1979, and not to exceed \$74,000,000 for the fiscal year 1980".

#### TRANSFER OF FLOOD INSURANCE ADMINISTRATOR

42 USC 3533a.

SEC. 603. (a) Section 1105(a) of the Urban Property Protection and Reinsurance Act of 1968 (title XI of the Housing and Urban Development Act of 1968) is amended by striking out "Department of Housing and Urban Development" and substituting in lieu thereof "Federal Emergency Management Agency".

(b) Section 5315(91) of title 5, United States Code, is amended by striking out "Department of Housing and Urban Development" and substituting in lieu thereof "Federal Emergency Management Agency".

Approved December 21, 1979.

#### LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 96-154 (Comm. on Banking, Finance and Urban Affairs) and No. 96-706 (Comm. of Conference).

SENATE REPORTS: No. 96-145 accompanying S. 903, No. 96-157 accompanying S. 1064, and No. 96-164 accompanying S. 1149 (Comm. on Banking, Housing, and Urban Affairs) and No. 96-496 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 125 (1979):

May 31, June 4-7, considered and passed House.

July 12, 13, S. 903, S. 1064, and S. 1149, considered in Senate.

July 13, H.R. 3875 considered and passed Senate, amended, in lieu of S. 903, S. 1064, and S. 1149.

Dec. 18, Senate agreed to conference report.

Dec. 19, House agreed to conference report.