Public Law 94-50
94th Congress

An Act

To authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions.

July 2, 1975
[H.R. 5398]

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

Emergency Housing Act of 1975.

SHORT TITLE

SECTION 1. That this Act may be cited as the "Emergency Housing Act of 1975".

12 USC 2701 note.

TITLE I—EMERGENCY MORTGAGE RELIEF

Emergency Homeowners' Relief Act.

SHORT TITLE

SEC. 101. This title may be cited as the "Emergency Homeowners' Relief Act".

12 USC 2701 note.

FINDINGS AND PURPOSE

SEC. 102. (a) The Congress finds that—

12 USC 2701.

(1) the Nation is in a severe recession and that the sharp downturn in economic activity has driven large numbers of workers into unemployment and has reduced the incomes of many others;

(2) as a result of these adverse economic conditions the capacity of many homeowners to continue to make mortgage payments has deteriorated and may further deteriorate in the months ahead, leading to the possibility of widespread mortgage foreclosures and distress sales of homes; and

(3) many of these homeowners could retain their homes with temporary financial assistance until economic conditions improve.

(b) It is the purpose of this title to provide a standby authority which will prevent widespread mortgage foreclosures and distress sales of homes resulting from the temporary loss of employment and income through a program of emergency loans and advances and emergency mortgage relief payments to homeowners to defray mortgage expenses.

MORTGAGES ELIGIBLE FOR ASSISTANCE

SEC. 103. No assistance shall be extended with respect to any mortgage under this title unless—

12 USC 2702.

(1) the holder of the mortgage has indicated to the mortgagor its intention to foreclose;

(2) the mortgagor and holder of the mortgage have indicated in writing to the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") and to any agency or department of the Federal Government responsible for the regulation of the holder that circumstances (such as the volume of delinquent loans in its portfolio) make it probable that there will be a foreclosure and that the mortgagor is in need of emergency mortgage relief as authorized by this title, except that

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such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this title;

(3) payments under the mortgage have been delinquent for at least three months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor.

LIMITS OF ASSISTANCE

12 USC 2703.

SEC. 104. (a) Assistance under this title with respect to a mortgage which meets the requirements of section 103 may be provided in the form of emergency mortgage relief loans and advances of credit insured pursuant to section 105 or in the form of emergency mortgage relief payments made by the Secretary pursuant to section 106.

(b) Assistance under this title on behalf of a homeowner may be made available in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the homeowner's mortgage, but such assistance shall not exceed the lesser of $250 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

(c) Monthly payments may be provided under this title either with the proceeds of an insured loan or advance of credit or with emergency mortgage relief payments for up to twelve months, and, in accordance with criteria prescribed by the Secretary, such monthly payments may be extended once for up to twelve additional months. A mortgagor receiving the benefit of mortgage relief assistance pursuant to this title shall be required, in accordance with criteria prescribed by the Secretary, to report any increase in income which will permit a reduction or termination of such assistance during this period.

(d) Emergency loans or advances of credit made and insured under section 105, and emergency mortgage relief payments made under section 106, shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on a loan or advance of credit insured under section 105 or emergency mortgage relief payments made under section 106 shall not be charged at a rate which exceeds the maximum interest rate applicable with respect to mortgages insured pursuant to section 203(b) of the National Housing Act.

12 USC 1709.

Deferred payments.

(e) The Secretary may provide for the deferral of the commencement of the repayment of a loan or advance insured under section 105 or emergency mortgage relief payments made under section 106 until one year following the date of the last disbursement of the proceeds of the loan or advance or payments or for such longer period as the Secretary determines would further the purpose of this title. The Secretary shall by regulation require such security for the repayment of insured loans or advances of credit or emergency mortgage relief payments as he deems appropriate and may require that such repayment be secured by a lien on the mortgaged property.

EMERGENCY MORTGAGE RELIEF LOANS AND ADVANCES

SEC. 105. (a) The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to insure banks, trust companies, finance companies, mortgage companies, savings and loan associations, insurance companies, credit unions, and such other financial institutions, which the Secretary finds to be qualified by experience and facilities and approves as eligible for insurance, against losses which they may sustain as a result of emergency loans or advances of credit made in accordance with the provisions of section 104 and this section with respect to mortgages eligible for assistance under this title. 12 USC 2704.

(b) In no case shall the insurance granted by the Secretary under this section to any financial institution on loans and advances made by such financial institution for the purposes of this title exceed 40 per centum of the total amount of such loans and advances made by the institution, except that, with respect to any individual loan or advance of credit, the amount of any claim for loss on such individual loan or advance of credit paid by the Secretary under the provision of this section shall not exceed 90 per centum of such loss.

(c) The Secretary is authorized to fix a premium charge or charges for the insurance granted under this section, but in the case of any loan or advance of credit, such charge or charges shall not exceed an amount equivalent to one-half of 1 per centum per annum of the principal obligation of such loan or advance of credit outstanding at any time.

(d) The Secretary is authorized and empowered to waive compliance with any rule or regulation prescribed by the Secretary for the purposes of this section if, in the Secretary's judgment, the enforcement of such rule or regulation would impose an injustice upon an insured lending institution which has substantially complied with such regulations in good faith. Any payment for loss made to an insured financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period. The Secretary is authorized to transfer to any financial institution approved for insurance under this title any insurance in connection with any loan which may be sold to it by another insured financial institution. Waiver.

(e) The aggregate amount of loans and advances insured under this section shall not exceed $1,500,000,000 at any one time. Limitation.

EMERGENCY MORTGAGE RELIEF PAYMENTS

SEC. 106. (a) In the case of any mortgagee which would otherwise be eligible to participate in the program authorized under section 105 but does not qualify for an advance or advances as authorized by section 113 of this title or under section 10, 10b, or 11 of the Federal Home Loan Bank Act or otherwise elects not to participate in the program authorized under section 105, the Secretary is authorized to make repayable emergency mortgage relief payments directly to such mortgagee on behalf of homeowners whose mortgages are held by such financial institution and who are delinquent in their mortgage payments. 12 USC 2705. 12 USC 1430, 1430b, 1431.

(b) Emergency mortgage relief payments shall be made under this section only with respect to a mortgage which meets the requirements of section 103 and only on such terms and conditions as the Secretary may prescribe, subject to the provisions of section 104.

(c) The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments provided under this section as he deems appropriate to facilitate the prompt and efficient implementation of the assistance authorized under this section.

EMERGENCY HOMEOWNERS' RELIEF FUND

Establishment.
12 USC 2706.

SEC. 107. (a)(1) To carry out the purposes of this title, the Secretary is authorized to establish in the Treasury of the United States an Emergency Homeowners' Relief Fund (hereinafter in this title referred to as the "fund") which shall be available to the Secretary without fiscal year limitation—

(A) for making payments in connection with defaulted loans or advances of credit insured under section 105 of this title;

(B) for making emergency mortgage relief payments under section 106 of this title;

(C) to pay such administrative expenses (or portion of such expenses) of carrying out the provisions of this title as the Secretary may deem necessary.

(2) The fund shall be credited with—

(A) all amounts received by the Secretary as premium charges for insurance or as repayment for emergency mortgage relief payments under this title and all receipts, earnings, collections, or proceeds derived from any claim or other assets acquired by the Secretary under this Act; and

(B) such amounts as may be appropriated for the purposes of this title.

AUTHORITY OF THE SECRETARY

Rules and regulations.
12 USC 2707.

SEC. 108. (a) The Secretary is authorized to make such rules and regulations as may be necessary to carry out the provisions of this title.

(b) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real or other property by the United States, the Secretary shall have power, for the protection of the interest of the fund authorized under this title, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by the Secretary as a result of recoveries under security, subrogation, or other rights.

(c) In the performance of, with respect to, the functions, powers, and duties vested in the Secretary by this title, the Secretary shall—

(1) have the power, notwithstanding any other provision of law, whether before or after default, to provide by contract or otherwise for the extinguishment upon default of any redemption, equitable, legal, or other right, title in any mortgage, deed, trust, or other instrument held by or held on behalf of the Secretary under the provisions of this title; and

(2) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon the Secretary by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which assistance has been provided pursuant to this title. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary also shall have power to pursue to final collec-

tion by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this title.

AUTHORIZATION AND EXPIRATION DATE

SEC. 109. (a) There are authorized to be appropriated for purposes of this title such sums as may be necessary, except that the funds authorized to be appropriated for section 106 shall not exceed $500,000,000. Any amounts so appropriated shall remain available until expended. 12 USC 2708.

(b) No loans or advance of credit shall be insured and no emergency mortgage relief payments made under this title after June 30, 1976, except if such loan or advance or such payments are made with respect to a mortgagor receiving the benefit of a loan or advance insured, or emergency mortgage relief payments made, under this title on such date.

NOTIFICATION

SEC. 110. (a) Until one year from the date of enactment of this title, each Federal supervisory agency with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagee, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forebearance in residential mortgage loan foreclosures, and (2) request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor, at least thirty days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this title the term "Federal supervisory agency" means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration. 12 USC 2709. "Federal supervisory agency."

REPORTS

SEC. 111. Within sixty days after enactment of this title and within each sixty-day period thereafter prior to July 1, 1976, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purposes of this title is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forebearance by mortgagees in such housing market areas; (3) actions being taken by governmental agencies to encourage forebearance by mortgagees in such housing market areas; (4) actions taken and actions likely to be taken with respect to making assistance under this title available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full considera- Report to Congress. 12 USC 2710. 12 USC 1701.

tion the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

NONAPPLICABILITY OF OTHER LAWS

12 USC 2711.

SEC. 112. Notwithstanding any provision of law which limits the nature, amount, term, form, or rate of interest, or the nature, amount, or form of security of loans or advances of credit, loans, or advances of credit may be made in accordance with the provisions of this title without regard to such provision of law.

FEDERAL DEPOSIT INSURANCE CORPORATION ADVANCES

12 USC 2712.

SEC. 113. Notwithstanding any other provision of law, the Federal Deposit Insurance Corporation is authorized, upon such terms and conditions as the Corporation may prescribe, to make such advances to any insured bank as the Corporation determines may be necessary or appropriate to facilitate participation by such bank in the program authorized by this title. For the purpose of obtaining such funds as it determines are necessary for such advances, the Corporation may borrow from the Treasury as authorized in section 14 of the Federal Deposit Insurance Act (12 U.S.C. 1824; 64 Stat. 890), and the Secretary of the Treasury is authorized and directed to make loans to the Corporation for such purpose in the same manner as loans may be made for insurance purposes under such section, subject to the maximum limitation on outstanding aggregate loans there provided.

TITLE II—AMENDMENTS TO THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

ACTIVATION OF PROGRAM

12 USC 2723e.

SEC. 201. Section 313(a)(1) of the National Housing Act is amended by inserting "or other economic conditions" immediately after "governmental actions".

LIMITATION ON INTEREST RATE

SEC. 202. Section 313(b)(C) of the National Housing Act is amended to read as follows:

"(C) such mortgage involves an interest rate not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, but in no event shall such rate exceed the lesser of (i) 7½ per centum per annum, or (ii) the rate set by the Secretary applicable to mortgages insured under section 203(b) of the National Housing Act, and no State or local usury law or comparable law establishing interest rates or prohibiting or limiting the collection or amount of discount points or other charges in connection with mortgage transactions or any State law prohibiting the coverage of mortgage insurance required by the Association shall apply to transactions under this section;".

12 USC 1709.

GUARANTEE AUTHORITY

SEC. 203. Section 313(d)(1) of the National Housing Act is amended—

(1) by striking out "purchased" in the first sentence and inserting "eligible for purchase" in lieu thereof; and

(2) by inserting after the first sentence the following: "Such securities shall bear interest at a rate equal to the rate on the underlying mortgages less an allowance for servicing and other expenses as approved by the Association.".

FEDERAL FINANCING BANK FINANCING

SEC. 204. Section 313(d)(2) of the National Housing Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Association may offer and sell any mortgages purchased or securities guaranteed under this section to the Federal Financing Bank, and such Bank is authorized and directed to purchase any such mortgages or securities offered by the Association.". 12 USC 1723e.

COVERAGE OF MULTIFAMILY AND CONDOMINIUM UNITS

SEC. 205. Section 313 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(h) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, a mortgage which covers more than four-family residences (including residences in a cooperative or condominium), or a single-family unit in a condominium, and which is not insured under the National Housing Act or guaranteed under chapter 37 of title 38, United States Code, if— 12 USC 1701. 38 USC 1801.

"(1) in the case of a project mortgage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of (A) the per unit amount specified in subsection (b)(B), or (B) the per unit limitations specified in section 207 of this Act in the case of a rental project or section 213 of this Act in a case of a cooperative project, or section 234 in the case of a condominium project; 12 USC 1713. 12 USC 1715e. 12 USC 1715y.

"(2) in the case of a mortgage covering a housing project, the outstanding principal balance of the mortgage does not exceed 75 per centum of the value of the property securing such mortgage or is insured by a qualified private insurer or public benefit corporation created by the State which acts as an insurer as determined by the Association;

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified private insurer or public benefit corporation created by the State which acts as an insurer as determined by the Association or has an outstanding principal balance which does not exceed 80 per centum of the value of the property securing the mortgage;

"(4) the mortgage is not being used to finance the conversion of an existing rental housing project into a condominium project or to finance the purchase of an individual unit in a condominium project in connection with the conversion of such project from rental to condominium form of ownership; and

"(5) the mortgage meets the requirements of subsection (b) except as modified by this subsection and any additional requirements the Secretary may prescribe to protect the interest of the United States or to protect consumers.".

AUTHORIZATION

SEC. 206. Section 313(g) of the National Housing Act is amended by adding the following at the end thereof: "Such total amount shall 12 USC 1723e.

be increased on or after the date of enactment of the Emergency Housing Act of 1975, by such amount as is approved in an appropriation Act, but not to exceed $10,000,000,000, and the Association shall not issue obligations pursuant to this section utilizing authority which is conferred by this sentence or which is conferred by the first sentence of this subsection but uncommitted on October 18, 1975, except as approved in appropriation Acts.".

EXTENSION

12 USC 1723e note.

SEC. 207. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended—

(1) by striking out "for a period of one year following such date of enactment" and inserting in lieu thereof "until July 1, 1976"; and

(2) by striking out "the expiration of such period" each place it appears and inserting in lieu thereof "such date".

TITLE III—EMERGENCY REPAIR AND REHABILITATION AUTHORITY

42 USC 1452b.

SEC. 301. (a) Section 312(h) of the Housing Act of 1964 is amended by striking out "one-year" and inserting in lieu thereof "two-year".

(b) Section 312(d) of such Act is amended by inserting "ending prior to July 1, 1975, and not to exceed $100,000,000 for the fiscal year beginning on July 1, 1975," after "each fiscal year".

12 USC 1735b.

SEC. 302. Section 518(b) of the National Housing Act is amended—

(1) by striking out "one or two" and inserting in lieu thereof "one, two, three, or four"; and

(2) by striking out "one year" the second time it appears in clause (1) of the first sentence of such section and inserting in lieu thereof "19 months".

42 USC 4106.

SEC. 303. Section 202(b) of the Flood Disaster Protection Act of 1973 is amended by inserting before the period at the end thereof a comma and the following: "except that the prohibition contained in this sentence shall not apply to any loan made prior to January 1, 1976, to finance the acquisition of a previously occupied residential dwelling".

Approved July 2, 1975.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 94-124 (Comm. on Banking, Currency and Housing).
SENATE REPORT No. 94-78 accompanying S. 1457 (Comm. on Banking, Housing and Urban Affairs).
CONGRESSIONAL RECORD, Vol. 121 (1975):
Apr. 14, considered and passed House.
June 25, 26, considered and passed Senate, amended; House concurred in Senate amendment with amendments.
June 27, Senate concurred in House amendments.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 11, No. 27:
July 2, Presidential statement.