RENTAL HOUSING INSURANCE

SEC. 207. ø12 U.S.C. 1713¿ (a) As used in this section—

(1) The term ‘‘mortgage’’ means a first mortgage on real estate

in fee simple, or on the interest of either the lessor or lessee thereof

(A) under a lease for not less than ninety-nine years which is renewable

or (B) under a lease having a period of not less than fifty

years to run from the date the mortgage was executed, upon which

there is located or upon which there is to be constructed a building

or buildings designed principally for residential use or upon which

there is located or to be constructed facilities for manufactured

homes; and the term ‘‘first mortgage’’ means such classes of first

liens as are commonly given to secure advances (including but not

being limited to advances during construction) on, or the unpaid

purchase price of, real estate under the laws of the State in which

the real estate is located, together with the credit instrument or instruments,

if any, secured thereby, and may be in the form of trust

mortgages or mortgage indentures or deeds of trust securing notes,

bonds, or other credit instruments.

(2) The term ‘‘mortgagee’’ means the original lender under a

mortgage, and its successors and assigns, and includes the holders

of credit instruments issued under a trust mortgage or deed of

trust pursuant to which such holders act by and through a trustee

therein named.

(3) The term ‘‘mortgagor’’ means the original borrower under

a mortgage and its successors and assigns.

(4) The term ‘‘maturity date’’ means the date on which the

mortgage indebtedness would be extinguished if paid in accordance

with the periodic payments provided for in the mortgage.

(5) The term ‘‘slum or blighted area’’ means any area where

dwellings predominate which, by reason of dilapidation, overcrowding,

faulty arrangement or design, lack of ventilation, light or

sanitation facilities, or any combination of these factors, are detrimental

to safety, health, or morals.

(6) The term ‘‘rental housing’’ means housing, the occupancy of

which is permitted by the owner thereof in consideration of the

payment of agreed charges, whether or not, by the terms of the

agreement, such payment over a period of time will entitle the occupant

to the ownership of the premises or space in a manufactured

home court or park properly arranged and equipped to accommodate

manufactured homes.

(7) The term ‘‘State’’ includes the several States, and Puerto

Rico, the District of Columbia, Guam, the Trust Territory of the

Pacific Islands, American Samoa, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the

Secretary is authorized to insure mortgages as defined in this sec**953**

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tion (including advances on such mortgages during construction)

which cover property held by—

(1) Federal or State instrumentalities, municipal corporate instrumentalities

of one or more States, or limited dividend or redevelopment

or housing corporations restricted by Federal or State

laws or regulations of State banking or insurance departments as

to rents, charges, capital structure, rate of return, or methods of

operation; or

(2) any other mortgagor approved by the Secretary. The Secretary

may, in the Secretary’s discretion, require any such mortgagor

to be regulated or restricted as to rents or sales, charges,

capital structure, rate of return, and methods of operation so as to

provide reasonable rentals to tenants and a reasonable return on

the investment. Any such regulations or restrictions shall continue

for such period or periods as the Secretary, in the Secretary’s discretion,

may require, including until the termination of all obligations

of the Secretary under the insurance and during such further

period of time as the Secretary shall be the owner, holder, or reinsurer

of the mortgage. The Secretary may make such contracts

with and acquire, for not to exceed $100, such stock or interest in

the mortgagor as he may deem necessary to render effective any

such regulations or restrictions. The stock or interest acquired by

the Secretary shall be paid for out of the General Insurance Fund,

and shall be redeemed by the mortgagor at par upon the termination

of all obligations of the Secretary under the insurance.

The insurance of mortgages under this section is intended to

facilitate particularly the production of rental accommodations, at

reasonable rents, of design and size suitable for family living. The

Secretary is, therefore, authorized in the administration of this section

to take action, by regulation or otherwise, which will direct the

benefits of mortgage insurance hereunder primarily to those

projects which make adequate provision for families with children,

and in which every effort has been made to achieve moderate rental

charges.

Notwithstanding any other provisions of this section, the Secretary

may not insure any mortgage under this section (except a

mortgage with respect to a manufactured home park designed exclusively

for occupancy by elderly persons) unless the mortgagor

certifies under oath that in selecting tenants for the property covered

by the mortgage he will not discriminate against any family

by reason of the fact that there are children in the family, and that

he will not sell the property while the insurance is in effect unless

the purchaser so certifies, such certification to be filed with the

Secretary. Violation of any such certification shall be a misdemeanor

punishable by a fine not to exceed $500.