

**TITLE 12 - BANKS AND BANKING**  
**CHAPTER 13 - NATIONAL HOUSING**  
**SUBCHAPTER II - MORTGAGE INSURANCE**

**§ 1715z-5. Purchase of fee simple title from lessors**

**(a) Authorization to insure loans for purpose of financing purchases**

The Secretary is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure loans made by financial institutions for the purpose of financing purchases by homeowners of the fee simple title to property on which their homes are located.

**(b) Definitions**

As used in this section—

- (1) the term “financial institution” means a lender approved by the Secretary as eligible for insurance under section 1703 of this title or a mortgagee approved under section 1709 (b)(1) of this title; and
- (2) the term “homeowner” means a lessee under a long-term ground lease.

**(c) Eligibility for insurance**

To be eligible for insurance under this section, a loan shall—

- (1) relate to property on which there is located a dwelling designed principally for a one-, two-, three-, or four-family residence;
- (2) not exceed the cost of purchasing the fee simple title, or \$10,000 (\$30,000, if the property is located in Hawaii) per family unit, whichever is the lesser;
- (3) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Secretary) creates a total outstanding indebtedness which does not exceed the applicable mortgage limit prescribed in section 1709 (b) of this title;
- (4) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee;
- (5) have a maturity satisfactory to the Secretary, but not to exceed twenty years from the beginning of amortization of the loan; and
- (6) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

**(d) Applicability of other provisions of law**

The provisions of paragraphs (3), (5), (6), (7), (8), and (10) of section 1715k (h) of this title shall be applicable to loans insured under this section and, as applied to loans insured under this section, references in those paragraphs to “home improvement loans” and “this subsection” shall be construed to refer to loans under this section.

(June 27, 1934, ch. 847, title II, § 240, as added Pub. L. 90-448, title III, § 304(a), Aug. 1, 1968, 82 Stat. 507; amended Pub. L. 95-557, title III, § 314, Oct. 31, 1978, 92 Stat. 2099; Pub. L. 96-399, title III, § 333(f), Oct. 8, 1980, 94 Stat. 1653; Pub. L. 98-181, title IV, § 404(b)(13), Nov. 30, 1983, 97 Stat. 1210; Pub. L. 98-479, title II, § 204(a)(10), Oct. 17, 1984, 98 Stat. 2232.)

**Amendments**

1984—Subsec. (a). Pub. L. 98-479 substituted “purchases” for “purchasers”.

1983—Subsec. (c)(4). Pub. L. 98-181 substituted provision that the interest rate be such rate as agreed upon by the mortgagor and the mortgagee for provision that the interest rate not exceed such per centum per annum, not in excess of 6 per centum, on the amount of the principal obligation outstanding at any time, as the Secretary finds necessary to meet market conditions, and such other charges as approved by the Secretary.

1980—Subsec. (c)(5). Pub. L. 96-399 struck out “or three-quarters of the remaining economic life of the home, whichever is the lesser” after “loan”.

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*NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscpri.html>).*

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1978—Subsec. (c)(2). Pub. L. 95-557 inserted “(\$30,000, if the property is located in Hawaii)” after “\$10,000”.