

TITLE 12 - BANKS AND BANKING
CHAPTER 42 - LOW-INCOME HOUSING PRESERVATION AND RESIDENT
HOMEOWNERSHIP
SUBCHAPTER I - PREPAYMENT OF MORTGAGES INSURED UNDER NATIONAL
HOUSING ACT

§ 4114. Permissible prepayment or voluntary termination and modification of commitments

(a) In general

Notwithstanding any limitations on prepayment or voluntary termination under this subchapter, an owner may terminate the low-income affordability restrictions through prepayment or voluntary termination, subject to compliance with the provisions of section 4113 of this title, under one of the following circumstances:

- (1)** **(A)** The Secretary approves a plan of action under section 4109 (a) of this title, but does not provide the assistance approved in such plan during the 15-month period beginning on the date of approval.
(B) After the date that the housing would have been eligible for prepayment pursuant to the terms of the mortgage (notwithstanding this subchapter), the Secretary approves a plan of action under section 4110 or 4111 of this title, but does not provide the assistance approved in such plan before the earlier of
 - (i)** the expiration of the 2-month period beginning on the commencement of the 1st fiscal year beginning after such approval, or
 - (ii)** the expiration of the 6-month period beginning on the date of approval.
- (C)** The Secretary approves a plan of action under section 4110 or 4111 of this title for any eligible low-income housing not covered by subparagraph (B), but does not provide the assistance approved in such plan before the earlier of
 - (i)** the expiration of the 2-month period beginning on the commencement of the 1st fiscal year beginning after such approval, or
 - (ii)** the expiration of the 9-month period beginning on the date of approval.
- (2)** An owner who intended to transfer the housing to a qualified purchaser under section 4110 or 4111 of this title, and fully complied with the provisions of such section, did not receive any bona fide offers from any qualified purchasers within the applicable time periods.

In the event that the purchaser under the plan of action is unable to consummate the purchase for reasons other than the failure of the Secretary to provide incentives, an owner may terminate the low-income affordability restrictions through prepayment or voluntary termination subject to the provisions of sections 4110 and 4111 of this title.

(b) Section 1437f rental assistance

When providing rental assistance under section 1437f of title 42, the Secretary may enter into a contract with an owner, contingent upon the future availability of appropriations for the purpose of renewing expiring contracts for rental assistance as provided in appropriations Acts, to extend the term of such rental assistance for such additional period or periods necessary to carry out an approved plan of action. The contract and the approved plan of action shall provide that, if the Secretary is unable to extend the term of such rental assistance or is unable to develop a revised package of incentives providing benefits to the owner comparable to those received under the original approved plan of action, the Secretary, upon the request of the owner, shall take the following actions (subject to the limitations under the following paragraphs):

(1) Modification of commitments

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>).

Modify the binding commitments made pursuant to section 4112 (a)(2) of this title that are dependent on such rental assistance.

(2) Termination of plan of action

Permit the owner to prepay the mortgage and terminate the plan of action and any implementing use agreements or restrictions, but only if the owner agrees in writing to comply with provisions of section 4113 of this title.

At least 30 days before making a request under this subsection, an owner shall notify the Secretary of the owner's intention to submit the request. The Secretary shall have a period of 90 days following receipt of such notice to take action to extend the rental assistance contract and to continue the binding commitments under section 4112 (a)(2) of this title.

(Pub. L. 100-242, title II, § 224, as added Pub. L. 101-625, title VI, § 601(a), Nov. 28, 1990, 104 Stat. 4265.)