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Volume I

Basic Statutes, Public Regulations and Formal Orders of the Administrator

Book I (Parts 1 through 7)

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Office of the Administrator

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FOREWORD

In response to many requests for compilations of the numerous laws relating to the programs of the Housing and Home Finance Agency, Volume I of the Manual series of the Agency is being made available for purchase from the Superintendent of Documents, United States Government Printing Office. Volume I (consisting of three books) contains all of the laws authorizing or affecting the programs of the Housing and Home Finance Agency. This is the first time that such a compilation has been made available in this form. I am confident it will be of great assistance to industries concerned with housing and community facilities, lending institutions, State and local public officials and agencies, and associations and organizations interested in the housing, community facilities, and urban renewal programs.

To make the publication more useful the Volume also contains Executive Orders issued by the President of the United States and orders of other Federal agencies relating to this Agency's programs, as well as orders issued by the Housing Administrator. In addition, a brief description of the organization and functions of the Agency is included. Revisions will be issued from time to time as new laws are enacted and amendments are made in existing laws, orders, or regulations.

ROBERT C. WEAVER
Administrator
Housing and Home Finance Agency

Washington 25, D. C.

ORGANIZATION AND FUNCTIONS OF THE HOUSING AND HOME FINANCE AGENCY

The Housing and Home Finance Agency consists of the Office of the Administrator, the Federal Housing Administration, the Public Housing Administration, the Federal National Mortgage Association, the Urban Renewal Administration, and the Community Facilities Administration. There is also in the Housing and Home Finance Agency the National Housing Council and the Advisory Board for Agency Policy Coordination.

OFFICE OF THE ADMINISTRATOR

The Housing and Home Finance Administrator heads the Agency, and is responsible for the general supervision and coordination of the functions of its constituents (the Federal Housing Administration, the Public Housing Administration, the Federal National Mortgage Association, the Urban Renewal Administration, and the Community Facilities Administration).

The Administrator is also Chairman of the National Voluntary Mortgage Credit Extension Committee, composed of representatives of private lenders, builders, and members of real estate boards. The National Committee and its regional committees help obtain private mortgage credit for housing.

In addition, the Administrator is Chairman of the Board of Directors of the Federal National Mortgage Association, and Chairman of the Advisory Board for Agency Coordination. The Board is composed of the heads of the constituents of the Agency. It advises the Administrator on major Agency policies.

The Administrator is authorized to conduct a research program to supply information on the housing inventory, housing demand, mortgage market problems, the availability of low- and middle-income housing for the elderly, and on residential design, assembly methods and materials use. He also carries out a farm housing research program. The research, study and analysis required to carry out the farm housing research program are conducted by land-grant colleges and financed by grants to the colleges by the Administrator. Further, he is responsible for administering the sale to private purchasers of any remaining properties in the Government-owned Atomic Energy Commission communities of Richland, Washington, and Oak Ridge, Tennessee, and for future sales to private purchasers of the properties at Los Alamos, New Mexico. He is also responsible for the determination of appraised values of certain real property under the jurisdiction of the Bureau of Reclamation of the Department of the Interior.

A program of direct Federal loans by the Housing Administrator to private non-profit corporations for rental housing for the elderly was authorized by the Housing Act of 1959.

The Administrator is also authorized to establish Federal insurance, reinsurance, and loan contract programs for the benefit of property owners subject to losses resulting from floods. The Federal Flood Indemnity Administration was created to carry out these programs, but was abolished because of lack of funds, after conducting studies and developing plans for a Federal flood insurance program.

NATIONAL HOUSING COUNCIL

The National Housing Council is composed of the Housing and Home Finance Administrator as Chairman, the Federal Housing Commissioner, the Public Housing Commissioner, the Chairman of the Federal Home Loan Bank Board and the heads, or their designees, of the Veterans Administration, and the Departments of Agriculture, Commerce, Labor, Defense, and Health, Education and Welfare. The Council serves as a medium for promoting the most effective use of the housing functions administered within the Housing and Home Finance Agency and the other agencies represented on the Council.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration, headed by a Commissioner, administers programs of insurance of lending institutions against loss on home repair and improvement loans and insurance of mortgages financing the purchase or construction of single family and multifamily homes.

PUBLIC HOUSING ADMINISTRATION

The Public Housing Administration, headed by a Commissioner, is responsible for the administration of the low-rent public housing program.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Federal National Mortgage Association is a business-type corporate entity which, principally through purchases and sales of mortgages, supplements the broad general secondary mortgage market. The President of the Association is its principal executive officer.

COMMUNITY FACILITIES ADMINISTRATION

The Community Facilities Administration, headed by a Commissioner, provides loans to educational institutions for student and faculty housing, public facility loans to State and local governments, advances to State and local governments for advance planning of public works, supervises construction of school facilities for which Federal aid is provided by the Office of Education, and administers the program of direct loans for rental housing for the elderly and the liquidation of the prefabricated housing loan program, the Alaska

housing program, two previous advance planning programs, war public works programs, and the public agency loans made by the Reconstruction Finance Corporation. The Community Facilities Administration also provides technical and other services pursuant to agreements with the administering agencies under the Area Redevelopment and Higher Education Facilities loan and grant programs.

URBAN RENEWAL ADMINISTRATION

The Urban Renewal Administration, headed by a Commissioner, is responsible for administering the program of Federal assistance to slum clearance and urban redevelopment and renewal, the making of grants to localities to aid in development, testing, and reporting on techniques for preventing and eliminating slums, and the making of grants for both urban planning assistance and assistance in the acquisition of permanent open space land.

REGIONAL OFFICES

Further information on the programs and activities of the Housing and Home Finance Agency can be obtained through the following Regional Offices:

REGION	CITY	JURISDICTION
I	346 Broadway New York, N.Y. 10013	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont
II	Room 1004 Widener Bldg. Chestnut & Juniper Sts. Philadelphia, Pa. 19107	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
III	Room 645, Peachtree—Seventh Bldg., N. E. Atlanta, Georgia 30323	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
IV	Room 1500 360 North Michigan Ave. Chicago, Illinois 60601	Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin
V	Federal Center 300 West Vickery Blvd. Fort Worth, Texas 76104	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, Texas
VI	Federal Bldg. 450 Golden Gate Ave. Box 36003 San Francisco, Calif. 94102	Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming, Alaska, Guam, Hawaii

REGION	CITY	JURISDICTION
VII	1608 Ponce De Leon Avenue P.O. Box 9093 Santurce, Puerto Rico 00908	Puerto Rico and the Virgin Islands

INTRODUCTION

SCOPE

Volume I of the Manual series of the Office of the Administrator of the Housing and Home Finance Agency contains the basic legislation and Executive orders which establish and authorize the programs carried out by the Housing and Home Finance Agency. In addition, current appropriation language, Federal enabling legislation for the territories, and formal orders and public regulations of the Housing and Home Finance Administrator have been included. Incidental statutory provisions which are not basic housing laws and housing legislation for the District of Columbia have been omitted. The laws authorizing the operations of the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation, and the housing loan provisions of the Servicemen's Readjustment Act of 1944, as amended, are not included in Volume I since they are not administered by the Housing and Home Finance Agency.

Although every attempt will be made to keep this Volume complete and as up to date as possible, it does not in any way supplant such basic reference sources as the United States Code or the Federal Register.

ORGANIZATION AND NUMBERING

Volume I is divided into three Books. Parts 1 through 7 are contained in Book I, Parts 8 through 35 in Book II, and the remaining Parts and the Tables and Index in Book III.

The Table of Contents is the principal guide in locating material in Volume I. Each act, order, or regulation set forth in Volume I has been given code numbers assigned in accordance with the programs it covers. The code numbers appear in the upper outside corner of each page. The Table of Contents lists the acts, orders, and regulations grouped according to the programs to which they relate and shows the code numbers assigned to each. By reference to the Table of Contents, acts, orders, or regulations can be located in Volume I by looking for the pages with the code number assigned to the provision to which reference is being made. Acts can also be located in Volume I by reference to Tables A and B in the back of the Volume. These Tables list the laws by short or popular titles and public law numbers, together with the code numbers assigned to their provisions. Executive documents and their code numbers are listed in Table C.

MAINTENANCE

This manual has been published in loose leaf form in order that it may easily be kept current by the issuance of additions, revisions, and deletions.

Revised pages are sent out under cover of a Transmittal Letter. When changes have been made in accordance with Transmittal Letter instructions, the check list at the back of the Volume should be initialled. This serves automatically to call attention to missing releases. To avoid confusion, it is important that the insertions be made in the manual as soon as they are received.

This Volume is one of a series of Manuals designed for use within the Housing and Home Finance Agency. The other Volumes relate to the internal administration of the Agency and are not available for general distribution.

Compiled under the direction of Milton P. Semer, General Counsel, Housing and Home Finance Agency

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1. EXCERPT FROM THE HOUSING ACT OF 1949

[Public Law 171, 81st Congress; 63 Stat. 413; 42 U.S.C. 1441 (1946 ed., Supp. III)]

* * *

DECLARATION OF NATIONAL HOUSING POLICY

SEC. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need; (3) appropriate local public bodies shall be encouraged and assisted to undertake positive programs of encouraging and assisting the development of well-planned, integrated residential neighborhoods, the development and redevelopment of communities, and the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life; (4) governmental assistance to eliminate substandard and other inadequate housing through the clearance of slums and blighted areas, to facilitate community development and redevelopment, and to provide adequate housing for urban and rural nonfarm families with incomes so low that they are not being decently housed in new or existing housing shall be extended to those localities which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid; and (5) governmental assistance for decent, safe, and sanitary farm dwellings and related facilities shall be extended where the farm owner demonstrates that he lacks sufficient resources to provide such housing on his own account and is unable to secure necessary credit for such housing from other sources on terms and conditions which he could reasonably be expected to fulfill. The Housing and Home Finance Agency and its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing, shall exercise their powers, functions, and duties under this or any other law, consistently with the national housing policy declared by this Act and in such manner as will facilitate sustained progress in

attaining the national housing objective hereby established, and in such manner as will encourage and assist (1) the production of housing of sound standards of design, construction, livability, and size for adequate family life; (2) the reduction of the costs of housing without sacrifice of such sound standards; (3) the use of new designs, materials, techniques, and methods in residential construction, the use of standardized dimensions and methods of assembly of home-building materials and equipment, and the increase of efficiency in residential construction and maintenance; (4) the development of well-planned, integrated, residential neighborhoods and the development and redevelopment of communities; and (5) the stabilization of the housing industry at a high annual volume of residential construction.[1]

* * *

Approved July 15, 1949.

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1 See also 30-1.1, title III of the Housing Act of 1948, as amended. Title III directs the Housing and Home Finance Administrator to submit to the President and the Congress estimates of national housing needs and reports with respect to the progress being made toward meeting the needs, and to recommend proposals for executive or legislative action which may be necessary for the furtherance of the national housing objective and policy. In addition, the Administrator is directed to encourage localities to make studies of their own housing needs and markets and to provide where needed technical advice and guidance in the making of such studies.

See also sec. 601 of the Housing Act of 1954, 5-2, which declares that it is the policy of Congress to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

1. ESTABLISHMENT OF HOUSING AND HOME FINANCE AGENCY—NATIONAL HOUSING COUNCIL

[Reorganization Plan No. 3 of 1947 [1] 61 Stat. 954; 5 U.S.C. 133y-16, note (1946 ed., Supp.1)]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 27, 1947, pursuant to the provisions of the Reorganization Act of 1945, approved December 20, 1945

HOUSING AND HOME FINANCE AGENCY

SECTION 1. *Housing and Home Finance Agency.*—The Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, the United States Housing Authority, the Defense Homes Corporation, and the United States Housing Corporation, together with their respective functions, the functions of the Federal Home Loan Bank Board, and the other functions transferred by this plan, are consolidated, subject to the provisions of sections 2 to 5, inclusive, hereof, into an agency which shall be known as the Housing and Home Finance Agency. There shall be in said Agency constituent agencies which shall be known as the Home Loan Bank Board,[2] the Federal Housing Administration, and the Public Housing Administration.[3]

SEC. 2. *Home Loan Bank Board* [2]—(a) The Home Loan Bank Board shall consist of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. The President shall designate the members of the Board first appointed hereunder to serve for terms expiring, respectively, at the close of business on June 30, 1949, June 30, 1950, and June 30, 1951, and thereafter the term of each member shall be four years. Whenever a vacancy shall occur among the members the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the member whose place he is selected to fill. Each of the members of the Board shall receive compensation at the rate of $10,000 [4] per annum.

(b) The President shall designate one of the members of the Home Loan Bank Board as Chairman of the Board. The Chairman shall (1)

[1] Effective July 27, 1947.

[2] See 2-1.8 for provisions of sec. 17(b) of the Federal Home Loan Bank Act, as amended, which removed the Home Loan Bank Board from the Housing and Home Finance Agency, effective August 11, 1955, and provided that the Board should be an independent agency (including the Federal Savings and Loan Insurance Corporation). The name of the Board was changed to "Federal Home Loan Bank Board".

[3] Sec. 302 of the National Housing Act, as amended by sec. 201 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 612, 5-1, created a re-chartered Federal National Mortgage Association and provided that the Association should be a constituent agency of the Housing and Home Finance Agency. Housing Administrator's Reorganization Order No. 1, 2-1.3, established the Community Facilities Administration and the Urban Renewal Administration as constituent units of the Housing and Home Finance Agency.

[4] Increased to $15,000 by section 501(a) of Public Law 901, 80th Congress, approved August 10, 1948, 62 Stat. 1268, 1283. The Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, provided that the annual rate of basic compensation of two members of the Board shall be $20,000, and of the Chairman of the Board shall be $20,500.

be the chief executive officer of the Board, (2) appoint and direct the personnel necessary for the performance of the functions of the Board or of the Chairman or of any agency under the Board, and (3) designate the order in which the other members of the Board shall, during the absence or disability of the Chairman, be Acting Chairman and perform the duties of the Chairman.

(c) Except as otherwise provided in subsection (b) of this section, there are transferred to the Home Loan Bank Board the functions (1) of the Federal Home Loan Bank Board, (2) of the Board of Directors of the Home Owners' Loan Corporation, (3) of the Board of Trustees of the Federal Savings and Loan Insurance Corporation, (4) of any member or members of any of said Boards, and (5) with respect to the dissolution of the United States Housing Corporation.

SEC. 3. *Federal Housing Administration.*—The Federal Housing Administration shall be headed by a Federal Housing Commissioner who shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of $10,000 [1] per annum. There are transferred to said Commissioner the functions of the Federal Housing Administrator.

SEC. 4. *Public Housing Administration.*—The Public Housing Administration shall be headed by a Public Housing Commissioner who shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of $10,000 [1] per annum. There are transferred to said Commissioner the functions—

(a) Of the Administrator of the United States Housing Authority (which agency shall hereafter be administered and known as the Public Housing Administration);

(b) Of the National Housing Agency with respect to non-farm-housing projects and other properties remaining under its jurisdiction pursuant to section 2 (a) (3) of the Farmers' Home Administration Act of 1946 (Public Law 731, Seventy-ninth Congress, approved August 14, 1946); and

(c) With respect to the liquidation and dissolution of the Defense Homes Corporation.[2]

SEC. 5. *Housing and Home Finance Administrator*—(a) The Housing and Home Finance Agency shall be headed by a Housing and Home Finance Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of $10,000 [3] per annum.

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[1] Increased to $15,000 by section 501(a) of Public Law 901, 80th Congress, approved August 10,1948, 62 Stat. 1268, 1283, and to $20,000 by Section 106(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, 738.

[2] This function was transferred July 30, 1948, to the Reconstruction Finance Corporation by Public Law 860, 80th Congress, approved June 30, 1948, 62 Stat. 1182. Reorganization Plan No. 2 of 1954, 2-1.6, transferred functions relating to mortgages held by the RFC which were made or acquired under the authority of The RFC Mortgage Company or the Defense Homes Corporation to the Federal National Mortgage Association.

[3] Increased to $16,500 by section 501(a) of Public Law 901, 80th Congress, approved August 10, 1948, 62 Stat. 1268, 1283, and to $17,500 by Public Law 359, 81st Congress, approved October 15, 1949, 63 Stat. 880, and to $21,000 by section 104(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736.

(b) The Administrator shall be responsible for the general supervision and coordination of the functions of the constituent agencies of the Housing and Home Agency and for such purpose there are transferred to said Administrator the functions of the Federal Loan Administrator and the Federal Works Administrator (1) with respect to the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, and the United States Housing Authority, and (2) with respect to the functions of said agencies.

(c) There are also transferred to the Administrator the functions—

(1) Of holding on behalf of the United States the capital stock of the Defense Homes Corporation; [1]

(2) Under titles I and III, and sections 401, 501, and 502, of the Act of October 14, 1940 (54 Stat. 1125), as amended; [2]

(3) Of the War and Navy Departments with respect to national defense and war housing (except that located on military or naval posts, reservations, or bases) under the Act of September 9, 1940 (54 Stat. 872), as amended; [3] and

(4) Of all agencies designated to provide temporary shelter in defense areas under the Acts of March 1, 1941, May 24, 1941, and December 17, 1941 (55 Stat. 14, 197, and 810), insofar as such functions relate to such temporary shelter.[4]

SEC. 6. *National Housing Council.*—There shall be in the Housing and Home Finance Agency a National Housing Council composed of the Housing and Home Finance Administrator as Chairman, the Federal Housing Commissioner, the Public Housing Commissioner, the Chairman of the Home Loan Bank Board, the Administrator of Veterans' Affairs or his designee, the Chairman of the Board of Directors of the Reconstruction Finance Corporation or his designee, and the Secretary of Agriculture or his designee.[5] The National Housing Council shall serve as a medium for promoting, to the fullest extent practicable within revenues, the most effective use of the housing functions and activities administered within the Housing and Home Finance Agency and the other departments and agencies represented

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[1] This function was transferred July 30, 1948, to the Reconstruction Finance Corporation by Public Law 860, 80th Congress, approved June 30, 1948, 62 Stat. 1182. Reorganization Plan No. 2 of 1954, 2-1.6, transferred functions relating to mortgages held by the RFC which were made or acquired under the authority of The RFC Mortgage Company or the Defense Homes Corporation to the Federal National Mortgage Association.

[2] See 9-1.1, for provisions of the Act of October 14, 1940, as amended (the Lanham Act).

[3] See 9-1-4.1, for provisions of the Act of September 9, 1940, as amended (Public Law 781, 76th Congress).

[4] See 9-1-5, 9-1-6, and 9-1-7, for provisions of the Acts of March 1, 1941, May 24, 1941, and December 17, 1941 (Temporary Shelter Acts).

[5] The Secretary of Commerce or his designee was added to membership in the National Housing Council by section 502(a) of the Housing Act of 1948, Public Law 901, 80th Congress, approved August 10, 1948, 62 Stat. 1268, 1283. The Secretary of Labor and the Federal Security Administrator (now the Secretary of Health, Education, and Welfare), or their designees, were added to membership by section 603 of the Housing Act of 1949, Public Law 171, 81st Congress, approved July 15, 1949, 63 Stat. 413, 440. Sec. 615 of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293, provided that "the Secretary of Defense or his designee shall hereafter be included in the membership of the National Housing Council . . . and the Chairman of the Board of Directors of the Reconstruction Finance Corporation or his designee shall not hereafter be included in the membership of said Council."

on said Council in the furtherance of the housing policies and objectives established by law, for facilitating consistency between such housing functions and activities and the general economic and fiscal policies of the Government, and for avoiding duplication or overlapping of such housing functions and activities.[1]

SEC. 7. *Interim appointments.*—Pending the initial appointment hereunder of any officer provided for by this plan, the functions of such officer shall be performed temporarily by such officer of the existing National Housing Agency as the President shall designate.

SEC. 8. *Transfers of property, personnel, and funds.*—The assets, contracts, property, records, personnel, and unexpended balances of appropriations, authorizations, allocations, or other funds, held, employed, or available or to be made available in connection with functions transferred by this plan are hereby transferred with such transferred functions, respectively.

SEC. 9. *Abolitions.*—The Federal Home Loan Bank Board, the Board of Directors of the Home Owners' Loan Corporation, and the Board of Trustees of the Federal Savings and Loan Insurance Corporation, together with the offices of the members of said boards, the office of Federal Housing Administrator, and the office of Administrator of the United States Housing Authority, are abolished.

[1] The Administrator's Reorganization Order No. 1, 2-1-3, established an intra-Agency Advisory Board for Agency Policy Coordination.

1. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

2. POWER OF HOUSING ADMINISTRATOR TO REORGANIZE—CENTRAL INVESTIGATION STAFF

[Excerpt From Independent Offices Appropriation Act, 1955 Public Law 428, 83d Congress; 68 Stat. 272, 283]

* * *

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR

Salaries and expenses: For necessary expenses of the Office of the Administrator, * * * including additional costs of establishing and operating a central staff for investigation and compliance functions for the Housing and Home Finance Agency, and the Administrator's general supervision and coordination responsibilities under Reorganization Plan Numbered 3 of 1947 shall hereafter carry full authority to assign and reassign functions, to reorganize and to make whatever changes, including the reallocation and transfer of administrative expense funds and authority where applicable, necessary to promote economy, efficiency and fidelity in the operations of the Housing and Home Finance Agency: * * *

* * *

Approved June 24, 1954

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

3. ESTABLISHMENT OF COMMUNITY FACILITIES ADMINISTRATION AND URBAN RENEWAL ADMINISTRATION—ADVISORY BOARD FOR AGENCY POLICY COORDINATION

[Administrator's Organizational Order No. 1][1]

SECTION 1. *Advisory Board for Agency Policy Coordination*[2] (a) There is hereby established in the Housing and Home Finance Agency the Advisory Board for Agency Policy Coordination. The functions of said Board shall be to advise the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") in respect to major policy matters under his jurisdiction. Said Board shall have as members the Administrator, who shall be the Chairman of the Board, the Federal Housing Commissioner, the Public Housing Commissioner, the President of the Federal National Mortgage Association, the Community Facilities Commissioner (hereinafter provided for), and the Urban Renewal Commissioner (hereinafter provided for). The Board shall meet, from time to time, at the call of the Chairman.

(b) There shall be a Secretary for such Board who shall be appointed by the Administrator, or designated by the Administrator for such purpose from the officers or employees of the Office of the Administrator.

SEC. 2. *Community Facilities Administration.* (a) There is hereby established a Community Facilities Administration as a constituent unit of the Housing and Home Finance Agency.

(b) The office of the Commissioner of Community Facilities referred to in section 6(a) of Public Law 359, Eighty-first Congress, approved October 15, 1949, as amended, is hereby transferred to the Community Facilities Administration, and the title of such office shall be the "Community Facilities Commissioner".

(c) There shall be administered by the Community Facilities Commissioner, under the supervision and direction of the Administrator and in accordance with the provisions of this Order and such delegations as from time to time may be made by the Administrator to the Community Facilities Commissioner and to the Regional Administrators hereinafter provided for, the functions of the Administrator with respect to:

(1) Advances to public bodies for the planning of public works under section 702 of the Housing Act of 1954;

(2) Loans to public bodies to finance the construction of public works under section 108 of the Reconstruction Finance Corporation Liquidation Act, as amended;

(3) Loans for college housing under title IV of the Housing Act of 1950, as amended;

(4) School construction in federally affected areas, to the extent that such functions are, from time to time, delegated to the Adminis-

[1] *Originally issued as Administrator's Reorganization Order No. 1 (19 Fed. Reg. 9303). Redesignated Dec. 7, 1956 as Administrator's Organizational Order No. 1.*

[2] Amended effective August 11, 1955, 20 F. R. 6031, to remove the Chairman of the Home Loan Bank Board from the Advisory Board. See also 2-1.8.

trator, or their exercise by the Administrator is otherwise provided for, pursuant to Public Law 815, Eighty-first Congress, approved September 23, 1950, as amended; and

(5) Management of liquidating activities conducted pursuant to the authority contained under the head, "Revolving Fund (Liquidating Programs)" in the Independent Offices Appropriation Act, 1955, except for functions with respect to such liquidating activities heretofore delegated by the Administrator to the Public Housing Commissioner, including such liquidating activities with respect to:

(i) Advances to public bodies for the planning of public works under the act of October 13, 1949, and title V of the War Mobilization and Reconversion Act of 1944, as amended;

(ii) Defense community facilities and services under title III of Public Law 139, Eighty-second Congress, approved September 1, 1951, as amended, and under title II of the act of October 14, 1940, as amended;

(iii) Loans for housing construction under the Alaska Housing Act, as amended; and

(iv) Loans for prefabricated housing under sections 102 and 102a of the Housing Act of 1948, as amended, and the Reconstruction Finance Corporation Act, as amended.

(d) The delegations of authority heretofore made to the Commissioner, Division of Community Facilities and Special Operations, with respect to functions referred to in subsection (c) of this section are continued in effect to the Community Facilities Commissioner.

SEC. 3. *Urban Renewal Administration.* (a) The Urban Renewal Administration is hereby established as a constituent unit of the Housing and Home Finance Agency.

(b) The office of the Director referred to in section 106 (a) (1) of the Housing Act of 1949, as amended, is hereby transferred to the Urban Renewal Administration, and the title of such officer shall be the "Urban Renewal Commissioner".

(c) There shall be administered by the Urban Renewal Commissioner, under the supervision and direction of the Administrator and in accordance with the provisions of this Order and such delegations as from time to time may be made by the Administrator to the Urban Renewal Commissioner, the functions of the Administrator with respect to:

(1) Slum clearance and urban renewal under title I of the Housing Act of 1949, as amended, except the nondelegable final authorities vested in the Administrator pursuant to the second proviso of section 101 (c) of title I of the Housing Act of 1949, as amended;

(2) Grants to public bodies to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight under section 314 of the Housing Act of 1954; and

(3) Grants to facilitate urban planning under section 701 of the Housing Act of 1954.

(d) The delegations of authority heretofore made to the Director, Division of Slum Clearance and Urban Redevelopment, with respect to the functions referred to in subsection (c) of this section are continued in effect to the Urban Renewal Commissioner.

SEC. 4. *Non-duplication of General Staff Services.* In order to avoid duplication of general staff services, the staff services heretofore provided to the Division of Slum Clearance and Urban Redevelopment and the Division of Community Facilities and Special Operations by staff units in the Office of the Administrator shall continue to be provided by Office of the Administrator staff units after the effective date of this order, subject to changes therein from time to time by the Administrator.

SEC. 5. *Regional Offices.*[1] (a) There shall be six Regional Offices of the Housing and Home Finance Agency, each of which shall be headed by a Regional Administrator who shall be appointed by the Administrator. Such Regional Offices shall be located in the following cities and shall serve the following States, territories, and possessions:

REGION I

Headquarters city: New York, N. Y.

States in jurisdiction: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, and New York.

REGION II

Headquarters city: Philadelphia, Pa.

States in jurisdiction: Pennsylvania, New Jersey, Maryland, Delaware, District of Columbia, West Virginia, and Virginia.

REGION III

Headquarters city: Atlanta, Ga.

States in jurisdiction: Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida.

REGION IV

Headquarters city: Chicago, Ill.

States in jurisdiction: Michigan, Ohio, Indiana, Illinois, Wisconsin, Iowa, Minnesota, North Dakota, South Dakota, and Nebraska.

REGION V

Headquarters city: Fort Worth, Tex.

States in jurisdiction: Kansas, Missouri, Arkansas, Louisiana, Oklahoma, Texas, Colorado, and New Mexico.

REGION VI

Headquarters city: San Francisco, Calif.

States in jurisdiction: Washington, Oregon, California, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, Alaska, Hawaii, and Guam.

[1] On February 19, 1958, a seventh Regional Office, designated Region VII, was established, with headquarters at San Juan, Puerto Rico. Region VII has jurisdiction over activities in Puerto Rico and the Virgin Islands.

(b) Area offices carrying out operations in Puerto Rico and the Virgin Islands shall be located in San Juan, P. R., and will report directly to headquarters offices in Washington, D. C.[1]

(c) Operations in the field with respect to the functions assigned to constituent units pursuant to sections 2 and 3 hereof shall be conducted, to the extent that the Administrator shall from time to time prescribe, through the Regional Offices under the supervision and direction of the respective Regional Administrators. Such operations shall be carried out in conformity with applicable procedures, policies and requirements duly prescribed by the Housing and Home Finance Agency, including procedures, policies and requirements promulgated by the Commissioner having jurisdiction therein pursuant to and in accordance with his delegation of authority by the Administrator.

(d) The Public Housing Administration, the Federal Housing Administration, and the Federal National Mortgage Association shall immediately adopt the regional pattern set forth in Section 5 (a) and take such actions as are necessary for conformance, taking into consideration limitations on funds and space and the time required for arranging the movement of personnel, where necessary: *Provided,* That activities of the Federal National Mortgage Association for all of the States included within the boundaries of Regions I and II shall be conducted from the Federal National Mortgage Association office in Philadelphia. In any case where conformance with the regional pattern cannot be achieved by June 30, 1955, express authorization of the Administrator shall be secured for any deviation after that date.

(e) As rapidly as feasible there shall be established for each Regional Office common office servicing and other non-operating functions.

(f) Such further measures and dispositions as the Assistant Administrator (Administration) shall develop with the Federal Housing Commissioner, the Public Housing Commissioner, and the President of the Federal National Mortgage Association, or their designees, in order to effectuate the provisions of subsections (d) and (e) of this section shall be carried out in such manner as said Assistant Administrator (Administration), with the approval of the Administrator, shall prescribe.

SEC. 6. *Authority.* This Administrator's Reorganization Order No. 1 is issued pursuant to the authority contained in title I of the Independent Offices Appropriation Act, 1955, under the heading "Housing and Home Finance Agency, Office of the Administrator".

Effective as of 23rd day of December 1954.

ALBERT M. COLE,
Housing and Home Finance Administrator.

[1] See footnote 1 on preceding page

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

4. TRANSFER OF COMMUNITY FACILITIES FUNCTIONS TO HOUSING ADMINISTRATOR

[Reorganization Plan No. 17 of 1950[1] 64 Stat. 1268, 5 U.S.C. 630b note]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, March 13, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949

PUBLIC WORKS ADVANCE PLANNING AND OTHER FUNCTIONS

SECTION 1. *Transfer of functions.*—Except as otherwise provided in section 2 of this reorganization plan, there are hereby transferred to the Housing and Home Finance Administrator all functions of the Administrator of General Services under,

(1) the Act of October 13, 1949, entitled "An Act to provide for the advance planning of non-Federal public works,"[2]

(2) title V of the War Mobilization and Reconversion Act of 1944, 58 Stat. 791, as amended,[3] and

(3) title II of the Act of October 14, 1940, entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes," as amended,[4]

together with so much of any other function of the Administrator of General Services or of the General Services Administration as is incidental to or necessary for the carrying out of the foregoing provisions of law.

SEC. 2. *Functions excepted from transfer.*—There are hereby excluded from the transfer effected by the provisions of section 1 of this reorganization plan functions with respect to the holding, management, and disposition of securities received prior to the effective date of this reorganization plan by the General Services Administration or its predecessor agency by reason of the disposal of property constructed or otherwise acquired under the provisions of said title II, and functions with respect to litigation, and the liquidation of claims, arising out of the acquisition of land or the construction of facilities under the provisions of said title II.

SEC. 3. *Performance of transferred functions.*—The Housing and Home Finance Administrator may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Housing and Home Finance Agency of any function transferred to such Administrator by the provisions of this reorganization plan.

SEC. 4. *Transfer of records, property, personnel, and funds.*—There are hereby transferred to the Housing and Home Finance Agency, to

[1] Effective May 24, 1950.
[2] See 10-1.2 for the provisions of the Act of October 13, 1949, Public Law 352, 81st Cong.
[3] See 10-1.1 for the provisions of title V of the War Mobilization and Reconversion Act of 1944, Public Law 458, 78th Congress, approved October 3, 1944.
[4] See 10-3.1 for the provisions of title II of the Act of October 14, 1940, the Lanham Act, Public Law 849, 76th Congress.

be used, employed, and expended in connection with the functions transferred by the provisions of this reorganization plan, the records and property now being used or held in connection with such functions, the personnel employed in connection with such functions, and the unexpended balances of appropriations, allocations, and other funds available or to be made available for use in connection with such functions. Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency [1]

5. TRANSFER OF FEDERAL NATIONAL MORTGAGE ASSOCIATION TO HOUSING AND HOME FINANCE AGENCY

[Reorganization Plan No. 22 of 1950 [2] 64 Stat. 1277; 5 U.S.C. 1332 (1946 ed.)]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 9, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949

FEDERAL NATIONAL MORTGAGE ASSOCIATION [3]

SECTION 1. *Transfer of Association and its functions.*—The Federal National Mortgage Association, together with its functions, is hereby transferred from the Reconstruction Finance Corporation [3] to the Housing and Home Finance Agency and shall be administered subject to the direction and control of the Housing and Home Finance Administrator.

SEC. 2.[4] *Transfers to the Housing Administrator.*—There are hereby transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Administrator—

(1) the notes of the Federal National Mortgage Association payable to the Reconstruction Finance Corporation;

(2) the capital stock of the Federal National Mortgage Association;

(3) the function of the Reconstruction Finance Corporation of making payments on its notes issued to the Secretary of the Treasury in an amount equal to (a) the unpaid principal of, and accrued interest on, the notes of the Federal National Mortgage Association transferred under (1) above, (b) any funds of the Reconstruction Finance Corporation transferred under the provisions of section 5 hereof, (c) the book value of any office furniture and equipment of the Reconstruction Finance Corporation transferred under the provisions of section 5 hereof, and (d) the par value of the capital stock of the Federal National Mortgage Asso-

[1] See Reorganization Plan No. 3 of 1947, 2-1.1, which established the Housing and Home Finance Agency.

[2] Effective September 7, 1950.

[3] The Federal National Mortgage Association was organized February 10, 1938, by the Reconstruction Finance Corporation pursuant to the provisions of title III of the National Housing Act in effect at that time. The provisions of title III as of that date authorized the creation of national mortgage associations to purchase and sell first mortgages on real estate. Public Law 864, 80th Congress, approved July 1, 1948, 62 Stat. 1206, rewrote title III of the National Housing Act and established the Federal National Mortgage Association by specific statute referring to the Association as a subsidiary of the Reconstruction Finance Corporation and established pursuant to the provisions of title III as in effect prior to July 1, 1948. Sec. 201 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 612, rewrote title III of the National Housing Act, as amended, to recharter FNMA and to make new provisions with respect to its functions, organization and operation. See 5-1 for current provisions of title III.

[4] Sec. 207 of the Housing Act of 1954, Public Law 560, 83rd Congress, approved August 2, 1954, 68 Stat. 590, 622, provided that "The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association."

ciation plus the amount of its surplus paid in by the Reconstruction Finance Corporation;

(4) the function of issuing notes or other obligations to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended, in an amount not in excess of that necessary to finance at any one time the outstanding balances of the investments, loans, and purchases held by the Federal National Mortgage Association, taking into consideration other balance-sheet items;

(5) except as otherwise provided in this reorganization plan, all other functions of the Reconstruction Finance Corporation (including functions of the Board of Directors of such Corporation and functions of the Chairman of the Board of Directors of such Corporation) with respect to the Federal National Mortgage Association; and

(6) all functions of the Federal Housing Commissioner with respect to the Federal National Mortgage Association.

SEC. 3. *Board of Directors and officers.*—Functions with respect to serving, including eligibility to serve, as members of the Board of Directors of the Federal National Mortgage Association and as officers of such Association are hereby transferred from the members of the Board of Directors of, and from the officers and employees of, the Reconstruction Finance Corporation to the officers and employees of the Housing and Home Finance Agency (including those of the constituent agencies of the Housing and Home Finance Agency).

SEC. 4. *Performance of functions of Administrator.*—The Housing and Home Finance Administrator may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Housing and Home Finance Agency of any function transferred to such Administrator by the provisions of this reorganization plan.

SEC. 5. *Transfer of records, property, personnel, and funds.*—There are hereby transferred with the functions transferred by this reorganization plan, respectively, all of the assets, liabilities, contracts, property, records, and unexpended balances of authorizations, allocations and other funds, available or to be made available, of the Federal National Mortgage Association, and so much of the assets, liabilities, contracts, property, records, personnel, and unexpended balances of authorizations, allocations, and other funds, available or to be made available, of the Reconstruction Finance Corporation and relating to functions transferred by the provisions of this reorganization plan, as the Director of the Bureau of the Budget shall determine to be necessary for the administration of such functions, excluding, however, (1) the members of the Board of Directors of the Federal National Mortgage Association in office immediately prior to the taking effect of the provisions of this reorganization plan, and (2) the officers of the Association then in office. Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section

shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

SEC. 6. *Effective Date*—The provisions of this reorganization plan shall take effect 60 days after they would take effect under section 6(a) of the Reorganization Act of 1949 in the absence of this section.[1]

[1] Effective September 7, 1950.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

6. TRANSFER OF FUNCTIONS RELATING TO THE RFC MORTGAGE COMPANY AND THE DEFENSE HOMES CORPORATION TO THE FNMA

[Reorganization Plan No. 2 of 1954 [1] 19 Fed. Reg. 3986]

(Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 29, 1954, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended)

LIQUIDATION OF CERTAIN AFFAIRS OF THE RECONSTRUCTION FINANCE CORPORATION

SECTION 1. *Transfer of functions.*—The functions of the Reconstruction Finance Corporation (hereinafter referred to as the Corporation) with respect to the following-described matters, together with the functions of the Secretary of the Treasury under section 10 of the Reconstruction Finance Corporation Act, as amended, and under the Reconstruction Finance Corporation Liquidation Act, with respect to the said matters, are hereby transferred as follows:

(a) There are transferred to the Export-Import Bank of Washington the said functions relating to:

* * *

(b) There are transferred to the Small Business Administration the said functions relating to loans made by the Corporation to victims of floods or other catastrophes.

(c) There are transferred to the Federal National Mortgage Association [2] the said functions relating to mortgages held by the Corporation which were made or acquired under the authority of the RFC Mortgage Company or the Defense Homes Corporation.[3]

SEC. 2. *Transfer of incidental functions.*—There are hereby transferred to each transferee agency so much of the functions of the Corporation, and so much of the functions of the Secretary of the Treasury under section 10 of the Reconstruction Finance Corporation Act, as amended, and under the Reconstruction Finance Corporation Liquidation Act, as is incidental to, or necessary for, the performance by the transferee agency of the functions specified in section 1 (a), (b), or (c) hereof, as the case may be, including, in respect of the functions specified in sections 1 (a) (1), 1 (b), and 1 (c) hereof, the authority to issue notes or other obligations to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended, and the duty of making payments on such notes or obligations issued by or transferred to the transferee agency hereunder.

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[1] Effective July 1, 1954.
[2] See 5-1.
[3] See 9-1-9.

SEC. 3. *Transfer of assets; miscellaneous transfers.*—(a) The loans, bonds, securities, mortgages, and capital stock referred to in section 1 of this reorganization plan, together with accrued interest thereon, property acquired in connection therewith, and contracts and other instruments pertaining thereto, are hereby transferred from the Corporation to the respective transferee agencies.

(b) In addition to the transfers made by section 3(a), above, there shall be transferred to each transferee agency so much as the Director of the Bureau of the Budget shall determine to be appropriate by reason of transfers made by sections 1, 2, and 3 (a) of this reorganization plan of the property, personnel, records, liabilities and commitments of the Corporation and of the authorizations, allocations, and funds available or to be made available to the Corporation or the Treasury Department.

(c) Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in sections 3 (a) and 3 (b), above, shall be carried out in such manner and by such agencies as the Director shall direct.

SEC. 4. *Definition*—As used in this reorganization plan, the term "transferee agencies" means the Export-Import Bank of Washington, the Small Business Administration, and the Federal National Mortgage Association.

SEC. 5. *Effective date*—The provisions of this reorganization plan shall take effect [1] at the time determined under the provisions of section 6 (a) of the Reorganization Act of 1949, as amended, or at the close of June 30, 1954, whichever is later, and shall be effective notwithstanding any heretofore enacted provisions of law transferring the duty of completing the liquidation of the assets and the winding up of the affairs of the Corporation.

[1] July 1, 1954

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency [1]

7. TRANSFER OF PREFABRICATED HOUSING LOAN FUNCTIONS TO HOUSING ADMINISTRATOR

[Reorganization Plan No. 23 of 1950 [2] 64 Stat. 1279; 5 U.S.C. 133z-15 note; 12 U.S.C. 1701g note; and 15 U.S.C. 604 and 606 notes]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 9, 1950, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949

LOANS FOR FACTORY-BUILT HOMES [3]

SECTION 1. *Transfer of functions.*—There are hereby transferred to the Housing and Home Finance Administrator, hereinafter referred to as the Administrator—

(1) all functions of the Reconstruction Finance Corporation, hereinafter referred to as the "Corporation," under section 102 of the Housing Act of 1948, as amended; [4]

(2) all other functions of the Corporation, under the Reconstruction Finance Corporation Act,[5] as amended, or any other law, with respect to financing predominantly for the production, manufacture, distribution, sale, purchase, or erection of prefabricated houses, sections, or panels or site improvements therefor;

(3) the function of the Corporation of making payments on its notes issued to the Secretary of the Treasury in an amount equal to the funds and the unpaid principal of, and accrued interest on, the loans and obligations payable to the Corporation which are transferred under the provisions of this reorganization plan; and

(4) so much of any other function [4] of the Corporation as is incidental to or necessary for the performance of the functions referred to in items (1) and (2), above, including the issuance of obligations [6] to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended:[7] *Provided,* That the amount of such obligations issued by the Administrator and out-

[1] See Reorganization Plan No. 3 of 1947, 2-1.1, which established the Housing and Home Finance Agency.
[2] Effective September 7, 1950.
[3] See 6-3 for statutory provisions governing prefabricated housing loans.
[4] 6-3.1.
[5] See note at 6-3.2.
[6] See 6-3.4 and 6-3.5 for provisions terminating authority to make loans and issue obligations to the Treasury, and 2-2.4, revolving fund for liquidating programs.
[7] Section 7 read as follows:
"Sec. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder."

standing at any one time shall not exceed the sum of (a) the funds and the unpaid principal of, and accrued interest on, the loans and obligations transferred under this reorganization plan and (b) the unexpended balances of authorizations and allocations transferred hereunder, less the amount of any funds transferred hereunder for such unexpended balances from which sum shall be deducted the outstanding amount of any notes with respect to which the function of making payments is transferred under (3) above.

SEC. 2. *Transfer of records, property, personnel, and funds.*—There are hereby transferred to the Housing and Home Finance Agency (1) the assets, contracts, loans, liabilities, commitments, property, and records, of the Corporation relating to the functions transferred by this reorganization plan, (2) such of the personnel of the Corporation relating to said functions as the Director of the Bureau of the Budget shall determine, and (3) so much of the unexpended balances of authorizations, allocations, and funds, available or to be made available, of the Corporation relating to such functions (including authorizations and allocations for administrative expenses) as the Director of the Bureau of the Budget shall determine. Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

SEC. 3. *Performance of functions of Administrator.*—The Administrator may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Housing and Home Finance Agency of any function transferred to the Administrator by the provisions of this reorganization plan.

SEC. 4. *Effective date.*—The provisions of this reorganization plan shall take effect sixty days after they would take effect under section 6 (a) of the Reorganization Act of 1949 in the absence of this section.[1]

[1] Effective September 7, 1950.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

8. REMOVAL OF HOME LOAN BANK BOARD

[Excerpt From the Federal Home Loan Bank Act, as amended Public Law 304, 72d Congress; 47 Stat. 725, 12 U.S.C. 1437]

* * *

Federal Home Loan Bank Board

Sec. 17. * * *

(b) [1] The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947,[2] established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955,[3] cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: *Provided,* That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have and may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to "Federal Home Loan Bank Board".

* * *

[1] Subsection (b) added by sec. 109(a) of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 640.
[2] See 2-1.1.
[3] August 11, 1955.

2. Organization and Administration of Housing and Home Finance Agency
1. Organization of Housing and Home Finance Agency

9. ESTABLISHMENT OF FEDERAL FLOOD INDEMNITY ADMINISTRATION

[Administrator's Organizational Order No. 2 [1]]

(See also Administrator's Organizational Order No. 3, 2-1.11, abolishing Federal Flood Indemnity Administration)

Section 1. *Federal Flood Indemnity Administration.* There is hereby established a Federal Flood Indemnity Administration as a constituent unit of the Housing and Home Finance Agency. The Administration shall be headed by a Federal Flood Indemnity Commissioner, appointed pursuant to section 3 of the Federal Flood Insurance Act of 1956[2]. There shall be administered by the Commissioner, in accordance with such delegations from the Housing and Home Finance Administrator as from time to time may be made to the Commissioner, functions of the Administrator with respect to flood insurance and reinsurance and loan contracts under the Federal Flood Insurance Act of 1956[2].

Section 2. *Authority.* This Administrator's Organization Order No. 1 is issued under Reorganization Plan No. 3 of 1947[3] (61 Stat. 954), as amplified under Title I of the Independent Offices Appropriation Act of 1955[4], under the heading "Housing and Home Finance Agency, Office of the Administrator" (12 U.S.C. 1701c-1), and under the Federal Flood Insurance Act of 1956[2] (70 Stat. 1078).

Effective as of the 28th day of September, 1956.

ALBERT M. COLE
Housing and Home Finance Administrator

[1] Originally issued as Administrator's Organization Order No. 1. Redesignated Dec. 7, 1956 as Administrator's Organizational Order No. 2.
[2] See 12-1.
[3] See 2-1.1.
[4] See 2-1.2.

2. Organization and Administration of Housing and Home Finance Agency
1. Organization of Housing and Home Finance Agency

10. TRANSFER OF RFC PUBLIC AGENCY LOANS TO HOUSING AND HOME FINANCE ADMINISTRATOR

[Reorganization Plan No. 1 of 1957[1], 22 Fed. Reg. 4633]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 29, 1957, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended.[1]

ABOLITION OF THE RECONSTRUCTION FINANCE CORPORATION

SEC. 1. *Definitions.* As used in this reorganization plan: (a) The term "Corporation" means the Reconstruction Finance Corporation.

(b) The term "remaining functions" means (1) all functions of the Corporation, (2) except as otherwise provided in subsections (b) and (c) of section 6 of this reorganization plan, all functions of the Secretary of the Treasury under section 10 of the Reconstruction Finance Corporation Act, as amended (15 U.S.C. 609), and (3) all functions of the Secretary of the Treasury under sections 102 and 106(b) of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230, 231), as amended.

(c) The term "transferees" means the Housing and Home Finance Administrator, the Administrator of General Services, the Administrator of the Small Business Administration, and the Secretary of the Treasury.

SEC. 2. *Transfer of functions.* (a) There are hereby transferred to the Housing and Home Finance Administrator the remaining functions with respect to or arising out of (1) the securities and obligations of, loans made to, and contracts or other agreements with, States, municipalities, political subdivisions thereof, public agencies, boards, commissions or other public bodies, and (2) loans, securities and obligations acquired in connection with programs of financial assistance for drainage and irrigation projects.

(b) There are hereby transferred to the Administrator of General Services the remaining functions with respect to or arising out of (1) the affairs of the Smaller War Plants Corporation which were transferred to the Corporation pursuant to Executive Order No. 9665 of December 27, 1945 (11 F.R. 3) and section 207 of Public Law 132—80th Congress (61 Stat. 209), (2) the national defense, war and reconversion activities with respect to which notes of the Corporation were cancelled pursuant to the provisions of Title II of Public Law 860—80th Congress (62 Stat. 1187), and (3) activities of the RFC Price Adjustment Board and the functions transferred to the Corporation by Executive Order No. 9841 of April 23, 1947 (12 F.R. 2645).

(c) Except as otherwise provided in sections 2 (d) (1) and 2 (d) (2)

[1] Effective June 30, 1957.

of this reorganization plan (relating to financial assistance to railroads, etc., and to Schedule A hereto annexed),[1] there are hereby transferred to the Administrator of the Small Business Administration the remaining functions with respect to or arising out of programs of financial assistance to business enterprises and to victims of floods or other disasters.

(d) There are hereby transferred to the Secretary of the Treasury all functions of the Corporation not otherwise transferred by the provisions of this reorganization plan, including, but not limited to, all functions of the Corporation with respect to or arising out of (1) programs of financial assistance to railroad companies, financial institutions, and insurance companies, (2) the obligations and loans listed in Schedule A [1] hereto annexed, and (3) the War Damage Corporation.

(e) The foregoing transfers include the transfer to each transferee, for use in executing his respective functions thereunder, of the powers, authority, rights, and immunities now vested in or available or applicable to the Corporation for carrying out the functions transferred to the transferee under this reorganization plan.

SEC. 3. *Transfer of assets and liabilities.* The loans, obligations, securities, capital stock, and other assets pertaining to the functions transferred by section 2 of this reorganization plan (including accrued interest thereon, and property acquired in connection therewith) and the liabilities, contracts, bonds, mortgages, notes and other instruments relating thereto are hereby transferred from the Corporation to the respective transferees: *Provided, however,* That all assets, liabilities, and commitments relating to the functions transferred by section 2 (a) of this reorganization plan are hereby transferred to the Revolving Fund (Liquidating Programs) established by the Independent Offices Appropriation Act, 1955 (68 Stat. 295).[2]

SEC. 4. *Administrative property, personnel, funds and records.* In addition to the transfers made by the provisions of section 3 of this reorganization plan, there shall be transferred to the Housing and Home Finance Agency, General Services Administration, Small Business Administration, and Treasury Department so much as the Director of the Bureau of the Budget shall determine to be appropriate by reason of transfers made by sections 2 and 3 of this reorganization plan of the administrative property, personnel, records, liabilities and commitments of the Corporation or of the Office of Production and Defense Lending in the Department of the Treasury and of the authorizations, allocations, and funds available or to be made available with respect to the transferred functions (including, but in no way limiting the generality of the foregoing, the authority to issue notes or other obligations to the Secretary of the Treasury, which may be purchased by the Secretary, under section 7 of the Reconstruction Finance Corporation Act, as amended (15 U.S.C. 606), and the duty of making payments on such notes or obligations issued by or transferred to the respective transferee hereunder). In allocating the administrative expense funds

[1] Not published in this Manual since they are of no interest to HHFA.
[2] See 2-2.4.

applicable to the functions transferred by the provisions of this reorganization plan the said Director shall allocate and transfer to the General Services Administration as a payment on behalf of the Housing and Home Finance Agency, General Services Administration, Small Business Administration and Treasury Department such sum for rent of building space for the carrying out of the transferred functions during the fiscal year ending June 30, 1958, as the said Director shall determine. Such further measures and disposition as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner and by such agencies as the Director shall direct.

SEC. 5. *Delegation of authority.* Each transferee may from time to time make such provisions as he shall deem appropriate authorizing the performance by any officer, employee, agency, or administrative unit under his jurisdiction of any function transferred to him by the provisions of this reorganization plan.

SEC. 6. *Abolition of the Corporation.* (a) The Corporation is hereby abolished.

(b) The Secretary of the Treasury shall retire the capital stock of the Corporation and, subject to the provisions of section 4 hereof, shall pay into the Treasury, as miscellaneous receipts, all unused funds of the Corporation.

(c) Not later than June 30, 1959, the Secretary of the Treasury shall transmit a report to the Congress, which report (1) shall cover the affairs of the Corporation up to the time of the taking effect of the provisions of this reorganization plan, and (2) shall correspond to the final report required by section 10 of the Reconstruction Finance Corporation Act, as amended (15 U.S.C. 609). The function of making the final report provided for in the said section 10 is hereby abolished.

SEC. 7. *Effective date.* The provisions of this reorganization plan shall take effect at the time determined under the provisions of section 6 (a) of the Reorganization Act of 1949, as amended, or at the close of June 30, 1957[1] whichever is later.

[1] Effective June 30, 1957.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

11. ABOLITION OF FEDERAL FLOOD INDEMNITY ADMINISTRATION

[Administrator's Organizational Order No. 3]

SEC. 1. *Abolition of Federal Flood Indemnity Administration.* The Federal Flood Indemnity Administration established by Administrator's Organizational Order No. 2 [1], effective September 28, 1956, is hereby abolished.

SEC. 2. *Transfer of Employees and Property.* All employees of said Administration and responsibility for all property of said Administration, including files and records, furniture, equipment, and supplies, are hereby transferred and reassigned to the Housing and Home Finance Agency, Office of the Administrator.

SEC. 3. *Authority.* This Administrator's Organizational Order No. 3 is issued under Reorganization Plan No. 3 of 1947 (61 Stat. 954), as amplified under Title I of the Independent Offices Appropriation Act, 1955, under the heading "Housing and Home Finance Agency, Office of the Administrator" (12 U.S.C. 1701c-1).

Effective as of the 1st day of July, 1957.

Albert M. Cole
Housing and Home Finance Administrator

[1] Originally issued as Administrator's Organization Order No. 1; redesignated December 7, 1956 as Administrator's Organizational Order No. 2.

2. Organization and Administration of Housing and Home Finance Agency

1. Organization of Housing and Home Finance Agency

12. TRANSFER OF THE PROGRAM OF LOANS FOR HOUSING FOR THE ELDERLY

[Administrator's Organizational Order No. 4]

Section 1. *Program of Loans for Housing for the Elderly.*—There shall be administered by the Community Facilities Commissioner, under the direction and supervision of the Administrator and in accordance with the provisions of Administrator's Organizational Order No. 1 (19 Fed. Reg. 9303) and such delegations as from time to time may be made by the Administrator to the Community Facilities Commissioner and to the Regional Administrators, the functions of the Administrator with respect to the program of loans for housing for the elderly under section 202 of the Housing Act of 1959 (73 Stat. 667, 12 U.S.C. 1701q).

Section. 2. *Abolition of Division of Housing for the Elderly.*—The Division of Housing for the Elderly in the Office of the Administrator is abolished.

Section 3. *Administrative Provisions.*—Such arrangements as may be necessary to effectuate the provisions of this order shall be made by the Assistant Administrator (Administration) in consultation with Community Facilities Commissioner.

Section 4. *Authority.*—This order is issued under Reorganization Plan No. 3 of 1947 (61 Stat. 954), as amplified under title I of the Independent Offices Appropriation Act, 1955, under the heading "Housing and Home Finance Agency, Office of the Administrator" (12 U.S.C. 1701c-1).

Effective as of the 14th day of May, 1961.

Jack T. Conway
Acting Housing and Home Finance Administrator

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

1. ANNUAL REPORT ON HOUSING AGENCY OPERATIONS

[Excerpts From Housing Act of 1954 Secs. 802 and 817, Public Law 560, 83d Congress; 68 Stat. 590, 642] [1]

SEC. 802. (a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year.[2]

• • •

REPORT TO CONGRESS OF INFORMATION ON HOUSING

SEC. 817. The annual report made by the Housing and Home Finance Administrator to the President for submission to the Congress on all operations provided for by section 802 hereof shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Housing and Home Finance Agency, including the amount of loans, contributions and grants contracted for, and shall also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, as amended, including information as to the amounts paid by mortgagors to mortgagees for application to the reduction of the principal obligations of the mortgages pursuant to that section.

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Approved August 2, 1954

[1] See also sec. 7(b) of the United States Housing Act of 1937, as amended, 8-1.1.
[2] The Housing and Home Finance Administrator is also required to report not later than April 1 in each year on the voluntary home mortgage credit program (5-2).

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

2. ADVISORY COMMITTEES AUTHORIZED—DEPUTY HOUSING AND HOME FINANCE ADMINISTRATOR

[Excerpts From Housing Act of 1949 Public Law 171, 81st Congress; 63 Stat. 413, 438]

ADVISORY COMMITTEES

SEC. 601.[1] The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying out any of his functions, powers, and duties under this or any other Act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed $25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2).

* * *

DEPUTY HOUSING AND HOME FINANCE ADMINISTRATOR

SEC. 605. The Housing and Home Finance Administrator shall appoint a Deputy Housing and Home Finance Administrator, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.[2] The Deputy Administrator shall act as Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

* * *

ACT CONTROLLING

SEC. 610. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

SEPARABILITY

SEC. 611. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect,

[1] Sec. 601 amended to authorize the appointment of advisory committees by the constituent agencies by sec. 807 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 645.

[2] Sec. 106.(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, 738, provided that the annual rate of basic compensation of the Deputy Administrator shall be $20,000.

impair, or invalidate the remainder of this Act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

GENERAL PROVISIONS

SEC. 612. No part of any appropriation, loan, fund, or expenditure authorized by or provided pursuant to this Act, shall be used directly or indirectly to pay the salary or wages of any officer or employee of the Housing and Home Finance Agency or the Department of Agriculture who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the officer or employee making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such officer or employee does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts an office or employment in the Housing and Home Finance Agency or the Department of Agriculture the salary or wages for which are paid from any appropriation, loan, fund, or expenditure authorized by or provided pursuant to this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further,* That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Approved July 15, 1949.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

3. GENERAL ADMINISTRATIVE PROVISIONS [1]

[Excerpts From the Housing Act of 1948, as Amended, Public Law 901, 80th Congress; 62 Stat. 1268, 1283; 12 U.S.C. 1701c]

* * *

TITLE V—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 501. (a) Effective upon the date of enactment of this Act,[2] the Housing and Home Finance Administrator shall receive compensation at the rate of $16,500 [3] per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of $15,000 [4] per annum.

(b) Section 101 of the Government Corporation Control Act, as amended, is amended by inserting "Federal Housing Administration;" immediately after the semicolon which follows "United States Housing Corporation": *Provided,* That, as to the Federal Housing Administration, the audit required by section 105 of said Act shall begin with the fiscal year commencing July 1, 1948, and the exception contained in section 301 (d) of said Act shall be construed to refer to the cost of audits contracted for prior to July 1, 1948.

SEC. 502. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator, without in any way relieving himself from final responsibility, may delegate any of his functions and powers to such officers, agents, or employees as he may designate, may authorize such successive redelegations of such functions and powers, as he may deem desirable, and may make such rules and regulations as may be neces-

[1] See also 40-3.
[2] August 10, 1948.
[3] Public Law 359, 81st Congress, approved October 15, 1949, 63 Stat. 880, provided that the rate of basic compensation of the Administrator shall be $17,500 per annum and section 104(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, provided that the rate should be $21,000.
[4] Increased to $20,000 by sec. 106(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, 738.

sary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal. . . .

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said Acts, the Public Housing Administration is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government for disability or death occurring in connection with military service.

* * *

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this Act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational

institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U.S.C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709, of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse or pay any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided,* That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator, the Home Loan Bank Board,[1] the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

(d)[2] The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order.

* * *

[1] The Home Loan Bank Board has been removed from the Housing and Home Finance Agency effective August 11, 1955, by section 17(b) of the Federal Home Loan Bank Act, as amended by the Housing Amendments of 1955. See 2-1.8 for this provision.

[2] Subsection (d) added by sec. 909, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 192.

ACT CONTROLLING

SEC. 504. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

SEPARABILITY

SEC. 505. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this Act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

Approved August 10, 1948.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

4. REVOLVING FUND FOR LIQUIDATING PROGRAMS

[Excerpt From the Independent Offices Appropriation Act, 1955 Public Law 428, 83d Congress; 68 Stat. 272, 295]

TITLE II—CORPORATIONS

* * *

Office of the Administrator, revolving fund (liquidating programs): There is established as of June 30, 1954, a revolving fund, and the Administrator is authorized to credit said fund with all moneys hereafter obtained or now held by him or by any constituent agency of the Housing and Home Finance Agency or any other official thereof, and to account under said fund for all assets and liabilities, in connection with (1) community facilities provided or assisted under title II of the Lanham Act, as amended (42 U. S. C. 1531-1534), or under title III of the Defense Housing and Comunity Facilities and Services Act of 1951, as amended (42 U. S. C. 1592-1592n); (2) loans or advances made pursuant to title V of the War Mobilization and Reconversion Act of 1944 (58 Stat. 791), or the Act of October 13, 1949 (40 U. S. C. 451-458); (3) functions transferred under Reorganization Plan No. 23 of 1950 (5 U. S. C. 133z-15, note), or authorized under sections 102,102a, 102b, and 102c of the Housing Act of 1948, as amended (12 U. S. C. 1701g-1701g-3); (4) notes or other obligations purchased pursuant to the Alaska Housing Act, as amended (48 U. S. C. 484 (a)); (5) subsistence homesteads and greentowns (Acts of June 29, 1936, 49 Stat. 2035, and May 19, 1949, 63 Stat. 68); (6) public war housing under title I of the Lanham Act, as amended (42 U. S. C. 1521-1524), and defense housing under title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended (42 U. S. C. 1592-1592n); and (7) veterans' re-use housing under title V of the Lanham Act, as amended (42 U. S. C. 1571-1575): *Provided,* That said fund shall be available for all necessary expenses (including administrative expenses) in connection with the liquidation of the programs carried out pursuant to the foregoing provisions of law, including operation, maintenance, improvement, or disposition of facilities, and for disbursements pursuant to outstanding commitments against moneys herein authorized to be credited to said fund, repayment of obligations to the Treasury, and refinancing and refunding operations on existing loans: *Provided further,* That any amount in said fund which is determined to be in excess of requirements for the purposes hereof shall be declared and paid as liquidating dividends to the Treasury not less often than annually: *Provided further,*[1]

* * *

Approved June 24, 1954

[1] For limitations on expenditures from this Fund see appropriate fiscal year appropriation in 40-1.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

5. RECORDS, SPECIFICATIONS AND AUDITS REQUIRED IN CONNECTION WITH LOANS, ADVANCES, GRANTS OR CONTRIBUTIONS (BYRD AMENDMENT)

[Excerpt From Housing Act of 1954 Public Law 560, 83d Congress; 68 Stat. 590, 647]

RECORDS

SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or [1] any other Act shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent therof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof and [2] the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of [3] 1961.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

SEC. 815. Every contract for a loan, grant, or contribution under the United States Housing Act of 1937, as amended, or title I of the Housing Act of 1949, as amended, for the construction of a project shall require the submission of specifications with respect to such construction prior to the authorization for the award of the construction con-

[1] Sec. 908, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 192, inserted "or any other Act."

[2] Sec. 908, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat 149, 192, inserted "and the Comptroller General of the United States."

[3] Sec. 908, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 192, substituted "1961" for "1954."

tract and the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

SEC. 816. Every contract for loans or annual contributions under the United States Housing Act of 1937, as amended, shall provide that the Public Housing Commissioner and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into such contract that are pertinent to its operations with respect to financial asistance under the United States Housing Act of 1937, as amended.

Approved August 2, 1954

2. Organization and Administration of Housing and Home Finance Agency
2. General Administrative Provisions

6. PRESIDENT'S FUNCTIONS DELEGATED TO HOUSING ADMINISTRATOR

[Executive Order 11196 30 Fed. Reg. 1171]

PROVIDING FOR THE PERFORMANCE BY THE HOUSING AND HOME FINANCE ADMINISTRATOR OF CERTAIN FUNCTIONS VESTED IN OR SUBJECT TO THE APPROVAL OF THE PRESIDENT

By virtue of the authority vested in me by Section 301 of Title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows—

SECTION 1. The Housing and Home Finance Administrator is hereby designated and empowered to exercise, without the approval, ratification, or other action of the President, the following:

(1) The authority vested in the President by Section 6(d) of the United States Housing Act of 1937, 50 Stat. 888 (42 U.S.C. 1406(d)), to approve the undertaking by the Public Housing Administration of any annual contribution, grant, or loan, or any contract for any annual contribution, grant, or loan, under that Act.

(2) The authority vested in the President by Section 14 of the United States Housing Act of 1937, 50 Stat. 895 (42 U.S.C. 1414), to approve the amending or superseding of any contract for annual contributions or loans, or both, so that the going Federal rate on the basis of which such annual contributions or the interest rate on the loans, or both, respectively, are fixed shall mean the going Federal rate on the date of approval of the amending or superseding contract entered into by the Public Housing Administration.

(3) The authority vested in the Housing and Home Finance Administrator by Section 103(b) of the Housing Act of 1949, 63 Stat. 416 (42 U.S.C. 1453(b)), to contract, with the approval of the President, to make grants under Title I of that Act.

(4) The authority vested in the President by Title II of the Act of June 28, 1940, ch. 440, 54 Stat. 681 (42 U.S.C. 1501-1505), to determine that housing administered or assisted by the Public Housing Administration under that Title is no longer needed to assure the availability of dwellings for persons engaged in national-defense activities: *Provided,* That determinations under this paragraph shall require the concurrence of the Secretary of Defense.

(5) The authority vested in the President by Section 5 of the Act of June 29, 1936, ch. 860, 49 Stat. 2026, to approve the dedication by the Public Housing Commissioner of streets, alleys, and parks for public use, and the granting by the Commissioner of easements, in connection with any low-cost housing or slum-clearance project described in that Act.

(6) The authority vested in the President by Section 57 of the Alaska Omnibus Act (added by Public Law 88-451 of August 19, 1964, 78 Stat. 507), (A) to make the grants to the State of Alaska provided for in that Section, (B) to approve a plan submitted by the State of Alaska for the implementation of the purpose of that Section, (C) to specify reports to be made by the agency designated by the State of Alaska in accordance with that Section and to prescribe the form of, and information to be contained in, such reports, and (D) to demand access to the records upon which such reports are based.

SEC. 2. The following are hereby superseded:

(1) Part III of Executive Order No. 10530 of May 10, 1954.

(2) Executive Order No. 10573 of October 26, 1954.

(3) Executive Order No. 10852 of November 27, 1959.

(4) So much of Executive Order No. 11184 of October 13, 1964, as added paragraph (g) to Section 4 of Executive Order No. 10530 of May 10, 1954.

SEC. 3. (a) References in this Order to any statute or to any provision of any statute shall be deemed to include (1) to the extent not inappropriate, references thereto as amended from time to time, (2) in the cases of Section 1(1), 1(2), 1(4), and 1(5) of this Order, references to Reorganization Plan No. 3 of 1947 (61 Stat. 954),[1] and (3) in the case of Section 1(5) of this Order, a reference to Executive Order No. 7732 of October 27, 1937.

(b) Unless inappropriate, any reference in any Executive order to any Executive order which is superseded by this Order, or to any Executive order provision so superseded, shall hereafter be deemed to refer to this Order or to the provision of Section 1 hereof, if any, which corresponds to the superseded provision.

SEC. 4. All actions heretofore taken by the President or by his delegate in respect of the matters affected by Section 1 of this Order and in force at the time of the issuance of this Order shall, except as they may be inconsistent with the provisions of this Order, remain in effect until amended, modified, or revoked pursuant to the authority conferred by this Order unless sooner terminated by operation of law.

LYNDON B. JOHNSON

THE WHITE HOUSE,
February 2, 1965.

[1] See 2-1.1.

2. Organization and Administration of Housing and Home Finance Agency

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7. SPECIAL ASSISTANT COMMISSIONER FOR COOPERATIVE HOUSING [1]

[Excerpt From Housing Amendments of 1955 Public Law 345, 84th Congress, 69 Stat. 635, 636]

Sec. 102.

* * *

(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 [2] of the National Housing Act, as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of such section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section.

* * *

Approved August 11, 1955

[1] A provision in section 213(f) of the National Housing Act, as amended, (4-1.2) authorizing the appointment of an Assistant Commissioner for cooperative housing administration was deleted by section 120 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 596. The First Independent Offices Appropriation Act, 1954, Public Law 176, 83d Congress, approved July 31, 1953, 67 Stat. 298, 315, had previously provided that the position was no longer authorized.

[2] 4-1.2.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

8. COMPENSATION OF COMMUNITY FACILITIES COMMISSIONER

[Excerpt From Housing Amendments of 1955 Public Law 345, 84th Congress, 69 Stat. 635, 642]

* * *

SEC. 113. Effective upon the date of enactment of this Act the basic rate of compensation of the Community Facilities Commissioner [1] of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

* * *

Approved August 11, 1955

[Excerpt from Government Employees Salary Reform Act of 1964, Public Law 88-426, 78 Stat. 400, 418]

* * *

SEC. 303.(d) Level IV of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be $27,000:

* * *

(25) Commissioner, Community Facilities Administration.

* * *

Approved August 14, 1964.

[1] See Administrator's Reorganization Order No. 1, 2-1.3.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

10. COMPENSATION OF HHFA EXECUTIVES

[Excerpts from Government Employees Salary Reform Act of 1964, Public Law 88-426, 78 Stat. 400, 416, 418, 421]

* * *

SEC. 303 (b) Level II of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be $30,000:

* * *

(6) Administrator of the Housing and Home Finance Agency.

* * *

(c) Level III of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be $28,500:

* * *

(42) Deputy Administrator of the Housing and Home Finance Agency.

* * *

(d) Level IV of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be $27,000:

* * *

(25) Commissioner, Community Facilities Administration.

(26) Commissioner, Federal Housing Administration.

(27) Commissioner, Public Housing Administration.

(28) Commissioner, Urban Renewal Administration.

* * *

(e) Level V of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be $26,000:

* * *

(83) General Counsel of the Housing and Home Finance Agency.

* * *

(94) President of the Federal National Mortgage Association.

* * *

Approved August 14, 1964.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

11. ADVISORY COMMITTEE—HOUSING FOR THE ELDERLY

[Excerpts from the Housing Act of 1956, Public Law 1020, 84th Congress, 70 Stat. 1091, 1092]

* * *

Housing for the Elderly

SEC. 104. * * *

(d) The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 [1] of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons.

* * *

Approved August 7, 1956

[1] See 2-2.2.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

12. EXECUTIVE ORDER 11007

[27 Fed. Reg. 1875]

PRESCRIBING REGULATIONS FOR THE FORMATION AND USE OF ADVISORY COMMITTEES

WHEREAS the departments and agencies of the Government frequently make use of advisory committees; and

WHEREAS the information, advice and recommendations obtained through advisory committees are beneficial to the operations of the Government; and

WHEREAS it is desirable to impose uniform standards for the departments and agencies of the Government to follow in forming and using advisory committees in order that such committees shall function at all times in consonance with the antitrust and conflict of interest laws;

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, it is hereby ordered as follows:

SECTION 1. The regulations prescribed in this order for the formation and use of advisory committees shall govern the departments and agencies of the Government to the extent not inconsistent with specific law.

SEC. 2. As used herein,

(a) The term "advisory committee" means any committee, board, commission, council, conference, panel, task force, or other similar group, or any subcommittee or other subgroup thereof, that is formed by a department or agency of the Government in the interest of obtaining advice or recommendations, or for any other purpose, and that is not composed wholly of officers or employees of the Government. The term also includes any committee, board, commission, council, conference, panel, task force, or other similar group, or any subcommittee or other subgroup thereof, that is not formed by a department or agency, but only during any period when it is being utilized by a department or agency in the same manner as a Government-formed advisory committee.

(b) The term "industry advisory committee" means an advisory committee composed predominantly of members or representatives of a single industry or group of related industries, or of any subdivision of a single industry made on a geographic, service or product basis.

SEC. 3. No advisory committee shall be formed or utilized by any department or agency unless

(a) specifically authorized by law or

(b) specifically determined as a matter of formal record by the head of the department or agency to be in the public interest in connection with the performance of duties imposed on that department or agency by law.

SEC. 4. Unless specifically authorized by law to the contrary, no committee shall be utilized for functions not solely advisory, and determinations of action to be taken with respect to matters upon which an advisory committee advises or recommends shall be made solely by officers or employees of the Government.

SEC. 5. Each industry committee shall be reasonably representative of the group of industries, the single industry, or the geographical, service, or product segment thereof to which it relates, taking into account the size and function of business enterprises in the industry or industries, and their location, affiliation, and competitive status, among other factors. Selection of industry members shall, unless otherwise provided by statute, be limited to individuals actively engaged in operations in the particular industry, industries, or segments concerned, except where the department or agency head deems such limitations would interfere with effective committee operation.

SEC. 6. The meetings of an advisory committee formed or used by a department or agency shall be subject to the following rules:

(a) No meeting shall be held except at the call of, or with the advance approval of, a full-time salaried officer or employee of the department or agency, and with an agenda formulated or approved by such officer or employee.

(b) All meetings shall be under the chairmanship, or conducted in the presence of, a full-time salaried officer or employee of the Government who shall have the authority and be required to adjourn any meeting whenever he considers adjournment to be in the public interest.

(c) For advisory committees other than industry advisory committees, minutes of each meeting shall be kept which shall, as a minimum, contain a record of persons present, a description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by the committee. The accuracy of all minutes shall be certified to by a full-time salaried officer or employee of the Government present during the proceedings recorded.

(d) A verbatim transcript shall be kept of all proceedings at each meeting of an industry advisory committee, including the names of all persons present, their affiliation, and the capacity in which they attend: *Provided,* that where the head of a department or agency

formally determines that a verbatim transcript would interfere with the proper functioning of such a committee or would be impracticable, and that waiver of the requirement of a verbatim transcript is in the public interest, he may authorize in lieu thereof the keeping of minutes which shall, as a minimum, contain a record of persons present, a description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by the committee. The accuracy of all minutes shall be certified to by a full-time salaried officer or employee of the Government present during the proceedings recorded.

(e) Industry advisory committees shall not be permitted to receive, compile, or discuss data or reports showing the current or projected commercial operations of identified business enterprises.

(f) In the case of advisory committees other than industry advisory committees, the department or agency head may waive compliance with any requirement contained in subsection (a), (b) or (c) of this section when he formally determines that compliance therewith would interfere with the proper functioning of such a committee or would be impracticable, that adequate provisions are otherwise made to insure that committee operation is subject to Government control and purpose, and that waiver of the requirement is in the public interest.

SEC. 7. The head of each department or agency sponsoring an advisory committee may prescribe additional regulations, consistent with the provisions and purposes of this order, to govern the formation or use of such committees, or the appointment of members thereof.

SEC. 8. An advisory committee whose duration is not otherwise fixed by law shall terminate not later than two years from the date of its formation unless the head of the department or agency by which it is utilized determines in writing not more than sixty days prior to the expiration of such two-year period that its continued existence is in the public interest. A like determination by the department or agency head shall be required not more than sixty days prior to the end of each subsequent two-year period to continue the existence of such committee thereafter. For the purpose of this section, the date of formation of an advisory committee in existence on the date of publication of this order shall be deemed to be July 1, 1960, or the actual date of its formation, whichever is later.

SEC. 9. The requirements of this order shall not apply:

(a) to any advisory committee for which Congress by statute has specified the purpose, composition and conduct unless and to the extent such statute authorizes the President to prescribe regulations for the formation or use of such committee;

(b) to any advisory committee composed wholly of representatives of State or local agencies or charitable, religious, educational, civic, social welfare, or other similar nonprofit organizations;

(c) to any local, regional, or national committee whose sole function is the dissemination of information for public agencies, or to any local civic committee whose primary function is that of rendering a public service other than giving advice or making recommendations to the Government.

SEC. 10. (a) Each department and agency utilizing advisory committees shall publish in its annual report, or otherwise publish annually, a list of such committees, including the names and affiliations of their members, a description of the function of each committee and a statement of the dates of its meetings: *Provided,* that the head of the department or agency concerned may waive this requirement where he determines that such annual publication would be unduly costly or impracticable, but shall make such information available, upon request, to the Congress, the President, or the Attorney General.

(b) A copy of each such report shall be furnished to the Attorney General, and all records and files of advisory committees, including agenda, transcripts or notes of meetings, studies, analyses, reports or other data compilations or working papers, made available to or prepared by or for any such advisory committee, shall be made available, upon request by the Attorney General, to his duly authorized representatives, subject to such security restrictions as may be properly imposed on the materials involved.

SEC. 11. This order supersedes the directive of February 2, 1959, entitled "Standards and Procedures for the Utilization of Public Advisory Committees by Government Departments and Agencies," and all provisions of prior Executive orders to the extent they are inconsistent herewith.

JOHN F. KENNEDY

THE WHITE HOUSE,
February 26, 1962.

2. Organization and Administration of Housing and Home Finance Agency

2. General Administrative Provisions

13. EXECUTIVE ORDER 11136

[29 Fed. Reg. 129]

ESTABLISHING THE PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS AND THE CONSUMER ADVISORY COUNCIL

WHEREAS all individuals in our society, as consumers, are significantly affected by Federal economic policies and by Federal programs to promote the welfare of consumers and to protect their interests in the marketplace; and

WHEREAS individual consumers and consumer organizations face unusual problems in attempting to assure that the views and needs of consumers receive full consideration by Federal officials who administer policies and programs affecting consumer interests; and

WHEREAS the Federal Government, serving all the people, has a special obligation to be alert to consumer needs and to advance the interest of consumers by all appropriate means, including arrangements to enable representatives of consumers to be heard in the development and administration of Federal policies and programs:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States, it is ordered as follows:

SECTION 1. *Establishment of Committee.* (a) There is hereby established the President's Committee on Consumer Interests (hereinafter referred to as the "Committee").

(b) The Committee shall be composed of representatives of the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Housing and Home Finance Administrator, the Chairman of the Federal Trade Commission, and the Chairman of the Council of Economic Advisers; such other Government officials or employees as the President may designate; and such private citizens especially qualified to represent consumer interests as the President may appoint. Each Federal agency head named herein shall designate one person, who shall be an assistant secretary or official of comparable rank, to represent him on the Committee.

(c) The Chairman of the Committee shall be designated by the President from among the Federal members to serve for such term as the President may determine. The Chairman shall direct and supervise any staff employed by or detailed to the Committee.

(d) The Chairman shall invite the heads of Federal agencies not

represented on the Committee to designate representatives (who shall be assistant secretaries or officials of comparable rank) to participate as *ad hoc* members of the Committee when matters affecting the responsibilities of their respective agencies are to be considered by the Committee.

SEC. 2. *Establishment of the Consumer Advisory Council.* (a) There is hereby established the Consumer Advisory Council (hereinafter referred to as the Council), which shall consist of the private citizens appointed by the President as members of the Committee. The President shall designate the Chairman of the Council from among its members.

(b) The Chairman of the Committee shall be responsible for assuring that the meetings and other activities of the Council are carried out in accordance with the relevant provisions of Executive Order 11007 [1] of February 26, 1962, and for prescribing such additional regulations with respect to the affairs of the Council as may be necessary.

SEC. 3. *Functions of the Committee, the Federal members, and the Council.* (a) The Committee shall from time to time consider (1) the Federal policies and programs of primary importance to consumers or the unmet consumer needs which can appropriately be met through Federal action, either under existing laws or new legislation; (2) the aspects of Federal policies, programs, and operations concerning which the views of consumers should be available to Federal officials; (3) the means by which necessary liaison may be established between the Consumer Advisory Council and consumer organizations to enable the Council to perform its functions under subsection (c), below; and (4) the manner in which consumer views can be communicated to appropriate Federal departments and agencies.

(b) The Federal agency heads enumerated in section 1(b), collectively or individually, as appropriate, (1) shall seek the advice of the Committee or the Council on matters affecting consumers, and similarly receive recommendations made on the initiative of the Committee or the Council; (2) shall be responsible for considering recommendations made by the Committee or the Council; and (3) shall take such action as is deemed to be in the general public interest, including making recommendations to the President on matters requiring action by him or by the Congress.

(c) The Council shall advise the Government on issues of broad economic policy of immediate concern to consumers, on governmental programs to meet consumer needs or to protect consumer interests, and on needed improvements in the flow of consumer research material to the public. The Council may arrange through the Chairman of the Committee for fact-finding studies to enable the Council to carry out its responsibilities. In carrying out its functions the Council shall, insofar as practicable, provide interested organizations and individuals

[1] See 2-2.12.

an opportunity to present their views and recommendations to the Council for its consideration.

SEC. 4. *Federal agencies.* (a) Upon request of the Chairman of the Committee, the heads of Federal agencies shall so far as practicable provide the Committee with information and reports relating to matters within the cognizance of the Committee.

(b) Each Federal agency represented on the Committee shall furnish necessary assistance to the Committtee in accordance with section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691).[1]

(c) The General Services Administration is hereby designated as the agency which shall provide administrative services for the Committee on a reimbursable basis.

SEC. 5. *Compensation and per diem.* For each day any person appointed from private life as a member of the Committee is engaged in meetings, or is with the approval of the Chairman of the Committee engaged in other work in pursuance of this order, such person shall receive compensation at a rate determined by the Chairman of the Committee and travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 55a; 5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

LYNDON B. JOHNSON

THE WHITE HOUSE,
January 3, 1964.

[1] See 40-3-12.

4. Insurance of Housing Mortgages and Credit

1. Authorization of Program

1. TITLE I OF THE NATIONAL HOUSING ACT

[Excerpts From the National Housing Act, as Amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

AN ACT to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes.

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 "National Housing Act."

TITLE I—HOUSING RENOVATION AND MODERNIZATION

CREATION OF FEDERAL HOUSING ADMINISTRATION

SECTION 1. The President is authorized to create a Federal Housing Administration, all of the powers of which shall be exercised by a Federal Housing Commissioner (hereinafter referred to as the "Commissioner"), who shall be appointed by the President, by and with the advice and consent of the Senate.[1]

In order to carry out the provisions of this title and titles II, III, VI, VII, VIII, and IX the Commissioner may establish such agencies, accept and utilize such voluntary and uncompensated services, utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees, and appoint such other officers and employees as he may find necessary, and may prescribe their authorities, duties, responsibilities, and tenure and fix their compensation, without regard to the provisions of other laws applicable to the employment or compensation of officers or employees of the United States. The Commissioner may delegate any of the functions and powers conferred upon him under this title and titles II, III, VI, VII, VIII, and IX to such officers, agents, and employees as he may designate or appoint, and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this title and titles II, III, VI, VII, VIII, and IX without regard to any other provisions of law governing the expenditure of public funds. All such compensation, expenses, and allowances shall be paid out of funds made available by this Act: *Provided,* That, notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, all expenses of the Federal Housing Administration in connection with the examination and insurance of loans or investments under any title of this Act, all properly capitalized expenditures, and other necessary expenses not attributable to general overhead in accordance

[1] See Reorganization Plan No. 3 of 1947, 61 Stat. 954, 5 U.S.C. 133y-16, note, 2-1-1, which made the Federal Housing Administration a constituent agency of the Housing and Home Finance Agency.

with generally accepted accounting principles shall be considered non-administrative and payable from funds made available by this Act, except that, unless made pursuant to specific authorization by the Congress therefor, expenditures made in any fiscal year pursuant to this proviso, other than the payment of insurance claims and other than expenditures (including services on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Administration acquired under authority of this Act, shall not exceed 35 per centum of the income received by the Federal Housing Administration from premiums and fees during the preceding fiscal year. The Commissioner shall, in carrying out the provisions of this title and titles II, III, VI, VII, VIII, and IX be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to October 1, 1965,[1] for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*,[2] That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954,[3] the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this

[1] Sec. 604(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, substituted "1965" for "1961."
[2] This proviso added by sec. 101(a), Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590.
[3] Sec. 101(b), Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, provided that as used in this section 2(a) the "effective date of the Housing Act of 1954" should mean "the first day after the first full calendar month following the date of approval of the Housing Act of 1954" (August 2, 1954).

section to a lending institution shall not exceed 90 per centum of such loss.[1]

[2] After the effective date of the Housing Act of 1954,[3] (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved: *Provided,*[4] That this clause (iii) may in the discretion of the Commissioner be waived with respect to the period of occupancy or completion of any such new residential structures.

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds [5] $3,500; (2) if such obligation has a maturity in excess of three years and thirty-two days, except that the Commissioner may increase such maximum limitation

[1] Sec. 2(a) of Public Law 86-788, approved September 14, 1960, 74 Stat. 1027, 1028, deleted the last sentence of subsection (a) which read: "The aggregate amount of all loans, advances of credit, and obligations purchased, exclusive of financing charges, with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed $1,750,000,000."

[2] This paragraph added by sec. 101(a) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590.

[3] Sec. 101(b) of the Housing Act of 1954, Public Law 560, 83d Cong., approved August 2, 1954, 68 Stat. 590, provided that as used in this section 2(a) the "effective date of the Housing Act of 1954" should mean "the first day after the first full calendar month following the date of approval of the Housing Act of 1954" (August 2, 1954).

[4] Amended to read as set forth in the text by sec. 101(a) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091. As originally added to this section by Public Law 405, 84th Congress, approved February 10, 1956, 70 Stat. 11, this proviso provided that clause (iii) should not be mandatory with respect to the period of occupancy or completion of new residential structures where the structures had been damaged in a major disaster.

[5] Section 101(b) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, substituted "exceeds $3,500" for "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds $2,500, or for the purpose of financing the construction of new structures exceeds $3,000".

to five[1] years and thirty-two days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Commissioner shall prescribe, in order to make credit available for the purposes of this title: *Provided,*[2] That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed $2,500, equivalent to $5 discount per $100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of $2,500, equivalent to $4 discount per $100 of original face amount of such a note: *Provided*[2] *further,* That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the Commissioner or adjusted to eliminate minor errors in computation in accordance with requirements of the Commissioner, shall be deemed to comply with such proviso: *Provided further,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of $15,000 [3] nor an average amount of $2,500 per family unit and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families: *Provided further,* That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(c) (1) Notwithstanding any other provision of law, the Commissioner shall have the power, under regulations to be prescribed by him and approved by the Secretary of the Treasury, to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights

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[1] Sec. 101(b) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, inserted language authorizing Commissioner to increase maximum limitation to five years.

[2] This proviso added by sec. 101(c) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091.

[3] **Sec. 101(b) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, substituted "$15,000 nor an average amount of $2,500 per family unit" for "$30,000".**

accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

(2) The Commissioner is authorized and empowered (a) to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, and upon such terms and conditions and for such consideration as the Commissioner shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of insurance heretofore or hereafter granted under this title and (b) to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner in connection with such real property by way of deficiency or otherwise: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this title may be exercised by the Commissioner or by any Assistant Commissioner appointed by him without the execution of any express delegation of power or power of attorney: *Provided,* That nothing in this paragraph shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint.

(d) The Commissioner is authorized and empowered, under such regulations as he may prescribe, to transfer to any such approved financial institution any insurance in connection with any loans and advances of credit which may be sold to it by another approved financial institution.

(e) The Commissioner is authorized to waive compliance with regulations heretofore or hereafter prescribed by him with respect to the interest and maturity of and the terms, conditions, and restrictions under which loans, advances of credit, and purchases may be insured under this section and section 6, if in his judgment the enforcement of such regulations would impose an injustice upon an insured institution which has substantially complied with such regulations in good faith and refunded or credited any excess charge made, and where such waiver does not involve an increase of the obligation of the Commissioner beyond the obligation which would have been involved if the regulations had been fully complied with.

(f) The Commissioner shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at

such time and in such manner as may be prescribed by the Commissioner. The moneys derived from such premium charges and all moneys collected by the Commissioner as fees of any kind in connection with the granting of insurance as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939, shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this section, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this section.[1] The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection.[2] Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.[2]

(g)[3] Any payment for loss made to an approved financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Commissioner, 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.

(h)[4] The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

LOANS TO FINANCIAL INSTITUTIONS

SEC. 3. Repealed.[5]

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[1] Sec. 2 of Public Law 5, 83rd Congress, approved March 10, 1953, 67 Stat. 4, 5, provides as follows: "Prior to June 30, 1954, the Federal Housing Commissioner shall pay out of the capital account of the Title I Insurance Fund to the Secretary of the Treasury the amount of $8,333,313.65 which constitutes the Government investment in the capital account of the Title I Insurance Fund. The amount payable hereunder shall be paid in the discretion of the Commissioner either in one lump sum or in installments except that the first payment shall be made on July 1, 1953."

[2] This sentence added by sec. 102 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590.

[3] This subsection as added by sec. 105 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297, was applicable only to payments for losses made after December 31, 1957. Section 101 of the Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, made the subsection applicable to all payments for losses.

[4] This subsection redesignated as subsection (h) by sec. 105 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297.

[5] Repealed by Public Law 486, 74th Congress, approved April 3, 1936, 49 Stat. 1187.

ALLOCATION OF FUNDS

SEC. 4. For the purposes of carrying out the provisions of this title and titles II and III [the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized and empowered to have outstanding at any one time under existing law is hereby increased by an amount sufficient to provide such funds:[1] *Provided,* That] the President, in his discretion, is authorized to provide such funds or any portion thereof by allotment to the Commissioner from any funds that are available, or may hereafter be made available, to the President for emergency purposes.

SEC. 5. Repealed.[2]

SEC. 6. Repealed.[3]

TAXATION

SEC. 7. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner in connection with the payment of insurance heretofore or hereafter granted under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

INSURANCE OF MORTGAGES

SEC. 8. (a) To assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas, this section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act by making feasible the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The Commissioner is authorized upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (as defined in section 201 of this Act) offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided,* That the aggregate amount of principal obligations of all mortgages insured under this section and outstanding at any one time shall not exceed $100,000,000, except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than $150,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase

[1] So much of section 4 as relates to the Reconstruction Finance Corporation (text in brackets) repealed by sec. 206 of Public Law 132, 80th Congress, approved June 30, 1947, 61 Stat. 202.
[2] Sec. 5 requiring annual report to Congress repealed by sec. 802(b) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 643. See 2-2.1.
[3] Repealed by Public Law 111, 76th Congress, approved June 3, 1939, 53 Stat. 804.

is in the public interest:[1] *And provided further,*[2] That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2)[3] involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $5,700, and not to exceed 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property upon which there is located a dwelling designed principally for a single-family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided,* That the mortgagor shall be the owner and occupant[4] of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or shall be the builder constructing the dwelling, in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or $5,100: *Provided further,* That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas: *And provided further,* That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Commissioner) that his home, which he occupied as an owner or as a tenant, was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitation may be increased by the Commissioner from $5,700 to $7,000, and the percentage limitation may be increased by the Commissioner from 95 per centum to 100 per centum of the appraised value[5];

(3) have a maturity satisfactory to the Commissioner but not to exceed thirty years from the date of insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to

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[1] See also section 217, *infra.*

[2] This proviso added by sec. 103 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 591. See sections 203(h) and 203(i) of the National Housing Act added by the Housing Act of 1954.

[3] Paragraph (2) amended to read as set forth in the text by sec. 2 of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 121.

[4] See section 216 of the National Housing Act.

[5] See section 203 (h) of the National Housing Act as added by the Housing Act of 1954, Public Law 560, 83d Congress, 68 Stat. 590, 592.

the Commissioner requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner;

(5) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided and to the service charge, if any) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, service charges, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, and other matters as the Commissioner may in his discretion prescribe.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this section, but in the case of any mortgage, such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash or in debentures issued by the Commissioner under this section at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided,* That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required, that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Commissioner is further authorized, in his discretion, to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) The Commissioner may, at any time under such terms and conditions as he may prescribe, consent to the release of the mortgagor

from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(e) Any contract of insurance executed by the Commissioner under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(f) In any case in which the mortgagee under a mortgage insured under this section shall have foreclosed and taken possession of the mortgaged property in accordance with the regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefits of the insurance as provided in section 204 (a) of this Act with respect to mortgages insured under section 203 (b) (2) (D) of this Act.

(g) Subsections (c), (d), (e), (f), (g), (h), (j), and (k) [1] of section 204 of this Act shall be applicable to mortgages insured under this section except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Title I Housing Insurance Fund, and all references therein to section 203 shall be construed to refer to this section: *Provided,* That debentures issued in connection with mortgages insured under this section 8 shall have the same tax exemption as debentures issued in connection with mortgages insured under section 203 of this Act.

(h) There is hereby created a Title I Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby directed to transfer immediately to such Fund the sum of $1,000,000 from the account in the Treasury of the United States established pursuant to the provisions of section 2 (f) of this title.

(i) (1) Moneys in the Title I Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of the Title I Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(2) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from

[1] Sec. 116(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, inserted "(j)" and "(k)".

the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Title I Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Title I Housing Insurance Fund.

Sec. 9.[1] The provisions of sections 2 and 8 shall be applicable in the several States and [2] Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

[1] Sec. 9 was added by sec. 10(a)(1) of the Housing Act of 1952, Public Law 531, 82d Congress, approved July 14, 1952. 66 Stat. 601, 603.
[2] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii,".

4. Insurance of Housing Mortgages and Credit

1. Authorization of Program

2. TITLE II OF THE NATIONAL HOUSING ACT

[Excerpts From the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE II—MORTGAGE INSURANCE

DEFINITIONS

SEC. 201. As used in section 203 of this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances 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 instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "State" includes the several States and [1] Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

MUTUAL MORTGAGE INSURANCE FUND

SEC. 202. There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 203 as hereinafter provided, and there shall be allocated immediately to such Fund the sum of $10,000,000 out of funds made available to the Commissioner for the purposes of this title.

INSURANCE OF MORTGAGES

SEC. 203. (a) The Commissioner is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and,

[1] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii,".

upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon.[1]

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $30,000 [2] in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $32,500 [2] 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 $32,500 [2] in the case of a three-family residence; or $37,500 [2] in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of $15,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $15,000 but not in excess of $20,000, and (iii) 75 per centum of such value in excess of $20,000.

(3) [3] Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty-five years (or thirty years if such mortgage is not approved for insurance prior to construction) from the date of the beginning of amortization of the mortgage or three-quarters of the

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[1] Sec. 604(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, deleted the remainder of this sentence which read: "Provided, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed $7,750,000,000 except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than $1,250,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest."

[2] Sec. 102(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, increased the dollar amounts on one-family homes from "$25,000" to "$30,000," on two and three-family homes from "$27,500" to "$32,500," and on four-family homes from "$35,000" to "$37,500."

The balance of this paragraph reads as amended by sec. 605(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, 178.

[3] Immediately prior to amendment by sec. 605(c) and 612(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 178, this paragraph read as follows:
"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser."

Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

(4) Contain complete amortization provisions satisfactory to the Commissioner requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner.

(5)[1] Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

(6) Provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(8)[2] In the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of paragraph (2) of this subsection: *Provided,*[3] That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgage property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness.

(9) Be executed by a mortgagor who shall have paid on account of the property at least 3 per centum, or such larger amount as the Commissioner may determine, of the Commissioner's estimate of the

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[1] Immediately prior to amendment by sec. 106, Housing Act of 1954, Public Law, 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 591, sec. 203(b)(5) read as follows:

"(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Commissioner finds that in certain areas or under special circumstances the mortgage market demands it, or not to exceed 4 per centum per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection, or not to exceed such per centum per annum, not in excess of 5 per centum, as the Commissioner finds necessary to meet the mortgage market."

[2] Added by section 101(b) of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 295.

[3] Proviso added by sec. 102(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654.

cost of acquisition in cash or its equivalent: *Provided,* That with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is endorsed for insurance or with respect to a mortgage meeting the requirements of subsection (i) of this section, the mortgagor's payment required by this subsection may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe.

(c) [1] The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided,* That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided,*[2] That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund or [3] account to which such premium charges are to be credited: *Provided further,* That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe; but no mortgage shall be accepted for insurance under this section unless the Commissioner finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date,

[1] Immediately prior to amendment by sec. 606, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 178, this sentence read as follows:
"The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided,* That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: *Provided further,* That in the case of any mortgage described in section 203 (b) (2) (B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation."

[2] This proviso added by sec. 107 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 592.

[3] Section 612(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, added "or account."

the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) Repealed.[1]

(e)[2] Any contract of insurance heretofore or hereafter executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the loan or mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved financial institution or approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved financial institution or approved mortgagee.

(f) Repealed.[3]

(g) Repealed.[3]

(h)[4] Nothwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $12,000 [5] and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

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[1] Subsection (d) of section 203 repealed by section 106 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297.

[2] Immediately prior to amendment by sec. 102 (b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 157, section 203(e) read as follows:
"(e) Any contract of insurance heretofore or hereafter executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee."

[3] Repealed by sec. 109, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 592.

[4] Added by Sec. 110, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 592.

[5] Sec. 102(b), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1092, substituted "$12,000" for "$7,000."

(i)[1] The Commissioner is authorized to insure under this section, any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection, which involves a principal obligation not in excess of $11,000 and not in excess of 97 per centum (or, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of the appraised value of a property located in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single-family residence: *Provided,* That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property: *Provided further,* That the Commissioner finds that the property with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further,* That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to a farm home on a plot of land five or more acres in size adjacent to a public highway.

(j)[2] Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

(k)[3] To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of

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[1] Subsection 203(i) amended to read as set forth in the text by sec. 103, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, except that sec. 102(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, substituted "$11,000" for "$9,000".

Immediately prior to amendment by sec. 103, Housing Act of 1959, subsection 203(i) read as follows:

"(i)) The Commissioner is authorized to insure under this section, any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection, which involves a principal obligation not in excess of $8,000 and not in excess of 97 per centum of the appraised value of a property located in an area where the Commissioner finds it is not practicable to obtain conformity with many of the reqiurements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided,* That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property; *Provided further,* That the Commissioner finds that the property with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further,* That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed $100,000,000."

[2] Added by sec. 809, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 688.

[3] Section 203(k) added by sec. 102(b), Housing Act of 1961, Public Law 87-70, approved June 30, 961, 75 Stat. 149, 157.

housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is an [1] acceptable risk, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4)[2] insurance benefits shall be paid in cash out of the Section 203 Home Improvement Account or in debentures executed in the name of such Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Insurance [3] benefits paid with respect to loans insured under this subsection shall be paid in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to "this subsection" shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection. If [4] the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

PAYMENT OF INSURANCE

SEC. 204.[5] (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken

[1] Sec. 103(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, substituted "an acceptable risk" for "economically sound".
[2] Sec. 103(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, substituted this clause (4) for the following: "(4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account.".
[3] Sec. 103(3), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, substituted "Insurance benefits paid with respect to loans insured under this subsection shall be paid" for "Debentures issued with respect to loans insured under this subsection shall be issued" at the beginning of this sentence.
[4] This sentence added by sec. 105(c)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.
[5] Secs. 104(a) and 105(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 770, 771, 772, made changes in the provisions of this section for the payment of insurance benefits. The changes are designed to simplify payment procedures.

possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and (subject to subsection (e)(2)) a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, charges for the administration, operation, maintenance and repair of community-owned property or the maintenance and repair of the mortgaged property, the obligation for which arises out of a covenant filed for record and approved by the Commissioner prior to the insurance of the mortgage, insurance on the mortgaged property, and any mortgage insurance premiums, and any tax imposed by the United States [1] upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided,* That with respect to mortgages which are accepted for insurance under section 203(b)(2)(B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Commissioner, on account of foreclosure costs actually

[1] Provision for addition of Federal tax added by sec. 111(1) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593.

paid by the mortgagee and approved by the Commissioner an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of $75: *And provided further,* That with respect to mortgages which are accepted for insurance under section 203(b)(2)(D) or under the second [1] proviso of section 207(c)(2) of this Act, or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date [2] of the Housing Act of 1954, there may be included in the debentures issued by the Commissioner on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount, not in excess of two-thirds of such cost or $75 whichever is the greater: *And provided further,* That with respect to a mortgage accepted for insurance pursuant to a commitment issued on or after the date of enactment of the Housing Act of 1964,[3] the Commissioner may include in debentures or in the cash payment an amount not to exceed the foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner: *And provided further,* That with respect to a mortgage accepted for insurance pursuant to a commitment issued prior to the date of enactment of the Housing Act of 1964,[3] the Commissioner may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures or in the cash payment, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further,* That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 203 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the Commissioner may prescribe, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter: *And provided further,* That where the claim is paid in cash there shall be included in the cash payment an amount equivalent to the compensation for loss of debenture interest that would be included in computing debentures if such claim were being paid in debentures: *And provided further,* That

[1] This proviso has been deleted from section 207(c)(2) and reference thereto is erroneous.
[2] Provision with respect to mortgages accepted for insurance after the effective date of the Housing Act of 1954 added by sec. 111(2) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593. Effective date of Housing Act of 1954 August 2, 1954.
[3] September 2, 1964.

with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the Commissioner finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor, he may, upon such terms and conditions as he may prescribe, (1) approve the request of the mortgagee for an extension of the time for the curing of the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property to such time as the Commissioner may determine is necessary and desirable to enable the mortgagor to complete the mortgage payments, including an extension of time beyond the stated maturity of the mortgage, and in the event of a subsequent foreclosure or acquisition of the property by other means the Commissioner is authorized to include in the debentures an amount equal to any unpaid mortgage interest, or (2) approve a modification of the terms of the mortgage for the purpose of changing the amortization provisions by recasting, over the remaining term of the mortgage or over such longer period as may be approved by the Commissioner, the total unpaid amount then due, as determined by the Commissioner, with the modification to become effective currently or to become effective upon the termination of an agreed-upon extension of the period for curing the default; and the principal amount of the mortgage, as modified, shall be considered to be the 'original principal obligation of the mortgage' as that term is used in this Act for the purpose of computing the total face value of the debentures to be issued or the cash payment to be made by the Commissioner to a mortgagee: *And provided further,*[1] That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner.

(b) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(c) Debentures issued under this section shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the

[1] This proviso added by sec. 111(3) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593.

Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $350, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Fund as to mortgages insured under section 203 and from the Housing Fund as to mortgages insured under section 210.

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default: *Provided,* That debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 [1] shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate [2] established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years [3] after the date thereof. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the

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[1] September 2, 1964.

[2] Section 108(a), Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297, substituted "established by the Commissioner pursuant to section 224." for "determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum".

[3] Sec. 112(a) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593, amended section 204(d) to provide (as set forth in the text) that all these debentures shall have twenty year maturities. Sec. 112(e) of the Housing Act of 1954 provided, however, that the change in maturity provisions "shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954". Prior to amendment by the 1954 Act section 204(d) provided that these debentures matured three years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued, except that debentures issued with respect to section 213 mortgages matured twenty years after the date of the debentures.

National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtax, estate, inheritance, and gift taxes) now or hereafter imposed by the United States,[1] by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of the Fund, or the Housing Fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Fund or the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e)(1) Subject to paragraph (2), the certificate of claim issued by the Commissioner to any mortgagee shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Commissioner of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

(2) A certificate of claim shall not be issued and the provisions of paragraph (1) of this subsection shall not be applicable in the case of a mortgage accepted for insurance pursuant to a commitment issued on or after the date of enactment of the Housing Act of 1964.[2]

(f)(1) If, after deducting (in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the Commissioner, the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in

[1] Debentures issued in connection with contracts entered into pursuant to commitments issued on or after March 1, 1941, do not carry such Federal tax exemption. See Sec. 4, Public Debt Act of 1941, as amended, 31 U. S. C. 742a.
[2] September 2, 1964.

exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property if the mortgage was insured under section 203 and shall be retained by the Commissioner and credited to the Housing Insurance Fund if the mortgage was insured under section 207: *Provided,* That on and after the date of enactment of the Housing Act of 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim, together with the accrued interest increment thereon, shall be retained by the Commissioner and credited to the applicable insurance fund; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

[1] Notwithstanding any other provisions of this section, the Commissioner is authorized, with respect to mortgages insured pursuant to commitments for insurance issued after the date of enactment of the Housing Amendments of 1955,[2] and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom: *Provided,* That the settlement authority created by the Housing Amendments of 1955 shall be terminated with respect to any certificates of claim outstanding as of the date of enactment of the Housing Act of 1964.[3]

(3) With the consent of the holder thereof, the Commissioner is authorized, without awaiting the final liquidation of the Commissioner's interest in the property, to settle any certificate of claim issued pursuant to subsection (e), with respect to which settlement had not been effected prior to the date of enactment of the Housing Act of 1964, by making payment in cash to the holder thereof of such amount not exceeding the face amount of the certificate of claim, together with the accrued interest thereon, as the Commissioner may consider appropriate: *Provided,* That in any case where the certificate of claim is settled in accordance with the provisions of this paragraph, any amounts realized after the date of enactment of the Housing Act of 1964, in the liquidation of the Commissioner's interest in the property, shall be retained by the Commissioner and credited to the applicable insurance fund.

[1] This paragraph added by sec. 102(a) of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635.
[2] August 11, 1955.
[3] September 2, 1964.

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Commissioner shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner as provided in this section: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or [1] personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided,* That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: [1] And provided further, that a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer.

(h) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Commissioner or in any claim assigned to him; nor shall the Commissioner owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

(j)[2] In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge

[1] Sec. 612(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, inserted "or personal", and also inserted the last proviso in subsection (g).
[2] Added by sec. 113, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 594. No subsection 204(i) has been enacted.

for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(k)[1] Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the Commissioner after the effective date of the Housing Act of 1959 [2] in accordance with such sections, the Commissioner may (1) include in debentures reasonable payments made by the mortgagee with the approval of the Commissioner for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commisisoner; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this Act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Commissioner; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229.

CLASSIFICATION OF MORTGAGES AND INSURANCE FUND

SEC. 205.[3] (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and

[1] Immediately prior to amendment by sec. 117, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, subsection (k) read as follows:
"(k) Notwithstanding any other provision of this section or of section 604 or 904, with respect to any debentures issued pursuant to this section or section 604 or 904, the Commissioner may (1) include in such debentures reasonable payments made by the mortgagee, with the approval of the Commissioner, for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commissioner, and (2) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee."
[2] September 23, 1959.
[3] As amended by sec. 114, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 594.

amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided,* That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive.

INVESTMENT OF FUNDS

SEC. 206. Moneys in the Fund not needed for the current operations of the Federal Housing Administration shall be deposited with the Treasurer of the United States to the credit of the Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases.

RENTAL HOUSING INSURANCE

SEC. 207. (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 trailer coach mobile dwellings;[1] 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,

[1] The phrase "or upon which there is located or to be constructed facilities for trailer coach mobile dwellings" inserted by sec. 102(b)(1), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635.

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 trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings.[1]

(7) The term "State" includes the several States, and [2] Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the Commissioner is authorized to insure mortgages as defined in this section (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

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[1] Language after the word "premises" inserted by sec. 102(b)(2), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635.

[2] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii,".

(2)[1] any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner 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 the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner 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 Commissioner is, therefore, authorized and directed in the administration of this section [2] 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, no mortgage shall be insured hereunder [3] unless the mortgagor certifies under oath 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 Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed $500.

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

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[1] Immediately prior to amendment by sec. 607(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 178, this paragraph read as follows:

"(2) Private corporations, associations, cooperative societies which are legal agents of owner-occupants, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Commissioner under such insurance, are regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such Housing Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance."

[2] Sec. 104(e)(1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, deleted "(except provisions relating to housing for elderly persons)".

[3] Sec. 104(e)(1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, deleted "(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))".

(1) not to exceed $20,000,000,[1] or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed $50,000,000;

(2) not to exceed 90 [2] per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided,*[3] That this limitation shall not apply to mortgages on housing in [4] Alaska, or in Guam,[5] but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner). *And provided further,*[6] That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

(3)[7] not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $9,000 per family unit without a bedroom, $12,500 per family unit with one bedroom, $15,000 per family unit with two bedrooms, and $18,500 per family unit with three or

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[1] Sec. 104(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, substituted "$20,000,000" for "$12,500,000".

[2] Sec. 108(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1092, substituted "90 per centum" for "80 per centum".

[3] Sec. 106, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 774, deleted a proviso at this point which limited the amount of the mortgage to the cost of the physical improvements on the property.

[4] Sec. 10(b), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "the Territory of" at the point indicated.

[5] The words "or in Guam" were added by sec. 115(2) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 595.

[6] This proviso added by sec. 115(1) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 594.

[7] Sec. 107(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 774, deleted the previous per room limits in this paragraph (3) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment paragraph (3) read as follows:

"(3) Not to exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed $1,800 per space or $500,000 per mortgage for trailer courts or parks: *Provided,* That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,500 per room to not to exceed $3,000 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed $1,250 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require."

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

more bedrooms or not to exceed $1,800 per space or $500,000 per mortgage for trailer courts or parks; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $10,500 per family unit without a bedroom, $15,000 per family unit with one bedroom, $18,000 per family unit with two bedrooms, and $22,500 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require.

The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5¼ [1] per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project may include eight or more family units and [2] may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(d) The Commissioner shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the Housing Insurance Fund [3] issued by the Commissioner under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided,* That such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Commissioner is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but

[1] Sec. 104(c), Housing Act of 1959, Public Law 86-372, approved September 23, 1959 73 Stat. 654, 655, substituted "5¼" for "4½".
[2] The phrase "may include eight or more family units and" inserted by sec. 102(b)(5) of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635.
[3] The words "of the Housing Insurance Fund" added by sec. 116 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 595.

not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

(f) There is hereby created a Housing Insurance Fund (herein referred to as the "Housing Fund") which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section and sections 210, 213, 231, and 232 [1] and the Commissioner is hereby directed to transfer immediately to such Housing Fund the sum of $1,000,000 from that part of the Fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and sections 210, 213, 231, and 232 [1] may be charged to the Housing Fund.

(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default, less the sum of (i) that part of the amount of the principal obligation, that has been repaid by the mortgagor, (ii) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: *Provided,* That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be

[1] Sec. 104(e)(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, inserted the references to sections "231 and 232".

determined by, the Commissioner, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner in force at the time the mortgage was insured and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Commissioner. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (ii) hereof, shall not apply. Notwithstanding[1] any other provision of this Act, upon receipt, after the date of enactment of the Housing Act of 1964, of an application for insurance benefits on a mortgage insured under this Act, the Commissioner may terminate the mortgagee's obligation to pay premium charges on the mortgage.

(h) The certificate of claim issued under this section shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property after deducting all expenses incurred by the Commissioner in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount

[1] This sentence added by sec. 105(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.

so payable, and any excess remaining thereafter shall be retained by the Commissioner and credited to the Housing Insurance Fund; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

(i) Debentures issued under this section, except[1] that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner, shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date of default as determined in subsection (g) of this section and shall bear interest from such date. They shall bear interest at a rate[2] established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty[3] years after the date thereof. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States,[4] by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Housing Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(j) Debentures issued under this section shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Commissioner with the approval of the

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[1] Sec. 607(4), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 178, inserted this clause.

[2] Section 108(b) of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297, substituted "established by the Commissioner pursuant to section 224," for "determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was insured, but not to exceed 3 per centum per annum."

[3] Section 112(b) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593, substituted the word "twenty" for the word "ten" but section 112(e) of the Housing Act of 1954 provided that this amendment did "not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954" (August 2, 1954).

[4] Debentures issued in connection with contracts entered into pursuant to commitments issued on or after March 1, 1941, do not carry such Federal tax exemption. See sec. 4, Public Debt Act of 1941, as amended, 31 U. S. C. 742a.

Secretary of the Treasury and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Housing Fund.

(k) The Commissioner is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion.[1] The Commissioner at any sale under foreclosure may, in his discretion, for the protection of the Housing Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Commissioner is authorized to pay from the Housing Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Commissioner is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall also have power, for the protection of the interests of the Housing Fund, to pay out of the Housing Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000.

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[1] Sec. 108, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 776, deleted the second sentence of this subsection (k) which required the Federal Housing Commissioner to acquire or foreclose a multifamily housing project within one year of default on the FHA-insured mortgage which financed the project.

(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Housing Fund, shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this section or section 210, shall be charged to the Housing Fund.

(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of thirty days, but the mortgagee does not foreclose on or otherwise acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the Commissioner, in accordance with subsection (g), and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(o) The Commissioner, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

(p) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section and section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

(q) Repealed.[1]

(r) [2] Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 [3] a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage.

TAXATION PROVISIONS

SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

STATISTICAL AND ECONOMIC SURVEYS

SEC. 209. The Commissioner shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine.

ADDITIONAL HOUSING INSURANCE

SEC. 210. Repealed.[4]

RULES AND REGULATIONS

SEC. 211. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

LABOR STANDARDS

SEC. 212. (a) The Commissioner shall not insure under section 207 or section 210 of this title, or under section 608 of title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under title VII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under section [5] 803 or 810

[1] Repealed by sec. 111, Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 297.
[2] Sec. 104(d), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, added subsection (r).
[3] September 23, 1959.
[4] Repealed by Public Law 111, 76th Congress, approved June 3, 1939, 53 Stat. 804.
[5] Sec. 704(c), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 686, added "section 803 or 810 of".

of title VIII, or under section 908 of title IX, a mortgage or investment which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in [1] accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), prior to the beginning of construction and after the date of the filing of the application for insurance. The [2] provisions of this section shall also apply to the insurance of any loan or mortgage under section 220 or section 233 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families. The [3] provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d)(4) thereof. The [4] provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction. The [5] provisions of this section shall also apply to the insurance of any mortgage under section 234(d).

(b) The Commissioner is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

(c) There is hereby authorized to be appropriated for the remainder of the fiscal year ending June 30, 1939, and for each fiscal year thereafter, a sum sufficient to meet all necessary expenses of the Department of Labor in making the determinations provided for in subsection (a).

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[1] The words "in accordance with the Davis-Bacon Act, as amended," together with the code citation inserted by sec. 3 of Public Law 88-349, approved July 2, 1964, 78 Stat. 238, 239.

[2] This sentence added by sec. 118, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 595, and amended by sec. 612(e)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 181, by substituting "any loan or mortgage under section 220 or section 233" for "any mortgage under section 220".

[3] This sentence added by sec. 110(f), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 78 Stat. 654, 661, and amended by sec. 612(e)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 181, by inserting "subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, or in".

[4] This sentence added by sec. 201(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 667.

[5] Sec. 119(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 782, added this sentence.

COOPERATIVE HOUSING INSURANCE [1]

SEC. 213.[2] (a) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207(a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust;

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3)[3] a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title.

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) not to exceed $20,000,000,[4] or not to exceed $25,000,000 if the

[1] See also sec. 305(e), National Housing Act, as amended, 5-1, which authorizes the Federal National Mortgage Association to enter into advance commitments to purchase FHA cooperative housing mortgages.
[2] Sec. 114, Housing Act of 1950, Public Law 475, 81st Congress, approved April 20, 1950, 64 Stat. 54, added this section.
[3] Sec. 105(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1093, added this paragraph.
[4] Sec. 105(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 655, substituted "$20,000,000" for "$12,500,000".

mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

(2)[1] not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $9,000 per family unit without a bedroom, $12,500 per family unit with one bedroom, $15,000 per family unit with two bedrooms, and $18,500 per family unit with three or more bedrooms, and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided,* That as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $10,500 per family unit without a bedroom, $15,000 per family unit with one bedroom, $18,000 per family unit with two bedrooms, and $22,500 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further,* That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require. *Provided further,* That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further,* That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount

[1] Sec. 107(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 774, deleted the previous per room limits in this paragraph (2) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment paragraph (2) read as follows down to the third proviso:

"(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided,* That as to projects which consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitation of $2,500 per room to not to exceed $3,000 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further,* That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed $1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require:"

not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed $12,500,000 [1] and not to exceed the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) of subsection (b) of this section.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5¼ [2] per centum per annum, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at not to exceed 5¾ [2] per centum per annum, on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section may include five [3] or more family units and

[1] Sec. 102(c), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, substituted "$12,500,000" for "$5,000,000"
[2] Sec. 105(d), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 656, substituted "5¼" for "4½" and "5¾" for "5".
[3] Sec. 608(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 179, substituted "five or more family units" for "eight or more family units".

may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. Property [1] held by a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Commissioner deems adequate to serve the occupants.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) [2] of section 204 shall be applicable.

(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects.[3]

(g) Nothing in this Act shall be construed to prevent the insurance of a mortgage under this section covering a housing project designed for occupancy by single persons, and dwelling units in such a project shall constitute family units within the meaning of this section.

(h)[4] In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, the [5] Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor.

[1] Sec. 105(c), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 656, added this sentence.

[2] Sec. 116(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, added "(k)".

[3] A provision at the end of subsection (f) authorizing the appointment of an Assistant Commissioner for cooperative housing administration was deleted by sec. 120, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 596. The First Independent Offices Appropriation Act, 1954, Public Law 176, 83d Congress, approved July 31, 1953, 67 Stat. 298, 315, had previously provided that the position was no longer authorized. Sec. 102(h), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 636, provided for the appointment of a "Special Assistant for Cooperative Housing" and his staff (see 2-2.7).

[4] Added by sec. 105(c), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1094.

[5] Immediately prior to amendment by sec. 608(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 179, the remainder of this paragraph read: "such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section."

(i)[1] Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided,* That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commissioner's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite.

(j) (1)[2] With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, "supplementary cooperative loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

(A) Improvements or repairs of the property covered by such mortgage;

(B) Community facilities necessary to serve the occupants of the property or

(C)[3] Cooperative purchases and resales of memberships in order to provide necessary refinancing for resales of memberships which involve increases in equity; but in such resales by the cooperative the downpayments by the new members shall not be less than those made on the original sales of such memberships.

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

[1] Added by sec. 105(e), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 656.
[2] Sec. 608(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 179, added subsection (j).
[3] Sec. 109(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 777, added this clause.

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

(C) be secured in such manner as the Commissioner may require;

(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

SEC. 214.[1] If the Federal Housing Commissioner finds that, because of higher cost prevailing in [2] Alaska, Guam, or Hawaii, it is not feasible to construct dwellings on property located in Alaska or in Guam or Hawaii without sacrifice of sound standards of construction, design, or livability, within the limitations as to maximum or maxima mortgage amounts provided in this Act, the Commissioner may, by regulations or otherwise, prescribe, with respect to dollar amount, a higher maximum or maxima for the principal obligation of mortgages insured under this Act covering property located in Alaska or in Guam or Hawaii in such amounts as he shall find necessary to compensate for such higher costs but not to exceed, in any event, the maximum or maxima otherwise applicable (including [3] increased mortgage amounts in geographical areas where cost levels so require) by more than one-half [4] thereof. No mortgage with respect to a project or property in Alaska or in Guam or Hawaii shall be accepted for insurance under this Act unless the Commissioner finds that the project or property is an acceptable risk, giving consideration to the acute housing shortage in Alaska or in Guam or Hawaii: *Provided,* That any such mortgage may be insured or accepted for insurance without regard to any requirement in any other section of this Act that the Commissioner find the project or property to be economically sound or an acceptable risk. Notwithstanding any of the provisions of this Act or any other law, the Alaska Housing Authority or the Government of Guam or Hawaii or any agency or instrumentality there-

[1] Added by the Alaska Housing Act, Public Law 52, 81st Congress, approved April 23, 1949, 63 Stat. 57. Made applicable to Guam by sec. 10(a)(3), Housing Act of 1952, Public Law 531, 82d Congress, approved July 14, 1952, 66 Stat. 603, and to Hawaii by sec. 25(a), Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 128.

[2] Sec. 10(c), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, substituted "Alaska, Guam" for "the Territory of Alaska or in Guam".

[3] Sec. 106, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 657, inserted this parenthetical phrase.

[4] Sec. 606, Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293, substituted "one-half" for "one-third".

of shall be eligible as mortgagor or mortgagee, as the case may be, for any of the purposes of mortgage insurance under the provisions of this Act. Upon application by the mortgagee (1)[1] where the mortgagor is regulated or restricted pursuant to the last sentence of this section or (2) where the Alaska Housing Authority or the Government of Guam or Hawaii or any agency or instrumentality thereof is the mortgagor or mortgagee, for the insurance of a mortgage under any provisions of this Act, the Commissioner is authorized to insure the mortgage (including advances thereon where otherwise authorized), and to make commitments for the insuring of any such mortgages prior to the date of their execution or disbursement thereon, under such provisions (and this section) without regard to any requirement that the mortgagor shall be the owner and occupant of the property or shall have paid a prescribed amount on account of such property. Without limiting the authority of the Commissioner under any other provision of law, the Commissioner is hereby authorized, with respect to any mortgagor in such case (except where the Alaska Housing Authority is the mortgagor or mortgagee), to require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such an extent and in such manner as the Commissioner determines advisable to provide reasonable rentals and sales prices and a reasonable return on the investment.[2]

ISSUANCE OF COMMITMENTS

SEC. 215. The Commissioner is hereby authorized to process applications and issue commitments with respect to insurance of mortgages under section 8 of title I, title II, title VI, title VIII, or title IX of this Act, even though the permanent mortgage financing may not be insured under this Act, and in the event the mortgage is not so insured the Commissioner is authorized to charge an additional application fee determined by him to be reasonable. The Commissioner is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

WAIVER OF OCCUPANCY REQUIREMENTS FOR SERVICEMEN

SEC. 216.[3] The Commissioner is hereby authorized to insure any mortgage otherwise eligible for insurance under any of the provisions of this Act without regard to any requirement that the mortgagor be the occupant of the property at the time of insurance, where the Commissioner is satisfied that the inability of the mortgagor to occupy the property is by reason of his entry into military service subsequent to the filing of an application for insurance and the mortgagor expresses an intent to occupy the property upon his discharge from military service.

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[1] Clause numbered (1) inserted by sec. 25(c)(1), Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 128.

[2] This sentence was added by sec. 25(c)(2), Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 129.

[3] Added by sec. 607, Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293.

GENERAL MORTAGE INSURANCE AUTHORIZATION

SEC. 217.[1] Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, or title VIII of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date.

SEC. 218. Repealed.[2]

SEC. 219.[3] Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established.

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[1] Immediately prior to amendment by sec. 604(c), Housing Act of 1961, Public Law 87-70, aproved June 30, 1961, 75 Stat. 149, 177, sec. 217 read as follows:

"SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2 and section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) $16,000,000,000.

"It is the intent and purpose of this section to consolidate and merge all-existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2 and section 803) into one general insurance authorization to take the place of all existing authorizations or limitations.

"It is further the intent and purpose of this section to limit by law the aggregate amount of the balances of insured mortgages and the principal amount of all commitments to insure which may be outstanding under this Act (except section 2 and section 803). In the administration of this Act the Commissioner shall not hereafter enter into any type of agreement or other undertaking to insure a mortgage if a commitment to insure such mortgage would be unlawful under the limit so established."

[2] Repealed by sec. 108, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 657.

[3] Immediately prior to amendment by sec. 612(f), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 181, sec. 219 read as follows:

"SEC. 219. Notwithstanding limitations contained in any other sections of this Act as to the use of moneys credited to the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Military Housing Insurance Fund, the Defense Housing Insurance Fund, teh Section 220 Housing Insuracne Fund, the Section 221 Housing Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such Insurance Funds to any other such Fund in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such Funds, separately and jointly to carry out effectively the insurance programs for which such Funds were established."

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220.[1](a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under section 203 and 207 of this title with a system of loan [2] and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall —

(A)[3] be located in (i) the area of a clum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended)[4] in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101 (c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: *Provided,* That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority

[1] Added by sec. 123, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 596.
[2] Sec. 102(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, inserted "loan and".
[3] Amended to include areas of urban renewal projects in disaster areas by sec. 307(b), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1102.
[4] See 7-1.

and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further,* That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

(B) by 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.

(3) The mortgage shall—

(A) (i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $30,000 [1] in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $32,500 [1] in the case of a two-family residence; or $32,500 [1] in the case of a three-family residence; or $37,500 [1] in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) $37,500 [1] plus not to exceed $7,000 for each additional family unit in excess of four located on such property; and not to exceed an

[1] Sec. 110, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 777, increased the dollar amounts on one-family homes from "$25,000" to "$30,000," on two-family homes from "$27,500" to "$32,500," on three-family homes from "$30,000" to "$32,500," and on four-family homes from "$35,000" to "$37,500."

amount equal to the sum of (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of $15,000 [1] of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum [2] of such replacement cost in excess of $15,000 [1] but not in excess of $20,000 [1], (3) 75 per centum [1] of such replacement cost in excess of $20,000 [1]: *Provided* [3] That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further,* [4] That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project;

(ii) in the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of clause (i): *Provided,* That [5] such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; or

(B) (i) not [6] exceed $30,000,000 [7] or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not [6] exceed $50,000,000; and

(ii) not [6] exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost [8] of the property

[1] Sec. 609(a)(1), (2), and (3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 179, 180, substituted "$15,000" for "$13,500" and "$20,000" for "$18,000" and "75 per centum" for "70 per centum".

[2] Sec. 109(a)(2), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 657, substituted "90 per centum" for "85 per centum".

[3] Immediately prior to amendment by sec. 102(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, the limitations under this proviso were based upon "appraised value".

[4] Sec. 102(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, added this proviso.

[5] Sec. 109(a)(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 657 added this proviso.

[6] Sec. 102(b), Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 296, substituted "not exceed" for "not to exceed".

[7] Sec. 111, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 777, substituted "$30,000,000" for "$20,000,000."

[8] Sec. 102(g), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 636, substituted "replacement cost" for "value" where mortgages finance new construction.

or project when the proposed improvements are completed (the replacement cost [1] of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance [2] for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided,*[3] That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further,*[3] That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project;

(iii)[4] not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $9,000 per family unit without a bedroom, $12,500 per family unit with one bedroom, $15,000 per family unit with two bedrooms, and $18,500 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $10,500 per family unit without a

[1] Sec. 102(g), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 636, substituted "replacement cost" for "value" where mortgages finance new construction.

[2] Provision for allowance for builder's and sponsor's profit and risk inserted by sec. 107(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1094.

[3] Sec. 102(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, substituted the last two provisos in this paragraph for the following: "*Provided,* That in the case of properties other than new construction, the foregoing limitation upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost."

[4] Sec. 107(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 775, deleted the previous per room limits in this paragraph (3)(B)(iii) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment, paragraph (3)(B)(iii) reads as follows:

"(iii) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided,* That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,500 per room to not to exceed $3,000 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further,* That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed $1,250 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *And provided further,* That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multi-family dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; and".

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

bedroom, $15,000 per family unit with one bedroom, $18,000 per family unit with two bedrooms, and $22,500 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require: *Provided,* That nothing contained in this subparagraph shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; and

(iv)[1] include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.

(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k)[2] of section 204 of this Act shall be applicable to such

[1] Sec. 109(e), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 658 added this paragraph.
[2] Sec. 116(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, added "k".

mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section;

(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund; or

(3)[1] as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund. If[2] the insurance payment is made in cash, there shall be added to such payment

[1] Sec. 612(g), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 181, added this paragraph.
[2] This sentence added by sec. 105(c)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.

an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

(h)[1] (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961.[2] As used in this subsection—

(A) the term 'home improvement loan' means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made—

[1] Sec. 102(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, added subsection (h) but sec. 112(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 777, 778, amended the second sentence of subsection (h) to provide for insurance of loans made to enable the borrower to pay assessments against his property.

[2] June 30, 1961.

(i) for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance of credit, or purchase, and which is used or will be used primarily for residential purposes: *Provided,* That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; or

(ii) for the purpose of enabling the borrower to pay that part of the cost of the construction or installation of sidewalks, curbs, gutters, street paving, street lights, sewers, or other public improvements, adjacent to or in the vicinity of property owned by him and used primarily for residential purposes, which is assessed against him or for which he is otherwise legally liable as the owner of such property;

(B) the term 'improvement' means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and

(C) the term 'financial institution' means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b)(1).

(2) To be eligible for insurance under this subsection, a home improvement loan shall—

(i) not exceed the Commissioner's estimate of the cost of improvement, or $10,000 per family unit, whichever is the lesser, and be limited as required by paragraph (11);

(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having an [1] expiration date in excess of 10 years later than the maturity date of the loan.

(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such Account the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the

[1] Sec. 113, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 778, substituted "an expiration date in excess of 10 years later than the maturity date of the loan" for "a period of not less than 50 years to run from the date of the loan."

amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner. If [1] the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the

[1] This sentence added by sec. 105(c)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.

guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the Section 220 Home Improvement Account.

(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to 'this section' or 'this title' shall be construed to refer to this subsection.

(9)(A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

(B) As used in subparagraph (A), the term "actual cost" means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g).

(11) Notwithstanding any other provision of this Act, no home improvement loan made in whole or in part for the purpose specified in clause (A)(ii) of the second sentence of paragraph (1) shall be insured under this subsection if such loan (or the portion thereof which is attributable to such purpose), when added to the aggregate principal balance of any outstanding loans insured under this subsection or section 203(k) which were made to the same borrower for the purpose so specified (or the portion of such aggregate balance which is attributable to such purpose), would exceed $10,000.

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES [1]

Sec. 221 (a)[2] This section is designed to assist private industry in providing housing for low and moderate income families and families

[1] Sec. 101(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, inserted this section heading, and amended the section 221 mortgage insurance program for displaced families to provide more liberal terms and to broaden the program to apply to low- and moderate-income families generally.

[2] Immediately prior to amendment by sec. 101(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, section 221(a) read as follows:

"SEC. 221(a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist (1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community respecting which (A) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101(c) of the Housing Act of 1949, as amended, or (B) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (C) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, and (3) in relocating families residing in the environs of a community described in clause (2) which are to be displaced as the result of governmental action.

"Mortgage insurance under this section shall be available only in those localities, communities, or environs of communities, which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in or near any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families referred to above and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause 2(A) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause 2(B) or 2(C) of this subsection (but not clause 2(A) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause 2(B) or 2(C) is being carried out."

displaced from urban renewal areas or as a result of governmental action.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including [1] advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount [2] (A) not to exceed (i) $11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) $18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence,

[1] Sec. 101(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, inserted this parenthetical phrase.

[2] Sec. 101(a)(4), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, substituted the language beginning with "(A) not to exceed (i) $11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence," and continuing through to the end of the third proviso, for the following:

"(A) not to exceed (i) $9,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require, (ii) $18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $20,000 in any geographical area where he finds that cost levels so require, (iii) $25,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $27,500 in any geographical area where he finds that cost levels so require, (iv) $32,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $35,000 in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos: *Provided*, That if the mortgagor is the owner and an occupant of the property at the time of the insurance, he shall have paid on account of the property at least (i) $200 in the case of a single-family dwelling, (ii) $400 in the case of a two-family dwelling, (iii) $600 in the case of a three-family dwelling, and (iv) $800 in the case of a four-family dwelling, in cash or its equivalent, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses:".

(iii) $27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) $33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided,* That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: *Provided further,* That the Commissioner may increase the foregoing amounts to not to exceed $15,000, $25,000, $32,000, and $38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided,* That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least $200 in the case of a single-family dwelling, $400 in the case of a two-family dwelling, $600 in the case of a three-family dwelling, and $800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property: *Provided further,* That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value;[1] or

[1] Sec. 101(a)(5), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 150, deleted the proviso which read: "And provided further, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to families, referred to in subsection (a) above, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner;", but see sec. 221(d)(3)(iii) and sec. 221(f).

(3)[1] if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association, or [2] other mortgagor approved by the Commissioner, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

(i) not exceed $12,500,000;

(ii)[3] not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $8,000 per family unit without a bedroom, $11,250 per family unit with one bedroom, $13,500 per family unit with two bedrooms, and $17,000 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per

[1] Immediately prior to amendment by sec. 101(a)(6), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 150, section 221(d)(3) read as follows:

"(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof or the Federal Housing Commissioner, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $12,500,000; and not in excess of $9,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require, and not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or".

[2] Sec. 114(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 778, inserted, "or other mortgagor approved by the Commissioner, and".

[3] Sec. 107(d),(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 775, deleted the previous per room limits in this paragraph (3)(ii) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment paragraph (3)(ii) read as follows:

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,250 per room (or $8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of $2,250 per room to not to exceed $2,750 per room, and the dollar amount limitation of $8,500 per family unit to not to exceed $9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed $1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and".

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

family unit to not to exceed $9,500 per family unit without a bedroom, $13,500 per family unit with one bedroom, $16,000 per family unit with two bedrooms, and $20,000 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided,* That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further,*[1] That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1), the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further,* That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or

(4)[2] if executed by a mortgagor other[3] than a mortgagor referred to in subsection (d)(3), and which is approved by the Commissioner—

(i) not exceed $12,500,000;

[1] Sec. 114(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779, inserted this proviso.
[2] Sec. 110(c)(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 660, inserted paragraph (4).
[3] Sec. 101(a)(7), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 151, substituted "other than a mortgagor referred to in subsection (d)(3)" for "which is not a nonprofit organization".

(ii)[1] not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $8,000 per family unit without a bedroom, $11,250 per family unit with one bedroom, $13,500 per family unit with two bedrooms, and $17,000 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $9,500 per family unit without a bedroom, $13,500 per family unit with one bedroom, $16,000 per family unit with two bedrooms, and $20,000 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(iv)[2] not exceed 90 per centum of the sum of the estimated cost

[1] Sec. 107(d),(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 775, 776, deleted the previous per room limits in this paragraph(4)(ii) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment paragraph (4)(ii) read as follows:

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,250 per room (or $8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of $2,250 per room to not to exceed $2,750 per room, and the dollar amount limitation of $8,500 per family unit to not to exceed $9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed $1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;".

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

[2] The language through the first proviso in paragraph (iv) was substituted by sec. 101(a)(9), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 151, for the following:

"(iv) not exceed 90 per centum of the Commissioner's estimate of the value of the property or project when the proposed repair and rehabilitation is completed if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That such property or project when constructed, or repaired and rehabilitated, shall be for use as rental accomodations for ten or more families eligible for occupancy as provided in this section: *And provided further*,".

of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided,* That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further,* That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the Section 221 Housing Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

(5)[1] bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe: *Provided,*[2] That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors; and

(6)[3] provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to

[1] Sec. 101(a)(10), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 151, inserted paragraph (6) of this subsection and deleted the following from the beginning of paragraph (5):
"(5) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed forty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser;".
[2] Sec. 101(a)(11), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 152, added this proviso.
[3] Added by sec. 101(a)(10), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 151.

mortgages coming within the provisions of subsection (d)(2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area or as a result of governmental action, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: *Provided,* That no mortgage insured under subsection (d)(2) shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements.

(e)(1)[1] A mortgagor which may be approved by the Commissioner as provided in subsection (d)(3) includes a mortgagor which, as a condition of obtaining insurance of the mortgage and prior to the submission of its application for such insurance, has entered into an agreement (in form and substance satisfactory to the Commissioner) with a private nonprofit corporation eligible for an insured mortgage under the provisions of subsection (d)(3), that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project, as certified pursuant to section 227 of this Act. The mortgagor to whom the property is sold shall be regulated or supervised by the Commissioner as provided in subsection (d)(3) to effectuate its purposes.

(2) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and[2] may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. A[3] property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any

[1] Sec. 114(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 778, added paragraph (1).
[2] Sec. 110(d), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 661, inserted the remainder of this sentence.
[3] Sec. 101(a)(12), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 152, inserted the remainder of this paragraph "(f)".

provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d)(2) or (d)(4) after September 30, 1965,[1] or under subsection (d)(3) after September 30, 1965,[1] except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.

Any person [2] who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms 'family' and 'families' as those terms are used in this section.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k)[3] of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4)[4] of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured

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[1] Sec. 114(d), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779 substituted "September 30, 1965," for "July 1, 1965,".

[2] Sec. 202, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783, amended section 221(f) to include persons sixty-two years of age or over, and sec. 203(b), Housing Act of 1964, 78 Stat. 769, 784, further amended this section to include handicapped persons.

[3] Sec. 116(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, added "(k)".

[4] Sec. 110(e), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 661, inserted "or (4)".

under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

(3)[1] as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961,[2] notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund. If[3] the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(4)[4] In the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a

[1] Sec. 101(a)(13), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, inserted paragraph (3).
[2] June 30, 1961.
[3] This sentence added by sec. 105(c)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.
[4] Immediately prior to amendment by sec. 101(a)(13), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, this paragraph was designated as "(3)".

period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph shall be dated as of the date the mortgage is assigned to the Commissioner, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, cash payments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

MORTGAGE INSURANCE FOR SERVICEMEN

SEC. 222.[1] (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a "serviceman" means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

[1] Sec. 222 was added by sec. 124 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 603.

(b)[1] To be eligible for insurance under this section a mortgage shall—

(1) meet the requirements of section 203(b) or 203(i),[2] or 221 (d)(2),[3] except as such requirements are modified by this section;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $20,000,[4] except that in the case of a mortgage meeting the requirements of section 203 (i)[5] or section 221(d)(2) such principal obligation shall not exceed the maximum limits prescribed for such section.

(3) have a principal obligation in an amount not in excess of 95 per centum of the appraised value of the property or such higher amount as may be derived by applying the maximum ratio of loan to value prescribed in section 203 (b) (2); and

(4) be executed by a mortgagor who at the time of application for insurance is certified as a "serviceman" and who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

(c) **The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons** eligible for mortgage insurance under this section. As used herein, "the

[1] Subsection 222(b) amended to read as set forth in the text by section 103 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 296. Section 104 of the Housing Act of 1957 provides further that the Federal Housing Commissioner, in establishing maximum loan-to-value ratios for mortgages insured by him under section 222(b) "shall determine that such ratios are in the public interest after taking into consideration (1) the effect of such ratios on the national economy and on conditions in the building industry, and (2) the availability or unavailability of residential mortgage credit assisted under the Servicemen's Readjustment Act of 1944, as amended."

Prior to amendment by the Housing Act of 1957 subsection 222(b) read as follows:

"(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section 203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed $17,100: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment."

[2] Sec. 111(1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 661, inserted "or 203(i)".

[3] Sec. 115(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779, inserted "or 221(d)(2),".

[4] Sec. 111(2), Housing Act of 1959, Public Law 86-372 approved September 23, 1959, 73 Stat. 654, 661, substituted "$20,000" for "$17,100" and added the clause referring to section 203(i).

[5] Sec. 115(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779, added the balance of this paragraph.

period of ownership by a serviceman" means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k)[1] of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the "Fund", or "Mutual Mortgage Insurance Fund", shall refer to the "Servicemen's Mortgage Insurance Fund", and (2) all references to "section 203" shall refer to this section.

(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of $1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

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[1] Sec. 116(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, inserted "(k)".

MISCELLANEOUS HOUSING INSURANCE

SEC. 223.[1] (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203, 207, 213,[2] 220,[3] 221,[3] 222,[4] 231,[3] 232,[3] or 233 [3] the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203, 207, 213,[2] 220,[3] 221,[3] 222,[4] 231,[3] 232,[3] or 233 [3] of this title any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority, or of any housing under the jurisdiction of the Department of the Interior located within the town area of Coulee Dam,[5] Washington, acquired by the United States for the construction, operation, and maintenance of Grand Coulee Dam and its appurtenant works: *Provided*, That for the purpose of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957,[5] the

[1] **Sec. 223 was added by sec. 125 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 605. Sec. 125 of the 1954 Act stated that this new section was added "to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts."**

[2] Section 213 (cooperative housing mortgage insurance) added by sec. 102(k) of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 636.

[3] Sec. 612(h)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, added sections 220 (urban renewal housing mortgage insurance), 221 (relocation and moderate-income housing mortgage insurance), 231 (rental housing mortgage insurance for the elderly), 232 (mortgage insurance for nursing homes), and 233 (experimental housing mortgage insurance).

[4] Section 222 (mortgage insurance for servicemen) added by sec. 114 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298.

[5] Mortgages covering property at Coulee Dam inserted by sec. 4 of the Coulee Dam Community Act of 1957, Public Law 85-240, 85th Congress, approved August 30, 1957, 71 Stat. 524, 528. See 15-2.1 for provisions of Coulee Dam Community Act of 1957.

selling price of the property involved shall be deemed to be the appraised value, or of any permanent housing under the jurisdiction of the Department of the Interior constructed under the Boulder Canyon Project Act of December 21, 1928, as amended and supplemented, located within the Boulder City municipal area: *Provided,* That for purposes of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958,[1] the selling price of the property involved shall be deemed to be the appraised value; or

(4)[2] executed in connection with the sale by the Government or any agency or official thereof, of any housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof) pursuant to the Atomic Energy Community Act of 1955, as amended: *Provided,* That such insurance shall be issued without regard to any preferences or priorities except those prescribed by this Act or[3] the Atomic Energy Community Act of 1955, as amended; or

(5) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(6) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), (3), and (4) above; or

(7) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220,[4] 221,[4] 903 or section 908: *Provided,* That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under

[1] Mortgages covering property within the Boulder City municipal area inserted by Sec. 12 of the Boulder City Act of 1958, Public Law 85-900, 85th Congress, approved September 2, 1958, 72 Stat. 1726, 1735. See 15-3.1 for provisions of Boulder City Act of 1958.

[2] Paragraph (4) added by sec. 201 of the Atomic Energy Community Act of 1955, Public Law 221, 84th Congress, approved August 4, 1955, 69 Stat. 471, 484. See also 15-1.1 for other provisions of the Atomic Energy Community Act.

[3] Sec. 114 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298, inserted "this Act or."

[4] Sec. 612(h)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, added sections 220 (urban renewal mortgage insurance) and 221 (relocation housing mortgage insurance).

section 203, 207, 213,[1] 220,[2] 221,[2] 222,[3] 231,[2] 232,[2] or 233,[2] as the case may be, except that in any case involving the refinancing of a loan [4] in which the Commissioner determines that the insurance **of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured** mortgage: [5] *Provided further,* That a mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity, a principal obligation, and an interest rate not in excess of the maximums applicable to loans insured under section 203, 207, 213,[1] 220,[2] 221,[2] 222,[3] 231,[2] 232,[2] or 233,[2] as the case may be, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 per centum of the appraised value of the mortgaged property.

(b)[6] Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action.

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[1] Section 213 (cooperative housing mortgage insurance) added by sec. 102(k) of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 636.

[2] Sec. 612(h)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, added sections 220 (urban renewal mortgage insurance), 221 (relocation housing mortgage insurance), 231 (rental housing mortgage insurance for the elderly), 232 (mortgage insurance for nursing homes), and 233 (experimental housing mortgage insurance).

[3] Section 222 (mortgage insurance for servicemen) added by sec. 114 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298.

[4] Sec. 612(h)(2)(B), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, deleted "insured under section 608 or 908".

[5] Proviso amended to read as set forth in the text by sec. 114 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298. Prior to amendment by the Housing Act of 1957 this proviso read as follows: "*Provided,* That a mortgage of the character described in paragraph (1), (2), (3), (4), (5), or (6) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203, 207, or 213, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203, 207, or 213, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), (4), or (6) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporations or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value."

[6] Added by sec. 101(d), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154.

(c)[1] The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitations or requirements contained in this title upon the eligibility of the mortgage, upon the payment of insurance premiums, or upon the terms and conditions of insurance settlement and the benefits of the insurance to be included in such settlement (except that in any case the payment of insurance shall be in debentures).

(d)[2] With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage.

DEBENTURE INTEREST RATE

SEC. 224.[3] Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220 (h)(7), section 221(g), or section 233 may,

[1] Sec. 101(d), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 154, changed the designation of this subsection from (b) to (c).
Sec. 116, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779, amended this subsection to permit the Federal Housing Commissioner to insure mortgages financing the purchase of FHA-acquired property without regard to any limitations or requirements otherwise applicable to the insurance or payment of insurance benefits except that benefits must be paid in debentures. Prior to this amendment the Commissioner could disregard only those requirements relating to the eligibility of a mortgage.

[2] Added by sec. 612(h)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182.

[3] Sec. 224 was added by sec. 126 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 606, but sec. 612(i), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, amended the first sentence to read as set forth in the text. Immediately prior to amendment by sec. 612(i), Housing Act of 1961, the first sentence read as follows:
"Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221(g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured."

at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued.

The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

OPEN-END MORTGAGES

SEC. 225.[1] Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an "open-end" provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided,* That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such "open-end" advances: *Provided further,* That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further,* That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: *And provided further,* That the insurance of "open-end" advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

FHA APPRAISAL AVAILABLE TO HOME BUYERS

SEC. 226.[2] The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is

[1] Sec. 225 was added by sec. 126 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 607.
[2] Sec. 226 was added by sec. 126 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 607.

located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, 233,[1] 234[2] or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954. Notwithstanding[3] the first sentence of this section, the Commissioner is authorized to require, in connection with any mortgage where the mortgage amount is computed on the basis of the Commissioner's estimate of the replacement cost of the property, or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be, be furnished under this section in lieu of a written statement setting forth the amount of the appraised value of the property.

BUILDER'S COST CERTIFICATION

SEC. 227.[4] Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed[5] (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. Upon the Commissioner's approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except

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[1] Section 233 (experimental housing mortgage insurance) added by sec. 103, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 158.

[2] Section 234 (mortgage insurance for individually owned units in multifamily structures) added by sec. 104, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 160.

[3] This sentence added by sec. 115 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298 and amended by sec. 612(j)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 182, to include estimates other than the estimate of the replacement cost of the property.

[4] Sec. 227 was added by sec. 126 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 607.

[5] See also sec. 814 of the Housing Act of 1954, which provides that no mortgage covering new or rehabilitated multifamily housing as defined in section 227 of the National Housing Act shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by FHA and that they will be kept in such form as to permit a speedy and effective audit.

for fraud or material misrepresentation on the part of the mortgagor. As used in this section—

(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv)[1] under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, (vi)[2] under section 233 if the mortgage meets the requirements of subsection (b)(2), (vii) under section 810 if the mortgage meets the requirements of subsection (f), or[3] (viii) under section 234(d);

(b) The term "approved percentage" means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value, cost,[4] or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount;[5] except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum; and

(c) The term "actual cost" has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the

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[1] Immediately prior to amendment by sec. 112(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 661, clauses (iv), (v), and (vi) read as follows: "(iv) under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof, (v) under section 803, or (vi) under sections 903 and 908".

[2] Immediately prior to amendment by sec. 612(k)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 183, clause (vi) read as follows: "or (vi) under section 810 if the mortgage meets the requirements of subsection (f);".

[3] Sec. 119(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 782, inserted ", or (viii) under section 234(d)".

[4] Sec. 612(k)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 183, inserted "cost".

[5] This clause added by sec. 109, Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1095.

acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided,* That such additional amount under (A) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation. In the case of a mortgage insured under section 220, section 221[1](d)(3), section 221(d)(4), section 231, or section 233(b)(2), where the mortgagor is also the builder as defined by the Commissioner, there shall be included in the actual cost, in lieu of the allowance for builder's profit under clause (i) or (ii) of the preceding sentence, an allowance for builder's and sponsor's profit and risk of 10 per centum (unless the Commissioner, after finding that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) of all other items entering into the term "actual cost" except land or amounts paid for a leasehold and amounts included under either (A) or (B) of clause (ii) of the preceding sentence. In the case of a mortgage insured under section 220, section 221[1](d)(3), section 221(d)(4), section 231, or section 233(b)(2), where the mortgagor is not also the builder as defined by the Commissioner, there shall be included in the actual cost an allowance for sponsor's profit and risk of the said 10 per centum or lesser percentage of all other items entering into the term "actual cost" except land or amounts paid for a leasehold, amounts

[1] Sec. 612(k)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 183, amended this sentence to include mortgages insured under sections 221(d)(3) and 233(b)(2) in addition to mortgages insured under sections 220, 221(d)(4), and 231.

included under either (A) or (B) of the said clause (ii), and amounts paid by the mortgagor under a general construction contract.

SEC. 228. Repealed.[1]

VOLUNTARY TERMINATION OF INSURANCE

SEC. 229.[2] Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage.

ACQUISITION OF MORTGAGES TO AVOID FORECLOSURE

SEC. 230.[3] Upon receiving notice of the default of any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner, in his discretion and for the purpose of avoiding foreclosure of the mortgage, and notwithstanding the fact that he has previously approved a request of the mortgagee for an extension of the time for curing the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property, or has approved a modification of the mortgage for the purpose of changing the amortization provisions by recasting the unpaid balance, may acquire the loan and security therefor upon payment of the insurance benefits in an amount equal to the unpaid principal balance of the loan plus any unpaid mortgage

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[1] Immediately prior to the repeal by sec. 12(c), Public Law 94, 84th Congress approved June 28, 1955, 69 Stat. 172, 182, this section read as follows:
"Notwithstanding section 505 of the Classification Act of 1949, as amended, the Commissioner may establish and place one position in grade GS-18, four positions in grade GS-17, and eight positions in grade GS-16 in the Federal Housing Administration, which positions shall be in lieu of any positions presently allocated in the Federal Housing Administration under said section 505".

[2] Immediately prior to amendment by sec. 612(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 183, section 229 read as follows:
"SEC. 229. Notwithstanding any other provision of this Act and with respect to any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner is authorized to terminate any mortgage insurance contract upon request by the mortgagor and mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds. Upon such termination mortgagors and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured mortgage."

[3] Sec. 114(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 662, added sec. 230.
Sec. 104(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 79, 769, 770, amended the first sentence of section 230 to make it clear that the Federal Housing Commissioner can accept assignment of a mortgage in default even though the lender had previously granted forbearance relief to the mortgagor. In addition, the payment of insurance benefits to the lender in such cases may include not only the unpaid interest on the mortgage but also such costs and attorneys' fees as are properly incurred by the lender in making the assignment.

interest plus reimbursement for such costs and attorney's fees as the Commissioner finds were properly incurred in connection with the defaulted mortgage and its assignment to the Commissioner, and for any proper advances theretofore made by the mortgagee under the provisions of the mortgage. After the acquisition of such mortgage by the Commissioner, the mortgagee shall have no further rights, liabilities, or obligations with respect thereto. The provisions of section 204 relating to the issuance of debentures incident to the acquisition of foreclosed properties shall apply with respect to debentures issued under this subsection, and the provisions of section 204 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this section, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner.

HOUSING FOR ELDERLY PERSONS

SEC. 231.[1] (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

For the purposes of this section—

(1) the term "housing" means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

(2) the term "elderly person" means any person, married or single, who is sixty-two years of age or over; and

(3) the terms "mortgage," "mortgagee," "mortgager," and "maturity date" shall have the meanings respectively set forth in section 207 of this Act.

(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(1) involve a principal obligation in an amount not to exceed $12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development 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, not to exceed $50,000,000;

[1] Sec. 201(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 665, added sec. 231.

(2)[1] not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $8,000 per family unit without a bedroom, $11,250 per family unit with one bedroom, $13,500 per family unit with two bedrooms, and $17,000 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $9,500 per family unit without a bedroom, $13,500 per family unit with one bedroom, $16,000 per family unit with two bedrooms, and $20,000 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purpose of this section, involve a principal obligation not in excess of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *Provided,* That in the case of properties other than new construction, the principal

[1] Sec. 107(e), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 776, deleted the previous per room limits in this paragraph (c)(2) on the amount of a mortgage and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment paragraph (c)(2) read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $2,250 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided,* That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,250 per room to not to exceed $2,750 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed $1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;".

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

obligation shall not exceed the appraised value rather than the Commissioner's estimate of the replacement cost;

(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided,* That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further,* That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the Section 207 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

(5) provide for a complete amortization by periodic payments within such terms as the Commissioner shall prescribe;

(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 5½ per centum as the Commissioner finds necessary to meet the mortgage market; and

(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

(d) The Commissioner may consent to the release of a part or part of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may

prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

(f)[1] Notwithstanding any of the provisions of this section, the housing provided under this section may include family units which are specially designed for the use and occupancy of any person or family qualifying as a handicapped family as defined in section 202 of the Housing Act of 1959, and such special facilities as the Commissioner deems adequate to serve handicapped families (as so defined). The Commissioner may also prescribe procedures to secure to such families preference or priority of opportunity to rent the living units specially designed for their use and occupancy.

MORTGAGE INSURANCE FOR NURSING HOMES

SEC. 232.[2] (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

(b) For the purposes of this section—

(1) the term "nursing home" means a proprietary facility, or facility of a private nonprofit corporation or association[3] licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located; and

(2) the terms "mortgage" and "mortgagor" shall have the meanings respectively set forth in section 207(a) of this Act.

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[1] Added by sec. 203(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 784.

[2] Sec. 115, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 663, added sec. 232.

[3] The phrase "or facility of a private nonprofit corporation or association" added by sec. 117, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779.

(c) The Commissioner is authorized to insure any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon.

(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

(1) The mortgage shall be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Section 207 Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgage shall involve a principal obligation in an amount not to exceed $12,500,000, and not to exceed 90[1] per centum of the estimated value of the property or project when the proposed improvements are completed.

(3) The mortgage shall—

(A) provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe; and

(B) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

(4) The Commissioner shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 612(a)(1) of the Public Health Service Act for the State in which is located the nursing home covered by the mortgage, a certification that (1) there is a need for such nursing home, and (2) there are in force in such State or other political subdivision of the State in which the proposed nursing home would be located reasonable minimum standards of licensure and methods of operation for nursing homes. No such mortgage shall be insured under this section unless the Commissioner has received such assurance as he may deem satisfactory from the State agency that such standards will be applied

[1] Sec. 610, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, substituted "90 per centum" for "75 per centum".

and enforced with respect to any nursing home located in the State for which mortgage insurance is provided under this section.

(e) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe.

(f) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

EXPERIMENTAL HOUSING

SEC. 233.[1] (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including home improvement loans, and including advances on mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

(b) To be eligible for insurance under this section, a mortgage shall meet the requirements of one of the other sections of this title; except that, in lieu of determining the appraised value or the replacement cost of the property in cases involving new construction or the estimated cost of repair and rehabilitation or improvement in cases involving existing properties, the Commissioner shall estimate the cost of replacing the property using comparable conventional design, materials, and construction, and any limitation upon the maximum mortgage

[1] Sec. 103, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 158, added sec. 233.
Sec. 118, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 779, 780, amended several provisions of section 233 to make insurance available under the experimental housing program for mortgages or improvement loans meeting the requirements of any of the other FHA title II programs. Prior to this amendment a mortgage could not be insured under the experimental housing program unless it met the requirements of section 203(b) or section 207.

amount available to a nonoccupant owner shall not, in the discretion of the Commissioner, be applicable to mortgages insured under this section.

(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

(e) Any mortgagee or lender under a mortgage insured under subsection (b) shall be entitled to insurance benefits determined in the same manner as such benefits would be determined if such mortgage or loan were insured under the section of this title for which it otherwise would have been eligible except for the experimental feature of the property involved.

(f) Notwithstanding the provisions of subsection (e) of this section, in the case of default on any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefore upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, (2) all refer-

ences in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund. If [1] the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(g) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of $1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund.

MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 234.[2] (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily project.

(b) The terms 'mortgage,' 'mortgagee,' 'mortgagor,' 'maturity date,' and 'State' shall have the meanings respectively set forth in section 201, except that the term 'mortgage' for the purpose of subsection (c) may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

(c) The Commissioner is authorized, in his discretion and under

[1] This sentence added by sec. 150(c)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772.

[2] Sec. 104, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 160, added sec. 234.

Sec. 119, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 780, 781, 782, amended section 234 to provide increases in the maximum amount and maturity of mortgages financing purchases of family units in condominiums.

Prior to this amendment the eligibility requirements under sec. 234(c) read as follows:

"To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed the limits per room and per family dwelling unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of $13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $13,500 but not in excess of $18,000, and (iii) 70 per centum of such value in excess of $18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser."

such terms and conditions as he may prescribe (including the minimum number of family units in the project which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project if (1) the mortgage meets the requirements of this subsection and of section 203(b), except as that section is modified by this subsection, (2) the project is or has been covered by a mortgage insured under any section (except section 213(a)(1) and (2) of this Act, notwithstanding any requirements in any such section that the project be constructed or rehabilitated for the purpose of providing rental housing, and (3) the mortgagor is acquiring, or has acquired, a family unit covered by a mortgage insured under this subsection for his own use and occupancy and will not own more than four one-family units covered by mortgages insured under this subsection. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this subsection, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this subsection, a mortgage shall (A) involve a principal obligation in an amount not to exceed $30,000, and not to exceed the sum of (i) 97 per centum of $15,000 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $15,000 but not in excess of $20,000, and (iii) 75 per centum of such value in excess of $20,000, and (B) have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty-five years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the project, whichever is the lesser. In determining the amount of a mortgage in the case of a nonoccupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this subsection. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily project. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily project, shall have the right to the use of the common areas and facilities serving the project and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the project shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily project and its occupants. For the purposes of this subsection, the Commissioner is authorized in his discretion and under such

terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily projects covered by mortgages insured under any section of this Act (other than section 213(a)(1) and (2) to be released from the liens of those mortgages.

(d)[1] In addition to individual mortgages insured under subsection (c), the Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe, to insure blanket mortgages (including advances on such mortgages during construction) which cover multifamily projects to be constructed or rehabilitated in cases where the mortgage is held by a mortgagor, approved by the Commissioner, which—

(1) has certified to the Commissioner, as a condition of obtaining the insurance of a blanket mortgage under this subsection, that upon completion of the multifamily project covered by such mortgage it intends to commit the ownership of the multifamily project to a plan of family unit ownership under which each family unit would be eligible for individual mortgage insurance under subsection (c) and will faithfully and diligently make and carry out all reasonable efforts to establish such plan of family unit ownership and to sell such family units to purchasers approved by the Commissioner; and

(2) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage. The Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in such mortgagor as he may deem necessary to render effective the regulation and restriction of such mortgagor. The stock or interest acquired by the Commissioner shall be paid for out of the Apartment Unit Insurance Fund, and shall be redeemed by the mortgagor at par at any time upon the request of the Commissioner after the termination of all obligations of the Commissioner under the insurance.

(e) To be eligible for insurance, a blanket mortgage on any multifamily project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount—

(1) not to exceed $20,000,000, or not to exceed $25,000,000 if the mortgage is executed by a mortgagor regulated or supervised, under Federal or State law or by a political subdivision of a State or any agency thereof, as to rents, charges, and methods of operation;

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[1] Insurance is authorized by the 1964 Act for blanket mortgages to finance the construction or rehabilitation of multifamily projects to be sold as condominiums. Prior to this amendment the construction of the condominium structure was required to be financed under one of FHA's multifamily housing programs (except the section 213 cooperative program was excluded).
The 1964 Act permits condominiums to consist of more than one structure and an investor-sponsor cooperative to be converted into a condominium.

(2) not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the project when the proposed physical improvements are completed;

(3) not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), $9,000 per family unit without a bedroom, $12,500 per family unit with one bedroom, $15,000 per family unit with two bedrooms, and $18,500 per family unit with three or more bedrooms; except that as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed $10,500 per family unit without a bedroom, $15,000 per family unit with one bedroom, $18,000 per family unit with two bedrooms, and $22,500 per family unit with three or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(4) not to exceed an amount equal to the sum of the unit mortgage amounts determined under the provisions of subsection (c) assuming the mortgagor to be the owner and occupant of each family unit.

(f) Any blanket mortgage insured under subsection (d) shall provide for complete amortization by periodic payments within such term as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5¼ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the blanket mortgage upon such terms and conditions as he may prescribe and the blanket mortgage may provide for such release. The project covered by the blanket mortgage may include five or more family units and such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(g) Any mortgagee under a mortgage insured under subsection (c) of this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under subsection (c) of this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be

construed to refer to subsection (c) of this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.

(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall be applicable to mortgages insured under subsection (d) of this section, except that all references to the Housing Insurance Fund, or Housing Fund, shall be construed to refer to the Apartment Unit Insurance Fund.

(i) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to "this section" shall be construed to refer to this section 234.

(j) The provisions of sections 225 and 230 shall be applicable to the mortgages insured under subsection (c) of this section.

4. Insurance of Housing Mortgages and Credit
1. Authorization of Program

3. TITLE V OF THE NATIONAL HOUSING ACT

[Excerpts From the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE V—MISCELLANEOUS

SEC. 501.[1]
SEC. 502.[1]
SEC. 503.[1]
SEC. 504.[2]
SEC. 505.[3]
SEC. 506.[4]
SEC. 507.[1]
SEC. 508.[4]
SEC. 509.[1]
SEC. 510.[5]
SEC. 511.[6]

PENALTIES

SEC. 512.[7] Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or chapter 37, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or chapter 37, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration,

[1] Amended the Federal Home Loan Bank Act, 12 U. S. C. 1421 et seq.
[2] Added section 86a. to The Farm Credit Act of 1933 to authorize production credit associations to make loans eligible for title I FHA insurance and to avail themselves of the benefit of such FHA insurance.
[3] Amended section 24 of the Federal Reserve Act to remove certain restrictions by the Act on the amounts of loans made by member banks of the Federal Reserve System, in the case of title II FHA insured loans.
[4] Amended the Home Owners' Loan Act of 1933, 12 U. S. C. 1461.
[5] Amended the Act entitled "An Act relating to contracts and agreements under the Agricultural Adjustment Act," approved January 25, 1934.
[6] Amended section 22 of the Interstate Commerce Act, as amended, to add a provision that nothing in that Act should prevent carriers from giving reduced rates for the transportation of commodities with the object of improving housing standards and providing employment if the rates had been authorized by the Interstate Commerce Commission.
[7] Provisions of section 512 as set forth in the text enacted by sec. 132 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 610. Previous penalty provisions of sec. 512 had been repealed by Public Law 772, 80th Congress, approved June 25, 1948, 62 Stat. 683, which revised and codified these provisions. See title 18 United States Code sections 1010, 403, 657 and 709 for the criminal provisions formerly set forth in section 512. See also, sections 433, 1006, 1008, and 1009 of title 18 United States Code.

repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence. For [1] the purposes of compliance with this section the Commissioner's notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.

SEC. 513.[2] (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the Commissioner has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the Commissioner shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the Commissioner determines to be a resort area, and the Commissioner finds that prior to May 28, 1954, a portion of the accommodations in the project had been made available for rent for transient or hotel purposes (in which case no accommodations in excess of the number which had been made available for such use shall be rented on such basis).

(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the Commissioner has entered into such contract with, or purchased such stock of, the mortgagor as the Commissioner deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

[1] Sec. 119, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 665, added this sentence.
[2] Sec. 513 added by sec. 132, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 610.

(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: *Provided,* That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

(e) As used in this section, (1) the term "rental for transient or hotel purposes" shall have such meaning as prescribed by the Commissioner but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term "multifamily housing" shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under section 608, under section 803, or under section 908, or (iii) a project with respect to which an insurance contract pursuant to title VII is outstanding.

(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

(g) If such violation does not cease in accordance with such order, the Commissioner shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.

(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsections (h) and (i) of this section.

SEPARABILITY PROVISION

SEC. 513.[1] If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

APPLICABILITY OF OTHER ACTS

SEC. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stat. 294, 295); paragraph seventh of section 5136 of the Revised Statutes, as amended (49 Stat. 709); section 24 of the Federal Reserve Act, as amended (49 Stat. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stat. 664); section 5(c) of the Act approved January 31, 1935, continuing and extending the functions of the Reconstruction Finance Corporation (49 Stat. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to such Act, as amended.

SEC. 515. At any time prior to final endorsement for insurance, the Commissioner, in his discretion, may amend, extend, or increase the amount of any commitment, provided the mortgage, as finally endorsed for insurance is eligible for insurance under the provisions of this Act, and the rules and regulations thereunder, in effect at the time the original commitment to insure was issued.

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[1] Through error this section number 513 was duplicated by the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 610, section 132.

SEC. 516.[1] The following funds shall be deemed an indebtedness to the United States of the particular insurance fund involved, and the Commissioner is authorized and directed to pay the amount of such indebtedness to the Secretary of the Treasury, with simple interest thereon from the date the funds were advanced to the date of final payment at a rate determined by the Secretary of the Treasury, taking into consideration the average rate on outstanding marketable obligations of the United States from the date the funds were advanced until the date of final payment—

(1) funds made available to the Commissioner pursuant to the provisions of sections 4 and 202, exclusive of amounts heretofore refunded, (a) for carrying out title II with respect to mortgages insured under section 203 where such funds were credited to the general reinsurance account in the Mutual Mortgage Insurance Fund, and (b) for the payment of salaries and expenses with respect to mortgage insurance under sections 207 and 210 where such funds were credited to the Housing Insurance Fund;

(2) funds made available to the Commissioner pursuant to sections 602 and 802; and

(3) funds made available to the Commissioner by the Secretary of the Treasury pursuant to section 710.

Payments to the Secretary of the Treasury under this section shall be made in such amounts and at such times as the Commissioner determines, after consultations with the Secretary of the Treasury, that funds are available for that purpose, taking into consideration the continued solvency of the funds involved. All payments made pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

PREPAYMENT OF MORTGAGES BY NONPROFIT EDUCATIONAL INSTITUTIONS

SEC. 517.[2] (a) Notwithstanding any other provision of this Act, no adjusted premium charge shall be collected in connection with the payment in full, prior to maturity, of any mortgage insured under this Act, if the mortgagor certifies to the Commissioner that the loan was paid in full by or on behalf of a nonprofit educational institution which intends to use the property for educational purposes.

(b) The Commissioner shall refund any adjusted premium charge collected subsequent to July 1, 1962, and prior to the date of the enactment of the Housing Act of 1964,[3] in connection with the payment in full, prior to maturity, of any mortgage insured under this Act, if the mortgagor under such mortgage makes the certification prescribed by subsection (a).

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[1] Sec. 516 added by section 9 of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 123.
[2] Sec. 517 added by section 120 of the Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 782.
[3] September 2, 1964.

EXPENDITURES TO CORRECT OR COMPENSATE FOR SUBSTANTIAL DEFECTS IN MORTGAGED HOMES

SEC. 518.[1] (a) The Commissioner is authorized, with respect to any property improved by a one- to four-family dwelling approved for mortgage insurance prior to the beginning of construction which he finds to have structural defects, to make expenditures for (1) correcting such defects, (2) paying the claims of the owner of the property arising from such defects, or (3) acquiring title to the property: *Provided*, That such authority of the Commissioner shall exist only (A) if the owner has requested assistance from the Commissioner not later than four years (or such shorter time as the Commissioner may prescribe) after insurance of the mortgage, and (B) if the property is encumbered by a mortgage which is insured under this Act after the date of enactment of the Housing Act of 1964.[2]

(b) The Commissioner shall by regulations prescribe the terms and conditions under which expenditures and payments may be made under the provisions of this section, and his decisions regarding such expenditures or payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

[1] Sec. 518 added by section 121 of the Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783.
[2] September 2, 1964.

4. Insurance of Housing Mortgages and Credit

1. Authorization of Program

4. TITLE VI OF THE NATIONAL HOUSING ACT

[Excerpts From the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE VI—WAR HOUSING INSURANCE[1]

SEC. 601. As used in this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances 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 instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "State" includes the several States, and [2] Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

SEC. 602. There is hereby created a War Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for the carrying out of the provisions of this title, and mortgages insured under this title shall be known and referred to as "war housing insured mortgages." [For this purpose, the Reconstruction Finance Corporation [3] shall make available to the Commissioner such funds as he may deem necessary, not to exceed $10,000,000, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized to issue and have outstanding at any one time under existing law is hereby increased by an amount sufficient to provide such funds: *Provided,* That the Secretary of the Treasury is authorized and directed to cancel from time to time, upon the request of the Corporation, notes of the Corporation (which notes are hereby made available to the Secretary of the Treasury for purposes of this section), and to discharge its liability, as respects all sums due and unpaid upon or in connection with such notes at the time of such cancellation and

[1] Title VI was added to the National Housing Act by Public Law 24, 77th Congress, approved March 28, 1941, 55 Stat. 55.

[2] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii,".

[3] The portion of sec. 602 shown in brackets relating to the Reconstruction Finance Corporation was repealed by Public Law 132, 80th Congress, approved June 30, 1947, 61 Stat. 202.

discharge in a principal amount equal to the funds made available to the Commissioner by the Corporation under or by reason of this title together with interest paid to the Treasury thereon: *Provided further,* That any evidence of indebtedness with respect to funds so disbursed by the Corporation shall be transferred to the Secretary of the Treasury; that the Secretary and the Corporation are authorized and directed to make such adjustments on their books and records as may be necessary to carry out the purposes of this section; that the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized to issue and have outstanding at any one time under the provisions of this section shall be correspondingly reduced by the amount of notes so canceled by the Secretary, and that any sums at any time received by the Corporation, representing repayments or recoveries of funds so disbursed shall forthwith be covered into the general fund of the Treasury]: *And provided further,* There shall be allocated immediately to the War Housing Insurance Fund the sum of $5,000,000 out of funds made available to the Commissioner for this purpose. General expenses of operation of the Federal Housing Administration under this title may be charged to the War Housing Insurance Fund.

SEC. 603. (a) In order to assist in relieving the acute shortage of housing which now exists and to increase the supply of housing accommodations available to veterans of World War II at prices within their reasonable ability to pay, the Commissioner is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided,* That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed $6,150,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $6,650,000,000: *Provided further,* That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 1, 1950, except (i) pursuant to a commitment to insure issued on or before March 1, 1950, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage: *Provided further,* That no mortgage shall be insured under section 608 of this title 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 certifications to be filed with the Commissioner; and violation of any such

certification shall be a misdemeanor punishable by a fine of not to exceed $500: *And provided further,* That the Commissioner shall, in his discretion, have power to require the availability for rental purposes of properties covered by mortgages insured under this title, in such instances and for such periods of time as he may prescribe.

Notwithstanding the first proviso of this subsection, mortgages may be insured under section 609 and section 611 of this title if the aggregate amounts of principal obligations of mortgages insured under said sections plus the aggregate amount of principal obligations of mortgages insured under section 610 of this title do not exceed the limitation contained in said section 610 upon the aggregate amount of principal obligations of mortgages insured pursuant to said section.

Notwithstanding the second proviso of this subsection, mortgages otherwise eligible for insurance under section 608 of this title may be hereafter insured thereunder if the application for such insurance was received in any field office of the Federal Housing Administration on or before March 1, 1950,[1] and for such purpose the aggregate amount of principal obligations authorized to be insured under section 608 of this title is increased by not to exceed $500,000,000.

(b) To be eligible for insurance under this section a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed 90 per centum of the Commissioner's estimate of the value (as of the date the mortgage is accepted for insurance), except that as to applications received by the Commissioner on or before March 31, 1948, the mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the Commissioner's estimate of the necessary current cost (including the land and such initial service charges and such appraisal, inspection, and other fees as the Commissioner shall approve); of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, which is approved for mortgage insurance prior to the beginning of construction. The principal obligation of such mortgage shall in no event, however, exceed—

(A) $5,400 if such dwelling is designed for a single-family residence, or

(B) $7,500 if such dwelling is designed for a two-family residence, or

(C) $9,500 if such dwelling is designed for a three-family residence, or

(D) $12,000 if such dwelling is designed for a four-family residence: *Provided,* That the Commissioner may, if he finds that at any time or in any particular geographical area it is not feasible, within such limitations of maximum mortgage amounts to construct dwellings

[1] See section 908(g), *infra.*

without sacrifice of sound standards of construction, design, or livability, prescribe by regulation or otherwise higher maximum mortgage amounts not to exceed—

(A) $8,100 if such dwelling is designed for a single-family residence, or

(B) $12,500 if such dwelling is designed for a two-family residence, or

(C) $15,750 if such dwelling is designed for a three-family residence, or

(D) $18,000 if such dwelling is designed for a four-family residence.

(3) have a maturity satisfactory to the Commissioner but not to exceed twenty-five years from the date of the insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Commissioner;

(5) bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as herein provided) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe; but no mortgage shall be accepted for insurance under this title unless the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk

in view of the shortage of housing referred to in this section. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title, until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure to veterans of World War II, and their immediate families, and to hardship cases as defined by the Commissioner, preference or priority of opportunity to purchase or rent properties covered by mortgages insured under this title.

(d) Any contract of insurance heretofore or hereafter executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

SEC. 604.[1] (a) In any case in which the mortgagee under a mortgage insured under section 603 shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value

[1] Sec. 105(d), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 772, 773, made changes in the provisions of this section for the payment of insurance benefits. The changes are designed to simplify payment procedures.

of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance of the mortgaged property, and any mortgage insurance premiums and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided,* That with respect to mortgages which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Commissioner, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount—

(1) not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of $75; or

(2) not in excess of two-thirds of such cost, whichever is the greater: *Provided further,* That with respect to any debentures issued on or after the date of enactment of the Housing Act of 1964,[1] the Commissioner may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further,* That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 603 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the Commissioner may prescribe, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter.

[1] September 2, 1964.

(b) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage: *Provided,* That the motgagor shall not be released from such liability in any case until the Commissioner is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the Commissioner, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per centum of the Commissioner's estimate of the value as of the date the mortgage is accepted for insurance.

(c) Debentures issued under this title shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $350, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the War Housing Insurance Fund.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of the War Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964,[1] shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section on or after the date of enactment of the National Housing Act Amendments of 1942, shall mature ten years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section prior to the date of the enactment of the National Housing Act Amendments of 1942, shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued: *Provided,* That any mortgagee entitled to receive such debentures may elect to receive in lieu thereof debentures which shall mature ten years after the date thereof. Such debentures shall

[1] September 2, 1964.

be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of the War Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the War Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e) The certificate of claim issued by the Commissioner to any mortgagee shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Commissioner of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

(f)(1) If, after deducting (in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the Commissioner, the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property: *Provided,* That on and after the date of enactment of the Housing Act of 1964,[1] any excess remaining after

[1] September 2, 1964.

payment to the holder of the full amount of the certificate of claim shall be retained by the Commissioner and credited to the War Housing Insurance Fund; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

(2)[1] Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom: *Provided,* That the settlement authority created by the Housing Amendments of 1955 shall be terminated with respect to any certificate of claim outstanding as of the date of enactment of the Housing Act of 1964.[2]

(3) With the consent of the holder thereof, the Commissioner is authorized to settle, without awaiting the final liquidation of the Commissioner's interest in the property, any certificate of claim issued pursuant to subsection (e), with respect to which a settlement had not been effected prior to the date of enactment of the Housing Act of 1964,[2] by making payment in cash to the holder thereof of such amount, not exceeding the face amount of the certificate of claim, together with the accrued interest increment thereon, as the Commissioner may consider appropriate: *Provided,* That in any case where the certificate of claim is settled in accordance with the provisions of this paragraph, any amounts realized after the date of enactment of the Housing Act of 1964,[2] in the liquidation of the Commissioner's interest in the property, shall be retained by the Commissioner and credited to the applicable insurance fund.

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Commissioner shall have power to deal with, complete, rent, renovate, modernize, insure, make contracts or establish suitable agencies for the management of, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this title; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner as provided in this title, except that no suit or action shall be commenced by the Commissioner against any such mortgagor on account of any claim so assigned with respect to mortgages insured under section 603 unless such suit or action is commenced within six months after the assignment of such claim to the Commissioner, or within six months after the last payment

[1] This paragraph added by sec. 104 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 637.
[2] September 2, 1964.

was made to the Commissioner with respect to the claim so assigned, whichever is later: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyances, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided,* That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney in his discretion, to any officer, agent, or employee he may appoint.

(h) No mortgagee or mortgagor shall have and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Commissioner or in any claim assigned to him; nor shall the Commissioner owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

SEC. 605. (a) Moneys in the War Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this title shall be deposited with the Treasurer of the United States to the credit of the War Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this title, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the War Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this title, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this title shall be charged to the War Housing Insurance Fund.

SEC. 606. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from

taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 607. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

SEC. 608. (a) In addition to mortgages insured under section 603 of this title, the Commissioner is authorized to insure mortgages as defined in section 601 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the War Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families, and for hardship cases as defined by the Commissioner, shall be provided under such regulations and procedures as may be prescribed by the Commissioner.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed $5,000,000; and

(B) not to exceed 90 per centum of the amount which the Commissioner estimates will be the necessary current cost of the completed property or project, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incidental to construction and approved by the Commissioner: *Provided,* That such mortgage shall not in any event exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project, exclusive of off-site public utilities and streets, and organization and legal expenses: *And provided further,* That the principal obligation of the mortgage shall not, in any event, exceed 90 per centum of the Commissioner's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for

properties or projects of comparable quality in the locality where such property or project is to be located; and

(C) not to exceed $8,100 per family unit for such part of such property or project as may be attributable to dwelling use.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage, and if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the **mortgagors or others, arising out of the mortgage transaction; (3)** all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in section 604(c), issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation on the date of default; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date:

Provided, That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by the Commissioner, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Commissioner. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (i) hereof, shall not apply.

(d) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this section shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this title, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the War Housing Insurance Fund.

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date of default as determined in subsection (c) of this section, and shall bear interest from such date.

(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that as applied to such mortgages (1) all references in such section 207(k) to the "Housing Fund" shall be construed to refer to the "War Housing Insurance Fund", and (2) the reference therein to "subsection (g)" shall be construed to refer to "subsection (c)" of this section.

(g) The Commissioner shall also have power to insure under this title, title I, title II, title VIII, or title IX any mortgage executed in connection with the sale by him of any property acquired under any of such titles without regard to limitations upon eligibility, time, or aggregate amount contained therein.

SEC. 609. (a) In order to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes, the Commissioner is authorized to insure loans to finance the manufacture of housing (including advances on such loans) when such loans are eligible for insurance as hereinafter provided.

(b) Loans for the manufacture of houses shall be eligible for insurance under this section if at the time of such insurance, the Commissioner determines they meet the following conditions:

(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Commissioner providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of thirty days after the date of delivery of such houses, unless not less than 20 per centum of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of one hundred and eighty days from the date of delivery of such houses;

(2) Such houses to be manufactured shall meet such requirements of sound quality, durability, livability, and safety as may be prescribed by the Commissioner;

(3) The borrower shall establish to the satisfaction of the Commissioner that he has or will have adequate plant facilities, sufficient capital funds, taking into account the loan applied for, and the experience necessary, to achieve the required production schedule;

(4) The loan shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the Commissioner; and the Commissioner may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower. The loan shall have a maturity not in excess of one year from the date of the note, except that any such loan may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe for an additional term not to exceed one year, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

(c) The Commissioner may consent to the release of a part or parts of the property assigned or delivered as security for the loan, upon such terms and conditions as he may prescribe and the security documents may provide for such release.

(d) The failure of the borrower to make any payment due under or provided to be paid by the terms of a loan under this section, or the failure to perform any other covenant or obligation contained in any assignment, agreement, or undertaking executed by the borrower in connection with such loan shall be considered as a default under this section, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance hereinafter provided upon assignment, transfer, and delivery to the Commissioner within a period and in accordance with the rules and regulations prescribed by the Commissioner of (1) all rights and interest arising with respect to the loan so in default; (2) all claims of the lender against the borrower or others arising out of the loan transaction; (3) any cash or property held by the lender, or to which it is entitled, as deposits made for the account of the borrower and which have not been applied in reduction of the principal of the loan; and (4) all records, documents, books, papers, and accounts relating to the loan transaction. Upon such assignment, transfer, and delivery, the Commissioner shall, subject to the cash adjustment provided for in section 604(c) issue to the lender debentures having a face value equal to the unpaid principal balance of the loan.

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date of default as determined in subsection (d) of this section and shall bear interest from such date.

(f) The provisions of sections 207(k) and 603(a) of this Act shall be applicable to loans insured under this section, except that as applied to such loans (1) all references in section 207(k) to the "Housing Fund" shall be construed to refer to the "War Housing Insurance Fund" and (2) the reference in section 207(k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section; (3) the references in section 207(k) to insured mortgages shall be construed to refer to the assignment or other security for loans insured under this section; and (4) the references in section 603(a) to a mortgage or mortgages shall be construed to include a loan or loans under this section. The provisions of section 603(d) shall also be applicable to loans insured under this section and the reference in said section 603(d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section.

(g) Notwithstanding any other provision of law, the Commissioner shall have the power to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and

to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

(h) The Commissioner shall fix a premium charge for the insurance granted under this section, but such premium charge shall not exceed an amount equivalent to 1 per centum of the original principal of such loan, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for examining and processing applications for the insurance of loans under this section, including such additional inspections as the Commissioner may deem necessary.

(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Commissioner is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 per centum of the purchase price of the manufactured house or houses; have a maturity in excess of one hundred and eighty days from the date of the note or bear interest in excess of 4 per centum per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Commissioner.

(2) The Commissioner is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 per centum

per annum from the date of default to the date the application is filed for the insurance benefits.

(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

(5) The Commissioner is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 per centum of the original principal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Commissioner.

SEC. 610. Notwithstanding any of the provisions of this title, the Commissioner is authorized, upon application by the mortgagee, to insure or to make commitments to insure under section 603 or section 608 of this title any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held or constructed in connection with such housing or to serve the inhabitants thereof), without regard to—

(1) any limit as to the time when any mortgage may be insured under this title;

(2) any limit as to the aggregate amount of principal obligations of all mortgages insured under this title, but the aggregate amount of principal obligations of all mortgages insured pursuant to this section shall not exceed $750,000,000;

(3) any requirement that the obligation be approved for mortgage insurance prior to the beginning of construction or that the construction be new construction;

(4) any of the provisions of section 603(b)(2) or section 603(b)(5) or paragraphs (B) and (C) of the first sentence of section 608(b)(3): *Provided,* That such mortgage shall (1) otherwise be eligible for insurance under section 603 or section 608, as the case may be, (2) have a maturity not exceeding twenty-five years from the date of insurance, (3) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgage property as determined by the Commissioner, and (4) bear interest (exclusive of premium charges) at not to exceed 5 per centum per annum on the amount of the principal obligation

outstanding at any time if such mortgage covers property on which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or bear interest at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time if such mortgage covers property upon which there is located a dwelling or dwellings designed principally for residential use for more than four families.

The Commissioner is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress.

The Commissioner is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in this section.

The Commissioner is further authorized to insure or to make commitments to insure under section 608 of this title in accordance with the provisions of this section any mortgage executed in connection with the sale by a State or municipality, or an agency, instrumentality, or body politic of either, of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or body politic, for the occupancy of veterans of World War II, their families, and others: *Provided,* That the principal obligation of any such mortgage does not exceed either 85 per centum of the appraised value of the mortgage property as determined by the Commissioner of $8,100 per family unit for such part of such property as may be attributable to dwelling use.[1]

SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of

[1] This paragraph was addede by sec. 14 of the Housing Act of 1952, Public Law 531, 82d Congress, approved July 14, 1952, 66 Stat. 601, 604.

cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) cover property held by a mortgagor approved by the Commissioner, upon which there is to be constructed or erected dwelling units for not less than twenty-five families consisting of a group of single-family dwellings approved by the Commissioner for mortgage insurance prior to the beginning of construction: *Provided,* That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Commissioner may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

(3) involve a principal obligation in an amount—

(A) not to exceed 85 per centum of the amount which the Commissioner estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

(B) not to exceed a sum computed on the individual dwelling comprising the total project as follows: $5,950 or 85 per centum of the valuation, whichever is the lower amount, with respect to each single-family dwelling: *Provided,* That if the Commissioner finds that it is not feasible, within the dollar amount limitation in clause (B) on the principal obligation of the mortgage, to construct dwellings containing three or four bedrooms without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitation by not exceeding $850 for each additional bedroom (as defined by the Commissioner) in excess of two contained in each such dwelling if he finds that such dwelling meets sound standards of design and livability as a three-bedroom unit or a four-bedroom unit, as the case may be, but the amount computed under clause (B) for each such dwelling shall not exceed, in any event, $7,650.

With respect to the insurance of advances during construction, the Commissioner is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

(4) provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time: *Provided,* That the Commissioner, with the approval

of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ per centum per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and the mortgage may provide that, upon the completion of the construction of the project, such mortgage may be replaced by individual mortgages covering each individual dwelling in the project. Each such individual mortgage may be insured under this section with the mortgagor being either the builder who constructed the dwellings or the owner and occupant of the dwelling at the time, and where the mortgagor is the owner and occupant, may involve a principal obligation in such amount and have such maturity and interest rate as a mortgage eligible for insurance under section 203(b) (2) (D) of this Act.

(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Commissioner shall be provided under such regulations and procedures as may be prescribed by the Commissioner.

(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section covering a project described in subsection (b) of this section, and the provisions of subsections (a), (b), (c), (d), (e), (f), and (h) of section 604 shall be applicable to the individual mortgages insured pursuant to subsection (b)(4) of this section covering individual dwellings in the project.

SEC. 612.[1] Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.

[1] Sec. 612 was added by sec. 127 of the Housing Act of 1954, Public Law 560, 83d Congress approved August 2, 1954, 68 Stat. 590, 609. See also sec. 223 of the National Housing Act.

4. Insurance of Housing Mortgages and Credit
1. Authorization of Program

5. TITLE VII OF THE NATIONAL HOUSING ACT

[Excerpts From the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME[1]

AUTHORITY TO INSURE

SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this Act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Commissioner is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Commissioner shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the "insured annual return") equal to such rate of return, not exceeding 2¾ per centum per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided,* That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 per centum of the established investment. [2]

ELIGIBILITY

SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

(1) The Commissioner shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Commissioner as quality, design, size, and type.

(b) Any insurance contract executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor

[1] Title VII was added to the National Housing Act by Public Law 901, 80th Congress, approved August 10, 1948, 62 Stat. 1268.

[2] Sec. 118, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, deleted ": And provided further, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed $1,000,000,000."

from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

(c) After completion of the project the investor must establish in a manner satisfactory to the Commissioner that the project is free and clear of liens and that there are no other outstanding unpaid obligations contracted in connection with the construction of the project, except taxes and such other liens and obligations as may be approved or prescribed by the Commissioner. Debentures issued by the investor which are payable out of net income from the project and from the benefits of the insurance contract shall not be construed as "unpaid obligations" as such term is used in this subsection.

PREMIUMS AND FEES

SEC. 703. (a) For insurance granted pursuant to this title the Commissioner shall fix and collect a premium charge in an amount not exceeding one-half of 1 per centum of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Commissioner under this title at par plus accrued interest: *Provided,* That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

(b) With respect to any project offered for insurance under this title, the Commissioner is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided,* That such fees shall not aggregate more than one-half of 1 per centum of the estimated investment.

RENTS

SEC. 704. The Commissioner shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Commissioner, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Commissioner shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

EXCESS EARNINGS

SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 per centum of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 per centum of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided,* That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

FINANCIAL STATEMENTS

SEC. 706. With respect to each project insured under this title, the Commissioner shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Commissioner, payment of any claim submitted by the investor may, at the option of the Commissioner, be withheld, in whole or in part, until such statement shall have been submitted and approved.

PAYMENT OF CLAIMS

SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Commissioner, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Commissioner, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return. Nothing contained in this title or any other provision of law shall be construed as preventing or restricting an investor from assigning, pledging, or otherwise transferring or disposing of, subject to rules and regulations of the Commissioner, any or all rights, claims, or other benefits under any insurance contract made pursuant to this title to an assignee, pledgee, or other transferee, including the holders (or the trustee for such holders) of any debentures issued by the investor in connection with the project to which such insurance contract relates, and the Commissioner is authorized to pay claims or issue debentures in accordance with the

provisions of this section and section 708 of this title to any such assignee, pledgee, or other transferee.

DEBENTURES

SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 per centum of the established investment, the Commissioner thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Commissioner title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Commissioner may, at his option, terminate the insurance contract.

(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 per centum of the established investment, the investor shall thereafter have the right, after written notice to the Commissioner of his intention so to do, to convey to the Commissioner, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Commissioner debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year.

(c) Any difference, not exceeding $50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Commissioner pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Commissioner to the investor from the Housing Investment Insurance Fund.

(d) Upon the acquisition of a project by the Commissioner pursuant to this section, the insurance contract shall terminate.

(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Commissioner, shall bear interest at a rate to be determined by the Com-

missioner, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2¾ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Commissioner and stated on the face of such debentures.

(f) Such debentures shall be in such form and in such denominations in multiples of $50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Commissioner, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall have power, for the protection of the Housing Investment Insurance Fund, to pay out of said Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed $1,000.

TERMINATION

SEC. 709. The investor, after written notice to the Commissioner of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Commissioner shall prescribe the events and conditions under which said Commissioner shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Commissioner may reinstate any insurance contract terminated pursuant to this section or section 708(a). If any insurance contract is terminated pursuant to this section, the Commissioner may require the investor to pay an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

INSURANCE FUND

SEC. 710. There is hereby created a Housing Investment Insurance Fund [1] which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner shall deem necessary, but not to exceed $10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Commissioner under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall be credited to said Fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, and principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said Fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said Fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Commissioner may,

[1] The Supplemental Appropriation Act, 1949, Public Law 904, 80th Congress, approved August 13, 1948, 62 Stat. 1289, appropriated $10 million to the Secretary of the Treasury (to remain available until expended) to enable the Secretary to make available funds to the FHA for credit to the Housing Investment Fund. The Second Supplemental Appropriation Act, 1956, Public Law 533, 84th Congress, approved May 19, 1956, 70 Stat. 161, 166, rescinded the unexpended balance of this appropriation.

with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

TAXATION PROVISIONS

SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

RULES AND REGULATIONS

SEC. 712. The Commissioner may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Commissioner; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Commissioner may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

DEFINITIONS

SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Investor" shall mean (1) any natural person; (2) any group of not more than ten natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Commissioner (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

(b) "Project" shall mean a project (including all property, real

and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided,* That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Commissioner shall determine to be necessary or desirable appurtenances to such project.

(c) "Estimated investment" shall mean the estimated cost of the development of the project, as stated in the application submitted to the Commissioner for insurance under this title.

(d) "Established investment" shall mean the amount of the reasonable costs, as approved by the Commissioner, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in the course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Commissioner shall determine to be necessary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Commissioner, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

(e) "Physical completion date" shall mean the last day of the calendar month in which the Commissioner determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

(f) "Initial occupancy date" shall mean the last day of the calendar month in which 90 per centum in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

(g) "Operating year" shall mean the period of twelve consecutive calendar months next following the initial occupancy date and each succeeding period of twelve consecutive calendar months, and the period of the first twelve consecutive calendar months next following the initial occupancy date shall be the first operating year.

(h) "Gross income" for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

(i) "Operating expenses" for any operating year shall mean the amounts, as approved by the Commissioner, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Commissioner shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

(j) "Net income" for any operating year shall mean gross income remaining after the payment of the operating expenses.

(k) "Minimum annual amortization charge" shall mean an amount equal to 2 per centum of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703(a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 per centum of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

(l) "Annual return" for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

(m) "Insured annual return" shall have the meaning ascribed to it in section 701 hereof.

(n) "Minimum annual return" for any operating year shall mean an amount equal to 3½ per centum of the outstanding investment for such operating year or such lesser amount as shall be agreed upon by the investor and the Commissioner.

(o) "Excess earnings" for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return and income taxes.

(p) "Outstanding investment" for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof.

(q) "State" shall include the several States and [1] Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

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[1] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii,".

4. Insurance of Housing Mortgages and Credit

1. Authorization of Program

6. TITLE VIII OF THE NATIONAL HOUSING ACT ("WHERRY ACT")

[Excerpts From the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE VIII—MILITARY HOUSING INSURANCE [1]

SEC. 801. As used in this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances 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 instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage, his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) 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 termination of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

(e) The term "military" includes Army, Navy, Marine Corps, and Air Force.

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[1] Title VIII was added to the National Housing Act by Public Law 211, 81st Congress, approved August 8, 1949, 63 Stat. 570. Sec. 401 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 646, enacted a new title VIII of the National Housing Act entitled "Armed Services Housing Mortgage Insurance" (the "Capehart Act"), which is set forth in the following part 4-1.7. Sec. 408 of the Housing Amendments of 1955 provided that "Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be $12,500,000." See also sec. 803 (a), 4-1.6, and 4-5.

See also sec. 222 of the National Housing Act, "Mortgage Insurance for Servicemen."

The Supplemental Appropriation Act, 1955, Public Law 663, 83d Congress, approved August 26, 1954, 68 Stat. 800, 819, appropriated funds for construction by the military departments of family housing as authorized by Public Law 765, 83d Congress, approved September 1, 1954, 68 Stat. 1119. Public Law 663 provided, however, that funds appropriated by it for such military family housing should "not be used . . . . unless the Secretary of Defense certifies that (1) it is impracticable to construct family housing under the provisions of title VIII of the National Housing Act, and (2) that adequate housing at reasonable rental rates is not available in the immediate vicinity of the military installation, and (3) it is impracticable to acquire suitable housing under other existing provisions of law".

(f) The term "State" includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

SEC. 802. There is hereby created a Military Housing Insurance Fund [1] which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title, and mortgages insured under this title shall be known and referred to as "military housing insured mortgages". For the purposes of this fund there is hereby authorized to be appropriated the sum of $10,000,000. For immediate needs pending such appropriation, the Commissioner is directed to transfer the sum of $1,000,000 to such fund from the War Housing Insurance Fund created by section 602 of this Act, such amount to be reimbursed to the War Housing Insurance Fund upon the availability of the appropriations authorized by this section. General expenses of operation of the Federal Housing Administration under this title may be charged to the Military Housing Insurance Fund.

SEC. 803. (a) In order to assist in relieving the acute shortage of housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of rental housing accommodations available to military and civilian personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided,* That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed $500,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $1,000,000,000:[2] *And provided further,* That no mortgage shall be insured under this title after July 31, 1955,[3] except (A) pursuant to a commitment to insure issued on or before such date, or (B) a mortgage given to

[1] The Supplemental Appropriation Act, 1950, Public Law 358, 81st Congress, approved October 14, 1949, 63 Stat. 869, appropriated $5,000,000 to the Military Housing Insurance Fund.

[2] See also section 217.

[3] Sec. 601(a) of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293, amended sec. 803 (a) by substituting "1953" for "1951" and provided that the amendment should be effective as of July 1, 1951. Section 10(a) of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 124, substituted "1954" for "1953". Section 1 of Public Law 438, 83d Congress, approved June 29, 1954, 68 Stat. 320, substituted July 31 for July 1. Section 128(a) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 609, substituted "June 30, 1955" for "July 31, 1954." Sec. 1 (2) of Public Law 119, 84th Congress, approved June 30, 1955, 69 Stat. 225, substituted "July 31, 1955" for "June 30, 1955."

Sec. 401 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 646, enacted a new title VIII of the National Housing Act entitled "Armed Services Housing Mortgage Insurance" (the "Capehart Act"), which is set forth in the following part 4-1.7. Sec. 408 of the Housing Amendments of 1955 provided that "Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be $12,500,000."

refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Military Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgaged property shall be designed for rent for residential use by civilian or military personnel of the Army, Navy, Marine Corps, or Air Force (including Government contractors' employees) assigned to duty at the military installation at or in the area of which such property is constructed. Notwithstanding the provisions of any other law, preference or priority of opportunity in the occupancy of the mortgaged property for such personnel and their immediate families shall be provided under such regulations and procedures as may be prescribed by the Commissioner. No mortgage shall be insured under this title unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to provide adequate housing for such personnel, that such installation is deemed to be a permanent part of the Military Establishment, and that there is no present intention to substantially curtail activities at such installation.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed $5,000,000 [1]; and

(B) not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed; and

(C) not to exceed an average of $8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that where the Secretary of Defense or his designee in exceptional cases certifies and the Commissioner concurs in such certification that the needs would be better served by single-family detached dwelling units the mortgage may involve a principal obligation not to exceed $9,000 per family unit for such part of such property as may be attributable to such dwelling units:

[1] Sec. 408 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 653, provided that the maximum dollar amount is $12,500,000 for each mortgage insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, or a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956.

Provided, That the Commissioner may by regulation increase the $8,100 limitation by not exceeding $900 in any geographical area where he finds that cost levels so require.[1]

[2] The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.

The mortgage shall provide for complete amortization by periodic payment within such terms as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum [3] per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided,* That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by indorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagee for the account of the mort-

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[1] This proviso was added by sec. 601(b) of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293.

[2] This paragraph amended to read as set forth in the text by sec. 130 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 609. Original cost certification requirements were added by section 10(b) of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 124.

[3] Section 10 (c) of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 124, substituted "4½ per centum" for "4 per centum".

gagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagors or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation on the date of default; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date: *Provided,* That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by the Commissioner, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the

mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Commissioner. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (i) hereof, shall not apply. If, during the time the mortgage is insured and before the mortgagee has received the benefits of the insurance, the United States acquires, or commences eminent domain proceedings to acquire, all or a substantial part (as defined by the Commissioner) of the mortgaged property for the use of the National Military Establishment or the Atomic Energy Commission, the mortgagee may, at its election, within such time and in accordance with such regulations as the Commissioner may prescribe, receive the benefits of the insurance as provided in this subsection, notwithstanding the fact that the mortgage may not be in default.

(e) Debentures issued under this title shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Military Housing Insurance Fund.

(f) Debentures issued under this title shall be executed in the name of the Military Housing Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty[1] years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Military Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed

[1] Sec. 112(c) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 592, substituted "twenty" for "ten". Sec. 112(e) of the Housing Act of 1954 provided, however, that the change in maturity would "not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954" (August 2, 1954).

on the face of the debentures. In the event the Military Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Military Housing Insurance Fund.

(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Military Housing Insurance Fund", and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section 803.

(i) The Commissioner shall also have power to insure under this title or titles II or VI any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or titles II or VI.

(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(k) In order to assure an adequate market for mortgages insured under this title, the powers of the Federal National Mortgage Association and of any other Federal corporation or other Federal agency hereafter established, to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with mortgages insured under this title.

SEC. 804. (a) Moneys in the Military Housing Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Military Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the

yield obtainable from other investments authorized by this section. Debentures so purchased shall be cancelled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Military Housing Insurance Fund, shall be credited to the Military Housing Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Military Housing Insurance Fund.

SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is desirable to lease real property within the meaning of the Act of August 5, 1947 (61 Stat. 774), to effectuate the purposes of this title, the Secretary concerned is authorized to lease such property under the authority of said Act upon such terms and conditions as in his opinion will best serve the national interest without regard to the limitations imposed by said Act in respect to the term or duration of the lease, and the power vested in the Secretary of the Department concerned to revoke any lease made pursuant to said Act in the event of a national emergency declared by the President shall not apply. Whenever the Secretary of the Army, Navy, or Air Force determines it to be in the interest of national defense, he is hereby authorized to sell, transfer, and convey at fair value (as determined by him), for use under this title, all or any right, title, and interest in any real property under his jurisdiction, notwithstanding any limitations or requirements of law with respect to the use or disposition of such property. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

SEC. 807. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 808. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

SEC. 809.[1] Whenever the Secretary of the Army, Navy, or Air Force, or his duly designated representative, determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to

[1] Section 809 was added by Public Law 498, 81st Congress, approved May 2, 1950, 64 Stat. 97.

procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for rental housing under this title and other services in connection therewith: *Provided,* That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Administration: *Provided further,* That the Secretary may designate certain sites or parts thereof for rental housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such rental housing. The Secretary is further authorized to procure options from private parties for the acquisition by third parties of off-installation sites intended for such rental housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government, of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon. Any public-works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force may be obligated by the respective departments for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged.[1]

SEC. 810.[2] A mortgage which meets all of the eligibility requirements of this title except those specified in section 803 (b) (2) and

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[1] Sec. 5 of Public Law 211, 81st Congress, approved August 8, 1949, 63 Stat. 570, the law which added title VIII to the National Housing Act, also amended sections 1 and 2 of the Act of July 30, 1947, 61 Stat. 675, to give the Secretaries of the armed services the right to sell and contract to sell utilities, and related services, without time limit, to purchasers within the vicinity of military activities, if such services are not otherwise available.

Sec. 505 of Public Law 155, 82d Congress, approved September 28, 1951, 65 Stat. 336, provides as follows: "There are hereby authorized to be appropriated funds for acquisition of land, installation of outside utilities, and site preparation for housing projects to be constructed under title VIII of the National Housing Act, as amended. Such funds may be expended by the respective military departments for housing projects when the Secretary of Defense, after consultation with the Federal Housing Commissioner, determines that such housing projects should be constructed and that such expenditures are essential to the construction of satisfactory housing. Such expenditures may not exceed an average of $1,500 per housing unit in respect of any housing project, and shall not exceed an average of $1,000 per housing unit in respect of all housing projects for which expenditures are approved under the provisions of this section."

[2] Section 810 was added by section 601(d) of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293.

which is secured by property designed for rent for residential use by personnel of the Atomic Energy Commission (including military personnel and Government contractors' employees) employed or assigned to duty at the Atomic Energy Commission installation at or in the area in which such property is constructed shall be eligible for insurance under this title if the Atomic Energy Commission or its designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to provide adequate housing for such personnel, that such installation is deemed to be a permanent part of the Atomic Energy Commission establishment, and that there is no present intention to substantially curtail activities at such installation. Notwithstanding the provisions of any other law, preference or priority of opportunity in the occupancy of the mortgaged property for such personnel and their immediate families shall be provided under such regulations and procedures as may be prescribed by the Commissioner. To effectuate the purpose of this title the Atomic Energy Commission or its designee is authorized to exercise all the authority granted to the Secretary of Defense or the Secretary of the Army, Navy, or Air Force pursuant to this title. Nothing herein contained shall impair the powers vested in the Atomic Energy Commission by the Atomic Energy Act of 1946.

4. Insurance of Housing Mortgages and Credit
1. Authorization of Program

7. TITLE VIII OF THE NATIONAL HOUSING ACT ("CAPEHART ACT")

[Excerpts from the National Housing Act, as amended, Public Law 479, 73d Congress, 48 Stat. 1246]

TITLE VIII—ARMED SERVICES HOUSING MORTGAGE[1] INSURANCE

SEC. 801. As used in this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances 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 instruments, if any, secured hereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage, his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "housing accommodations" means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

(e) The term "personnel" shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

(f) The term "military" includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

(g) The term "State" includes the several States, and[2] Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."[3]

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[1] Sec. 401 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 646, enacted this new title VIII of the National Housing Act (the "Capehart Act") as set forth in this part 4-1.7. Sec. 408 of the Housing Amendments of 1955 provided that "Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be $12,500,000." See 4-1.6 for the provisions of the old title VIII (the "Wherry Act"). See 4-5 for other provisions of Housing Amendments of 1955 governing the new Title VIII armed services housing provisions of PL 161, 84th Congress, and other provisions.

[2] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, deleted "Alaska," and sec. 6, Hawaii Omnibus Act, Public Law 86-624, approved July 12, 1960, 74 Stat. 411, deleted "Hawaii".

[3] Amended by sec. 501 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1109, to include Midway Island and the Canal Zone.

SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund.[1] General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon; *Provided,* That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed $2,300,000,000:[2] *And provided further,* That the limitation in section 217 of this Act shall not apply to this title: *And provided further,*[3] That no more mortgages shall be insured under this section after October 1, 1962,[4] except pursuant to a commitment to insure before such date, and not more than twenty-eight[4] thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under this section after such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

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[1] See 4-1.6.

[2] Sec. 503 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1109, substituted "$2,300,000,000" for "$1,363,500,000".

[3] Sec. 414 of the Military Construction Act of 1959, Public Law 86-149, approved August 10, 1959, 73 Stat. 302, 322, inserted this proviso and further provided as follows:

"Notwithstanding the authorizations for the construction of family housing contained in subsections 104(b), 204(b), and 304(b) of this Act, the total number of units of family housing contracted for after June 30, 1959, and before October 1, 1960, pursuant to the authority contained in such subsections shall not exceed a total of twenty thousand units. The Secretary of Defense shall determine the total number of units to be constructed by each of the military services in conformity with the provisions of this section. The Secretaries of the three military departments, or the designee of each, shall promptly notify the Committees on Armed Services of the Senate and House of Representatives of any determination made hereunder as it affects each such department".

The proviso was amended by sec. 1 of Public Law 87-623, approved August 31, 1962, 76 Stat. 418, to make the termination of insurance authority applicable to section 803 rather than to title VIII as originally provided.

[4] Sec. 607(a), Military Construction Act of 1961, Public Law 87-57, approved June 27, 1961, 75 Stat. 96, 111, and sec. 604(d), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, each substituted "October 1, 1962" for "October 1, 1961" and "twenty-eight" for "twenty-five".

Sec. 607(b), Military Construction Act of 1961, Public Law 87-57, approved June 27, 1961, 75 Stat. 96, 111, authorized the military departments "to contract for the construction of three thousand housing units under section 803 of the National Housing Act, as amended, at such locations as may be designated by the Secretary of Defense, except that three hundred of such three thousand units shall be designated for Naval Base, Norfolk, Virginia."

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however,* That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the "Housing Amendments of 1955"[1] may be considered the same as available quarters), and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the

[1] See 4-1.6.

proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

(B) not to exceed an average of $16,500 [1] per family unit for such part of such property or project (including [2] ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided,* That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of $16,500 per family unit: *Provided further,*[3] That should the financing of housing to be constructed pursuant to a single invitation for bids be accomplished by two or more mortgages, the principal obligation of any single mortgage may exceed an average of $16,500 per family unit if the sum of the principal obligations of all mortgages for such housing does not exceed an average of $16,500 per family unit: *And provided further,*[4] That subject to the limitations of this paragraph no family unit included in any mortgaged property shall be contracted for after the date of enactment of the Military Construction Act of 1960 [5] if the cost of such unit exceeds $19,800; and

(C) not to exceed the bid of the eligible bidder with respect to the property or project under section 403 of the Housing Amendments of 1955.[6]

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, but [7] not to exceed thirty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ [8] per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. The [9] property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants.

(c) The Commissioner is authorized to fix a premium charge for the

[1] Increased from $13,500 to $16,500 by sec. 505 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1109.
[2] Language in this parenthesis inserted by sec. 505 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1109.
[3] This proviso added by sec. 502 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 303.
[4] This proviso added by sec. 507(c) of the Military Construction Act of 1960, Public Law 86-500, approved June 8, 1960, 74 Stat. 166, 186.
[5] June 8, 1960.
[6] See 4-5.1.
[7] Sec. 701(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 682, substituted "but not to exceed thirty years from the beginning of amortization of the mortgage" for "have a maturity not to exceed twenty-five years."
[8] Sec. 3(b), Public Law 85-364, approved April 1, 1958, 72 Stat. 73, substituted "4½" for "4."
[9] Sec. 701(c), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 682, added this last sentence.

insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided,* That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner may reduce the payment of premiums provided for herein. The [1] Commissioner is further authorized to reduce the amount of the premium charge below one-half of 1 per centum per annum with respect to any mortgage on property acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955.

(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage

[1] Sec. 701(d), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 682, added this last sentence.

transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

(e) Debentures issued under this title shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund.

(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate established [1] by the Commissioner pursuant to section 224, payable semianually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such

[1] Section 108(c) of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 297, substituted "established by the Commissioner pursuant to section 224," for "determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum."

guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Armed Services Housing Mortgage Insurance Fund", and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section.

(i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or title II.

(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(k)[1] The Commissioner shall not insure any mortgage under this section unless the principal contractor or contractors engaged in the construction of the project involved file a certificate or certificates (at such times, in the course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of forty hours in any one week.

SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as

[1] Sec. 701(e), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 682, added subsection (k).

to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the State[1] of Alaska, shall not apply to mortgages insured under this title on property in said State.[1]

SEC. 807. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

SEC. 808. Except[2] in the case of mortgages on multifamily rental housing projects insured under section 810, the cost certification required under section 227 of this Act shall not be required with respect

[1] Sec. 10(a), Alaska Omnibus Act, Public Law 86-70, approved June 25, 1959, 73 Stat. 141, 142, substituted "State" for "Territory".
[2] Sec. 704(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 686, added "Except in the case of mortgages on multifamily rental housing projects insured under section 810,".

to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955.[1]

SEC. 809.[2] (a) Notwithstanding any other provisions of this title and in addition to mortgages insured under section 803, the Commissioner may insure any mortgage under this section which meets the eligibility requirements set forth in section 203 (b) of this Act: *Provided,* That a mortgage insured under this section shall have been executed by a mortgagor who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of a change in his employment by the Armed Forces or a contractor thereof and to whom the Secretary or his designee has issued a certificate indicating that such person requires housing and is at the date of the certificate a civilian employee at a research or development installation of one of the military departments of the United States or a contractor thereof and is considered by such military department to be an essential, nontemporary employee at such date. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the mortgagor and of the mortgagor's need for housing.

(b) No mortgage shall be insured under this section unless the Secretary or his designee shall have certified to the Commissioner that the housing is necessary to provide adequate housing for such civilians employed in connection with such a research or development installation and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installation. Such certification shall be conclusive evidence to the Commissioner of the need for such housing but if the Commissioner determines that insurance of mortgages on such housing is not an acceptable risk, he may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act, that the project or property be economically sound or an acceptable risk.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of insurance as provided in section 204(a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k)[3] of section 204 shall apply to mortgages insured under this section except that as applicable to those mortgages: (1) all references

[1] Sec. 4 of Public Law 216, 84th Congress, approved August 3, 1955, 69 Stat. 448, amended the Renegotiation Act of 1951 to provide for renegotiation of any contract awarded for the construction of housing financed with a mortgage or mortgages insured under the provisions of title VIII, as amended.

[2] Sec. 809 added by Public Law 574, 84th Congress, approved June 13, 1956, 70 Stat. 273.

[3] Sec. 116(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 664, added "(k)".

to the "Fund" or "Mutual Mortgage Insurance Fund" shall refer to the "Armed Services Housing Mortgage Insurance Fund" and (2) all references to section 203 shall refer to this section.

(f) The provisions of sections 801, 802, 803 (c), 803 (i), 803 (j), 804 (a), 804 (b), and 807 and the provisions of section 803 (a) relating to the aggregate amount of all mortgages insured under this title, shall be applicable to mortgages insured under this section. No [1] more mortgages shall be insured under this section after October 1, 1965, except pursuant to a commitment to insure before such date.

(g) [2] (1) A mortgage secured by property which is intended to provide housing for a person (i) employed or assigned to duty at or in connection with any research or development installation of the National Aeronautics and Space Administration and which is located at or near such installation, or (ii) employed at any research or development installation of the Atomic Energy Commission and which is located at or near such installation, may (if the mortgage otherwise meets the requirements of this section) be insured by the Commissioner under the provisions of this section.

The Administrator of the National Aeronautics and Space Administration (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed or assigned to duty at any such installation of the National Aeronautics and Space Administration, or the Chairman of the Atomic Energy Commission (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed at such installation of the Atomic Energy Commission, is authorized to guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss to the extent required by the Commissioner, in accordance with the provisions of subsection (b) of this section.

(2) For purposes of this subsection—

(i) The terms 'Armed Forces', 'one of the military departments of the United States', 'military department', 'Secretary or his designee', and 'Secretary', when used in subsections (a) and (b) of this section, shall be deemed to refer to the National Aeronautics and Space Administration (or the Administrator thereof), or the Atomic Energy Commission (or the Chairman thereof), as may be appropriate;

(ii) The term 'Secretary of the Army, Navy, or Air Force', when

[1] Sec. 2 of Public Law 87-623, approved August 31, 1962, 76 Stat. 418, extended for one year to October 1, 1963, the insurance authority under section 809, and section 1 of Public Law 88-127, approved September 23, 1963, 77 Stat. 163, further extended for two years to October 1, 1965, the insurance authority under section 809.

[2] This subsection added by Public Law 86-578, approved July 5, 1960, 74 Stat. 314, to make the section 809 program available to essential civilian employees at installations transferred from the Department of Defense to the National Aeronautics and Space Administration, and amended by Public Law 86-774, approved September 13, 1960, 74 Stat. 914, 915, to make the section 809 program available to such employees of the Atomic Energy Commission in Los Alamos, New Mexico. Public Law 88-127, approved September 23, 1963, 77 Stat. 163, further amended this subsection to make the section 809 program available to any research or development installation of the National Aeronautics and Space Administration and the Atomic Energy Commisssion.

used in section 805, shall be deemed to refer to the National Aeronautics and Space Administration or the Administrator thereof, as may be appropriate;

(iii) The terms 'civilian employee', 'civilians', and 'civilian personnel', as used in this section, shall be deemed to refer to (A) employees of such Administration or a contractor thereof or to military personnel assigned to duty at an installation of such Administration, or (B) [1] persons employed at or in connection with any research or development installation of the Atomic Energy Commission, as the case may be; and

(iv) The term 'military installation' when used in section 805 shall be deemed to refer to an installation of the National Aeronautics and Space Administration.

SEC. 810.[2] (a) Notwithstanding any other provision of this title, the Commissioner may insure and make commitments to insure any mortgage under this section [3] which meets the eligibility requirements hereinafter set forth.

(b) No mortgage shall be insured under this section unless [4] (1) [5] the housing which is covered by the insured mortgage is necessary in the interest of national security in order to provide adequate housing for (A) military personnel and essential civilian personnel serving or employed in connection with any installation of one of the armed services of the United States, or (B) essential personnel employed or assigned to duty at or in connection with any research or development installation of the National Aeronautics and Space Administration or of the Atomic Energy Commission, (2) there is no present intention to curtail substantially the number of such personnel assigned or to be assigned to the installation, (3) adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distances of such installation, and (4) the mortgaged property will not so far as can be reasonably foreseen substantially curtail occupancy in any existing housing in the vicinity of the installation which is covered by mortgages insured under this Act.[6]

(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act that the property or project be economically sound.

[1] Section 1 of Public Law 88-127, approved September 23, 1963, 77 Stat. 163, amended clause (B) by substituting "persons employed at or in connection with any research or development installation of the Atomic Energy Commission" for "persons employed in connection with the Atomic Energy Commission's installation at Los Alamos, New Mexico".

[2] Sec. 704(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 683, added sec. 810.

See also 4-5.12 delegation to Asst. Secretary of Defense (Properties and Installations).

[3] See 4-5.7.

[4] Sec. 611(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, deleted the words "the Secretary of Defense or his designee shall have certified to the Commissioner that"

[5] Sec. 2 of Public Law 88-127, approved September 23, 1963, 77 Stat. 163, extended the section 810 program (formerly limited to military installations) to any research or development installation of the National Aeronautics and Space Administration and the Atomic Energy Commission.

[6] Sec. 611(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, deleted the last sentence of paragraph (b) which read: "Any such certificate issued by the Secretary of Defense or his designee shall be conclusive evidence to the Commissioner of the eligibility of the mortgage for insurance in accordance with the requirements of this subsection".

(d) The Commissioner shall require each project covered by a mortgage insured under this section to be held for rental for a period of not less than five years after the project or dwelling is made available for initial occupancy or until [1] he finds that the housing may be released from such rental condition. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure reasonable preference or priority in the sale or rental of dwellings covered by a mortgage insured under this section for military personnel and essential civilian employees of the armed services, employees of contractors for the armed services [2] and persons described in clause (1)(B) of subsection (b) of this section.

(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative society, or trust. Any such mortgagor shall possess powers necessary therefor and incidental thereto and shall until the termination of all obligations of the Commissioner under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.

(f) To be eligible for insurance under this section, a mortgage on any multifamily rental property or project shall involve a principal obligation in an amount (1) not to exceed $5,000,000 or (2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $9,000 per family unit without a bedroom, $12,500 per family unit with one bedroom, $15,000 per family unit with two bedrooms, and $18,500 per family unit with three or more bedrooms [3] and not to exceed 90 per centum of the estimated value of the property or

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[1] Sec. 611(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, substituted the words "until he finds" for the words "until advised by the Secretary of Defense or his designee".

[2] Sec. 611(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, deleted "as evidenced by certification issued by the Secretary of Defense or his designee. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the person requiring housing and of such person's need for the housing." Sec. 2 of Public Law 88-127, approved September 23, 1963, 77 Stat. 163, added the remainder of this sentence.

[3] Sec. 107(f)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 776, deleted the previous per room limits in this clause (2) and substituted dollar amount limitations based on the number of family units in the project with the dollar amount limitations varying according to the number of bedrooms in each unit. Prior to this amendment the dollar amount limitations in this clause (2) read as follows: "$2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit),".

Sec. 107(g), Housing Act of 1964, permits the Federal Housing Commissioner to apply to projects under consideration at the time of its enactment (September 2, 1964) the dollar limitations per room existing prior to enactment of the Act if he determines that it would be inequitable to apply the new limitations.

project when the proposed physical improvements are completed. The [1] Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require.

(g) To be eligible for insurance under this section a mortgage on any property or project constructed for eventual sale of single-family dwellings shall involve a principal obligation in an amount not to exceed $5,000,000 and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) of this Act if the mortgagor were the owner and occupant who had made the required payment on account of the property prescribed in such paragraph.

(h) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed the maximum term applicable to mortgages under section 207 of this Act and shall bear interest (exclusive of premium charges for insurance) at not to exceed the rate applicable to mortgages insured under section 207, except that individual mortgages of the character described in subsection (g) covering the individual dwellings in the project may have a term not in excess of the maximum term applicable to mortgages insured under section 203 of this Act or the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage, whichever is the greater, and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage of the character described in subsection (g) of this section may provide that, at any time after the release of the project from the rental period prescribed by subsection (d), such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage insured under this section may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed five thousand dwelling units.

[1] Sec. 107(f)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 776, amended this sentence to read as set forth in the text. Prior to this amendment this sentence read as follows: "The Commissioner may increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require."

(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided,* That wherever the words "Fund", "Mutual Mortgage Insurance Fund", or "Housing Insurance Fund" appear in section 204 or 207, such reference shall refer to the Armed Services Housing Mortgage Insurance Fund with respect to mortgages insured under this section.

(k) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured under this title shall be applicable to mortgages insured under this section. No [1] more mortgages shall be insured under this section after October 1, 1965, except pursuant to a commitment to insure before such date.

(l) Repealed.[2]

SEC. 811.[3] (a) The Commissioner is authorized to make payments in lieu of taxes on any real property to which title has been or is hereafter acquired by him in fee under section 803 as effective prior to August 11, 1955, and on which taxes or payments in lieu of such taxes were payable or paid prior to acquisition by the Commissioner. Such payments may be made in connection with tax years occurring prior to or subsequent to the date of the enactment of this section. The amount of any such payments shall not exceed taxes on similar property and shall not include interest or penalties. If the Commissioner has acquired or hereafter acquires title in fee to real property by foreclosure or by transfer from some other department or agency of the Government or otherwise during a tax year, he may make a payment in lieu of taxes prorated for that portion of the year remaining after his acquisition of title. This subsection shall not authorize any lien against property held by the Commissioner, nor the payment of any tax, nor any payment in lieu of any tax, on any interest of the Commissioner as lessee or mortgagee.

(b) Nothing in this title shall be construed to exempt any real property which has been or is hereafter acquired and held by the Commissioner under section 809 or 810 from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

[1] Sec. 3 of Public Law 87-623, approved August 31, 1962, 76 Stat. 418, extended for one year to October 1, 1963, the insurance authority under section 810, and sec. 2 of Public Law 88-127, approved September 23, 1963, 77 Stat. 163, further extended for two years to October 1, 1965, the insurance authority under section 810.

[2] Immediately prior to repeal by sec. 611(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, subsection 810(l) read as follows:

"(1) If the Commissioner determines that insurance of mortgages on any housing of the type described in this section is not an acceptable risk, he may require the Secretary of Defense to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

[3] Public Law 87-756, approved October 5, 1962, 76 Stat. 751, added sec. 811.

4. Insurance of Housing Mortgages and Credit

1. Authorization of Program

7. TITLE IX OF THE NATIONAL HOUSING ACT

[Excerpts from the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246; 12 U.S.C. 1701 et seq. (1946 ed.)]

TITLE IX—NATIONAL DEFENSE HOUSING INSURANCE[1]

SEC. 901. As used in this title, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.

SEC. 902. There is hereby created a National Defense Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title, and mortgages insured under this title shall be known and referred to as "national defense housing insured mortgages". The Commissioner is hereby authorized and directed to transfer to such fund the sum of $10,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this title may be charged to the National Defense Housing Insurance Fund: *Provided,* That no moneys in said fund shall be expended for administrative expenses of the Federal Housing Administration under this title except pursuant to such specific authorization therefor as may hereafter be enacted by the Congress.[2]

SEC. 903. (a) This title is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in providing adequate housing in areas which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951,[3] shall have determined to be critical defense housing areas. The Commissioner is authorized,[4] upon application by the mortgagee, to insure under this section or section 908 as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided and upon such terms as the Commissioner may prescribe to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided,* That the property covered by the mortgage is in an area which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951,[3] shall have determined to be a critical defense housing area, and that the

[1] Title IX was added to the National Housing Act by section 201 of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293.

[2] The Second Supplemental Appropriation Act, 1952, Public Law 254, 82d Congress, approved November 1, 1951, increased the amounts made available in the Independent Offices Appropriation Act, 1952 for administrative and nonadministrative expenses of FHA by $41,000 and $1,875,000, respectively, with the proviso that "the National Defense Housing Insurance Fund shall be available, in addition to the purposes for which it is otherwise available under law, for administrative expenses of the Federal Housing Administration".

[3] See 9-2-1.1 for the provisions of section 101 of the Defense Housing and Community Facilities and Services Act of 1951.

[4] See section 104 of the Defense Housing and Community Facilities and Services Act of 1951. 9-2-1.1 for the termination date of the authority to insure mortgages under title IX of the National Housing Act.

total number of dwelling units in properties covered by mortgages insured under this title in any such area does not exceed the number authorized by the Housing and Home Finance Administrator[1] from time to time as needed in such area for defense purposes and to be insured pursuant to this title: *Provided further,*[2] That in the event the Commissioner has issued a commitment to insure a mortgage under section 903 of this title, which commitment was in force and effect on June 1, 1953, and the Commissioner determines that, because of changes in defense requirements, there is reasonable doubt that such housing is needed for defense purposes and that it is probable that the mortgage would become immediately in default and claim made for payment under the mortgage insurance contract if the unit or units are completed and the mortgage insured, the Commissioner is authorized, in the interest of conserving the National Defense Housing Insurance Fund, to pay (in cash from the National Defense Housing Insurance Fund) to the mortgagee for the account of the mortgagor such amount as the Commissioner shall determine to be necessary to reimburse the mortgagor the amounts paid or to be paid by the mortgagor on account of labor performed and materials in place, less the Commissioner's estimate of the reasonable salvage value of such materials, plus an allowance for development costs equal to 4 per centum of the principal amount of the mortgage specified in such commitment, and no payments shall be made pursuant to this proviso unless a claim therefor is filed not later than six months from date of the determination of lack of need and the claim is in such form and contains such supporting information, documents, and data as the Commissioner may require: *Provided further,* That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed such sum as may be authorized by the President from time to time for the purposes of this title pursuant to his authority under section 217 hereof: *Provided further,* That the Commissioner shall have power to require properties covered by mortgages insured under this title to be held for rental for such periods of time and at such rentals or other charges as he may prescribe; and, with respect to such properties being held for rental, (1) to require that the property be held by a mortgagor approved by him, and (2) to prescribe such requirements as he deems to be reasonable governing the method of operation and prohibiting or restricting sales of such properties or interests therein or agreements relating to such sales: *Provided further,*[3] That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy: ***And provided further,*** That no mortgage shall be insured under this title

[1] See also section 102 of the Defense Housing and Community Facilities and Services Act of 1951, 9-2-1.1, for provisions concerning public announcement of the availability of title IX mortgage insurance aids, and the number, types, rentals, and locations of dwelling units needed in critical defense areas.

[2] This proviso was added by section 11 of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 124.

[3] This proviso added by sec. 128(b) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 609. Effective date of Housing Act of 1954 August 2, 1954.

unless the mortgagor certifies under oath that in selecting tenants for any 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 Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed $500.

(b) To be eligible for insurance under this section a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed 90 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for residential use for not more than two families in the aggregate, which is approved for mortgage insurance prior to the beginning of construction, the construction of which is begun after the date of enactment of this title. The principal obligation of such mortgage shall not, however, exceed $8,100 if such dwelling is designed for a single-family residence, or $15,000 if such dwelling is designed for a two-family residence except that the Commissioner may by regulation increase these amounts to not to exceed $9,000 and $16,000, respectively, in any geographical area where he finds that cost levels so require: *Provided,* That if the Commissioner finds that it is not feasible within the aforesaid dollar amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitations by not exceeding $1,080 for each additional bedroom (as defined by the Commissioner) in excess of two contained in such family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be;

(3) have a maturity satisfactory to the Commissioner but not to exceed thirty years from the date of the insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Commissioner;

(5) bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as herein provided) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided,* That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe; but no mortgage shall be accepted for insurance under this title unless the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk in view of the needs of national defense. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title until such maturity date; and in the event that the principal obligation is paid in full as herein set forth the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Upon application of the mortgagee with the consent of the mortgagor of a mortgage for which a commitment to insure has been issued pursuant to section 203 of this Act covering property on which the construction of the dwellings thereon was begun prior to the enactment of this title and the determination of prevailing wages in the locality in accordance with section 212, the Commissioner is authorized, notwithstanding such beginning of construction, to convert such commitment to a commitment under section 908; any charges or fees paid to the Commissioner with respect to such insurance under section 203 shall be credited to charges or fees due the Commissioner with respect to such insurance under section 908; and the determination of prevailing wages in the locality for

purposes of section 212 may be made by the Secretary of Labor at any time prior to the insurance under section 908: *Provided,* That such mortgage, or the mortgage covering the same property executed in substitution therefor, is otherwise eligible for insurance under section 908.[1]

(d) Notwithstanding any other provisions of this or any other Act, except provisions of law enacted hereafter expressly referring to this paragraph (d), the Commissioner, with the approval of the Housing and Home Finance Administrator, is further authorized to prescribe such procedures as are necessary to secure to persons engaged or to be engaged in national defense activities preference or priority of opportunity to purchase or rent properties, or interests therein, covered by mortgages insured under this title.[2]

(e) Any contract of insurance heretofore or hereafter executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

Sec. 904.[3] (a) In any case in which the mortgagee under a mortgage insured under section 903 shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the

[1] The last sentence of this subsection (c) was added by sec. 13 of the Housing Act of 1952, Public Law 531, 82d Congress, approved July 14, 1952, 66 Stat. 601, 604.

[2] See also section 611 of the Defense Housing and Community Facilities and Services Act of 1951, 9-2-1.4.

[3] Sec. 105(e), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 773, 774, made changes in the provisions of this section for the payment of insurance benefits. The changes are designed to simplify payment procedures.

original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance of the mortgaged property, and any mortgage insurance premiums and by deducting from such total amount any amount received on account of the mortgage after either of such dates and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided,* That with respect to mortgages which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, they may be included in the debentures issued by the Commissioner, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount—

(1) not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of $75; or

(2) not in excess of two-thirds of such cost, whichever is the greater: *Provided further,* That with respect to any debentures issued on or after the date of enactment of the Housing Act of 1964,[1] the Commissioner may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the Commissioner, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further,* That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 903, and subject to such regulations and conditions as the Commissioner may prescribe, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter.

[1] September 2, 1964.

(b) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(c) Debentures issued under this title shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section or section 908 of this Act and the aggregate face value of the debentures issued, not to exceed $350, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the National Defense Housing Insurance Fund.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of the National Defense Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 [1] shall be dated as of the date of default or as of such later date as the Commissioner, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures shall mature twenty [2] years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, or gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of the National Defense Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the National Defense Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in

[1] September 2, 1964.
[2] Sec. 112(d) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 593, substituted "twenty" for "ten". Sec. 112(e) of the Housing Act of 1954 provided, however, that the change in maturity would "not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954" (August 2, 1954).

the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 204 (e) and section 204 (f) of this Act which are applicable to mortgages insured under section 207, except that the reference in section 204 (f) to "the Housing Insurance Fund" shall be deemed for the purposes of this section to be a reference to the National Defense Housing Insurance Fund.

(f) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Commissioner shall have power to deal with, complete, rent, renovate, modernize, insure, make contracts or establish suitable agencies for the management of, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner as provided in this title: *Provided,* That section 3709 of the Revised Statutes shall not be construed to apply to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed $1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyances, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided,* That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney in his discretion, to any officer, agent, or employee he may appoint.

(g) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Commissioner or in any claim assigned to him; nor shall the Commissioner owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

SEC. 905. (a) Moneys in the National Defense Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this title shall be deposited with the Treasurer of the United States to the credit of the National Defense Housing Insurance Fund, or invested in bonds or other obligations of, or in

bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the National Defense Housing Insurance Fund, shall be credited to the National Defense Housing Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the National Defense Housing Insurance Fund.

SEC. 906. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 907. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

SEC. 908. (a) In addition to mortgages insured under section 903 of this title, the Commissioner is authorized to insure mortgages as defined in section 901 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the National Defense Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed $5,000,000; and

(B) not to exceed 90 per centum of the amount which the Commissioner estimates will be the value of the property or project when the proposed improvements are completed: *Provided,* That such mortgage shall not in any event exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of off-site public utilities and streets and organization and legal expenses; and

(C) not to exceed $8,100 per family unit (or $7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided,* That the Commissioner may by regulation increase such dollar amount limitations by not exceeding $900 in any geographical area where he finds that cost levels so require.

[1] The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.

The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum [2] per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The mortgagee shall be entitled to receive debentures in connection with mortgages insured under this section in the amount and under the conditions specified in subsection (g) of section 207 of this Act, and the references in said subsection (g) to the cash adjustment provided for in subsection (j) of section 207 and to the certificate of claim provided for in subsection (h) of section 207 shall be deemed to refer respectively to the cash adjustment provided for in subsection (c) of section 904 of this Act and to the certificate of claim provided for in subsection (d) of this section.

(d) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 207 (h) of this Act, except that the reference in section 207 (h) to "the Housing Insurance Fund" shall be deemed for the purposes of this section to be a reference to the National Defense Housing Insurance Fund.

[1] This paragraph amended to read as set forth in the text by sec. 130 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 609.

[2] Section 10(c) of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 124, substituted "4½ per centum" for "4 per centum".

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 904 (c) and (d) except that such debentures shall be dated as of the date of default as determined in subsection (c) of this section, and shall bear interest from such date.

(f) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections 207 (k) and 207 (l) to the "Housing Fund" shall be construed to refer to the National Defense Housing Insurance Fund, and (2) the reference therein to "subsection (g)" shall be construed to refer to subsection (c) of this section.

(g) In any case where an application for insurance under section 608 of this Act was received by the Federal Housing Commissioner on or before March 1, 1950, and has not been rejected or committed upon, the mortgagee upon reapplication for insurance of a mortgage under this section 908 with respect to the same property shall receive credit for any application fees paid in connection with the prior application: *Provided,* That this subsection shall not constitute a waiver of any requirements otherwise applicable to the insurance of mortgages under this section.

(h) The Commissioner shall grant preference to applications for insurance under this title to mortgages covering housing of lower rents.

Approved June 27, 1934.

4. Insurance of Housing Mortgages and Credit

2. RIGHT OF REDEMPTION IN CASE OF SUBORDINATE LIENS OF FHA—RESALES OF FHA FINANCED HOUSING

[Excerpts from the Housing Act of 1950; Public Law 475, 81st Congress; 64 Stat. 48]

* * *

SEC. 301. The Servicemen's Readjustment Act of 1944, as amended, is amended—

* * *

(g) By striking out all of subsection (a) of section 505 and by redesignating subsection (b) of said section 505 as "Sec. 505.": *Provided,* That this subsection shall become effective December 31, 1950, or at such earlier time as the Administrator of Veterans' Affairs shall determine, taking into consideration the interests of veterans and existing plans, of both veterans and the home building industry, for the construction of homes: *And provided further,* That this subsection shall not affect any guarantee made, or for which a certificate of commitment has been issued by said Administrator, under section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended, prior to the effective date of this subsection.

* * *

TITLE V—MISCELLANEOUS PROVISIONS

* * *

SEC. 504. With respect to housing built or sold with assistance provided under the National Housing Act, as amended, or title III of the Servicemen's Readjustment Act of 1944, as amended, the Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby specifically authorized and directed to issue such regulations, applicable uniformly to all classes of mortgagees, as they determine desirable for the purpose of limiting the charges and fees, which shall not be construed to include any loss suffered by an originating lender in the bona fide sale or pledge of or an agreement to sell the mortgage [1] imposed upon the builder or other seller, or the veteran or other purchaser in connection with the financing of the construction or sale of such housing, whether or not such charges were or are imposed in connection with the financing assisted by the Federal Government, and no loan shall be insured or guaranteed under such Acts unless the mortgagee certifies that it has not imposed upon the builder or other seller, or the veteran or other purchaser any charges or fees in connection with the financing of the construction or sale of such housing in excess of the charges or fees permitted under such regulations for such purposes as are applicable to the housing involved. REPEALED [2]

[1] This clause inserted by section 23 of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 121, 127.
[2] Sec. 504 was repealed by sec. 813 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 647.

SEC. 505. The right to redeem provided for by title 28, United States Code, section 2410 (c), shall not arise in any case in which the subordinate lien or interest of the United States derives from the issuance of insurance under the National Housing Act, as amended.

• • •

SEC. 508. It is the intent of Congress that no sale of a dwelling on which a mortgage is insured under the National Housing Act, as amended, shall be financed, while such mortgage is so insured, at an interest rate higher than that prescribed by the Federal Housing Commissioner. It is the further intent of Congress that no such sale shall be made, while such mortgage is so insured, on terms less favorable to the purchaser as to amortization, retirement, foreclosure, or forfeiture than those contained in such mortgage.

• • •

Approved April 20, 1950.

4. Insurance of Housing Mortgages and Credit

3. COMBINATION FHA-VA LOANS

[Excerpt from the Servicemen's Readjustment Act of 1944, as amended; Public Law 346, 78th Congress; 58 Stat. 284, 291; 38 U.S.C. 694e (1946 ed.)]

* * *

SECONDARY LOANS

SEC. 505. (a)[1] In any case wherein a principal loan, for any of the purposes stated in section 501, 502, or 503, is approved by a Federal agency to be made or guaranteed or insured by it pursuant to applicable law and regulations, and the veteran is in need of a second loan to cover the remainder of the purchase price or cost, or a part thereof, the Administrator, subject otherwise to the provisions of this title, may guarantee the full amount of the second loan: *Provided,* That such second loan shall not exceed 20 per centum of the purchase price or cost: *And provided further,* That regulations to be promulgated jointly by the Administrator and the head of such agency may provide for servicing of both loans by such agency and for refinancing of the principal loan to include any unpaid portion of the secondary loan with accrued interest, if any, after the curtailment thereon equals twice the amount of the secondary loan.

* * *

Approved June 22, 1944.

[1] See Section 301 of the Housing Act of 1950, 4-2, which strikes out section 505(a) of the Servicemen's Readjustment Act of 1944, thereby abolishing the combination FHA-VA loans authorized by subsection 505(a). Note that the loans are abolished effective December 31, 1950, or at such earlier time as the Administrator of Veterans' Affairs shall determine.

4. Insurance of Housing Mortgages and Credit

4. BUILDERS' WARRANTY

[Excerpt from Housing Act of 1954, Public Law 560, 83d Congress; 68 Stat. 590, 642]

SEC. 801. (a) The Federal Housing Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance prior to the beginning of construction, the seller or builder, and such other person as may be required by the said Commissioner to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner) on which the Federal Housing Commissioner based his valuation of the dwelling: *Provided,* That the Federal Housing Commissioner shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further,* That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendment thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further,* That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further,* That the provisions of this section shall apply to any such property covered by a mortgage insured by the Federal Housing Commissioner on and after October 1, 1954, unless such mortgage is insured pursuant to a commitment therefor made prior to October 1, 1954.

(b) The Federal Housing Commissioner is further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner may determine to be reasonable.

Approved August 2, 1954

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing ("Capehart Act")

1. EXCERPTS FROM TITLE IV HOUSING AMENDMENTS OF 1955 [1]

[Public Law 345, 84th Congress, 69 Stat. 635, 651; 42 U.S.C. 1594-1594f]

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

* * *

SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts [2] with any eligible bidder to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the Commissioner.[3] Any such contract shall also provide that, except for stock held by the Commissioner, the capital stock of the mortgagor (where the mortgagor is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the Commissioner. Any such contract shall contain such terms and conditions as the Secretary may determine to be necessary to protect the interests of the United States. Any [4] such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the Act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section. Before the Secretary shall enter into any contract as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

(b) For the purposes of this title, the term "eligible bidder" means a person, partnership, firm, or corporation determined by the Secretary after consultation with the Commissioner (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of

[1] These excerpts from title IV supplement the provisions of the new title VIII of the National Housing Act, 4-1.7, as added to that Act by section 401 of this title IV of the Housing Amendments of 1955. See also sec. 305(f) of the National Housing Act, 5-1, for authorization to the Federal National Mortgage Association to make commitments to purchase and to purchase title VIII mortgages financing armed services housing as provided in this title IV of the Housing Amendments of 1955, and 4-5.10, delegations to Asst. Secretary of Defense (Properties and Installations).

[2] See 4-5.7 for provisions concerning authorization of number of family housing units.

[3] Federal Housing Commissioner. See 4-1.7.

[4] This sentence added by sec. 507 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1110.

mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955,[1] and to exercise the rights as holders of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the Commissioner of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

(d)[2] On request by the Secretary of Defense, the Attorney General shall furnish to the Secretary of Defense, or his designee, an opinion as to the sufficiency of title to any property on which it is proposed to construct housing, or on which housing has been constructed, under this section. If the opinion of the Attorney General is that the title to any such property is good and sufficient, the Secretary of Defense is authorized to guarantee, or enter into a commitment to guarantee, the mortgagee, under a mortgage on such property which is insured under title VIII of the National Housing Act, against any losses that may thereafter arise from adverse claims to title. None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs: *Provided,* That if the Secretary of Defense, or his designee, determines in the case of any housing project, that the financing of the construction of such project is impossible unless title insurance is provided, the Secretary may provide for the payment of the reasonable costs necessary for obtaining title search and title insurance. Any payments by the Secretary hereunder shall be made from the revolving fund established under section 404(g). Any determination by the Secretary under the foregoing proviso shall be set forth in writing, together with the reasons therefor. The Committees on Armed Services of the Senate and House of Representatives shall be promptly notified of each such determination, and of the amount of any payment made by the Secretary for title search and title insurance costs.

SEC. 404.[3] (a) Whenever the Secretary of Defense or his designee[4] deems it necessary for the purpose of this title, he may acquire, by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) (1) any housing financed with mortgages insured under title VIII of the National Housing Act as in effect prior to August 11, 1955,[5] or (2) any housing situated adjacent to a military installation which

[1] See 4-5.2 for provisions with respect to administration and inspection.
[2] Sec. 415, Military Construction Act of 1959, Public Law 86-149, approved August 10, 1959, 73 Stat. 302, 323, added subsection (d).
[3] Immediately prior to amendment by sec. 702(a) Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 683, this first sentence read as follows:
"Sec. 404. (a) Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955".
[4] See 4-5.8.
[5] See 4-1.6.

was (A) completed prior to July 1, 1952, (B) certified by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the Federal Housing Commissioner, and (C) financed with mortgages insured under section 207 of the National Housing Act, or [1] (3) any housing situated on or adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) considered by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the Federal Housing Commissioner, and (C) financed with mortgages insured under section 608 [2] of the National Housing Act, including adjacent property constructed primarily to provide commercial facilities for the occupants of such housing. The purchase price of any such housing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance representing the estimated cost of repairs and replacements necessary to restore the property to sound physical condition,[3] as determined by the Secretary of Defense or his designee upon the advice of the Commissioner: *Provided,* That in any case where the Secretary or his designee acquires a project held by the Commissioner, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the Commissioner issued in acquiring such project.

(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing described [4] in clause (1) or (2) of subsection (a) of this section which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary.

(c) (1) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357; 40 U.S.C. 257), as amended, or any other applicable Federal statute. Before any such condemnation proceedings

[1] Sec. 1003, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 806, added the remainder of this sentence.
[2] See 4-1.4.
[3] Sec. 504 Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 303, deleted "an appropriate allowance for physical depreciation" and substituted "an appropriate allowance representing the estimated cost of repairs and replacements necessary to restore the property to sound physical condition."
[4] Immediately prior to amendment by Sec. 702(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 683, the last part of this sentence read as follows:
"constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955) which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary."

are instituted, an effort shall be made to acquire the property involved by negotiation. In any such condemnation proceedings, and in the interests of expedition, the issue of just compensation may be determined by a commission of three qualified, disinterested persons to be appointed by the court. Any commission appointed hereunder shall give full consideration to all elements of value in accordance with existing law, and shall have the powers of a master provided in subdivision (c) of rule 53 of the Federal Rules of Civil Procedure and proceedings before it shall be governed by the provisions of paragraphs (1) and (2) of subdivision (d) of such rule. Its action and report shall be determined by a majority and its findings and report shall have the effect, and be dealt with by the court in accordance with the practice prescribed in paragraph (2) of subdivision (e) of such rule. Trial of all issues, other than just compensation, shall be by the court.

(2) [1] In any condemnation proceedings instituted to acquire any such housing, or interest therein, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421). The amount of such deposit for the purpose of this section shall not in any case be less than an amount equal to the actual cost of the housing (not including the value of any improvements installed or constructed with appropriated funds) as certified by the sponsor or owner of the project to the Federal Housing Commissioner pursuant to any statute or any regulation issued by the Federal Housing Commissioner, reduced by the amount of the principal obligation of the mortgage outstanding at the time possession is surrendered, but any such deposit shall not include any excess mortgage proceeds or "windfalls," kickbacks and rebates received in connection with the construction of said housing as determined by the Department of Defense, or any other Federal agency. The amount of such deposit in any case where the sponsor or owner has not certified the cost of the project to the Federal Housing Commissioner at the time of the enactment of the Military Construction Act of 1959 shall be determined by the Secretary of Defense, or his designee, in accordance with the Act of February 26, 1931 (46 Stat. 1421), with a view toward accurately estimating the equity of the sponsor or owner: *Provided,* That in the event there is withdrawn from the registry of the court by the owner or sponsor a sum of

[1] Immediately prior to amendments by sec. 418, Military Construction Act of 1959, Public Law 86-149, approved August 10, 1959, 73 Stat. 302, 324; and by sec. 703, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 683, the first two sentences of sec. 404(c)(2) read as follows:

"(2) In any condemnation proceedings instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings."

money in excess of the final award of just compensation, this excess shall be repaid to the United States plus a sum equal to 4 per centum per annum on such excess from the time such sum is deposited in the registry of the court: *Provided further,* That any court in which money is deposited as provided in this section shall require the furnishing of security by the owner to protect the United States from any loss by reason of a final award of just compensation of less than the amount deposited: *And provided further,* That the deposit required to be made by this section shall be without prejudice to any party in the determination of just compensation. Unless title is in dispute, the court, upon application and subject to the foregoing provisions of this subsection, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such Act, the Secretary or his designee, after final judgment of the court may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.

(d) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

(e) The Secretary or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.

(f) Any housing acquired under this section may be (1) assigned as public quarters to military personnel and their dependents; or (2) leased to military and civilian personnel for occupancy by them and their dependents, upon such terms and conditions as will in the judgment of the Secretary of Defense or his designee be in the best interest of the United States, without loss to military personnel of their basic allowance for quarters or appropriate allotments. [Amounts equal to the quarters allowances or appropriate allotments of military personnel to whom such housing is assigned as public quarters under clause

(1), and the rental charges realized under clause (2), shall be deposited in the revolving fund created by subsection (g).] Repealed.[1]

[(g) There is hereby created a fund which shall be used by the Secretary of Defense or his designee as a revolving fund for the purpose of paying for housing and related property acquired under this section, paying interest, principal, mortgage insurance premiums, and other obligations (except those for maintenance and operation) with respect to such housing, and paying expenses incurred in the alteration, improvement, rehabilitation, and repair of such housing. The amounts and charges referred to in the last sentence of subsection (f) of this section, and any savings realized in the operation of section 405, shall be deposited in such fund. For the purposes of the preceding sentence, the term "savings realized in the operation of section 405" means the difference between the amount made available for payments under section 405 and the amount actually used in making such payments. Repealed.[1]]

[(h) The Secretary of the Treasury is authorized and directed to establish on the books of the Treasury Department the revolving fund created pursuant to the authority of this section. To provide capital for such fund, there is authorized to be appropriated a sum not to exceed $50,000,000 and the Secretary of Defense, with the approval of the President, is authorized to transfer from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury such sums as may be determined by the Secretary of Defense to be necessary to provide adequate capital for the revolving fund. Repealed.[1]]

SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of $90 a month per housing unit and total payments for all housing so acquired shall not exceed $21,000,000[2] per month: *Provided,* That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed $90,000 per month.

SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and

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[1] Repealed by subsection (d) of sec. 501 of the Military Construction Act of 1962, Public Law 87-554, approved July 27, 1962, 76 Stat. 223, 237. See 4-5.13.

[2] Sec. 508 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1110, substituted "$21,000,000" for "$9,000,000."

See also 4-5.2 and 4-5.7.

classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: *Provided,* That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner: *Provided further,*[1] That such plans, drawings, and specifications, when developed pursuant to arrangements made under this section after the date of the enactment of the Housing Act of 1956 [2] shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these construction methods: *Provided further,* That the Secretary may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such family housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

SEC. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

(b) Any funds heretofore or hereafter authorized to be expended

[1] This proviso added by sec. 509 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1110.
[2] August 7, 1956.

by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

SEC. 408. Notwithstanding the provisions of section 401 of this Act,[1] the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955[2] shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956 or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be $12,500,000. Nothing contained in the provisions of title VIII of the National Housing Act in effect prior to August 11, 1955, or any related provision of law, shall be construed to exempt from State or local taxes [3] or assessments the interest of a lessee from the Federal Government in or with respect to any property covered by a mortgage insured under such provisions of title VIII: *Provided,* That, no such taxes or assessments (not paid or encumbering such property or interest prior to June 15, 1956) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property: *And provided further,* That the provisions of this section shall not apply to properties leased pursuant to the provisions of section 805 of the National Housing Act as amended on or after August 11, 1955, which properties shall be exempt from State or local taxes or assessments.

SEC. 409. (a) Wherever the terms "Secretary of Defense" or "Secretary" or "Secretary of the Army, Navy, or Air Force" appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955,[4] they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955,[4] for the benefit of the United States Coast Guard.

(b) Wherever the term "armed services" appears in this title it shall be deemed to include the United States Coast Guard.

[1] See 4-1.7.
[2] See 4-1.6.
[3] Provisions concerning taxes added by sec. 511 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1110.

SEC. 410.[1] In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area limitations prescribed by law (at the time plans and specifications for such construction are begun) for public quarters built with appropriated funds under military construction authority.

* * *

Approved August 11, 1955

[1] Section 410 amended to read as set forth in the text by sec. 503 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 303. Section 410 was originally added by sec. 510 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1110. Prior to amendment by the Housing Act of 1957, sec. 410 read as follows: "In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area permanent limitations prescribed in the second, third, and fourth provisos of section 3 of the Act of June 12, 1948 (62 Stat. 375), or in section 3 of the Act of June 16, 1948 (62 Stat. 459), other than the first, second, and third provisos thereof."

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

2. APPROPRIATED FUNDS AVAILABLE FOR ADMINISTRATION AND INSPECTION

[Excerpts from Military Construction Appropriation Act, 1963, Public Law 87-684, 76 Stat. 576, 578]

Sec. 105.[1] Funds appropriated to the military departments for construction are hereby made available for: * * *

(2) the construction, or acquisition by lease or otherwise, of family housing and community facilities projects in foreign countries as authorized by section 407(b) of the Act of September 1, 1954 (68 Stat. 1119), as amended.

SEC. 106.[2] Appropriations to the military departments for construction may be charged for the cost of administration, supervision and inspection of family housing authorized pursuant to title IV of the Act of August 11, 1955 (Public Law 345), as amended, in an amount not to exceed 3½ per centum of the cost of each such project: *Provided,* That such appropriations shall be reimbursed from the proceeds of any mortgage executed on each such project.

Approved September 25, 1962.

[1] The Military Construction Appropriation Act, 1959, Public Law 85-852, approved August 28, 1958, 72 Stat. 1096, 1098, and the Military Construction Appropriation Act, 1960, Public Law 86-275, approved September 16, 1959, 73 Stat. 558, 560, also made available appropriated military construction funds for: "(1) advance planning, construction design and architectural services, as authorized by section 504 of the Act of September 28, 1951, as amended (69 Stat. 352), (2) acquisition of land, installation of outside utilities, and site preparation for housing projects to be constructed under title VIII of the National Housing Act, as amended, as authorized by section 505 of the Act of September 28, 1951 (65 Stat. 365), * * *."

[2] Similar provisions appeared in the Military Construction Appropriation Act, 1959, Public Law 85-852, approved August 28, 1958, 72 Stat. 1096, 1098, the Military Construction Appropriation Act, 1960, Public Law 86-275, approved September 16, 1959, 73 Stat. 558, 560, the Military Construction Appropriation Act, 1961, Public Law 86-630, approved July 12, 1960, 74 Stat. 463, 465, and the Military Construction Appropriation Act, 1962, Public Law 87-302, approved September 26, 1961, 75 Stat. 658, 660.

3. DELEGATIONS TO ASST. SECRETARY OF DEFENSE, ETC. FOR DEVELOPMENT OF FAMILY HOUSING UNDER TITLE IV OF HOUSING AMENDMENTS OF 1955

[20 Fed. Reg. 6797]

Pursuant to the authority vested in the Secretary of Defense by section 202 (f) of the National Security Act of 1947, as amended, and section 5 of Reorganization Plan No. 6 of 1953, the authority conferred upon the Secretary of Defense by Title IV of the Housing Amendments of 1955 (Public Law 345, 84th Congress), Title VIII of the National Housing Act as amended by said Title IV of the Housing Amendments of 1955,[1] and, insofar as it relates to housing constructed under said Title IV of the National Housing Act as so amended, section 505 of Public Law 155, 82d Congress, is hereby delegated as set forth below.

The Assistant Secretary of Defense (Properties and Installations) is designated and delegated the authority to:

1. Approve for development specific housing projects initiated by the military departments.

2. Approve the acquisition of land, installation of outside utilities, and site preparation under the authority of said Section 505 of Public Law 155, 82d Congress, for housing projects to be constructed under said Title VIII of the National Housing Act as so amended.

3. Approve the acquisition of housing projects for which mortgages have been insured under Title VIII of the National Housing Act as in effect prior to the enactment of said Housing Amendments of 1955. [REVOKED[2]]

4. Approve, subject to the concurrence of the Assistant Secretary of Defense (Comptroller), the making of guarantees as to the payment of notes and other legal instruments required by the Federal Housing Commissioner of mortgagors holding property covered by a mortgage insured under said Title VIII of the National Housing Act as so amended, and guarantees and indemnities of the Armed Services Housing Mortgage Insurance Fund against loss.

5. Issue instructions for the guidance of the military departments in the development of housing projects under said Title IV of the Housing Amendments of 1955 and said Title VIII of the National Housing Act as so amended and, in connection therewith, the use of the authority conferred by said Section 505 of Public Law 155, 82d Congress, including the terms and conditions of contracts with builders.

6. Perform, or subdelegate the authority to perform, such functions under said Title IV of the Housing Amendments of 1955, said Title VIII of the National Housing Act as so amended, and said Section 505 of Public Law 155, 82d Congress, as are not otherwise specifically delegated to the Secretaries of the military departments.

[1] See 4-5.1 and 4-1.7
[2] See III 1 of Delegation of Secretary of Defense (4-5.8) which revoked this authority.

The Secretaries of the military departments (or their respective designees) are hereby designated and delegated the authority, subject to guidance and control (including approvals under the preceding paragraph by the Assistant Secretary of Defense (Properties and Installations), to:

1. Initiate requests to the Assistant Secretary of Defense (Properties and Installations) for approval of specific housing projects.

2. Certify the absence of an intention to substantially curtail personnel assigned to military installations.

3. Determine that, for safety, security, or other essential military requirements, certain personnel must reside in public quarters.

4. Determine, after consultation with the Federal Housing Commissioner, that adequate housing is not available at reasonable rentals within reasonable commuting distance of a military installation.

5. Certify the existence of need for proposed housing.

6. Procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof.

7. Designate sites or parts thereof for family housing to be furnished from prefabricated houses or housing components.

8. Advance or pay to the Federal Housing Administration its Appraisal and Eligibility Statement fees.

9. Issue invitations for and receive competitive bids for housing; determine after consultation with the Federal Housing Commissioner, the eligible builders; determine, in accordance with instructions from the Assistant Secretary of Defense (Properties and Installations), the terms and conditions necessary to protect the interests of the United States that are to be included in contracts with builders; enter into such contracts with builders.

10. Acquire the capital stock of builders or mortgagors; exercise rights as holder of such stock; dissolve such corporation; guarantee payment of notes and other legal instruments required of mortgagors by the Federal Housing Commissioner; guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss in cases where so required.

11. Acquire by purchase, donation, condemnation or otherwise unimproved land and secure an independent appraisal and, on the basis thereof, determine the fair market value thereof.

12. Similarly acquire, with the approval of the Federal Housing Commissioner, existing Title VIII housing and determine the fair market value thereof; assume, or purchase subject to, a mortgage thereon. [REVOKED] [1]

13. Maintain and operate housing that is acquired and assign quarters therein.

14. Expend funds as authorized by said Section 505 of Public Law 155, 82d Congress, for the acquisition of land, installation of outside utilities, and site preparation for housing projects constructed under

[1] See III 2. of Delegation of Secretary of Defense (4-5.8) which revoked this authority.

said Title VIII of the National Housing Act as so amended, and consult with the Federal Housing Commissioner in connection therewith.

REUBEN B. ROBERTSON, JR.
Deputy Secretary of Defense.

4. DELEGATION TO ASST. SECRETARY OF DEFENSE TO DETERMINE AVAILABILITY OF HOUSING FACILITIES

[20 Fed. Reg. 7452]

By virtue of the authority vested in the Secretary of Defense, there is hereby delegated to the Assistant Secretary of Defense (Properties and Installations) the authority to determine the availability of adequate housing facilities at or near military tactical installations, and, on the basis of such determinations, to allocate to the Departments of the Army, Navy, and Air Force the authority under Section 515 of Public Law 161, 84th Congress (69 Stat. 352), or under similar provisions in future statutes, to lease housing facilities for assignment as public quarters.

C. E.Wilson,
Secretary of Defense.

Filed Oct. 5, 1955

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

5. LEASE OF FAMILY HOUSING [1]

[Excerpt from An Act to Authorize Construction At Military, Naval, and Air Force Installations, Public Law 161, 84th Congress, 69 Stat. 324, 352, 10 U.S.C. 2674 note]

SEC. 515.[2] During fiscal years 1965 through and including 1966, the Secretaries of the Army, Navy, and Air Force, respectively, are authorized to lease housing facilities at or near military installations in the United States and Puerto Rico for assignment as public quarters to military personnel and their dependents, if any, without rental charge, upon a determination by the Secretary of Defense, or his designee, that there is a lack of adequate housing facilities at or near such military installations. Such housing facilities shall be leased on a family or individual unit basis and not more than five thousand of such units may be so leased at any one time. Expenditures for the rental of such housing facilities may not exceed an average of $160 a month for any such unit, including the cost of utilities and maintenance and operation.

Approved July 15, 1955

[1] See also 4-5.7.

[2] Amended to extend the leasing authority of the Secretaries of the Army, Navy, and Air Force for one year through fiscal 1966 by sec. 504, Military Construction Authorization Act, 1965, Public Law 88-390, approved August 1, 1964, 78 Stat. 341, 361.

Section 515 had been previously amended by the following: (1) sec. 412 of Public Law 968, 84th Congress, approved August 3, 1956, 70 Stat. 991, 1017; (2) sec. 402 of Public Law 85-241, approved August 30, 1957, 71 Stat. 531, 555; (3) sec. 509 of Public Law 85-685, approved August 20, 1958, 72 Stat. 636, 662; (4) sec. 608 of Public Law 87-57, approved June 27, 1961, 75 Stat. 96, 111; (5) sec. 505 of Public Law 88-174, approved November 7, 1963, 77 Stat. 307, 325.

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

6. PREPARATION OF SITES — PROVISION OF UTILITIES—OPTIONS—ACQUISITION OF TITLE VI AND TITLE IX HOUSING

[Excerpts from Public Law 85-861, approved September 2, 1958, 72 Stat. 1437, 1459, 10 U.S.C. 2673, 2674, 2677 and 2678]

NOTE: Public Law 85-861 amended Title 10 United States Code, General Military Law. The following excerpts from that law are therefore set forth as excerpts from the Code.

SEC. 2673. Restoration or replacement of facilities damaged or destroyed.

With the approval of the Secretary of Defense and after notifying the Committees on Armed Services of the Senate and the House of Representatives, the Secretary of a military department may acquire, construct, rehabilitate, and install temporary or permanent public works, including appurtenances, utilities, equipment, and the preparation of sites, to restore or replace facilities that have been damaged or destroyed. Added Pub.L. 85-861, § 1(51), Sept. 2, 1958, 72 Stat. 1459. (Source Aug. 3, 1956, ch. 939, § 407, 70 Stat. 1016)

SEC. 2674. Establishment and development of military facilities and installations costing less than $200,000

(a) Under such regulations as the Secretary of Defense may prescribe, the Secretary of a military department may acquire, construct, convert, extend, and install, at military installations and facilities, urgently needed permanent or temporary public works not otherwise authorized by law, including the preparation of sites and the furnishing of appurtenances, utilities, and equipment, but excluding the construction of family quarters.

(b) This section does not authorize a project costing more than $200,000. A project costing more than $50,000 must be approved in advance by the Secretary of Defense, and a project costing more than $25,000 must be approved in advance by the Secretary concerned.

(c) Not more than one allotment may be made for any project authorized under this section.

(d) Not more than $50,000 may be spent under this section during a fiscal year to convert structures to family quarters at any one installation or facility.

(e) Appropriations available for military construction may be used for the purposes of this section. In addition, the Secretary concerned may spend, from appropriations available for maintenance and operations, amounts necessary for any project costing not more than $25,000 that is authorized under this section.

(f) The Secretary of each military department shall report in detail every six months to the Committees on Armed Services of the Senate and House of Representatives on the administration of this section.

Added Pub.L. 85-861, § 1(51), Sept. 2, 1958, 72 Stat. 1459. (Source Aug. 3, 1956, ch. 939, § 408, 70 Stat. 1016.)

* * *

SEC. 2677. Options: property required for public works projects of military departments

(a) Before acquisition of a parcel of real property is authorized by law, the Secretary of a military department may acquire an option on it, if he considers it suitable and likely to be needed for a public works project of his department.

(b) As consideration for an option acquired under subsection (a), the Secretary may pay, from funds available to his department for real property activities, an amount that is not more than 3 percent of the appraised fair market value of the property for each year the option is to continue, and proportionately for any other period.

(c) For each six-month period ending on June 30 or December 31, during which he acquires options under subsection (a), the Secretary of each military department shall report those options to the Committees on Armed Services of the Senate and House of Representatives. Added Pub.L. 85-861, § 1(51), Sept. 2, 1958, 72 Stat. 1460. (Source July 27, 1954, ch. 579, § 501(b) (provisos), 68 Stat. 560.)

SEC. 2678. Acquisition of mortgaged housing units.

The Secretary of a military department may buy, subject to the mortgage, any housing unit that is subject to a mortgage insured under Title VI or IX of the National Housing Act (12 U.S.C. 1736 et seq. and 1750 et seq.), if the housing unit is—

(1) located near a military installation; and

(2) suitable and adequate for housing members of the armed forces and their dependents.

The Secretary may assume the obligation to make the payments on the mortgage that become due after the date of acquisition, and to make these payments he may use appropriations available for the construction of military public works. Added Pub.L. 85-861, § 1(51), Sept. 2, 1958, 72 Stat. 1460. (Source July 15, 1955, ch. 368, § 509, 69 Stat. 351.)

Approved September 2, 1958

4. Insurance of Housing Mortgages and Credit

5. Armed Services Housing

7. PURCHASE OF FAMILY HOUSING—OCCUPANCY OF INADEQUATE QUARTERS—WHERRY HOUSING EXCEPTION

[42 U.S.C. 1594h., 1594i., and 1594j.]

SEC. 1594h. Purchase of family housing for assignment as public quarters; space and cost limitations.

The Secretary of the Army is authorized to purchase out of appropriations available for military construction family housing including necessary land at, or near, military tactical installations for assignment as public quarters to military personnel and their dependents. Not more than 300 units of such housing may be purchased under this section. Space limitations per unit will be in accordance with subsections (a), (b), and (c) of section 4774 of Title 10, and cost limitations as now or hereafter established for miltary housing constructed with appropriated funds. Pub. L. 85-241, Title I, § 103, Aug. 30, 1957, 71 Stat. 534.

SEC. 1594i. Authorization of number of family housing units.

Notwithstanding the provisions of any other law, and effective July 1, 1958, no family housing units shall be contracted for or acquired at or in support of military installations or activities [1] and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee or by any of the military departments in connection with section 810 of the National Housing Act, as amended, unless the actual number of units involved has been specifically authorized by an annual military construction authorization Act except (1) housing units acquired pursuant to the provisions of section 1594a of this title; [2] (2) housing units leased, utilizing available operation and maintenance appropriations, for terms of one year, whether renewable or not, or for terms of not more than five years pursuant to the provisions of section 1712-3 of Title 5. Pub. L. 85-241, Title IV, § 406(a), Aug. 30, 1957, 71 Stat. 556, amended by Pub. L. 85-685, Title V, § 512, Aug. 20, 1958, 72 Stat. 662, and by Pub. L. 86-500, Title V, § 507(b), June 8, 1960, 74 Stat. 186.

SEC. 1594j. Inadequate quarters—Occupancy on rental basis without loss of basic allowance for quarters:

(a) Notwithstanding the provisions of any other law, members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, with dependents, may occupy on a rental basis, without loss of basic allowance for quarters, inadequate quarters under the jurisdiction of any of the uniformed

[1] Sec. 510, Military Construction Authorization Act, 1964, Public Law 88-174, approved November 7, 1963, 77 Stat. 307, 327, inserted "and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee or by any of the military departments in connection with section 810 of the National Housing Act, as amended,". Sec. 611(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 180, deleted a substantially similar provision. See 4-1.7.

[2] See 4-5.1, Sec. 404, Housing Amendments of 1955, which is 42 U.S.C. 1594a.

services, notwithstanding that such quarters may have been constructed or converted for assignment as public quarters. The net difference between the basic allowance for quarters and the fair rental value of such quarters shall be paid from otherwise available appropriations.

(b) The provisions of this section shall be administered under regulations approved by the President.

(c) The Secretaries of the Army, Navy, and Air Force for the respective military departments, the Secretary of the Treasury for the Coast Guard when the Coast Guard is operating as a service in the Treasury Department, the Secretary of Commerce for the Coast and Goedetic Survey, and the Secretary of Health, Education, and Welfare for the Public Health Service (hereafter referred to as the "Secretaries"), are each authorized, subject to standards established pursuant to subsection (b) of this section, to designate as rental housing such housing as he may determine to be inadequate as public quarters.

(d) The Secretaries are each further authorized, subject to standards established pursuant to subsection (b) of this section, to lease inadequate housing to personnel of any of the mentioned services for occupancy by them and their dependents. The housing facilities leased, as herein provided, shall not be required to have been constructed with funds derived from appropriations specifically made for the purpose of the construction of rental housing for personnel of the services mentioned.

(e) All housing units determined pursuant to subsection (c) of this section to be inadequate shall, prior to July 1, 1962,[1] either be altered or improved so as to qualify as public quarters, or be demolished or otherwise disposed of.

(f)[2] This section shall have no application to any housing described in clause (1) or (2) of section 404(a) of the Housing Amendments of 1955, as amended.

[3](g) The Secretaries of Defense and Health, Education, and Welfare, in order to insure as far as possible that family housing under their jurisdiction is adequate as public quarters and fully utilized, shall maintain such continual surveillance and conduct such periodic surveys of such quarters as they shall deem necessary for this purpose. Where either Secretary or his designee determines, on the basis of such surveys, that it is not in the best interest of the United States to improve,

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[1] Sec. 610 of the Military Construction Act of 1961, Public Law 87-57, approved June 27, 1961, 75 Stat. 96, 111, substituted "July 1, 1962" for "July 1, 1961".

[2] Immediately prior to amendment by sec. 702(c), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 683, this subsection read as follows:

"(f) This section shall have no application to any housing financed with mortgages insured under the provisions of Title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. Pub. L. 85-241, Title IV, § 407, Aug. 30, 1957, 71 Stat. 556".

[3] Sec. 508 of the Military Construction Act of 1960, Public Law 86-500, approved June 8, 1960, 74 Stat. 166, 186, added subsection (g), and sec. 610 of the Military Construction Act of 1961, Public Law 87-57, approved June 27, 1961, 75 Stat. 96, 111, amended subsection (g) by substituting "July 1, 1965" for "July 1, 1962.".

demolish, or otherwise dispose of any quarters which have been determined inadequate under this section, he may exempt such quarters from the requirements of subsection (e) of this section: *Provided,* That any quarters so exempted must be improved, demolished, or otherwise disposed of not later than July 1, 1965; *And*[1] *provided further,* That the Secretary of Defense, or his designee, may exempt from this requirement any housing at any particular installation as to which he determines that (1) the housing is safe, decent, and sanitary, so as to be suitable for occupancy; (2) the housing cannot be made adequate as public quarters with a reasonable expenditure of funds; (3) the rentals charged to, or the allowances forfeited by, the occupants are not less than the costs of maintaining and operating the housing; and (4) there is a continuing need which cannot appropriately be met by privately owned housing in the area.

[1] The proviso added by sec. 506, Military Construction Authorization Act, 1964, Public Law 88-174, approved November 7, 1963, 77 Stat. 307, 326.

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

8. DELEGATIONS TO ASST. SECRETARY OF DEFENSE, ETC. FOR ACQUISITION OF WHERRY FAMILY HOUSING PROJECTS

[21 Fed. Reg. 8669]

Pursuant to the authority vested in the Secretary of Defense by section 202 (f) of the National Security Act of 1947, as amended, and section 5 of Reorganization Plan No. 6 of 1953, the authority conferred on the Secretary of Defense by section 404 of the Housing Amendments of 1955 (69 Stat. 652) as amended by section 512 of the Housing Act of 1956 (70 Stat. 1111) is hereby delegated as set forth below:

I. *Delegation of authority to Assistant Secretary of Defense (Properties and Installations).* The Assistant Secretary of Defense (Properties and Installations) is delegated the authority to:

1. Review, and after coordination with the Assistant Secretary of Defense (Comptroller), approve recommendations by the Secretaries of the military departments for the acquisition, by purchase, donation, condemnation, or other means of transfer under section 404 of the Housing Amendments of 1955 (69 Stat. 652) as amended by section 512 of the Housing Act of 1956 (70 Stat. 1111), of any housing (including land and related property), financed with mortgages insured under the provisions of Title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955.

2. Issue instructions for the guidance of the military departments in taking action necessary for negotiation and acquisition of such housing.

3. It is the policy of the Department of Defense that housing acquired under the authority of section 404 of the Housing Amendments of 1955 (69 Stat. 652) as amended by section 512 of the Housing Act of 1956 (70 Stat. 111) shall be administered as public quarters. Exceptions to the application of this policy may be made with the approval of the Assistant Secretary of Defense (Properties and Installations) until such housing can be rehabilitated, altered, improved, or otherwise properly assigned as public quarters.

4. Perform such functions under section 404 of the Housing Amendments of 1955 (60 Stat. 652) as amended by section 512 of the Housing Act of 1956 (70 Stat. 1111) as are not otherwise specifically delegated to the Secretaries of the military departments; except functions to be performed by the Assistant Secretary of Defense (Comptroller) relating to establishment and administration of the working-capital fund provided for in subsections (g) and (h) of section 404 of the Housing Amendments of 1955 (69 Stat. 652) as amended by section 512 of the Housing Act of 1956 (70 Stat. 1111) and such other functions required by Title IV of the National Security Act to be performed by or under the supervision of the Assistant Secretary of Defense (Comptroller).

II. *Delegation of authority to the military departments.* The Secretary of each military department, or his designee, is hereby delegated the authority to:

1. Negotiate for the acquisition of any housing (including land and related property), at or near military installations, financed with mortgages insured under the provisions of Title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955; and, subject to the approval of the Assistant Secretary of Defense (Properties and Installations), acquire such housing by purchase, donation, condemnation, or other means of transfer.

2. Where such approved acquisition is being effected through condemnation proceedings which do not utilize the procedures under the act of February 26, 1931 (46 Stat. 1421), pay, after final judgment of the court, or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years, the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court.

3. Make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, and execute a written agreement that the purposes for which such reserves and other funds were accrued will be carried out.

III. *Cancellation of prior delegation of authority.*[1] 1. The authority delegated to the Assistant Secretary of Defense (Properties and Installations) under paragraph 3, of delegation of authority published at 20 F. R. 6797, is hereby cancelled.

2. The authority designated and delegated to the Secretaries of the military departments (or their respective designees) by paragraph 12 of delegation of authority published at 20 F. R. 6798 is hereby cancelled.

REUBEN B. ROBERTSON, JR.,
Deputy Secretary of Defense.

[1] See 4-5.3.

9. DELEGATIONS TO ASST. SECRETARY OF DEFENSE, ETC. WITH RESPECT TO DETERMINATION OF DEDUCTIONS TO TAXES ASSESSED ON WHERRY HOUSING PROJECTS

[23 Fed. Reg. 2872]

The Secretary of Defense approved the following delegations of authority on April 22, 1958:

Reissuance. This Directive is a reissuance of DoD Directive 4165.30, "Taxes on Wherry Housing Projects," November 16, 1956 (published at 21 F.R. 9228), in order to clarify responsibility for the making of determinations of amounts which may be deducted appropriately from the taxes or assessments on Wherry projects constructed in connection with installations of the Atomic Energy Commission.

Delegation of authority. A. Pursuant to the authority vested in the Secretary of Defense by section 202(f) of the National Security Act of 1947, as amended, and section 5 of the Reorganization Plan No. 6 of 1953, the authority conferred on the Secretary of Defense by section 511, Public Law 84-1020 (70 Stat. 1110), is hereby delegated as set forth below.

B. The Assistant Secretary of Defense (Properties and Installations) is delegated the authority to:

1. Issue instructions for the guidance of the military departments in making determinations under Public Law 84-1020 as to the amounts which may be deducted appropriately from the taxes or assessments on Wherry projects.

2. Enter into agreement with the head of any executive department or agency of the Federal Government for the furnishing of information regarding the amount of any payments or other contributions made to local taxing or other public agencies with respect to Wherry projects or for establishing procedures to facilitate implementation of Public Law 84-1020.

3. Perform such functions under Public Law 84-1020 as are not otherwise delegated to the Secretaries of the military departments.

C. The Secretary of each military department, or his designee, is hereby delegated the authority to:

1. Determine the amounts which may be deducted appropriately under Public Law 84-1020 from taxes or assessments on Wherry projects constructed pursuant to certification by that department.

2. Assist the lessees of Wherry projects in furnishing information regarding appropriate deductions to local taxing authorities for the purpose of fixing the net amount of taxes to be paid on Wherry projects.

D. The Secretary of the Army, or his designee, is hereby delegated the authority to:

Determine the amounts which may be deducted appropriately under Public Law 84-1020 from taxes or assessments on Wherry projects constructed pursuant to certification by the Atomic Energy Commission.

Cancellation. This cancels and supersedes Federal Register document published at 21 F.R. 9228.

MAURICE W. ROCHE,
Administrative Secretary,
Office of the Secretary of Defense.

April 22, 1958.

4. Insurance of Housing Mortgages and Credit

5. Armed Services Housing

10. DELEGATIONS TO ASST. SECRETARY OF DEFENSE, ETC. FOR DEVELOPMENT OF FAMILY HOUSING UNDER TITLE IV OF HOUSING AMENDMENTS OF 1955

[22 Fed. Reg. 3262]

Pursuant to the authority vested in the Secretary of Defense by section 202(f) of the National Security Act of 1947, as amended, and section 5 of Reorganization Plan No. 6 of 1953, the authority conferred upon the Secretary of Defense, insofar as it relates to housing constructed under Title IV of Public Law 345, 84th Congress (69 Stat. 646) as amended, section 505 of Public Law 155, 82nd Congress (65 Stat. 365) and section 419 of Public Law 968, 84th Congress (70 Stat. 1018) is hereby delegated as set forth below.

I. The Assistant Secretary of Defense (Properties and Installations) is delegated the authority to:

1. Approve for development under the authority of 69 Stat. 646 specific housing projects initiated by the military departments.

2. Approve the acquisition of land, installation of outside utilities, and site preparation for housing projects to be constructed under 69 Stat. 646.

3. Establish, with concurrence of the Assistant Secretary of Defense (Comptroller), controls on the amount of principal obligations of mortgages which may be guaranteed by the Secretary of each military department within the limitations imposed by 69 Stat. 646.

4. Approve with concurrence of the Assistant Secretary of Defense (Comptroller), guaranties and indemnifications by the Secretary of each military department of the Armed Services Housing Mortgage Insurance Fund against loss as authorized by section 403(c) of 69 Stat. 646.

5. Issue instructions for the guidance of the military departments in the development and administration of housing projects under 69 Stat. 646 and, in connection therewith, the use of the authority conferred by 65 Stat. 365, including the terms and conditions of contracts with builders.

6. Make necessary reports and certifications required by 70 Stat. 1018.

7. Perform, and redelegate the authority to perform, such functions under 69 Stat. 646, 65 Stat. 365 and 70 Stat. 1018 as are not otherwise specifically delegated to the Secretaries of the military departments.

II. The Secretaries of the military departments or their designees, are hereby delegated the authority to:

1. Initiate requests to the Assistant Secretary of Defense (Properties and Installations) for approval of specific housing projects, based on certification with respect to each project that:

a. The number of housing units to be constructed is consistent with the long range troop strength to be stationed at the installation or installations to be served by such units;

b. There is no intention to curtail substantially the number of personnel assigned to the military installation or installations to be served by such housing;

c. The need for the proposed housing is based on (i) determination that for reasons of safety, security, or other essential military requirements, the personnel involved must reside in public quarters, and (ii) determination, made with the approval of the Federal Housing Commissioner or without such approval, if justified, that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation, and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under the National Housing Act, as amended.

2. Procure, by negotiation or otherwise, the services of architects and engineers or organizations thereof.

3. Designate sites or parts thereof for family housing to be furnished from prefabricated houses or housing components.

4. Advance or pay to the Federal Housing Administration its Appraisal and Eligibility Statement fees.

5. Issue invitations for and receive competitive bids for construction of housing; determine the eligible builder after consultation with the Federal Housing Commissioner; determine, in accordance with instructions of the Assistant Secretary of Defense (Properties and Installations), the terms and conditions necessary to protect the interests of the United States which are to be included in contracts with builders and in related documents; enter into such contracts and take all actions incident thereto.

6. Acquire the capital stock of mortgagor corporations and exercise rights as holders of such stock; after acquisition, maintain and operate housing held by such corporations and assign quarters therein; dissolve such corporations upon termination of the mortgage; guarantee payment of notes and other legal instruments required of mortgagors by the Federal Housing Commissioner; guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss in cases where authorized.

7. Acquire land as authorized by 69 Stat. 646, and after consultation with the Federal Housing Commissioner, expend funds as authorized by 65 Stat. 365 for the acquisition of land, installation of outside utilities, and site preparation for housing projects constructed under 69 Stat. 646.

8. Determine, in accordance with section 403(a) of 69 Stat. 646, that the surety or sureties on all performance and payment bonds furnished by builders are satisfactory to the Department.

III. Department of Defense Directive 4165.21, dated September 7, 1955, is hereby superseded.

C. E. WILSON,
Secretary of Defense.

9/20/57

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

11. DELEGATION TO ASSISTANT SECRETARY OF DEFENSE OF CERTAIN FUNCTIONS WITH RESPECT TO CAPEHART HOUSING

[26 Fed. Reg. 6484]

The Acting Secretary of Defense approved the following on July 1, 1961:

Pursuant to the authority vested in the Secretary of Defense by section 202(f) of the National Security Act of 1947, as amended, the authorities conferred on the Secretary of Defense in sections 401[1] and 607(b)[2] of Public Law 57, 87th Congress and in sections 414(b)[2] and 415[3] of Public Law 149, 86th Congress are hereby delegated to the Assistant Secretary of Defense (Installations and Logistics) with authority to redelegate as appropriate.

Delegation of authority published at 24 F.R. 7168 is hereby superseded and cancelled.

MAURICE W. ROCHE,
Administrative Secretary.

[1] Appropriated Fund Housing.
[2] See sec. 803, National Housing Act, 4-1.7.
[3] See sec. 403(d), Housing Amendments of 1955, 4-5.1.

4. Insurance of Housing Mortgages and Credit
5. Armed Services Housing

12. DELEGATION TO ASST. SECRETARY OF DEFENSE, AND OTHERS WITH RESPECT TO PRIVATE HOUSING FOR MILITARY PERSONNEL AND ESSENTIAL CIVILIAN EMPLOYEES AT MILITARY INSTALLATIONS

[25 Fed. Reg. 2112]

The Secretary of Defense approved the following on March 3, 1960:

PRIVATE HOUSING FOR MILITARY PERSONNEL AND ESSENTIAL CIVILIAN EMPLOYEES AT MILITARY INSTALLATIONS

I. *General.* Pursuant to the authority vested in the Secretary of Defense by section 202(f) of the National Security Act of 1947, as amended, and section 5 of Reorganization Plan No. 6 of 1953, the authority conferred on the Secretary of Defense by section 704,[1] Public Law 372, 86th Congress (73 Stat. 654, 683) (hereinafter called the Act) is hereby redelegated to the Assistant Secretary of Defense (Properties and Installations) with authority to redelegate, except for the functions specifically delegated to the Assistant Secretary of Defense (Properties and Installations) under Section II, paragraphs 1, 2, and 3, below.

II. *Delegations of authority.* A. The Assistant Secretary of Defense (Properties and Installations) is delegated the authority to:

1. Review recommendations made by the Secretaries of the military departments as to the number, type, and location of housing units needed, and, after consultation with the Assistant Secretary of Defense (Comptroller), approve the number of family housing units to be developed in the interest of national defense under the Act near military installations in the United States for military personnel and essential civilian personnel.

2. Approve the making of guaranties of the Armed Services Housing Mortgage Insurance Fund from loss, as authorized by the Act.

3. Issue instructions for the guidance of the military departments in taking action necessary to the development of family housing under the Act.

4. Perform such fuctions under the Act as are not otherwise specifically delegated to the Secretaries of the military departments.

B. The Secretary of each military department, or his designee, is hereby delegated the authority to:

1. Consider the feasibility of proposals to construct housing units under the provisions of the Act to meet the needs of military and essential civilian personnel in the vicinity of military installations.

2. In instances where it is considered feasible and in the interest of national defense to provide reasonably adequate housing at reasonable rents under the Act, submit recommendations as to number, type, and location of such housing units, together with appropriate supporting information, to the Assistant Secretary of Defense (Properties and Installations) for approval of specific projects.

MAURICE W. ROCHE
Administrative Secretary

[1] See sec. 810, National Housing Act, 4-1.7.

4. Insurance of Housing Mortgages and Credit

5. Armed Services Housing

13. EXCERPTS FROM MILITARY CONSTRUCTION ACT OF 1962

[Public Law 87-554, 76 Stat. 223, 236]

TITLE V—MILITARY FAMILY HOUSING

SEC. 501. (a) For the purpose of providing improved management and administration of funds appropriated or otherwise made available to the Department of Defense for family housing programs there is hereby established on the books of the Treasury Department the Department of Defense family housing management account[1] (hereinafter referred to as the "management account").

(b) The management account shall be administered by the Secretary of Defense as a single account. Into such account there shall be transferred (1) the unexpended balance of the funds established pursuant to subsections (g) and (h) of section 404 of the Housing Amendments of 1955, and (2) appropriations hereafter made to the Department of Defense, for the purpose of, or which are available for, the payment of costs arising in connection with the construction, acquisition, replacement, addition, expansion, extension, alteration, leasing, operation, or maintenance of family housing, including the cost of principal and interest charges, and insurance premiums, arising in connection with the acquisition of such housing, and mortgage insurance premiums payable under section 222(c) of the National Housing Act.

(c) Obligations against the management account may be made by the Secretary of Defense, in such amounts as may be specified from time to time in appropriation Acts, for the purpose of defraying, in the manner and to the extent authorized by law, the costs referred to in subsection (b).

(d) The last sentence of subsection (f) and subsections (g) and (h) of section 404 of the Housing Amendments of 1955 (42 U.S.C. 1594a. (g) and (h)) are hereby repealed.

SEC. 502. The Secretary of Defense, or his designee, is authorized to construct, at the locations hereinafter named, family housing units, in the numbers hereinafter listed, but no construction shall be commenced at any such locations in the United States, until the Secretary shall have consulted with the Administrator, Housing and Home Finance Agency,

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[1] The Military Construction Appropriation Act, 1963, Public Law 87-684, approved September 25, 1962, 76 Stat. 576, 577, makes available for fiscal 1963 not to exceed a total of $712,427,500 for obligation against the Department of Defense Family Housing Management Account.

The Military Construction Appropriation Act, 1964, Public Law 88-220, approved December 21, 1963, 77 Stat. 463, 464, appropriates $637,406,000 for military family housing to be obligated and expended in the Department of Defense Family Housing Management Account. This is the first time that all activities relating to family housing have been carried in a single appropriation item.

The Military Construction Appropriation Act, 1965, Public Law 88-576, approved September 2, 1964, 78 Stat. 887, 888, appropriates $631,151,000 for military family housing to be obligated and expended in the Department of Defense Family Housing Management Account.

as to the availability of adequate private housing at such locations. The authority to construct housing under this title shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise.

* * *

SEC. 503. (a) The Secretary of Defense, or his designee, is authorized to accomplish alterations, additions, expansions, or extensions not otherwise authorized by law of family housing units at various locations under the jurisdiction of the Department of Defense which, on the effective date of this Act, have not been designated as public quarters. Units so improved shall be designated public quarters.

(b) No family housing unit may be improved at a total cost of more than 50 per centum of the maximum cost of construction prescribed by this Act for an equivalent unit of new family housing.

* * *

SEC. 507. No funds may be appropriated after December 31, 1962, for the construction, acquisition, leasing, addition, extension, expansion, alteration, or operation and maintenance of family housing under the jurisdiction of the Department of Defense unless the appropriation of such funds has been authorized by legislation enacted after such date.

* * *

Approved July 27, 1962.

4. Insurance of Housing Mortgages and Credit

5. Armed Services Housing

14. DELEGATIONS TO ASST. SECRETARY OF DEFENSE, AND OTHERS REGARDING FAMILY HOUSING FOR CIVILIAN EMPLOYEES AT MILITARY RESEARCH OR DEVELOPMENT INSTALLATIONS

[27 Fed. Reg. 11710]

The Deputy Secretary of Defense approved the following delegations of authority on November 10, 1962:

Pursuant to the authority vested in the Secretary of Defense by section 133(d) of title 10 U.S.C., the authority conferred on the Secretary of Defense by Public Law 574,[1] 84th Congress (70 Stat. 273), as amended by Public Law 87-623 [1] (76 Stat. 418) is delegated as set forth below:

I. The Assistant Secretary of Defense (Installations and Logistics), or his designee, is hereby delegated authority to:

a. Review and approve determinations made by the Secretaries of the military departments as to the availability of adequate housing facilities at or near military research or development installations.

b. Review, and after consultation with the Assistant Secretary of Defense (Comptroller), approve the number of family housing units recommended by the military departments for development at such installations under Public Law 574, 84th Congress (70 Stat. 273), as amended by Public Law 87-623 (76 Stat. 418).

c. Approve the making of guarantees of the Armed Services Housing Mortgage Insurance Fund from loss, as authorized by Public Law 574,[1] 84th Congress (70 Stat. 273), as amended by Public Law 87-623[1] (76 Stat. 418).

d. Issue instructions for the guidance of the military departments in taking action necessary to the development of family housing under Public Law 574,[1] 84th Congress (70 Stat. 273), as amended by Public Law 87-623 [1] (76 Stat. 418).

e. Perform such functions under Public Law 574,[1] 84th Congress (70 Stat. 273), as amended by Public Law 87-623 [1] (76 Stat. 418), as are not otherwise specifically delegated to the Secretaries of the military departments.

II. The Secretaries of the Military Departments, or their designees, are hereby delegated the authority to:

a. Determine the availability of adequate housing facilities at or near military research or development installations for essential non-temporary civilians employed by the department or a contractor thereof.

[1] See 4-1.7.

b. Submit recommendations (on the basis of such determinations) with appropriate supporting information as required to the Assistant Secretary of Defense (Installations and Logistics) for approval.

c. Certify to the Commissioner, Federal Housing Administration:

1. That new housing up to the amount approved by the Assistant Secretary of Defense (Installations and Logistics) is necessary to provide adequate family housing for such civilian employees and that there is no intention to substantially curtail the number of such civilian employees, and

2. That to the extent required by the Commissioner, Federal Housing Administration, and approved by the Assistant Secretary of Defense (Installations and Logistics), the military department will guarantee the Armed Services Housing Mortgage Insurance Fund from loss.

d. Issue to such civilian employees individual certificates of eligibility to occupy such housing.

Delegations of Authority published at 21 F.R. 5452 are hereby superseded and cancelled.

MAURICE W. ROCHE,
Administrative Secretary.

4. Insurance of Housing Mortgages and Credit

5. Armed Services Housing

15. DELEGATION TO ASSISTANT SECRETARY OF DEFENSE OF CERTAIN FUNCTIONS WITH RESPECT TO FAMILY HOUSING

[29 Fed. Reg. 5700]

The Deputy Secretary of Defense approved the following delegation of authority on April 20, 1964:

Pursuant to the authority vested in the Secretary of Defense by section 133(d) of Title 10, United States Code, there is hereby delegated to the Assistant Secretary of Defense (Installations and Logistics) the authority of the Secretary of Defense to (i) construct family housing and trailer court facilities, (ii) accomplish alterations, additions, expansions or extensions of family housing, (iii) enter into rental guaranty agreements, (iv) lease housing facilities for assignment as public quarters, (v) determine requirements for four-bedroom family housing units, (vi) exempt inadequate quarters from the requirement for disposition, and (vii) take other actions for the provision of family housing which are authorized by Title V, Public Law 87-554,[1] and Title V, Public Law 88-174,[2] or as may be hereafter authorized by provisions of the annual military construction authorization acts. These authorities may be redelegated, as appropriate, in accordance with criteria established by the Assistant Secretary of Defense (Installations and Logistics).

MAURICE W. ROCHE,
Administrative Secretary.

[1] See 4-5.13.
[2] See 4-5.5 and 4-5.7.

5. Secondary Market for Housing Mortgages

1. FEDERAL NATIONAL MORTGAGE ASSOCIATION

[Title III of the National Housing Act, as amended, Public Law 479, 73d Congress; 48 Stat. 1246, 1252; 12 U.S.C. 1716 et seq.]

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION[1]

PURPOSES

SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

CREATION OF ASSOCIATION[1]

SEC. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred

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1 Sec. 201 of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 612, rewrote title III of the National Housing Act, as amended, to read as set forth in the text.

Title III of the National Housing Act as it was originally enacted authorized the creation of national mortgage associations to purchase and sell first mortgages on real estate. At the request of the President of the United States, on February 10, 1938, pursuant to title III, the Federal National Mortgage Association was chartered by the Federal Housing Administration as the "National Mortgage Association of Washington". The name was changed to the Federal National Mortgage Association on April 5, 1938. The entire capital stock and paid-in surplus were subscribed and paid for by the Reconstruction Finance Corporation, and the conduct of the Association's affairs was integrated with and directed by the RFC. On September 7, 1950, the Association was transferred to the Housing and Home Finance Agency pursuant to Reorganization Plan No. 22 of 1950, 64 Stat. 1277. See 2-1.5.

Sec. 202 of the Housing Act of 1954 provided that the "Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954".

to as the "Association"), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b)[1] For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code: *Provided,* That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage if it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under [2] section 305, except a mortgage insured under section 220 or title VIII, or insured under section 213 and covering property located in an urban renewal area, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded $17,500 for each family residence or dwelling unit covered by the mortgage. For the purposes of this title, the term "mortgages" shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act.

(c) [3] Notwithstanding any other provision of this Act or of any other law, the Association is authorized under section 306 to create, accept, execute, and otherwise administer in all respects such trusts,

[1] Immediately prior to amendment by secs. 102(c), 602(a) and (b), and 603(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 158, 176, this subsection read as follows:

"(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided,* That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage if it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage, except a mortgage insured under section 220 or 803, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded $17,500 for each family residence or dwelling unit covered by the mortgage: *Provided,* That with respect to mortgages purchased under section 304 the principal obligation shall not exceed $20,000."

[2] Sec. 702, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 802, added "under section 305", and deleted the proviso which immediately preceded the last sentence of this paragraph which read: "Provided, That with respect to mortgages purchased under section 304 the principal obligation shall not exceed $20,000."

[3] Sec. 701(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 800, added subsection (c).

receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings and activities as might be appropriate for financing purposes; and in relation thereto the Association may acquire, hold and manage, dispose of, and otherwise deal in any first mortgages in which the United States or any agency or instrumentality thereof may have a financial interest. The Association may join in any such undertakings and activities notwithstanding that it is also serving in a fiduciary or representative capacity; and is authorized, consistent with section 307, to guarantee any participations or other instruments, whether evidence of property rights or debt, issued for such financing purposes. Any participations or other instruments so guaranteed shall to the same extent as securities issued or guaranteed by the United States or its instrumentalities be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The amounts of any mortgages acquired by the Association under section 306, pursuant to this subsection, shall not be included in the total amounts set forth in section 306(c).

CAPITALIZATION

SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of $100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retirable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than $100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of

the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date [1] determined pursuant to section 303 (d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions, equal to not more than 2 per centum nor less than 1 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller under section 304, as determined from time to time by the Association, taking into consideration conditions in the mortgage market and the general economy; and [2] by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

(c) The [3] Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of $100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided,* That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal

[1] October 31, 1954.

[2] Sec. 603(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 176, amended subsection 303(b) to require borrowers to make non-refundable capital contributions up to one-half of 1 percent of the loan.

[3] Immediately prior to amendment by sec. 603(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 176, this sentence read as follows:
"(c) The Association shall issue, from time to time, to each mortgage seller its common stock (only in denominations of $100 or multiples thereof) evidencing any capital contributions made by such seller pursuant to subsection (b) of this section."

year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date [1] to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to the sum of (1) the amount of $21,000,000 (being the amount of the original subscription for capital stock of $20,000,000 and paid-in surplus of $1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date. In [2] addition to the preferred stock provided for in the first sentence of this subsection, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to $115,000,000.[3]

(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to the first sentence of subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original $21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.[4] The [5] preferred stock of the Association delivered to the Secretary of the Treasury pursuant to the second sentence of subsection (d) of this section shall be in exchange for a note or notes of the Association, aggregating $115,000,000 [6] in principal amount (and upon which the accrued interest shall have been paid through the date of delivery), held by the Secretary of the Treasury pursuant to the authority contained in section 304(c).

(f)Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association

[1] October 31, 1954.
[2] This sentence added by sec. 1 of Public Law 85-10, 85th Congress, approved March 27, 1957, 71 Stat. 7.
[3] Sec. 202 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298, substituted "$115,000,000" for "$50,000,000."
[4] Aggregate amounts of FNMA's capital, surplus, surplus reserves, and undistributed earnings estimated to be approximately $90,000,000 as of the cutoff date, October 31, 1954.
[5] This sentence added by sec. 1 of Public Law 85-10, 85th Congress, approved March 27, 1957, 71 Stat. 7.
[6] Sec. 202 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298, substituted "$115,000,000" for "$50,000,000."

of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

SECONDARY MARKET OPERATIONS

SEC. 304. (a)(1) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954.[1] In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, within the range [2] of market prices for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding [3] any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate home [4] financing, but which are sufficiently below the price then offered by the Association for immediate purchase

[1] The Housing Act of 1954, approved August 2, 1954, became effective on that date.
[2] Sec. 203 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7 1956, 70 Stat. 1091, 1096, substituted "within the range of market prices" for "at the market price".
[3] This sentence added by sec. 204(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1096.
[4] Sec. 302, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 669, substituted "home financing" for "advance planning of home construction".

to prevent excessive sales to the Association pursuant to such commitments.

(2)[1] In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal therof, shall not exceed 90 per centum [2] of the umpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association.

(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances,

[1] Sec. 603(d), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 176, added paragraph (2), and designated the preceding paragraph as (1).
[2] Sec. 703, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 802, substituted "90 per centum" for "80 per centum".

of cash, mortgages, or [1] other security holdings, and [2] obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $2,250,000,000.[3] Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

(d) Repealed.[4]

[1] Sec. 603(e), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, added "or other security holdings".

[2] Sec. 305(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670, deleted "and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States" and inserted "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds." Sec. 701(b)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 800, deleted "or obligations which are lawful investments" and inserted "or obligations, participations, or other instruments which are lawful investments".

[3] Sec. 1 of Public Law 85-10, 85th Congress, approved March 27, 1957, 71 Stat. 7, amended this sentence to increase the maximum amount of FNMA's secondary market operations obligations which the Secretary of the Treasury can acquire from $1 billion to $1.35 billion. Sec. 203 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 298, increased the maximum amount to $2.25 billion.

[4] Immediately prior to the repeal by sec. 704, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 802, this subsection read as follows: "The Association may not purchase participations in its operations under this section."

SPECIAL ASSISTANCE FUNCTIONS

SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments [1] to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.[2]

(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject [3] to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

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[1] Section 303(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 669, provides:
"(b) When the holder of a commitment contract entered into by the Federal National Mortgage Association prior to August 27, 1958, pursuant to section 305 of the National Housing Act, cannot deliver the mortgages covered thereby within the original commitment period, and establishes that hardship to such holder will result therefrom and that such inability to deliver the mortgages is a consequence of circumstances beyond the control of such holder, the Association shall reissue or extend such commitment for a reasonable additional period or periods, according to the circumstances, on terms not less favorable than were the terms of the original commitment."

[2] Mortgages covering the following types of housing are currently eligible for special assistance pursuant to Presidential determinations: (1) housing intended primarily for victims of major disasters, $10 million; (2) housing in Guam, $7.5 million; (3) housing in urban renewal areas provided under FHA section 220 and 221 programs, the VA loan guaranty program, or the FHA section 213 cooperative housing program, and housing outside urban renewal areas for displaced families provided under the FHA section 221 programs of the VA loan guaranty program, $875 million; (4) housing for elderly persons, $251 million; (5) below market interest rate rental and cooperative housing provided under FHA section 221(d)(3) program for low or moderate income families and certain elderly or handicapped persons, $1.3 billion; (6) experimental housing, $5 million; (7) housing on restricted Indian lands, $5 million. See also subsections (e), (f), and (g) of this section.

[3] Immediately prior to amendment by sec. 303(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 669, the last part of this subsection read as follows: "Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section, until the close of August 7, 1958, shall be not less than the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items. The Association shall impose charges or fees for its services under this section, in an amount not to exceed 1½ per centum of the unpaid principal amount of any mortgage for its commitment and its purchase of such mortgage, with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Not more than one-half of the charges or fees imposed under the preceding sentence with respect to any mortgage shall be collected at the time of the issuance of the commitment with respect to such mortgage, and the balance of such charge or fee shall be collected at the time of the purchase of the mortgage."

(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed $1,700,000,000 [1] outstanding at any one time.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e)[2] Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed $200,000,000 outstanding at any one time, if such commitments or transactions relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but such commitments in any one State shall not exceed $20,000,000 outstanding at any one time: *Provided,* That (1) of the total amount of advance commitment contracts and purchase transactions authorized by this subsection, the amount of $50,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative, and (2) of the commitments in any one State, not more than $15,000,000 shall be outstanding at any one time for mortgages with respect to cooperative projects which are not of the type described in

[1] Sec. 601(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 175, substituted $1,700,000,000" for $950,000,000".

[2] Subsection (e), exclusive of the last two sentences, amended to read as set forth in the text by sec. 206 of the Housing Act of 1957, Public Law 85-104, 85th Congress, approved July 12, 1957, 71 Stat. 294, 299. Section 305(e) was originally added to the law by sec. 103 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635. Section 207 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1097 amended the original language, relating the overall authorization not only to commitments but also to purchases, and providing for the revolving feature of the State authorization. Section 2 of Public Law 85-10, 85th Congress, approved March 27, 1957, 71 Stat. 7, increased the overall authorization from $50 million to $100 million and raised the State authorization from $5 million to $10 million.

clause (1) of this proviso. On [1] and after the date of enactment of the Housing Act of 1959,[2] the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed $25,000,000, of which the amount of $12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of $12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative. Without [3] regard to any of the limitations of this subsection except the total amount of authorizations available, the Association is authorized to enter into advance commitment contracts and purchase transactions on supplementing cooperative loans with respect to which the Federal Housing Commissioner shall have issued, pursuant to section 213(j), either a commitment to insure or a statement of eligibility; but such commitments and purchases shall be made solely where there is a management-type cooperative involved which is certified by the Federal Housing Commissioner as a consumer cooperative.

(f)[4] Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended on or after August 11, 1955: *Provided,* That the total amount of purchases and commitments authorized by this subsection shall not exceed $500,000,000 [5] outstanding at any one time: *Provided further,*[6] That of the amount authorized in the preceding proviso not less than $58,750,000 shall be available for such purchases and commitments with respect to mortgages insured under section 809.

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[1] Sec. 304, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 669, added this sentence.

[2] September 23, 1959.

[3] Sec. 109(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 777, added this sentence.

[4] Subsection (f) added by sec. 402, Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 651.

[5] Sec. 207, Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 299, substituted "$450,000,000" for "$200,000,000", and sec. 3(a), Public Law 85-364, approved April 1, 1958, 72 Stat. 73, substituted "$500,000,000" for "$450,000,000".

[6] As originally added by sec. 207, Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 299, this proviso required that not less than 7.5 percentum of the general authorization in the preceding proviso for the purchase of title VIII mortgages should be available for purchases and commitments with respect to section 809 mortgages for the armed services. Sec. 3(a), Public Law 85-364, approved April 1, 1958, 72 Stat. 73 amended this proviso to read as set forth in the text.

(g)[1] With a view to further carrying out the purposes set forth in section 301 (b), and notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell any mortgages which are insured under title II of this Act or guaranteed under the Servicemen's Readjustment Act of 1944, if the original principal obligation thereof does not exceed $13,500: *Provided,* That the total amount of purchases and commitments authorized by this subsection shall not exceed $1,000,000,000 outstanding at any one time: *Provided further,* That applicants for such commitments shall be required to certify that construction of the housing to be covered by the mortgages has not commenced: *Provided further,*[2] That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961,[3] and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c).

(h)[4] Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act.

MANAGEMENT AND LIQUIDATING FUNCTIONS

SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date[5] determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts)[6] and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the

[1] Subsection (g) was added by sec. 4, Public Law 85-364, approved April 1, 1958, 72 Stat. 73.
[2] Sec. 601(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 176, added this proviso.
[3] June 30, 1961.
[4] Sec. 101(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, added subsection (h).
[5] October 31, 1954.
[6] The aggregate amount of this separate accountability as of the close of the cutoff date, October 31, 1954, estimated to be approximately $3,100,000,000.

Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and [1] obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed $3,350,000,000: *Provided,* That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further,* That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding

[1] Sec. 305(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670, deleted "and bonds or other obligations of, or bonds or other obligations guaranteed as to principle and interest by, the United States" and inserted "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds." Sec. 701(b)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 800, deleted "or obligations which are lawful investments" and inserted "or obligations, participations, or other instruments which are lawful investments".

commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.[1]

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Repealed.[2]

(e)[3] Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by the Housing and Home

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[1] Pursuant to Reorganization Plan No. 2 of 1954, effective July 1, 1954, 2-1.6, there were **transferred from the Reconstruction Finance Corporation to FNMA, mortgages made or acquired under the authority of The RFC Mortgage Company and the Defense Homes Corporation representing an investment of approximately $91,000,000.**

[2] Immediately prior to repeal by sec. 209(b) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1097, this subsection (e) read as follows:

"(e) Of the $3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed $300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed $3,350,000,000 shall be applicable as provided in subsection (c) of this section."

[3] Sec. 306(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670, added this new subsection (e).

Sec. 306(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670 provided that:

"In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the Housing and Home Finance Administrator is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Administrator determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress."

Finance Administrator or the Housing and Home Finance Agency, or by such Agency's constituent units or agencies or the heads thereof, after such Administrator has found the acquisition thereof by the Association to be in the interest of the efficient management and liquidation of the mortgages. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection.

(f)[1] Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred.

SEPARATE ACCOUNTABILITY

SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

BOARD OF DIRECTORS

SEC. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Adminis-

[1] Added by sec. 601(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 176.

trator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.[1] The members of the board, as such, shall not receive compensation for their services.

GENERAL POWERS

SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or

[1] Superseded by sec. 303(e)(94) of the Government Employees Salary Reform Act of 1964, Public Law 88-426, approved August 14, 1964, 78 Stat. 400, 421, which provided that the annual rate of basic compensation of the President of the FNMA is $26,000.

intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

(c) The Association, including its franchise, capital, reserves, surplus, mortgages, or [1] other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words "Federal National Mortgage Association" or any combination of such words, as the name or part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated.

[1] Sec. 603(e), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, added "or other security holdings".

(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

INVESTMENT OF FUNDS

SEC. 310. Moneys of the Association not invested in mortgages or [1] other security holdings or in operating facilities shall be kept in cash on hand or on deposit, or invested in [2] obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

SEC. 311. All obligations,[3] participations, or other instruments issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

SHORT TITLE

SEC. 312. This title III may be referred to as the "Federal National Mortgage Association Charter Act."

Approved August 2, 1954.

[1] Sec. 603(e), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 177, added "or other security holdings".

[2] Sec. 305(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670, deleted "in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States" and inserted "in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds." Sec. 701(b)(3), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 800, deleted "or in obligations which are lawful investments" and inserted "or in obligations, participations, or other instruments which are lawful investments".

[3] Sec. 701(b)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 800 inserted, "participations, or other instruments" after "obligations".

5. Secondary Market For Housing Mortgages

2. VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

[Title VI—Housing Act of 1954, Public Law 560, 83d Congress; 68 Stat. 590, 637]

* * *

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

DECLARATION OF POLICY

SEC. 601. It is declared to be the policy of Congress—

(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

DEFINITIONS

SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under chapter 37 of title 38, United States Code, or (2) secured by a mortgage insured under the National Housing Act, as amended.[1]

(b) "Private financing institutions" means life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead association, and building and loan associations), and mortgage companies.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

[1] See 4-1.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee", which shall consist of the Housing and Home Finance Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

The Administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEES

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In

complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks.

FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL SUBCOMMITTEES

SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under chapter 37 of title 38, United States Code. Such officers are authorized to furnish such information to such subcommittee.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under chapter 37 of title 38, United States Code, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under chapter 37 of title 38, United States Code. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

REGULATIONS OF ADMINISTRATOR

SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

GENERAL PROVISIONS

SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission

Act of the United States. Service as a member of the National Committee or of any regional subcommittee is not to be construed as holding any office or employment with the Government of the United States. The Administrator is authorized and directed, upon the request of the National Committee, to provide such Committee with a suitable office and meeting place and to furnish to the Committee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions of such Committee. Funds available to the Administrator for administrative expenses shall be available for all expenses necessary in carrying out the provisions of this title, including expenses of persons serving as members of any committee or subcommittee established pursuant to this title for communications, transportation, and not to exceed $25 per diem in lieu of subsistence when away from their homes or regular places of business in connection with the business of such committee or subcommittee.

SEC. 610. (a) This title and all authority conferred hereunder shall terminate at the close of October 1, 1965.[1]

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

• • •

Approved August 2, 1954.

[1] The original termination date for this program, June 30, 1957, has been extended as follows: (1) To August 15, 1957, by Public Law 85-66, approved June 29, 1957, 71 Stat. 209; (2) To July 31, 1959, by sec. 602, Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 304; (3) To September 30, 1959, by Public Law 86-119, approved July 31, 1959, 73 Stat. 266; (4) To October 1, 1961, by sec. 806, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 687, and (5) to October 1, 1965, by sec. 903, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 191.

5. Secondary Market for Housing Mortgages

2. Voluntary Home Mortgage Credit Program

1. EXCERPTS FROM SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED

[38 U.S.C. 1811]

DIRECT LOANS TO VETERANS

SEC. 512.[1] (a) The Congress finds that housing credit under section 501 of this title is not and has not been generally available to veterans living in rural areas, or in small cities and towns not near large metropolitan areas. It is therefore the purpose of this section to provide housing credit for veterans living in such rural areas and such small cities and towns.

(b) Whenever the Administrator finds that private capital is not generally available in any rural area or small city or town for the financing of loans guaranteed under section 501 of this title, he shall designate such rural area or small city or town as a 'housing credit shortage area', and shall make, or enter into commitments to make, loans for any or all of the following purposes in such area—

(1) For the purchase or construction of a dwelling to be owned and occupied by a veteran as his home;

(2) For the purchase of a farm on which there is a farm residence to be owned and occupied by a veteran as his home;

(3) For the construction on land owned by a veteran of a farm residence to be occupied by him as his home; or

(4) For the repair, alteration, or improvement of a farm residence or other dwelling owned by a veteran and occupied by him as his home.

* * *

(e) (1) If any builder or sponsor proposes to construct one or more dwellings in a housing credit shortage area, the Administrator may enter into commitment with such builder or sponsor, under which funds available for loans under this section will be reserved for a period not in excess of three months, or such longer period as the Administrator may authorize to meet the needs in any particular case, for the purpose of making loans to veterans to purchase such dwellings. Such commitment may not be assigned or transferred except with the written approval of the Administrator. The Administrator shall not enter into any such commitment unless such builder or sponsor pays a nonrefundable commitment fee to the Administrator in an amount determined by the Administrator, not to exceed 2 per centum of the funds reserved for such builder or sponsor.

(2) Whenever the Administrator finds that a dwelling with respect to which funds are being reserved under this subsection has been sold,

[1] The excerpts from section 512 set forth were enacted by sec. 5(a) of Public Law 85-364, 85th Congress, approved April 1, 1958, 72 Stat. 73, 74.

or contracted to be sold, to a veteran eligible for a direct loan under this section, the Administrator shall enter into a commitment to make the veteran a loan for the purchase of such dwelling. With respect to any loan made to an eligible veteran under this subsection, the Administrator may make advances during the construction of the dwelling, up to a maximum in advances of (A) the cost of the land plus (B) 80 per centum of the value of the construction in place.

(3) After the Administrator has entered into a commitment to make a veteran a loan under this subsection, he may refer the proposed loan to the Voluntary Home Mortgage Credit Committee, in order to afford a private lender the opportunity to acquire such loan subject to guaranty as provided in paragraph (5) of subsection (d) of this section. If, before the expiration of sixty days after the loan made to the veteran by the Administrator is fully disbursed, a private lender agrees to purchase such loan, all or any part of the commitment fee paid to the Administrator with respect to such loan may be paid to such private lender when such loan is so purchased.

* * *

(g) (1) The Administrator shall commence the processing of any application for a loan under this section upon the receipt of such application, and shall continue such processing notwithstanding the fact that the assistance of the Voluntary Home Mortgage Credit Committee has been requested by the Administrator for the purpose of ascertaining whether or not such loan can be placed with a private lender.

(2) If the assistance of such Committee has been requested by the Administrator in connection with any such application, and the Administrator is not notified by such Committee within (A) twenty working days after such assistance has been requested, or (B) twenty working days after the date of enactment of this subsection, whichever is the later, that it has been successful in enabling the applicant to place such loan with a private lender or expects to do so within ten additional working days, the Administrator shall proceed forthwith to complete any part of the processing of such application remaining unfinished, and to grant or deny the application in accordance with the provisions of this section.

(3) As used in this subsection, the term "working days" means calendar days exclusive of Saturdays, Sundays, and legal holidays."

* * *

6. Housing Loans
1. College Housing Loans

1. AUTHORIZATION

[Excerpt from the Housing Act of 1950; Public Law 475, 81st Congress; 64 Stat. 48, 77; 12 U.S.C. 1749 (1946 ed., Supp. IV)]

• • •

TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

FEDERAL LOANS[1]

SEC. 401.[2] (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: *Provided,* That (1) no such loan shall be

[1] Under the Housing Administrator's Reorganization Order No. 1, 2-1.3, the college housing loan program is administered by the Community Facilities Commissioner under the supervision and direction of the Administrator.

The President's letter of July 18, 1950, to the Housing and Home Finance Administrator, requested that the Administrator "Suspend for the time being commitments for direct loans for the construction of housing by educational institutions", as one of several administrative actions requested in order to conserve building materials for national defense purposes and lessen inflationary tendencies. On December 8, 1950, the President released $40,000,000 for defense-related college housing loans. An additional $60,000,000 was made available for fiscal 1953, $50,000,000 for fiscal 1954 and 1955 each, and $25,000,000 for fiscal 1956, making a cumulative total released of $225,000,000. On August 4, 1953, the Housing Administrator announced the removal of defense restrictions on college housing loans and that colleges would no longer be required to show a defense-related need to qualify for a loan.

[2] Sec. 401 amended to read as set forth in the text (except for increases in limit in subsection (d) on Treasury borrowings) by sec. 301 of the Housing Amendments of 1955 (the "College Housing Amendments of 1955"), Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 644.

As originally enacted, sec. 401 read as follows:

"SEC. 401. (a) To assist educational institutions in providing housing for their students and faculties the Administrator may make loans of funds to such institutions for the construction of such housing: *Provided,* That no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such housing from other sources upon terms and conditions generally comparable to the terms and conditions applicable to loans under this title: *And provided further,* That no such loan shall be made unless the Administrator finds that the housing will be undertaken in such a manner that economy will be promoted in its construction, and that it will not be of elaborate or extravagant design or materials. Any educational institution which, prior to the date of enactment of this Act, has contracted for housing may, in connection therewith, receive loans auhorized under this title, as the Administrator may determine: *Provided further,* That no such loan shall be made for any housing, the construction of which was begun prior to the effective date of this Act. A loan to an educational institution may be in an amount not exceeding the total development cost, as determined by the Administrator of the housing; shall bear interest at the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having maturity of ten years or more, determined at the date the contract for the loan is made, plus one-fourth of 1 per centum per annum; and shall be secured in such manner and be repaid within such period, not exceeding forty years, as may be determined by the Administrator.

"(b) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $300,000,000.

"(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(d) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational

made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagent design or materials.

(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: *Provided,* That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) 2¾ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

(d) [1] To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time

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institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section."

SEC. 24(b) of the Housing Amendments of 1953, Public Law 94, 83d Congress, approved June 30, 1953, 67 Stat. 121, 128, amended the third sentence of sec. 401 to read as follows:

"A loan to an educational institution may be in an amount not exceeding the total development cost of the housing, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding forty years, as may be determined by him; and, with respect to loan contracts entered into after the first minimum annual rate has been specified as provided herein, shall bear interest at a rate determined by the Administrator which shall be not less than the minimum annual rate which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for the loan is made: *Provided,* That such minimum annual rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of one per centum."

The third sentence of sec. 401 was further amended by sec. 808(b) of the Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 646, by substituting "is approved by the Administrator" for the word "made" immediately preceding the proviso.

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[1] Immediately prior to amendment by sec. 401, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 172, subsection (d) read as follows:

"(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,675,000,000: *Provided,* That the amount outstanding for other educational facilities, as defined herein, shall not exceed $175,000,000: *Provided further,* That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed $100,000,000."

notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,675,000,000, which amount shall be increased by $300,000,000 on July 1 in each of the years 1961 through 1964: *Provided,* That the amount outstanding for other educational facilities, as defined herein, shall not exceed $175,000,000, which limit shall be increased by $30,000,000 on July 1 in each of the years 1961 through 1964: *Provided further,* That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed $100,000,000, which limit shall be increased by $30,000,000 on July 1 in each of the years 1961 through 1964.

(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section.

(g)[1] In the case of any loan made under this section to a nonprofit student housing cooperative corporation referred to in clause (5) of section 404(b), the Administrator shall require that the note securing such loan be co-signed by the educational institution (referred to in clause (1) of such section) at which such corporation is located; and in the event of the dissolution of such corporation, title to the housing constructed with such loan shall vest in such educational institution.

[1] Sec. 603(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 682, added subsection (g).

GENERAL PROVISIONS

SEC. 402. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided,* That such financial transactions of the Administrator as the making of loans and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this title;

(2) consult with and secure the advice and recommendations of the Office of Education in the Federal Security Agency; [1]

(3) sue and be sued;

(4) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease and otherwise deal with, such property: *Provided,* That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or

[1] All functions of the Federal Security Agency were transferred to the Department of Health, Education, and Welfare by Reorganization Plan No. 1 of 1953, effective April 11, 1953, 67 Stat. 631.

criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

(6) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(7) obtain insurance against loss in connection with property and other assets held;

(8) subject to the specific limitations in this title, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title; and

(9) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

(e) [1] The provisions of section 309 of the Independent Offices Appropriation Act, 1950 [2] (63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the Administrator under this title.

(f) [1] The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this title, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1959, (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended, and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed; but the Administrator may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of

[1] Sec. 602, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 681, added subsections (e) and (f).
[2] See 40-3-10.

construction and the Administrator determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

APPORTIONMENT

SEC. 403. Not more than 12½ [1] per centum of the funds provided for in this title in the form of loans shall be made available to educational institutions within any one State.

DEFINITIONS

SEC. 404. For the purposes of this title, the following terms shall have the meanings, respectively, ascribed to them below:

(a) "Housing" means (1) new structures suitable for dwelling use, including single-room dormitories and apartments, and (2) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

(b)[2] "Educational institution" means (1) any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, (2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual, (3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in clause (1) of this subsection without regard to

[1] Sec. 402, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 173, substituted "12½ per centum" for "10 per centum".

[2] Immediately prior to amendment by sec. 403, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 173, subsection (b) read as follows:

"(b) "Educational institution" means (1) any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, (2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual, (3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established by any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty of such institution without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution, (4) any agency, public authority, or other instrumentality of any State established for the purpose of providing or financing housing or other educational facilities for students or faculty of any public educational institution included in clause (1) of this subsection, but nothing herein contained shall require an institution included in clause (1) of this subsection to obtain loans through any instrumentality included in this clause of this subsection, and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection."

H-96 (8-62)

UNITED STATES GOVERNMENT

Memorandum

HOUSING AND HOME FINANCE AGENCY

TO : F.N.Brownstein, Commissioner, FHA
Marie McGuire, Commissioner, PHA
W.L.Slayton, Commissioner, URA
R.L.Still, Acting Commissioner, CFA
J.S.Baughman, President, FNMA

DATE:

FROM : Robert C. Weaver

SUBJECT: Publication of Laws of the Department

The House Committee on Banking and Currency is publishing, as a Committee Print, the basic laws and authorities for the programs and activities of the Department of Housing and Urban Development. These laws and authorities are arranged in the Committee Print in accordance with their subject matter, divided principally into housing, urban development, related functions and provisions, and organization of the Department.

Copies of the Committee Print will be available at an estimated cost of 84 cents each. In view of this low cost, the Print should serve the purpose formerly served by our "Basic Statutes" and the separate publications of various individual laws, such as the National Housing Act, the United States Housing Act of 1937, the urban renewal law, and the Federal National Mortgage Association Charter Act. Publication of the laws in various manuals can also be eliminated.

You will want to order a sufficient number of copies of the Committee Print to serve all of your needs. Will you please, before December 2, advise Mr. James Peterson, extension 7464, as to the number you plan to order. The Government Printing Office jacket number is 55-508.

If you feel there are special circumstances requiring separate publication of any law, this should be discussed with Mr. Semer.

Robert C. Weaver
Administrator

This Volume is Superceded by Above

THIS Volume is Obsolete

see

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their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose, (4) any agency, public authority, or other instrumentality of any State established for the purpose of providing or financing housing or other educational facilities for students or faculty of any public educational institution included in clause (1) of this subsection, but nothing herein contained shall require an institution included in clause (1) of this subsection to obtain loans through any instrumentality included in this clause of this subsection, and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection.

In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions): *Provided* [1] That where the law of any State in effect on the date of enactment of the Housing Act of 1964 [2] prevents the institution or institutions, for whose students or students and faculty the housing is to be provided, from cosigning the note, the Administrator shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

(c) [3] "Development cost" means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities.

(d) "Faculties" means members of the faculty and their families.

(e) "State" shall include the several States, the District of Columbia, and the Territories and possessions of the United States.

(f) "Administrator" means the Housing and Home Finance Administrator.

(g) "Construction" means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

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[1] Added by sec. 1002, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 806.

[2] September 2, 1964.

[3] Subsection (c) amended to read as set forth in the text by sec. 302 of the Housing Amendments of 1955 (the "College Housing Amendments of 1955"), Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 645.
As originally enacted subsection (c) read as follows:
"(c) Development cost means cost of the construction of the housing and the land on which it is located, including necessary site improvements to permit its use for housing purposes."

(h)[1] "Other educational facilities" means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

* * *

Approved April 20, 1950

[1] Subsection (h) added by sec. 303(2) of the Housing Amendments of 1955 (the "College Housing Amendments of 1955"), Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 646.

6. Housing Loans

2. Alaska Housing Loans

1. AUTHORIZATION

[Alaska Housing Act; Public Law 52, 81st Congress; 63 Stat. 57; 48 U.S.C. 484 et seq. (1946 ed., Supp. III)]

An Act to promote the settlement and development of the Territory of Alaska by facilitating the construction of necessary housing therein, and for other purposes.

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 "Alaska Housing Act".

SEC. 2. (a) * * * [See Sec. 214 of the National Housing Act, 4-1.2]
(b) * * * Repealed.[1]

SEC. 3. (a) In order to relieve the particularly severe impact of the housing shortage in Alaska, the legislature of that Territory may authorize the Alaska Housing Authority, in addition to the housing projects undertaken pursuant to the provisions of the Act of July 21, 1941 (55 Stat. 601; 48 U. S. C., secs. 481-483), as amended, also to undertake other projects for the construction and sale or rental of dwelling accommodations for inhabitants of the Territory, and to make loans for such projects to public agencies, or private nonprofit or limited dividend corporations, or private corporations which are regulated or restricted by the Authority (until the termination of all loan obligations to it) as to rents or sales, charges, capital structure, rate of return, and methods of operation to such an extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment, and the legislature of that Territory may authorize said authority to make character loans to individuals or cooperatives for the improvement, conversion or construction of dwellings in remote areas to be occupied by such individuals or members of such cooperatives where the loan does not exceed $500 per dwelling, and any powers of said Authority, including but not limited to powers of eminent domain and issuance of bonds and obligations, with respect to projects undertaken pursuant to the provisions of said Act of July 21, 1941, may be made available with respect to projects undertaken pursuant to the authorization provided in this section: *Provided,* That the authorization provided in this section shall be limited to projects where adequate financing on reasonable terms and conditions, or entrepreneurial sponsorship, or both, as the case may be, is not otherwise available: *And provided further,* That any projects constructed and owned by such Authority pursuant to the authorization provided in this section shall be sold for cash or on reasonable terms and giving consideration to full market value, as promptly as may be advantageous under the circumstances and in the public interest: *And provided further,* That such Authority shall exercise its powers under this section to encourage and assist the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life, and the development of well planned residential

[1] Sec. 205 of the Housing Act of 1954, Public Law 560, 83d Congress, approved Aug. 2, 1954, 68 Stat. 590, 622, repealed subsection (b) of section 2.

neighborhoods. Any law enacted by the legislature of the Territory of Alaska which, except for its enactment prior to the enactment of this Act, would be authorized under this section, is hereby authorized, approved, and validated.

(b) To obtain funds for the purpose of undertaking and administering projects or of making loans pursuant to any authority conferred by the legislature of the Territory of Alaska under subsection (a) of this section, the Alaska Housing Authority may, on and after the effective date of this Act, issue and have outstanding at any one time notes or other obligations for purchase by the Housing and Home Finance Administrator in an amount not to exceed $20,000,000 [1] and the Housing and Home Finance Administrator is hereby authorized to purchase such notes or other obligations [2] to the extent that funds are available therefor: *Provided,* That such notes and other obligations issued and outstanding for the purpose of making character loans to individuals or cooperatives shall not exceed $1,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities not exceeding forty years, and shall be purchased under such general terms and conditions as may be prescribed by the Housing and Home Finance Administrator. Such notes and other obligations shall bear interest at a rate determined by the Housing and Home Finance Administrator, with the approval of the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations.

(c) The Alaska Housing Authority shall make an annual report to the Governor of Alaska on all of the activities of the Authority, for each fiscal year ending June 30, for transmission with his comments and recommendations to the Housing and Home Finance Administrator.

(d) There is hereby authorized to be appropriated [3] to the Housing and Home Finance Administrator, out of any money in the Treasury not otherwise appropriated, not to exceed $20,000,000 [1] for the purposes of this section. Funds made available to the Administrator pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this section shall be available for

[1] Sec. 7 of the Housing Act of 1952, Public Law 531, 82d Congress, approved July 14, 1952, 66 Stat. 601, 602, increased this authorization from $15,000,000 to $20,000,000.

[2] See 6-2.2 for provision in Independent Offices Appropriation Act, 1955, Public Law 428, 83d Congress, that no additional notes or obligations should be purchased after June 24, 1954. See also Housing Administrator's Reorganization Order No. 1, 2-1.3, which provides that the management of liquidation of Alaska housing loans shall be administered by the Community Facilities Commissioner under the supervision and direction of the Administrator.

See also 2-2.4, Revolving Fund for Liquidating Programs.

[3] The Third Deficiency Appropriation Act, 1949, Public Law 343, 81st Congress, approved October 10, 1949, 63 Stat. 738, 40-2-1, appropriated $10,000,000 to the Housing and Home Finance Administrator for loans to the Alaska Housing Authority and appropriated funds to the Administrator for administrative expenses.

The Second Supplemental Appropriation Act, 1950, Public Law 430, 81st Congress, approved October 28, 1949, 63 Stat. 973, 40-2-1, authorized the Administrator to purchase obligations of the Alaska Housing Authority issued to obtain funds for its general overhead expenses occasioned by Public Law 52.

The Supplemental Appropriation Act, 1952, Public Law 253, 82d Congress, approved

any of the purposes of this section. In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Administrator, notwithstanding the provisions of any other law, shall maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided,* That such financial transactions of the Administrator as the making of loans or advances of funds and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

SEC. 4. The Housing and Home Finance Agency is authorized to provide technical advice and information and otherwise to cooperate to the full extent authorized by law to assist the Alaska Housing Authority in the program to relieve the severe shortage of housing in the Territory.

SEC. 5. Notwithstanding the provisions of sections 4 and 301 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes",[1] approved October 14, 1940, as amended, with respect to the disposition of housing of a permanent character, any such housing in Alaska under the jurisdiction of the Housing and Home Finance Administrator which has been reserved (in whole or in part), prior to the enactment of this Act, for employees of an agency of the Federal Government may be retained by him for employees of that agency for such time as he determines such action necessary to provide adequate housing accommodations for them in the area.

SEC. 6. Any executive department or agency of the Federal Government is hereby authorized to sell, transfer, and convey to the Alaska Housing Authority at fair value (as determined by such department or agency), for use under this Act, all or any right, title, and interest in any real or personal property under the jurisdiction of such department or agency which it determines to be in excess of its own requirements, notwithstanding any limitations or requirements of law with respect to the use or disposition of such property: *Provided,* That the authority conferred by this section shall be in addition to and not in derogation of any other powers and authorities of such department or agency.

Approved April 23, 1949.

November 1, 1951, 65 Stat. 736, 40-2-1, appropriated $3,875,000 for Alaska housing, to remain available until expended.

The Third Supplemental Appropriation Act, 1952, Public Law 375, 82d Congress, approved June 5, 1952, 66 Stat. 101, 40-2-1, appropriated $1,125,000 for Alaska housing, to remain available until expended.

The Supplemental Appropriation Act, 1953, Public Law 547, 82d Congress, approved July 15, 1952, 66 Stat 637, 645, 40-2-1, appropriated $4,000,000 for Alaska housing, to remain available until expended.

The First Independent Offices Appropriation Act, 1954, Public Law 176, 83d Congress, approved July 31, 1953, 67 Stat. 298, 308, 40-2-1, reduced previous appropriations for Alaska housing by $5,000,000 and provided that the Housing and Home Finance Administrator shall cause to be covered into the Treasury that amount in one or more deposits as soon as practicable, but not later than June 30, 1954. This Appropriation Act also provided funds for the administrative expenses of the Office of the Administrator under the Alaska housing program.

[1] See 9-1.1 for provisions of this Act (the Lanham Act).

6. Housing Loans

2. Alaska Housing Loans

2. TERMINATION OF LOAN PROGRAM

[Excerpt from the Independent Offices Appropriation Act, 1955; Public Law 428, 83d Congress; 68 Stat. 272, 296]

• • •

Office of the Administrator, • • • *Provided further,* That after the effective date of this Act no additional notes or obligations shall be purchased from funds appropriated [1] pursuant to the Alaska Housing Act, as amended (48 U. S. C. 484 (d)), except for the furtherance or refinancing of an existing loan: • • •

Approved June 24, 1954

[1] See 40-2-1 for appropriations for Alaska housing loans and 2-2.4 for provisions establishing revolving fund for liquidating programs.

6. Housing Loans

3. Prefabricated Housing Loans [1]

1. AUTHORIZATION OF LOANS

[Excerpt from the Housing Act of 1948, as amended; Public Law 901, 80th Congress; 62 Stat, 1268, 1275; 12 U.S.C. 1701g (1946 ed., Supp. V)]

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SEC. 102.[2] In order to aid housing production, the Reconstruction Finance Corporation [1] is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for production or distribution of prefabricated houses or housing components and for related purposes or for modernized site construction: *Provided, however,* That no loan in excess of $500,000 shall be made to any individual or corporation for purposes of production. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine and may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or the purchase of participation or otherwise: *Provided,* That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 per centum of the purchase price of such equipment, plant, or machinery: *And provided further,* That the total amount of commitments for loans made and obligations purchased under this section shall not exceed $50,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.[3]

SEC. 102a.[4] To assure the maintenance of industrial capacity for the production of prefabricated houses and housing components so that it may be available for the purposes of national defense, the Housing and Home Finance Administrator is authorized to make loans to and pur-

[1] See Reorganization Plan No. 23 of 1950, 2-1.1, transferring these functions of the RFC to the Housing and Home Finance Administrator.

See also 6-2.2 concerning general lending authority of the Reconstruction Finance Corporation.

See also sections 609, 611 and 809 of the National Housing Act. Section 609 authorizes FHA to insure loans to finance the manufacture of housing. Section 611, 4-1.4, authorizes FHA mortgage insurance to assist large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes. Section 809, 4-1.6, provides that where military rental housing is provided under the mortgage insurance provisions of title VIII of the National Housing Act, the plans, drawings and specifications for such housing may include prefabrication if it conforms to FHA standards, and that the Secretary of Defense may designate certain sites or parts of sites for rental housing to be furnished from prefabricated houses or housing components.

Also see 30-1, Housing research.

[2] Sec. 501 of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293, amended section 102 to read as set forth in the text.

[3] See also 6-3.4 and 6-3.5 for provisions terminating authority to make loans and issue obligations to the Treasury, and 2-2.4, revolving fund for liquidating programs.

See also, Housing Administrator's Reorganization Order No. 1, 2-1.3, which provided that the management of liquidating activities with respect to loans for prefabricated housing should be administered by the Community Facilities Commissioner under the supervision and direction of the Administrator.

[4] Sec. 102a was added by sec. 502 of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293. See also sec. 104 of the Defense Housing Act, 9-2-1.1, for time limit on authority in sec. 102a.

chase obligations of any business enterprise or financial institution for the purpose of providing financial assistance for the production or distribution of prefabricated houses or prefabricated housing components and for related purposes. Such loans may be made upon such terms and conditions and with such maturities as the Administrator may determine and may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or the purchase of participation or otherwise: *Provided,* That the total amount of commitments for loans made and obligations purchased under this section shall not exceed $15,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms. The Administrator is further authorized to issue to the Secretary of the Treasury, and the Secretary of the Treasury is authorized to purchase, obligations of the Administrator in an amount outstanding at any one time sufficient to enable the Administrator to carry out his functions under this section, such obligations to be in substantially the same form, and be issued in the same manner and subject to the same conditions, except as to the total amount thereof, as obligations issued by the Administrator pursuant to Reorganization Plan 23 of 1950.

SEC. 102b.[1] In the performance of, and with respect to, the functions, powers, and duties vested in him by Reorganization Plan 23 of 1950 and by section 102a hereof, the Housing and Home Finance Administrator shall, in addition to any powers, functions, privileges, and immunities otherwise vested in him—

(1) have the powers, functions, privileges, and immunities transferred to him by said Reorganization Plan and the same powers, functions and duties as set forth in section 402 of the Housing Act of 1950,[2] except subsection (c) (2) thereof with respect to loans authorized by title IV of said Act;

(2) take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans thereunder.

Such powers, functions, and duties may be exercised in the several States, the District of Columbia, and the Territories and possessions of the United States.

SEC. 102c.[1] Wherever in this Act the words "prefabricated houses" are used they shall be construed to include houses which are of a mobile or portable character.[3]

• • •

Approved August 10, 1948.

[1] Sections 102b and 102c were added by sec. 502 of the Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress, approved September 1, 1951, 65 Stat. 293.

[2] See 6-1.1 for the provisions of section 402 of the Housing Act of 1950.

[3] See 9-2-1.2, section 302(b) of the Defense Housing and Community Facilities and Services Act of 1951.

6. Housing Loans

3. Prefabricated Housing Loans

2. NOTE ON GENERAL AUTHORITY TRANSFERRED FROM RECONSTRUCTION FINANCE CORPORATION [1]

NOTE: The Reconstruction Finance Corporation was authorized, under the Reconstruction Finance Corporation Act, as amended, and other legislation, to make business loans under certain conditions and to perform certain related and incidental functions. Under this general business lending authority (as distinguished from the specific authority concerning prefabricated housing contained in section 102 of the Housing Act of 1948 (6-3.1)) the RFC could make loans, among others, for the production, manufacture, distribution, sale, purchase, or erection of prefabricated houses, sections, or panels or site improvements therefor. Insofar as this type of loan is concerned, RFC's general authority and incidental or related functions were transferred to the Housing and Home Finance Administrator by Reorganization Plan No. 23 of 1950 (2-1.7). The basic authority of the RFC is set out in title 15 of the United States Code, chapter 14. See particularly 15 U.S.C. 603-607.[2] The authority of the RFC to make loans was terminated September 28, 1953, by the RFC Liquidation Act, Public Law 163, 83d Congress, approved July 30, 1953, 67 Stat. 230.

[1] See Reorganization Plan No. 23 of 1950, 2-1.7, paragraphs 2, 3, and 4 of section 1.

[2] See also, General Appropriation Act, 1951, Public Law 759, 81st Congress, approved September 6, 1950, 64 Stat. 595, which contains provisions with respect to the payment of salaries and wages and other administrative expenses.

Under the emergency lending powers contained in the former section 5d of the Reconstruction Finance Corporation Act, the RFC made a number of loans to prefabricated housing manufacturers. Section 5d expired June 30, 1947.

The Veterans' Emergency Housing Act of 1946, Public Law 388, 79th Congress, approved May 22, 1946, 60 Stat. 207, 214, authorized the RFC—(1) to make premium payments to industry to increase the supply of building materials, including new type materials, for the veterans' emergency housing program, and (2) to underwrite or guarantee markets for new type building materials and prefabricated houses. The Veterans' Emergency Housing Act expired December 31, 1947.

6. Housing Loans
3. Prefabricated Housing Loans

3. CANCELLATION BY TREASURY OF HOUSING ADMINISTRATOR NOTES

[Excerpt from the Housing Act of 1952; Public Law 531, 82d Congress; 66 Stat. 601, 603]

* * *

SEC. 9. The Secretary of the Treasury is hereby authorized and directed from time to time to credit and cancel the note or notes of the Housing and Home Finance Administrator executed and delivered in connection with loans transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency pursuant to Reorganization Plan Numbered 23 of 1950 [1] (64 Stat. 1279), to the extent of the net loss, as determined by the Secretary of the Treasury, sustained by said Agency in the liquidation of defaulted loans. The net loss shall be the sum of the unpaid principal and advances for care and preservation of collateral, together with accrued and unpaid interest on said principal and advances, and all expenses and costs (other than those subject to administrative expense limitations) in connection with the liquidation of defaulted loans, less the amount actually realized by the Housing and Home Finance Agency on account of such defaulted loans.

* * *

Approved July 14, 1952

[1] See 2-1.7.

6. Housing Loans

3. Prefabricated Housing Loans

4. TERMINATION OF AUTHORITY TO MAKE LOANS

[Excerpt from the Independent Offices Appropriation Act, 1952,[1] Public Law 137, 82d Congress, 65 Stat. 268]

• • •

OFFICE OF THE ADMINISTRATOR: Not to exceed $157,250 shall be available for all administrative expenses, which shall be on an accrual basis, of carrying out the functions of the Office of the Administrator incident to providing financial assistance for prefabricated housing and large-scale modernized site construction, but this amount shall be exclusive of costs of services performed on a contract or fee basis in connection with termination of contracts and legal services on a contract or fee basis: *Provided,*[1] That no additional loan shall be made under the authority transferred to the Administrator pursuant to Reorganization Plan Numbered 23 of 1950 for the foregoing purposes after the effective date of this Act unless the Administrator shall have determined that such loan is in the interest of the Government in the furtherance of any existing loan or for the refinancing of any existing loan.

• • •

Approved August 31, 1951

[1] The Independent Offices Appropriation Act, 1953, Public Law 455, 82d Congress, approved July 5, 1952, 66 Stat. 393, 415, contained the same proviso. See also 6-3.5 for provision terminating authority to issue obligations to the Treasury. See also 2-2.4.

6. Housing Loans

3. Prefabricated Housing Loans

5. TERMINATION OF AUTHORITY TO ISSUE OBLIGATIONS TO TREASURY

[Excerpt from the Independent Offices Appropriation Act, 1955, Public Law 428, 83d Congress, 68 Stat. 272, 296]

• • •

Provided further, That except for extensions, or refinancing, of existing obligations the authority to issue obligations to the Secretary of the Treasury under section 1 (4) of Reorganization Plan No. 23 of 1950 (5 U.S.C. 1332-15, note), shall terminate on June 30, 1954:[1]

• • •

Approved June 24, 1954

[1] See also 6-3.4, and 2-2.4.

6. Federal Loans for Housing and Rehabilitation

4. Loans For Housing For The Elderly

1. AUTHORIZATION

[Excerpts from the Housing Act of 1959, Public Law 86-372, Approved September 23, 1959, 73 Stat. 654, 667]

* * * * * *

TITLE II—HOUSING FOR THE ELDERLY [1] OR HANDICAPPED [2]

* * * * * *

LOAN PROGRAM

SEC. 202. (a) (1) The purpose of this section is to assist private nonprofit corporations, consumer [3] cooperatives, or public bodies or agencies to provide housing and related facilities for elderly or handicapped families.

(2) [4] In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d) (2)), to any consumer cooperative, or to any public body or agency for the provision of rental or cooperative housing and related facilities for elderly or handicapped families, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

(3) A loan [5] under this section may be in an amount not exceeding [6]

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[1] The Housing Administrator's Organizational Order No. 4, (2-1,12), provides that the program of loans for housing for the elderly shall be administered by the Community Facilities Commissioner under the direction and supervision of the Administrator.

[2] Sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783, 784, amended the program of loans for housing for the elderly (and also the FHA secs. 221 and 231 mortgage insurance programs, the PHA low-rent public housing program, and the OA demonstration grant programs for low-income housing) to include handicapped persons and families. See 4-1.2, 8-1.1, and 30-7.1.

[3] Sec. 201(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 162, aded "consumer cooperatives, or public bodies or agencies".

[4] Immediately prior to amendment by sec. 201(a)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 162, this subsection read as follows:

"In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2) for the provision of rental housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the corporation shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, and (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials."

[5] Sec. 201(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, deleted "to a corporation".

[6] Sec. 201(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, deleted "98 per centum of".

the total development cost (as defined in subsection (d) (3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

(4) There is authorized to be appropriated not to exceed $350,000,000 [1] which shall constitute a revolving fund to be used by the Administrator in carrying out this section.[2]

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

(c)(1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513.

(3) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of

[1] Sec. 201(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, substituted "$125,000,000" for "$50,000,000," sec. 3(a) of the Senior Citizens Housing Act of 1962, Public Law 87-723, approved September 28, 1962, 76 Stat. 670, substituted "$225,000,000" for "$125,000,000", Public Law 88-158, approved October 24, 1963, 77 Stat. 278, substituted "$275,000,000" for "$225,000,000", and sec. 201, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783, substituted "$350,000,000" for "$275,000,000".

[2] Sec. 201(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, deleted the sentence following which read: "The amount outstanding from such fund at any one time for related facilities (as defined in subsection (d)(8)) shall not exceed $5,000,000."

March 3, 1931, as amended (the Davis-Bacon Act); but the Administrator may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the corporation, cooperative,[1] or public body or agency undertaking the construction.

(d) As used in this section—

(1) The term 'housing' means [2] structures suitable for dwelling use by elderly or handicapped families which are (A) new structures, or (B) provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families.

(2) The term "corporation" means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

(3) The term "development cost" means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

(4) The term 'elderly or handicapped families' means [3] families which consist of two or more persons and the head of which (or his spouse) is sixty-two years of age or over or is handicapped, and such term also means a single person who is sixty-two years of age or over or is handicapped. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Administrator, to have a physical impairment which (A) is expected to be a long-continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

(5) The term "State" includes the several States, the District

[1] Sec. 201(a)(4), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, added "cooperative, or public body or agency".

[2] Immediately prior to amendment by sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783, 784, this paragraph read as follows:
"(1) The term 'housing' means new structures suitable for dwelling use by elderly families and new structures suitable for such use by one or more elderly persons."

[3] Immediately prior to amendment by sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 784, the first sentence of this paragraph read as follows:
"The term 'elderly families' means families the head of which (or his spouse) is sixty-two years of age or over; and the term 'elderly persons' means persons who are sixty-two years of age or over."

of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

(6) The term "Administrator" means the Housing and Home Finance Administrator.

(7) The term "construction" means erection of new structures or [1] rehabilitation, alteration, conversion, or improvement of existing structures.

(8) The term 'related facilities' means [2] (A) new structures suitable for use by elderly or handicapped families as cafeterias or dining halls, community rooms or buildings, workshops, or infirmaries or other inpatient or outpatient health facilities, or other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

(e)[3] Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly or handicapped families, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act [4] with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961,[5] and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 [4] is necessary or desirable in order to avoid hardship for the elderly or handicapped families who are the prospective tenants of such housing.

* * * * * *

Approved September 23, 1959

[1] Sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 784, added the remainder of this paragraph.

[2] Immediately prior to amendment by sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 784, this paragraph read as follows:
"(8) The term 'related facilities' means new structures suitable for use as cafeterias or dining halls, community rooms or buildings, or infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities."

[3] Added by sec. 201(d), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 163, and amended by sec. 203, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 783, to include handicapped persons and families.

[4] See 4-1.2.

[5] June 30, 1961.

6. Housing Loans

4. Loans For Housing For The Elderly

2. EXCERPT FROM SENIOR CITIZENS HOUSING ACT OF 1962

[Public Law 87-723, 76 Stat. 670]

* * *

SEC. 2. The Congress finds that there is a large and growing need for suitable housing for older people both in urban and rural areas. Our older citizens face special problems in meeting their housing needs because of the prevalance of modest and limited incomes among the elderly, their difficulty in obtaining liberal long-term home mortgage credit, and their need for housing planned and designed to include features necessary to the safety and convenience of the occupants in a suitable neighborhood environment. The Congress further finds that the present programs for housing the elderly under the Housing and Home Finance Agency have proven the value of Federal credit assistance in this field and at the same time demonstrated the urgent need for an expanded and more comprehensive effort to meet our responsibilities to our senior citizens.

* * *

Approved September 28, 1962.

6. Federal Loans for Housing and Rehabilitation
5. Loans For Rehabilitation In Urban Renewal Areas

1. AUTHORIZATION

**[Excerpts from the Housing Act of 1964, Public Law 88-560
Approved September 2, 1964, 78 Stat. 769, 790]**

* * * * * *

TITLE III — URBAN RENEWAL

* * * * * *

REHABILITATION LOANS

SEC. 312. (a) To assist rehabilitation in an urban renewal area and thereby reduce the need for demolition and removal of structures, the Housing and Home Finance Administrator is hereby authorized, through the utilization of local public and private agencies where feasible, to make loans as herein provided to the owners or tenants of property in such area to finance rehabilitation required to make the property conform to applicable code requirements or to carry out the objectives of the urban renewal plan for the area. No loan shall be made under this section unless the Administrator finds (1) that the applicant is unable to secure the necessary funds from other sources upon reasonable terms and conditions, and (2) the loan is an acceptable risk taking into consideration the need for the rehabilitation, the security available for the loan, and the ability of the applicant to repay the loan.

(b) For the purposes of this section—

(1) the term "rehabilitation" means the improvement or repair of a structure or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes or the urban renewal plan to be provided by the owner or tenant of the property;

(2) the term "urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area as defined in section 110(a) of the Housing Act of 1949;

(3) the term "tenant" means a person or organization who is occupying a structure under a lease having a period to run at the time a rehabilitation loan is made under this section of not less than the term of the loan; and

(4) the term "Administrator" means the Housing and Home Finance Administrator.

(c) A rehabilitation loan made under this section shall be subject to the following limitations:

(1) The loan shall be subject to such terms and conditions as may be prescribed by the Administrator.

(2) The term of the loan may not exceed twenty years or three-fourths of the remaining economic life of the structure after rehabilitation, whichever is less.

(3) The loan shall bear interest at such rate as the Administrator determines to be appropriate but not to exceed 3 per centum per annum of the amount of the principal outstanding at any time, and the Administrator may prescribe such other charges as he finds necessary, including service charges and appraisal, inspection, and other fees.

(4) The amount of the loan may not exceed—

(A) in the case of residential property, the amount of a loan which could be insured by the Federal Housing Commissioner under section 220(h) of the National Housing Act: *Provided,* That, within the limitations otherwise applicable on the amount of a loan under such section, the loan may exceed the cost of rehabilitation in order to include an amount approved by the Administrator to refinance existing indebtedness secured by such property if such refinancing is necessary to enable the applicant to amortize, with a monthly payment of not more than 20 per centum of his average monthly income, such loan and any other indebtedness secured by his property; and

(B) in the case of nonresidential property, whichever of the following is the least: $50,000, or the cost of rehabilitation, or an amount which when added to any outstanding indebtedness related to the property securing the loan creates a total outstanding indebtedness that the Administrator determines could be reasonably secured by a first mortgage on the property.

(5) A loan shall be secured as determined by the Administrator.

(d) There is authorized to be appropriated not to exceed $50,000,000[1] which shall constitute a revolving fund to be used by the Administrator in carrying out this section.

(e) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Administrator shall have (in addition to any authority otherwise vested in him) the functions, powers, and duties set forth in section 402 of the Housing Act of 1950 (except subsection (c)(2)).

(f) The Administrator is authorized to delegate to or use as his agent any Federal or local public or private agency or organization to the extent he determines appropriate and desirable to carry out the objectives of this section in the area involved.

(g) The Administrator is authorized to issue such rules and regulations and impose such requirements and conditions (in addition to those specified in this section) as he determines to be desirable to carry out the objectives of this section, including limitations on the amount of a loan and restrictions on the use of the property involved.

* * * * * *

Approved September 2, 1964

[1] The Second Supplemental Appropriation Act, 1965, Public Law 89-16, 89th Congress, approved April 30, 1965, 79 Stat. 81, 84, appropriated $10,180,000 for the revolving fund for urban renewal rehabilitation loans, and provided that not to exceed $180,000 of this appropriation shall be available for administrative expenses during fiscal year 1965. See 40-2-14.

7. Slum Clearance and Urban Renewal

1. SLUM CLEARANCE AND URBAN RENEWAL— TITLE 1, HOUSING ACT OF 1949, AS AMENDED

[Public Law 171, 81st Congress; 63 Stat. 413, 414; 42 U.S.C. 1450]

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL [1]

URBAN RENEWAL FUND

SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and grants [2] to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

LOCAL RESPONSIBILITIES

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title or [3] for grants pursuant to section 103(d), the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or

[1] The Housing Administrator's Reorganization Order No. 1, 2-1.3, provides that the functions of the Administrator with respect to slum clearance and urban renewal under title I of the Housing Act of 1949, as amended, except section 101(c), shall be administered by the Urban Renewal Commissioner under the supervision and direction of the Administrator.
Reorganization Order No. 1 was redesignated Dec. 7, 1956 as Administrator's Organizational Order No. 1.
See also 7-4; low-rent public housing 8-1.1; FHA loan insurance for modernization, rehabilitation and conservation of housing and the housing of families displaced as a result of slum clearance 4-1 (particularly sections 220 and 221 of the National Housing Act).

[2] Sec. 417 (1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 676, substituted "grants" for "capital grants".

[3] Sec. 417 (2), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 677, inserted "or for grants pursuant to section 103(d)".

unified metropolitan basis. The [1] Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended,[2] for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or section 221(d)(3)[3] of the National Housing Act, as amended,[4] unless (1) there is presented to the Administrator by the locality a workable program for [5] community improvement (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided,* That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d)[6] of the National Housing Act, *And provided further,* That,

[1] This sentence added by sec. 401, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 670.

[2] Sec. 402, Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1103, reinserted a reference to the U. S. Housing Act of 1937 (previously removed by sec. 108 of the Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 638) which makes the workable program requirement applicable to contracts for low-rent public housing.

[3] Sec. 101(b)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, substituted "section 221(d)(3)" for "221".

[4] See 4-1.2.

[5] Sec. 314(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 172, inserted "for community improvement".

[6] Sec. 101(b)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, deleted the words "or under section 221" and the remainder of this proviso which read "if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section:".

notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, or (iii)[1] to determine that the relocation requirements of section 105(c) of this title have been met: *Provided further,*[2] That commencing three years after the date of enactment of the Housing Act of 1964,[3] no workable program shall be certified or re-certified unless (A) the locality has had in effect, for at least six months prior to such certification or re-certification, a minimum standards housing code, related but not limited to health, sanitation, and occupancy requirements, which is deemed adequate by the Administrator, and (B) the Administrator is satisfied that the locality is carrying out an effective program of enforcement to achieve compliance with such housing code.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs (including[4] rehabilitation projects requiring no additional assistance under this title or self-liquidating redevelopment projects), and (2) for the assembly, analysis and reporting of information pertaining to such programs.

LOANS

SEC. 102. (a) To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency for[5] such purposes, bear interest at such rate (not

[1] Sec. 101(b)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 153, renumbered this clause as (iii) and deleted the prior clause which read:
"(iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or".
[2] Sec. 301(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, added this proviso.
[3] September 2, 1964.
[4] Sec. 302, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, inserted this parenthetical phrase.
[5] Sec. 402(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 671, substituted "for such purposes" for "as part of the gross project cost".

less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator. In [1] any case where, in connection with its undertaking and carrying out of an urban renewal project, a local public agency is authorized (under the circumstances in which the temporary loan herein provided is requested) to acquire real property in the urban renewal area, the Administrator, in addition to all other authority under this title and notwithstanding any other provisions of this title, regardless of the stage of development of the urban renewal plan and whether before or after the approval thereof, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property: *Provided,* That no loan for such purpose shall be made unless (1) the governing body of the locality involved shall have approved by resolution or ordinance the acquisition of real property in the urban renewal area, and (2) either (A) the Administrator shall have determined that such loan is reasonably secured by a first mortgage or other prior lien upon such real property or is otherwise reasonably secured, or (B) the governing body of the locality shall have assumed the responsibility to bear any loss that may arise as the result of such acquisition in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan for the project is not approved, or is amended to omit any of the acquired property, or is abandoned for any reason: *Provided further,* That the Administrator may, in his discretion and subject to such conditions as he may impose, permit any structure so acquired to be demolished and removed, and may include in any loan authorized by this section the cost of such demolition and removal, together [2] with administrative, relocation, and other related costs and payments, if the approval of the local governing body extends to such demolition and removal: *And provided further,* That the loan contract shall provide that the local public agency shall not dispose of such real property (except in lieu of foreclosure) until the local governing body of the locality involved shall have either approved the urban renewal plan for the project or consented to the disposal of such real property.[3] Notwithstanding any other provision of this title, the Administrator may make a temporary loan, as described in the first two sentences of this subsection, for two or more urban renewal projects being carried out by the same local public agency. The principal amount of any such loan which is outstanding at any one time shall not exceed the estimated expenditures to be made by the local public agency for such projects.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to

[1] This sentence added by sec. 403, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 671.

[2] Sec. 314(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 172, inserted the language permitting the inclusion of "administrative, relocation, and other related costs and payments,".

[3] Sec. 303(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, added the remainder of this paragraph.

municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project area. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.

(c) Loans made pursuant to subsection (a) or (b) hereof may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the [1] principal of and the interest on the loan funds so obtained from other sources. In [2] connection with any such pledge of a loan contract, including loan payments thereunder, as security for the repayment of obligations of the local public agency held by other than the Federal Government, the Administrator is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to subsection (e) of this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the Administrator may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the Administrator which, by its terms, includes an obligation of the Administrator to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Administrator pursuant to this subsection.

(d) The Administrator may make advances of funds to local public agencies for surveys [3] of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for

[1] Sec. 402(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 671, inserted "the principal of and the interest on".
[2] Sec. 302(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 166, added the remaining provisions in sec. 102(c).
[3] Sec. 303(b), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1100, inserted the language authorizing advances for surveys of urban areas to determine whether the undertaking of urban renewal projects in the areas may be feasible.

carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds. Notwithstanding [1] section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies" the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided,* That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.

[2] In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

[1] This sentence added by sec. 301, Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1097.
[2] Remaining provisions in this subsection added by sec. 303(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1099.

(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

(e)[1] The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain

[1] Immediately prior to amendment by sec. 404, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 671, this subsection read as follows:
"(e) To obtain funds for loans under this title, the Administrator, on and after July 1, 1949, may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $25,000,000, which limit on such outstanding amount shall be increased by $225,000,000 on July 1, 1950, and by further amounts of $250,000,000 on July 1 in each of the years 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed $1,000,000,000) such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than $250,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest."

funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President exceed $1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date.

(f) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Obligations, including interest thereon, issued by local public agencies for projects assisted pursuant to this title, and income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 103. (a) (1) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided,* That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land.

(2) The [1] aggregate of such capital grants with respect to all of the

[1] Immediately prior to amendment by sec. 301(a), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 165, the balance of this subsection read as follows:
"The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title, exclusive of projects referred to in the proviso hereto, shall not exceed two-thirds of the aggregate of the net project costs of such nonexcluded projects: *Provided,* That the aggregate of such capital grants may exceed two-thirds but not three-fourths of the aggregate net project costs of those projects which the Administrator, at the request of a local public agency, may approve on such a three-fourths capital grant basis. A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator may, with the approval of the President,[1] contract to make grants under this title aggregating not to exceed $4,725,000,000[2]: *Provided,* That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed $25,000,000 for mass transportation demonstration projects which he determines will assist in carrying out urban transportation plans and research, including but not limited to the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section. The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not

[1] See Executive Order 11196, 2-2.6 empowering the Administrator to perform this function without the approval, ratification, or other action of the President.

[2] Sec. 304, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, substituted "$4,725,000,000" for "$4,000,000,000".

otherwise appropriated, the amounts necessary to provide for such payments: *Provided,* That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further,* That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.

(c)[1] Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102(e), 103(b), and 106(e), and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted except on the basis of (1) urgency of need, and (2) feasibility, as determined by the Administrator.

(d)[2] The Administrator may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and other resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programming of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies", the Administrator may make grants pursuant to this subsection for the preparation or completion of a

[1] Added by Sec. 405(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 672.
[2] Added by Sec. 405(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 672.

community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made pursuant to this subsection shall exceed two-thirds of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104.[1] Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis.

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

(a) The urban renewal plan [2] for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole; and [3] (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;

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[1] Immediately prior to amendment by sec. 301(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 166, this section read as follows:
"SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the two-thirds basis, or in excess of one-fourth of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the three-fourths basis."

[2] Sec. 302(a), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1097, deleted "(including any redevelopment plan constituting a part thereof)."

[3] Sec. 315, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 172, added clause (iv).

(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided,* That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon: *And*[1] *provided further,* That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection, except that clause (ii) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved;

(c) There be a feasible method for the temporary relocation of individuals[2] and families displaced from the urban renewal area, and that there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals[2] and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals[2] and families and reasonably accessible to their places of employment: *Provided,*[3] That the Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title which shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of families, individuals, or business concerns occupying property in an urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (1) to determine the needs of such families, individuals, and business concerns for relocation assistance, (2) to provide information and

[1] Sec. 406, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 673 added this proviso.

[2] Sec. 305(a)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 786, inserted "individuals and".

Sec. 305(a)(2) of the Housing Act of 1964 provided that the requirement imposed for the relocation of individuals from urban renewal areas shall not be applicable to any project receiving Federal recognition prior to the date of enactment of this Act (September 2, 1964).

[3] Sec. 305(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 786, added this proviso.

Sec. 305(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 786, amended the Small Business Act (15 U.S.C. 637) to direct the Small Business Administration to provide relocation assistance and information for small business concerns to be displaced from urban renewal areas, at the earliest practicable time.

assistance to aid in relocation and otherwise minimize the hardships of displacement, and (3) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program.

(d) No land for any project to be assisted under this title shall be acquired by the local public agency except after public hearing following notice of the date, time, place, and purpose of such hearing.

(e)[1] No understanding with respect to, or contract for, the disposition of land within an urban renewal area shall be entered into by a local public agency unless the local public agency shall have first made public, in such form and manner as may be prescribed by the Administrator, (1) the name of the redeveloper, together with the names of its officers and principal members, shareholders and investors, and other interested parties, (2) the redeveloper's estimate of the cost of any residential redevelopment and rehabilitation, and (3) the redeveloper's estimate of rentals and sales prices of any proposed housing involved in such redevelopment and rehabilitation: *Provided,* That nothing in this subsection shall constitute a basis for contesting the conveyance of, or title to, such land.

GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, shall—

(1) appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency;[2]

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided,* That such financial transactions of the Administrator as the making of

[1] Added by sec. 407, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 673.

[2] See Housing Administrator's Reorganization Order No. 1, 2-1.3, which provides that the functions of the Administrator with respect to slum clearance and urban renewal under title I of the Housing Act of 1949, as amended, except section 101(c), shall be administered by the Urban Renewal Commissioner under the supervision and direction of the Administrator. Section 106(a) of the Federal Executive Pay Act of 1956, Public Law 854, 84th Congress, approved July 31, 1956, 70 Stat. 736, 738, provided that the annual rate of basic compensation of the Commissioner, Urban Renewal Administration, shall be $20,000.

advances of funds, loans, or grants [1] and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for grants [1] pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions: *Provided,* That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided,* That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

[1] Sec. 417(1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 676, substituted "grants" for "capital grants".

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned, and such sums shall approximate the taxes which would be paid upon such property to the State or local taxing authority, as the case may be, if such property were not exempt from taxation;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of grant,[1] or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including such covenants, conditions, or provisions as, in the determination of the Administrator, are necessary or desirable to prevent the payment of excessive prices for the acquisition of land in connection with projects assisted under this title) as he may deem necessary to assure that the purposes of this title will be achieved.[2] No provision of this title shall be construed or administered to permit speculation in land holding; and

(8)[3] make advance or progress payments on account of any grant[4] contracted to be made pursuant to this title, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, or any other provisions of this title.

(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

(e) Not[5] more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State: *Provided,* That the Administrator, without regard to such limitation, may enter into contracts

[1] Sec. 417 (1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 676, substituted "grant" for "capital grant".
[2] See also 2-2.5 for provisions required with respect to records, specifications, and audits.
[3] Paragraph 8 added by Public Law 370, 82d Congress, approved June 3, 1952, 66 Stat. 98.
[4] Sec. 417 (1) Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 676 substituted "grants" for "capital grants".
[5] Immediately prior to amendment by sec. 408, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 673, the language preceding the proviso read as follows:
"Not more than 12½ per centum of the funds provided for in this title, either in the form of loans or grants, shall be expended in any one State".

for [1] grants aggregating not to exceed $100,000,000 (subject to the total authorization provided in section 103(b) of this title) with local public agencies in States where more than two-thirds of the maximum [4] grants permitted in the respective State under this subsection has been obligated.

(f)[2]

(g)[3] No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewel plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing.

PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES [4]

SEC. 107. (a)[5] Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(3) or (d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families or individuals of moderate income.

(b) When it appears in the public interest that real property acquired as part of an urban renewal project should be used in whole or in part for a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act, the property shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to its fair value, as determined in accordance with subsection (a), and such amount shall be included as part of the development

[1] Sec. 417 (1), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 676 substituted "grants" for "capital grants".

[2] Authority for relocation payments originally authorized by this subsection were incorporated with additional provisions in a new section 114 by sec. 310(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788.

[3] Added by sec. 410, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 674.

[4] Immediately prior to amendment by sec. 306(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 168, the title of sec. 107 read: "PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING".

[5] Sec. 306, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 786, amended section 107(a) and (b) to permit the sale of real property in an urban renewal area at a special reduced price to purchasers for the purpose of providing for low-or moderate-income individuals. Prior to this amendment the sale of such property at a special reduced price was limited to low-or moderate-income families.

Sec. 306 of the Housing Act of 1964 further amended section 107(b) to permit the disposition of real property in an urban renewal area for housing for low-income families at the same reduced price as for housing for moderate income families.

cost of such low-rent housing project: *Provided,* That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act, or by analogous provisions in legislation authorizing such State or local program, with respect to the low-rent housing project into which such property was incorporated on or after September 23, 1959, shall (if covered by a contract which, in the determination of the Public Housing Commissioner, will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act, or by provisions found by the Administrator to give equivalent assurance in the case of State or local programs) be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such property (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act.

SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President [1] may at any time in his discretion, transfer or cause to be transferred, to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to **the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it shall be sold at a price equal to its fair market value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.**

PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), **shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds**

[1] Executive Order 10530, issued May 10, 1954, 19 Fed. Reg. 2709, provides that the Director of the Bureau of the Budget is designated and empowered to perform this function of the President without the approval, ratification, or other action of the President.

made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate, to [1] the extent required by the Administrator for the making of loans and grants under this title, such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

[2](c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or [3] a program of code enforcement in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership,

[1] Sec. 412, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 675, inserted ", to the extent required by the Administrator for the making of loans and grants under this title,".

[2] Section 110(c) amended to read as set forth in the text by section 302(b) of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1097. The amendments consolidated the provisions in the definition of "urban renewal project" to avoid overlapping and duplication, and made the "predominantly residential" requirement applicable to the urban renewal area as a whole, rather than only to parts of the area which were to be cleared and redeveloped.

[3] The phrase "or a program of code enforcement in an urban renewal area," inserted by sec. 301(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785.

deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses, or [1] (iv) air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income: *Provided,* That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of projects [2] under clauses (iii) and (iv) hereof: *Provided further,*[3] That the aggregate amount of capital grants for projects under clause (iv) shall not exceed 5 per centum of the aggregate amount of grants authorized by this title to be contracted for after the date of enactment of the Housing Act of 1964; [4]

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale,[5] leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan or [6] as provided in section 107;

(5) carrying out plans for programs [7] of code enforcement or voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan: *Provided,* That no program of code enforcement shall be included as part of an urban renewal project unless the locality shall agree to increase its total expenditures with respect to code enforcement, during the

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[1] This clause added by sec. 308(a)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 787.

[2] Sec. 308(a)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 787, substituted "projects under clauses (iii) and (iv) hereof" for "an open land project;".

[3] This proviso added by sec. 308(a)(3), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 787.

[4] September 2, 1964.

[5] Sec. 314(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 172, deleted the word "initial".

[6] Sec. 306(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 168, inserted "or as provided in section 107;".

[7] Sec. 301(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, substituted "programs of code enforcement or" for " a program of" and added the proviso at the end of this paragraph.

Sec. 301(d) of the Housing Act of 1964 provided that any contract for a capital grant under title I of the Housing Act of 1949, executed prior to the date of enactment of the Housing Act of 1964 (September 2, 1964), may be amended to incorporate the provisions of subsection (c) of section 301 for code enforcement costs incurred on or after such date.

period such project is under contract for a loan or capital grant, by an amount equal to the required local grants-in-aid with respect to the code enforcement included as part of such project;

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(7)[1] construction of foundations and platforms necessary for the provision on air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income; and

(8) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided,* That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.

Notwithstanding [2] any other provision of this title, no contract shall be entered into for any loan or capital grant under this title for any project which provides for demolition and removal of buildings and improvements unless the Administrator determines that the objectives of the urban renewal plan could not be achieved through rehabilitation of the project area.

For the purposes of this title, the term "project" shall not include (except as provided in paragraph (7) above) the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

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[1] Sec. 308(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788, inserted this paragraph and renumbered the following paragraph as (8). Sec. 308(b) also made a conforming change in the parenthetical phrase in the second unnumbered paragraph following paragraph (8). The parenthetical phrase had originally been added by sec. 307(b), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 168.

[2] Added by sec. 307, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 787.

Financial [1] assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided,* That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further,* That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 [2] shall not exceed 30 [3] per centum of the aggregate amount of grants authorized by this title to be contracted for after such date.

[4] In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided,* That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

(d) "Local grants-in-aid" shall mean assistance [5] by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with

[1] Immediately prior to amendment by sec. 413, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 675, this paragraph read as follows:
"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided,* That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title."

[2] September 23, 1959.

[3] Sec. 308, Housing Act of 1961, Public Law 87-70 approved June 30, 1961, 75 Stat. 149, 168, substituted "30 per centum" for "20 per centum".

[4] Provisions of this paragraph originally enacted by sec. 106(c), Housing Amendments of 1955, Public Law 345, 84th Congress, approved August 11, 1955, 69 Stat. 635, 637.

[5] Sec. 414(b), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 675, provided as follows:
"The requirement in section 110(d) of the Housing Act of 1949 that the assistance provided by a State, municipality, or other public body under that section, in order to qualify as a local grant-in-aid, shall be in connection with a project on which a contract for capital grant has been made under title I of that Act, shall not apply to assistance provided during the period from July 1, 1957, through December 31, 1957, in connection with urban renewal activities which were extended Federal recognition within sixty days after the provision of such assistance was initiated."

any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants to [1] defray expenditures within the purview of section 110(e)(1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project, or [2] of air rights over streets, alleys, and other public rights-of-way) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of the second sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing [3] and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided,* That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further,* That for the purpose of computing the amount of local grants-in-aid under this section 110 (d) with [4] respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurance satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: *And provided further,*[5] That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the

[1] The words "to defray expenditures within the purview of section 110(e)(1) hereof," added by sec. 302(3), Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 300.

[2] Sec. 308(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788, inserted the remainder of this parenthetical phrase.

[3] The phrase ", public facilities financed by special assessments against land in the project area" was deleted at this point by sec. 302(c), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1099.

[4] The phrase "with respect to any project covered by a Federal-aid contract under this title," inserted by sec. 306, Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 301.

[5] This proviso added by sec. 302(c), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1099.

total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.[1]

Notwithstanding [2] any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the Administrator of a contract for loan or capital grant for the project.

(e)[3] "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished

[1] This sentence amended to read as set forth in the text by sec. 311, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 626. As originally enacted this sentence read: "No demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, for such work, or the construction of such improvement or facility, shall be eligible for inclusion as a local grant-in-aid in connection with a project or projects assisted under this title."

See sec. 304, Territorial Enabling Act of 1950, Public Law 615, 81st Congress, approved July 18, 1950, 64 Stat. 344 (Virgin Islands, 50-1-1.4).

See sec. 20, District of Columbia Redevelopment Act of 1945, as amended, Public Law 592, 79th Congress, 60 Stat. 790, District of Columbia Code Title 5, sec. 717a.

[2] Sec. 414(a), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 675, added this paragraph.

[3] Immediately prior to amendment by Sec. 415, Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 675, the first sentence in this section read as follows:

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash: *Provided*, That with respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1), the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

"(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of section 110(c) and

"(ii) the payment of carrying charges related to the undertakings in clause (i), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed:

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project."

in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided,* That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to section [1] 103(a)(2)(C), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), (6), (7),[2] and (8) [3] of subsection (c); and

(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed;

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project. Where [4] real property in the project area is acquired and is owned as part of the project

[1] Sec. 301(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 166, substituted "section 103(a)(2)(C)" for "the proviso in the second sentence of section 103(a)".
[2] Sec. 307(c), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 168, inserted "(7)".
[3] Sec. 308(d), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788, inserted "and (8)".
[4] This sentence added by sec. 302(d), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1099.

by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed, other [1] than a project on which a contract for capital grant is made on a three-fourths basis pursuant to section [2] 103(a)(2)(C) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110(d) hereof.[3] Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe.

Where [4] a project includes the acquisition of property which has been damaged because of the collapse or subsidence of underlying coal mines, or underground mine fires, and the property is to be acquired from an individual, family, business concern, or nonprofit organization which was the owner of such property at the time the damage first occurred, the amount otherwise allowable as the acquisition price of such property may be increased by an amount equal to so much of any diminution in the value of such property as is determined to be reasonably attributable to such damage and to represent an otherwise uncompensated and (but for such acquisition) uncompensable loss actually sustained by such owner.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been

[1] Language in the parenthesis after "or is hereafter executed" inserted by sec. 302(5), Housing Act of 1957, Public Law 85-104, approved July 12, 1957, 71 Stat. 294, 300.

[2] Sec. 301(c), Housing Act of 1961, Public Law 87-70 approved June 30, 1961, 75 Stat. 149, 166, substituted "when Section 103(a)(2)(C)" for "the proviso in the second sentence of section 103(a)".

[3] This sentence added by sec. 302(d), Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1099.

[4] Sec. 311(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 790, added this paragraph.

Sec. 311(b) of the Housing Act of 1964 provided that any contract under title I of the Housing Act of 1949 executed prior to the date of enactment of the Housing Act of 1964 (September 2, 1964) may be amended to provide for payment of the increased amounts authorized under subsection (a) of section 311 "with respect to any uncompleted project if the project includes acquisitions which, under any State or local law in effect on such date, would involve expenditures by a local public agency that could not otherwise be included in the costs of such project."

specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance [1] under this title is authorized by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any [2] contract for a loan or advance, authorized by the Administrator after the date of enactment of the Housing Act of 1964,[3] shall provide for a single interest rate which shall be applicable also to future amendments of the contract which provide additional funds thereunder, and shall further provide for a periodic revision of the interest rate on the balance outstanding or to be outstanding on such loan or advance based on the going Federal rate on the date of such revision: *Provided,* That any contract for a loan or advance authorized prior to the date of enactment of the Housing Act of 1964 [3] shall be amended (with the first amendment to such contract authorized after the date of enactment of such Act [3]) to provide for such a single interest rate (based on the going Federal rate at the time such amendment is authorized) and for periodic revision thereof.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

(k) [4] "Federal recognition" means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans.

[1] Sec. 303(b), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 785, deleted at this point the words "for any project".
[2] Sec. 309, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788, substituted this sentence for the following:
"Any such contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such later contract is authorized."
[3] September 2, 1964.
[4] Sec. 417(3), Housing Act of 1959, Public Law 86-372, approved September 23, 1959, 73 Stat. 654, 677, added subsection (k).

DISASTER AREAS

SEC. 111.[1] Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

(1) the "workable program" requirement in section 101 (c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the "workable program" requirement in section 101 (c) by a future date determined to be reasonable by the Administrator and specified in such contract;

(2) the requirements in section 105 (a) (iii) and section 110 (b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101 (c);

(3) the "relocation" requirements in section 105 (c): *Provided,* That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;

(4) the "public hearing" requirement in section 105 (d);

(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

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[1] Sec. 111 added by sec. 307 of the Housing Act of 1956, Public Law 1020, 84th Congress, approved August 7, 1956, 70 Stat. 1091, 1101.

URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

SEC. 112.[1] (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under

[1] Immediately prior to amendment by sec. 309, Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 169, sec. 112 read as follows:

"SEC. 112. In any case where an educational institution is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas: *Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided further*, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further*, That the term "educational institution" as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.

State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided,* That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid (1) in connection with any urban renewal project if made not more than seven years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project, or (2) in connection with any such project for which the Administrator, prior to September 25, 1963, has authorized a loan or capital grant contract if made not more than five years prior to the submission of an application for financial assistance under this title for such urban renewal project.

(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

(d) As used in this section—

(1) the term "educational institution" means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

(2) the term "hospital" means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 113[1](a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated

[1] Sec. 14, Area Redevelopment Act, Public Law 87-27, approved May 1, 1961, 75 Stat. 47, 57, added section 113.

under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: And provided further, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c).

RELOCATION

SEC. 114.[1] (a) Notwithstanding any other provision of this title, an

[1] Added by sec. 310(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 788.
Sec. 310(b) of the Housing Act of 1964 provided that any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of the enactment of the Housing Act of 1964 (September 2, 1964) may be amended to provide for payments authorized by section 114 of the Housing Act of 1949.

urban renewal project may include the making of payments as prescribed in this section to displaced individuals, families, business concerns, and nonprofit organizations; and any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to such payments and that no part of the amount of such payments shall be required to be contributed as part of the local grant-in-aid. As used in this section "displaced" refers to displacement from an urban renewal area made necessary by (1) the acquisition of real property by a local public agency or by any other public body, (2) code enforcement activities undertaken in connection with an urban renewal project, or (3) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan.

(b) A local public agency may pay to any displaced business concern or nonprofit organization—

(1) its reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided,* That such payment shall not exceed $3,000 (or, if greater, the total certified actual moving expenses); and

(2) an additional $1,500 in the case of a private business concern with average annual net earnings of less than $10,000 per year which (A) was doing business in a location in the urban renewal area on the date of local approval of the urban renewal plan (or of acquisition of real property under the third sentence of section 102(a)), (B) is displaced on or after January 27, 1964, and (C) is not part of an enterprise having establishments outside the urban renewal area.

Notwithstanding the provisions of clause (1) of the preceding sentence, a business concern which is not being displaced from an urban renewal area shall be eligible for payments under such clause (1) of its certified actual moving expenses with respect to its outdoor advertising displays being removed from the urban renewal area in the same manner as though such business concern were being displaced.

(c)(1) A local public agency may pay to any displaced individual or family his or its reasonable and necessary moving expenses and any actual direct losses of property (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided,* That such payment shall not exceed $200: *And provided further,* That the Administrator may authorize payment to individuals and families of fixed amounts (not to exceed $200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

(2) A local public agency may pay (in addition to any amount under paragraph (1)), on behalf of any displaced family or any displaced

individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed $500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided,* That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937,[1] or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act: *Provided further,* That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964.

(d) The Administrator is authorized to establish such rules and regulations as he may deem appropriate in carrying out the provisions of this section and may provide in any contract with a local public agency, or in regulations promulgated by the Administrator, that determinations of any duly designated officer or agency as to eligibility for and the amount of relocation assistance authorized by this section shall be final and conclusive for any purposes and not subject to redetermination by any court or any other officer. Such regulations shall include provisions to assure that relocation payments, as authorized by this section, shall be made as promptly as possible to all families, individuals, business concerns, and nonprofit organizations found to be eligible for such payments by reason of their having been displaced from property in the urban renewal area, without regard to any subsequent proceedings, determinations, or events relating to such property which do not bear upon whether such displacement in fact occurred.

[1] See 8-1.1.

7. Slum Clearance and Urban Renewal

2. EXCERPT FROM HOUSING ACT OF 1954 RETAINING FIRST PROGRAM PROJECTS IN EFFECT

[Sec. 312, Housing Act of 1954, Public Law 560, 83d Congress; 68 Stat. 590, 629]

• • •

SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act.

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Approved August 2, 1954

* * *

7. Slum Clearance and Urban Renewal

4. GRANTS TO ASSIST SLUM CLEARANCE AND URBAN RENEWAL METHODS AND TECHNIQUES [1]—SEC. 314, HOUSING ACT OF 1954

[Public Law 560, 83d Congress; 68 Stat. 590, 629]

SEC. 314. (a) The Housing and Home Finance Administrator [2] is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings, but such a grant may in addition cover the full cost of writing and publishing the reports on such activities and undertakings. In administering this section, said Administrator shall give preference to those activities and undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities.

(b) The Administrator is further authorized to pay for the cost of (1) writing and publishing reports on activities and undertakings financed by grants made under this section, as well as reports on similar activities and undertakings, not so financed, which are of significant value in furthering the purposes of this section, and (2) writing and publishing summaries and other informational material on such reports.

(c) The aggregate amount of grants made under subsection (a), and other costs incurred pursuant to subsection (b), shall not exceed $10,000,000 and shall be payable from the grant funds provided under and authorized by section 103(b) of the Housing Act of 1949. The Administrator may make advance or progress payments on account of any contract entered into pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended.

* * *

Approved August 2, 1954.

[1] Sec. 313, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 792, amended this section to increase the ceiling from $5,000,000 to $10,000,000 on urban renewal grant funds which may be used in carrying out the demonstration grant program, and to provide that the full cost of writing and publishing reports (including summaries and other informational material) on demonstration projects and similar undertakings could be paid from Federal funds. Prior to this amendment the local public body was required to pay a minimum of one-third of such costs.

[2] Housing Administrator's Reorganization Order No. 1, 2-1.3, provides that the functions of the Administrator with respect to grants under section 314 of the Housing Act of 1954 should be administered by the Urban Renewal Commissioner under the supervision and direction of the Administrator.

7. Slum Clearance and Urban Renewal

5. GRANTS TO ASSIST URBAN PLANNING—SECTION 701, HOUSING ACT OF 1954

[Public Law 560, 83d Congress; 68 Stat. 590, 640, 40 U.S.C. 461]

* * *

URBAN PLANNING

SEC. 701 (a)[1] In order to assist State[2] and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the Administrator[3] is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State[2] government designated by the Governor of the State[2] and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A)[4] cities and other municipalities having a population of less than 50,000 according to the latest decennial census, and counties without regard to population: *Provided,* That grants shall be made under this paragraph for planning assistance to counties having a population of 50,000 or more, according to the latest decennial census, which are within metropolitan areas, only if (i) the Administrator finds that planning and plans for such county will be coordinated with the program of comprehensive planning, if any, which is being carried out for the metropolitan area of which the county is a part, and (ii) the aggregate amount of the grants made subject to this proviso does not exceed 15 per centum of the aggregate amount appropriated, after the date of enactment of the Housing Act of 1964,[5] for the purposes of this section, (B)

[1] Immediately prior to amendment by sec. 310(b)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170, the language preceding paragraph (1) of sec. 701(a) read as follows:
"SEC. 701(a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—."

[2] Sec. 703, Housing Act of 1954, Public Law 560, 83rd Congress, approved August 2, 1954, 68 Stat. 590, 641, defines the term "State" as used herein to mean "any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;". See 10-1.3.

[3] See Housing Administrator's Organizational Order No. 1, 2-1.3.

[4] Sec. 316, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793, substituted this clause for the following: "(A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census,".
Sec. 318 of the Housing Act of 1964 authorized urban planning grants under the section 701 program to the city of El Paso, Texas, notwithstanding the population ceiling to assist that city in solving "those urban planning problems that have resulted or are expected to result from the Chamizal Treaty of 1963 between the United States of America and the Republic of Mexico." Any such grants to El Paso are subject to all other conditions and requirements in section 701.

[5] September 2, 1964.

any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems,[1] (C) cities, other municipalities, and counties, referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection, and[2] (D) Indian reservations;

(2) official State, metropolitan, and regional planning agencies, or[3] other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning) and acceptable to the Administrator, empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which (A) are[4] situated in areas designated by the Secretary of Commerce under section 5 of the Area Redevelopment Act as redevelopment areas or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation;

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto;

(6)[5] metropolitan and regional planning agencies, with the approval of the State planning agency or (in States where no such planning agency exists) of the Governor of the State, for the provision of planning assistance within the metropolitan area or region to cities, other municipalities, counties, groups of adjacent communities, or Indian reservations described in clauses (A), (B), (C), and (D) of paragraph (1) of this subsection;

(7)[5] to official governmental planning agencies for any area where there has occurred a substantial reduction in employment

[1] The words "resulting from rapid urbanization" deleted at this point by sec. 314(a), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 792.
[2] Added by sec. 315(a)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793.
[3] Sec. 310(b)(2), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170, inserted the clause beginning with, "or other agencies" and ending with "Administrator."
[4] Language making urban planning grants directly available to industrial areas designated by the Secretary of Commerce under sec. 5(a) of the Area Redevelopment Act inserted by sec. 15(a) of that Act, Public Law 87-27, approved May 1, 1961, 75 Stat. 47, 58, and amended to include rural areas (and therefore all of sec. 5) by sec. 314(c), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 792.
[5] Added by sec. 314(b)(3), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 792.

opportunities as the result of (A) the closing (in whole or in part) of a Federal installation, or (B) a decline in the volume of Government orders for the procurement of articles or materials produced or manufactured in such area;

(8)[1] tribal planning councils or other tribal bodies designated by the Secretary of the Interior for planning for an Indian reservation to which no State planning agency or other agency or instrumentality is empowered to provide planning assistance under clause (D) of paragraph (1) above; and

(9)[2] the Appalachian Regional Commission, established by the Appalachian Regional Development Act of 1965,[3] for comprehensive planning for the Appalachian region as defined by section 403 of such Act.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems. The[4] Administrator shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other urban areas and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.

(b) A grant made under this section shall not exceed two-thirds[5] of the estimated cost of the work for which the grant is made: *Provided*,[6] That such a grant may be in an amount not exceeding three-fourths of such estimated cost to an official governmental planning agency for an area described in subsection (a)(7), or for planning being carried out for a city, other municipality, county, group of adjacent communities, or Indian reservation in an area designated by the Secretary of Commerce as a redevelopment area under section 5 of the Area Redevelopment Act, to[7] States participating in planning for Appalachian

[1] Added by sec. 315(a)(3), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793.
[2] Added by sec. 213(a) Appalachian Regional Development Act of 1965, Public Law 89-4, approved March 9, 1965, 79 Stat. 5, 17.
[3] See 30-14.
[4] Sec. 310(b)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170, added the remainder of sec. 701(a).
[5] Sec. 310(a)(1), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170, substituted "two-thirds" for "50 per centum".
[6] Sec. 314(d), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 792, substituted this proviso for language that limited three-fourths grants to industrial areas under sec. 5(a) of the Area Redevelopment Act and to planning agencies for areas affected by substantial expansion of Federal installations.
[7] Sec. 213(b), Appalachian Regional Development Act of 1965, Public Law 89-4, approved March 9, 1965, 79 Stat. 5, 17, added the remainder of this sentence.

regional programs, for expenses incurred in the course of such planning, or to the Appalachian Regional Commission. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated [1] not exceeding $105,000,000 [2] to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisons, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

(d)[3] It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, urban regions, and [3] Indian reservations and the establishment and development of the organizational units needed therefor. The Administrator is authorized to provide technical assistance to State [4] and local governments and their agencies and instrumentalities, and [5] to Indian tribal bodies, undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including [6] transportation facilities, together with long-range fiscal plans for such development; (2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State[7] and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

[1] See 40-2-10 for appropriations pursuant to this authorization.
[2] Sec. 317, Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793, substituted "$105,000,000" for "$75,000,000".
[3] Added by sec. 315(b)(1), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793.
[4] Sec. 703, Housing Act of 1954, Public Law 560, 83rd Congress, approved August 2, 1954, 68 Stat. 590, 641, defines the term "State" as used herein to mean "any State, the District of Columbia, the Commonwealth of Puerto Rico, and territory or possession of the United States;". See 10-1.3.
[5] Added by sec. 315(b)(2), Housing Act of 1964, Public Law 88-560, approved September 2, 1964, 78 Stat. 769, 793.
[6] The words "including transportation facilities," added by sec. 310(a)(3), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170.
[7] Sec. 703, Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, 68 Stat. 590, 641, defines the term "State" as used herein to mean "any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;". See 10-1.3.

(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.

(f)[1] The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

Approved August 2, 1954

[1] Added by sec. 310(a)(4), Housing Act of 1961, Public Law 87-70, approved June 30, 1961, 75 Stat. 149, 170.

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