NATIONAL HOUSING AGENCY
WILSON W. WYATT *Administrator*

FEDERAL HOUSING ADMINISTRATION
RAYMOND M. FOLEY *Commissioner*

FOR SALE BY THE SUPERINTENDENT OF DOCUMENTS, U. S. GOVERNMENT PRINTING OFFICE, WASHINGTON 25, D. C. PRICE $3.25
FHA FORM 2584

MORTGAGEES' HANDBOOK

A SECTION 203 GUIDE FOR FHA APPROVED MORTGAGEES

National Housing Agency
Federal Housing Administration
Washington, D. C.

SEPTEMBER 1946

FOREWORD

This handbook is intended to serve as a reference source for approved mortgagees operating under Section 203 of the National Housing Act.

Administrative Rules and Regulations under Section 203, included in the appendix, describe the minimum requirements which generally determine eligibility of a mortgage for insurance. The eligibility of a specific application, however, can be determined only after complete analysis by an FHA field office.

Attention is called to the fact that while this material is primarily devoted to operations under Section 203, the procedures followed under Section 603 are much the same, and, in fact, identical forms are used in many instances for both 203 and 603 cases. (Full information regarding mortgage insurance under Secs. 207 and 608 may be obtained from the FHA field office.)

Mortgagees purchasing insured mortgages will be interested in the provision of Article IX of the Regulations which gives the mortgagee the right to elect to have its rights and duties determined either by the Regulations under which the mortgage was insured or by the current Regulations.

While unusual problems arise in specific cases which necessitate discussion with the FHA field office, this handbook will facilitate the preparation of mortgage insurance applications, will expedite processing, and will answer numerous questions of fact and policy, normally encountered by mortgagees during the life of an insured mortgage.

Raymond M. Foley

Commissioner.

CONTENTS

I. APPLICATIONS

101. Approved mortgagees submit applications for mortgage insurance to the FHA field office having jurisdiction over the area in which the property described in the application is located. An application may be for a conditional commitment or a firm commitment depending upon the specific circumstances of the transaction.

102. A conditional commitment is requested in a case where the mortgagor is unknown and, therefore, cannot be specified in the application. The Commissioner of the Federal Housing Administration agrees in a conditional commitment to insure a mortgage in the amount and under the terms specified, provided a borrower is obtained who is satisfactory to the FHA.

103. A firm commitment is requested when the mortgagee desires an agreement of the Commissioner to insure a mortgage on a specified property, with a specified mortgagor, in an amount and on terms to be stipulated in the commitment.

104. Upon completion of the analysis of the mortgagee's application, the FHA field office issues a commitment to the mortgagee if the application has been found to be eligible for insurance. The commitment will specify the amount of the loan to be insured, the terms of the loan, the valuation of the property as determined by the FHA field office, and any condition which must be complied with before the mortgage can be insured.

105. A firm commitment where an operative builder is mortgagor may also indicate the maximum term and amount which will be insured if an owner-occupant becomes the mortgagor.

106. In the event an application is found to be ineligible for mortgage insurance, a written report setting forth in detail the reasons for ineligibility will be sent to the mortgagee.

107. The Application for Mortgage Insurance, Form 2004, contains the mortgagee's application for insurance, the statement of the borrower, and the location and description of the property. Inasmuch as the FHA derives its knowledge of the borrower largely from the statements made on this form, it is important that each item in the Mortgagor's Statement be correctly and adequately completed, so that a decision may be reached as to eligibility without further inquiry. The form is largely self-explanatory, although the following items deserve comment:

(*a*) Principal amount must be in multiples of $100, except that loans between $2,000 and $5,400 may be in multiples of $50 if amortized over 20 or 25 years.

(*b*) The maximum rate of interest under the Section 203 Administrative Rules is 4½ percent.

(*c*) Amortization period may be 10, 15, or 20 years, payable in 120, 180, or 240 consecutive monthly installments; and loans for new construction, not in excess of $5,400, may be for 25 years, payable in 300 monthly installments.

108. An application for conditional commitment requires a fee of $10. All other applications must be accompanied by a fee of $3 per $1,000 of the mortgage amount for which insurance is requested (an application for insurance of a $5,400 mortgage, for example, requires a fee of $16.20), with a minimum of $10. A request to convert a conditional commitment to a firm commitment, with a specified mortgagor, must be accompanied by a difference between the fee of $10 previously paid, and the full examination fee, computed on the basis of $3 per $1,000 of the mortgage for which insurance is requested.

109. The application fee will be refunded if, before processing by the FHA field office has begun, an application is withdrawn by the mortgagee or an obviously ineligible application is rejected. Some delay in refunding a fee is unavoidable since actual payment is not made by the local field office but by the United States Treasury Department.

110. A signed or certified copy of the contract of sale executed by the seller and buyer is required. If the property is being purchased without a signed

contract, conclusive evidence of the amount of the purchase price must be submitted. If new construction is involved, and the services of a contractor are not contemplated, the mortgagor's itemized estimate of the cost of construction should be included in lieu of a contractor's bid.

111. The credit report on the borrower may be obtained by the lender and submitted in duplicate with the application, or the credit report may be ordered for direct delivery to the FHA and the application submitted prior to its receipt. In either case, the action taken by the lender should be indicated in the appropriate space in the second paragraph of the application (Form 2004).

112. Verification of the borrower's ready assets, including bank balance and securities, which are reported in the Mortgagor's Statement, is required if pertinent to closing the loan transaction or if the mortgagor derives a substantial part of his income therefrom. FHA Form 2004f may be used for this purpose, although any comparable method of verification is satisfactory.

113. FHA Form 2004g provides a medium by which the employment and income of the borrower may be verified, or any other statement by the employer which shows the borrower's income and contains a statement as to his employment prospects will suffice. If the borrower is self-employed, verification of employment is not, of course, required.

114. If the borrower operates his own business or is self-employed, a balance sheet and income statement of his firm or of his own financial position, whichever is appropriate, will be required.

115. Drawings and specifications are required in duplicate with respect to all cases involving new construction. They must be accurate and sufficiently complete to set forth and describe the physical improvements and the sizes, grade, and quality of material and workmanship. The requirements for drawings and specifications vary from one part of the country to another and specific requirements should be obtained from the local FHA office. Drawings and specifications should include:

(*a*) Plot plan indicating:

North arrow; lot boundaries; any adjoining street, alley, and easement; any lines fixed by zoning or restrictive requirements; location and dimensions of all buildings or other construction on the plot, including drives, steps, terraces, porches, any retaining walls, and similar items; distances between buildings, from building to lot lines and from lot lines to structures on adjoining property, if within 5 feet of lot line.

(*b*) If individual water-supply or sewage-disposal system is involved, there shall be included complete details of construction, complete specifications, and a layout plan showing the location of all portions of the systems on the property covered by the application. If wells are used, show the approximate location of both such systems on each adjoining lot. List any fixtures not discharged into the sewage-disposal systems giving location and point of discharge. Location of all trees which are to remain or to be planted near any subsurface disposal field should be shown on the plot plan. Approximate depth of cut or fill, if any, at the location of the subsurface disposal field should be indicated. Certain FHA offices require approval of health authorities as to an individual water supply or sewage disposal system before submission of application. The local FHA office should be consulted to determine what requirements apply.

(*c*) Drawings must include plan of foundations or basement and all floor plans, all elevations, sectional wall details, and heating lay-out. On elevations, vertical distances between floors and between first floor and finished grade level to dwelling should be shown. Where the street is unpaved or the topography is not approximately level, the vertical distance from the grade next to dwelling structure to the established grade of the adjoining street at the lot line should be indicated.

(*d*) Outline specifications on Form 2005, Description of Materials. Since the estimate of replacement cost is made by FHA field offices on the basis of only those materials specified, the proper completion of this form will prevent costly and time consuming reprocessing after the issuance of the commitment.

(*e*) When a group of applications involves repetitions of basic type dwellings, a master plot plan showing the locations of all plots involved, and the designation of the basic type dwelling to be built on each site, is required in addition to the exhibits listed above which are required for each basic type dwelling.

116. Photographs are required in existing construction cases and should show a front view of the site and existing street improvements, with the subject property clearly identified, and adjoining properties.

117. The application for conditional commitment, FHA 2201, consists of the address and description of the property only, as the borrower is not specified.

118. APPLICATION CHECK LIST

The documents and exhibits required for each type of Application for Mortgage Insurance or Conditional Commitment are listed below. The number which follows each item refers to the corresponding explanatory paragraph in the remarks immediately preceding this check list.

Application for Firm Commitment New Construction	Application for Firm Commitment Existing Construction	Application for Conditional Commitment New Construction	Application for Conditional Commitment Existing Construction
Application Form 2004 and 2004a, in duplicate (107)	Application Form 2004 and 2004a, in duplicate (107)	Application form 2201 and 2201a, in duplicate (117)	Application Form 2201 and 2201a, in duplicate (117)
Fee of $3 per $1,000 of loan requested, minimum of $10 (108)	Fee of $3 per $1,000 of loan requested, minimum of $10 (108)	Fee of $10 (108)	Fee of $10 (108)
Original or Certified copy of Purchase Contract, Contractor's bid, or itemized estimate of cost, 1 copy[1] (110)	Original or Certified copy of Purchase Contract[1] (110)	Drawings and specifications in duplicate, including (115): *a.* Plot plan. *b.* Floor plan. *c.* Elevations. *d.* Foundations. *e.* Heating layout. *f.* Construction details. *g.* Form 2005, Description of Materials.	Photographs, in duplicate, showing street view and view of property (116)
Credit Report on Mortgagor, 2 copies[1] (111)	Credit Report on Mortgagor, 2 copies[1] (111)		
Verification of Assets, 1 copy[1] (112)	Verification of Assets, 1 copy[1] (112)		
Verification of Employment, 1 copy[1] (113)	Verification of Employment, 1 copy[1] (113)		
Financial Statement, if mortgagor is self-employed, 2 copies[1] (114)	Financial Statement, if mortgagor is self-employed, 2 copies[1] (114)		
Drawings and Specifications, in duplicate, including (115): *a.* Plot plan. *b.* Floor plan. *c.* Elevations. *d.* Foundations. *e.* Heating layout. *f.* Construction details. *g.* Form 2005, Description of Materials.	Photographs, in duplicate, showing street view and view of property (116)		

---

[1] Will be required in connection with a request for converting a Conditional Commitment to a Firm Commitment involving a specified borrower.

II. COMMITMENTS

201. Upon a finding of eligibility by the FHA field office, a Commitment for Insurance, FHA Form 2007, will be issued to the mortgagee as evidence that, subject to terms and conditions specified on the commitment, the mortgage loan will be insured.

202. The Commitment for Insurance stipulates:

(*a*) The FHA serial number.

(*b*) Specific conditions which must be complied with before the mortgage may be insured.

(*c*) The expiration date of the commitment.

(*d*) The amount of the mortgage loan.

(*e*) The amortization period.

(*f*) The interest rate.

(*g*) The number and amount of monthly payments.

(*h*) The amount of the first annual mortgage insurance premium.

(*i*) The FHA valuation of the property.

203. The term of the firm or conditional commitment issued by the Federal Housing Administration for new or proposed construction is 8 months, for existing construction 3 months.

204. The Commitment for Insurance also provides space for certifications to be completed by the mortgagor and mortgagee at the time of endorsement for insurance, and for a detailed statement of closing charges.

III. COMPLIANCE INSPECTIONS

301. In connection with all cases involving proposed construction, the commitment requires that the FHA field office be advised in writing by the mortgagee when construction is about to reach the following stages:

(*a*) When excavation is completed and ready for footings and foundations; or if stipulated by the FHA field office, when foundations have been completed but before backfilling;

(*b*) When the buildings are enclosed, but the structural members are still exposed, and while roughing-in, i. e., heating, plumbing, and electrical work, is in place and visible; and

(*c*) When the buildings are completed and ready for occupancy.

302. Notification to the field office in advance of the date when an inspection is requested is desirable in order to avoid delay in construction work. Inspections are made only upon written request by the mortgagee. FHA Form No. 2289, Mortgagee's Request for Compliance Inspection, is provided for the convenience of mortgagees, but written notification may be made by other means if preferred.

303. Properties are not eligible for mortgage insurance under section 203 (b)-(2)-(B) or (C) of the National Housing Act unless construction was begun subsequent to the date of approval for mortgage insurance. When inspection reveals that construction was begun prior to date of approval for mortgage insurance, in noncompliance with a specific condition of the commitment, this violates a statutory requirement of the National Housing Act. The property is therefore not eligible for mortgage insurance in excess of 80% of the FHA valuation. When this has been reported, no further request for inspection will be honored unless the mortgagee requests reconsideration in a reduced amount not to exceed 80% of the FHA valuation.

304. The FHA inspector completes a Compliance Inspection Report, FHA Form No. 2051, setting forth the results of each inspection. An unapproved copy of his report is left at the site for the contractor's convenience. This report, which is subject to change, becomes official only after review and approval by the insuring office, indicated by the signatures of the proper staff officials. A copy of the approved report is forwarded to the mortgagee in order that he may transmit the findings to the mortgagor or sponsor.

305. When reinspection is required because of some action for which the contractor, mortgagee, or mortgagor is responsible, it is requested in the usual manner, but the Compliance Inspection Report is not issued until a special $5 fee is remitted to the FHA field office.

306. The General Provisions of the Commitment require the completion of all construction proposed in the application and any amendments or additions either appearing on the commitment or noted on the drawings and specifications, as corrected by the FHA field office and returned to the mortgagee. It is therefore important that the mortgagee deliver such documents to the mortgagor, builder, or sponsor.

307. The mortgagee should caution the mortgagor that departure from such exhibits is permissible only by written approval of the mortgagee and the FHA. Requests for consideration of such changes must be submitted to FHA by the mortgagee.

308. Care should be exercised by the mortgagee and by the builder to assure that construction work has reached the appropriate stages at the time inspections are requested; that the FHA serial number stamped on the commitment is conspicuously posted on the site; that any approved documents required by the FHA office to be maintained at the site are accessible to the inspector; that in case the dwelling is locked, arrangements are made for the inspector's admittance; and that the mortgagor or his repre-

sentative is present if the house is occupied. Delay in the progress of the work and payment of reinspection fees will be avoided if the above precautions are carefully observed.

309. The mortgagee should caution the builder that the commitment requires inspection to show that all construction equals or exceeds the applicable FHA requirements and that when corrections are essential, reinspection will be required unless the corrected work can be inspected at the time of the next regularly scheduled inspection.

310. If, at the time of a requested inspection, it is found that construction has progressed beyond the regularly scheduled stage for such inspection, and if certain portions of the work have been concealed, the inspector may refuse acceptance unless the concealing portions of the work are removed so that he may ascertain whether compliance has been effected.

311. When a Compliance Inspection Report indicates extensive noncompliance involving major variations from the exhibits on which the commitment was based, such as changes in room sizes or arrangement, or in exterior appearance, no further request for inspection will be honored unless the mortgagee advises that compliance has been effected. The mortgagee may, however, request reconsideration on the basis of the security as constructed.

312. When unacceptable construction is reported because of extensive noncompliance with FHA requirements or with construction shown on approved exhibits, no further request for inspection will be honored by FHA until the mortgagee submits written request for reinspection, stating that compliance has been effected. If the deficiency is not remedied the mortgagee may submit a new application under Section 203 (b) (2) (B) or (C) not less than one year following completion of construction.

313. In some instances the Compliance Inspection Report may indicate that building improvements have been acceptably completed subject to receipt of certification that the mortgagee's inspection reveals satisfactory completion of all items listed on the inspection report. This is done only when the property is remote from the FHA office, the incompleted items are of minor importance and involve no structural features, and the property is ready for occupancy. Such certification must be made in writing by the mortgagee or by his authorized agent and must be the result of actual inspection of the property.

314. When construction has been completed and all specific conditions of the commitment have been acceptably fulfilled, except items listed on the Compliance Inspection Report completion of which is delayed by weather or other conditions beyond control, the FHA may accept the Mortgagee's Assurance of Completion, FHA Form 2300, in lieu of actual completion of the work. Upon receipt of this form, properly executed, the mortgage will be considered insurable and closing papers may be submitted. Form 2300 must provide for the withholding of the sum indicated on the Compliance Inspection Report (which must be a minimum of $100 on each case, or 1½ times the estimated cost of completing the work, whichever is greater) and for completion of construction not later than the date specified by FHA. Usually the local FHA office prepares Form 2300 for the mortgagee's signature.

315. Upon receipt of advice from the mortgagee that the delayed items have been completed, a special inspection is made, for which no fee is charged. If inspection reveals that all of the delayed items have been satisfactorily completed, an official Compliance Inspection Report is transmitted to the mortgagee in duplicate. The mortgagee must notify the FHA field office of final disbursement of the withheld funds, either by the use of Form 2300a, Notice of Disbursement of Escrowed Funds, or by letter.

316. Transfer of funds under a Mortgagee's Assurance of Completion is permitted. It is to be understood, however, that the original mortgagee will not be released from its responsibility under Form 2300 unless the transferee assumes the responsibilities of the transferor under Form 2300. This may be accomplished either by the execution of a new form or by making a proper endorsement on the existing form to the effect that the transferee, as holder of the mortgage, accepts the escrow agreement and assumes the responsibilities of the transferor in connection therewith.

317. If a commitment in an existing construction case requires that one or more repair inspections be requested, the same procedure is followed as for proposed construction.

318. After a mortgage has been insured, if property damage results from windstorm, hail, fire, or other hazards, the mortgagee may desire written evidence that the damage has been restored in a manner satisfactory to the FHA. If the situation involves changes or repairs to the extent of $300 or less, the FHA Director may issue a letter of certification upon acceptable evidence from the mortgagee or after field inspection. No special fee is charged for inspection of changes or repairs costing $300 or less. In all cases involving repairs in excess of $300, the mortgagee must notify the FHA field office before any work is started so that determination may be made as to what degree the structural soundness is effected and the adequacy of the proposed repairs. After review by the FHA, a letter will be issued authorizing the mortgagee to proceed with the proposed work or, in the alternative, advising the mortgagee what modifications are necessary in the proposal. In all cases involving changes or repairs in excess of $300, the mortgagee shall pay a special $5 fee for any compliance inspection actually made before the release of the statement certifying as to satisfactory condition

IV. ENDORSEMENT FOR INSURANCE

401. The mortgage note will be endorsed for insurance by the FHA, provided the conditions and terms of the Commitment for Insurance have been met, and upon presentation of the following:

(*a*) The amount of the insurance premium for the first year, as stipulated in the commitment.

(*b*) The original Commitment for Insurance, with certifications on the reverse side properly executed by the mortgagor and mortgagee, as follows: Showing the required information regarding occupancy by the mortgagor; showing the mortgagor's acknowledgement of receipt of the full amount of the mortgage transaction proceeds; dated not prior to the execution date of the mortgage and mortgage note.

(*c*) Memorandum of closing charges, either in the appropriate space on the reverse side of the commitment or in a separate detailed statement.

(*d*) Original and certified copy of the mortgage, as follows: Drawn on an approved and authorized form, and free from any unauthorized variations; with the date of execution clearly indicated; with the principal amount clearly indicated, not in excess of the amount for which the Commitment for Insurance was issued; with interest rate not in excess of 4½ percent; signed by the mortgagors so that the signatures are readily identifiable as the signatures upon the Mortgagor's Statement in the Application for Mortgage Insurance, and upon the commitment; with the property description substantially the same as that upon which the Commitment for Insurance was issued.

(*e*) Original and copy of the mortgage note, as follows: The date of the first monthly payment must be not later than 30 days after the expiration date of the Commitment for Insurance; signed by the mortgagors so that the signatures are readily identifiable as the signatures upon the mortgage.

402. The original mortgage note, with the endorsement for insurance properly executed, will be returned to the mortgagee together with four copies of an Amortization Schedule covering the payment pattern of a mortgage loan in the amount and for the term of the subject mortgage.

403. It is suggested that a mortgagee, in applying for mortgage insurance for the first time, present its mortgage document to the local FHA office for review and advice before recording in order that any corrections or adjustments, if necessary, may be simply and inexpensively made.

V. AMENDMENTS TO MORTGAGE TRANSACTION PRIOR TO INSURANCE

501. Occasions may arise, after a commitment has been issued to the mortgagee, wherein some amendment to the transaction is desirable. Requests for amendment must always be submitted in writing by the mortgagee to the FHA field office from which the commitment was issued. The types of amendment most frequently requested are discussed below. Documents necessary to each request are described, and any required fee is specified.

502. An outstanding commitment may be assigned by one approved mortgagee to another by placing on or attaching to the original commitment written evidence of the assignment. Approval of an assignment of a commitment may be requested by letter, accompanied by the original commitment, which will be returned to the assignee. No fee is required in connection with the assignment of commitment.

503. A letter requesting a change of term must be accompanied by the original Commitment. If no change in the principal amount is requested, no fee is required, and the original commitment will be amended to reflect approval of the change.

504. A request for a substitution of the borrower, which may be made at any time before the endorsement for insurance, requires submission of the same basic credit information required of the original mortgagor including Mortgagor's Statement, FHA Form 2004, properly completed. A fee of $5 is required with a request that a substitute borrower be approved.

505. A request to reconsider an application rejected because of the borrower should be accompanied by any additional information pertinent to credit analysis. No additional fee is required in connection with a review of a previously rejected borrower if the original examination fee was not refunded by the field office.

506. The Mortgagor's Statement, Form 2004, and other customarily required credit information must be submitted in connection with a request to approve an additional borrower as co-maker. No fee is required for such a request.

507. A modification of lot is considered as a change in the boundaries of the lot described in the original application. The letter requesting approval must contain a complete revised legal description of the property. Approval of the request, if eligible, will be by letter; but if a change in the amount is involved, the original commitment must be returned for reissuance.

508. A change of location in the erection of substantially the same dwelling by the mortgagor upon a piece of land other than that described in the original application will be approved only where construction under the original application has not commenced, and the erection of substantially the same dwelling is contemplated. A change of location may be requested by letter, although it is preferable that a new property description, Form 2004a, be submitted in duplicate; in any event the original commitment must be returned. A change of location involving the same mortgagor or an operative builder requires a fee of $5, but if a new mortgagor is involved, the request will be treated as a new application, and the full examination fee will be collected.

509. A request for a major change in the approved drawings or specifications or both requires a fee of $5, together with exhibits to show clearly the changes which are proposed. If the proposed changes involve no increase in amount, the mortgagee will be advised by letter as to the action taken; otherwise the original commitment must be returned for reissuance.

510. An increase in amount of an application in process may be requested by letter, stating the rea-

son for the request, or by the submission of a new application, Form 2004. If the new amount requested is within an amount which would be covered by the original examination fee, no additional fee is required. If, however, the new requested amount exceeds the maximum amount covered by the original fee, a fee of $3 per $1,000 of the amount of excess, but in no event less than $5 will be required.

511. If the request for increase in amount is made after the commitment has been issued, the request may be submitted by letter or by a new application, Form 2004, and should be accompanied by the original of the outstanding commitment. If approved, the commitment will be reissued as of the date of approval. If the new amount is within the maximum amount which the original examination fee would cover, no additional fee is required; but all other cases will require a fee of $3 per $1,000 of the amount of excess, but in no event less than $5.

512. The term of an outstanding commitment may be prolonged either by an amendment extending the expiration date or by replacement with a new commitment to expire at a later date. An outstanding commitment may be extended for a period not in excess of 120 days upon receipt of the mortgagee's request accompanied by a fee of $5, provided the commitment has not expired and the final compliance inspection has not been made. The mortgagee may be notified by letter as to the extension of time, or if the original commitment has been returned, the extension of time may be noted on its face. If the commitment has expired, or if a request for increase in amount is involved, the commitment may not be extended by amendment but must be returned to be reissued. The new commitment will be in conformity with the Administrative Rules and Regulations operative at the time of reissuance. Whenever the term of the reissued commitment will extend beyond the term of the previous commitment, a fee of $5 will be charged for each 120-day period or fraction thereof from the date of the expiration of the previous commitment to the expiration date of the new commitment. Whenever the amount of the special fees for the reissuance of a commitment exceeds the full examination fee of $3 per $1,000 (minimum $10), the lesser amount will be the fee required.

VI. AMENDMENTS AFTER THE MORTGAGE HAS BEEN INSURED

601. The holding mortgagee may desire, with the consent of the mortgagor, to change the existing credit instruments. The following types of modification which require the approval of the FHA may be accomplished by amending the original credit instruments.

602. The submission of FHA Form 2210, Consent to Substitution of Mortgagor, is required whenever the mortgagee desires to release the present mortgagor from liability under the insured mortgage and wishes acceptance by the FHA of a new mortgagor under the Contract of Insurance. Form 2210 must be submitted in triplicate, with a fee of $5, and must be accompanied by the Mortgagor's Statement on Form 2004 and by a signed or certified copy of the purchase agreement. The portion of Form 2004 pertaining to the mortgagee's application does not apply to this type of request and need not be signed by the mortgagee. If title has been conveyed to the purchaser, the required down payment has been made, and the mortgage obligation has been assumed by the purchaser, sections (C) and (D) on the reverse side of Form 2210 should be completed. In this event, consent of the FHA to the release of the first mortgagor will be evidenced by the completion of section (E) and the original of the form, properly executed, will be returned to the mortgagee. If title has not been conveyed to the purchaser, the required down payment has not been made, or the mortgage obligation has not been assumed, preliminary approval to the substitution will be given by the execution of section (B) of Form 2210 by the FHA. If within 90 days the transaction is completed and Form 2210 is returned with sections (C) and (D) properly executed, the final consent of the FHA will be given by the completion of section (E).

603. Section (A) of Form 2210, which indicates whether the property already has been or is to be transferred, must be completed. This information determines whether Preliminary Approval (sec. B) or Final Consent (sec. E) of the transaction will be executed by the field office. Section (C) is to be filled in at the appropriate time and executed by the new mortgagor in duplicate, in accordance with actual facts. Space is provided for the insertion of the actual amount paid toward the purchase price and for indication as to whether the new mortgagor occupies the property at the time of execution.

604. An extension of time beyond 90 days may be requested by the mortgagee and will be approved if circumstances appear to warrant continuation of the preliminary approval. No fee is required in connection with such a request.

605. The term of an insured mortgage may be lengthened by modification of the insurance contract, provided that the total term does not exceed the maximum limitation specified in the Rules and Regulations under which the mortgage was originally insured, and provided further, that the new term is either 10, 15, or 20 years. If a longer remaining term is desired, a new contract will be required and the request will be treated as a new application, with the full examination fee required. An extension of term may be requested by letter, and if approved, the mortgagee will be advised by a letter which will specify the effective date, the date of the first payment on the new basis, the amount to which the payments must be adjusted on the effective date, the amount of the new monthly payment, the interest rate for the remaining period, and the new maturity date. A new amortization schedule will be provided the mortgagee.

606. Modifications involving a decrease in the term of the insured mortgage under which the borrower obligates himself to assume a higher monthly payment require FHA approval. The new term must

be either 10, 15, or 20 years. A request for approval in such instances should be made by letter, and the mortgagee will be advised by a letter which will specify the effective date, the date of the first payment on the new basis, the amount to which the payments must be adjusted on the effective date, the amount of the new monthly payment, the interest rate for the remaining period, and the new maturity date. A new amortization schedule will be provided the mortgagee.

607. A request that the FHA approve the release of a part of the security from the mortgage must be submitted by the mortgagee in duplicate and must contain the following information:

(*a*) A statement as to whether or not the mortgage is in good standing.

(*b*) The amount of the outstanding principal balance.

(*c*) The date the last monthly payment was made by the mortgagor, and if there is a delinquency, the number of delinquent monthly payments.

(*d*) A complete legal description of the property to be released.

(*e*) The mortgagor's reasons for requesting the mortgagee to make the release.

(*f*) A statement as to the contemplated use of the land to be released.

(*g*) The consideration, if any, to be received by the mortgagor.

(*h*) The amount of required prepayment that the mortgagee will require.

(*i*) Any restrictions to be imposed upon the land involved in the release.

(*j*) A survey or sketch of the property showing the dimensions of the portion to be released, the location of present improvements, the relation to surrounding properties, and any proposed improvements.

(*k*) Drawings, specifications, and an estimate of the cost of any alterations proposed for the property after release. A fee of $5 must accompany a request for release of a portion of security. The mortgagee will be notified in writing, upon a favorable finding, that the Commissioner approves the release. The completion of the release is the responsibility of the mortgagee. Notification must be submitted by the mortgagee at the appropriate time to the effect that the release has been effected, that any conditions of the release have been complied with, and that the outstanding principal amount has been reduced as previously stipulated.

608. The following actions require the substitution of new credit instruments, which must be submitted to the FHA for endorsement:

(*a*) Any request for increase in amount after the mortgage has been insured will be regarded as a new submission and will require a new application for firm commitment accompanied by the full examination fee of $3 per $1,000, with a minimum of $10.

(*b*) The refinancing of an existing insured mortgage requires the execution of new instruments and the submission of a new application for firm commitment, accompanied by a full examination fee of $3 per $1,000, with a minimum of $10. If the application is submitted by a mortgagee other than the holder of an insured mortgage, the refinancing certificate in the application form must be signed by the mortgagor.

(*c*) If an extension of maturity is requested beyond the legal maximum it is necessary that a new contract of insurance be substituted. Such a request must be accompanied by a fee of $3 per $1,000, with a minimum of $10.

609. Prior approval by the FHA is not required for modification of existing instruments to cover a reduction in the interest rate or the elimination of a service charge

VII. THE HANDLING OF INSURED MORTGAGES

701. This section and Sections VIII through XI are designed to assist mortgagees and servicing agents in the handling of insured mortgages and to avoid unnecessary correspondence and delay. Included in the following discussion are important matters relating to the calculation, collection, and payment of mortgage insurance premiums; partial prepayments of insured mortgages; reporting substitutions of mortgagors; transfers of insured mortgages; prepayments in full prior to maturity; and the preparation of the fiscal forms in connection with filing claim for debentures.

702. The first step involved in handling an FHA-insured mortgage, after it has been closed, is to set up the escrow accounts required under FHA regulations. Care in setting these up will eliminate many later difficulties. Since the set-up for all these escrow funds—mortgage insurance premium, hazard insurance, and taxes—is practically the same, except for the varying due dates and amounts involved, only the establishment of the mortgage insurance premium escrow will be discussed here.

703. The escrow fund for mortgage insurance premium is established, as are the mortgagor's escrows for taxes and hazard insurance, at the time of closing. The mortgagee provides in its settlement statement for the collection of the initial mortgage insurance premium and one-twelfth of the second annual premium.

704. To illustrate how the premium escrow is established and how the various entries are made to the account through and including the adjustment required when the "adjusted second annual preminum" is paid to the FHA, a typical mortgage for $4,000 at 4½ percent interest for 20 years will be used. The first page of the amortization schedule furnished by the FHA for such a mortgage is shown as Exhibit 1 at the end of this section.

705. Exhibit 2 shows the calculations, based on that schedule, and a condensed version of the entries to be made to the premium escrow account when the mortgage is endorsed for insurance before the amortization date, in the table captioned Method I; the calculations when the mortgage is endorsed after the amortization date are shown under Method II. The amortization date, it should be remembered, is defined in FHA regulations as "a day 30 days prior to the date of first payment."

706. For purposes of illustration it has been assumed that in both cases shown the date of closing was April 15, 1946, the amortization date June 1, 1946, and the date of first payment July 1, 1946.

707. In the case shown in Method I, it is assumed that the mortgage was endorsed for insurance on May 15, 1946, 17 days before the amortization date. In the case shown under Method II, the date of endorsement was assumed to be September 23, 1946, 114 days after the amortization date.

708. The accuracy with which the mortgagee has established the premium escrow account can, in every case, be checked at the time the mortgagee receives the premium notice from the FHA for the adjusted second annual premium.

709. The necessity for the "adjusted second annual premium" arises from the requirement in the National Housing Act that the mortgagee tender the initial premium charge upon the presentation of the mortgage for insurance.

710. Since the date on which the mortgage will be endorsed for insurance (and on which the premium obligation begins) cannot be determined in advance, FHA regulations require the mortgagee, when forwarding the mortgage documents for endorsement, to remit an initial premium equivalent to ½ percent per annum of the average principal balances for the year following the amortization date.

711. If the date on which the mortgage was endorsed was prior to the amortization date, the initial

premium transmitted by the mortgagee will not have covered the period from the date of endorsement to the amortization date. The unpaid premium for this period is included in the FHA premium notice when the regular second annual premium becomes payable on the anniversary of the amortization date. The amount due is lumped with the regular second annual premium in the billing; hence the terminology "adjusted second annual premium."

712. In order to be in funds when the "adjusted second annual premium" becomes payable in such cases, the mortgagee should check the mortgage documents as soon as the FHA returns them to determine if the date of endorsement for insurance precedes the amortization date. If it does, the mortgagee should immediately collect from the mortgagor an amount equivalent to ½ percent per annum of the mortgage principal for the period from the date of endorsement to the amortization date. If the period is less than a full month, the amount involved should be collected in one installment. If the period runs for several months, the amount may be collected in monthly installments.

713. It will be observed that in the case illustrated in Method I the period was for only 17 days and the mortgagee collected the 93 cents in a single installment.

714. When endorsement occurs after the amortization date, the mortgagee is entitled to a pro-rata credit of a portion of the initial premium for the period from the amortization date to the date of endorsement. This credit, or refund, is made by the FHA when the regular second annual premium becomes payable on the anniversary of the amortization date. This is done by deducting the credit from the regular second annual premium. It will be observed that in Method II the mortgage was endorsed 114 days after the amortization date and that the adjusted second annual premium was calculated by deducting from the regular second annual premium of $19.08 the credit of $6.16.

715. After the adjusted second annual premium is paid, annual premiums are payable in the amounts shown in the amortization schedule.

716. Under the contract of insurance the mortgagee is obligated to pay annual premiums in the amount due. While the FHA forwards premium notices for the convenience of the mortgagee, the failure to forward such notice or any error in the proper premium amount do not relieve the mortgagee of its obligation to pay the amount due under the contract of insurance.

717. Prudent mortgagees and servicing agents should carefully check the amounts reflected in the premium notices against the amount shown in the amortization schedule. When there are differences, payment of the premium should be withheld until reconciled with the FHA Comptroller.

718. Individual premium notices are forwarded to the mortgagee of record or the servicing agent designated by the mortgagee approximately 30 days before such premiums are payable. The premium notices are on a continuous form, the last part of which, for the convenience of the mortgagee, carries a summary showing the total of the individual notices attached.

719. When the notices are received by the mortgagee, those for regular annual premiums should be checked against the amortization schedules and those for adjusted second annual premiums should be verified by calculation.

720. If it is found that all of the notices are correct and payable, payment may be made by forwarding a remittance for the exact amount shown in the summary notice to the Comptroller, Federal Housing Administration, Washington 25, D. C., accompanied by the summary notice only. The individual premium notices may be retained by the mortgagee or servicing agent as a posting instrument to allocate the premium remittance to the individual mortgage escrow accounts or for such other purpose as may be desirable.

721. If it is found that a premium is payable for which a premium notice was not received, the remittance for the cases billed should be accompanied by a letter requesting a premium notice for the omitted case.

722. In many instances, however, especially those involving numbers of notices, the FHA billing will require the reconciliation of differences. These generally arise from the following situations:

(*a*) The billing may include premium notices on cases which were sold to another mortgagee or on which the servicing was assigned to another servicing agent which the FHA did not clear from the billing because notices of such sale or assignment were not received in time. In such cases, the mortgagee or servicing agent should redirect the premium notices to the new mortgagee or servicing agent. The amount of such redirected notices should be subtracted from the amount of the summary notice. The remittance to the FHA should then be accompanied by a letter listing the cases redirected and showing the names of the new mortgagee or servicing agent.

(*b*) The billing may include premium notices on cases which were paid in full by the mortgagor before the due date of the premium but which were not reported to the FHA in time to stop the billing. The amount of premium for such cases should be deducted from the amount shown in the summary notice and the remittance and summary notice, when forwarded to the FHA, should be accompanied by the individual notices on the prepaid cases. Each notice should be marked to indicate the date on which the loan was paid in full and the date that Report of Prepayment of Insured Mortgage (FHA Form 2344) was forwarded to the FHA. If the prepayment had not been previously reported, an executed Form 2344 in triplicate should be attached to the premium notice being returned. Remittance should not be withheld unless the loan has actually been prepaid prior to the due date shown in the premium notice.

(*c*) The billing may include a regular annual premium notice for an amount which does not agree with the premium shown on the amortization schedule as due on the case or an adjusted second annual premium notice for an amount which does not agree with the mortgagee's calculation. In this case, the mortgagee should deduct the amount of the premium notice in question from the amount of the summary notice. The individual premium notice, accompanied by a letter outlining the discrepancy, should then be returned to the FHA with the remittance and summary notice.

723. To assist mortgagees and servicing agents in reconciling a premium billing, the premium reconcilement form (Exhibit 3) was designed and is now enclosed with each billing involving 25 or more individual premium notices. The form provides a convenient vehicle for reconciling the various differences which have been outlined on one instrument and may be used in lieu of individual letters. As it was designed primarily for reconcilement of large billings, it is not enclosed in billings covering less than 25 premium notices. Mortgagees or servicing agents who may wish to use this form to reconcile small billings may obtain a supply upon request to the FHA Comptroller.

724. As previously stated, the payment of mortgage insurance premiums is a contractual obligation of the mortgagee, and the remittance should not be withheld or delayed because of any delinquency of the mortgagor or because of any deficiency in the mortgagor's escrow fund. Premium remittances should be forwarded by the mortgagee in time to reach the FHA before the due date.

725. After the remittance clears necessary audit and deposit channels, official receipts are prepared by the FHA in duplicate for each individual premium included in the remittance and are forwarded to the mortgagee or servicing agent.

726. The reconciling of discrepancies by mortgagees in the amount of a premium notice and the redirection of premium notices to new mortgagees or servicing agents sometimes cause delays which prevent remittances to the FHA by the due date. In such cases, the Comptroller moves the premium due cards to a delinquency file and at periodic intervals advises the mortgagee or servicing agent of the delinquency by the issuance of a "second notice" and "third notice" of premiums due. These notices are similar to the original (white) premium notice except that they are on pink or red stock and the text clearly indicates that the premium is past due.

727. Serious delinquency should be avoided by servicing agents and mortgagees. Such delinquency on the part of a servicing agent could give rise to the question of the propriety of continuing to permit the agent to service the mortgagee's loan. On the part of a mortgagee, it could raise a question as to whether FHA's approval of the mortgagee to insure mortgages under the National Housing Act should

not be withdrawn. Mortgagees are protected against any delinquency on the part of their servicing agents, however, since the failure of agents to pay premiums when due does not terminate the insurance contract. Also, the FHA promptly notifies the mortgagee of the delinquency after the issuance of a third notice, and gives the mortgagee opportunity to correct the delinquency before taking further action itself.

728. For the convenience of mortgagees who maintain their records alphabetically rather than by FHA case number, all premium notices and official receipts carry the names of the mortgagors. In the event of a substitution of mortgagor where the original mortgagor is to be released from liability under the obligation, as described in section VI, paragraph 602, of this Handbook, the names of the new mortgagors will be shown on subsequent premium notices without further action by the mortgagee.

729. Where the original mortgagor is not released from liability under the obligation, mortgagees who wish to have subsequent premium notices reflect the names of the new mortgagors should report such substitutions to the Comptroller, FHA, Washington 25, D. C., on a form such as that shown as Exhibit 4 at the end of this section, or by a letter which conveys the full information requested by the form. Supplies of the form may be obtained from the Comptroller. When such notices are forwarded less than 60 days before the premium due date, the case should be temporarily cross-referenced under the old name in the mortgagee's files as the next premium notice received by the mortgagee will still carry the name of the old mortgagor.

EXHIBIT 1

FHA Form No. 2037
(Premiums on Reducing Balance)

FEDERAL HOUSING ADMINISTRATION

AMORTIZATION SCHEDULE

…………………………………
(Serial No.)

Monthly Payment to Principal and Interest, $25.32

PAYMENT		Mortgage Insurance Premium ½ Percent	Payment to Interest 4½ Percent	Payment to Principal	Total Monthly Payment	Balance Due	PAYMENT	
Date	No.						No.	Date
		$19.71				$4,000.00		
	1	1.59	$15.00	$10.32	$26.91	3,989.68	1	
	2	1.59	14.96	10.36	26.91	3,979.32	2	
	3	1.59	14.92	10.40	26.91	3,968.92	3	
	4	1.59	14.88	10.44	26.91	3,958.48	4	
	5	1.59	14.84	10.48	26.91	3,948.00	5	
	6	1.59	14.81	10.51	26.91	3,937.49	6	
	7	1.59	14.77	10.55	26.91	3,926.94	7	
	8	1.59	14.73	10.59	26.91	3,916.35	8	
	9	1.59	14.69	10.63	26.91	3,905.72	9	
	10	1.59	14.65	10.67	26.91	3,895.05	10	
	11	1.59	14.61	10.71	26.91	3,884.34	11	
	12	1.59	14.57	10.75	26.91	3,873.59	12	
		19.08	177.43	126.41	322.92			
	13	1.53	14.53	10.79	26.85	3,862.80	13	
	14	1.53	14.49	10.83	26.85	3,851.97	14	
	15	1.53	14.44	10.88	26.85	3,841.09	15	
	16	1.53	14.40	10.92	26.85	3,830.17	16	
	17	1.53	14.36	10.96	26.85	3,819.21	17	
	18	1.53	14.32	11.00	26.85	3,808.21	18	
	19	1.53	14.28	11.04	26.85	3,797.17	19	
	20	1.53	14.24	11.08	26.85	3,786.09	20	
	21	1.53	14.20	11.12	26.85	3,774.97	21	
	22	1.53	14.16	11.16	26.85	3,763.81	22	
	23	1.53	14.11	11.21	26.85	3,752.60	23	
	24	1.53	14.07	11.25	26.85	3,741.35	24	
		18.36	171.60	132.24	322.20			
	25	1.47	14.03	11.29	26.79	3,730.06	25	
	26	1.47	13.99	11.33	26.79	3,718.73	26	
	27	1.47	13.95	11.37	26.79	3,707.36	27	
	28	1.47	13.90	11.42	26.79	3,695.94	28	
	29	1.47	13.86	11.46	26.79	3,684.48	29	
	30	1.47	13.82	11.50	26.79	3,672.98	30	
	31	1.47	13.77	11.55	26.79	3,661.43	31	
	32	1.47	13.73	11.59	26.79	3,649.84	32	
	33	1.47	13.69	11.63	26.79	3,638.21	33	
	34	1.47	13.64	11.68	26.79	3,626.53	34	
	35	1.47	13.60	11.72	26.79	3,614.81	35	
	36	1.47	13.56	11.76	26.79	3,603.05	36	
		17.64	165.54	138.30	321.48			
	37	1.41	13.51	11.81	26.73	3,591.24	37	
	38	1.41	13.47	11.85	26.73	3,579.39	38	
	39	1.41	13.42	11.90	26.73	3,567.49	39	
	40	1.41	13.38	11.94	26.73	3,555.55	40	
	41	1.41	13.33	11.99	26.73	3,543.56	41	
	42	1.41	13.29	12.03	26.73	3,531.53	42	
	43	1.41	13.24	12.08	26.73	3,519.45	43	
	44	1.41	13.20	12.12	26.73	3,057.33	44	
	45	1.41	13.15	12.17	26.73	3,495.16	45	
	46	1.41	13.11	12.21	26.73	3,482.95	46	
	47	1.41	13.06	12.26	26.73	3,470.69	47	
	48	1.41	13.02	12.30	26.73	3,458.39	48	
		16.92	159.18	144.66	320.76			
	49	1.35	12.97	12.35	26.67	3,446.04	49	
	50	1.35	12.92	12.40	26.67	3,433.64	50	
	51	1.35	12.88	12.44	26.67	3,421.20	51	
	52	1.35	12.83	12.49	26.67	3,408.71	52	
	53	1.35	12.78	12.54	26.67	3,396.17	53	
	54	1.35	12.74	12.58	26.67	3,383.59	54	
	55	1.35	12.69	12.63	26.67	3,370.96	55	
	56	1.35	12.64	12.68	26.67	3,358.28	56	
	57	1.35	12.59	12.73	26.67	3,345.55	57	
	58	1.35	12.55	12.77	26.67	3,332.78	58	
	59	1.35	12.50	12.82	26.67	3,319.96	59	
	60	1.35	12.45	12.87	26.67	3,307.09	60	
		16.20	152.54	151.30	320.04			

4½%—$4,000—20-year loan—240 payments—$4,000—4½%

EXHIBIT 2

METHOD I.—*Setting up the premium escrow when endorsement of mortgage precedes amortization date*

Date	Explanation	Debit	Credit	Balance
Apr. 15, 1946	Initial premium $19.71 plus one-twelfth second annual premium $1.59 collected at closing.	....	$21.30	$21.30
May 15, 1946	Initial premium remitted to FHA	$19.71	....	1.59
June 1, 1946	17/365×½ percent×$4,000 collected for period May 15, 1946, to June 1, 1946.	....	.93	2.52
July 1, 1946	Premium collected with first monthly payment	....	1.59	4.11
Aug. 1, 1946	Premium collected with second monthly payment	....	1.59	5.70
Sept. 1, 1946	Premium collected with third monthly payment	....	1.59	7.29
Oct. 1, 1946	Premium collected with fourth monthly payment	....	1.59	8.88
Nov. 1, 1946	Premium collected with fifth monthly payment	....	1.59	10.47
Dec. 1, 1946	Premium collected with sixth monthly payment	....	1.59	12.06
Jan. 1, 1947	Premium collected with seventh monthly payment	....	1.59	13.65
Feb. 1, 1947	Premium collected with eighth monthly payment	....	1.59	15.24
Mar. 1, 1947	Premium collected with ninth monthly payment	....	1.59	16.83
Apr. 1, 1947	Premium collected with tenth monthly payment	....	1.59	18.42
May 1, 1947	Premium collected with eleventh monthly payment	....	1.59	20.01
May 20, 1947	"Adjusted second annual premium" remitted to FHA (second annual premium $19.08 plus 17/365×½ percent×$4,000 or 0.93=$20.01).	20.01	....	0
June 1, 1947	Premium collected with twelfth monthly payment	....	1.59	1.59
July 1, 1947	Premium collected with thirteenth monthly payment	....	1.53	3.12
Aug. 1, 1947	Premium collected with fourteenth monthly payment	....	1.53	4.65
Sept. 1, 1947	Premium collected with fifteenth monthly payment	....	1.53	6.18
Oct. 1, 1947	Premium collected with sixteenth monthly payment	....	1.53	7.71
Nov. 1, 1947	Premium collected with seventeenth monthly payment	....	1.53	9.24
Dec. 1, 1947	Premium collected with eighteenth monthly payment	....	1.53	10.77
Jan. 1, 1948	Premium collected with nineteenth monthly payment	....	1.53	12.30
Feb. 1, 1948	Premium collected with twentieth monthly payment	....	1.53	13.83
Mar. 1, 1948	Premium collected with twenty-first monthly payment	....	1.53	15.36
Apr. 1, 1948	Premium collected with twenty-second monthly payment	....	1.53	16.89
May 1, 1948	Premium collected with twenty-third monthly payment	....	1.53	18.42
May 20, 1948	Third annual premium remitted to FHA	18.36	....	.06[1]

---

[1] See footnote on opposite page.

EXHIBIT 2—Continued

METHOD II.—*Setting up the premium escrow when endorsement is subsequent to amortization date*

Date	Explanation	Debit	Credit	Balance
Apr. 15, 1946	Initial premium $19.71 plus one-twelfth second annual premium $1.59 collected at closing.	....	$21.30	$21.30
July 1, 1946	Premium collected with first monthly payment	....	1.59	22.89
Aug. 1, 1946	Premium collected with second monthly payment	....	1.59	24.48
Sept. 1, 1946	Premium collected with third monthly payment	....	1.59	26.07
Sept. 23, 1946	Initial premium remitted to FHA	$19.71	....	6.36
Oct. 1, 1946	Premium collected with fourth monthly payment	....	1.59	7.95
Nov. 1, 1946	Premium collected with fifth monthly payment	....	1.59	9.54
Dec. 1, 1946	Premium collected with sixth monthly payment	....	1.59	11.13
Jan. 1, 1947	Premium collected with seventh monthly payment	....	1.59	12.72
Feb. 1, 1947	Premium collected with eighth monthly payment	....	1.59	14.31
Mar. 1, 1947	Premium collected with ninth monthly payment	....	1.59	15.90
Apr. 1, 1947	Premium collected with tenth monthly payment	....	1.59	17.49
May 1, 1947	Premium collected with eleventh monthly payment	....	1.59	19.08
May 20, 1947	"Adjusted second annual premium" remitted to FHA (second annual premium $19.08 less (114/365) × $19.71 first annual premium or $6.16).	12.92	....	6.16
June 1, 1947	Refund or credit to mortgagor	6.16	....	....
June 1, 1947	Premium collected with twelfth monthly payment	....	1.59	1.59
July 1, 1947	Premium collected with thirteenth monthly payment	....	1.53	3.12
Aug. 1, 1947	Premium collected with fourteenth monthly payment	....	1.53	4.65
Sept. 1, 1947	Premium collected with fifteenth monthly payment	....	1.53	6.18
Oct. 1, 1947	Premium collected with sixteenth monthly payment	....	1.53	7.71
Nov. 1, 1947	Premium collected with seventeenth monthly payment	....	1.53	9.24
Dec. 1, 1947	Premium collected with eighteenth monthly payment	....	1.53	10.77
Jan. 1, 1948	Premium collected with nineteenth monthly payment	....	1.53	12.30
Feb. 1, 1948	Premium collected with twentieth monthly payment	....	1.53	13.83
Mar. 1, 1948	Premium collected with twenty-first monthly payment	....	1.53	15.36
Apr. 1, 1948	Premium collected with twenty-second monthly payment	....	1.53	16.89
May 1, 1948	Premium collected with twenty-third monthly payment	....	1.53	18.42
May 20, 1948	Third annual premium remitted to FHA	18.36	....	.06[1]

---

[1] The one-twelfth of the second annual premium collected by the mortgagee at closing puts the mortgagee in funds 1 month before the due date of annual premiums due the FHA. This provision is made so that mortgagees may forward their remittance in time to reach the FHA on or before the due date. The twelfth installment in each premium year is, therefore, carried over by the mortgagee into the premium escrow for the next year. Since the twelfth installment is always slightly larger than the installments for the next year the carry-over creates "penny" credit balances shown in both Methods I and II. These may be adjusted by the mortgagee at any time, or they may be permitted to accumulate to the credit of the mortgagor.

EXHIBIT 3—Front

Date ______________

TO: The Comptroller
Federal Housing Administration
Washington 25, D.C. Attn: SAC - D

Enclosed is our remittance in accordance with the reconcilement below:

Aggregate Premiums Due (From summary notice)........... $ ______________

Deductions: From Schedule A $ ______________
Schedule B $ ______________
Schedule C $ ______________
Schedule D $ ______________ $ ______________

Amount of remittance enclosed........................... $ ______________

FROM: ______________________ ______________________
Name of Mortgagee Address

BY: ______________________ ______________________
Authorized Signature Official Title

SCHEDULE A - LOANS PAID IN FULL PRIOR TO PREMIUM DUE DATE

CASE NO.	MORTGAGOR	DATE FHA FORM 2344 FORWARDED *	PREMIUM AMT.		
* If FHA form 2344 was not previously forwarded attach executed copies and premium notices to this reconcilement		TOTAL			

SCHEDULE B - PREMIUM REMITTANCE WITHHELD FOR OTHER REASONS

CASE NO.	MORTGAGOR	REASON FOR WITHHOLDING REMITTANCE *	PREMIUM AMT.		
* Attach premium notices		TOTAL			

ATTACH ADDITIONAL SHEETS IF NECESSARY
(OVER)

EXHIBIT 3—Back

SCHEDULE C - LOANS SOLD TO OTHER MORTGAGEES

CASE NO.	MORTGAGOR	DATE FHA FORM 2080 FORWARDED *	PREMIUM AMT.		
* If FHA form 2080 was not previously forwarded attach executed copies to this reconcilement		TOTAL			

SCHEDULE D - LOANS SERVICED BY NEW SERVICING AGENT

CASE NO.	MORTGAGOR	PREMIUM NOTICE RE-DIRECTED TO:	PREMIUM AMT.		
		TOTAL			

ATTACH ADDITIONAL SHEETS IF NECESSARY

EXHIBIT 4

Comptroller,
Federal Housing Administration,
Washington, 25, D. C.

Date ____________________

Dear Sir:

It is requested that your records be corrected to reflect a change in the name of the Mortgagor(s) in connection with the following described loan. The original mortgagor has not been released from liability on the note.

FHA Case No. ____________________________ Our Loan No. ____________________

Maturity Date: Month ____________ Year ____________

From ____
Name of Immediate Former Mortgagor(s)

To ____
Name of New Mortgagor(s)

Yours very truly,

Note: Please type or print

____
Mortgagee or Servicing Agent

____
Address

By ____________________________________
Signature Title

64190

VIII. METHODS OF APPLYING PARTIAL PREPAYMENTS

801. The borrower under an insured mortgage may make partial prepayments to principal, in excess of the regular monthly payment, at such times and in such amounts as set forth in the forms of credit instruments approved by this Administration.

802. To illustrate the methods by which such payments may be made examples have been prepared which describe the use of the amortization schedules, furnished by the Federal Housing Administration in connection with each insured mortgage loan, as a guide to the mortgagee in the allocation of partial prepayments by mortgagors.

803. For use in illustrating these methods, a loan of $4,000 for 25 years (300 payments) has been selected. This loan is at 4½ percent interest, but the same method applies for any interest rate.

(*a*) Method No. 1: *Monthly Payments Made In Advance—No Acceleration of Maturity.*—It is assumed that the mortgagor desires to make two additional payments on June 1, 1946, in order to obviate the necessity of making the July 1 and August 1, 1946, payments on their due dates. It is not necessary to notify this Administration of any payments made under this method. The application of payments by this method is illustrated in Exhibit 5 at the end of this section.

In this case, the mortgagor would make his full regular payment No. 5 for June 1, 1946, and two additional regular payments, No. 6 and No. 7, for July and August 1946, as checked on this schedule. After these payments are credited to his account, the mortgagor would have an outstanding balance of $3,948.75 as shown opposite payment No. 7. In this case, the mortgagor merely paid two full monthly payments in advance, and his next payment is not due until September 1, 1946. After making the regular payment on September 1, 1946, the outstanding principal balance will be $3,941.32.

Note.—Taxes, hazard insurance, etc., applicable to the payments anticipated should be similarly paid in advance.

(*b*) Method No. II: *Maturity of Loan Accelerated.*—After making regular payments from February 1, 1946, to and including payment No. 14 on March 1, 1947, the mortgagor desires to reduce the principal by $150, and to continue the same monthly payment. This method is illustrated in Exhibit 5.

The balance outstanding after the fourteenth payment is	$3,896.14
Amount desired to be paid by mortgagor	150.00
Tentative balance	3,746.14

With reference to the amortization schedule under the heading, "balance due," it is found that the nearest approximation to the above tentative balance is the schedule principal shown at the thirty-third payment amounting to $3,746.19. The schedule balance is, therefore, $0.05 more than the proposed tentative balance shown above. Accordingly, a partial prepayment may be accepted from the mortgagor in the amount of $149.95. (This is the closest principal amount to the prepayment the mortgagor wished to make which will keep him on the schedule.) This payment will adjust his schedule down to and including the thirty-third payment, as indicated, and the outstanding principal balance will then be $3,746.19.

The mortgagor will then make his next regular monthly payment on April 1, 1947, using the same schedule and picking up for the "total monthly payment" the amount of premium shown opposite payment No. 15 ($1.57) and the amount of interest and principal as shown for payment No. 34 (interest $14.05, principal $8.19). Subsequent payments are collected and distributed similarly.

It should be noted that acceleration of the maturity of the loan may render operative the prepayment premium specified in the credit instruments in the event of payment of the loan in full prior to maturity (Reg. art. III, sec. II). It is not necessary to notify the FHA of any payments made under this method, as such partial prepayments do not affect mortgage insurance premiums.

(*c*) Method No. III: *To Reduce Monthly Payment—No Acceleration of Maturity.*—After reducing his obligation to $3,713.25, the balance at payment No. 37, either by regular monthly installments alone or including the prepayments illustrated, the borrower wished to make a partial prepayment of $1,000 but desired to have it applied so as to reduce his monthly payment without change in maturity date. This method is illustrated by Exhibit 5 and the following calculations:

	Installments
The obligation was originally $4,000 for 25 years or....	300
His balance outstanding was $3,713.25 after paying....	37
He wishes, therefore, to amortize $2,713.25 over..	263

The amortization tables (Appendix IV) show the monthly payment per thousand for 263 months at 4½ percent interest to be $5.99. This figure, multiplied by the outstanding principal balance, and pointed off three additional places, produces the reduced monthly payment. (Example: $5.99 × $2,713.25 = $16.25.)

The monthly installment to principal and interest is, therefore, reduced from $22.24 to $16.25. The new payments beginning with No. 38 will, therefore, consist of $16.25 for principal and interest, plus the installments shown on the original schedule for mortgage insurance premium, plus installments for taxes and hazard insurance.

It is not necessary to notify the FHA of any payments made under this method as such partial prepayments do not affect mortgage insurance premiums. After such prepayments, a new supplementary amortization schedule showing the application of the new payment of $16.25 to interest and principal is necessary. These are not furnished by the FHA but may be prepared by the mortgagee as follows:

Divide the interest rate by 12 to obtain the monthly interest factor. (Example: $\frac{0.045}{12}=0.00375$.) This factor multiplied by the outstanding principal balance gives the monthly interest. (Example: 0.00375 × $2,713.25=$10.17.) The first reduced payment on the new supplementary amortization schedule will be as follows:

Payment No. 37: Balance due.................	$2, 713. 25
Payment No. 38:	
Mortgage insurance premium (No. 19)*...	1. 57
Payment to interest (No. 38).............	10. 17
Payment to principal (No. 38)............	6. 08
Balance due.............................	2, 707. 17

(*Note: If Method No. II type of prepayment had not occurred, premium would be No. 38, $1.49.)

The payment to principal of $6.08 subtracted from the outstanding principal balance $2,713.25 gives the new outstanding principal balance of $2,707.17. Each subsequent payment is similarly calculated except that in calculating the interest the new principal balance is substituted each month.

EXHIBIT 5

FHA Form No. 2256
(Revised June 1, 1946)

FEDERAL HOUSING ADMINISTRATION

4000-300-4½

METHODS OF APPLYING PARTIAL PREPAYMENTS

AMORTIZATION SCHEDULE ______________________
(Serial No.)

Monthly Payment to Principal and Interest, $22.24

PAYMENT		Mortgage Insurance Premium ½ Percent	Payment to Interest 4½ Percent	Payment to Principal	Total Monthly Payment	Balance Due	PAYMENT	
Date Due	No.						No.	Date Made
			METHOD No. 1					
		$19.80				$4,000.00		
Feb. 1, 1946	1	1.61	$15.00	$7.24	$23.85	3,992.76	1	Feb. 1, 1946
Mar. 1, 1946	2	1.61	14.97	7.27	23.85	3,985.49	2	Mar. 1, 1946
Apr. 1, 1946	3	1.61	14.95	7.29	23.85	3,978.20	3	Apr. 1, 1946
May 1, 1946	4	1.61	14.92	7.32	23.85	3,970.88	4	May 1, 1946
June 1, 1946	5	1.61	14.89	7.35	23.85	3,963.53	5	June 1, 1946
July 1, 1946	6	1.61	14.86	7.38	23.85	3,956.15	6	
Aug. 1, 1946	7	1.61	14.84	7.40	23.85	3,948.75	7	
Sept. 1, 1946	8	1.61	14.81	7.43	23.85	3,941.32	8	Sept. 1, 1946
Oct. 1, 1946	9	1.61	14.78	7.46	23.85	3,933.86	9	Oct. 1, 1946
Nov. 1, 1946	10	1.61	14.75	7.49	23.85	3,926.37	10	Nov. 1, 1946
Dec. 1, 1946	11	1.61	14.72	7.52	23.85	3,918.85	11	Dec. 1, 1946
Jan. 1, 1947	12	1.61	14.70	7.54	23.85	3,911.31	12	Jan. 1, 1947
		19.32	178.19	88.69	286.20			
			METHOD No. 2					
Feb. 1, 1947	13	1.57	14.67	7.57	23.81	3,903.74	13	Feb. 1, 1947
Mar. 1, 1947	14	1.57	14.64	7.60	23.81	3,896.14	14	Mar. 1, 1947
Apr. 1, 1947 MIP	15	1.57	~~14.61~~	~~7.63~~	~~23.81~~	~~3,888.51~~	15	Partial Prepayment of $149.95
May 1, 1947 MIP	16	1.57	~~14.58~~	~~7.66~~	~~23.81~~	~~3,880.85~~	16	
June 1, 1947 MIP	17	1.57	~~14.55~~	~~7.69~~	~~23.81~~	~~3,873.16~~	17	
July 1, 1947 MIP	18	1.57	~~14.52~~	~~7.72~~	~~23.81~~	~~3,865.44~~	18	
	19	1.57	~~14.50~~	~~7.74~~	~~23.81~~	~~3,857.70~~	19	
	20	1.57	~~14.47~~	~~7.77~~	~~23.81~~	~~3,849.93~~	20	
	21	1.57	~~14.44~~	~~7.80~~	~~23.81~~	~~3,842.13~~	21	
	22	1.57	~~14.41~~	~~7.83~~	~~23.81~~	~~3,834.30~~	22	
	23	1.57	~~14.38~~	~~7.86~~	~~23.81~~	~~3,826.44~~	23	
	24	1.57	~~14.35~~	~~7.89~~	~~23.81~~	~~3,818.55~~	24	
		18.84	174.12	92.76	285.72			
	25	1.53	~~14.32~~	~~7.92~~	~~23.77~~	~~3,810.63~~	25	
	26	1.53	~~14.29~~	~~7.95~~	~~23.77~~	~~3,802.68~~	26	
	27	1.53	~~14.26~~	~~7.98~~	~~23.77~~	~~3,794.70~~	27	
	28	1.53	~~14.23~~	~~8.01~~	~~23.77~~	~~3,786.69~~	28	
	29	1.53	~~14.20~~	~~8.04~~	~~23.77~~	~~3,778.65~~	29	
	30	1.53	~~14.17~~	~~8.07~~	~~23.77~~	~~3,770.58~~	30	
	31	1.53	~~14.14~~	~~8.10~~	~~23.77~~	~~3,762.48~~	31	
	32	1.53	~~14.11~~	~~8.13~~	~~23.77~~	~~3,754.35~~	32	
	33	1.53	~~14.08~~	~~8.16~~	~~23.77~~	3,746.19	33	Mar. 1, 1947
	34	1.53	14.05	8.19	23.77	3,738.00	34	Apr. 1, 1947 P&I
	35	1.53	14.02	8.22	23.77	3,729.78	35	May 1, 1947 P&I
	36	1.53	13.99	8.25	23.77	3,721.53	36	June 1, 1947 P&I
		18.36	169.86	97.02	285.24			
			METHOD No. 3					
	37	1.49	13.96	8.28	23.73	3,713.25	37	July 1, 1947 P&I
	38	1.49	13.92	8.32	23.73	3,704.93	38	
	39	1.49	13.89	8.35	23.73	3,696.58	39	
	40	1.49	13.86	8.38	23.73	3,688.20	40	
	41	1.49	13.83	8.41	23.73	3,679.79	41	
	42	1.49	13.80	8.44	23.73	3,671.35	42	
	43	1.49	13.77	8.47	23.73	3,662.88	43	
	44	1.49	13.74	8.50	23.73	3,654.38	44	
	45	1.49	13.70	8.54	23.73	3,645.84	45	
	46	1.49	13.67	8.57	23.73	3,637.27	46	
	47	1.49	13.64	8.60	23.73	3,628.67	47	
	48	1.49	13.61	8.63	23.73	3,620.04	48	
		17.88	165.39	101.49	284.76			

4½%—$4,000—25-year loan—300 payments—$4,000—4½%

IX. PREPAYMENT IN FULL PRIOR TO MATURITY

901. The regulations for mortgages insured under section 203 of the National Housing Act provide that when a mortgage is paid in full prior to maturity the mortgagee shall within 30 days thereafter notify the Federal Housing Commissioner of the date of prepayment and pay to the Commissioner an adjusted (prepayment) premium equal to 1 percent of the original principal amount of the prepaid mortgage.

902. Under the following circumstances, the adjusted (prepayment) premium charge may be less than 1 percent of the original principal:

(*a*) If, at the time of prepayment, there is placed on the mortgaged property a new insured mortgage in an amount less than the original amount of the prepaid mortgage, the adjusted (prepayment) premium to be paid shall be 1 percent of the difference in the original principal amounts of the two mortgages.

(*b*) If, at the time of prepayment, the adjusted (prepayment) premium of 1 percent of the original principal amount of the prepaid mortgage exceeds the aggregate amount of the regular annual premiums which would have been payable if the mortgage had continued to be insured until maturity, the adjusted (prepayment) premium to be paid is the lesser of the two figures.

903. The adjusted (prepayment) premium shall not be due and payable in the following circumstances:

(*a*) Where, at the time of such prepayment, there is placed on the mortgaged property a new insured mortgage for an amount equal to or greater than the original principal amount of the prepaid mortgage; or

(*b*) Where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments made by the mortgagor which do not exceed in any one calendar year 15 percent of the original face amount of the mortgage; or

(*c*) Where the final maturity specified in the mortgage is accelerated solely by reason of payments to principal to compensate for (1) damage to the mortgaged property or (2) a release of a part of such property if approved by the Commissioner; or

(*d*) Where payment in full is made of a delinquent mortgage on which foreclosure proceedings have been commenced, or for the purpose of avoiding foreclosure, if the transaction is approved by the Commissioner; or

(*e*) Where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments which in any one calendar year exceed 15 percent of the original face amount of the mortgage, if made by the mortgagor during the period of the national emergency declared by the President to exist on May 27, 1941; or where the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity by the mortgagor during the period of such national emergency, provided the mortgagee submits to the Commissioner a certificate signed by the mortgagor certifying that the mortgage has been paid in full without refinancing or otherwise creating any obligation or debt for which the mortgagor or property owned by the mortgagor is liable.

904. An insured mortgage may be paid in full prior to its original maturity under any one or a combination of two or more of the circumstances outlined above, some of which may have occurred some time prior to the actual payment in full of the mortgage. It is the responsibility of the mortgagee to the mortgagor to determine all the circumstances which resulted in prepayment prior to maturity and to report them fully to the Commissioner in order that in terminating the contract of insurance the Commissioner may make the proper reduction in or waiver of the adjusted (prepayment) premium, or refund any portion of the annual premium.

905. FHA Form 2344, Report of Prepayment of

Insured Mortgage, shown as Exhibit 6 at the end of this section, will assist mortgagees in reporting the full circumstances of prepayment to the FHA and will permit expeditious termination of the contract of insurance without additional correspondence. Complete instructions for execution of the form have been printed on its reverse side.

906. The Report of Prepayment of Insured Mortgage should be accompanied by a remittance for the 1 percent adjusted (prepayment) premium in those cases where the circumstances of prepayment require such payment. When a report of prepayment is received by the FHA, the contract of insurance cannot be terminated until an audit of the case is made to determine that all premiums due have been collected. If the mortgagee has not remitted and it is found in the audit that a premium is due, termination of the contract must necessarily be delayed until such premium is collected.

907. There are two principal exceptions to the rule that the report of prepayment should be accompanied by the remittance for the 1 percent adjusted premium. The first of these is where the report indicates that an application has been filed with the FHA for a new insured loan on the same property and the serial number of the application is entered on line 3. In such cases the mortgagee should collect the adjusted prepayment premium from the mortgagor and retain it in the premium escrow account, in the event the application for the new insured mortgage is withdrawn, rejected, or insured for a principal amount less than the original principal amount of the prepaid loan, causing all or a part of the adjusted premium to become payable to the FHA before the contract can be terminated.

908. The second exception is where the mortgagor prepays the mortgage out of his own funds and the mortgagee is able to submit a certificate under the conditions specified in 903 (*e*) above. In such cases the mortgagee need not collect the adjusted (prepayment) premium. To remove any doubt as to the propriety of the mortgagor's certificate the FHA provides Form 2391 Prepayment Certificate, shown as item 9 in the Illustrative Case (Appendix I). In reporting prepayments of this nature, mortgagees may accompany their report of prepayment with a properly executed prepayment certificate in lieu of their remittance for the 1 percent adjusted (prepayment) premium.

909. While mortgagees may rely upon the certification made by the mortgagor in the prepayment certificate, they should refuse to accept it and insist on the payment of the 1 percent adjusted premium when it is obvious that the certificate is in conflict with information in their possession or where the certification has been altered or qualified. Unless the mortgagors and the purchasers, if any are involved, can sign the prepayment certificate without qualification, it should not be submitted to the FHA, and the report of prepayment should be accompanied by a remittance for the 1 percent adjusted premium. The same procedure should be followed, for example, where the mortgagee reports in Form 2344 that title in the property after prepayment will be subject to another mortgage.

910. Most mortgagors are not familiar with the requirements and request advice of the mortgagees as to the execution of the prepayment certificate. In defining "refinancing", mortgagees should point out that it includes the creation of any debt or obligation for which the mortgagors or purchasers are liable. This is construed to include any notes or mortgages and any personal debts such as money borrowed from a relative or friend or on a life-insurance policy or other security. The material question in determining whether the purchasers must join in the execution of the prepayment certificate is not whether the proceeds of the sale were used in prepaying the loan but whether the prepayment was made "in connection with the sale of the mortgaged property."

911. Upon receipt of a correctly executed report of prepayment in triplicate, accompanied either by a remittance of 1 percent of the original principal amount of the mortgage or by a properly signed prepayment certificate, the information on the forms is checked against the FHA's records of the mortgage involved. If the FHA case number, property address, mortgagee, and mortgagor agree with the documents on file, a termination audit is made of the case. Upon completion of the audit, the panel

at the bottom of the report of prepayment is executed to show that the contract of insurance has been terminated, and one copy is returned to the mortgagee. If the prepayment was reported by the mortgagee's authorized agent, the report is returned to the agent.

912. Upon receipt of such acknowledged copy of Form 2344, the mortgagee or servicing agent may then refund to the mortgagor any amounts remaining in his premium escrow account.

913. It is not advisable to close out and settle an account at the time of prepayment since the termination audit may disclose a deficit in the amount of the annual mortgage insurance premium collected. If premiums have been collected in accordance with the amortization provisions of the mortgage, the mortgagee should be in funds to meet any such deficit. If it disbursed the premium escrows at time of prepayment, the mortgagee is faced with a contractual obligation to the FHA and a difficult problem of re-collecting from the mortgagor. The FHA is required by law to insist upon the payment of the premiums due under the contract of insurance. Ordinary prudence, therefore, dictates that mortgagees postpone disbursement of premium escrow funds until they receive the acknowledged copy of Form 2344 indicating that the premium obligation has been satisfied and the contract of insurance terminated.

EXHIBIT 6—Front

FHA FORM No. 2344
(Revised 9-1-45)

SUBMIT IN TRIPLICATE

BUDGET BUREAU No. 63-R304.
APPROVAL EXPIRES 12-31-46.

REPORT OF PREPAYMENT OF INSURED MORTGAGE

IMPORTANT NOTE—Read carefully instructions on back before completing this form

THE COMPTROLLER,
Federal Housing Administration,
Washington 25, D. C.

Date ....

The insured mortgage listed below has been paid in full and the original credit instrument has been duly canceled.

1. Loan No. .... (FHA serial number) .... (Mortgagee's number or reference, if any)

Property address .... (Street and number) .... (City) .... (State)

Mortgagor(s) .... (Insert name(s) of legal owner(s) of the property at time of prepayment)

Mortgagor's present address .... (Street and number) .... (City) .... (State)

2. Date of payment in full ....

3. An application for a new insured mortgage on this property has been filed under FHA Case No. ....

4. Remittance of $.............................. for adjusted premium charge is enclosed.

5. The property is now owned by ☐ the same owner who prepaid the loan.
☐ a new owner .... (Name of new owner)

6. After prepayment title will be ☐ unencumbered.
☐ subject to mortgage held by us.
☐ subject to mortgage held by another mortgagee.

7. (a) .... (Name of mortgagee)
.... (Street and number)
.... (City and State)
By .... (Signature and title)

(b) .... (Mortgagee's authorized agent)
.... (Street and number)
.... (City and State)
By .... (Signature and title)

Date ....

To: The mortgagee or its authorized agent:

The contract of insurance covering this insured mortgage has been terminated in accordance with the above information and the regulations of the Federal Housing Administration.

....
Comptroller

By ....

SEE INSTRUCTIONS ON REVERSE

16—45769-1

EXHIBIT 6—Back

INSTRUCTIONS REGARDING PREPAYMENT OF AN INSURED MORTGAGE PRIOR TO MATURITY

This report, prepared as indicated below, should be submitted **in triplicate** to the Comptroller, Federal Housing Administration, Washington 25, D. C., within 30 days after any loan insured under section 203 or 603 of the National Housing Act has been paid in full and the credit instrument duly canceled:

1. Care should be exercised in filling out the identification data, and **particularly the FHA loan number and mortgagor's name,** as errors will delay completion of the final audit and the termination of the Contract of Insurance.

2. Enter in item 2 the **exact date** on which the mortgagee or its authorized agent received payment in full.

3. If a new insured mortgage is to be placed on the same property, enter "Yes" in item 3 or the FHA serial number of the new loan, if available. If there is no superseding insured loan, enter the word "None."

   Note.—When the mortgage is prepaid from proceeds of a new insured mortgage, the final audit of the premium account cannot be made by the Comptroller in the prepaid case (and the notice of termination of the contract of insurance cannot be returned to the mortgagee) until the documents covering the superseding case have been endorsed for insurance in the field office and forwarded to the Washington office; consequently, the furnishing of the FHA case number on the new loan in item 3 in such instances will materially expedite the final audit.

4. **The mortgagee is responsible** to the Commissioner for the payment of the adjusted (prepayment) premium, as well as any mortgage insurance premiums found to be due after final audit, **until relieved of such responsibility by notification that the contract of insurance has been terminated.** Accordingly, **in all instances of prepayment** the adjusted (prepayment) premium of 1 percent of the original face amount of the prepaid mortgage **should be collected from the mortgagor,** except in those cases which are paid in full during the national emergency and FHA Form 2391 (prepayment certificate) **is properly executed by the mortgagor(s) and the purchaser(s),** if any.

   The adjusted (prepayment) premium collected from the mortgagor should be remitted to the Commissioner with this form and the amount thereof should be inserted at item 4, except that, in those cases where at the time of prepayment a new insured loan is placed on the same property, the amount of the adjusted (prepayment) premium **should be held in escrow,** together with other funds accumulated for the payment of renewal mortgage insurance premiums, **until notice is received that the contract of insurance has been terminated.**

   Note.—In those cases where FHA Form 2391 is submitted in lieu of the adjusted (prepayment) premium or a new insured loan is placed on the same property insert "None" at item 4.

5. The information required at item 5 should include the name(s) of the new mortgagor(s), if available.

6. Please check one of the boxes at item 6 if the information is available.

7. Enter the name and address of the mortgagee at 7 (a) **in all cases,** and

   (a) If the form is executed by the mortgagee **complete** by adding the signature and title of an authorized official of the mortgagee institution.

   (b) If the form is executed by the mortgagee's agent **complete** by adding at item 7 (b) the name and address of the agent followed by the signature and title of an authorized official of such agent.

Upon completion of the termination audit, any refunds that are due will be certified to the Treasury Department for payment for the account of the mortgagors and an acknowledged copy of this report, indicating that the contract of insurance has been terminated, will be forwarded to the institution which executed the notice of prepayment.

U. S. GOVERNMENT PRINTING OFFICE 16—45759-1

X. MORTGAGES SOLD TO ANOTHER MORTGAGEE

1001. The Regulations governing mortgages insured under sections 203 and 603 include the following provision concerning the sale of an insured mortgage:

"When the insured mortgage is transferred to another approved mortgagee, such transferor and transferee shall both notify the Commissioner of such transfer within 30 days thereof, and the transferee shall thereupon succeed to all the rights and become bound by all the obligations of the transferor, under the contract of insurance; and the transferor shall thereupon be released from its obligations under the contract of insurance."

For this purpose "Notice of Transfer by Transferor and Transferee," FHA Form 2080, shown as Exhibit 7 at the end of this section, is furnished by the Federal Housing Administration and is designed for joint execution by both transferor and transferee. Complete instructions for the proper preparation and execution of the form are printed on the reverse side.

1002. When an insured mortgage is sold, the seller (transferor) should initiate Form 2080 in quadruplicate for transmittal with the mortgage documents to the purchaser (transferee). The form is initiated by completing the upper half and inserting in the lower half the "date notice executed by the transferor."

1003. After the transferee receives the mortgage documents and the partially executed Form 2080, the lower half of the form is completed by inserting dates of acceptance and execution by the transferee, the transferee's name, address and signature, and the name and address of the institution to which the transferee wishes to have premium notices forwarded by the FHA after the sale is effected. All 4 copies of Form 2080 will then be sent to the Comptroller of the FHA, Washington, D. C. The transferee is substituted in the FHA's records, upon receipt of Form 2080, as the holder of the mortgage, and billing records are corrected to direct future premium notices as indicated in the form. The acknowledgment panel at the bottom of the form is then executed by the FHA Comptroller, and copies are returned to the transferee and transferor.

1004. If any of the data in Form 2080 is omitted, incomplete, or incorrect, the transfer must necessarily be withheld from processing until the form can be completed or corrected by correspondence with the mortgagees involved.

1005. Unless Form 2080 is received by the FHA more than 60 days before the due date of the next annual premium, its processing will not be in time to alter the directions of the premium notice for that year. Hence, the premium notice will be received by the transferor who should then redirect it to the transferee and report the redirection either by letter or on the premium reconcilement form.

EXHIBIT 7—Front

Budget Bureau No. 63-R300.
Approval expires 3-31-47.

FHA Form No. 2080
(Revised 9-1-45)

Execute in quadruplicate

FEDERAL HOUSING ADMINISTRATION

NOTICE OF TRANSFER BY TRANSFEROR AND TRANSFEREE

(Under Regulations for Mortgage Insurance under Sections 203 and 603 of the National Housing Act)

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C.

RE: FHA Contract of Insurance No. ____________________

Name of Mortgagor ____________________

Original amount of loan, $____________________

Address of property ____________________
(Street) (City) (State)

____________________ *Transferor.*

____________________ (Street address)

____________________ (City) (State)

By ____________________ (Signature and title)

Maturity date of mortgage:

____________________ (Month) (Year)

The instruments insured under the above Contract of Insurance have been duly transferred by the above-named Transferor to the undersigned Transferee.

It is the understanding of the Transferor and the Transferee that the Transferee hereby succeeds to all the rights and assumes all the obligations of the Transferor under said Contract of Insurance and that upon receipt of this notice by the Federal Housing Administration, the Transferor shall thereupon be released from its obligations under said Contract of Insurance pursuant to the Regulations of the Commissioner.

____________________ *Transferee.*

____________________ (Street address)

____________________ (City) (State)

By ____________________ (Signature and title)

____________________ (Date notice executed by Transferor)

____________________ (Date notice executed by Transferee)

____________________ (Date of transfer, acceptance of instruments by Transferee)

Until further notice send bills for annual mortgage insurance premiums to—

____

____

Receipt of original of this notice is hereby acknowledged.

Dated ____________________, 194__

FEDERAL HOUSING ADMINISTRATION,

By ____________________ *Comptroller.*

(After execution by both parties, original and three copies to be sent to Comptroller of Federal Housing Administration, Washington, D. C., who will acknowledge and return copy to each party.)

16—15334-8

EXHIBIT 7—Back

INSTRUCTIONS REGARDING THE EXECUTION OF NOTICE OF TRANSFER BY TRANSFEROR AND TRANSFEREE

The instructions set forth below are designed to assist mortgagees in meeting their responsibility to report transfers of insured mortgages under the provisions of paragraph 1, Article VII of the Section 203 regulations and paragraph 1, Article VI of the Section 603 regulations. The forms must be completely executed by the Transferor and Transferee in accordance with the instructions set out below and submitted (in QUADRUPLICATE) to the Comptroller, Federal Housing Administration, Washington, D. C., within thirty (30) days after the transfer of the insured loan. Upon completion of the necessary changes in the records of the Administration an acknowledged copy will be returned to each party.

No. 1.—Insert on the first line the contract of insurance number which appears in the endorsement panel on the reverse side of the credit instrument.

No. 2.—Insert on the second line the names of the mortgagors. If there has been a substitution of mortgagors the names of all concerned should be inserted and identified.

No. 3.—Insert on the third line the original principal amount of the loan.

No. 4.—Insert on the fourth line the address of the property.

No. 5.—Insert on the fifth line the name of the approved institution by which the insured documents have been transferred.

No. 6.—Insert on the sixth and seventh lines the full address of the Transferor.

No. 7.—The signature and title of the officer of the institution should be inserted on the next line. (Rubber stamps may be used if desired.)

No. 8.—Insert on the ninth line the name of the approved institution to which the insured documents have been transferred.

No. 9.—Insert on the tenth and eleventh lines the full address of the Transferee.

No. 10.—The signature and title of the officer of the institution should be inserted on the next line. (Rubber stamps may be used if desired.)

No. 11.—The dates of execution of the instrument by the Transferor and Transferee should be inserted on the lines provided therefor and the date of transfer (acceptance of the instruments by the Transferee) should be inserted on the line provided.

No. 12.—Insert on the next two lines the name of the institution to which mortgage insurance premium notices are to be forwarded, indicating the street, city, and State address.

Article VII, paragraph 1 of the Section 203 Regulations and Article VI, paragraph 1 of the Section 603 Regulations provide as follows:

> "When the insured mortgage is transferred to another approved mortgagee, such transferor and transferee shall both notify the Commissioner of such transfer within thirty (30) days thereof, and the transferee shall thereupon succeed to all the rights and become bound by all the obligations of the transferor under the contract of insurance; and the transferor shall thereupon be released from its obligations under the contract of insurance.
>
> "Whenever the insured mortgage is transferred to another approved mortgagee for the purposes of collateral only, no notice need be given to the Commissioner until such collateral is foreclosed, but the transferor shall remain subject to all the obligations of the contract of insurance."

XI. PROCEDURES AFTER DEFAULT

1101. All approved mortgagees are required to service insured mortgages in accordance with practices acceptable to prudent lending institutions. It is expected that in the event of default the mortgagee will be able to communicate readily with the mortgagor and will exercise diligence in attempting to obtain payment in accordance with the terms of the mortgage. The assistance of the FHA field office may be requested in reinstating the mortgage. Proper servicing of the mortgage is, of course, the responsibility of the mortgagee and is not a function to be assumed by the FHA, but FHA field offices are ready to aid mortgagees and mortgagors in developing mutually satisfactory solutions of difficult cases.

1102. In the event of default, the mortgagee, or its servicing agent, is to notify the Washington office of the FHA by filing Form 2068, Notice of Default Status. The form is largely self-explanatory, and instructions on the reverse side of the form assure its easy completion. The first notice is to be filed 60 days after default occurs, which is 30 days after the date the delinquent payment is due, provided no payment has been made in the meantime. Thereafter, so long as a mortgage remains in default, Form 2068 is to be filed every 60 days. If the mortgage is reinstated, after notice of default has been filed, notification should be made by filing a report on Form 2068. A report should be filed at the time foreclosure is instituted, and no subsequent report is required until the default may be cured, the foreclosure suspended, or foreclosure proceedings have been completed. In the event of a foreclosure sale, prompt notification should be made by submitting Form 2068.

1103. When a mortgagee, after failing to cure default, acquires title to the property securing a mortgage insured under sections 203 or 603 of the National Housing Act, it will offer it to the Commissioner within 30 days thereafter.

1104. If the mortgagee, after acquiring title, notifies the Commissioner in writing that it wishes to waive its rights, the contract of insurance is promptly terminated, and the mortgagee's obligation to pay any subsequent mortgage insurance premiums thereupon ceases.

1105. Where the mortgagee advises that it wishes to tender the property in exchange for debentures, the Legal Division of the FHA immediately forwards the necessary forms with a letter of instructions for the proper execution of the documents and the procedure to be followed to effect the conveyance of title to the Commissioner.

1106. Among the various documents to be prepared is the Application for Debentures and Certificate of Claim.

1107. If the notice from the mortgagee of its intention to tender the property in exchange for debentures involves a single property or several properties which were insured under various regulations and were foreclosed or otherwise acquired on different dates, FHA Form 2205, Application for Debentures and Certificate of Claim, in triplicate, must be submitted for each individual property tendered. This form, forwarded by the Legal Division to mortgagees, is illustrated at the end of this section. (Exhibit 8.)

1108. When the mortgagee advises that five or more properties are to be tendered and that they were all insured under the same regulations and were foreclosed or otherwise acquired on the same date, the Application for Debentures and Certificate of Claim forwarded by the Legal Division to the mortgagee will be FHA Form 2205A and schedules C and D, illustrated at the end of this section. (Exhibits 9, 10, and 11.) For less than five similar cases, individual Forms 2205 should be submitted.

1109. Schedules C and D were designed to provide the same data with respect to each individual property that is required in FHA Form 2205 except that in schedule form as many as from 5 to 25 properties can be entered in the two schedules. If a larger number of properties are involved, additional schedules C and D may be used. The totals are then carried to FHA Form 2205A so that the mortgagee can submit its Application for Debentures and Certificate of Claim on a large group of properties expeditiously and avoid the paper work involved in the preparation of Form 2205 for each individual property.

1110. The preparation of the Application for Debentures and Certificate of Claim is comparatively simple as both types are practically self-explanatory and include captions which clearly state the information to be inserted. However, experience in handling claims for debentures indicates that three items in the form frequently raise questions which require correspondence with the mortgagee to reconcile, entailing delay in the audit of claims.

1111. The first of these is item (*d*) in section I relating to the escrow balances. The escrow funds for taxes and hazard insurance are established at the time of closing an insured mortgage in practically the same manner described in Section VII of this handbook for establishing the escrow for mortgage insurance premium. The insured mortgage provides for equal monthly payments, thereafter, which will enable the mortgagee to accrue sufficient funds to pay the taxes and hazard insurance one month prior to the delinquent date as provided in the mortgage with any deficiency to be made up by the mortgagor. As tax rates and insurance premiums change from time to time, the monthly payment to the escrow accounts should be adjusted to correspond.

1112. When a claim for debentures is filed, the latest adjusted monthly payments to escrow should be reported in section I (*d*) under "Monthly escrow rate." The balances entered in section I (*d*) (1), (2), and (3) should represent the difference between the total amount allocated to such escrow accounts during the life of the loan and the total disbursements made therefrom as of the date of the last complete instalment paid by the mortgagor prior to foreclosure. The FHA audit of the escrow balances reported in claims for debentures may disclose deficiencies which must be reconciled with the mortgagee before the claim is adjudicated. It should be noted that payments of taxes, premium or hazard insurance after default, which would be entered under I (*b*), shall not serve to reduce the figures for escrow at date of default, which should appear intact under I (*d*)-1, 2, and 3. To avoid correspondence and expedite consideration of its claim, the mortgagee should accompany its claim with a letter of explanation whenever there are deficiencies in the escrow balances.

1113. In item (*f*) (1) in section I, the gross amount of any payment or any balance (which remains after proper distributions to escrow, interest and principal—in complete monthly payment multiples—and which distributions will have advanced the "date" of default correspondingly) received between the original date of default and date foreclosure was instituted or the property otherwise acquired is to be entered. In reporting such payments mortgagees frequently insert only the net amount after deducting interest. Such application is contrary to the provision of the regulations which requires that funds received on account of the mortgage be applied, in order, to mortgage insurance, taxes, hazard insurance, interest, and principal. Unless payments are applied in such manner, the result may be an overstatement of the mortgagee's claim. Further, the date of receipt governs allocation of any I (*f*) collection. In the case of rent, if received by mortgagee or agent before foreclosure, it will be entered under I (*f*) (1); if received after foreclosure, it will be entered under I (*f*) (2). Do not prorate between (1) and (2) if rent period overlaps foreclosure date.

1114. Other items requiring clarification are items (*c*) section I and (*a*) section II covering foreclosure costs which are allowable in the debenture settlement under section I (*c*) of the application if the property was accepted for insurance under section 203 (*b*) (2) (B) and section 603 of the National Housing Act, and the unpaid principal balance as of the date foreclosure proceedings were instituted exceeded 80 percent of the appraised value of the property when accepted for insurance. If these provisions can be met, foreclosure costs actually expended and approved by the Commissioner are allowable in the debenture settlement up to 2 percent of the unpaid principal balance but not in excess of $75, or (in case of section 603 only) not in excess of two-thirds of the costs actually expended, whichever is the greater. In all instances the mortgagee should submit an itemized statement of the costs and all available receipts. The excess of the total foreclosure expenditures over the debenture allowance under I (*c*) will be entered under II (*a*).

1115. Items (*e*) section I and (*b*) and (*c*–2) section II in all cases and in some instances (*f*–2) section I of the Application for Debentures and Certificate of Claim are to be left blank when the claim is initially filed at the time the property is tendered to the Commissioner, as they involve data required in the calculation of the amounts of the debentures and certificates of claim which are not available until later when the date of acceptance of the property by the Commissioner is fixed. The forms for these data and the manner of submitting them will be described later.

1116. The mortgagee must submit, at the time it tenders the property to the Commissioner, full and complete tax information on each piece of property to be conveyed. This includes the various kinds of taxes assessed, the amount of the taxes last paid, the tax year, the dates payable, the penalty dates, and to whom payable. This information is used in reconciling the mortgagee's claim and to set up the accruals for the taxes next due and payable by the Commissioner after title is conveyed to him.

1117. To facilitate the submission of these data, the mortgagee is furnished copies of schedule A, Schedule of Tax Information, illustrated at the end of this section. (Exhibit 12.) This form has been designed to be used either with FHA Form 2205 when a single property is being tendered or with FHA Form 2205A and schedules C and D when a group of properties is being simultaneously tendered.

1118. A tender of a property or properties requires the submission of the following:

(*a*) Application for Debentures and Certificate of Claim.

(1) FHA Form 2205 if a single property, or

(2) FHA Form 2205A and schedules C and D if a group of properties.

(*b*) Receipts to cover all disbursements made for taxes, hazard insurance, and foreclosure costs shown in the application.

(*c*) Schedule A, Schedule of Tax Information.

(*d*) Assignment of Claim, FHA Form 2294 (if any).

(*e*) Copy of the Proposed Deed to the Commissioner.

(*f*) Resolution of Board of Directors.

(*g*) Title evidence showing title in the mortgagee.

When the foregoing documents and information have been prepared and executed in accordance with the instructions forwarded to the mortgagee, they should be forwarded to the FHA, Washington 25, D. C., Attention: Legal Division.

1119. Upon receipt by the FHA the documents are examined to determine that the claim is in order, that the required documents are in proper form, that title evidence is satisfactory, and that the property is acceptable to the Commissioner. As soon as this determination is made, the title papers are returned to the mortgagee or its attorney with advice as to the date on which title to and possession of the property will be accepted and setting out any additional requirements (if any).

1120. The last step to accomplish actual conveyance of the property is the submission of final title evidence executed as of a date to include the recordation of the deed to the Commissioner, showing that according to the public records there are not, at such date, any outstanding liens, including any past due and unpaid ground rents, general taxes, or special assessments. Where more than one property is being conveyed, separate title evidence is required in each case.

1121. As soon as possible after title to the property is acquired by the Commissioner, the mortgagee should submit the additional data required to complete its claim. This includes reporting for the period between the date of the commencement of foreclosure (or acquisition otherwise) and the date of conveyance of the property to the Commissioner, any income from rent or other sources collected, any expenses incurred, and any disbursements made during the same period, if not previously reported on FHA Form 2205 or 2205A, and any refund received from the cancellation of the hazard insurance in connection with the property conveyed.

1122. To facilitate the submission of these data, schedule B, Schedule of Rental Accounting, and schedule E, Miscellaneous Disbursements and Refunds, illustrated at the end of this section (Exhibits 13 and 14), are furnished by the FHA. Both of these forms were designed in schedule form to be used either to report the data on a single property if claim was previously filed on FHA Form 2205 or to report the data on a group of properties if claim was previously filed on FHA Form 2205A.

1123. In preparing schedule B, it is particularly important that the rental period from the date of occupancy to the date vacated be accurately reported. If rents were not collected for the whole period of occupancy, the unpaid amount and the period covered should be entered in the columns provided, and the schedule should be accompanied by a separate assignment of such uncollected rents to the Commissioner, identified by FHA case number. If occupancy was covered by a written lease, the lease should be similarly identified and assigned to the Commissioner.

1124. It is also important that all expenses incurred in handling the property during the period from foreclosure or acquisition otherwise to the date the property is accepted by the Commissioner, reported in schedule B, be supported by receipts identified by FHA case number.

1125. Any other disbursements made by the mortgagee since it filed application FHA Form 2205 or 2205A should be entered in schedule E, as well as any costs incurred in conveying title to the Commissioner, such as recording fees, revenue stamps, and title evidence. The refund received or to which the mortgagee is entitled by reason of the cancellation of the hazard insurance policies as of the date of acceptance by the Commissioner should also be shown in schedule E, together with the amount of each policy and the names and addresses of the insurance company and the insurance agent.

1126. When schedules B and E have been completed, they should be submitted together with final title evidence to the FHA as soon as possible. To expedite the audit and issuance of the debentures and certificates of claim, care should be exercised to see that they are accompanied by all required receipts. Where the schedules cover a group of properties, it is especially important that all receipts be identified by each FHA case number.

1127. Numerous inquiries have been raised and some misunderstandings exist concerning the amount of defaulted interest due the mortgagee in its claim. Inasmuch as debentures are dated as of the date foreclosure was instituted (or the property otherwise acquired), any interest which accrued under the mortgage up to such date which the mortgagee did not collect is allowed in the certificate of claim at the full rate provided in the mortgage. Interest for the period from the date foreclosure was instituted (or the property otherwise acquired) to the date of acceptance by the Commissioner is also included in the certificate of claim but only at a rate for the difference between the mortgage rate and the debenture rate.

1128. While interest is due under the mortgage on the first day of each month, the interest accrues on the unpaid balance during the preceding monthly period and, therefore, may not be applied in advance. Defaulted interest is allowed in the certificate of claim as indicated above. For this reason, mortgagees should report the full amount of any payments received on account of the mortgage as directed above in (*f*) (1) section I of FHA Form 2205 or 2205A. If mortgagees deduct interest and report only the net amount, their claim may be overstated. Any earned interest due the mortgagee, included in (*f*) (1), will be deducted from (*f*) (1) in the FHA audit.

1129. An administrative audit sheet showing the amounts of the debentures and certificate of claim to be issued by the Treasury Department is forwarded to the mortgagee after completion of the audit (Exhibits 15 and 16). Although each case is covered by a separate contract and settled individually, when application is made on a group of properties insured under the same regulations and foreclosed or acquired otherwise on the same date, the FHA will, upon request, issue debentures in the largest denominations possible for the aggregate total amount to be settled.

1130. The Federal Housing Administration wishes to expedite audit of claims and issuance of debentures and certificates of claim. Mortgagees can assist in the prompt handling of claims by carefully preparing forms and following procedures outlined herein.

EXHIBIT 8

FHA Form 2205
(Revised 7-1-45)

Budget Bureau No. 63-R057.1
Approval Expires 12-31-46

APPLICATION FOR DEBENTURES AND CERTIFICATE OF CLAIM UNDER ☐ SECTION 204 OF TITLE II, ☐ SECTION 604 OF TITLE VI, NATIONAL HOUSING ACT, AND OFFER OF CONVEYANCE OF CERTAIN PROPERTY TO THE COMMISSIONER

Applicant CITY NATIONAL BANK

Address Wayne, Michigan

Date 8-9-45

FEDERAL HOUSING COMMISSIONER,
WASHINGTON, D. C.

SIR:

There is submitted herewith a claim for Debentures and Certificate of Claim in connection with the mortgage insured under ☒ Title II, ☐ Title VI, of the National Housing Act as amended: together with the required supporting information and receipts. It is understood that the aggregate principal amount in which debentures and cash shall be issued will be the sum of items (a), (b), and (c), less the sum of items (d), (e), and (f) as shown below:

Case No. 26-042651 Mortgagors John and Mary Smith
(Record owner at beginning of foreclosure or acquisition otherwise)

Location of Property 65 Green Street (Street and Number) Wayne, Michigan (City) (State)

Due date of last complete installment paid 11-1-44 Interest collected to 11-1-44

Date foreclosure proceedings instituted 5-9-45

Date property acquired by mortgagee 7-6-45 by foreclosure ☒ otherwise acquired ☐

Was mortgage foreclosed by Court action? ______ Was personal judgment obtained? ______

Has deficiency judgment been obtained by separate action? ______ If not, can one be obtained? ______

If obtained, state amount $ ______ Caption of case and No. ______

Court ______

SECTION I. - DEBENTURES

(a) The principal amount of the mortgage indebtedness outstanding and unpaid as of the due date of the last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise. . . . . $ 5,035.13

(b) Payments made by the mortgagee since the above date for:
- (1) Mortgage Insurance Premium 23.88
- (2) Taxes, ground rents, special assessments, and water rates which are liens prior to the mortgage (Submit Receipts) 89.90
- (3) Hazard Insurance (Submit Receipts). 21.92

(c) Amount of foreclosure costs allowable if mortgage was insured under Section 203 (b) (2) (B) or Section 603 of the NHA, as amended. (Submit Receipts) 75.00

Gross Claim . . . $ 5,245.83

DEDUCTIONS

(d) Escrow balances on hand as of due date of last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise:

(Monthly escrow rate)
- (1) Mortgage Insurance Premiums . . . . ($ 2.04) $ 12.24
- (2) Taxes, ground rents, special assessments and water rates (7.48) 40.88
- (3) Hazard Insurance. . . . . (1.83) 16.47

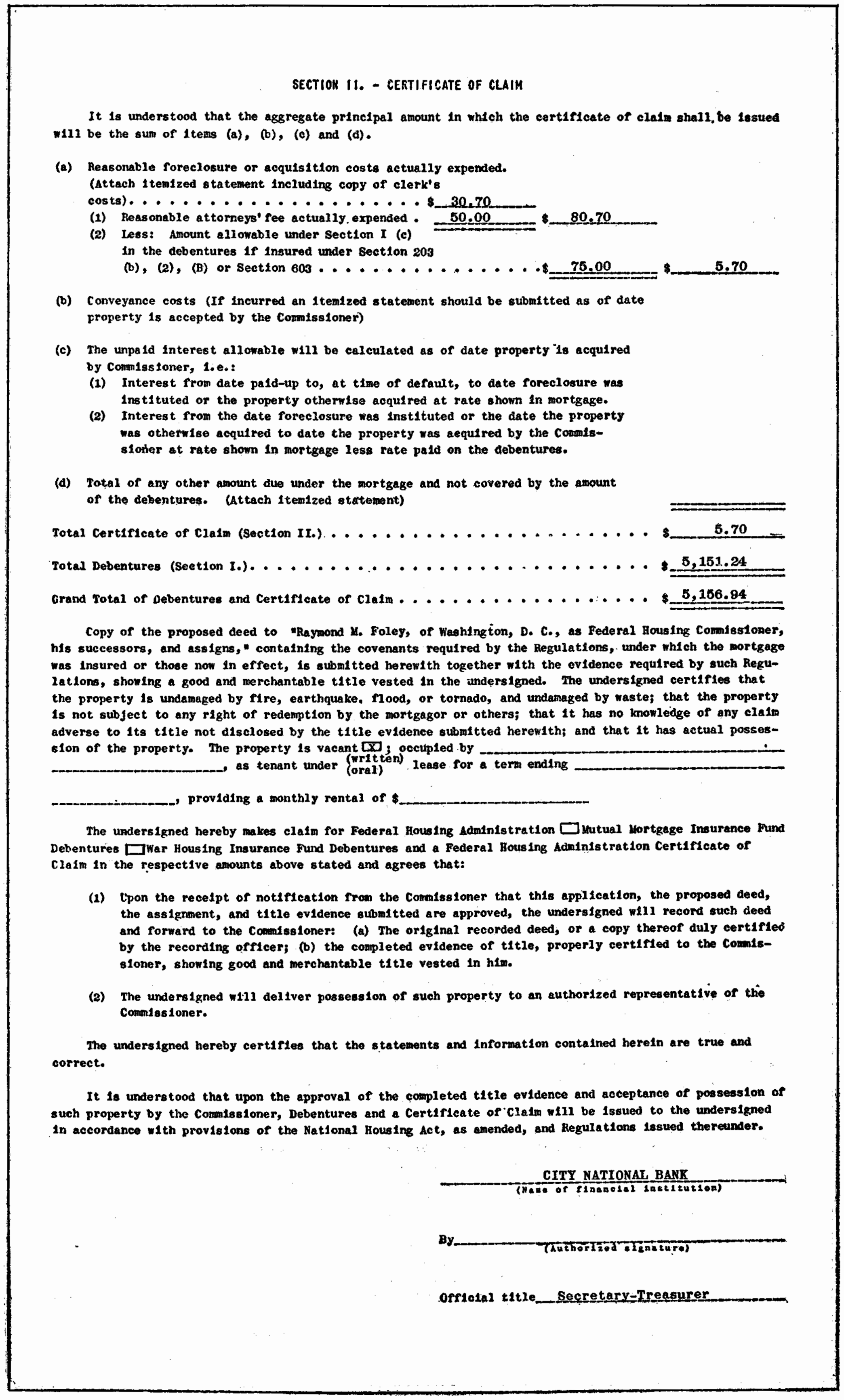
(e) The amount of unearned premiums due mortgagee from cancelation of hazard insurance policies on the property. (This information should be submitted later and as of the date the Commissioner accepts title to the property.)

(f) Total Income:
- (1) Any partial payment received on account of the mortgage between date of default and date foreclosure was instituted or the property otherwise acquired. (This sum will be allocated by FHA to the various items making up the monthly payment in the order set forth in the mortgage.) . . . 25.00
- (2) Amount received since institution of foreclosure proceedings or acquisition otherwise (If rental income is received Schedule "B" showing all income and expense should be submitted later and as of the date the Commissioner accepts the property. . . . .

Total Deductions . . . $ 94.59

5,151.24

EXHIBIT 8—Continued



SECTION II. - CERTIFICATE OF CLAIM

It is understood that the aggregate principal amount in which the certificate of claim shall be issued will be the sum of items (a), (b), (c) and (d).

(a) Reasonable foreclosure or acquisition costs actually expended. (Attach itemized statement including copy of clerk's costs). . . . . $ 30.70
  (1) Reasonable attorneys' fee actually expended . 50.00 $ 80.70
  (2) Less: Amount allowable under Section I (c) in the debentures if insured under Section 203 (b), (2), (B) or Section 603 . . . . $ 75.00 $ 5.70

(b) Conveyance costs (If incurred an itemized statement should be submitted as of date property is accepted by the Commissioner)

(c) The unpaid interest allowable will be calculated as of date property is acquired by Commissioner, i.e.:
  (1) Interest from date paid-up to, at time of default, to date foreclosure was instituted or the property otherwise acquired at rate shown in mortgage.
  (2) Interest from the date foreclosure was instituted or the date the property was otherwise acquired to date the property was acquired by the Commissioner at rate shown in mortgage less rate paid on the debentures.

(d) Total of any other amount due under the mortgage and not covered by the amount of the debentures. (Attach itemized statement)

Total Certificate of Claim (Section II.) . . . . $ 5.70

Total Debentures (Section I.) . . . . $ 5,151.24

Grand Total of Debentures and Certificate of Claim . . . . $ 5,156.94

Copy of the proposed deed to "Raymond M. Foley, of Washington, D. C., as Federal Housing Commissioner, his successors, and assigns," containing the covenants required by the Regulations, under which the mortgage was insured or those now in effect, is submitted herewith together with the evidence required by such Regulations, showing a good and merchantable title vested in the undersigned. The undersigned certifies that the property is undamaged by fire, earthquake, flood, or tornado, and undamaged by waste; that the property is not subject to any right of redemption by the mortgagor or others; that it has no knowledge of any claim adverse to its title not disclosed by the title evidence submitted herewith; and that it has actual possession of the property. The property is vacant ☒; occupied by ______________________________, as tenant under (written) (oral) lease for a term ending ______________________________, providing a monthly rental of $______________________

The undersigned hereby makes claim for Federal Housing Administration ☐ Mutual Mortgage Insurance Fund Debentures ☐ War Housing Insurance Fund Debentures and a Federal Housing Administration Certificate of Claim in the respective amounts above stated and agrees that:

(1) Upon the receipt of notification from the Commissioner that this application, the proposed deed, the assignment, and title evidence submitted are approved, the undersigned will record such deed and forward to the Commissioner: (a) The original recorded deed, or a copy thereof duly certified by the recording officer; (b) the completed evidence of title, properly certified to the Commissioner, showing good and merchantable title vested in him.

(2) The undersigned will deliver possession of such property to an authorized representative of the Commissioner.

The undersigned hereby certifies that the statements and information contained herein are true and correct.

It is understood that upon the approval of the completed title evidence and acceptance of possession of such property by the Commissioner, Debentures and a Certificate of Claim will be issued to the undersigned in accordance with provisions of the National Housing Act, as amended, and Regulations issued thereunder.

CITY NATIONAL BANK
(Name of financial institution)

By______________________________
(Authorized signature)

Official title Secretary-Treasurer

EXHIBIT 9

FHA Form 2205-A

Budget Bureau No. 63-R308
Approval Expires 12-31-46

APPLICATION FOR DEBENTURES AND CERTIFICATES OF CLAIM UNDER SECTION 604 OF TITLE VI, NATIONAL HOUSING ACT, AND OFFER OF CONVEYANCE OF CERTAIN PROPERTY TO THE COMMISSIONER

Applicant GRANT STATE BANK

FEDERAL HOUSING COMMISSIONER,
WASHINGTON, D. C.

Address Hartford, Connecticut

Date 1/25/45

SIR:

There is submitted herewith a claim for Debentures and Certificates of Claim in connection with the mortgages covered by the cases listed on Schedule C attached; together with the required supporting information and receipts. It is understood that the aggregate principal amount in which debentures and cash shall be issued will be the sum of items (a), (b), and (c), less the sum of items (d), (e), and (f) as shown below:

Case No. 606-07572 and (9) others.

Mortgagors Eastern Construction Company
(Record owner at beginning of foreclosure or acquisition otherwise)

Location of Property Hartford, Connecticut
(City) (State)

Date foreclosure proceedings instituted 10-23-44

Date property acquired by mortgagee 12-1-44 by foreclosure ☒ otherwise acquired ☐

Were mortgages foreclosed by Court action? No Were personal judgments obtained? No

Have deficiency judgments been obtained by separate action? No If not, can such be obtained? ____

If obtained, state amount $____ Caption of case and No. ____

Court ____

SECTION I. - DEBENTURES

(a) The total principal amount of the mortgage indebtedness outstanding and unpaid as of the due date of the last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise. (Total of column 2 Schedule C attached).	$ 45,916.80
(b) Total payments made by the mortgagee since the above date (See Schedule D attached).	
(1) Mortgage Insurance Premium (Total of column 2 Schedule D)	None
(2) Taxes, ground rents, special assessments, and water rates which are liens prior to the mortgage (Total of column 8 Schedule D)	771.99
(3) Hazard Insurance, (Total of column 9 Schedule D).	96.64
(c) Total amount of foreclosure costs allowable under Section 604 of the NHA, as amended (Total of column 13 Schedule D)	750.00
Gross Claim . . .	$ 47,535.43

DEDUCTIONS

(d) Total escrow balances on hand as of the due date of the last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise (See Schedule C attached)	
(1) Mortgage Insurance Premiums (Total of column 5 Schedule C)	$ 37.00
(2) Taxes, ground rents, special assessments and water rates (Total of column 7 Schedule C)	123.32
(3) Hazard Insurance (Total of column 9 Schedule C).	81.72
(e) The amount of unearned premiums due mortgagee from cancelation of hazard insurance policies on the property. (This information should be submitted later and as of the date the Commissioner accepts title to the property.)	
(f) Total Income:	
(1) Partial payments, received on account of the mortgages between date of default and date foreclosure was instituted or the property otherwise acquired, to be allocated by FHA to the various items making up the monthly payment in the order set forth in the mortgage. (Total of column 10 Schedule C.)	
(2) Amount received since institution of foreclosure proceedings or acquisition otherwise (If rental income is received Schedule B showing income and expense should be submitted later and as of the date the Commissioner accepts the property)	
Total Deductions . . .	$ 242.04 -
	47,293.39

EXHIBIT 9—Continued

SECTION II. - CERTIFICATES OF CLAIM

It is understood that the aggregate principal amount in which the certificates of claim shall be issued will be the sum of items (a), (b), (c) and (d).

(a) Total reasonable foreclosure or acquisition costs actually expended. (Attach itemized statement including copy of clerk's costs to support total of column 10 Schedule D). . . . .$ 333.70

(1) Reasonable attorneys fee actually expended (Total of column 11 Schedule D). . . . . . . 500.00 $ 833.70

(2) Less: Amount allowable under Section I (c) in the debentures (Total of column 13 Schedule D). . $ 750.00 $ 83.70

(b) Total conveyance costs (If incurred an itemized statement should be submitted as of date property is accepted by the Commissioner)

(c) Total unpaid interest allowable will be calculated as of date property is acquired by Commissioner, i.e.:

(1) Interest from date paid-up to, at time of default, to date foreclosure was instituted or the property otherwise acquired at the rate shown in the mortgage.

(2) Interest from the date foreclosure was instituted or the date the property was otherwise acquired to date the property was acquired by the Commissioner at rate shown in the mortgage less the rate paid on the debentures.

(d) Total of any other amount due under the mortgages and not covered by the amount of the debentures. (Total of column 15 Schedule D). . . . .

Total Certificates of Claim (Section II.). . . . . $ 83.70

Total Debentures (Section I.) . . . . $ 47,293.39

Grand total of Debentures and Certificates of Claim. . . . . $ 47,377.09

Copy of the proposed deed or deeds to "Raymond M. Foley, of Washington, D. C., as Federal Housing Commissioner, his successors, and assigns," containing the covenants required by the regulations, under which the mortgages were insured or those now in effect, submitted herewith together with the evidence required by such Regulations, showing a good and merchantable title vested in the undersigned. The undersigned certifies that the property is undamaged by fire, earthquake, flood, or tornado, and undamaged by waste; that the property is not subject to any right of redemption by the mortgagor or others; that it has no knowledge of any claim adverse to its title not disclosed by the title evidence submitted herewith; and that it has actual possession of the property.

The undersigned hereby makes claim for Federal Housing Administration War Housing Insurance Fund Debentures and Federal Housing Administration Certificates of Claim in the respective amounts above stated and agrees that:

(1) Upon the receipt of notification from the Commissioner that this application, the proposed deed or deeds, the assignments and title evidence submitted are approved, the undersigned will record such deed or deeds and forward to the Commissioner: (a) The original recorded deed or deeds or a copy thereof duly certified by the recording officer; (b) the completed evidence of title, properly certified to the Commissioner, showing good and merchantable title vested in him.

(2) The undersigned will deliver possession of such property to an authorized representative of the Commissioner.

The undersigned hereby certifies that the statements and information contained herein are true and correct.

It is understood that upon the approval of the completed title evidence and acceptance of possession of such property by the Commissioner, debentures and certificates of claim will be issued to the undersigned in accordance with provisions of the National Housing Act, as amended, and Regulations issued thereunder.

GRANT STATE BANK
(Name of financial institution)

By____________________
(Authorized signature)

Official title Treasurer

EXHIBIT 10

SUBMIT IN TRIPLICATE
WITH FORM 2205-A

SCHEDULE OF MORTGAGOR'S ACCOUNT

Budget Bureau No. 63-R308
Approval Expires 12-31-46

SCHEDULE C
PAGE ______

The undersigned hereby certifies this statement represents the condition of the mortgagor's account as of the due date of the last complete installment paid and any partial payment received prior to the institution of foreclosure or acquisition of the property otherwise, which was not sufficient to apply to all the various items making up the complete monthly payment.

Mortgagee GRANT STATE BANK

MORTGAGOR Eastern Construction Company CITY Hartford STATE Connecticut BY ______ DATE 1/26/46

FHA CASE NUMBER	UNPAID PRINCIPAL	INTEREST PAID TO:	ESCROW FUNDS ON HAND						PARTIAL PAYMENT RECEIVED PRIOR TO INSTITUTION OF FORECLOSURE OR ACQUISITION OTHERWISE (INCLUDING ANY EARNED INTEREST).	PROPERTY TENANT-OCCUPIED		
			MONTHLY RATE	MORTGAGE INSURANCE	MONTHLY RATE	TAXES, GROUND RENTS & SPEC. ASSESSMENTS	MONTHLY RATE	HAZARD INSURANCE		MONTHLY RENTAL	ORAL OR WRITTEN LEASE	NAME OF TENANT
1	2	3	4	5	6	7	8	9	10	11	12	13
606-07572	4,392.04	8-1-44	1.77	3.54	5.79	11.58	1.00	9.72		42.50	Oral	Joseph Brown
07573	"	"	"	"	"	"	"	"				Vacant
07691	4,641.59	"	1.87	3.74	6.26	12.52	"	10.20				"
07692	"	"	"	"	"	"	"	7.44		42.50	Oral	David Jones
07694	"	"	"	"	"	"	"	"				Vacant
07695	"	"	"	"	"	"	"	"				"
07696	"	"	"	"	"	"	"	"				"
07697	"	"	"	"	"	"	"	"				"
07698	"	"	"	"	"	"	"	"				"
07704	"	"	"	"	"	"	"	"				"
	45,916.80			37.00		123.32		81.72				

EXHIBIT 11

SUBMIT IN TRIPLICATE
WITH FORM 2205-A

SCHEDULE OF DISBURSEMENTS

Budget Bureau No. 63-R309
Approval Expires 12-31-46

SCHEDULE D
PAGE______

The undersigned hereby certifies this statement represents an accurate accounting of all disbursements made subsequent to the due date of the last complete installment paid and shown on form 2205-A. Receipts are herewith submitted to cover all disbursements made. (Additional disbursements made including expenses incurred in handling rented properties should be submitted later and as of the date the Commissioner accepts the property.)

Mortgagee GRANT STATE BANK

MORTGAGOR Eastern Construction Company CITY Hartford STATE Connecticut BY______ DATE 1/25/45

FHA CASE NUMBER	MORTGAGE INSURANCE	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS, ETC.						HAZARD INSURANCE	FORECLOSURE OR ACQUISITION COSTS			PORTION OF COSTS ALLOWABLE IN DEBENTURES	BALANCE OF COSTS IN CERTIFICATE OF CLAIM	MISCELLANEOUS
		CITY	COUNTY	STATE	SPECIAL ASSESSMENTS	MISCELLANEOUS	TOTAL		COURT COSTS (Itemize on Sep. Sheet)	ATTORNEY FEES	TOTAL COSTS			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
606-07572		69.48				9.06	78.54	9.24	33.37	50.00	83.37	75.00	8.37	
07573		"				1.22	70.70	"	"	"	"	"	"	
07691		75.12				6.05	81.17	9.77	"	"	"	"	"	
07692		"				7.85	82.97	"	"	"	"	"	"	
07694		"				--	75.12	"	"	"	"	"	"	
07695		"				2.43	77.55	"	"	"	"	"	"	
07696		"				4.24	79.36	"	"	"	"	"	"	
07697		"				1.22	76.34	"	"	"	"	"	"	
07698		"				--	75.12	"	"	"	"	"	"	
.07704		"				--	"	"	"	"	"	"	"	
		739.92				32.07	771.99	96.64	333.70	500.00	833.70	750.00	83.70	

EXHIBIT 12

SUBMIT IN TRIPLICATE

SCHEDULE OF TAX INFORMATION

Budget Bureau No. 63-R306
Approval Expires 12-31-46

SCHEDULE A
PAGE______

This is to certify that the information furnished herein has been obtained from reliable sources and that it covers all taxes, ground rents, special assessments and water rates which are liens against the property described below:

Mortgagee GRANT STATE BANK

MORTGAGOR Eastern Construction Company

BY ______

PROPERTY LOCATION: CITY Hartford COUNTY Hartford STATE Connecticut DATE 1/25/45

KIND OF TAX OR ASSESSMENT	TAX YEAR		PAID-QUARTERLY SEMI-ANNUALLY OR ANNUALLY	DATES PAYABLE								OFFICIAL TO WHOM PAYABLE	
	FROM	TO		DUE DATE				PENALTY DATE				TITLE	ADDRESS
	MO DA YR	MO DA YR		MO DA YR	MO DA YR	MO DA YR	MO DA YR	MO DA YR	MO DA YR	MO DA YR	MO DA YR		
City	1-1-45	1-1-46	Semi-Annually	1-1		7-1		2-1		8-1		Tax Collector	City & County Building Hartford, Connecticut.

THE ABOVE INFORMATION APPLIES TO THE FOLLOWING CASES:

FHA CASE NUMBER	LOT, BLOCK, STREET AND NUMBER	TAX YEAR	AMOUNT OF TAXES LAST PAID						DATE LAST PAID	DATE PAID TO
			CITY	COUNTY	STATE	SPECIAL ASSESSMENTS				
606-07572	Lot 61, Southernridge Drive	1945	69.48						1-6-45	7-1-45
07573	" 62, " "	"	"							
07691	" 8, " "	"	75.12							
07692	" 1, White Spring Road	"	"							
07694	" 3, " "	"	"							
07695	" 4, " "	"	"							
07696	" 5, " "	"	"							
07697	" 6, " "	"	"							
07698	" 7, " "	"	"							
07704	" 69, " "	"	"							

EXHIBIT 13

SUBMIT IN TRIPLICATE

SCHEDULE OF RENTAL ACCOUNTING

Budget Bureau No. 63-R307
Approval Expires 12-31-46

SCHEDULE B
PAGE________

The undersigned hereby certifies that this statement represents an accurate accounting of all income received and disbursements made between the date foreclosure proceedings were instituted or the property otherwise acquired and the date the property was accepted by the Commissioner. Receipts are herewith submitted to cover all disbursements made and an assignment is attached covering the rent due and unpaid.

Mortgagee GRANT STATE BANK

MORTGAGOR Eastern Construction Company CITY Hartford STATE Connecticut BY ________ DATE 5/5/45

FHA CASE NUMBER	STREET ADDRESS	RENTAL UNIT	NAME OF TENANT OR VACANT	MONTHLY RENTAL RATE	TOTAL RECEIPTS	DATE			RENTS COVERED BY ASSIGNMENTS		REASONABLE EXPENSES INCURRED IN HANDLING				
						RENT STARTED	VACATED	PAID THRU	UNPAID	PERIOD COVERED	COMMISSIONS	REPAIRS ETC.	MISC. ITEMS	MISC. ITEMS	TOTAL DEDUCTIONS
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
						1944		1945							
606-07572	3 Southernridge Drive		Joseph Brown	42.50	212.50	12/1		4/30			10.65		.95		11.60
07573	5 " "		Vacant										.95		.95
07691	21 " "		"									1.80	.95		2.75
07692	101 White Spring Road		David Jones	42.50	85.00	12/1	2/28	1/31	42.50	2/1/45 to 2/28/45	4.26	12.00	.96		17.22
07694	105 " " "		Vacant									1.80	.96		2.76
07695	107 " " "		"									1.80	.96		2.76
07696	109 " " "		Robert Smith	42.50	127.50	12/16	3/15	3/15			6.39	1.80	.96		9.15
07697	111 " " "		Vacant									1.80	.96		2.76
07698	113 " " "		John Thomas	42.50	85.00	12/20	1/20	1/20			4.26	16.80	.95		22.01
			Leslie Blue	"		3/16		4/15	42.50	4/16/45 to 5/15/45					
07704	125 " " "		Vacant									1.80	.95		2.75
					510.00				85.00		25.56	39.60	9.55		74.71

EXHIBIT 14

SUBMIT IN TRIPLICATE

MISCELLANEOUS DISBURSEMENTS AND REFUNDS

Budget Bureau No. 63-R310
Approval Expires 12-31-46

SCHEDULE E
PAGE______

The undersigned hereby certifies this statement covers additional disbursements, (not shown on the application) incident to conveying the property to the Commissioner and refunds received from cancellation of Hazard Insurance. Receipts are herewith submitted to cover all disbursements made.

Mortgagee GRANT STATE BANK

MORTGAGOR Eastern Construction Company CITY Hartford STATE Connecticut BY __________ DATE 5/5/45

FHA CASE NUMBER	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS, ETC.					CONVEYANCE COSTS			MISCEL-LANEOUS	HAZARD INSURANCE		
	CITY	COUNTY	STATE	SPECIAL ASSESS-MENTS	MISCEL-LANEOUS	REVENUE STAMPS	RECORDING	TITLE EVIDENCE		AMOUNT OF INSURANCE REFUND	AMOUNT OF POLICY	NAME AND ADDRESS OF INSURANCE COMPANY AND AGENT
1	2	3	4	5	6	7	8	9	10	11	12	13
606-07572						4.95	2.25			6.19	4,400.00	Capital Insurance Company
07573						"	"			"	"	Hartford, Connecticut
07691						"	"			6.54	4,650.00	Henry Smith, Agent
07692						"	"			"	"	
07694						"	"			"	"	
07695						"	"			"	"	
07696						"	"			"	"	
07697						"	"			"	"	
07698						"	"			"	"	
07704						"	"			"	"	
						49.50	22.50			64.70		

EXHIBIT 15

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

ADMINISTRATIVE AUDIT SHEET - COMPTROLLER DIVISION

Based Upon Application for Debentures and Certificate of Claim

Date of Claim 8-9-45 Applicant City National Bank

Case 26-042651
Group Account 228

Address Wayne, Michigan
Mortgagor(s) Smith, John and Mary
Property Location 65 Green Street
Wayne, Michigan
Foreclosure Proceedings Instituted 5-9-45
Property Acquired by Mortgagee 7-6-45
By Foreclosure Yes otherwise ---
Deficiency Judgment, if any, $ ---
Original amount of Loan $ 5,200.00
Original Appraisal 3-8-43 $ 5,800.00
New Yes Old --- Yr. Built 1943

Date of Mortgage 5-2-43
Maturity Date of Mortgage 6-1-68
Endorsed for Insurance 7-6-43
Ins. under Reg. as amended 7-1-41
Due date of last paid amortization 11-1-44
Due date of last M.I.P. paid 6-1-45
Date Paid 6-4-45 Amount $ 24.48
Number of M.I. Premiums Paid 3
Maturity Date of Debentures, July 1, 1971
Property Accepted by Federal Housing Commissioner 11-2-45

I. DEBENTURES

GROSS CLAIM		AMT CLAIMED	AMT ALLOWED
(a) Unpaid Principal Amount at default:		$5,035.13	$5,035.13
(b) Payments made by mortgagee and from (d) since default:			
(1) Hazard Insurance		21.92	21.92
(2) Taxes, Ground Rents, Assessments & Water Rates (which are liens prior to the mortgage)		89.90	89.90
(3) Mortgage Insurance Premium		23.88	24.48
(c) Foreclosure cost allowance under Sec. 203 (b)(2)(B): Not under above Sec. ☐; Not Foreclosed ☐; or Unpaid principal balance under 80% ☐.		75.00	75.00
GROSS TOTAL		$5,245.83	$5,246.43
DEDUCTIONS			
(d) Escrow amounts on hand at default:			
(1) Mortgage Insurance Premium		$12.24	$12.24
(2) Taxes, Ground Rents, Assessments & Water Rates (which are liens)		40.88	40.88
(3) Hazard Insurance		16.47	16.47
(e) Hazard Insurance Refunds		....	8.64
(f) All receipts after Default: (See Rental Analysis on Back)			
(1) Before Foreclosure	$25.00		
Less earned Int. $13.65			
Less earned S/Chg.	13.65		*11.35
(2) After Foreclosure	$50.00		
Less Expense $7.30			
Less	7.30	....	42.70
TOTAL DEDUCTIONS		$69.59	$132.28
NET CLAIM		5,176.24	5,114.15
AMOUNT OF DEBENTURES			$5,100.00
ODD AMOUNT ADJUSTMENT, IN CASH			14.15

*Itemized: MIP 2.04 : Taxes 7.48
Haz. Ins. 1.83 : Prin.

Effective Date of Debentures: 5-9-45

ANALYSIS AND STATUS OF TAXES - See (b)(2), above.

Kind of Taxes or Assessment	A, Q S/A	Covered by I-(b)(2) Payments				Amount Next Due	Next Due Date	Remarks
		Due Date	Amount	Date Paid	Paid To			
County 1944	SA	12/1/44	20.95	12/20/44	6/1/45			
" "	"	6/1/45	20.95	7/2/45	12/1/45		12/1/45	
Village 1945	A	7/1/45	48.00	7/1/45	7/1/46		7/1/46	
			89.90					

II. CERTIFICATE OF CLAIM

AFTER DEFAULT		AMT CLAIMED	AMT ALLOWED
	30.70 costs 44.30 atty fees		
(a) Foreclosure or Acquisition Cost	$75.00		
Less deductions under I-(c), if any	75.00	$	$13.20
	.00 plus conv. costs $13.20		
(b) Attorney's Fees $50.00 less $44.30 to II (a)			5.70

(c) Interest from Default (1) to foreclosure and (2) after:

	From	To	Rate	Factor	Total	AMT CLAIMED	AMT ALLOWED
(1)	11/1/44	5/9/45	4½%	.0233014	$ 117.33		*103.68
(2)	5/9/45	11/2/45	1^3/4%	.0084863	42.73		42.73

*After deducting I-(f)(1) earned Interest ($13.65)

(d) Expenditures for Waste:
(1) Protection of property $
(2) Repairs

(e) Any other amounts:
(1) Service Charge $
(2)
(3)
(4)
(5) $

(6) Less I-(f)(1) earned S/C $
(7)
(8) $

Effective Date of
Certificate of Claim: 11-2-45

	AMT CLAIMED	AMT ALLOWED
AMOUNT OF CERTIFICATE OF CLAIM	$	$165.31
GRAND TOTAL (I and II)	$5,176.24	$5,279.46

RENTAL ANALYSIS AND STATUS - See I-(f)(1) and (2)

Name of Tenant or "Vacant"	Per Mo.	Effective Date	Paid To	Amount Collected I-(f)(1)	Amount Collected I-(f)(2)
T. M. Smyth	25.00	7/1/45	9/1/45	$	$50.00
			Totals	$	$50.00
			Less Expenses		7.30
			Net Rents	$	$42.70

II-(a) FORECLOSURE OR ACQUISITION COSTS:

Taxed Costs	$
Filing	2.50
Clerk	
Witness	
Publication	10.00
Auctioneer	
Sheriff's	10.00
Master's	
Trustee's	
Recording	2.25
Revenue Stamps	5.95
Notary	
Abstract	
Title Policy	
to II (a)	30.70
CONVEYANCE TO F.H.A.	30.70
	.00
Recording	2.25
Revenue Stamps	5.95
Supplemental Search	
Title Evidence	5.00
Total	$13.20

20676 R.5/8/40

EXHIBIT 16

FEDERAL HOUSING ADMINISTRATION
ADMINISTRATIVE AUDITS

SCHEDULE OF SETTLEMENT OF APPLICATIONS FOR DEBENTURES UNDER SECTION 604, TITLE VI. NATIONAL HOUSING ACT

APPLICANT Grant State Bank MORTGAGOR Eastern Construction Company DATE OF DEBENTURES 10/23/44 TYPE OF DEBENTURE H-2½% - 1954

CASE NUMBER	UNPAID PRINCIPAL	PAYMENTS MADE SINCE DEFAULT FOR			FORECLOSURE COSTS	GROSS TOTAL	ESCROW AMOUNTS ON HAND AS OF DEFAULT			HAZARD INSURANCE REFUNDS	RENTS OR OTHER INCOME RECEIVED			TOTAL DEDUCTIONS	NET CLAIM	CASH ADJUST-MENT	DEBENTURES
		MORTGAGE INSURANCE	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS ETC.	HAZARD INSURANCE			MORTGAGE INSURANCE	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS ETC.	HAZARD INSURANCE		BETWEEN DEFAULT AND FORECLOSURE OR ACQUISITION	SINCE FORECLOSURE OR ACQUISITION OTHERWISE	LESS RENTAL EXPENSES				
606-07572	4,392.04		78.54	9.24	75.00	4,554.82	3.54	11.58	9.72	6.19		212.50	11.60	231.93	4,322.89	22.89	4,300.00
07573	"		70.70	"	"	4,546.98	"	"	"	"				31.03	4,515.95	15.95	4,500.00
07691	4,641.59		81.17	9.77	"	4,807.53	3.74	12.52	10.20	6.54				33.00	4,774.53	24.53	4,750.00
07692	"		82.97	"	"	4,809.33	"	"	7.44	"		85.00	17.22	98.02	4,711.31	11.31	4,700.00
07694	"		75.12	"	"	4,801.48	"	"	"	"				30.24	4,771.24	21.24	4,750.00
07695	"		77.55	"	"	4,803.91	"	"	"	"				"	4,773.67	23.67	"
07696	"		79.36	"	"	4,805.72	"	"	"	"		127.50	9.15	148.59	4,657.13	7.13	4,650.00
07697	"		76.34	"	"	4,802.70	"	"	"	"				30.24	4,772.46	22.46	4,750.00
07698	"		75.12	"	"	4,801.48	"	"	"	"		85.00	22.01	93.23	4,708.25	8.25	4,700.00
07704	"		"	"	"	"	"	"	"	"				30.24	4,771.24	21.24	4,750.00
						47,535.43								756.76	46,778.67	178.67	46,600.00

FEDERAL HOUSING ADMINISTRATION
ADMINISTRATIVE AUDITS

SCHEDULE OF SETTLEMENT OF APPLICATIONS FOR CERTIFICATES OF CLAIM UNDER SECTION 604, TITLE VI, NATIONAL HOUSING ACT

APPLICANT Grant State Bank MORTGAGOR Eastern Construction Company DATE OF CERTIFICATE 4/25/45

CASE NUMBER	FORECLOSURE OR ACQUISITION COSTS					CONVEYANCE COSTS	INTEREST FROM:						ANY OTHER AMOUNTS:			NUMBER OF CERTIFICATE	CERTIFICATE OF CLAIM
	COURT COSTS	ATTORNEY FEES	TOTAL	LESS: COSTS ALLOWED IN DEBENTURES	NET COSTS		NO. OF DAYS	DEFAULT TO FORECLOSURE OR ACQUISITION		NO. OF DAYS	FORECLOSURE TO ACQUISITION BY COMMISSIONER			Misc.			
606-07572	33.37	50.00	83.37	75.00	8.37	7.20	83	44.94		184	44.28					3691	104.79
07573	"	"	"	"	"	"	"	"		"	"			.95		3692	105.74
07691	"	"	"	"	"	"	"	47.50		"	46.80			2.75		3693	112.62
07692	"	"	"	"	"	"	"	"		"	"					3694	109.87
07694	"	"	"	"	"	"	"	"		"	"			2.76		3695	112.63
07695	"	"	"	"	"	"	"	"		"	"			"		3696	"
07696	"	"	"	"	"	"	"	"		"	"					3697	109.87
07697	"	"	"	"	"	"	"	"		"	"			2.76		3698	112.63
07698	"	"	"	"	"	"	"	"		"	"					3699	109.87
07704	"	"	"	"	"	"	"	"		"	"			2.75		3700	112.62
																	1,103.27

XII. SECONDARY MARKET

1201. The usual method of deriving cash from an FHA-insured mortgage requires its retention in the originating institution's portfolio in order to realize principal repayments over the life of the mortgage. In the case of a 20-year 4½% mortgage with a standard amortization schedule, repayments range from 3.16 percent of the original face amount during the first year to 7.43 percent of that amount during the twentieth year. Two other methods of realizing cash are available: The insured mortgage may be used as collateral for advances from other approved mortgagees, the Federal Reserve Banks, or the Federal Home Loan Banks; or the mortgage may be sold to FHA-approved institutional investors.

1202. Regulations of the Federal Home Loan Bank Administration provide that any FHA-approved mortgagee, subject to certain qualifications, is eligible to borrow from Federal Home Loan Banks on collateral consisting of insured mortgages. The advance may not exceed 90 percent of the unpaid principal of the mortgage loan given as security and may be for as long a term as 10 years, with monthly or quarterly amortization. Rates of interest on advances to mortgagees who are not members of the Federal Home Loan Bank System, who must be chartered institutions having succession and subject to governmental inspection, will be between ½ of 1 percent and 1 percent higher than rates charged to members on similar advances.

1203. Only members of the Federal Reserve System are eligible for advances on insured mortgages from Federal Reserve Banks. The term may not exceed 4 months.

1204. A secondary market for sale of insured mortgages exists in private institutions which are FHA-approved mortgagees, State, county, and municipal trust funds, the Federal National Mortgage Association, and the RFC Mortgage Company. These channels of sale are open to all approved mortgagees, except that the latter two will not purchase from loan correspondents approved as mortgagees.

1205. The terms of purchase by the FNMA and the RFC Mortgage Company are similar except that if construction was started on the mortgaged property prior to January 1, 1936, or the mortgage was insured prior to January 1, 1937, it is not eligible for purchase by the FNMA; and if construction was started on or after January 1, 1936, or the mortgage was insured on or after January 1, 1937, it is not eligible for purchase by the RFC Mortgage Company. Both institutions permit a service fee of ¾ of 1 percent. Each group purchases loans at par; the FNMA sells at current market prices at specified sale, and the RFC Mortgage Company offers loans for sale at any time at current market prices.

XIII. MISCELLANEOUS RULINGS AND PROCEDURES

1301. *Beginning of construction.*—The "beginning of construction," as used in section 203 (b) (2) (B) of the National Housing Act and in the Administrative Rules, means pouring of footings or any work beyond the stage of excavation. The following are not included within the meaning of the term: Land preparation, land clearing, grading, filling; excavation for basement, footings, piers, or foundations; erection of temporary forms, installation of piling under proposed subsurface footings, installation of sewer, gas, and water pipes, or electric or other service lines from the street, and existence on the property of accessory buildings such as garages or sheds not occupied as dwelling units or not a part of the main structure.

1302. *Occupant.*—Section 203 (b) (2) (B) requires that at the time of insurance the mortgagor must be the "owner and occupant." FHA interpretation of "occupant" is one who has acquired the property primarily for use as his home and not primarily for sale or rent and who has evidenced the accomplishment of such purpose by physical acts of possession.

1303. *General waiver of certain easements, encroachments, and violations of restrictions.*—The following is the text of a letter issued to all approved mortgagees on this subject:

"Some mortgagees have established the practice of requesting special title letters from the Administrator (Commissioner) or from the local insuring office with respect to customary easements and minor violations of building or use restrictions which clearly come within the rule of acceptability contained in article VI, section 8 of the Regulations for Mutual Mortgage Insurance as follows:

" 'If the title and title evidence are such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be satisfactory to the Administrator and will be considered by him as good and merchantable.'

"The Administrator is always willing to give special rulings in connection with cases involving particular title questions upon which there is reasonable doubt as to acceptability under the above rule but mortgagees are urged to limit their requests to such exceptional cases and thus eliminate unnecessary delay and expense to all parties concerned.

"To assist in curtailing the number of special requests and in accordance with the spirit and intent of the above-mentioned rule, the following additional assurance is given:

"If and when the property is offered to the Administrator in exchange for debentures under the terms of the Mutual Mortgage Insurance Contract, he will make no objection to title by reason of the following matters:

"1. Violations of cost or set-back restrictions which do not provide a penalty of reversion or forfeiture of title, or a lien for liquidated damages which may be superior to the lien of the insured mortgage. Violations of such restrictions which do provide for such penalties, provided such penalty rights have been duly released or subordinated to the lien of the insured mortgage, or provided a policy of title insurance is furnished expressly insuring the Administrator against loss by reason of such penalties.

"2. Easements for public utilities along one or more of the property lines and extending not more than 5 feet therefrom, provided the exercise of the rights thereunder do not interfere with any of the buildings or improvements located on the subject property.

"3. Easements for underground conduits which are in place and do not extend under any buildings on the subject property.

"4. Mutual easements for joint driveways constructed partly on the subject property and partly on adjoining property, provided the agreements creating such easements are of record.

"5. Encroachments on the subject property by improvements on adjoining property where such encroachments do not touch any buildings or interfere with the use of any improvements on the subject property.

"6. Encroachments on adjoining property by eaves and overhanging projections attached to improvements on subject property where such encroachments do not exceed 1 foot.

"7. Encroachments on adjoining property by hedges or wooden fences belonging to subject property.

"8. Encroachments on adjoining property by driveways belonging to subject property where such encroachments do not exceed 1 foot, provided there exists a clearance of at least 8 feet between the buildings on the subject property and the property line affected by the encroachment.

"9. Variations between the length of the subject property lines as shown on the application for insurance and as shown by the record or possession lines, provided such variations do not interfere with the use of any of the improvements on the subject property and do not involve a deficiency of more than 2 percent with respect to the length of the front line or more than 5 percent with respect to the length of any other line.

"It should be observed that this letter applies only to the acceptability of title at the time the property is offered to the Administrator in exchange for debentures and does not imply that the matters referred to will be disregarded in fixing the amount or terms of the commitment to insure. It should also be observed that item No. 1 does not in any way indicate that the Administrator encourages the violation of restrictive covenants nor does it protect against the judicial enforcement thereof. Since completion of the building without additional financing is a condition of every commitment to insure, it is obvious that an injunction obtained during the progress of construction might prevent the mortgage from being insured.

"It is assumed that mortgagees will maintain the same standard of title requirements in connection with insured mortgages as with uninsured mortgages and this letter is not intended to relax in any way the usual requirements of mortgagees. It should, however, eliminate most of the requests for special rulings by the Administrator.

"We will appreciate your cooperation in instructing your staff and representatives that it is unnecessary to send requests for special rulings in connection with the matters covered herein."

1304. *Special assessments not noted on mortgagee's application for insurance.*—The policy with respect to such assessments is set forth in the following excerpt from a letter issued to all approved mortgagees:

"Your attention is called to that portion of article VI, section 7 (*a*) of the Regulations for Mutual Mortgage Insurance which expressly limits the amount which may be included in debentures by reason of special assessments paid by the mortgagee to those 'special assessments which are noted on the application for insurance or which became liens after the insurance of the mortgage.'

"If the title examination made by the mortgagee prior to closing the loan discloses special assessments not noted on the application for insurance, the mortgagee may advise the director of the insuring office the nature and total amount of such assessment, together with information as to the number and amount of annual installments in which it is payable, requesting consent to amend the application by the notation of the assessment thereon and requesting advice as to whether or not such assessment will affect the amount of the commitment previously issued. If such request and information is received prior to the endorsement of the mortgage for insurance and such assessment would have had no effect upon the amount or terms of the commitment as issued, even if such information had been originally noted on the application prior to processing the case, the director is authorized to give the mortgagee a letter advising that the Administrator will consider the application for insurance to have been amended by the notation thereon of the assessments specifically set out and that such assessments will not affect the amount or terms of the commitment previously issued.

"If the information concerning the special assessments would have affected the amount or terms of the commitment, the letter to the mortgagee should be modified by setting out the reduction in amount or the additional conditions to be incorporated into the commitment.

"If the request to amend the application by the notation thereon of the assessments is received after the mortgage has been endorsed for insurance, the mortgagee should be advised that it will be impossible to grant such request. The terms of the regulations under which a mortgage is insured, of course, govern the rights of the mortgagee from the date of such insurance, and the mortgagees will undoubtedly appreciate the impracticability of reopening or amending applications in connection with mortgages previously insured.

"It will be observed that mortgages insured under regulations prior to those of July 1, 1939, are not subject to the limitation described in the first paragraph of this letter although the right to receive debentures under any contract of insurance may, of course, be affected by actual fraud or misrepresentation on the part of the holder of the mortgage at the time claim is filed.

"In connection with mortgages previously insured under the regulations of July 1, 1939, some mortgagees have requested waiver letters in connection with customary building and use restrictions and have included requests for statements that certain special assessments payable in future annual installments have also been considered by the Administrator in fixing the valuation. In reply to such requests, it is extremely important that statements of that character should be limited to the restrictions and should not include the assessments, since you are not authorized to give any waiver as to assessments after the mortgage has been endorsed for insurance."

1305. *Casualty damage replacements.*—If, after a mortgage has been insured, the mortgaged property has been damaged by fire or other hazards, the mortgagee may wish to have a binding statement that (1) the mortgaged property has been put back into a condition satisfactory to the Commissioner, or (2) the proposed replacements will be satisfactory to the Commissioner. The mortgagee should submit its request for such statement to the local office having jurisdiction and if the proposed replacements or repairs involve an amount less than $300, no special fee will be charged, and a field inspection by the Underwriting Section may or may not be required. In all cases involving changes or repairs in excess of $300, field inspections will be made, and the mortgagee's request for such statement should be accompanied by a special fee of $5.

1306. *Lost original credit instrument—procedure for obtaining endorsement of duplicate.*—If the original credit instrument bearing the insurance endorsement has been lost or destroyed, the mortgagee should submit to the local insuring office an executed duplicate of the original credit instrument, identical in all respects to the original, together with an indemnity bond (on a form prepared by the FHA which can be obtained from the local field office) executed in quadruplicate. The original indemnity bond will be retained by the insuring office, as well as one copy, and two copies will be returned to the mortgagee, one for its files and one for delivery to the mortgagor. If the papers are in proper order, the duplicate credit instrument will be endorsed for insurance under the current date and immediately thereafter will be added the following: "as of ...." The date to be supplied will be the original endorsement date.

1307. *Termination of insurance contract.*—The provisions of the National Housing Act and the Administrative Regulations thereunder constitute the contract of insurance, and such contract provides the manner in which it may be terminated. There is no provision therein which would give the mortgagor or the mortgagee the right to terminate the insurance contract at will, nor is a similar right given the Commissioner. The mortgagor may, of course, exercise the privilege contained in the mortgage to prepay in full prior to maturity, but this would require the execution of new papers and the payment of the adjusted premium charge of 1 percent of the original principal of the prepaid loan, unless one of the exceptions provided in the regulations would be applicable under the facts of the particular case. It is clear that the insurance contract may not be terminated merely by payment of the adjusted premium charge if the loan is not in fact paid in full prior to maturity. The provisions of the National Housing Act authorize the Commissioner to collect the 1 percent adjusted premium only in the event the mortgage is prepaid in full.

1308. *Effect of Soldiers' and Sailors' Civil Relief Act upon the rights of mortgagees under the FHA contract of insurance.*—In considering questions on military service cases, mortgagees should refer to the following letters to "All Approved Mortgagees:" December 16, 1942; October 14, 1943; October 11, 1944; November 9, 1945; and January 26, 1945. The text of these letters is reprinted at the end of this section.

(*a*) The policy of the Federal Housing Administration has always been one of complete cooperation with the spirit and intent of the Soldiers' and Sailors' Civil Relief Act and to protect the interest of the mortgagor in military service to the full extent of its authority. To this end, it has endeavored by an amendment to its regulations to remove any impediment which may prevent the mortgagee from affording full cooperation to a mortgagor in military service through fear of impairing its rights under the FHA contract of insurance. The amendments to the FHA regulations in this respect are more fully discussed in the above-identified letters addressed to "All Approved Mortgagees."

(*b*) Inquiries received from mortgagees have indicated the desirability of emphasizing the following procedure: If an agreement was executed between the mortgagor in military service and the mortgagee to modify the terms of payment to provide for the postponement of that part of the monthly payment representing amortization of principal for the period of military service and 3 months thereafter, the mortgagor is obligated upon termination of the postponement period to resume monthly payments in such amounts as will completely amortize the mortgage debt on its original terms. In order to assist the mortgagee in the calculation of the monthly instalments to principal and interest in such cases, amortization tables have been prepared and are included in Appendix IV. Since the postponement agreement accomplished a modification in the terms of payment, the loan would not be considered in default as long as the payments were made as agreed, either during the postponement period or thereafter, and, consequently, default notices are not required during the postponement period, nor does the FHA require the mortgagee to submit notice of termination of military service and the resumption of amortization in these cases.

(*c*) In those cases in which a postponement agreement was not executed, the loan would, of course, be in default if the full monthly payment were not made. Regular default notices are not required while the mortgagor is in military service, other than the initial report indicating the reason for default being the military service of the mortgagor.

(*d*) As pointed out in the fifth paragraph of the letter to "All Approved Mortgagees" dated November 9, 1945, if the postponement was not executed and the loan is in default, the provisions of the National Housing Act would preclude the Commissioner from consenting to an agreement to recast or reamortize the outstanding debt over the remaining term, but there would be no objection to the mortgagee agreeing with the mortgagor (returning veteran) to carry the loan in default and withhold foreclosure as long as the mortgagor made payments in an amount agreed upon between the parties, which arrangement would ultimately place the loan in current condition. Any payments received must be applied to the overdue monthly payments in the order they became due.

(*e*) It is the policy of the Federal Housing Administration to permit mortgagees to afford all possible relief in military service cases consistent with the provisions of the act and the regulations. Assurance is given that every consideration will be given to any reasonable arrangement which may be agreed upon between the mortgagee and the mortgagor returning from military service to permit such mortgagor to place the loan current. Any contemplated arrangement with respect to which the mortgagee is doubtful as to its effect upon its rights under the insurance contract may be submitted to Washington, together with full facts, and a statement obtained as to the acceptability of such arrangement under the Regulations.

1309. *Letter to all approved mortgagees dated December 16, 1942:*

"Subject: Effect of Soldiers' and Sailors' Civil Relief Act amendment of 1942 upon the rights of mortgagees under the FHA contract of insurance.

"Many inquiries have been received from mortgagees requesting information as to the Soldiers' and Sailors' Civil Relief Act amendments of 1942 and any changes caused thereby in their rights or duties under the FHA contract of insurance. Many of these inquiries indicate unfamiliarity with the rulings described in our general letter of November 19, 1940, with respect to the original act of 1940 as well as with the terms of the 1942 amendments.

"For this reason it may be helpful to describe briefly the principal amendments to the act and comment upon the FHA rulings in connection therewith.

"The policy of the Federal Housing Administration has always been one of complete cooperation with the spirit and intent of the Soldiers' and Sailors' Civil Relief Act and to protect the interest of the mortgagor in military service to the full extent of its authority. To this end it has endeavored by amendment of its regulations to remove any impediments which might prevent the mortgagee from according full cooperation to a mortgagor in military service through fear of impairing its rights under the FHA contract of insurance. FHA regulations now provide that the period of military service will be excluded in computing the 1-year period from default within which the mortgagee is required to commence foreclosure proceedings and permits the mortgagee who does commence foreclosure proceedings during the period of military service to voluntarily postpone completion of such proceedings while the mortgagor is in military service regardless of whether application has been made to a court for such a stay.

"FHA regulations further provide that the mortgagee, if it so desires, may enter into an agreement with a mortgagor in military service to postpone that part of the monthly payment representing amortization of principal for the period of military service and 3 months thereafter, provided such agreement also obligates the mortgagor to resume payments thereafter in such amounts as will completely amortize the mortgage debt within its original maturity.

"The Soldiers' and Sailors' Civil Relief Act does not relieve the mortgagor of his obligation to keep up the payments on the mortgage during the period of military service although the enforcement of such obligation may be affected. Consequently, failure to pay will result in a defaulted mortgage even though foreclosure may be postponed or held in abeyance. By the execution of such an agreement, however, which has the effect of temporarily reducing the required monthly payment, the mortgagor who is able to pay interest, taxes, and insurance premiums during military service may prevent the mortgage from becoming in default.

"The following sections of the 1942 amendments to the Civil Relief Act (Public Law 732, 77th Cong.) may be of particular interest to mortgagees:

"Sections 104, 106, and 306 extend the provisions of the act to classes of persons not previously defined as 'persons in military service' and relate particularly to United States citizens serving in allied military forces, inductees who have been ordered to report for service but have not as yet actually reported, and dependents of a person in military service. We have ruled that any person included in the above sections as being 'entitled to the relief and benefits' afforded by the Relief Act and subject to exceptions and conditions noted in such sections, will be construed to be 'a person in military service' as such term is used in our regulations.

"Section 300 (2) relating to stay of eviction proceedings against a tenant or contract purchaser in military service now provides 'where such stay is granted or other order is made by the court, the owner of the premises shall be entitled upon application therefor to relief in respect of such premises similar to that granted persons in military service in sections 301, 302, and 500 of this act to such extent and for such period as may appear to the court to be just.' We have ruled that the owner of the premises in such a case is not 'a person in military service' as such term is used in our regulations merely because the court may grant him relief 'similar' to that accorded persons in military service. Such relief is dissimilar in certain respects since the stay is presumably limited to a period of three months.

"Section 302 which was quoted at length in our general letter of November 19, 1940, and which provides for stay of foreclosure has been amended to apply to mortgages which 'originate prior to such person's period of military service' instead of merely to obligations originating prior to the approval of the 1940 act, namely October 17, 1940. This amendment calls for no change in our regulations or rulings since the permissive regulations described in the first part of this letter apply to all cases where the mortgagor is a person in military service, regardless of when the obligation originated or whether the provisions of section 302 of the Relief Act would apply.

"Section 205 provides that no part of the period of military service which occurs after October 6, 1942, the date of enactment of the 1942 amendment, shall 'be included in computing any period now or hereafter provided by any law for the redemption of real property sold or forfeited to enforce any obligation, tax or assessment.' This possible extension of the redemption period after foreclosure may in certain cases delay the transfer of foreclosed property to the Commissioner in exchange for debentures, but since the debentures when issued will under our regulations be dated as of the date foreclosure proceedings commenced and bear interest therefrom no loss will be sustained by the mortgagee by reason of such delay.

"Section 500 (2) prohibits the sale of property owned by a person in military service for nonpayment of taxes, except upon leave of court and authorizes the court to stay such proceedings for the period of military service and 6 months thereafter. Section 500 (4) provides that such unpaid taxes shall bear interest until paid at 6 percent but no other penalty or interest shall be incurred by reason of such nonpayment. The rights of mortgagees under the FHA insurance contract are not affected by these provisions, regardless of whether the mortgagee should pay such taxes during the period of military service or in a lump sum after the termination of such period since under our regulations taxes paid by the mortgagee either prior or subsequent to the commencement of foreclosure proceedings may be included in debentures.

"Section 107 provides that nothing in the act shall prevent the modification of the terms of the mortgage or the foreclosure thereof, 'pursuant to a written agreement of the parties thereto (including the person in military service concerned, or the person to whom sec. 106 is applicable, whether or not such person is a party to the obligation) or their assigns, executed during or after the period of military service of the person concerned or during the period specified in section 106.' The execution of such an agreement would be a matter for determination by the parties concerned and would not affect the rights of the mortgagee under the FHA contract of insurance, provided it did not modify the terms of the insured obligation other than as permitted by the regulation described earlier in this letter.

"Section 700 provides that a person may at any time during his period of military service or within 6 months thereafter apply to a court for relief in respect of any obligation incurred by such person prior to his period of military service and authorizes the court after appropriate notice and hearing to grant 'a stay of enforcement of such obligation during the applicant's period of military service, and from the date of termination of such period of military service or from the date of application if made after such service, for a period equal to the period of the remaining life of the installment contract or other instrument plus a period of time equal to the period of military service of the applicant or any part of such combined period,' subject to payment of balance of principal and accumulated interest in equal installments during such combined period. It is not permissible for holders of insured mortgages to attempt to grant similar relief by voluntary agreements extending the maturity of the obligation as this would be contrary to the provisions of the National Housing Act and our regulations thereunder. It will be noted that the above section does not authorize the court to modify or extend the terms of the obligation but merely authorizes a 'stay of enforcement' and then only after appropriate hearings and court determinations. The rights of the mortgagee under the FHA contract of insurance are protected under our regulations in the event of a stay of enforcement under section 700 to the same extent and in the same manner as in the event of a stay of foreclosure under section 302.

"The Administration does not require any definite form of proof that a mortgagor is in military service. If in a particular case sufficient doubt existed to warrant a call for such proof an affidavit from the mortgagor's wife or from anyone in a position to know the facts would be entirely acceptable. It is not recommended that any attempt be made to secure a letter or certificate from the commanding officer or draft board since compliance with such requests might tend to interfere with the regular duties of such officer or board.

"We do not anticipate that mortgagees will have any difficulty in devising satisfactory means for determining when the mortgagor's period of military service has terminated. Prompt discovery of such termination is in no way essential to the rights of the mortgagee under the contract of insurance, since the regulations permit one year (exclusive of the period of military service) within which to commence foreclosure after default. We would have no objection, however, to a mortgagee including a provision in any agreement which may be executed to postpone principal payments requiring a report at regular intervals as to any change in the status of the mortgagor.

"This letter is in no way intended as an interpretation of the various provisions of the Soldiers' and Sailors' Civil Relief Act as they may affect rights between mortgagors and mortgagees. Such an interpretation should be obtained from your local attorney and is a matter for determination by the courts. It is hoped, however, that this letter may be helpful in answering some of the questions which may have occurred to you as to the effect of our regulations under circumstances arising in connection with such act."

1310. *Letter to all approved mortgagees dated October 14, 1943:*

"Subject: Additional Amount in Debentures by Reason of Postponement of Foreclosure in Certain Cases Where the Mortgagor is in Military Service.

"The President has today signed the Radcliffe bill (S. 755) amending sections 204 and 604 of the National Housing Act so as to permit the inclusion in debentures of an amount to compensate the mortgagee for loss by reason of postponing the institution of foreclosure proceedings in certain cases where the mortgagor is in military service.

"For your information and guidance the procedure for taking advantage of this provision and the method of determining the additional amount which shall be included in debentures by reason thereof is as follows:

"Attached to the Claim for Debentures (Form 2205) must be a certificate by the mortgagee showing:

"1. The mortgagor was during default a 'person in military service,' as such term is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, or a dependent of such 'person in military service.'

"2. The mortgage was executed prior to such entry into military service.

"3. The date of default (as defined in art. VI, sec. 6 of the Regulations).

"4. The date foreclosure proceedings were instituted or the property was otherwise acquired.

"5. The dates denoting the beginning and the end of the 'period of military service,' as such term is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as amended.

"The period of postponement with respect to which compensation may be included in debentures will begin with the date of default, as defined in article VI, section 6 of the Regulations, or the date of entry into military service, whichever is later, and will end with the date foreclosure proceedings were instituted or the property was otherwise acquired or 3 months after the termination of the period of military service, whichever is earlier.

"The amount of compensation which will be included in debentures by reason of such postponement will be so calculated as to represent interest at the debenture rate during such period of postponement, less any amount received by the mortgagee on account of interest during such period plus any amount paid by the mortgagee for mortgage insurance premium during such period."

1311. *Letter to all approved mortgagees dated October 11, 1944:*

"Subject: Termination of Mortgagor's Military Service.

"Several instances have been called to our attention of mortgagors whose period of military service has long since been terminated but where such termination was unknown to the mortgagee.

"While failure of the mortgagee to take action with respect to a delinquent mortgage within 3 months after termination of the mortgagor's military service will in no way affect the right of the mortgagee to subsequently foreclose and receive debentures under the contract of insurance, attention is called to the provisions of the amendment of October 14, 1943, to the National Housing Act which limits the amount of compensation on account of loss of interest which may be included in debentures to a period ending 3 months after termination of such military service.

"For this and other reasons involved in proper servicing, many mortgagees are instructing their servicing agents to make certain inquiries and checks at periods ranging from 3 to 6 months concerning the status of the mortgagor in all cases where special consideration has been given to the mortgagor, by reason of his military service. This information will, of course, become increasingly important during the period of demobilization."

1312. *Letter to all approved mortgagees dated November 9, 1945:*

"Subject: Resumption of Amortization in Military Service Cases.

"Numerous inquiries have been received from mortgagees concerning the resumption of principal amortization by mortgagors with whom agreements were executed to postpone principal payments during the period of their military service and 3 months thereafter, as permitted by the Administrative Regulations.

"Upon the first day of the month following 3 months after termination of military service, the agreement should require the mortgagor to resume monthly payments in such amounts as will completely amortize the mortgage debt within its original maturity. The Federal Housing Administration will not be able to furnish revised amortization schedules in these cases. Nevertheless, in an effort to facilitate the calculation of monthly instalments to principal and interest, there are amortization tables (Appendix IV) showing the monthly instalments per thousand dollars at various rates of interest for unexpired amortization periods from 12 to 300 months inclusive.

"The applicable monthly instalment from these tables, multiplied by the outstanding principal balance will provide the monthly payment to principal and interest necessary to amortize the mortgage debt over the unexpired amortization period. It is not believed that mortgagees will experience any difficulty in preparing the amortization schedules themselves or if they so desire, the amortization schedules may be obtained from private sources.

"In preparing the schedules, the monthly instalment for the account of mortgage insurance premiums should be transcribed from the original amortization schedule provided by this Administration, since under the applicable regulation it is specifically provided that such agreements do not affect the mortgagee's obligation to pay mortgage insurance premiums in accordance with the original amortization provisions.

"Mortgagees have also inquired as to whether they would be permitted to enter into arrangements with mortgagors returning from military service, where no postponement agreement had been executed, which would contemplate the resumption of regular monthly payments together with the payment of an additional amount each month, the total of which would be applied to the overdue monthly payments in the order which they became due. I am pleased to advise that this Administration will make no objection to the mortgagee entering into such arrangements as may be agreed upon between the parties to accomplish such purposes. Such arrangements would be in the nature of an agreement to withhold foreclosure, rather than a modification in the terms of the loan, or a recasting of the loan. The time during which foreclosure proceedings would normally be required is extended in order to permit mortgagees to afford every opportunity to such mortgagors to bring the loan current in that manner. Regular default notices will not be required as long as payments are made as agreed, but it is requested that notice of the completion of the arrangement be sent to Washington headquarters identifying the case number and setting forth a brief résumé of the payment provisions which have been agreed upon between the parties.

"In a further effort to enable mortgagees to give all possible assistance to mortgagors returning from military service, a new insured loan to refinance an existing insured loan in default will be considered for insurance regardless of the amount of the delinquency, in those cases where the delinquency was occasioned by the military service of the mortgagor. The eligibility of the new loan, the amount and term, would, of course, be determined only after complete processing of the application in the usual course."

1313. *Letter to all approved mortgagees dated January 26, 1945:*

"Subject: Reporting Requirements—Mortgagors in Military Service, FHA Form No. 2068, Notice of Default Status."

"This is to clarify the requirements in connection with the procedure to be followed by mortgagees and servicing agents in reporting defaults involving mortgagors who are 'in the military service' as defined by the Soldiers' and Sailors' Civil Relief Act, as amended.

"During the term of military service the reporting procedure is modified to the extent that the usual 60-day follow-up report is not required and accordingly FHA Form No. 2068, Notice of Default Status, is to be submitted only to report the following: 1, An initial default; 2, Following a change in mortgagor status from civilian to military in connection with an existing default. 3, Complete reinstatement by (*a*) full payment of *all* defaulted payments; (*b*) employment of an agreement postponing principal amortization; or (*c*) a combination of (*a*) and (*b*). 4, Institution of foreclosure proceedings. 5, Completion of foreclosure proceedings.

"Should an agreement be entered into postponing amortization of principal as permitted by the May 26, 1942, amendments to the Administrative Regulations, no report thereof is required (other than indicated in item 3 above) unless and until the mortgagor fails to pay any three successive monthly payments called for by the agreement, in which event FHA Form No. 2068 should be submitted.

"Termination of military service subjects the defaulted case to the regular reporting procedure and the foregoing modifications no longer apply. As soon as the mortgagee has knowledge of such termination Form No. 2068 is to be submitted indicating date of commencement and termination of military service as well as extent of default. It is contemplated that as soon as practicable thereafter the mortgagor will be interviewed and a supplemental FHA Form 2068 submitted indicating the action taken to accomplish reinstatement and the probable outcome, with subsequent reports as indicated on the reverse side of Form 2068."

XIV. SERVICEMEN'S READJUSTMENT ACT OF 1944 (GI BILL)

1401. The Servicemen's Readjustment Act of 1944 is designed to assist veterans of World War II in adapting themselves to civilian pursuits. The act is concerned in part with providing assistance to a veteran who wishes to build or purchase a home; section 505 of the act provides for the guaranty of a second mortgage by the Veterans' Administration when there is an insured first mortgage with a veteran as mortgagor.

1402. The second loan may not bear a rate of interest in excess of 4 percent, may be amortized over a term as long as 25 years, and may be made in any amount up to 20 percent of the purchase price but in no event more than $4,000.

1403. Veterans' Administration Applications for Home Loan Guaranty, Form 1802, are processed by the lending institution in accordance with the Veterans' Administration regulations and the request for the Home Loan Guaranty approval should be addressed to the nearest Veterans' Administration office processing Applications for Home Loan Guaranty.

1404. The Federal Housing Administration indicates on its Commitment for Insurance, FHA Form 2007, issued in connection with a veteran using the Home Loan Guaranty as his second mortgage financing, the "reasonable value" as determined by this Administration in accordance with the definition set forth in the regulations of the Veterans' Administration. This information should be helpful in enabling the lending institution to proceed to close the loan.

1405. Mortgagees in submitting an FHA Application for Mortgage Insurance, FHA Form 2004, in order to inform this Administration of the mortgage characteristics of the proposed second mortgage, indicate on line 11, Part B of the Mortgagor's Statement on the face of the application, (1) the amount of the proposed second mortgage, (2) the term, and (3) the total monthly payment involved.

1406. With regard to those cases where the veteran desires a Home Loan Guaranty for financing the purchase of a property upon which there is an insured mortgage, which is not to be refinanced by a new insured mortgage, Applications for Home Loan Guaranty are handled directly with the Veterans' Administration.

1407. With regard to substitution of mortgagor in connection with an FHA insured mortgage, mortgagees submit their request for the substitution on FHA Form 2210 for a credit analysis of the proposed veteran borrower, in accordance with our standard practice.

APPENDIX

APPENDIX I

ILLUSTRATIVE CASE

The various forms required in connection with an application for mortgage insurance have been completed on the basis of an assumed transaction as follows:

Mortgagee: Tenth National Bank of Detroit.
Mortgagor: John Doe and Mary Doe.
Employed by: Blank Manufacturing Company.
Income: $250 monthly.
Location of property: 123 Main Street, Elm Park, Mich.
Cost of lot: $600.
Cost of construction: $5,400.
Amount of mortgage: $5,400.
Interest rate: 4½ percent.
Term of mortgage: 25 years (300 monthly payments).

The transaction requires FHA forms as indicated:

	FHA Form No.	Title of form
1. Application (including drawings, description of materials, and contractor's bid) is made to the FHA field office.	2004 2005	Mortgagee's application for insurance. Description of materials.
2. The application is found to be eligible and a commitment is issued.	2007	Commitment for insurance.
3. Construction has been started and compliance inspections are requested at appropriate intervals.	2289	Mortgagee's request for compliance inspection.
4. The mortgagee is notified as to the results of the inspections.	2051	Compliance inspection report.
5. Construction has been completed with the exception of certain exterior items delayed by weather conditions, but endorsement for insurance is desired.	2300	Mortgagee's assurance of completion.
6. The escrowed funds have been properly disbursed..........	2300a	Notice of disbursement of escrowed funds.
7. Mortgage instruments are submitted for endorsement for insurance.	2131d 2131b	Mortgage note. Mortgage.
8. The original mortgagors sell the property, the purchasers assume the obligation, and the mortgagee agrees to release the original mortgagors from liability.	2210 2004	Consent to substitution of mortgagor. Mortgagor's statement portion of mortgagee's application for insurance.
9. The indebtedness is paid in full, and no new obligation is created.	2391	Prepayment certificate to accompany FHA form 2344 (see Chapter IX).

FORM NO. 2004—Page 1

FHA Form No. 2004 (Revised June 1944)

Bureau of the Budget No. 63-R064.
Approval expires December 31, 1946.

FEDERAL HOUSING ADMINISTRATION

MORTGAGEE'S APPLICATION FOR MORTGAGE INSURANCE

(To be submitted in Duplicate to Insuring Office, see instructions on page 4)

No. .... (Case number to be inserted by insuring office)

FEDERAL HOUSING COMMISSIONER,
DEAR SIR:

Pursuant to the provisions of Section ☐ 203; ☐ 603 of the National Housing Act, the undersigned hereby applies to you for the insurance of a mortgage loan which it regards as safe and desirable, and proposes to make, if this application is approved, to John Doe and Mary Doe (Mortgagors) Such mortgage loan will be in the principal amount of $5,400, bearing interest at 4½ per centum per annum and payable in 300 equal monthly installments and will be secured by a first lien upon real property described in Mortgagors' Property Description. In support of this application the undersigned submits herewith the Mortgagors' Statement and Mortgagors' Property Description together with such exhibits as are required by the instructions on page 4 of this application.

A credit report from Blank credit agency: ☒ was ordered on July 1, 1945 (Date), for direct delivery to you; ☐ is attached. Completion of FHA Form 2004f ☒ was requested on July 1, 1945 (Date) from depository named in Mortgagors' Statement, or ☐ comparable information is attached hereto. Completion of FHA Form 2004g ☒ was requested on July 1, 1945 (Date), from borrower's employer, or ☐ comparable information is attached hereto.

The undersigned hereby expressly agrees in the event the insurance herein applied for is granted by you, to pay to you an annual premium in accordance with the Regulations of the Federal Housing Commissioner, the first premium payment to be made simultaneously with the granting of such insurance, and until the mortgage is paid in full, or the mortgaged property is acquired by the Commissioner, or until the contract of insurance is otherwise terminated, the next and each succeeding premium shall be paid thereafter on the same date in each year as that on which the amortization period begins; and further agrees that if the mortgagors shall pay such loan in full prior to its maturity, the undersigned will pay to you the adjusted premium charge required in such event by the applicable Regulations. The undersigned further agrees that immediately upon the granting by you of the insurance herein applied for, all of the terms and conditions subject to which such insurance may be granted, shall be and become a contract between the undersigned and you, which shall be binding upon and inure to the benefits of its and your successors.

Enclosed is a check of the undersigned for an amount which has been computed in accordance with the Administrative Rules, such payment to represent reimbursement for the costs of appraisal by the Commissioner. It is understood that should this application be rejected by you as a result of preliminary examination, such sum will be returned by you to the undersigned.

The undersigned represents that to the best of its knowledge and belief no statement made and no information contained in this application, in the Mortgagors' Statement, or in the Mortgagors' Property Description, executed in connection with this loan, is in any respect untrue, incorrect, or incomplete.

IN WITNESS WHEREOF, the undersigned has caused this application to be executed and its corporate seal to be hereto affixed by its proper officers, thereunto duly authorized, this 1st day of July, 1945.

[CORPORATE SEAL]

Tenth National Bank of Detroit (Mortgagee)
LaSalle Square, Detroit, Michigan (Address)

ATTEST:

(signed) Henry Coe, Cashier (Name and title of officer)

By (signed) Richard Roe, 2nd Vice-President (Name and title of officer)

MORTGAGORS' STATEMENT

Have you previously applied for an insured mortgage loan upon this property? No (Yes or no) Any other property? No (Yes or no)

If so, to whom? ---------- (Name and address of lending institution) FHA Case No. (if known) ------

Do you intend to occupy, rent, or sell this property? occupy Proposed sale price (if for sale), $ ------

In whose name is title presently of record? John Doe and Mary Doe (Name) 123 Detroit St., Elm Park, Michigan (Address)

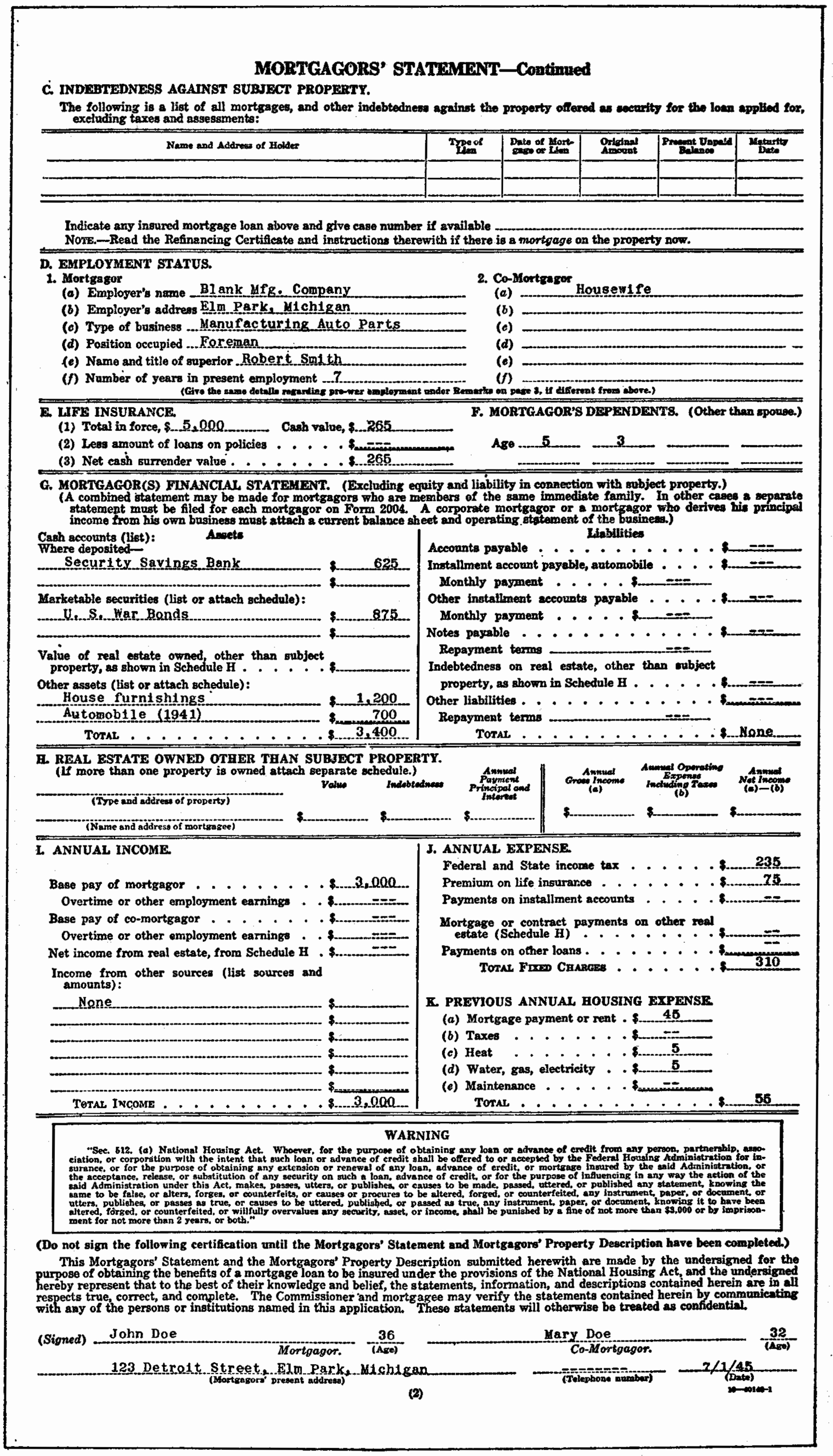
A. PURPOSE OF MORTGAGE LOAN (Complete applicable Schedule or Schedules below).

1. **Financing of New Construction.**—(*a*) Approximate date construction was or is to be started August 1, 1945
   (*b*) Date land purchased June 1, 1945 (*c*) Purchase price . . . $600
   (*d*) From whom purchased Elm Park Realty Company, 25 Detroit Street, Elm Park, Michigan (Name and address)
   (*e*) Estimated cost of construction, including main building, outbuildings, walks, driveways, grading, etc., plus architect's fee, if any. Exclude cost of land and cost of closing the transaction $5,400
2. **Financing Purchase of Property.**—(*a*) Date purchased .... (*b*) Purchase price . . . $........
   (*c*) From whom purchased .... (Name and address)
   (*d*) Attach signed or certified copy of purchase agreement.
3. **Refinancing Borrower's Existing Indebtedness in Connection With Subject Property.**—(*a*) Total amount owed . $........
   (*b*) Are payments current? .... (*c*) If not, state amount(s) in default for principal, $........ interest, $........, real estate taxes, $........, special assessments, $........
   (*d*) When was property acquired? .... (*e*) Purchase price, $........
   (*f*) If property is being acquired under contract for deed, attach signed or certified copy of contract.
4. **Financing of Proposed Improvements to Existing Construction** as described in Mortgagors' Property Description. Estimated cost to mortgagor of proposed improvements . . . . $........
5. **Other.**—(*a*) Describe briefly any other intended use of mortgage proceeds .... (*b*) Amount required . . $........

B. ESTIMATED SETTLEMENT REQUIREMENTS.

1. Total amount, for purposes stated under A above $6,000
2. Approximate cost of closing the transaction, including deposits for taxes and insurance premiums $125
3. Total $6,125
4. Less amount of mortgage loan applied for $5,400
5. Total investment required by mortgagor in cash or its equivalent $725
6. Less amount already paid: (*a*) In cash, $........; (*b*) Equity other than cash, $600; (*c*) Total . . $600
7. Date paid .... 8. To whom paid ....
9. Nature of other equity, if any listed in item 6 (*b*) Land (see item A-1)
10. Balance of cash or its equivalent to be invested by mortgagor $125
11. The amount indicated in item 10 will be provided from the following sources Savings account
12. Have you incurred or do you intend to incur any indebtedness, secured or unsecured, other than that of the mortgage loan applied for, for any purpose connected with this transaction? No (Yes or no) If answer is yes, give complete details, including description of any security offered ....

FORM NO. 2004—Page 2



MORTGAGORS' STATEMENT—Continued

C. INDEBTEDNESS AGAINST SUBJECT PROPERTY.

The following is a list of all mortgages, and other indebtedness against the property offered as security for the loan applied for, excluding taxes and assessments:

Name and Address of Holder	Type of Lien	Date of Mortgage or Lien	Original Amount	Present Unpaid Balance	Maturity Date

Indicate any insured mortgage loan above and give case number if available

Note.—Read the Refinancing Certificate and instructions therewith if there is a *mortgage* on the property now.

D. EMPLOYMENT STATUS.

1. Mortgagor		2. Co-Mortgagor
(*a*) Employer's name	Blank Mfg. Company	(*a*) Housewife
(*b*) Employer's address	Elm Park, Michigan	(*b*)
(*c*) Type of business	Manufacturing Auto Parts	(*c*)
(*d*) Position occupied	Foreman	(*d*)
(*e*) Name and title of superior	Robert Smith	(*e*)
(*f*) Number of years in present employment	7	(*f*)

(Give the same details regarding pre-war employment under Remarks on page 3, if different from above.)

E. LIFE INSURANCE.

(1) Total in force, $ 5,000 Cash value, $ 265

(2) Less amount of loans on policies . . . . . $ ---

(3) Net cash surrender value . . . . $ 265

F. MORTGAGOR'S DEPENDENTS. (Other than spouse.)

Age 5 3

G. MORTGAGOR(S) FINANCIAL STATEMENT. (Excluding equity and liability in connection with subject property.)

(A combined statement may be made for mortgagors who are members of the same immediate family. In other cases a separate statement must be filed for each mortgagor on Form 2004. A corporate mortgagor or a mortgagor who derives his principal income from his own business must attach a current balance sheet and operating statement of the business.)

Assets

Cash accounts (list): Where deposited—	
Security Savings Bank	$ 625
	$
Marketable securities (list or attach schedule):	
U. S. War Bonds	$ 875
	$
Value of real estate owned, other than subject property, as shown in Schedule H	$
Other assets (list or attach schedule):	
House furnishings	$ 1,200
Automobile (1941)	$ 700
Total	$ 3,400

Liabilities

Accounts payable		$ ---
Installment account payable, automobile		$ ---
Monthly payment	$ ---	
Other installment accounts payable		$ ---
Monthly payment	$ ---	
Notes payable		$ ---
Repayment terms	---	
Indebtedness on real estate, other than subject property, as shown in Schedule H		$ ---
Other liabilities		$ ---
Repayment terms	---	
Total		$ None

H. REAL ESTATE OWNED OTHER THAN SUBJECT PROPERTY.

(If more than one property is owned attach separate schedule.)

(Type and address of property) / (Name and address of mortgagee)	*Value*	*Indebtedness*	*Annual Payment Principal and Interest*	*Annual Gross Income (a)*	*Annual Operating Expense Including Taxes (b)*	*Annual Net Income (a)—(b)*
	$	$	$	$	$	$

I. ANNUAL INCOME.

Base pay of mortgagor	$ 3,000
Overtime or other employment earnings . .	$ ---
Base pay of co-mortgagor	$ ---
Overtime or other employment earnings . .	$ ---
Net income from real estate, from Schedule H .	$ ---
Income from other sources (list sources and amounts):	
None	$
	$
	$
	$
	$
	$
Total Income	$ 3,000

J. ANNUAL EXPENSE.

Federal and State income tax	$ 235
Premium on life insurance	$ 75
Payments on installment accounts	$ --
Mortgage or contract payments on other real estate (Schedule H)	$ --
Payments on other loans	$ --
Total Fixed Charges	$ 310

K. PREVIOUS ANNUAL HOUSING EXPENSE.

(*a*) Mortgage payment or rent .	$ 45
(*b*) Taxes	$ --
(*c*) Heat	$ 5
(*d*) Water, gas, electricity . .	$ 5
(*e*) Maintenance	$ --
Total	$ 55

WARNING

"Sec. 512. (*a*) National Housing Act. Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than 2 years, or both."

(Do not sign the following certification until the Mortgagors' Statement and Mortgagors' Property Description have been completed.)

This Mortgagors' Statement and the Mortgagors' Property Description submitted herewith are made by the undersigned for the purpose of obtaining the benefits of a mortgage loan to be insured under the provisions of the National Housing Act, and the undersigned hereby represent that to the best of their knowledge and belief, the statements, information, and descriptions contained herein are in all respects true, correct, and complete. The Commissioner and mortgagee may verify the statements contained herein by communicating with any of the persons or institutions named in this application. These statements will otherwise be treated as confidential.

(*Signed*) John Doe *Mortgagor.* 36 (Age) Mary Doe *Co-Mortgagor.* 32 (Age)

123 Detroit Street, Elm Park, Michigan (Mortgagors' present address) --------- (Telephone number) 7/1/45 (Date)

16—60140-1

FHA Form No. 2004a
(Revised)

FEDERAL HOUSING ADMINISTRATION

MORTGAGORS' PROPERTY DESCRIPTION

(Not required in connection with request for Substitution of Mortgagor, FHA Form 2210)

No. ....
(Case number to be inserted by insuring office)

(Indicate which)
☒ Proposed construction. ☐ Under construction. ☐ Existing construction.

A. Name and address of mortgagee Tenth National Bank of Detroit (Name) Detroit, Michigan (Address)

B. Property offered as security 123 Main Street, (Street address)

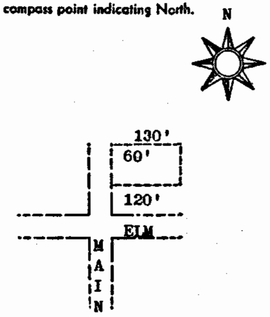
Elm Park (City) Wayne (County) Michigan (State)

Legal description: (Information for mortgage instrument.)

Lot 43, Elm Park Heights
Subdivision No. 1,
Wayne County, Michigan

Present owner John and Mary Doe
Leasehold No (Yes or no) Ground rental, $.................. per year.
Lease is: ☐ 99 year renewable; or, ☐ lease expires .... (Date)
☐ Lease is on form previously approved by FHA; ☐ lease is attached.

Indicate below: shape, location and dimensions of lot, distance from nearest intersection, and names of streets. Mark N at compass point indicating North.



C. Land.—(1) The lot is located between Elm Street and Oak Street.
(2) The lot has a frontage of 60 feet, on the East side of the street, and extends back 130 feet, or ....
(3) Easements (location and purpose) 6 ft. along rear of 1st for utilities installation and maintenance

D. Street improvements.—(1) Street serving property surfaced with Ashphalt

E. Utilities.—(1) Electricity: ☒ Yes; ☐ no. (2) Sewerage: ☒ Public main; ☐ septic tank; ☐ other (specify) ....
(3) Gas: ☒ Yes; ☐ no. (4) Source of water supply: ☒ Public; ☐ private; ☐ other (specify) ....

F. Building improvements.—(In case of proposed construction or property under construction, fill in items (1), (2), and (8) only.)
(1) When built, or, if proposed, when started or to be started. Month August Year 1945
(2) Contractor, if proposed construction A.B.C. Building Company (Name and address) Plan No. ....
(3) Type of construction: ☐ Frame; ☐ brick veneer; ☐ masonry; ☐ other ....
(4) Number of stories .... (5) Building designed for .... families. (6) Total number of rooms ....
(7) Baths .... (8) Describe any nonresidential use .... Percentage of floor area for such use .... percent. (9) Type of heating system and fuel ....
(10) Garage: Number of cars .... ☐ Attached; ☐ detached; ☐ built-in. Are there living quarters in garage? ....
(11) What immediate alterations or additions are to be made? (See reverse side of this sheet for exhibits required.) ....
(12) ☐ Property may be inspected during business hours any day except ....; ☐ key is enclosed; ☐ key is at ....

G. Taxes and Insurance.—(1) Real-estate taxes: Amount levied this fiscal year, $ 10 (2) If proposed construction: Estimated yearly taxes when assessed as completed, $ 95 (3) Special assessments: Total amount outstanding, $ None Amount payable this fiscal year, $ None Number of future installments None (4) Approximate annual cost of fire and other hazard insurance premiums $ 10

H. Present occupancy.—(1) ☐ By owner. (2) ☐ By tenant at $.................. per month; ☐ furnished; ☐ unfurnished. (3) ☐ Vacant.

REFINANCING CERTIFICATE

NOTE.—This certificate is required in all applications under Section 203 of the National Housing Act which involve the refinancing in whole or in part of an existing mortgage, where the proposed mortgage loan is to be made by a mortgagee other than the holder of the existing mortgage.

This is to certify that the undersigned has applied to the holder of the existing mortgage on the subject property for refinancing and that such holder, after reasonable opportunity, has failed or refused to make a loan of a like amount and on as favorable terms as those of the loan offered for insurance as described in the application submitted herewith after taking into account amortization provisions, commission, interest rate, mortgage insurance premium and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

.... *Mortgagor.*

.... (Date) .... *Mortgagor.*

REMARKS

16—40136-1

FORM NO. 2004—Page 4

INSTRUCTIONS

Exhibits Required With Application

For New Construction.—The following exhibits, properly identified by the mortgagor as part of the application, shall be submitted:

1. Plot plan, in duplicate, indicating the location of the principal building on the lot, distances to lot lines, easements, zoning or restriction requirements (if any). Show the proposed grade elevation of the first floor of each building on the lot in relation to the proposed finish grade on the plot, to the established grades of the adjoining thoroughfares, and to the established finish grades of adjoining improved lots (if any). Indicate the locations, grade elevations, and lay outs of garage, walks, steps, terraces, porches, and driveways.
2. Complete drawings including all floor plans, all elevations, sectional wall details, and heating layout, in duplicate.
3. Outline specifications on FHA Form 2005, Description of Materials, completely filled out, in duplicate.
4. If an individual water-supply and/or sewage-disposal system is proposed, separate exhibits, as required by the local FHA office, must be submitted.
5. A single signed or certified copy of the contractor's bid, or if employment of a contractor is not intended, mortgagor's estimate of cost of construction.

For Existing Construction.—The following exhibits, properly identified by the mortgagor as part of the application, shall be submitted:

1. Dated photographs (approximately 3" x 5") of (*a*) front view of house, (*b*) street view showing existing street improvements, subject house, and house adjoining on side, two prints each. If several houses appear in the photograph, identify the house described in the application.
2. A single signed or certified copy of the purchase agreement, if loan is to finance the purchase of the property or refinance the balance due under contract for deed.
3. If proposed improvements shown in item F (11) of the Mortgagors' Property Description involve major additions or alterations affecting the structure or design of the building, attach hereto the following: (*a*) Complete drawings and specifications in duplicate, indicating the work to be done and its relation to the existing structure, and (*b*) Contractor's bid, or if employment of contractor is not intended, mortgagor's estimate of cost of the proposed improvements (a single copy). Minor improvements may be supported by a description of the work to be done, illustrated by a sketch if necessary.

Financial Requirements for Closing

The following items shall be paid at or prior to the closing of the mortgage transaction:

(1) Such amount as may be required for the discharge of all obligations contracted in connection with the property or mortgage transaction, including the mortgagee's charges in connection with the transaction.

(2) An amount equal to all ground rents, taxes, and assessments that will have accrued or become payable on or before the date of the first monthly payment on the loan.

(3) An amount with respect to all premiums payable for fire or other hazard insurance, computed on the same basis as that set forth in item (2) above, subject to such adjustments as may be necessitated by the fact that such insurance is written for a 1-, 3-, or 5-year period.

(NOTE.—The purpose of items (2) and (3) above is to provide the lending institution, prior to the due dates of all ground rents, taxes, assessments, and fire or other hazard insurance premiums, with funds to pay such ground rents, taxes, assessments, and insurance premiums. Such funds shall be segregated from its general assets by the lending institution and applied only to the payment of ground rents, taxes, assessments, and fire or other hazard insurance premiums, respectively, when due and payable.)

Mortgagee's Charges

The mortgagee shall not collect from the mortgagor charges in excess of—

(1) The amount of the fee of the Federal Housing Commissioner for examination and valuation of property offered as security.

(2) The amount of the first annual premium charge for mortgage insurance, plus one twenty-fourth of one percent (1/24 of 1%) of the amount of the loan for each first of the month intervening between final closing and the date of the first monthly payment.

(3) Cost of title search.

(4) Recording or filing fees or charges.

(5) Appraisal fee of mortgagee.

(6) An initial service charge (not to exceed the service charge allowed by the applicable Administrative Rules).

For use of Federal Housing Administration only.

Date ______________________, 19____

REPORT OF ASSIGNMENT VALUATOR ☐

REPORT OF ASSIGNMENT MORTGAGE RISK EXAMINER ☐

____
(Signature and title)

____
(Chief underwriter) (Date)

U. S. GOVERNMENT PRINTING OFFICE : 1946 O - 679000

16—40146-2

FORM NO. 2005—Page 1

FHA Form No. 2005
(Revised Oct. 1941)

Budget Bureau No. 63-R055.1.
Approval expires 12-31-46.

No. 000-000000
(To be inserted by FHA)

FEDERAL HOUSING ADMINISTRATION

DESCRIPTION OF MATERIALS

Property address 123 Main Street City Elm Park State Michigan

Mortgagor or Sponsor John Doe and Mary Doe

This exhibit will be accepted in lieu of specifications with Title I, Class 3 "Application for Property Approval," or with "Mortgagee's Application for Insurance" or "Application for Conditional Commitment." The Property Eligibility Statement, or commitment, if issued, will be predicated upon the information presented herein, regardless of whether this exhibit is in conformity with the specifications, if any. The use of this exhibit, executed in a clear and complete manner, enables the insuring office to give full credit for the material used, and facilitates processing of the application.

Instructions.—Describe the materials and equipment to be used by marking an × in each appropriate check box and by writing or typing, in the spaces provided, the grade, quality, type, size, or other pertinent descriptive data. Draw a line through all items or spaces which do not apply. If the space provided is insufficient, write "See Misc." therein and enter a complete description under "27. MISCELLANEOUS."

☒ **Proposed construction.** ☐ **Under construction.**

General.—All construction shall equal or exceed the FHA Minimum Construction Requirements, local building codes, zoning ordinances, and restrictive covenants. The materials described herein shall be new and the best of the grade or quality stated. Erection, application, or installation shall be in accordance with the manufacturer's directions or the best standard practice and shall be done in a workmanlike manner. For final approval, all buildings must be complete and ready for occupancy, connections with utilities completed, and with all equipment installed in operating condition.

1. EXCAVATION:

Minimum depth below finished grade 3'-0" Type of bearing soil, Hard yellow clay
☐ Hauled away. ☒ Used at lot.

2. FOUNDATIONS:

Concrete: Mix—1 part cement, 3 parts sand, 5 parts gravel or stone.
☒ Transit mixed. ☐ Machine mixed. ☐ Hand mixed.
Pier or column footings: conc.; size, 2'-0" " × 2'-0" "; thickness, 1'-0 ".
~~Piers~~: ; size, " × ".
Wall footings: width, 16 "; thickness, 8 "; XXXXXXXXX
Foundation walls: conc. blk.; thickness, 8 "; veneer,
Waterproofing: 3/4" cem. parg. & lot. asph. w.p. Drainage: 4" agric.tile, gravel fill. felt.
Columns: Steel; size, " × 4 "
Girders: Steel; size, 7"I " × 15.3# "
Basement floor slab: Conc. 1:2:4 Mix. finished integral; thickness, 4 "
Area walls: Conc.; thickness, 6 "
Basement windows: Steel sash and frames. XXXXXXXX
XXXXX Anchor bolts: 5/8" X 18"; spacing, 8'-0" c.c.".
Termite protection: 16 oz. copper

3. CHIMNEYS:

Flues: No., 1; size, 9 " × 13 ", " × "; lining, T.C.
~~Vents Material~~, ; size, "× "

4. ~~FIREPLACE~~XX

☐ Wood burning. ☐ Gas burning. ☐ Circulating heater. ☐ Imitation.
Size opening, " × ". Size damper, " × ". Size flue, " ×
Fireplace lining: ; thickness, ". Hearth: ; thickness, ".
Mantel: Facing:
Other:

5. EXTERIOR WALLS:

☐ Solid masonry: facing, ; thickness, "; backing, ; thickness, ".
Waterproofing: ; furring, ; thickness, ".
☒ Wood frame construction:
Studs: Y.P.; grade, #1; size, 2 " × 4 "; c. to c., 16 ".
Sheathing: Y.P.; grade, #2; thickness, 1"X 6 ". (If wood): ☐ Hor.; ☒ Diag.
Building paper: Sat. felt; weight, 15 lbs.
☒ ~~Veneer~~XX; bond, ; paint,
☒ Wood siding: Cedar; grade, Clear; thickness, 3/4 "; width, 8 "; weather, 6 ".
☐ Wood shingles: ; grade, ; thickness, "; length, "; weather, ".
☐ Asbestos siding: ; size, " × "; weather, ".
☐ Stucco: ; thickness, "; lath, ; weight, lbs.
☐ Other:

Finish: ☒ paint; ☐ stain. Coats, 3 Mfr. or formula, Lead & oil

	FIRST FLOOR	SECOND FLOOR	THIRD FLOOR
6. FLOOR FRAMING:			
Material and Grade Y.P.#1			
Size	2 " × 8 "	" × "	" × "
Spacing	16 " on center	" on center	" on center
7. SUBFLOORING:			
Material and Grade Y.P. #1			
Size	1 " × 6 "	" × "	" × "
Laid: ☐ Diag. ☐ Straight			
8. FINISH FLOORING:			
Material and Grade	Sel. red oak		
Size	25/32 " × 2 1/4 "	" × "	" × "
Paper or felt	15# Sat. felt		
Finish	Sand. fill. 2 cts.	shellac, wax	

9. PARTITION FRAMING:

Studs: Y.P.; grade, #1; size, 2" × 4"; c. to c., 16".

10. CEILING FRAMING:

Joists: Y.P.; grade, #1; size, 2" × 6"; c. to c., 16".
Bridging: Y.P. #1; size, 1" × 3"; spacing, 8'-0".

11. ROOF FRAMING:

Rafters: Y.P.; grade, #1; size 2" × 6"; c. to c., 16".
~~Valley rafters~~; grade, ; size, " × ". ~~Hip rafters~~; grade, ; size, " × ".
Collar beams (ties): Y.P.; grade #2; size, 2" × 4"; spacing, 48".
Sheathing: Y.P.; grade, #2; ☒ solid; ☐ strip. Size, 1" × 6".
Special:

12. ROOFING:

Roofing felt: Saturated felt; weight, 15 lbs.
☐ Wood shingles: ; weather, "; length, "; stained,
☒ Asphalt shingles: ; type, 4 in 1 strip; weight, 210 lbs.
☐ Asbestos shingles: ; type, ; laid,
☐ Slate: ; length, "; weather, ".
☐ Built-up roofing: ; plies; surface
☐ Other:

13. SHEET METAL WORK:

Gutters: G.I.; weight, 26ga. Downspouts: G.I.; weight, 26 ga.
Drain: ☒ splash blocks; ☐ sewer; ☐ sump; ☐ dry well.
Roof flashing: Jin; weight, 40# ~~Valley flashing~~; weight,
Flashing over windows: Jin; weight, 40# Other:

14. INTERIOR FINISH:

☒ Lath and plaster: Lath, 3/8" Rocklath; size grounds, 7/8";
plaster, Hardwall; coats, 3; finish, smooth
☐ Dry wall finish:
Joint treatment:

15. DECORATING:

Walls: Paper. 25c roll Ceilings: size, lot. casein paint
Kitchen: Size, 3 cts. paint, enam. fin.
Bath: " " " " "
Other finish:

16. INTERIOR DOORS AND TRIM:

Type door: 6 pan. colonial; material, w.w.p.; thickness, 1 3/8".
Trim: jambs, 3/4" X 5 3/8" w.w.p.; casing, 3/4" X 3 5/8" w.w.p.; base, 3/4" X 5½" w.w.p.
Other:

Finish: 3 cts. lead and oil paint.

17. WINDOWS:

Sash: material N. white pine; type, D.H.; thickness, 1 3/8"; glass, D.S.A.;
balances, Spring type; weatherstripping, Zinc, interlocking
Screens: ☐ full, ☒ one-half, ☐ job built, ☐ mill built; wire G.I.
~~Storm windows~~ Special:
All sash and frames factory assembled.

18. ENTRANCE AND EXTERIOR DETAIL:

Main entrance: frame, Northern White pine; door, Northern White pine; thickness, 1 3/4".
Service door: ; thickness, 1 3/4".
~~Other exterior doors~~: ; thickness, ".
~~Hoods or canopies~~: ~~Shutters~~
Screen doors: wire, G.I.; ~~[illegible]~~ Spring bronze - bronze thr.
Storm doors: Weatherstripping, doors:
Ornamental iron:
Special:

19. CABINETS AND INTERIOR DETAIL:

Kitchen cabinets: ☐ Job built; ☒ Mill built, make and grade, Metal-enam. fin.
Counter: ☒ Top, ☒ Back splash; ☒ linoleum, ☐ tile, ☐ wood, ☐ other,
~~China cabinets~~
~~Bookcases~~ Linen ~~cabinet~~: clos. 5 shelves
Medicine cabinet: Metal 16" X 24" Venetian. Closet equipment, Shelf. rod. hookstrip
Special: Built-in wd. ironing bd. cab.

20. STAIRS:

Basement: treads, 1 5/8"X 9½"L.L.Y.P. ~~risers~~; rail, 2" X 4" Y.P.
~~Main, treads~~ ; risers, ; trim, ; rail,
~~Attic, treads~~ ; risers, ; trim, ; rail,
Special:

21. SPECIAL FLOORS AND WAINSCOT:

Bathroom: floor, Ceram. mosaic; base, 6" Oil. tile; wainscot, Oil, tile at tub; height, 6'-0".
Kitchen: floor, Std.Inlaid linol.; base, wd.; wainscot, ; height, ".
~~Shower stall~~ ; floor, ; wainscot, ; door,
Other:

22. PLUMBING:

Sewage disposal: ☒ Sewer; ☐ Septic tank, size, gals. ☐ concrete; ☐ steel.
Water supply: ☒ public; ☐ private system,
NOTE: *Indicate private water supply and sewage disposal systems on plot plan.*
Supply piping: ☐ brass or copper pipe; ☐ copper tubing, type, ; ☒ galv. steel; ☐ other,
Waste piping: soil pipe, 4" G. I.; waste pipe, 2" G. I.; vents, 2" G.I.
Domestic hot water: Storage tank; ☒ galv. steel; ☐ enameled steel; ☐ copper or brass; ☐ other,
capacity, 30 gals.; ☒ insulation, 2" cork , "
Heater: Make and model; Afton #3 side arm; fuel, gas; ☐ auto.; ☒ manual

FIXTURES	No.	LOCATION	MANUFACTURER	PLATE NUMBER	NAME
Kitchen sink	1	Kitchen	Brown-Jones	P-4786	Pentagon
Bath tub	1	Bath	" "	L-79	Napoleon
Shower: ☐ stall; ☒ tub	1	Bath	" "	M-36	Mixmaster
Lavatory	1	"	" "	C-1402	Cleopatra
Water closet	1	"	" "	X-6905	Chic
Laundry trays	2	Basement	" "	L-93	Everwear

23. HEATING:

☐ Steam. ☐ Vapor. ☐ Hot water: ☐ 1 pipe; ☐ 2 pipe; ☐ gravity; ☐ forced.
Boiler, make and model: ; net load rating, sq. ft.
☒ Warm air: ☐ pipeless; ☒ gravity; ☐ forced; ☐ floor furnace; ☐ wall heater; ☐ space heater.
Furnace or heater, make and model: Artic mfg. Co. Tornado #36; output at bonnet, 60000 B.T.U.'s.
Fuel: ☐ gas; ☒ coal, ; ☐ oil; ☐ other Storage: ☒ bin; ☐ tank; capacity,
☐ Oil burner, make and model: Type: ☐ pressure, ☐ rotary, ☐ vaporizing.
Draft: ☐ natural, ☐ mechanical. Firing rate, to g.p.h.
☐ Gas burner, make and model ; ☐ auto.; ☐ manual.; input B. T. U.'s.
☐ Stoker, make and model : ☐ hopper; ☐ bin feed; ☐ auto. ash removal. Firing rate to lbs. p. h.
Radiators, make and types
Registers-grilles, make and types San Lorenzo wall registers with dampers; sq. ft.
Specialties, make, size, number, etc. A.B.X. damper regulator

Built-in bathroom heaters:

24. ELECTRIC WIRING:

Service: ☒ overhead; ☐ underground; panel,
Interior: ☐ conduit; ☒ BX; ☐ nonmetallic cable; ☐ knob and tube; ☐ other
Switches: X.Y.A. Toggle type Outlets:
~~Power outlets~~ ☐ oil burner; ☐ range; ☐ water heater; ☐ other,

FORM NO. 2005—Page 4

25. ELECTRIC FIXTURES AND EQUIPMENT:

Fixture allowance, $ 25.00 Special:

☐ XXXXXXX; ☐ XXXXXXXX

☐ other, ; ☐ other,

26. INSULATION:

~~Walls~~ ; thickness, ". ~~Roof or~~ ceiling: Rk.wl.batts; thickness, 4 ".

Special:

27. MISCELLANEOUS:

(Describe any materials or features of construction not adequately covered in the drawings or elsewhere in this exhibit):

Hardware allowance: $50.00

Bathroom accessories: 1 set allowance $5.00

Cookrite #3, 4 burner gas range

28. PORCHES AND TERRACES:

Main porch: footings, 8" X 16" cone. 1:3:5 mix; foundation, 8" conc. blk.;

flooring, No. 1 Com. T & G. fir (if concrete); reinforcing ;

ceiling, B & bet. M & B; roof, ;

~~railed~~, ; ~~screened~~ ; ~~glazed~~ ; steps, par. brk.

Secondary porch: footings, ; foundation, ;

flooring (If concrete), reinforcing ;

ceiling, ; roof, ;

railed, ; screened ; glazed ; steps,

Terrace: foundation, ; surface, ;

other,

29. GARAGES:

Footings: 8" X 16" conc. 1:3:5 mix; foundation: 8" conc. blk.

Floor: 1:2:4 conc. finished integral thickness, 4 "; ~~reinforcing~~

Walls: Frame, wd.sid.; (If frame), studs, 2 " × 4 "; 16 " c. to c.; sheathing, 1" & 6" Y.P.; paper, 15# felt

XXXXXXXXXX . Roof: 2" & 6" Y.P. No. 1-16" c.c.Y.P. #15 felt, asph. sh.

Doors: 1 3/4" N.W.P. overhead ~~Plumbing~~ Electricity:

(If finished rooms are included in garage, describe under "27. MISCELLANEOUS.")

30. WALKS AND DRIVES:

Walks: conc.; thickness, 4 ". Drives: Conc. ribbon 16"; thickness, 5 ".

31. LANDSCAPING:

Grading: ☐ rough; ☒ finish, To lines shown on drawings

Lawn: ☒ sodded; ☐ seeded; ☐ sprigged.

Planting: allowances, $25.00 (If extensive, include planting plan.)

~~Walks~~

~~Fences~~

ADDENDA

Date, June 25, 1945 (Contractor or Builder) Thomas Smith

Date, June 25, 1945 (Mortgagor or Sponsor) John Doe

U. S. GOVERNMENT PRINTING OFFICE 16—64570-1

FORM NO. 2007—Front

FHA Form No. 2007
(Revised Nov. 1945)

FEDERAL HOUSING ADMINISTRATION
COMMITMENT FOR INSURANCE

000-000000
(FHA serial number)

UNDER SECTION 203☐ 603☐ OF THE NATIONAL HOUSING ACT

MORTGAGEE (Name and Address—City and State)

Tenth National Bank of Detroit
LaSalle Square
Detroit, Michigan

Your application, identified by the serial number above, has been examined and the Commissioner hereby issues to you Firm (with additional Provision*) commitment for insurance of the mortgage described in the schedule below, in accordance with the terms of General Provisions Two (ONE or TWO) and Three (THREE or FOUR) on the reverse hereof and subject to the specific conditions checked or listed below:

☒ That the date of beginning of construction will be or was subsequent to approval for mortgage insurance on July 10, 1945 (Date)

☒ That the mortgagor will be the owner and occupant of the mortgaged property at the time of endorsement for insurance.

☒ That the mortgagors acknowledge on the reverse side hereof, as part of the mortgaged property, and as fully paid for, the following easily removable real-estate items:

Half length G.I. window screens and screen doors, cookrite #3 gas range

***ADDITIONAL PROVISION:** A firm commitment to insure a mortgage not to exceed principal amount of $______ and amortization period of ______ years, will be issued by the Commissioner to you in lieu of this commitment, upon application for such insurance being made to this office prior to the expiration date hereof, upon Mortgagee's Application for Insurance and Mortgagors' Statement, FHA Form No. 2004, in duplicate, duly executed by an approved mortgagee and a borrower whose credit standing, cash investment, and other qualifications are satisfactory to the Commissioner, and provided such application, in all other respects, complies with the requirement of the National Housing Act and the Administrative Rules and Regulations thereunder. If such application is submitted prior to the expiration of this commitment, any fees theretofore paid will be applied as a credit upon the fees which will be due based on the amount for which application is made under this provision, and only the additional amount, if any, will be payable. **This commitment must be returned to this office with such application.**

This commitment shall become null and void after March 10, 1946

FEDERAL HOUSING COMMISSIONER

By (signed) James Jones
Authorized Agent

Date July 10, 1945

At Detroit, Michigan

IMPORTANT.—*Read carefully the General Provisions appearing upon reverse side hereof.*

SCHEDULE

Property address 123 Main Street (Street) Elm Park, Michigan (City and State)

Conditional Commitment.—Mortgage not to exceed principal amount of $______ and amortization period of ______ years. Subject to subsequent approval of Mortgagor by Commissioner.

Firm Commitment.—Insurable loan Five thousand four hundred dollars ($5,400). Amortization period 25 years. Interest rate Four and one-half per centum (4½%) per annum. 300 equal monthly installments, including interest and principal, of $30.02 First annual mortgage insurance premium, $26.73

Mortgagors John Doe and Mary Doe

(For information only)

FHA valuation, $6,000, of which $______ is distributed to land, and $______ to improvements.

Rating P ______ Rating L ______ Rating B ______ Rating M. P. ______

(OVER)

ORIGINAL

FORM NO. 2007—Back

GENERAL PROVISIONS

ONE. Conditional Commitment. A firm commitment to insure a loan, in the amount and amortization period shown in the Schedule, will be issued by the Commissioner to you, upon application for such insurance to this office upon the Mortgagee's Application for Insurance and Mortgagors' Statement, FHA Form No. 2004, in duplicate, duly executed by an approved mortgagee and a borrower whose credit standing, cash investment, and other qualifications are satisfactory to the Commissioner. **This commitment must also be returned to this office with such application.**

It is understood that no additional examination fee will be required in connection with such application if submitted prior to the expiration of the conditional commitment. Unless such application in all other respects, however, shall comply with the requirements of the National Housing Act and the Administrative Rules issued thereunder by the Federal Housing Commissioner, the Commissioner shall be relieved of any and all obligations hereunder.

TWO. Firm Commitment. Insurance, upon the terms herein set forth, will be granted on the mortgage described in the schedule on the face of this commitment.

The amortization payments must begin upon the first day of a month not later than thirty (30) days after the expiration date of this commitment. The term for which the mortgage is to run may include not only the amortization period, but also the period elapsing between the date of endorsement of the mortgage and the commencement of such amortization period. In no case, however, shall the term between the date of endorsement of the mortgage as shown in the instrument and its final maturity date-be in excess of twenty (20) years except as to mortgages under Section 203 (*b*) (2) (B) or Section 603 of the National Housing Act, which may not exceed twenty-five (25) years.

The credit instrument and mortgage described in the aforementioned schedule will be endorsed for insurance under the applicable section of the National Housing Act as amended: *Provided*, That the conditions appearing below and on the face hereof are fulfilled in a manner satisfactory to the Federal Housing Commissioner and *further provided*, that this office receive the following in proper form:

(*a*) This commitment signed by you and the borrower, together with the information required by the "Memorandum of Closing Charges" appearing below.

(*b*) The original note, bond, or other credit instrument and one copy thereof.

(*c*) One copy of the original mortgage certified by you, or sworn to before a notary public, or certified by the recording or registering office.

(*d*) First annual mortgage insurance premium.

The original credit instrument will be endorsed for insurance and will then be returned to you.

Any variation from the terms of this commitment must be explained in a supplementary letter when the credit instrument is presented. In such cases the Commissioner reserves the right to refuse endorsement.

THREE. Proposed Construction. This commitment is subject to compliance with the following conditions:

A. This office shall be advised by the mortgagee in writing at the time that construction is about to reach the stages designated below:

(1) When excavation is completed and ready for footings and foundations.

(2) When the buildings are enclosed, but the structural members are still exposed, and while all roughing-in, i. e., heating, plumbing, and electrical work, is in place and visible and

(3) When the buildings are completed and ready for occupancy.

B. All construction proposed in the application and any amendments or additions thereto appearing either (1) on the reverse side hereof or (2) noted on the drawings and specifications, returned herewith, shall be completed. Inspection by this office must show that all construction equals or exceeds the applicable FHA Minimum Construction Requirements.

FOUR. Existing or Completed Construction. This commitment is subject to compliance with the conditions that all construction or repairs proposed in the application, together with such amendments or additions thereto appearing on the face hereof shall be completed. Alterations or additions to be completed shall equal or exceed the applicable FHA Minimum Construction Requirements.

(TO BE USED FOR FIRM COMMITMENT ONLY)

To Federal Housing Administration.

Date..., 19..........

The undersigned hereby acknowledge(s) the receipt of a loan of..dollars ($..................) covered by the above-mentioned documents and hereby declare(s) that the lien securing said loan is a good and valid first lien on the property therein described; that the mortgaged property, including all real estate items listed on the face hereof, is owned by the undersigned free and clear of all liens other than that of such mortgage, that the undersigned do(es) not have outstanding any other unpaid obligations contracted in connection with the mortgage transaction or the purchase of the said mortgaged property except obligations which are secured by property or collateral owned by the mortgagor independently of the said mortgaged property, or except a second loan in the principal amount of..dollars ($..............................) in connection with which the Administrator of Veterans Affairs has issued his Loan Guaranty Certificate under Title III of the Servicemen's Readjustment Act of 1944, dated......................bearing number................................, which Certificate has been executed by the undersigned and the lender named therein evidencing compliance with the terms thereof, and that the specific conditions listed on the face side hereof have been fulfilled and that one of the undersigned is/ is not the occupant of the subject property.

Not to be signed by mortgagor or mortgagee until conditions of commitment are fulfilled and funds fully disbursed.

....
(Mortgagor)

....
(Mortgagor)

To Federal Housing Administration.

Date..., 19..........

We hand you herewith check for $......................................, covering the first annual insurance premium together with other items called for in the above commitment.

The undersigned declares to its best knowledge and belief that, at this date, none of the statements made in its application for insurance nor in the mortgagor's acknowledgment on this commitment is untrue or incorrect; that complete disbursement of the loan has been made to the mortgagor, or to his creditors for his account and with his consent, and that the lien securing the loan covered by said application has been recorded and is a good and valid first lien on the property therein described. The undersigned also represents that, to its best knowledge and belief, the construction and/or repairs required by the terms of this commitment have been completed and paid for in full.

The undersigned understands that the conditions set forth in this commitment are hereby fulfilled and that the credit instrument and mortgage described in the aforementioned application will be insured from the date upon which the credit instrument is endoresd by the Commissioner.

The undersigned further agrees that if the loan as made varies in terms from that set forth in its application for insurance and in this commitment, the promise of the undersigned to pay an annual premium to the Federal Housing Commissioner and all other statements contained in said application and commitments shall be considered changed to conform to the loan as made. An itemized statement of the actual closing charges is indicated below or attached hereto.

MEMORANDUM OF CLOSING CHARGES

(To be completed unless separate statement is attached)

Mortgagee's appraisal fee, if any....................	$..............................
Initial service charge, if any..........................	$..............................
Title charges, including search, abstract, title policy, etc..	$..............................
Recording fees..	$..............................
(Itemize any other charges and attach list hereto.)	
TOTAL.......................	$..............................

....
(Mortgagee)

By..
(Signature and title of officer)

(CORPORATE SEAL)

Attest:..
(Signature and title of officer)

PATENTED—MOORE BUSINESS FORMS, INC., NIAGARA FALLS, N.Y.

FORM NO. 2289—First

MORTGAGEE'S REQUEST FOR COMPLIANCE INSPECTION

Date August 20, 1945 Re: Case No. 000-000000

Mortgagor(s) or Sponsor John Doe and Mary Doe

Property address 123 Main Street, Elm Park

FEDERAL HOUSING ADMINISTRATION: The construction in the above-captioned case will have reached the stage of construction appropriate to the Compliance Inspection checked below on August 25, 1945 (Allow time for mailing and for inspector's travel to remote localities)

☒ FIRST: Excavation completed and forms ready for footings and foundations.
☐ ALTERNATE FIRST: Foundations completed and ready for backfilling.
☐ SECOND: Building(s) enclosed and roofed, structural members exposed, roughing-in of heating, plumbing, and electric work installed and visible for inspection.
☐ THIRD: ☐ Building improvements thoroughly completed and ready for occupancy. ★
☐ Building improvements completed and ready for occupancy, except exterior items, completion of which is delayed by conditions beyond control. ▲ ★
☐ INTERMEDIATE: Items subject to Intermediate Inspection at stage indicated by the Commitment are installed and visible for inspection.
☐ REPAIR: Repairs and alterations completed as required by the Commitment terms. ★
☐ REINSPECTION: Corrections noted on latest Compliance Inspection Report have been properly cared for. ☐ Special $5 fee is enclosed herewith.

★ Arrange for inspector's admission. If home is furnished, mortgagor or his representative must be present.
▲ This is interpreted as requesting Mortgagee's Assurance of Completion. FHA Form No. 2300.

Mortgagee Tenth National Bank of Detroit

By Richard Smith

16—19008-1 GPO

Request special inspection by letter explaining the purpose thereof.

FORM NO. 2289—Front

FHA Form No. 2289—(Rev. 7-1-45)

(POSTAGE MUST BE PAID BY SENDER)

PLACE
STAMP
HERE

FORM NO. 2289—Second

MORTGAGEE'S REQUEST FOR COMPLIANCE INSPECTION

Date October 14, 19 45 Re: Case No. 000-000000

Mortgagor(s) or Sponsor John Doe and Mary Doe

Property address 123 Main Street, Elm Park

FEDERAL HOUSING ADMINISTRATION: The construction in the above-captioned case will have reached the stage of construction appropriate to the Compliance Inspection checked below on October 18, 1945 (Allow time for mailing and for inspector's travel to remote localities)

☐ FIRST: Excavation completed and forms ready for footings and foundations.
☐ ALTERNATE FIRST: Foundations completed and ready for backfilling.
☒ SECOND: Building(s) enclosed and roofed, structural members exposed, roughing-in of heating, plumbing, and electric work installed and visible for inspection.
☐ THIRD: ☐ Building improvements thoroughly completed and ready for occupancy. ★
☐ Building improvements completed and ready for occupancy, except exterior items, completion of which is delayed by conditions beyond control. ▲ ★
☐ INTERMEDIATE: Items subject to Intermediate Inspection at stage indicated by the Commitment are installed and visible for inspection.
☐ REPAIR: Repairs and alterations completed as required by the Commitment terms. ★
☐ REINSPECTION: Corrections noted on latest Compliance Inspection Report have been properly cared for. ☐ Special $5 fee is enclosed herewith.

★ Arrange for inspector's admission. If home is furnished, mortgagor or his representative must be present.
▲ This is interpreted as requesting Mortgagee's Assurance of Completion. FHA Form No. 2300.

Mortgagee Tenth National Bank of Detroit

By Richard Smith

16—19008-1 GPO

Request special inspection by letter explaining the purpose thereof.

FORM NO. 2289—Third

MORTGAGEE'S REQUEST FOR COMPLIANCE INSPECTION

Date December 20, 19 45 Re: Case No. 000-000000

Mortgagor(s) or Sponsor John Doe and Mary Doe

Property address 123 Main Street, Elm Park

FEDERAL HOUSING ADMINISTRATION: The construction in the above-captioned case will have reached the stage of construction appropriate to the Compliance Inspection checked below on December 22, 1945 (Allow time for mailing and for inspector's travel to remote localities)

☐ FIRST: Excavation completed and forms ready for footings and foundations.
☐ ALTERNATE FIRST: Foundations completed and ready for backfilling.
☐ SECOND: Building(s) enclosed and roofed, structural members exposed, roughing-in of heating, plumbing, and electric work installed and visible for inspection.
☒ THIRD: ☐ Building improvements thoroughly completed and ready for occupancy. ★
☒ Building improvements completed and ready for occupancy, except exterior items, completion of which is delayed by conditions beyond control. ▲ ★
☐ INTERMEDIATE: Items subject to Intermediate Inspection at stage indicated by the Commitment are installed and visible for inspection.
☐ REPAIR: Repairs and alterations completed as required by the Commitment terms. ★
☐ REINSPECTION: Corrections noted on latest Compliance Inspection Report have been properly cared for. ☐ Special $5 fee is enclosed herewith.

★ Arrange for inspector's admission. If home is furnished, mortgagor or his representative must be present.
▲ This is interpreted as requesting Mortgagee's Assurance of Completion. FHA Form No. 2300.

Mortgagee Tenth National Bank of Detroit

By Richard Smith

16—19008-1 GPO

Request special inspection by letter explaining the purpose thereof.

FORM NO. 2051—First

FHA FORM NO. [illegible]
(Revised 2-1-46)

FEDERAL HOUSING ADMINISTRATION

COMPLIANCE INSPECTION REPORT

Unapproved report left at site for contractor's convenience is subject to change. Consult lending institution for OFFICIAL REPORT.

MORTGAGEE 10th National Bank of Detroit SERIAL NUMBER 000-000000

CONSTRUCTION BEING PERFORMED BY Thomas Smith

PROPERTY ADDRESS 123 Main Street, Elm Park, Michigan

I - COMPLIANCE INSPECTION OF BUILDING IMPROVEMENTS AT STAGE INDICATED BELOW REVEALS:

1. Construction ☐ was, ☒ was not begun prior to date of commitment. (To be filled in only on report of initial inspection.)
2. ☐ Contractor is other than named in application.
3. ☐ House locked or admittance refused.★ (Arrange for inspector's admittance. If home is furnished, mortgagor or his representative must be present.)
4. ☐ FHA approved exhibits not available at site.★
5. ☐ Work not ready for inspection requested.★
6. ☐ Correction required by report dated not acceptably completed.★
7. ☐ Correction essential to compliance, as explained below.★
8. ☐ Correction explained below is essential to compliance. Will examine at next regular compliance inspection.
9. ☒ No noncompliance observed at stage checked below.
10. ☐ Acceptable variations as described below.
11. ☐ Extensive noncompliance, correction improbable.
    - ☐ Variations from approved exhibits. See IV below.
    - ☐ Unacceptable construction. See IV below.
12. ☐ Building improvements acceptably completed subject to receipt of certification that mortgagee's inspection reveals satisfactory completion of all items listed below.
13. ☐ Building improvements acceptably completed except items listed below, completion of which is delayed by weather or other conditions beyond control. See IV below.
14. ☐ Building improvements acceptably completed.

II - FIELD INSPECTION OF OFF-SITE IMPROVEMENTS REVEALS:

15. ☐ Correction essential to acceptance as explained below.★
16. ☐ Incompleted items as explained below.★
17. ☐ Acceptable completion as to all requirements for off-site improvements.

★ REINSPECTION REQUIRED. No further Compliance Inspection Report will be issued until receipt of special $5 fee.

III - SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION

18. ☐ Correction essential as explained below.
19. ☐ Incompleted items as explained below
20. ☐ Acceptable completion as to all requirements of specific conditions not requiring field inspection.

EXPLANATION OF STATEMENTS CHECKED ABOVE, NUMBERED

Variations listed above ☐ do, ☐ do not, affect cost materially.

Photographs ☐ taken, ☐ deferred, ☐ attached and identified.

As to I, BUILDING IMPROVEMENTS and II, OFF-SITE IMPROVEMENTS

CERTIFICATION:—I certify that I have carefully inspected this property on this date, and that I have reported all substantial variations from the approved drawings and Description of Materials, specific conditions of the commitment and applicable requirements, and that I have no personal interest, present or prospective, in the property, applicant or proceeds of the mortgage.

Inspected (date) August 25, 1945 By (Signed) Thomas Thompson

☒ Construction Examiner, ☐ Valuator, ☒ Staff, ☐ Fee, ☐ Per Diem

APPROVED

☐ Form No. 2217 (Ind. Water Supply System) applies. ☐ Rec'd. ☐ Not Rec'd.

☐ Form No. 2218 (Ind. Sewage Disposal System) applies. ☐ Rec'd. ☐ Not Rec'd.

Are there specific conditions to be reported upon under Part III by the Valuation Unit?

☐ Yes, ☒ No: Mortgage Credit Unit? ☐ Yes, ☒ No.

Date August 25, 1945

(Signed) Harry Miller

☐ Chief Architect. ☒ Deputy for Chief Architect.

As to III, SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION

(To be filled in only when all conditions relating to Building Improvements and Off-site Improvements have been acceptably fulfilled).

Date

(Signed)

☐ Chief Valuator. ☐ Deputy for Chief Valuator.

Date

(Signed)

☐ Chief Mtg. Credit Exam. ☐ Deputy for Chief Mtg. Credit Exam.

IV - TO MORTGAGEE

When signed below, refer to statement on reverse side corresponding to designation checked.

☐ A. NONCOMPLIANCE. ☐ (a) Variations from Exhibits. ☐ (b) Unacceptable Construction.	☐ B. COMPLIANCE. Firm commitment. Closing papers may be submitted.	☐ C. COMPLIANCE. Conditional commitment. Subject to inspection before issuance of firm commitment.	☐ D. COMPLIANCE. Incompleted Items, "Mortgagee's Assurance of Completion" is required to provide for withholding $, and for completion not later than

Date August 25, 1945 (Signed) Henry Richards

☒ Chief Underwriter.

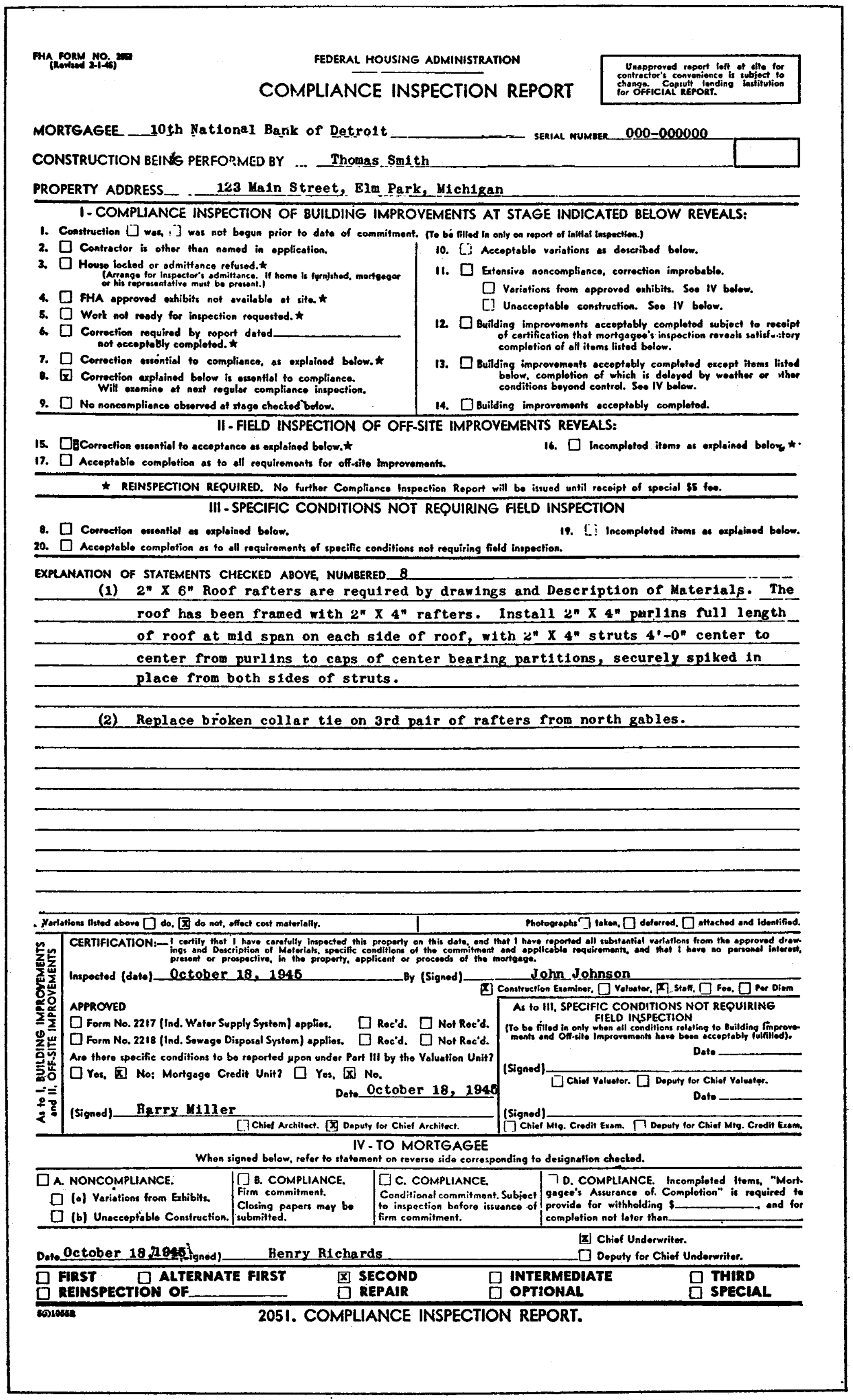
☐ Deputy for Chief Underwriter.

☒ FIRST	☐ ALTERNATE FIRST	☐ SECOND	☐ INTERMEDIATE	☐ THIRD
☐ REINSPECTION OF		☐ REPAIR	☐ OPTIONAL	☐ SPECIAL

5Q1055R

2051. COMPLIANCE INSPECTION REPORT.

FORM NO. 2051—Second



FHA FORM NO. 2051
(Revised 2-1-46)

FEDERAL HOUSING ADMINISTRATION

COMPLIANCE INSPECTION REPORT

Unapproved report left at site for contractor's convenience is subject to change. Consult lending institution for OFFICIAL REPORT.

MORTGAGEE 10th National Bank of Detroit SERIAL NUMBER 000-000000

CONSTRUCTION BEING PERFORMED BY Thomas Smith

PROPERTY ADDRESS 123 Main Street, Elm Park, Michigan

I - COMPLIANCE INSPECTION OF BUILDING IMPROVEMENTS AT STAGE INDICATED BELOW REVEALS:

1. Construction ☐ was, ☐ was not begun prior to date of commitment. (To be filled in only on report of initial inspection.)
2. ☐ Contractor is other than named in application.
3. ☐ House locked or admittance refused.★ (Arrange for inspector's admittance. If home is furnished, mortgagor or his representative must be present.)
4. ☐ FHA approved exhibits not available at site.★
5. ☐ Work not ready for inspection requested.★
6. ☐ Correction required by report dated ______ not acceptably completed.★
7. ☐ Correction essential to compliance, as explained below.★
8. ☒ Correction explained below is essential to compliance. Will examine at next regular compliance inspection.
9. ☐ No noncompliance observed at stage checked below.
10. ☐ Acceptable variations as described below.
11. ☐ Extensive noncompliance, correction improbable.
    - ☐ Variations from approved exhibits. See IV below.
    - ☐ Unacceptable construction. See IV below.
12. ☐ Building improvements acceptably completed subject to receipt of certification that mortgagee's inspection reveals satisfactory completion of all items listed below.
13. ☐ Building improvements acceptably completed except items listed below, completion of which is delayed by weather or other conditions beyond control. See IV below.
14. ☐ Building improvements acceptably completed.

II - FIELD INSPECTION OF OFF-SITE IMPROVEMENTS REVEALS:

15. ☐ Correction essential to acceptance as explained below.★
16. ☐ Incompleted items as explained below.★
17. ☐ Acceptable completion as to all requirements for off-site improvements.

★ REINSPECTION REQUIRED. No further Compliance Inspection Report will be issued until receipt of special $5 fee.

III - SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION

8. ☐ Correction essential as explained below.
19. ☐ Incompleted items as explained below.
20. ☐ Acceptable completion as to all requirements of specific conditions not requiring field inspection.

EXPLANATION OF STATEMENTS CHECKED ABOVE, NUMBERED 8

(1) 2" X 6" Roof rafters are required by drawings and Description of Materials. The roof has been framed with 2" X 4" rafters. Install 2" X 4" purlins full length of roof at mid span on each side of roof, with 2" X 4" struts 4'-0" center to center from purlins to caps of center bearing partitions, securely spiked in place from both sides of struts.

(2) Replace broken collar tie on 3rd pair of rafters from north gables.

Variations listed above ☐ do, ☒ do not, affect cost materially.

Photographs ☐ taken, ☐ deferred, ☐ attached and identified.

As to I, BUILDING IMPROVEMENTS and II, OFF-SITE IMPROVEMENTS

CERTIFICATION:—I certify that I have carefully inspected this property on this date, and that I have reported all substantial variations from the approved drawings and Description of Materials, specific conditions of the commitment and applicable requirements, and that I have no personal interest, present or prospective, in the property, applicant or proceeds of the mortgage.

Inspected (date) October 18, 1946 By (Signed) John Johnson

☒ Construction Examiner, ☐ Valuator, ☒ Staff, ☐ Fee, ☐ Per Diem

APPROVED

☐ Form No. 2217 (Ind. Water Supply System) applies. ☐ Rec'd. ☐ Not Rec'd.

☐ Form No. 2218 (Ind. Sewage Disposal System) applies. ☐ Rec'd. ☐ Not Rec'd.

Are there specific conditions to be reported upon under Part III by the Valuation Unit? ☐ Yes, ☒ No; Mortgage Credit Unit? ☐ Yes, ☒ No.

Date October 18, 1946

(Signed) Harry Miller

☐ Chief Architect. ☒ Deputy for Chief Architect.

As to III, SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION
(To be filled in only when all conditions relating to Building Improvements and Off-site Improvements have been acceptably fulfilled).

Date ______

(Signed) ______

☐ Chief Valuator. ☐ Deputy for Chief Valuator.

Date ______

(Signed) ______

☐ Chief Mtg. Credit Exam. ☐ Deputy for Chief Mtg. Credit Exam.

IV - TO MORTGAGEE

When signed below, refer to statement on reverse side corresponding to designation checked.

☐ A. NONCOMPLIANCE. ☐ (a) Variations from Exhibits. ☐ (b) Unacceptable Construction.	☐ B. COMPLIANCE. Firm commitment. Closing papers may be submitted.	☐ C. COMPLIANCE. Conditional commitment. Subject to inspection before issuance of firm commitment.	☐ D. COMPLIANCE. Incompleted Items, "Mortgagee's Assurance of Completion" is required to provide for withholding $______, and for completion not later than ______

Date October 18, 1946 (Signed) Henry Richards

☒ Chief Underwriter.
☐ Deputy for Chief Underwriter.

☐ FIRST ☐ ALTERNATE FIRST ☒ SECOND ☐ INTERMEDIATE ☐ THIRD

☐ REINSPECTION OF ______ ☐ REPAIR ☐ OPTIONAL ☐ SPECIAL

16)10562

2051. COMPLIANCE INSPECTION REPORT.

FORM NO. 2051—Third

FHA FORM NO. 2051
(Revised 2-1-45)

FEDERAL HOUSING ADMINISTRATION

COMPLIANCE INSPECTION REPORT

Unapproved report left at site for contractor's convenience is subject to change. Consult lending institution for OFFICIAL REPORT.

MORTGAGEE 10th National Bank of Detroit SERIAL NUMBER 000-000000

CONSTRUCTION BEING PERFORMED BY Thomas Smith

PROPERTY ADDRESS 123 Main Street, Elm Park, Michigan

I - COMPLIANCE INSPECTION OF BUILDING IMPROVEMENTS AT STAGE INDICATED BELOW REVEALS:

1. Construction ☐ was, ☐ was not begun prior to date of commitment. (To be filled in only on report of initial inspection.)
2. ☐ Contractor is other than named in application.
3. ☐ House locked or admittance refused.★ (Arrange for Inspector's admittance. If home is furnished, mortgagor or his representative must be present.)
4. ☐ FHA approved exhibits not available at site.★
5. ☐ Work not ready for inspection requested.★
6. ☐ Correction required by report dated________ not acceptably completed.★
7. ☐ Correction essential to compliance, as explained below.★
8. ☐ Correction explained below is essential to compliance. Will examine at next regular compliance inspection.
9. ☐ No noncompliance observed at stage checked below.
10. ☐ Acceptable variations as described below.
11. ☐ Extensive noncompliance, correction improbable.
    - ☐ Variations from approved exhibits. See IV below.
    - ☐ Unacceptable construction. See IV below.
12. ☐ Building improvements acceptably completed subject to receipt of certification that mortgagee's inspection reveals satisfactory completion of all items listed below.
13. ☒ Building improvements acceptably completed except items listed below, completion of which is delayed by weather or other conditions beyond control. See IV below.
14. ☐ Building improvements acceptably completed.

II - FIELD INSPECTION OF OFF-SITE IMPROVEMENTS REVEALS:

15. ☐ Correction essential to acceptance as explained below.★
16. ☐ Incompleted items as explained below.★
17. ☐ Acceptable completion as to all requirements for off-site improvements.

★ REINSPECTION REQUIRED. No further Compliance Inspection Report will be issued until receipt of special $5 fee.

III - SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION

18. ☐ Correction essential as explained below.
19. ☐ Incompleted items as explained below.
20. ☐ Acceptable completion as to all requirements of specific conditions not requiring field inspection.

EXPLANATION OF STATEMENTS CHECKED ABOVE, NUMBERED 13

Inadvisable to pour concrete driveway until spring because of danger of freezing.

Recommend issuing Form 2300. Actual cost of completion is $100.00.

Variations listed above ☐ do, ☐ do not, affect cost materially.

Photographs ☐ taken, ☐ deferred, ☐ attached and identified

As to I, BUILDING IMPROVEMENTS and II, OFF-SITE IMPROVEMENTS

CERTIFICATION:—I certify that I have carefully inspected this property on this date, and that I have reported all substantial variations from the approved drawings and Description of Materials, specific conditions of the commitment and applicable requirements, and that I have no personal interest, present or prospective, in the property, applicant or proceeds of the mortgage.

Inspected (date) December 22, 1945 By (Signed) Thomas J. Square

☒ Construction Examiner, ☐ Valuator, ☐ Staff, ☐ Fee, ☐ Per Diem

APPROVED

☐ Form No. 2217 (Ind. Water Supply System) applies. ☐ Rec'd. ☐ Not Rec'd.

☐ Form No. 2218 (Ind. Sewage Disposal System) applies. ☐ Rec'd. ☐ Not Rec'd.

Are there specific conditions to be reported upon under Part III by the Valuation Unit?

☐ Yes, ☒ No; Mortgage Credit Unit? ☐ Yes, ☒ No.

Date December 22, 1945

(Signed) William Brown

☒ Chief Architect. ☐ Deputy for Chief Architect.

As to III, SPECIFIC CONDITIONS NOT REQUIRING FIELD INSPECTION

(To be filled in only when all conditions relating to Building Improvements and Off-site Improvements have been acceptably fulfilled).

Date ________

(Signed) ________

☐ Chief Valuator. ☐ Deputy for Chief Valuator.

Date ________

(Signed) ________

☐ Chief Mtg. Credit Exam. ☐ Deputy for Chief Mtg. Credit Exam.

IV - TO MORTGAGEE

When signed below, refer to statement on reverse side corresponding to designation checked.

☐ A. NONCOMPLIANCE.
- ☐ (a) Variations from Exhibits.
- ☐ (b) Unacceptable Construction.

☐ B. COMPLIANCE. Firm commitment. Closing papers may be submitted.

☐ C. COMPLIANCE. Conditional commitment. Subject to inspection before issuance of firm commitment.

☒ D. COMPLIANCE. Incompleted Items, "Mortgagee's Assurance of Completion" is required to provide for withholding $ 200.00 and for completion not later than May 15, 1946

Date Dec. 22, 1945 (Signed) Henry Richards ☐ Chief Underwriter. ☐ Deputy for Chief Underwriter.

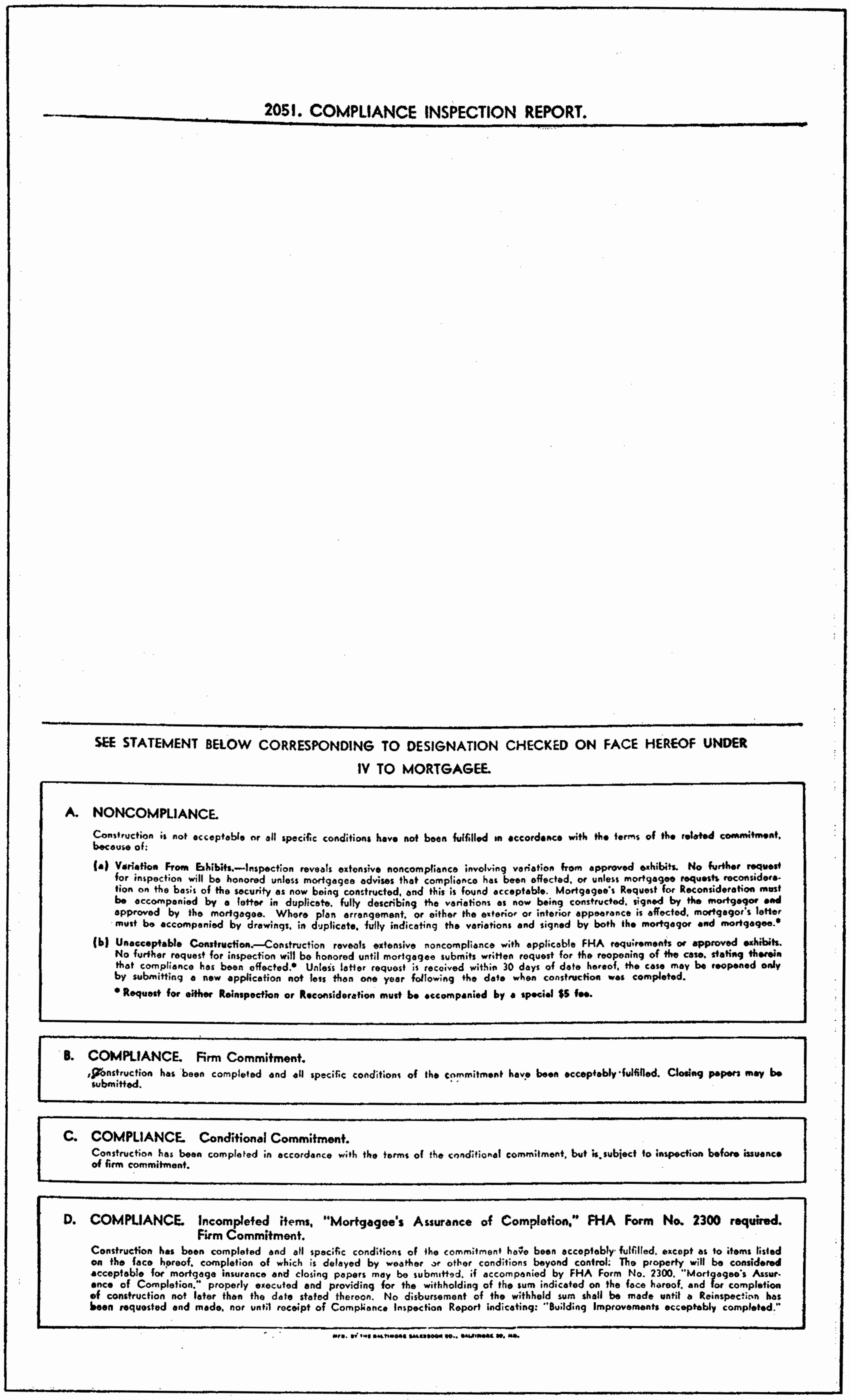
☐ FIRST ☐ ALTERNATE FIRST ☐ SECOND ☐ INTERMEDIATE ☒ THIRD

☐ REINSPECTION OF________ ☐ REPAIR ☐ OPTIONAL ☐ SPECIAL

16-10558

2051. COMPLIANCE INSPECTION REPORT.

FORM NO. 2051—Back



2051. COMPLIANCE INSPECTION REPORT.

SEE STATEMENT BELOW CORRESPONDING TO DESIGNATION CHECKED ON FACE HEREOF UNDER IV TO MORTGAGEE.

A. NONCOMPLIANCE.

Construction is not acceptable or all specific conditions have not been fulfilled in accordance with the terms of the related commitment, because of:

(a) **Variation From Exhibits.**—Inspection reveals extensive noncompliance involving variation from approved exhibits. No further request for inspection will be honored unless mortgagee advises that compliance has been effected, or unless mortgagee requests reconsideration on the basis of the security as now being constructed, and this is found acceptable. Mortgagee's Request for Reconsideration must be accompanied by a letter in duplicate, fully describing the variations as now being constructed, signed by the mortgagor and approved by the mortgagee. Where plan arrangement, or either the exterior or interior appearance is affected, mortgagor's letter must be accompanied by drawings, in duplicate, fully indicating the variations and signed by both the mortgagor and mortgagee.*

(b) **Unacceptable Construction.**—Construction reveals extensive noncompliance with applicable FHA requirements or approved exhibits. No further request for inspection will be honored until mortgagee submits written request for the reopening of the case, stating therein that compliance has been effected.* Unless latter request is received within 30 days of date hereof, the case may be reopened only by submitting a new application not less than one year following the date when construction was completed.

* Request for either Reinspection or Reconsideration must be accompanied by a special $5 fee.

B. COMPLIANCE. Firm Commitment.

Construction has been completed and all specific conditions of the commitment have been acceptably fulfilled. Closing papers may be submitted.

C. COMPLIANCE. Conditional Commitment.

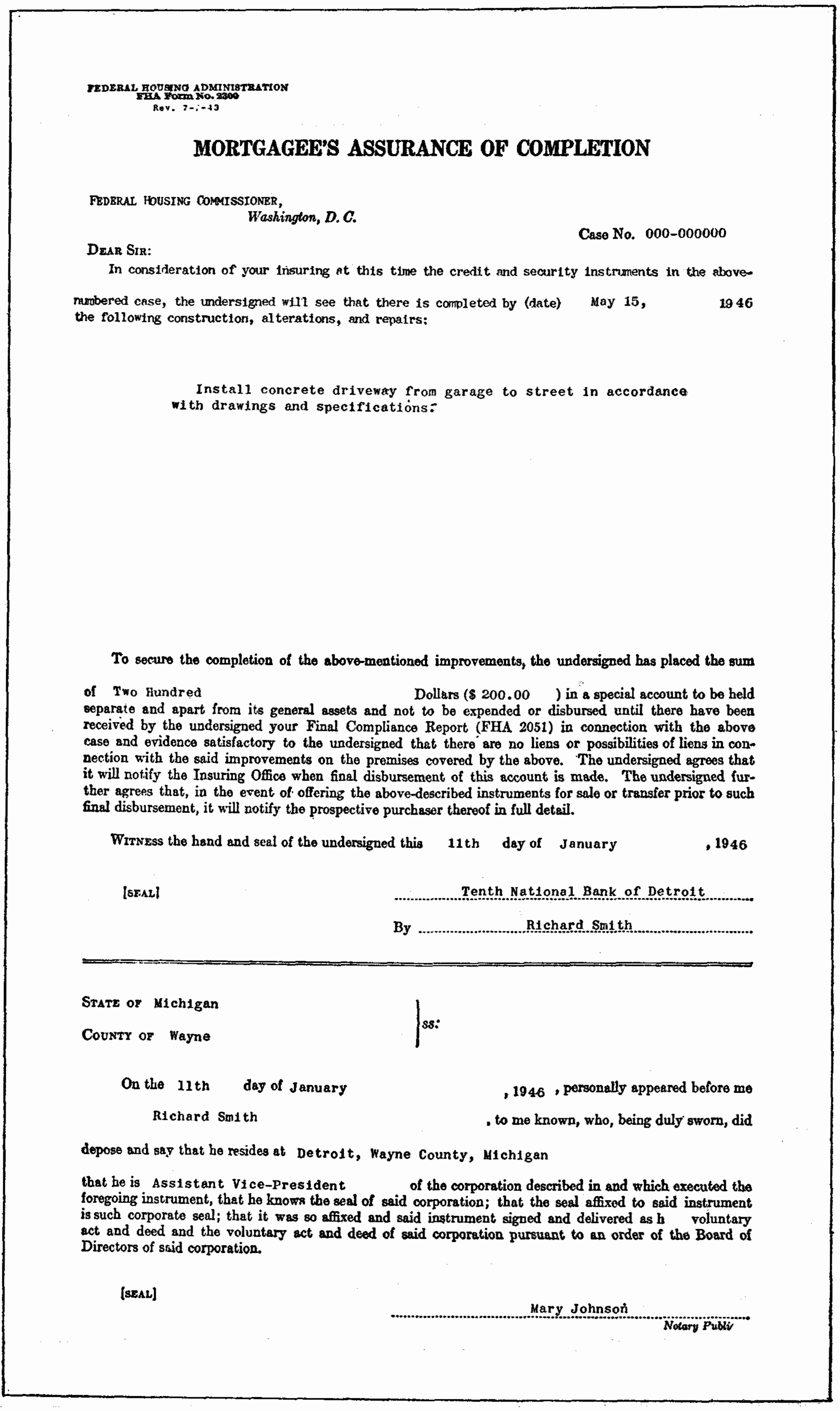
Construction has been completed in accordance with the terms of the conditional commitment, but is subject to inspection before issuance of firm commitment.

D. COMPLIANCE. Incompleted items, "Mortgagee's Assurance of Completion," FHA Form No. 2300 required. Firm Commitment.

Construction has been completed and all specific conditions of the commitment have been acceptably fulfilled, except as to items listed on the face hereof, completion of which is delayed by weather or other conditions beyond control: The property will be considered acceptable for mortgage insurance and closing papers may be submitted, if accompanied by FHA Form No. 2300, "Mortgagee's Assurance of Completion," properly executed and providing for the withholding of the sum indicated on the face hereof, and for completion of construction not later than the date stated thereon. No disbursement of the withheld sum shall be made until a Reinspection has been requested and made, nor until receipt of Compliance Inspection Report indicating: "Building Improvements acceptably completed."

MFD. BY THE BALTIMORE SALESBOOK CO., BALTIMORE 30, MD.

FORM NO. 2300



FEDERAL HOUSING ADMINISTRATION
FHA Form No. 2300
Rev. 7-;-43

MORTGAGEE'S ASSURANCE OF COMPLETION

FEDERAL HOUSING COMMISSIONER,
Washington, D. C.

Case No. 000-000000

DEAR SIR:

In consideration of your insuring at this time the credit and security instruments in the above-numbered case, the undersigned will see that there is completed by (date) May 15, 1946 the following construction, alterations, and repairs:

Install concrete driveway from garage to street in accordance with drawings and specifications.

To secure the completion of the above-mentioned improvements, the undersigned has placed the sum of Two Hundred Dollars ($ 200.00) in a special account to be held separate and apart from its general assets and not to be expended or disbursed until there have been received by the undersigned your Final Compliance Report (FHA 2051) in connection with the above case and evidence satisfactory to the undersigned that there are no liens or possibilities of liens in connection with the said improvements on the premises covered by the above. The undersigned agrees that it will notify the Insuring Office when final disbursement of this account is made. The undersigned further agrees that, in the event of offering the above-described instruments for sale or transfer prior to such final disbursement, it will notify the prospective purchaser thereof in full detail.

WITNESS the hand and seal of the undersigned this 11th day of January , 1946

[SEAL]

Tenth National Bank of Detroit

By Richard Smith

STATE OF Michigan
COUNTY OF Wayne
} *ss:*

On the 11th day of January , 1946 , personally appeared before me Richard Smith , to me known, who, being duly sworn, did depose and say that he resides at Detroit, Wayne County, Michigan that he is Assistant Vice-President of the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed and said instrument signed and delivered as h voluntary act and deed and the voluntary act and deed of said corporation pursuant to an order of the Board of Directors of said corporation.

[SEAL]

Mary Johnson
Notary Public

FORM NO. 2300a

FHA Form No. 2300 a

NOTICE OF DISBURSEMENT OF ESCROWED FUNDS

(Submit in duplicate to the Insuring Office having jurisdiction)

Case No. 000-000000

Mortgagors John Doe and Mary Doe

Federal Housing Administration,

(Insuring office address)

Detroit, Michigan
(City and State)

Dear Sir:

Receipt is hereby acknowledged of your report indicating that all construction, alterations, or repairs to the property insured under the above-captioned case have been finally approved.

Please be advised that all construction, alterations, or repairs have been paid for in full and that the balance of the funds heretofore held in a separate account to assure such completion has been fully disbursed to or for the account of the mortgagors.

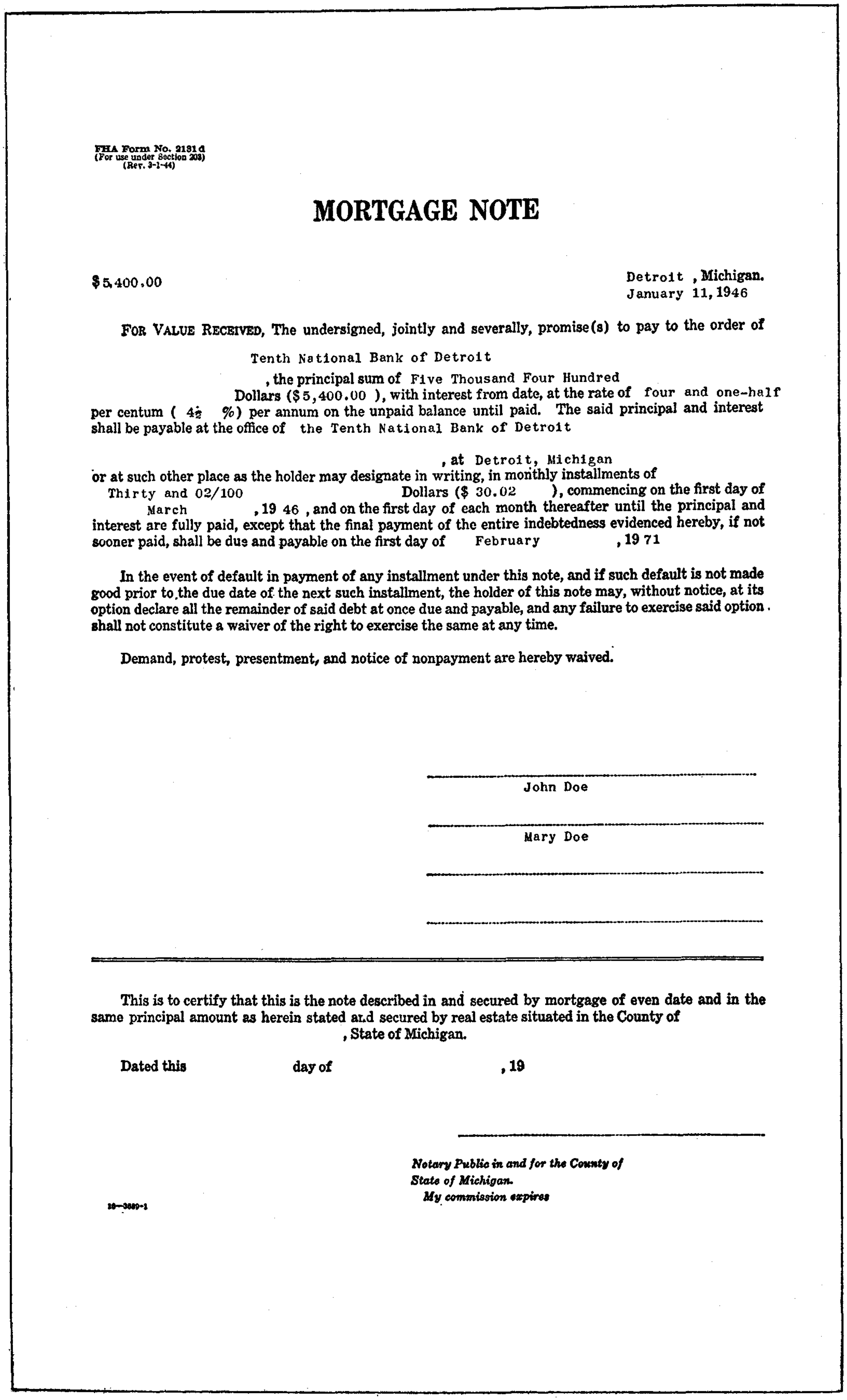
Tenth National Bank of Detroit
(Mortgagee)

[SEAL] By Richard Smith, Assistant Vice-President
(Name and title)

April 2, 1946
(Date)

INSTRUCTIONS TO INSURING OFFICE.—Retain duplicate; forward original and one copy of final compliance report to Insured Audit Unit, Washington, D. C.

FORM NO. 2131d—Front



FHA Form No. 2131d
(For use under Section 203)
(Rev. 3-1-44)

MORTGAGE NOTE

$5,400.00 — Detroit, Michigan.
January 11, 1946

FOR VALUE RECEIVED, The undersigned, jointly and severally, promise(s) to pay to the order of Tenth National Bank of Detroit, the principal sum of Five Thousand Four Hundred Dollars ($5,400.00), with interest from date, at the rate of four and one-half per centum (4½ %) per annum on the unpaid balance until paid. The said principal and interest shall be payable at the office of the Tenth National Bank of Detroit, at Detroit, Michigan or at such other place as the holder may designate in writing, in monthly installments of Thirty and 02/100 Dollars ($ 30.02), commencing on the first day of March, 1946, and on the first day of each month thereafter until the principal and interest are fully paid, except that the final payment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable on the first day of February, 1971.

In the event of default in payment of any installment under this note, and if such default is not made good prior to the due date of the next such installment, the holder of this note may, without notice, at its option declare all the remainder of said debt at once due and payable, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any time.

Demand, protest, presentment, and notice of nonpayment are hereby waived.

John Doe

Mary Doe

This is to certify that this is the note described in and secured by mortgage of even date and in the same principal amount as herein stated and secured by real estate situated in the County of , State of Michigan.

Dated this day of , 19

Notary Public in and for the County of
State of Michigan.
My commission expires

16—3880-1

FORM NO. 2131d—Back

STATE OF MICHIGAN

LOAN NO. ....

Mortgage Note

(For use under Section 203)

TO

No. ..... .
Insured under the
National Housing Act
And Regulations of the
Federal Housing Administrator
For Mutual Mortgage Insurance
Dated November 1, 1934

As amended ....
FEDERAL HOUSING COMMISSIONER

By ....
Authorized Agent.

Date ....

Reference is made to the act and to the regulations thereunder covering assignments of the insurance protection on this note.

10—3050-1

FHA Form No. 2131 b
(For use under Section 203)
(Rev. 11-15-45)

MORTGAGE

THIS MORTGAGE made this 11th day of January, 1946, between John Doe and Mary Doe of the of Elm Park, County of Wayne, State of Michigan, hereinafter referred to as the Mortgagor, and Tenth National Bank of Detroit a corporation organized and existing under the laws of the United States, hereinafter referred to as the Mortgagee,

WITNESSETH: That the Mortgagor for and in consideration of the sum of Five Thousand Four Hundred Dollars ($5,400.00), the receipt whereof is hereby acknowledged, and for the purpose of securing the repayment of said sum, with interest as hereinafter provided, and the performance of the covenants hereinafter contained, hereby mortgages and warrants unto the Mortgagee, its successors and assigns, the lands, premises, and property, situated in the City of Elm Park County of Wayne, State of Michigan, described as follows, to wit:

being the property located at 123 Main Street,
Elm Park, Michigan.

together with the hereditaments and appurtenances thereunto belonging, including all gas and electric fixtures, radiators, radiator shields or covers, heaters, oil burners, gas burners, engines and machinery, boilers, furnaces, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, showers, faucets and other plumbing and heating fixtures, mirrors, mantels, refrigerating plants and ice boxes, screens, awnings, cooking apparatus and appurtenances, and such other goods and chattels and personal property as are ever furnished by a landlord in letting or operating an unfurnished building, similar to the one herein described and referred to, which are now or shall hereafter be attached to said building or premises by nails, screws, bolts, pipe connections, masonry, or in any other manner, which are and shall be deemed to be fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors and assigns, and all persons claiming by, through, or under them, and shall be deemed to be a portion of the security for the indebtedness herein mentioned and to be covered by this mortgage.

TO HAVE AND TO HOLD the above mortgaged premises, together with the appurtenances thereunto appertaining unto the said Mortgagee forever, provided that if the Mortgagor shall pay the principal and all interest as provided in a certain promissory note executed by said Mortgagor to said Mortgagee of even date herewith and shall pay all other sums hereinafter provided for, and shall well and truly keep and perform all of the covenants herein contained, then this mortgage and the aforesaid note shall be null and void; otherwise to remain in full effect.

And the Mortgagor hereby covenants as follows:

FIRST: For value received and the consideration aforesaid, the Mortgagor hereby agrees to pay to the Mortgagee at its office in Detroit, in the County of Wayne, State of Michigan or at such other place as the holder of the note may designate in writing, the principal sum of Five Thousand Four Hundred Dollars ($ 5,400.00), with interest from date at the rate of four and one-half per centum (4½ %), per annum on the unpaid balance until paid. The said principal and interest shall be payable in monthly installments of Thirty and 02/100 Dollars ($ 30.02), commencing on the first day of March, 1946, and on the first day of each month thereafter until the principal and interest are fully paid, except that the final payment of principal and interest, if not sooner paid, shall be due and payable on the first day of February, 19 71, according to the terms of a promissory note bearing even date herewith executed by the Mortgagor to the Mortgagee.

10—3688-2

Second: That he will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner therein provided. Privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments on the principal that are next due on the note, on the first day of any month prior to maturity; provided, however, that written notice of an intention to exercise such privilege is given at least thirty (30) days prior to prepayment; and, provided further, that in the event the debt is paid in full prior to maturity and at that time it is insured under the provisions of the National Housing Act he will pay to the Mortgagee an adjusted premium charge of one per centum (1%) of the original principal amount thereof, except that in no event shall the adjusted premium exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until maturity; such payment to be applied by the Mortgagee upon its obligation to the Federal Housing Commissioner on account of mortgage insurance.

Third: That, in order more fully to protect the security of this mortgage, the Mortgagor, together with, and in addition to, the monthly installments of principal and interest payable under the terms of the note secured hereby, will pay to the Mortgagee the following sums:

(*a*) If this mortgage and the note secured hereby are insured under the provisions of the National Housing Act and so long as they continue to be so insured, one-twelfth (1/12) of the annual mortgage insurance premium for the purpose of putting the Mortgagee in funds with which to discharge its obligation to the Federal Housing Commissioner for mortgage insurance premiums pursuant to the provisions of Title II of the National Housing Act, as amended, and Regulations thereunder. The Mortgagee shall, on the termination of its obligation to pay mortgage insurance premiums, credit to the account of the Mortgagor all payments made under the provisions of this subsection which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner.

(*b*) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments.

(*c*) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

(I) premium charges under the contract of insurance with the Federal Housing Commissioner;
(II) ground rents, taxes, assessments, fire and other hazard insurance premiums;
(III) interest on the note secured hereby; and
(IV) amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed two cents (2¢) for each dollar ($1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

Fourth: If the total of the payments made by the Mortgagor under (*b*) of paragraph Third preceding shall exceed the amount of payments actually made by the Mortgagee for ground rents, taxes, or assessments or insurance premiums, as the case may be, such excess shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagor. If, however, the monthly payments made by the Mortgagor under (*b*) of paragraph Third preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the said Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (*a*) of paragraph Third hereof which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner, and any balance remaining in the funds accumulated under the provisions of (*b*) of paragraph Third hereof. If there shall be any default under any of the provisions of this mortgage resulting in foreclosure or public sale of the premises covered hereby or if the Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of the commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (*b*) of paragraph Third preceding as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under (*a*) of said paragraph.

Fifth: That he will pay at maturity all ground rents, taxes, assessments, and all other charges and encumbrances which now are or shall hereafter be or appear to be a lien upon the said premises or any part thereof, and for which provision has not been made hereinbefore, and will make payments on account of the taxes and assessments levied or to be levied against the premises in the manner provided in (*b*) of paragraph Third hereof; and that in default thereof the Mortgagee may, without demand or notice, pay the said taxes, assessments, charges, or encumbrances, and pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the legality or validity thereof and of the amount necessary to be paid in satisfaction thereof.

Sixth: That he will keep the improvements now existing or hereafter erected on the mortgaged property, insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance provision for payment of which has not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

SEVENTH: That he will abstain from the commission of waste on said premises and keep the buildings thereon and all equipment therein mortgaged in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises, and should said premises or any part thereof require inspection, repair, care or attention of any kind or nature not provided by the Mortgagor, the Mortgagee, being hereby made sole judge of the necessity therefor, may, after notice to the Mortgagor, enter or cause entry to be made upon said property, and inspect, repair, protect, care for or maintain said property as the Mortgagee may deem necessary, and may pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the amount necessary to be paid.

EIGHTH: That should any default be made in the covenants of this mortgage, the Mortgagee may cause the abstract or abstracts of title and the tax histories of said premises to be certified to date, or may procure new abstracts of title and tax histories or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as it may deem to be necessary, and if unpaid, may pay the mortgage tax on this instrument, and shall be the sole judge of the amount necessary to be paid therefor.

NINTH: That he will pay to the Mortgagee forthwith the amounts of all sums of money which the Mortgagee shall pay or expend pursuant to the provisions, or any of them, hereinbefore contained, together with interest, upon each of said amounts until paid from the time of the payment thereof at the rate of four and one-half per centum (4½%) per annum, and such payments shall be a further lien on the premises under this mortgage.

TENTH: That should any default be made in the payment of principal or interest, or in the performance of any other covenant of this mortgage or the note secured hereby or any part thereof, when the same is payable or the time of performance has arrived, as above provided, then all the remainder of the aforesaid sum with all sums due hereunder shall at the option of the Mortgagee without notice become immediately payable thereafter, although the period above limited for the payment thereof may not have expired, anything hereinbefore or in said note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

ELEVENTH: That no sale of the premises hereby mortgaged and no forbearances on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured given by the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part.

TWELFTH: That upon default being made in the payment of the sums of money herein agreed to be paid or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the note secured hereby the Mortgagee is hereby authorized and empowered to sell or cause to be sold the property hereby mortgaged, and to convey the same to the purchaser, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain the moneys due under the terms of this mortgage, the costs and charges of such sale and also the attorneys' fee provided by statute, rendering the surplus moneys (if any there should be) to the said Mortgagor. In the event of public sale, the mortgaged premises may, at the option of the Mortgagee, be sold in one parcel.

THIRTEENTH: The Mortgagor further agrees that should this mortgage and the note secured hereby not be eligible for insurance under the National Housing Act within eight months from the date hereof (written statement of any officer or authorized agent of the Federal Housing Administration dated subsequent to the eight months' time from the date of this mortgage, declining to insure said note and this mortgage, being deemed conclusive proof of such ineligibility), the Mortgagee or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF the Mortgagor(s) have set their hand(s) and seal(s) the day and year first above written.

Signed, sealed, and delivered in the presence of

______________________________ ______________________________ [L. S.]
John Doe

______________________________ ______________________________ [L. S.]
Mary Doe

______________________________ [L. S.]

______________________________ [L. S.]

[illegible]

FORM NO. 2131b—Page 4

STATE OF MICHIGAN,
COUNTY OF } *ss:*

On this day of , A. D. 19 , before me, a Notary Public in and for said County, personally appeared

to me known to be the person described in and who executed the within mortgage and acknowledged the execution thereof to be free act and deed.

Notary Public, *County, Michigan.*

My commission expires

STATE OF MICHIGAN

LOAN NO.

Mortgage

TO

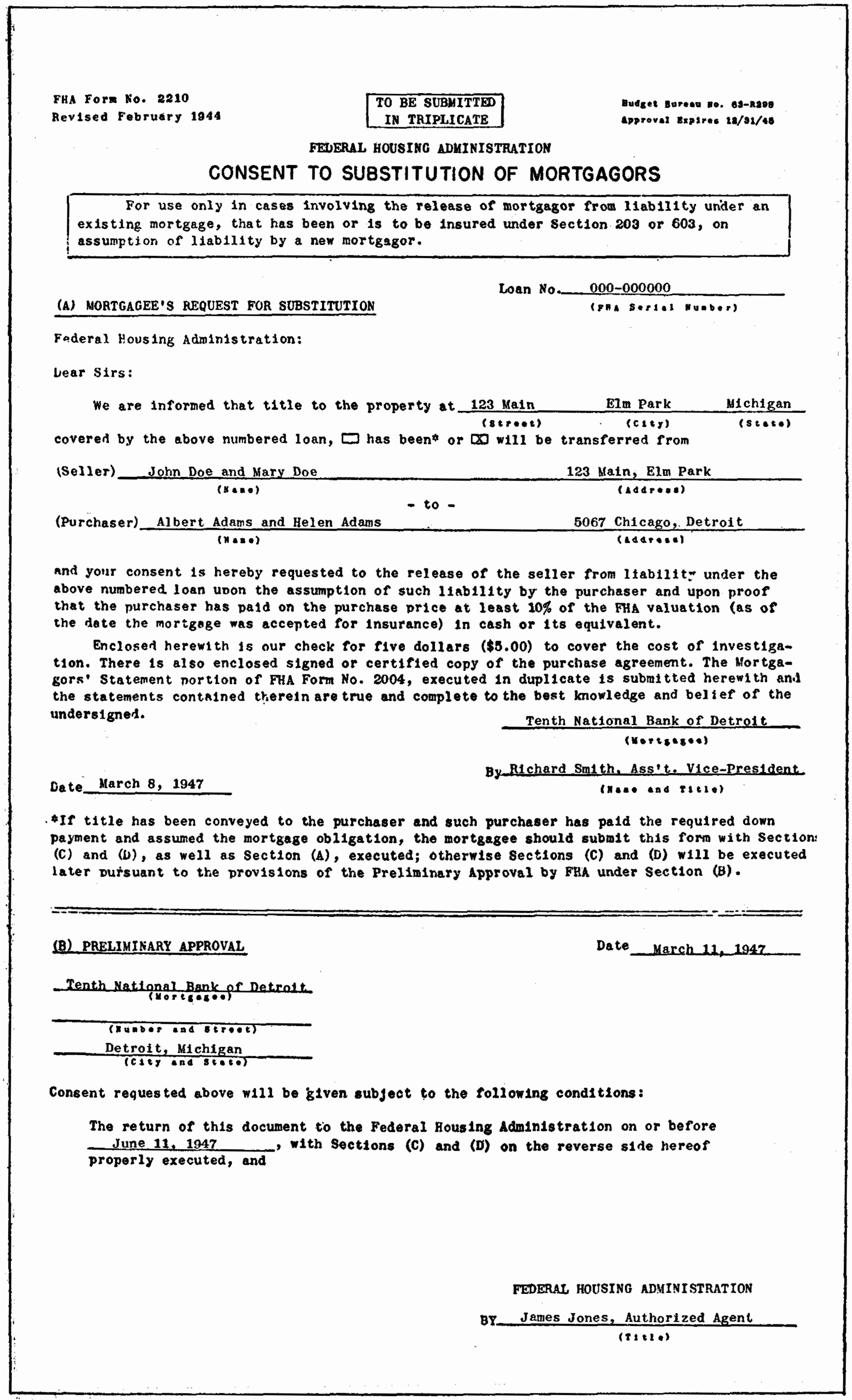
REGISTER'S OFFICE,
County } *ss:*

Received for Record the
day of *, A. D. 19*
at *o'clock* *M., and*
Recorded in
of Mortgages on Page

Register.

U. S. GOVERNMENT PRINTING OFFICE 16—[illegible]

FORM NO. 2210—Front



FHA Form No. 2210
Revised February 1944

TO BE SUBMITTED
IN TRIPLICATE

Budget Bureau No. 63-R298
Approval Expires 12/31/48

FEDERAL HOUSING ADMINISTRATION

CONSENT TO SUBSTITUTION OF MORTGAGORS

For use only in cases involving the release of mortgagor from liability under an existing mortgage, that has been or is to be insured under Section 203 or 603, on assumption of liability by a new mortgagor.

Loan No. 000-000000
(FHA Serial Number)

(A) MORTGAGEE'S REQUEST FOR SUBSTITUTION

Federal Housing Administration:

Dear Sirs:

We are informed that title to the property at 123 Main (Street) Elm Park (City) Michigan (State) covered by the above numbered loan, ☐ has been* or ☒ will be transferred from

(Seller) John Doe and Mary Doe (Name) 123 Main, Elm Park (Address)

\- to -

(Purchaser) Albert Adams and Helen Adams (Name) 5067 Chicago, Detroit (Address)

and your consent is hereby requested to the release of the seller from liability under the above numbered loan upon the assumption of such liability by the purchaser and upon proof that the purchaser has paid on the purchase price at least 10% of the FHA valuation (as of the date the mortgage was accepted for insurance) in cash or its equivalent.

Enclosed herewith is our check for five dollars ($5.00) to cover the cost of investigation. There is also enclosed signed or certified copy of the purchase agreement. The Mortgagors' Statement portion of FHA Form No. 2004, executed in duplicate is submitted herewith and the statements contained therein are true and complete to the best knowledge and belief of the undersigned.

Tenth National Bank of Detroit
(Mortgagee)

By Richard Smith, Ass't. Vice-President
(Name and Title)

Date March 8, 1947

*If title has been conveyed to the purchaser and such purchaser has paid the required down payment and assumed the mortgage obligation, the mortgagee should submit this form with Sections (C) and (D), as well as Section (A), executed; otherwise Sections (C) and (D) will be executed later pursuant to the provisions of the Preliminary Approval by FHA under Section (B).

(B) PRELIMINARY APPROVAL

Date March 11, 1947

Tenth National Bank of Detroit
(Mortgagee)

(Number and Street)

Detroit, Michigan
(City and State)

Consent requested above will be given subject to the following conditions:

The return of this document to the Federal Housing Administration on or before June 11, 1947, with Sections (C) and (D) on the reverse side hereof properly executed, and

FEDERAL HOUSING ADMINISTRATION

BY James Jones, Authorized Agent
(Title)

FORM NO. 2210—Back

(C) PURCHASER'S CERTIFICATE

Date ____________________________

FEDERAL HOUSING ADMINISTRATION

Loan No. ____________________________
(FHA Serial Number)

The undersigned hereby certifies that title to the property identified in paragraph (A) hereof has been conveyed to him and that he has paid on account of the purchase price __________________ Dollars ($ ______) represented by cash and/or the equivalent of cash in accordance with the representations made by the undersigned to the mortgagee and the FHA; that he has assumed and agreed to pay the obligation identified by the above loan number; that the mortgaged property is free and clear of all liens other than that of such mortgage; that the undersigned does not have outstanding any other unpaid obligations (including any unsecured obligations) contracted in connection with the mortgage transaction or the purchase of the mortgaged property, except obligations which are secured by property or collateral owned by the undersigned independently of the mortgaged property; and that __________________ of the undersigned is an occupant of the subject property.
(One) (Neither)

____
(Purchaser)

____
(Purchaser)

(D) MORTGAGEE'S CERTIFICATE

Date ____________________________

FEDERAL HOUSING ADMINISTRATION

This certifies that the "Purchaser" named above has assumed and agreed to pay the obligation insured under the above numbered loan, that such obligation is not in default, and the undersigned declares that to its best knowledge and belief the statements contained in the above Purchaser's Certificate are true and correct.

____
(Mortgagee)

By ____________________________
(Name and Title)

(E) CONSENT BY FEDERAL HOUSING ADMINISTRATION

Date ____________________________

____
(Mortgagee)

____
(Number and Street)

____
(City and Street)

The required certifications are acceptable and consent is hereby given to the release of the seller from liability in connection with the above numbered loan.

FEDERAL HOUSING ADMINISTRATION

BY ____________________________
(Title)

NOTE

The documents by which the original mortgagor is released and the new mortgagor assumes payment are matters to be attended to by the mortgagee in such manner as it deems fitting. No examination of these documents need be made by the Insuring Office.

When the mortgagee desires satisfaction of the original mortgage and the execution and recording of a new mortgage, it will be necessary to treat the transaction as a new case and application in duplicate on FHA Form No. 2004 and 2004(a) must be filed with the Insuring Office of the Federal Housing Administration together with the regular examination fee.

53978

FORM NO. 2004—Front

FHA Form No. 2004 (Revised June 1944)

FEDERAL HOUSING ADMINISTRATION

Bureau of the Budget No. 63-R054.
Approval expires December 31, 1946.

MORTGAGEE'S APPLICATION FOR MORTGAGE INSURANCE

(To be submitted in Duplicate to Insuring Office, see instructions on page 4)

No. ....
(Case number to be inserted by insuring office)

FEDERAL HOUSING COMMISSIONER,
DEAR SIR:

Pursuant to the provisions of Section ☐ 203; ☐ 603 of the National Housing Act, the undersigned hereby applies to you for the insurance of a mortgage loan which it regards as safe and desirable, and proposes to make, if this application is approved, to .... (Mortgagors) Such mortgage loan will be in the principal amount of $................, bearing interest at .... per centum per annum and payable in .... equal monthly installments and will be secured by a first lien upon real property described in Mortgagors' Property Description. In support of this application the undersigned submits herewith the Mortgagors' Statement and Mortgagors' Property Description together with such exhibits as are required by the instructions on page 4 of this application.

A credit report from .... agency: ☐ was ordered on .... (Date), for direct delivery to you; ☐ is attached. Completion of FHA Form 2004f ☐ was requested on .... (Date) from depository named in Mortgagors' Statement, or ☐ comparable information is attached hereto. Completion of FHA Form 2004g ☐ was requested on .... (Date), from borrower's employer, or ☐ comparable information is attached hereto.

The undersigned hereby expressly agrees in the event the insurance herein applied for is granted by you, to pay to you an annual premium in accordance with the Regulations of the Federal Housing Commissioner, the first premium payment to be made simultaneously with the granting of such insurance, and until the mortgage is paid in full, or the mortgaged property is acquired by the Commissioner, or until the contract of insurance is otherwise terminated, the next and each succeeding premium shall be paid thereafter on the same date in each year as that on which the amortization period begins; and further agrees that if the mortgagors shall pay such loan in full prior to its maturity, the undersigned will pay to you the adjusted premium charge required in such event by the applicable Regulations. The undersigned further agrees that immediately upon the granting by you of the insurance herein applied for, all of the terms and conditions subject to which such insurance may be granted, shall be and become a contract between the undersigned and you, which shall be binding upon and inure to the benefits of its and your successors.

Enclosed is a check of the undersigned for an amount which has been computed in accordance with the Administrative Rules, such payment to represent reimbursement for the costs of appraisal by the Commissioner. It is understood that should this application be rejected by you as a result of preliminary examination, such sum will be returned by you to the undersigned.

The undersigned represents that to the best of its knowledge and belief no statement made and no information contained in this application, in the Mortgagors' Statement, or in the Mortgagors' Property Description, executed in connection with this loan, is in any respect untrue, incorrect, or incomplete.

IN WITNESS WHEREOF, the undersigned has caused this application to be executed and its corporate seal to be hereto affixed by its proper officers, thereunto duly authorized, this .... day of ...., 19.....

[CORPORATE SEAL]

.... (Mortgagee)

ATTEST:

.... (Address)

.... (Name and title of officer)

By .... (Name and title of officer)

MORTGAGORS' STATEMENT

Have you previously applied for an insured mortgage loan upon this property? No (Yes or no) Any other property? No (Yes or no)

If so, to whom? .... (Name and address of lending institution) FHA Case No. (if known) ....

Do you intend to occupy, rent, or sell this property? Occupy Proposed sale price (if for sale), $................

In whose name is title presently of record? John Doe and Mary Doe (Name) 123 Main Street, Elm Park, Michigan (Address)

A. PURPOSE OF MORTGAGE LOAN (Complete applicable Schedule or Schedules below).

1. **Financing of New Construction.**—(*a*) Approximate date construction was or is to be started ....
   - (*b*) Date land purchased .... (*c*) Purchase price . . . $................
   - (*d*) From whom purchased .... (Name and address)
   - (*e*) Estimated cost of construction, including main building, outbuildings, walks, driveways, grading, etc., plus architect's fee, if any. Exclude cost of land and cost of closing the transaction . . . . $................
2. **Financing Purchase of Property.**—(*a*) Date purchased March 1, 1947 (*b*) Purchase price . . . $ 6,250
   - (*c*) From whom purchased John Doe and Mary Doe (Name and address)
   - (*d*) Attach signed or certified copy of purchase agreement.
3. **Refinancing Borrower's Existing Indebtedness in Connection With Subject Property.**—(*a*) Total amount owed . $................
   - (*b*) Are payments current? .... (*c*) If not, state amount(s) in default for principal, $................ interest, $................, real estate taxes, $................, special assessments, $................
   - (*d*) When was property acquired? .... (*e*) Purchase price, $................
   - (*f*) If property is being acquired under contract for deed, attach signed or certified copy of contract.
4. **Financing of Proposed Improvements to Existing Construction as described in Mortgagors' Property Description.** Estimated cost to mortgagor of proposed improvements . . . . $................
5. **Other.**—(*a*) Describe briefly any other intended use of mortgage proceeds .... (*b*) Amount required . . $................

B. ESTIMATED SETTLEMENT REQUIREMENTS.

1. Total amount, for purposes stated under A above . . . . $ 6,250
2. Approximate cost of closing the transaction, including deposits for taxes and insurance premiums . . . . . . $ 40
3. Total . . . . $ 6,290
4. Less amount of mortgage loan applied for . . . . $ 5,200
5. Total investment required by mortgagor in cash or its equivalent . . . . $ 1,090
6. Less amount already paid: (*a*) In cash, $ 1,000; (*b*) Equity other than cash, $................; (*c*) Total . . $ 1,000
7. Date paid March 1, 1947 8. To whom paid John Doe
9. Nature of other equity, if any listed in item 6 (*b*) ....
10. Balance of cash or its equivalent to be invested by mortgagor . . . . $ 90
11. The amount indicated in item 10 will be provided from the following sources ....
12. Have you incurred or do you intend to incur any indebtedness, secured or unsecured, other than that of the mortgage loan applied for, for any purpose connected with this transaction? No (Yes or no) If answer is yes, give complete details, including description of any security offered ....

FORM NO. 2004—Back

MORTGAGORS' STATEMENT—Continued

C. INDEBTEDNESS AGAINST SUBJECT PROPERTY.

The following is a list of all mortgages, and other indebtedness against the property offered as security for the loan applied for, excluding taxes and assessments:

Name and Address of Holder	Type of Lien	Date of Mortgage or Lien	Original Amount	Present Unpaid Balance	Maturity Date

Indicate any insured mortgage loan above and give case number if available

NOTE.—Read the Refinancing Certificate and instructions therewith if there is a *mortgage* on the property now.

D. EMPLOYMENT STATUS.

1. Mortgagor

(*a*) Employer's name Prime Motors Company
(*b*) Employer's address 1137 - 1st Street, Detroit
(*c*) Type of business Motor Assembly
(*d*) Position occupied Tool maker
(*e*) Name and title of superior James Johnson
(*f*) Number of years in present employment 8

2. Co-Mortgagor

(*a*) Housewife
(*b*)
(*c*)
(*d*)
(*e*)
(*f*)

(Give the same details regarding pre-war employment under Remarks on page 3, if different from above.)

E. LIFE INSURANCE.

(1) Total in force, $ 5,000 Cash value, $ None
(2) Less amount of loans on policies . . . . . $ -
(3) Net cash surrender value . . . . $ -

F. MORTGAGOR'S DEPENDENTS. (Other than spouse.)

Age 13

G. MORTGAGOR(S) FINANCIAL STATEMENT. (Excluding equity and liability in connection with subject property.)

(A combined statement may be made for mortgagors who are members of the same immediate family. In other cases a separate statement must be filed for each mortgagor on Form 2004. A corporate mortgagor or a mortgagor who derives his principal income from his own business must attach a current balance sheet and operating statement of the business.)

Assets		Liabilities	
Cash accounts (list): Where deposited—		Accounts payable	$ None
Security Savings Company	$ 500	Installment account payable, automobile	$ None
	$	Monthly payment $	
Marketable securities (list or attach schedule):		Other installment accounts payable	$ None
	$	Monthly payment $	
	$	Notes payable	$ None
		Repayment terms	
Value of real estate owned, other than subject property, as shown in Schedule H	$	Indebtedness on real estate, other than subject property, as shown in Schedule H	$ None
Other assets (list or attach schedule): Automobile (1942)	$ 700	Other liabilities	$ None
Furniture & household effects	$ 2,000	Repayment terms	
TOTAL	$ 3,200	TOTAL	$ None

H. REAL ESTATE OWNED OTHER THAN SUBJECT PROPERTY.

(If more than one property is owned attach separate schedule.)

(Type and address of property) (Name and address of mortgagee)	Value	Indebtedness	Annual Payment Principal and Interest	Annual Gross Income (a)	Annual Operating Expense Including Taxes (b)	Annual Net Income (a)—(b)
	$	$	$	$	$	$

I. ANNUAL INCOME.

Base pay of mortgagor	$ 3,250
Overtime or other employment earnings	$
Base pay of co-mortgagor	$
Overtime or other employment earnings	$
Net income from real estate, from Schedule H	$
Income from other sources (list sources and amounts):	
	$
	$
	$
	$
	$
	$
TOTAL INCOME	$ 3,250

J. ANNUAL EXPENSE.

Federal and State income tax	$ 320
Premium on life insurance	$ 70
Payments on installment accounts	$ ---
Mortgage or contract payments on other real estate (Schedule H)	$ ---
Payments on other loans	$ ---
TOTAL FIXED CHARGES	$ 390

K. PREVIOUS ANNUAL HOUSING EXPENSE.

(*a*) Mortgage payment or rent	$ 45
(*b*) Taxes	$ --
(*c*) Heat	$ 7
(*d*) Water, gas, electricity	$ 5
(*e*) Maintenance	$ --
TOTAL	$ 52

WARNING

"Sec. 512. (*a*) National Housing Act. Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than 2 years, or both."

(Do not sign the following certification until the Mortgagors' Statement and Mortgagors' Property Description have been completed.)

This Mortgagors' Statement and the Mortgagors' Property Description submitted herewith are made by the undersigned for the purpose of obtaining the benefits of a mortgage loan to be insured under the provisions of the National Housing Act, and the undersigned hereby represent that to the best of their knowledge and belief, the statements, information, and descriptions contained herein are in all respects true, correct, and complete. The Commissioner and mortgagee may verify the statements contained herein by communicating with any of the persons or institutions named in this application. These statements will otherwise be treated as confidential.

(*Signed*) Albert Adams *Mortgagor.* 39 (Age) Helen Adams *Co-Mortgagor.* 37 (Age)

5007 Chicago, Detroit (Mortgagors' present address) None (Telephone number) March 8, 1947 (Date)

FORM NO. 2391

FHA Form 2391
(Revised 2/1/45)

FEDERAL HOUSING ADMINISTRATION

Budget Bureau No. 63-R. 276-1
Approval Expires December 31, 1946

PREPAYMENT CERTIFICATE

Address of property

123 Main
(Street)

Elm Park
(City)

Michigan
(State)

To the Federal Housing Administration:

This is to certify that at the time of the payment hereinafter mentioned the undersigned was the owner of the premises described in the mortgage insured by the Federal Housing Administration under Case No. 000 - 000000, and that the undersigned has paid said mortgage in full without refinancing or otherwise creating any obligation or debt for which the undersigned or any property owned by the undersigned is liable.

It is understood that the term "refinancing" as used herein includes the payment of said mortgage from the proceeds of a sale of the mortgaged property financed in whole or in part by any mortgage executed by or loan made to the purchaser.*

(Signed) Albert Adams

(Signed) Helen Adams

* * * * * * * *

*(Note: If the prepayment is made in connection with the sale of the mortgaged property the following certificate should also be executed by the purchaser.)

To the Federal Housing Administration:

This is to certify that the purchase of the property above referred to has been completed without the execution of any note, mortgage or the creation of any obligation or debt by the undersigned.

(Signed)____________________
Purchaser

(Signed)____________________
Purchaser

WARNING

Sec. 512(a) of the National Housing Act, provides: "Whoever, for the purpose of . . influencing in any way the action of the said Administration under this Act . . . makes, passes, utters, or publishes. or causes to be made, passed, uttered, or published any statement, knowing the same to be false, . . . shall be punished by a fine of not more than $3,000 or by imprisonment for not more than two years, or both."

NATIONAL HOUSING ACT
AS AMENDED

AND PROVISIONS OF OTHER LAWS PERTAINING TO THE FEDERAL HOUSING ADMINISTRATION

Including All Amendments to
July 1, 1946

FEDERAL HOUSING ADMINISTRATION

WASHINGTON, D. C.

FHA—107 Revised August 1, 1946

Appendix II

This pamphlet contains the National Housing Act (Public, No. 479—73d Congress) (H. R. 9620) approved June 27, 1934 (48 Stat. 1246, c. 847), as amended by the following acts:

(Public, No. 76—74th Congress) (H. R. 6021) approved May 28, 1935 (49 Stat. 293, c. 150).

(Public, No. 305—74th Congress) (H. R. 7617) approved August 23, 1935 (49 Stat. 722, c. 614).

(Public, No. 486—74th Congress (S. 4212) approved April 3, 1936 (49 Stat. 1187, c. 165).

(Public, No. 525—74th Congress) (H. R. 11968) approved April 17, 1936 (49 Stat. 1233, c. 234).

(Public Resolution, No. 6—75th Congress) (S. J. Res. 38) approved February 19, 1937 (50 Stat. 20, c. 12).

(Public, No. 44—75th Congress) (S. 1228) approved April 22, 1937 (50 Stat. 70, c. 121).

(Public, No. 424—75th Congress) (H. R. 8730) approved February 3, 1938 (52 Stat. 8, c. 13).

(Public, No. 111—76th Congress) (H. R. 5324) approved June 3, 1939 (53 Stat. 804, c. 175).

(Public, No. 24—77th Congress) (H. R. 3575) approved March 28, 1941 (55 Stat. 55, c. 31).

(Public, No. 138—77th Congress) (H. R. 4693) approved June 28, 1941 (55 Stat. 364, c. 261).

(Public, No. 248—77th Congress) (H. R. 5395) approved September 2, 1941 (55 Stat. 686, c. 410).

(Public, No. 559—77th Congress) (H. R. 6927) approved May 26, 1942 (56 Stat. 301, c. 319).

(Public, No. 15—78th Congress) (S. 677) approved March 23, 1943 (57 Stat. 42, c. 21).

(Public, No. 158—78th Congress) (S. 755) approved October 14, 1943 (57 Stat. 570, c. 258).

(Public, No. 159—78th Congress) (H. R. 3291) approved October 15, 1943 (57 Stat. 571, c. 259).

(Public, No. 392—78th Congress) (S. 1947) approved June 30, 1944 (58 Stat. 648, c. 334).

(Public, No. 27—79th Congress) (S. 681) approved March 31, 1945 (59 Stat. 47, c. 48).

(Public Law No. 388—79th Congress) (H. R. 4761) approved May 22, 1946.

(Public Law No. 480—79th Congress) (S. 2341) approved July 1, 1946.

The original act and acts amending the National Housing Act are set forth in the appendix. The appendix also contains other laws pertaining to the National Housing Act, as amended.

NATIONAL HOUSING ACT

(Approved June 27, 1934)

as amended to july 1, 1946

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 Administrator (hereinafter referred to as the "Administrator"[1]), who shall be appointed by the President, by and with the advice and consent of the Senate, shall hold office for a term of four years,

---

[1] Sec. 12 of the act approved May 26, 1942 (56 Stat. 301, c. 319), provides "Nothing contained in this Act shall be construed to supersede or be inconsistent with the provisions of the Executive Order No. 9070, dated February 24, 1942, and where necessary for this purpose, the term 'Administrator', as used herein, shall be construed to mean 'Federal Housing Commissioner'." The text of Executive Order 9070 will be found in the appendix.

and shall receive compensation at the rate of $12,000[2] per annum. In order to carry out the provisions of this title and titles II, III and VI,[3] the Administrator 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 Administrator may delegate any of the functions and powers conferred upon him under this title and titles II, III, and VI,[3] 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, and VI,[3] 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. The Administrator shall, in carrying out the provisions of this title and titles II, III, and VI[4] be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.[5]

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2.[6] (a) The Administrator 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 Administrator 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 July 1, 1947, 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 Administrator 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. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate $165,000,000.

(b)[7] 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 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; (2) if such obligation has a

---

[2] As amended by act approved June 28, 1941 (55 Stat. 364, c. 261).

[3] Title VI was added by act approved March 28, 1941 (55 Stat. 55, c. 31).

[4] Title VI was added by act approved March 28, 1941 (55 Stat. 55, c. 31).

[5] As amended by sec. 344 (a) of the Banking Act of 1935 (49 Stat. 722, c. 614). The amendment added the last sentence to sec. 1.

[6] As amended by acts approved May 28, 1935 (49 Stat. 293, c. 150); August 23, 1935 (49 Stat. 722, c. 614); April 3, 1936 (49 Stat. 1187, c. 165); April 17, 1936 (49 Stat. 1233, c. 234); April 22, 1937 (50 Stat. 70, c. 121); February 3, 1938 (52 Stat. 8, c. 13); June 3, 1939 (53 Stat. 804, c. 175); June 28, 1941 (55 Stat. 364, c. 261); March 23, 1943 (57 Stat. 42, c. 21); October 15, 1943 (57 Stat. 571, c. 259).

[7] Amended by act approved May 26, 1942 (56 Stat. 301, c. 319).

maturity in excess of three years and thirty-two days, except that 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 residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe, in order to make credit available for the purposes of this title: *Provided,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of $5,000 and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase by it if such loan, advance of credit, or purchase (1) is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure located in an area or locality in which the President shall find that an acute shortage of housing exists or impends which would impede national war activities; and (2) is made for the purpose of providing additional living accommodations: *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 Administrator may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection. The Administrator is authorized to prescribe such procedures as in his judgment are necessary to secure to war workers occupancy priority with respect to any additional living accommodations referred to in clause (2) of the preceding sentence.

(c) (1) Notwithstanding any other provision of law, the Administrator 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 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 Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any Assistant Administrator 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 Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint.

(d) The Administrator 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 Administrator 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 Administrator beyond the obligation which would have been involved if the regulations had been fully complied with.

(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, 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[8] 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 Administrator. The moneys derived from such premium charges and all moneys collected by the Administrator 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 Administrator 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 title, 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 title.

(g) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

Sec. 3. Repealed.[9]

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: *Provided,* That the President, in his discretion, is authorized to provide such funds or any portion thereof by allotment to the Administrator from any funds that are available, or may hereafter be made available, to the President for emergency purposes.[10]

ANNUAL REPORT

Sec. 5. The Administrator shall make an annual report to the Congress as soon as practicable after the 1st day of January in each year of his activities under this title and titles II, III and VI[11] of this Act.

Sec. 6. Repealed.[12]

Sec. 7. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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.[13]

---

[8] As amended by act approved October 15, 1943 (57 Stat. 571, c. 259).

[9] Act of April 3, 1936 (49 Stat. 1187, c. 165), repealed sec. 3.

[10] Act of February 24, 1938 (52 Stat. 79, c. 32), authorizes and directs the Secretary of the Treasury to cancel any notes of the Reconstruction Finance Corporation heretofore or hereafter disbursed by reason of this section.

[11] Title VI was added by act approved March 28, 1941 (55 Stat. 55, c. 31).

[12] This section was added by act approved April 17, 1936 (49 Stat. 1233, c. 234), amended by act approved April 22, 1937 (50 Stat. 70, c. 121), and repealed by act approved June 3, 1939 (53 Stat. 804, c. 175).

[13] This section was added by act approved June 28, 1941 (55 Stat. 364, c. 261).

TITLE II—MORTGAGE INSURANCE

DEFINITIONS

SEC. 201.[14] 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 Administrator; 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 Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

MUTUAL MORTGAGE INSURANCE FUND

SEC. 202.[15] There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the Administrator 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 Administrator for the purposes of this title.

INSURANCE OF MORTGAGES

SEC. 203.[16] (a) The Administrator 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, upon such terms as the Administrator 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 and outstanding at any one time shall not exceed $4,000,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $5,000,000,000.[17]

(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 Administrator 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 Administrator shall approve) in an amount—

(A) not to exceed $16,000 and not to exceed 80 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 or dwellings 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

(B) not to exceed $5,400 and not to exceed 90 per centum of the appraised value (as of the date the

---

[14] As amended by act approved February 3, 1938 (52 Stat. 8, c. 13); and act approved March 28, 1941 (55 Stat. 55, c. 31). Act of March 28, 1941, added para. (d).

[15] As amended by acts approved February 3, 1938 (52 Stat. 8, c. 13); and June 3, 1939 (53 Stat. 804, c. 175).

[16] As amended by acts approved May 28, 1935 (49 Stat. 293, c. 150); August 23, 1935 (49 Stat. 722, c. 614); February 3, 1938 (52 Stat. 8, c. 13); June 3, 1939 (53 Stat. 804, c. 175); June 28, 1941 (55 Stat. 364, c. 261); and October 15, 1943 (57 Stat. 571, c. 259).

[17] Sec. 203 (a) was further amended July 1, 1946 (P. L. 480—79th Cong.) to eliminate (1) the proviso limiting the aggregate amount of principal obligations of all mortgages covering property completed more than one year prior to application, to 35% of the total of all mortgages insured under Title II after June 3, 1939; (2) the proviso which would have removed authority to insure mortgages on existing construction after July 1, 1946.

mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence (i) the construction of which is begun after the date of enactment of the National Housing Act Amendments of 1938 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and prior to the date of enactment of the National Housing Amendments of 1938, and which has not been sold or occupied since completion: *Provided,* That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 per centum of the appraised value in cash or its equivalent, or

(C) not to exceed $8,600, and not to exceed the sum of (i) 90 per centum of $6,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 80 per centum of such value in excess of $6,000 and not in excess of $10,000, of a property of the character described in paragraph (2) (B) of this subsection and subject to the same limitations and conditions which apply to such property.

(3) Have a maturity satisfactory to the Administrator, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided,* That a mortgage of the character described in paragraph (2) (B) of this subsection shall be eligible for insurance under this section if it has a maturity satisfactory to the Administrator, but not to exceed twenty-five years from the date of the insurance of the mortgage.

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

(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 Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

(6) Provide, in a manner satisfactory to the Administrator, 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 Administrator may in his discretion prescribe.

(c) The Administrator 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. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided,* That the Administrator 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 Administrator 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 Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator 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 section or section 210 is paid in full prior to the maturity date, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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 section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator 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 Administrator is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided,* That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage.

(e) Any contract of insurance heretofore or hereafter executed by the Administrator 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.

(f) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

PAYMENT OF INSURANCE

SEC. 204.[18] (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, 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 Administrator of title to the property which meets the requirements of rules and regulations of the Administrator 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

---

[18] As amended by acts approved May 28, 1935 (49 Stat. 293, c. 150); February 19, 1937 (50 Stat. 20, c. 12); February 3, 1938 (52 Stat. 8, c. 13); June 3, 1939 (53 Stat. 804, c. 175); June 28, 1941 (55 Stat. 364, c. 261); and October 14, 1943 (57 Stat. 570, c. 258).

foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator 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 Administrator, 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 on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, 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 prior to July 1, 1944, 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 Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator 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 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 Administrator may prescribe, there shall be included in the debentures an amount which the Administrator 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.[19]

(b) The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Hous-

---

[19] As amended by act approved October 14, 1943 (57 Stat. 570, c. 258).

ing Insurance Fund as obligor, shall be signed by the Administrator 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, and shall bear interest from such date at a rate determined by the Administrator, 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, payable semiannually on the 1st day of January and the 1st day of July of each year, and 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. 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 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,[20] 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) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator 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 Administrator 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 Administrator. 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) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds 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:

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

---

[20] 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 Appendix for reference to Public Debt Act of 1941.

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; and

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

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator 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 Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator 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 Administrator deeds of conveyance, deeds of release, assignments and satisfaction of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any Assistant Administrator 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 Administrator 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 Administrator or in any claim assigned to him; nor shall the Administrator 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.

CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

SEC. 205.[21] (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred prior to July 1, 1939, with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

(c) The Administrator shall terminate the insur-

---

[21] As amended by acts approved May 28, 1935 (49 Stat. 293, c. 150); February 3, 1938 (52 Stat. 8, c. 13); and June 3, 1939 (53 Stat. 804, c. 175).

ance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge to the group account the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice.

(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 Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, and the Administrator 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 Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.

INVESTMENT OF FUNDS

SEC. 206.[22] 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 Administrator 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.[23] (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; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage

---

[22] As amended by act approved February 3, 1938 (52 Stat. 8, c. 13).

[23] As amended by acts approved August 23, 1935 (49 Stat. 722, c. 614); February 3, 1938 (52 Stat. 8, c. 13); June 3, 1939 (53 Stat. 804, c. 175); and March 28, 1941 (55 Stat. 55, c. 31).

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.

(7) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the Administrator 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 corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

(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 Administrator under such insurance, are regulated or restricted by the Administrator 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 Administrator 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 Administrator under the insurance.

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

(1) Not to exceed $5,000,000; and

(2) Not to exceed 80 per centum of the amount which the Administrator 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 Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of the following: Public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction; and

(3) Not to exceed $1,350 per room 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 term as the Administrator 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 Administrator 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 Administrator finds that the property or project, with respect to which the mortgage is executed, is economically sound.

(d) The Administrator 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 issued by the Administrator under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Administrator 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 one-half of 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 Administrator is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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.

(f) There is hereby created a Housing Insurance Fund (herein referred to as the "Housing Fund") which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator 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 section 210 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 Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator 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 Administrator 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, 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 2 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 rules and regulations to be prescribed by the Administrator, proceed to foreclose on or otherwise acquire the property as provided in the case of a mortgage which is in default under section 210 and receive the benefits of the insurance as provided in such section.

(h) The certificate of claim issued by the Administrator to any mortgagee upon the assignment of the mortgage to the Administrator shall be for an amount which the Administrator 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 Administrator provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. 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 Administrator 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 Administrator 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; and

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

(i) Debentures issued under this section upon the assignment of an insured mortgage to the Administrator shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator, 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 payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. 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,[24] 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 Administrator 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, and the aggregate face value of the debentures issued, not to exceed

---

[24] 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 Appendix for reference to Public Debt Act of 1941.

$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Housing Fund.

(k) The Administrator 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. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of one year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided,* That the foregoing provisions shall not be construed in any manner to limit the power of the Administrator to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator 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.

(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 Administrator and from any property acquired by the Administrator, 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 Administrator 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 Administrator, in accordance with subsection (g), and the Administrator 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 Administrator 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 Administrator, 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 Administrator 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.

TAXATION PROVISIONS

SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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 Administrator 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 the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Administrator shall determine.[25]

ADDITIONAL HOUSING INSURANCE

SEC. 210. Repealed.[26]

RULES AND REGULATIONS

SEC. 211.[26a] The Administrator 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.[27] (a) The Administrator 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, a mortgage 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 Administrator 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

---

[25] Act approved February 3, 1938 (52 Stat. 8, c. 13), amended this section by including the Housing Fund. Sec. 4 (c) of act approved March 28, 1941 (55 Stat. 55, c. 31), amended this section by including the Defense Housing Insurance Fund.

[26] This section was added by act approved February 3, 1938 (52 Stat. 8, c. 13). Repealed by act approved June 3, 1939 (53 Stat. 804, c. 175), with the following proviso: *Provided,* That the Administrator is authorized to insure under said section any mortgage for the insurance of which an application has been filed with him prior to the effective date of this Act.

[26a] Sec. 211 added by act of February 3, 1938 (52 Stat. 8, c. 13).

[27] This section was added by act approved June 3, 1939 (53 Stat. 804, c. 175). Section 608 of Title VI was added by act approved May 26, 1942 (56 Stat. 301, c. 319).

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 prior to the beginning of construction and after the date of the filing of the application for insurance.

(b) The Administrator 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).

TITLE III—NATIONAL MORTGAGE ASSOCIATIONS

CREATION AND POWERS OF NATIONAL MORTGAGE ASSOCIATIONS

SEC. 301.[28] (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided which shall be authorized, subject to rules and regulations to be prescribed by the Administrator—

(1) To make real-estate loans which are accepted for insurance or insured under Title II of this Act: *Provided,* That no such association controlled or operated by the United States or any agency of the United States shall make any real-estate loan which is accepted for insurance or insured under section 203 of this Act;

(2) To purchase, service, or sell any mortgages, or partial interests therein, which are insured under Titles II and VI of this Act;

(3) To purchase, service, or sell uninsured first mortgages and such other liens as are commonly given under the laws of the State, district, or Territory in which the real estate is located to secure advances upon real estate held in fee simple, or under a lease for not less than ninety-nine years which is renewable, or under a lease having a period of not less than fifty years to run from the date the mortgage was executed, together with the credit instruments, if any, secured thereby; but the amount of the principal obligation of any such uninsured mortgage shall not exceed 60 per centum of the appraised value of the property as of the date the mortgage is purchased by the association; and

(4) To borrow money for any of the foregoing purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided.

(b) Any number of natural persons, not less than five may apply to the Administrator for authority to establish a national mortgage association, and at the time of such application shall transmit to the Administrator articles of association, signed and sealed by each of the incorporators and acknowledged before a judge of any court of record or a notary public, which shall contain (1) the name of the association, (2) the place where its principal office or place of business is to be located, and (3) such information with respect to its capital stock as the Administrator may by regulation require. If the Administrator is of the opinion that the establishment of such an association is desirable to provide a market for mortgages insured under title II and is in the public interest, that the incorporators transmitting the articles of association are responsible persons, and that such articles of association are satisfactory in all respects, he may issue or cause to be issued to such incorporators a certificate of approval, and the association shall become, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.

(c) Each national mortgage association created under this section shall have succession from the date of its organization unless it is dissolved by act of its shareholders, or its franchise becomes forfeited by order of the Administrator as hereinafter provided, or it is dissolved by Act of Congress, and shall have power—

(1) To adopt and use a corporate seal.

---

[28] As amended by acts approved May 28, 1935 (49 Stat. 273, c. 150); February 3, 1938 (52 Stat. 8, c. 13); June 3, 1939 (53 Stat. 804, c. 175); and March 28, 1941 (55 Stat. 55, c. 31).

(2) To make contracts.

(3) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

(4) To conduct its business in any State of the United States, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, and to have one or more offices in such State, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office.

(5) To do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and that at least 25 per centum thereof has been paid in cash, or in Government securities at their par value, or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this Act) 60 per centum of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided,* That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth.

(e) Each national mortgage association for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the State in which its principal office is located.

(f) No individual, association, partnership, or corporation, except associations organized under this section, shall hereafter use the words "national mortgage association," or any combination of such words, as the name or a 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. The provisions of section 5243 of the Revised Statutes shall not apply to associations created under this title.

OBLIGATIONS OF NATIONAL MORTGAGE ASSOCIATIONS

SEC. 302.[29] Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twenty times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of titles II and VI of this Act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided,* That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued.

INVESTMENT OF FUNDS

SEC. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities

---

[29] As amended by acts approved May 28, 1935 (49 Stat. 293, c. 150); February 3, 1938 (52 Stat. 8, c. 13); and March 28, 1941 (55 Stat. 55, c. 31).

approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe, and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302.[30]

MANAGEMENT OF ACQUIRED PROPERTIES

SEC. 304. Subject to such rules and regulations as the Administrator shall prescribe, any national mortgage association shall have power to deal with, rent, renovate, modernize, or sell for cash or credit, or otherwise dispose of, with a view to assuring a maximum financial return to the association, any property acquired by it as a result of foreclosure proceedings.

EXAMINATIONS AND LIQUIDATION

SEC. 305. The Administrator shall have power to provide for the periodic examination of the affairs of every national mortgage association and shall have power to terminate the existence of any such association and order its liquidation and the winding up of its affairs in any case in which the Administrator finds that the association is violating any provisions of this title or any rule or regulation thereunder or in any case in which he finds that the association is conducting its business in an unsafe and unbusinesslike manner. In any case in which the Administrator finds, upon examination of the affairs of any such association, that the capital of such association is substantially impaired, and if, within thirty days after the Administrator has notified the association of the existence of such impairment, the capital is not restored to the satisfaction of the Administrator, he shall terminate the existence of such association and shall order the liquidation and winding up of its affairs. The expenses of examination of any such association shall be assessed upon and paid for by the association in such manner and under such rules and regulations as the Administrator shall prescribe. For the purposes of this section, examiners appointed by the Administrator shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the national banking laws and the Federal Reserve Act, as amended, and, in the exercise of their functions, shall have the same powers and privileges as are vested in such examiners by law.

RULES AND REGULATIONS

SEC. 306. The Administrator shall have power to provide by rules and regulations for the liquidation, reorganization, consolidation, or merger of national mortgage associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, to require an equitable readjustment of its capital structure, to release it from the control of a conservator or receiver, and to permit its further operation.

TAXATION PROVISIONS

SEC. 307.[31] All notes, bonds, debentures, or other obligations issued by any national mortgage association 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,[32] by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from 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. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed.

---

[30] As amended by act approved February 3, 1938 (52 Stat. 8, c. 13).

[31] As amended by act approved February 3, 1938 (52 Stat. 8, c. 13).

[32] Exemption as to Federal taxation removed as to obligations issued after March 1, 1941. See Appendix for reference to Public Debt Act of 1941.

DEPOSITARIES OF PUBLIC MONEYS

Sec. 308. When designated for that purpose by the Secretary of the Treasury any national mortgage association shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as a depositary of public money and financial agent of the Government as may be required of it. Any national mortgage association may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality.

TITLE IV—INSURANCE OF SAVINGS AND LOAN ACCOUNTS

DEFINITIONS

Sec. 401. As used in this title—

(a) The term "insured institution" means an institution whose accounts are insured under this title.

(b) The term "insured member" means an individual, partnership, association, or corporation which holds an insured account.

(c) The term "insured account" means a share, certificate, or deposit account of a type approved by the Federal Savings and Loan Insurance Corporation which is held by an insured member in an insured institution and which is insured under the provisions of this title.

(d) The term "default" means an adjudication or other official determination of a court of competent jurisdiction or other public authority pursuant to which a conservator, receiver, or other legal custodian is appointed for an insured institution for the purpose of liquidation.

CREATION OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Sec. 402. (a) There is hereby created a Federal Savings and Loan Insurance Corporation (hereinafter referred to as the "Corporation"), which shall insure the accounts of institutions eligible for insurance as hereinafter provided, and shall be under the direction of a board of trustees to be composed of five members and operated by it under such bylaws, rules, and regulations as it may prescribe for carrying out the purposes of this title. The members of the Federal Home Loan Bank Board shall constitute the board of trustees of the Corporation and shall serve as such without additional compensation. The principal office of the Corporation shall be in the District of Columbia.

(b) The Corporation shall have a capital stock of $100,000,000, which shall be divided into shares of $100 each. The total amount of such capital stock shall be subscribed for by the Home Owners' Loan Corporation which is hereby authorized and directed to subscribe for such stock and make payment therefor in bonds of the Home Owners' Loan Corporation. The Corporation shall issue to the Home Owners' Loan Corporation receipts for payment for or on account of such stock, which shall serve as evidence of the ownership thereof, and the Home Owners' Loan Corporation shall be entitled to the payment of dividends on such stock out of net earnings at a rate equal to the interest rate on such bonds, which dividends shall be cumulative.

(c) Upon the date of enactment of this Act, the Corporation shall become a body corporate, and shall be an instrumentality of the United States, and as such shall have power—

(1) To adopt and use a corporate seal.

(2) To have succession until dissolved by Act of Congress.

(3) To make contracts.

(4) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

(5) To appoint and to fix the compensation, by its board of trustees, of such officers, employees, attorneys, or agents, as shall be necessary for the performance of its duties under this title, without regard to the provisions of any other laws relating to the employment or compensation of officers or employees of the United States. Nothing in this title or any other provision of law shall be construed to prevent the appointment and compensation as an officer, attorney, or employee of the Corporation, of any officer, attorney, or employee of any board, corporation, commission, establishment, executive de-

partment, or instrumentality of the Government. The Corporation, with the consent of any board, corporation, commission, establishment, executive department, or instrumentality of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this title. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this Act and the manner in which the same shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds.[33]

(d) For the purposes of this title, the Corporation shall have power to borrow money, and to issue notes, bonds, debentures, or other such obligations upon such terms and conditions as the board of trustees may determine. Moneys of the Corporation not required for current operations shall be deposited in the Treasury of the United States, or upon the approval of the Secretary of the Treasury, in any Federal Reserve bank, or shall be invested in obligations of, or guaranteed as to principal and interest by, the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public money under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal agent of the United States, and it shall perform all such reasonable duties as depositary of public money and fiscal agent as may be required of it.

(e) All notes, bonds, debentures, or other such obligations issued by the Corporation 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,[34] by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, capital, reserves, surplus, 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 any real property of the Corporation 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.

(f) The Corporation shall make an annual report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(g) No individual, association, partnership, or corporation shall use the words "Federal Savings and Loan Insurance Corporation," or any combination of any of these words which would have the effect of leading the public in general to believe there was any connection, actually not existing, between such individual, association, partnership, or corporation and the Federal Savings and Loan Insurance Corporation, as the name under which he or it shall hereafter do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its accounts are insured or in anywise guaranteed by the Federal Savings and Loan Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no insured member shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its accounts are insured by the Federal Savings and Loan Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding one year, or both.

INSURANCE OF ACCOUNTS AND ELIGIBILITY PROVISIONS

Sec. 403. (a) It shall be the duty of the Corporation to insure the accounts of all Federal savings and loan associations, and it may insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks organized and operated according to the laws of the State, District, or Territory in which they are chartered or organized.

(b) Application for such insurance shall be made

---

[33] Sec. 22 of act approved May 28, 1935 (49 Stat. 293, c. 150), amended this section by adding the last sentence as above set forth in the text.

[34] Exemption as to Federal taxation removed as to obligations issued after March 1, 1941. See Appendix for reference to Public Debt Act of 1941.

immediately by each Federal savings and loan association, and may be made at any time by other eligible institutions. Such applications shall be in such form as the Corporation shall prescribe, and shall contain an agreement (1) to pay the reasonable cost of such examinations as the Corporation shall deem necessary in connection with such insurance, and (2) if the insurance is granted, to permit and pay the cost of such examinations as in the judgment of the Corporation may from time to time be necessary for its protection and the protection of other insured institutions, to permit the Corporation to have access to any information or report with respect to any examination made by any public regulatory authority, and to furnish any additional information with respect thereto as the Corporation may require, and to pay the premium charges for insurance as hereinafter provided. Each applicant for such insurance shall also file with its application an agreement that during the period that the insurance is in force it will not make any loans beyond fifty miles from its principal office except with the approval of, and pursuant to regulations of, the Corporation, but any applicant which, prior to the date of enactment of this Act, has been permitted to make loans beyond such fifty-mile limit may continue to make loans within the territory in which the applicant is operating on such date; will not, after it becomes an insured institution, issue securities which guarantee a definite return or which have a definite maturity except with the specific approval of the Corporation, or issue any securities the form of which has not been approved by the Corporation; will not carry on any sales plan or practices, or any advertising, in violation of regulations to be made by the Corporation; will provide adequate reserves satisfactory to the Corporation, to be established in accordance with regulations made by the Corporation, before paying dividends to its insured members; but such regulations shall require the building up of reserves to 5 per centum of all insured accounts within a reasonable period, not exceeding twenty years,[35] and shall prohibit the payment of dividends from such reserves, or the payment of any dividends if any losses are chargeable to such reserves: *Provided,* That for any year dividends may be declared and paid when losses are chargeable to such reserves if the declaration of such dividends in such case is approved by the Corporation.[36]

(c) The Corporation shall reject the application of any applicant if it finds that the capital of the applicant is impaired or that its financial policies or management are unsafe; and the Corporation may reject the application of any applicant if it finds that the character of the management of the applicant or its home financing policy is inconsistent with economical home financing or with the purposes of this title. Upon the approval of any application for insurance the Corporation shall notify the applicant, and upon the payment of the initial premium charge for such insurance, as provided in section 404, the Corporation shall issue to the applicant a certificate stating that it has become an insured institution. In considering applications for such insurance the Corporation shall give full consideration to all factors in connection with the financial condition of applicants and insured institutions, and shall have power to make such adjustments in their financial statements as the Corporation finds to be necessary.

(d) Any applicant which applies for insurance under this title after the first year of the operation of the Corporation shall pay an admission fee based upon the reserve fund of the Corporation, which in the judgment of the Corporation, is an equitable contribution.[37]

PREMIUMS ON INSURANCE

SEC. 404. (a) Each institution whose application for insurance is approved by the Corporation shall pay to the Corporation, in such manner as it shall prescribe, a premium charge for such insurance equal to one-eighth[38] of 1 per centum of the total amount of all accounts of the insured members of such in-

---

[35] Sec. 23 of act approved May 28, 1935 (49 Stat. 293, c. 150), increased the number of years from ten to twenty.

[36] Sec. 23 of act approved May 28, 1935 (49 Stat. 293, c. 150), amended this subsec. by striking out the period after the word "reserves" and inserting in lieu thereof a colon and the language as above set forth in the text.

[37] Sec. 24 of act approved May 28, 1935 (49 Stat. 293, c. 150), amended subsec. (d) to read as above set forth in the text.

[38] Sec. 25 (a) of act approved May 28, 1935 (49 Stat. 293, c. 150), changed "one-fourth" to "one-eighth."

stitution plus any creditor obligations of such institution. Such premium shall be paid at the time the certificate is issued by the Corporation under section 403, and thereafter annually until a reserve fund has been established by the Corporation equal to 5 per centum of all insured accounts and creditor obligations of all insured institutions; except that under regulations prescribed by the Corporation such premium charge may be paid semiannually. If at any time such reserve fund falls below such 5 per centum, the payment of such annual premium charge for insurance shall be resumed and shall be continued until the reserve is brought back to such 5 per centum. For the purposes of this subsection, the amount in all accounts of insured members and the amount of creditor obligations of any institution may be determined from adjusted statements made within one year prior to the approval of the application of such institution for insurance, or in such other manner as the Corporation may by rules and regulation prescribe.

(b) The Corporation is further authorized to assess against each insured institution additional premiums for insurance until the amount of such premiums equals the amount of all losses and expenses of the Corporation; except that the total amount so assessed in any one year against any such institution shall not exceed one-eighth [38] of 1 per centum of the total amount of the accounts of its insured members and its creditor obligations.

(c) Each insured institution which has paid a premium charge in excess of one-eighth of 1 per centum of the total amount of the accounts of its insured members and its creditor obligations shall be credited on its future premiums with an amount equal to the total amount of such excess.[39]

PAYMENT OF INSURANCE

SEC. 405. (a) Each institution whose application for insurance under this title is approved by the Corporation shall be entitled to insurance up to the full withdrawal or repurchasable value of the accounts of each of its members and investors (including individuals, partnership, associations, and corporations) holding withdrawable or repurchasable shares, investment certificates, or deposits in such institution; except that no member or investor of any such institution shall be insured for an aggregate amount in excess of $5,000.

(b) In the event of a default by any insured institution the Corporation shall promptly determine the insured members thereof and the amount of their insured accounts, and shall make available to each of them, after notice by mail at his last-known address as shown by the books of the insured institution, and upon surrender and transfer to the Corporation of his insured account, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) at the option of the insured member, the amount of his account which is insured under this section, as follows: Not to exceed 10 per centum in cash, and 50 per centum of the remainder within one year and the balance within three years from the date of such default, in negotiable non-interest-bearing debentures of the Corporation. The Corporation shall furnish to all insured institutions a certificate stating that the insurance of accounts in such institution is to be paid in the manner described in this subsection.

LIQUIDATION OF INSURED INSTITUTIONS

SEC. 406. (a) In order to facilitate the liquidation of insured institutions, the Corporation is authorized (1) to contract with any insured institution with respect to the making available of insured accounts to the insured members of any insured institution in default, or (2) to provide for the organization of a new Federal savings and loan association for such purpose subject to the approval of the Federal Home Loan Bank Board.

(b) In the event that a Federal savings and loan association is in default, the Corporation shall be appointed as conservator or receiver and is authorized as such (1) to take over the assets of and operate such association, (2) to take such action as may be necessary to put it in a sound and solvent condition, (3) to merge it with another insured institution, (4) to organize a new Federal savings and loan association-

---

[38] Sec. 25 (a) of act approved May 28, 1935 (49 Stat. 293, c. 150), changed "one-fourth" to "one-eighth."

[39] Sec. 25 (b) of act approved May 28, 1935 (49 Stat. 293, c. 150), amended sec. 404 by adding at the end thereof subsec. (c) as above set forth in the text.

tion to take over its assets, or (5) to proceed to liquidate its assets in an orderly manner, whichever shall appear to be to the best interests of the insured members of the association in default; and in any event the Corporation shall pay the insurance as provided in section 405 and all valid credit obligations of such association. The surrender and transfer to the Corporation of an insured account in any such association which is in default shall subrogate the Corporation with respect to such insured account, but shall not affect any right which the insured member may have in the uninsured portion of his account or any right which he may have to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association.[40]

(c) In the event any insured institution other than a Federal savings and loan association is in default, the Corporation shall have authority to act as conservator, receiver, or other legal custodian of such insured institution, and the services of the Corporation are hereby tendered to the court or other public authority having the power of appointment. If the Corporation is so appointed, it shall have the same powers and duties with respect to the insured institution in default as are conferred upon it under subsection (b) with respect to Federal savings and loan associations. If the Corporation is not so appointed it shall pay the insurance as provided in section 405, and shall have power (1) to bid for the assets of the insured institution in default, (2) to negotiate for the merger of the insured institution or the transfer of its assets, or (3) to make any other disposition of the matter as it may deem in the best interests of all concerned.

(d) In connection with the liquidation of insured institutions in default, the Corporation shall have power to carry on the business of and to collect all obligations to the insured institutions, to settle, compromise, or release claims in favor of or against the insured institutions, and to do all other things that may be necessary in connection therewith, subject only to the regulation of the court or other public authority having jurisdiction over the matter.

(e) The Corporation shall make an annual report to the Congress of the operation by it of insured institutions in default, and shall keep a complete record of the administration by it of the assets of such insured institutions which shall be subject to inspection by any officer of any such insured institution or by any other interested party, and, if any such insured institution is operated under the laws of any State, Territory, or possession of the United States, or of the District of Columbia, such annual report shall also be filed with the public authority which has jurisdiction over the insured institution.

(f) In order to prevent a default in an insured institution or in order to restore an insured institution in default to normal operation as an insured institution, the Corporation is authorized, in its discretion, to make loans to, purchase the assets of, or make a contribution to, an insured institution or an insured institution in default; but no contribution shall be made to any such institution in an amount in excess of that which the Corporation finds to be reasonably necessary to save the expense of liquidating such institution.[41]

TERMINATION OF INSURANCE

SEC. 407. (a) Any institution which is insured under the provisions of this title may, upon not less than ninety days' written notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors or other similar governing body which is authorized to act for the institution. Thereupon its status as an insured institution shall immediately cease and all rights of its insured members to insurance under this title shall immediately terminate; but the obligation of the institution to pay the premium charges for insurance shall continue for a period of three years after the date of such termination.

(b) The Corporation shall have power to terminate the insured status of any insured institution at any time, after ninety days' notice in writing, for violation of any provision of this title, or of any rule or regulation made thereunder, or of any agreement

---

[40] As amended by sec. 26 of act approved May 28, 1935 (49 Stat. 293, c. 150).

[41] Sec. 27 of act approved May 28, 1935 (49 Stat. 293, c. 150), amended sec. 406 by adding at the end thereof a new subsec. (f) as above set forth in the text.

made pursuant to section 403. In the event the insured status of an insured institution is so terminated it shall be unlawful thereafter for it to advertise or represent itself as an insured institution, but the insured accounts of its members existing on the date of such termination shall continue as such for a period of five years thereafter, and the institution shall be required to continue the payment of the premium charge for insurance during such five-year period.

TITLE V—MISCELLANEOUS

SEC. 501. Section 10 (a) of the Federal Home Loan Bank Act is amended to read as follows:

"SEC. 10 (a) Each Federal Home Loan Bank is authorized to make advances to its members, upon the security of home mortgages, subject to such regulations, restrictions, and limitations as the board may prescribe. Any such advance shall be subject to the following limitations as to amount:

"(1) If secured by a mortgage insured under the provisions of title II of the National Housing Act, the advance may be for an amount not in excess of 90 per centum of the unpaid principal of the mortgage loan.[42]

"(2) If secured by a home mortgage given in respect of an amortized home mortgage loan which was for an original term of eight years or more, or in cases where shares of stock, which are pledged as security for such loan, mature in a period of eight years or more, the advance may be for an amount not in excess of 65 per centum of the unpaid principal of the home mortgage loan; but in no case shall the amount of the advance exceed 60 per centum of the value of the real estate securing the home mortgage loan.

"(3) If secured by a home mortgage given in respect of any other home mortgage loan, the advance shall not be for an amount in excess of 50 per centum of the unpaid principal of the home mortgage loan; but in no case shall the amount of such advance exceed 40 per centum of the value of the real estate securing the home mortgage loan."

SEC. 502. The Federal Home Loan Bank Act is further amended by adding after section 10 thereof the following new section:

"SEC. 10a. Until July 1, 1936, each Federal Home Loan Bank is authorized to make advances to its members, in order to enable such members to finance home repairs, improvements, and alterations. Such advances shall not be subject to the provisions and restrictions of section 10 of this Act, but shall be made upon the security of notes representing obligations incurred pursuant to and insurable under section 2 of the National Housing Act. Advances made under the terms of this section shall be at such rates of interest and upon such terms and conditions as shall be determined by the Federal Home Loan Bank Board."

SEC. 503. Section 11 of the Federal Home Loan Bank Act is amended to read as follows:

"SEC. 11. (a) Each Federal Home Loan Bank shall have power, subject to rules and regulations prescribed by the board to borrow and give security therefor and to pay interest thereon, to issue debentures, bonds, or other obligations upon such terms and conditions as the board may approve, and to do all things necessary for carrying out the provisions of this Act and all things incident thereto.

"(b) The board may issue consolidated Federal Home Loan Bank debentures which shall be the joint and several obligations of all Federal Home Loan Banks organized and existing under this Act, in order to provide funds for any such bank or banks, and such debentures shall be issued upon such terms and conditions as the board may prescribe. No such debentures shall be issued at any time if any of the assets of any Federal Home Loan Bank are pledged to secure any debts or subject to any lien, and neither the Board nor any Federal Home Loan Bank shall have power to pledge any of the assets of any Federal Home Loan Bank, or voluntarily to permit any lien to attach to the same while any of such debentures so issued are outstanding. The debentures issued under this section and outstanding shall at no time exceed five times the total paid-in capital of all the Federal Home Loan Banks as of the time of the

---

[42] Section 10 (a) (1) of the Federal Home Loan Bank Act has been amended by act approved March 28, 1941 (55 Stat. 55, c. 31). See Appendix, p. 83 for amendment.

issue of such debentures. It shall be the duty of the board not to issue debentures under this section in excess of the notes or obligations of member institutions held and secured under section 10 (a) of this Act by all the Federal Home Loan Banks.

"(c) At any time that no debentures are outstanding under this Act, or in order to refund all outstanding consolidated debentures issued under this section, the board may issue consolidated Federal Home Loan Bank bonds which shall be the joint and several obligations of all the Federal Home Loan Banks, and shall be secured and be issued upon such terms and conditions as the board may prescribe.

"(d) The board shall have full power to require any Federal Home Loan Bank to deposit additional collateral or to make substitutions of collateral or to adjust equities between the Federal Home Loan Banks.

"(e) Each Federal Home Loan Bank shall have power to accept deposits made by members of such bank or by any other Federal Home Loan Bank or other instrumentality of the United States, upon such terms and conditions as the board may prescribe, but no Federal Home Loan Bank shall transact any banking or other business not authorized by this Act.

"(f) The board is authorized and empowered to permit, or whenever in the judgment of at least four members of the board an emergency exists requiring such action, to require, Federal Home Loan Banks, upon such terms and conditions as the board may prescribe, to rediscount the discounted notes of members held by other Federal Home Loan Banks, or to make loans to, or make deposits with, such other Federal Home Loan Banks, or to purchase any bonds or debentures issued under this section.

"(g) Each Federal Home Loan Bank shall at all times have an amount equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount equal to the current deposits received from its members, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with a maturity of not to exceed one year which are made to members or nonmember borrowers, upon such terms and conditions as the board may prescribe, and (4) advances with a maturity of not to exceed one year which are made to members or nonmember borrowers whose creditor liabilities (not including advances from the Federal Home Loan Bank) do not exceed 5 per centum of their net assets, and which may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe.

"(h) Such part of the assets of each Federal Home Loan Bank (except reserves and amounts provided for in subsection (g)) as are not required for advances to members or nonmember borrowers, may be invested, to such extent as the bank may deem desirable and subject to such regulations, restrictions, and limitations as may be prescribed by the board, in obligations of the United States and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located."

Sec. 504. The Farm Credit Act of 1933 is amended by adding after section 86 thereof the following new section:

"Sec. 86a. With the approval of the Governor of the Farm Credit Administration and under rules and regulations to be prescribed by the Production Credit Commissioner, production credit associations organized under the provisions of the Farm Credit Act of 1933 are authorized and empowered (without regard to the provisions of this Act relating to the requirement for the ownership of Class B stock or any other limitations therein contained) (1) to make loans to farmers for the purpose of enabling them to make home alterations, repairs, and improvements, (2) to sell, discount, assign, or otherwise dispose of any loans made by them under the provisions of this section, under such restrictions and limitations as to endorsement and liability as may be approved by the Governor of the Farm Credit Administration, (3) to avail themselves of the benefits of insurance under the provisions of section 2 of the National Housing Act, and (4) to do all such things as may be reasonably necessary to carry out the provisions of this section."

Sec. 505. (a) Section 24 of the Federal Reserve Act, as amended, is amended by adding at the end of the third sentence thereof the following: "*Provided,* That in the case of loans secured by real estate which are insured under the provisions of title II of the National Housing Act, such restrictions as to the amount of the loan in relation to the actual value of the real estate and as to the five-year limit on the terms of such loans shall not apply.[43]

(b) Section 24 of such Act, as amended, is further amended by adding at the end thereof the following new paragraph:

"Loans made to finance the construction of residential or farm buildings and having maturities of not to exceed six months, whether or not secured by a mortgage or similar lien on the real estate upon which the residential or farm building is being constructed, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans: *Provided,* That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 50 per centum of its actually paid-in and unimpaired capital. Notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act, as amended, if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank."

Sec. 506. (a) The first sentence of section 4 (c) of the Home Owners' Loan Act of 1933, as amended, is further amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $3,000,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds called in for retirement; and the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so called in and retired."

(b) Section 4 (m) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "$200,000,000" and inserting in lieu thereof "$300,000,000."

Sec. 507. Subdivision (6) of section 2 of the Federal Home Loan Bank Act is amended so as to read as follows:

"(6) The term 'home mortgage' means a mortgage upon 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, upon which there is located a dwelling for not more than three families, and shall include, in addition to first mortgages, such classes of first liens as are commonly given to secure advances on real estate by institutions authorized under this Act to become members, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

Sec. 508. (a) Section 2 (c) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "under a renewable lease for not less than ninety-nine years" and inserting in lieu thereof "(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."

(b) Section 4 (c) of such Act, as amended, is amended by striking out "under a lease renewable for not less than ninety-nine years" and inserting in lieu thereof "(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".

Sec. 509. Section 6 of the Federal Home Loan Bank Act is amended by striking out "$1,500" in subsections (c) and (e) and inserting in lieu thereof $500".

Sec. 510. The Act entitled "An Act relating to contracts and agreements under the Agricultural Adjustment Act", approved January 25, 1934, is amended by inserting before the period at the end thereof a comma and the following: "The Federal Farm Loan Act, as amended, the Emergency Farm

---

[43] The first paragraph of sec. 24 of the Federal Reserve Act (which includes this amendment to sec. 24) has been amended by the Banking Act of 1935, and by Act approved March 28, 1941 (55 Stat. 55, c. 31). The amended paragraph is set forth in the Appendix, page 98.

Mortgage Act of 1933, as amended, the Federal Farm Mortgage Corporation Act, as amended, the Farm Credit Act of 1933, as amended, and the Home Owners' Loan Act of 1933, as amended".

Sec. 511. Section 22 of the Interstate Commerce Act, as amended, is further amended by adding at the end thereof the following new sentence: "Nothing in this Act shall prevent any carrier or carriers subject to this Act from giving reduced rates for the transportation of commodities to be specified by the Commission as hereinafter provided, to or from any section of the country, with the object of improving Nation-wide housing standards and providing employment and stimulating industry, if such reduced rates have first been authorized by order of the Commission (with or without a hearing); but in such order the Commission shall specify the commodities as to which this provision shall be declared effective and shall specify the period during which such reduced rates are to remain in effect."

PENALTIES

Sec. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than two years, or both.[44]

(b) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued under authority of this Act, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been so issued, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon so issued or purporting to have been so issued, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, so issued or purporting to have been so issued, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Administration or the Corporation or pledged, or otherwise intrusted to the Administration or the Corporation, or (2) with intent to defraud the Administration or the Corporation or any other body, politic or corporate or any individual, or to deceive any officer, auditor, or examiner of the Administration or the Corporation, makes any false entry in any book, report, or statement of or to the Administration or the Corporation, or without being duly authorized draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use the combination of

---

[44] As amended by sec. 9 of the act approved February 3, 1938 (52 Stat. 8, c. 13).

letters "FHA," the words "Federal Housing" or "National Housing," or any combination or variation of such letters or words alone or with other letters or words as the name under which he or it shall do business, for the purpose of trade, or by way of advertisement to induce the sale of any article or product whatsoever, which use shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation, or any article or product so offered for sale, has any connection with, approval of, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof where such connection, approval, or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.[45]

(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the Federal Savings and Loan Insurance Corporation or for the purpose of obtaining any extension or renewal of such insurance by said Corporation or for the purpose of influencing in any way the action of the said Corporation under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.[46]

(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than $1,000 or by imprisonment of not exceeding one year, or both.[46]

SEPARABILITY PROVISION

SEC. 513. 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.[47]

---

[45] This section was added by sec. 10 of act approved February 3, 1938 (52 Stat. 8, c. 13), and amended by sec. 10 of act approved June 28, 1941 (55 Stat. 364, c. 261).

[46] This section was added by sec. 10 of the act approved February 3, 1938 (52 Stat. 8, c. 13).

[47] Sec. 514 was added by sec. 11 of the act approved February 3, 1938 (52 Stat. 8, c. 13).

TITLE VI—WAR HOUSING INSURANCE[48]

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 Administrator; 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 Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

SEC. 602. There is hereby created a War[49] Housing Insurance Fund which shall be used by the Administrator 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[49] housing insured mortgages." For this purpose, the Reconstruction Finance Corporation shall make available to the Administrator 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 discharge in a principal amount equal to the funds made available to the Administrator 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[49] Housing Insurance Fund the sum of $5,000,000 out of funds made available to the Administrator for this purpose. General expenses of operation of the Federal Housing Administration under this title may be charged to the War[49] Housing Insurance Fund.

Sec. 603 (a)[50] In order to assist in relieving the acute shortage of housing which now exists and to

---

[48] Title VI is a new Title to the National Housing Act and was added by act approved March 28, 1941 (55 Stat. 55, c. 31), and amended by acts approved Sept. 2, 1941 (55 Stat. 686, c. 410); May 26, 1942 (56 Stat. 301, c. 319); Mch. 23, 1943 (57 Stat. 42, c. 21); October 14, 1943 (57 Stat. 570, c. 258); Oct. 15, 1943 (57 Stat. 571, c. 259); June 30, 1944, (58 Stat. 648, c. 334); Mch. 31, 1945 (59 Stat. 47, c. 48); May 22, 1946 (P. L. 388—79th Cong.).

[49] Defense Housing Insurance Fund is designated War Housing Insurance Fund pursuant to sec. 14 of act approved May 26, 1942 (56 Stat. 301, c. 319).

[50] Sec. 603 (a) was entirely rewritten in Sec. 10 of the Veterans' Emergency Housing Act of 1946 (Public Law 388, approved May 22, 1946) to show the need for continued insurance under Title VI to assist in relieving the acute shortage of housing and to increase the supply of housing accommodations available to veterans of World War II rather than housing for war workers. The amendment also removes the requirement that the property be located in an area in which the President finds an acute shortage of housing.

increase the supply of housing accommodations available to veterans of World War II at prices within their reasonable ability to pay, the Administrator 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 Administrator 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 [51] shall not exceed $2,800,000,000 [52] except that with the approval of the President such aggregate amount may be increased to not to exceed $3,800,000,000: *Provided further,* That no mortgage shall be insured under this title [51] after June 30, 1947, [53] except (A) pursuant to a commitment to insure, issued on or before June 30, 1947,[53] or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage; [54] *And provided further,* That the Administrator 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.[55]

(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 Administrator as responsible and able to service the mortgage properly;

(2)[56] involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount not to exceed 90 per centum of the Administrator's estimate of the necessary current cost (including the land and such initial service charges and such appraisal, inspection, and other fees as the Administrator 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 [56] if such dwelling is designed for a single-family residence, or

(B) $7,500 [56] if such dwelling is designed for a two-family residence, or

(C) $9,500 [56] if such dwelling is designed for a three-family residence, or

(D) $12,000 [56] if such dwelling is designed for a four-family residence:

Provided, That the Administrator 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 without sacrifice of sound standards of construction, design, or livability, prescribe by regulation or otherwise higher maximum mortgage amounts not to exceed—[56]

(A) $8,100 if such dwelling is designed for a single-family residence, or

---

[51] The word "section" was changed to "title" by act approved May 26, 1942 (56 Stat. 301, c. 319).

[52] By acts approved Sept. 2, 1941 (55 Stat. 686, c. 410), the original authorization of $100,000,000 was increased to $300,000,000; May 26, 1942 (56 Stat. 301, c. 319) increased to $800,000,000; Mar. 23, 1943 (57 Stat. 42, c. 21) increased to $1,200,000,000; Oct. 15, 1943 (57 Stat. 571, c. 259) increased to $1,600,000,000; June 30, 1944 (58 Stat. 648, c. 334) increased to $1,700,000,000; Mar. 31, 1945 (59 Stat. 47, c. 48), increased to $1,800,000,000; May 22, 1946 (Public Law 388) increased to $2,800,000,000.

[53] By act approved May 26, 1942 (56 Stat, c. 319) the expiration date of July 1, 1942 as contained in original Act was changed to July 1, 1943; act of March 23, 1943 (57 Stat. 42, c. 21) changed date to July 1, 1944; Oct. 15, 1943 (57 Stat. 571, c. 259) changed to July 1, 1945; Mar. 31, 1945 Act (59 Stat. 47, c. 48) changed date from 1945 to 1946; May 22, 1946 Act (Public Law 388) changed date to June 30, 1947.

[54] Act approved June 30, 1944 (58 Stat. 648, c. 334) added exception "(B)".

[55] As amended by act approved May 26, 1942 (56 Stat. 301, c. 319), the original act specified the national emergency proclaimed by the President, Sept. 8, 1939, Proclamation No. 2352 (4 F. R. 3851, of 54 Stat. 2643), and by act approved May 26, 1942, this was changed to the emergency declared by the President on May 27, 1941, Proclamation No. 2487 (6 F. R. 2617 or 55 Stat. 1647). See Note 50.

[56] This section was entirely rewritten in the amendments to Title VI contained in Public Law 388, approved May 22, 1946, to provide that the mortgage amount is to be based upon "the Administrator's estimate of the necessary current cost" rather than "the appraised value." The maximum mortgage amounts, $5,400 for single family residences, etc., were reenacted except that the Administrator is given the additional authority to approve higher mortgage amounts as specified in the proviso, if he finds that at any time or in any particular geographical area it is not feasible within such limits of maximum mortgage amounts ($5,400 for single family residence, etc.) "to construct dwellings without sacrifice of sound standards of construction, design or livability. . . ."

(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 Administrator but not to exceed twenty-five[57] years from the date of the insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Administrator;

(5) bear interest (exclusive of premium charges for insurance) at not to exceed 4[58] per centum per annum on the amount of the principal obligation outstanding at any time.

(6) provide, in a manner satisfactory to the Administrator, 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 Administrator may in his discretion prescribe.

(c) The Administrator 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 Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided,* That the Administrator 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 Administrator finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Administrator 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 Administrator may prescribe; but no mortgage shall be accepted for insurance under this title unless the Administrator finds that the project with respect to which the mortgage is executed is an acceptable risk in view of the shortage of housing[59] referred to in this section.[60] 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 Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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[60] until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator 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 Administrator 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 Administrator, preference or priority of opportunity to purchase or

---

[57] Amended by act approved May 26, 1942 (56 Stat. 301, c. 319), maturity changed from 20 to 25 years.

[58] By act approved May 22, 1946 (Public Law 388) the maximum interest rate of 5%, as contained in the original Act was changed to 4%. (Note: By Regulation, the maximum interest rate prior to amendment of May 22, 1946, was 4½%.)

[59] Amendment of May 22, 1946 (Public Law 388) struck out the word "emergency" and substituted in lieu thereof the words "shortage of housing."

[60] As amended by the act approved May 26, 1942 (56 Stat. 301, c. 319).

rent properties covered by mortgages insured under this title.[61]

(d) Any contract of insurance heretofore or hereafter executed by the Administrator 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. (a) In any case in which the mortgagee under a mortgage insured under section 603[62] shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, 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 Administrator of title to the property which meets the requirements of rules and regulations of the Administrator 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 Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator 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 Administrator, 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 paid after either of such dates 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 Administrator, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator 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: *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 Administrator may prescribe, there shall be included in the debentures an amount which the Administrator 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 ac-

---

[61] By act approved May 22, 1946 (Public Law 388) the last sentence of this section was stricken and the sentence as it appears in the text was inserted in lieu thereof.

[62] As amended by the act approved May 26, 1942 (56 Stat. 301, c. 319).

quisition of the property by other means during any part or all of the period of such military service and three months thereafter.[63]

(b) The Administrator 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 mortgagor shall not be released from such liability in any case until the Administrator is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the Administrator, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per centum of the Administrator's estimate of the necessary current cost[64] as of the date the mortgage is accepted for insurance.

(c)[65] 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 Administrator 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 Administrator to the mortgagee from the War Housing Insurance Fund.

(d)[65] 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 Administrator 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, and shall bear interest from such date at a rate determined by the Administrator, 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 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 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 Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mort-

---

[63] As amended by the act approved October 14, 1943 (57 Stat. 570, c. 258).

[64] By act approved May 22, 1946 (Public Law 388) the words "appraised value of such property as determined by the Administrator" were stricken and the words "Administrator's estimate of the necessary current cost" inserted in lieu thereof.

[65] As amended by act approved May 26, 1942 (56 Stat. 301, c. 319).

gagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator 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 Administrator. 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) If the net amount realized from any property conveyed to the Administrator under this section and the claim assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds 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:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator 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; and

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

(g)[66] Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator 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 Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this title, except that no suit or action shall be commenced by the Administrator 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 Administrator, or within six months after the last payment was made to the Administrator 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 Administrator 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 Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any Assistant Administrator 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 Administrator 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 Administrator or in any claim assigned to him; nor shall the Administrator 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.[67] (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

---

[66] As amended by act approved May 26, 1942 (56 Stat. 301, c. 319).

[67] As amended by act approved May 26, 1942 (56 Stat. 301, c. 319).

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

Sec. 608.[68] (a) In addition to mortgages insured under section 603 of this title, the Administrator 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 Administrator. The Administrator 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 Administrator may make such contracts with, and acquire for not to exceed $100 stock or interest in any such mortgagor, as the Administrator 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 Administrator under the insurance.

(2)[69] 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 Administrator, shall be provided under such regulations and procedures as may be prescribed by the Administrator.

(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 Administrator estimates will be the necessary current cost[70] 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 Administrator: *Provided,* That such mortgage shall not in any event exceed the amount which the Administrator 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)[71] not to exceed $1,500 per room for such part of such property or project as may be attributable to dwelling use: *Provided,* That the Administrator

---

[68] This section was added by section 11 of the act approved May 26, 1942 (56 Stat. 301, c. 319).

[69] By act approved May 22, 1946 (Public Law 388) paragraph numbered (2) was amended to read as above.

[70] By act approved May 22, 1946 (Public Law 388) the words "reasonable replacement cost" were stricken and the words "necessary current cost" were inserted in lieu thereof.

[71] By act approved May 22, 1946 (Public Law 388) paragraph (3) (C) was amended to read as above.

may increase this amount to $1,800 where in his discretion cost levels so require.

The mortgage shall provide for complete amortization by periodic payments within such term as the Administrator 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 Administrator 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 Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator 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 mortgagee 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 Administrator 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 Administrator, 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;[72] 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 Administrator, 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 Administrator of title to the property which meets the requirements of the rules and regulations of the Administrator 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 Administrator. 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 Administrator 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

---

[72] By act approved May 22, 1946 (Public Law 388) the words "and any mortgage insurance premiums paid after default" were added.

that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Administrator 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 Administrator 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 or title II without regard to the limitations upon eligibility contained therein, and to insure under this title any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to time or aggregate amount contained in this title.[73]

---

[73] As amended by act approved March 31, 1945 (59 Stat. 47, c. 48).

APPENDIX to National Housing Act

THE NATIONAL HOUSING ACT AND ACTS AMENDATORY THERETO

[Public—No. 479—73d Congress]

[H. R. 9620]

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 Administrator (hereinafter referred to as the "Administrator"), who shall be appointed by the President, by and with the advice and consent of the Senate, shall hold office for a term of four years, and shall receive compensation at the rate of $10,000 per annum. In order to carry out the provisions of this title and titles II and III, the Administrator 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 Administrator may delegate any of the functions and powers conferred upon him under this title and titles II and III 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 and III, 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.

INSURANCE OF FINANCIAL INSTITUTIONS

Sec. 2. The Administrator 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 are approved by him 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 subsequent to the date of enactment of this Act and prior to January 1, 1936, or such earlier date as the President may fix by proclamation, for the purpose of financing alterations, repairs, and improvements upon real property. In no case shall the insurance granted by the Administrator under this section to any such financial institution exceed 20 per centum of the total amount of the loans, advances of credit, and purchases made by such financial institution for such purpose; and the total liability incurred by the Administrator for such insurance shall in no case exceed in the aggregate $200,000,000. 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 the face amount of which exceeds $2,000; nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions, as the Administrator shall prescribe.

LOANS TO FINANCIAL INSTITUTIONS

SEC. 3. The Administrator is further authorized and empowered to make loans to institutions which are insured under section 2, and to enter into loan agreements with such institutions, upon the security of obligations which meet the requirements prescribed under section 2. Such loans or agreements may be made for the full face value of the obligations offered as security, and shall be at such rates and upon such terms and conditions as the Administrator shall determine.

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: *Provided,* That the President, in his discretion, is authorized to provide suuch[1] funds or any portion thereof by allotment to the Administrator from any funds that are available, or may hereafter be made available, to the President for emergency purposes.

ANNUAL REPORT

SEC. 5. The Administrator shall make an annual report to the Congress as soon as practicable after the 1st day of January in each year of his activities under this title and titles II and III of this Act.

TITLE II—MUTUAL MORTGAGE INSURANCE

DEFINITIONS

SECTION 201. 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, upon which there is located a dwelling for not more than four families which is used in whole or in part for residential purposes, irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling; 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 Administrator; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

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 Administrator as a revolving fund for carrying out the provisions of this title 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 Administrator for the purposes of this title.

INSURANCE OF MORTGAGES

SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him within one year from the date of its execution which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mort-

---

[1] So in original.

gages prior to the date of their execution or disbursement thereon: *Provided,* That except with the approval of the President, (1) the aggregate principal obligation of all mortgages on property and low-cost housing projects existing on the date of enactment of this Act and insured under this title shall not exceed $1,000,000,000, and (2) the insurance of mortgages on property and low-cost housing projects constructed after the passage of this Act shall be limited to a similar amount.

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

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

(2) Involve a principal obligation (including such initial service charges and appraisal and other fees as the Administrator shall approve) in an amount not to exceed $16,000, and not to exceed 80 per centum of the appraised value of the property as of the date the mortgage is executed.

(3) Have a maturity satisfactory to the Administrator, but not to exceed twenty years.

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

(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 Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

(6) Provide, in a manner satisfactory to the Administrator, 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 Administrator may in his discretion prescribe.

(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this section (to be determined in accordance with the risk involved) which in no case shall be less than one-half of 1 per centum nor more than 1 per centum per annum of the original face value of the mortgage, and which shall be payable annually in advance by the mortgagee. If the Administrator finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound.

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

PAYMENT OF INSURANCE

Sec. 204. (a) In any case in which the mortgagee under an insured mortgage shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled, upon the prompt conveyance to the Administrator of title to such property satisfactory to him and the assignment to him of all claims of the mortgagee against the mortgagor arising out of the mortgage transaction or foreclosure proceedings, to receive the benefits of the insurance as hereinafter provided. Upon such conveyance and assignment the obligation of the mortgagee to pay the annual premium charges for insurance shall cease and the Administrator shall issue to the mortgagee debentures having a total face value equal to the value of the mortgage on the date of the delivery of the property to the Administrator, and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined by adding to the amount of the principal of the mortgage which is unpaid on the date of such delivery the amount of all payments which have been made by the mortgagee for taxes and insurance on the property mortgaged in accordance with rules and regulations prescribed by the Administrator.

(b) The debentures issued by the Administrator under this section to any mortgagee shall bear interest at a rate determined by the Administrator at the time the mortgage was offered 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 three years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. All such debentures 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 only; except that debentures issued in exchange for mortgages insured under this section prior to July 1, 1937, shall be fully guaranteed as to principal and interest by the United States. In the event that the amount in the Fund is insufficient 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.

(c) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and those arising out of the foreclosure proceedings. 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. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (d).

(d) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face amount of the debentures issued in exchange for the mortgage covering such property 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 Administrator 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.

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

(e) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, rent, renovate, modernize, 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 Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section.

(f) 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 Administrator or in any claim assigned to him; nor shall the Administrator 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.

CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

SEC. 205. (a) Mortgages accepted for insurance under this title shall be so classified into groups that the mortgages in any group shall involve substantially similar risk characteristics and have similar maturity dates. Premium charges received for the insurance of any mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith, and all earnings on the assets of the group account, shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the fund under section 202 shall be credited to the general reinsurance account.

(c) Whenever the credit balance in any group account exceeds the remaining unpaid principal of the then outstanding mortgages assigned to such group by an amount equal to 10 per centum of the total premium payments which have theretofore been credited to such account, the Administrator shall terminate the insurance as to that group of mortgages (1) by paying to each of the mortgagees holding an outstanding mortgage assigned to such group a sum sufficient, if such mortgage is in good standing, to pay off such mortgage in full, the payment in each case being for the benefit and account of the mortgagor, and (2) by transferring the remainder of such credit balance to the general reinsurance account provided for in subsection (b).

(d) If the credit balance in any group account fails to exceed, until the final year prior to the maturity date of the mortgages assigned to such group, the remaining unpaid principal of the then outstanding mortgages assigned to such group by an amount equal to 10 per centum of the total premium payments which have theretofore been credited to such account, the Administrator shall terminate the insurance as to that group of mortgages (1) by transferring to the general reinsurance account provided for in subsection (b) an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and (2) by distributing the remainder of such credit balance, if any, pro rata to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group.

(e) No mortgagor or mortgagee of any mortgage insured under this title shall have any vested right in the credit balance in any such account, and the determination of the Administrator as to the amount to be paid by him to any mortgagee or mortgagor under this title shall be final and conclusive.

(f) In the event that any mortgagee under an insured mortgage forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, the obligation to pay the premium charge for insurance shall, upon due notice to the Administrator, cease, and all rights of the mortgagee and the mortgagor under section 204 shall likewise terminate. Thereupon the mortgagor shall be entitled to receive a share of the credit balance of the group account of the group to which the mortgage has been assigned, in such amount as the Administrator shall determine to be equitable and not inconsistent with the preservation of the solvency of the group account and of the Fund.

INVESTMENT OF FUNDS

SEC. 206. Moneys in the Fund not needed for the current operations of the Federal Housing Administration shall be deposited in the Treasury of the United States to the credit of the Fund, or invested in bonds or other obligations of the United States. The Treasurer of the United States is hereby directed to pay interest semiannually on any amount so deposited at a rate not greater than the prevailing rate on long-term Government bonds, such rate to be computed on the average amount of such bonds outstanding during any such semiannual period. The Administrator may, with the approval of the Secretary of the Treasury, purchase, at not to exceed par, in the open market, debentures issued under the provisions of section 204. 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.

LOW-COST HOUSING INSURANCE

SEC. 207. The Administrator may also insure first mortgages, other than mortgages defined in section 201 (a) of this title, covering property held by Federal or State instrumentalities, private limited dividend corporations, or municipal corporate instrumentalities of one or more States, formed for the purpose of providing housing for persons of low income which are regulated or restricted by law or by the Administrator as to rents, charges, capital structure, rate of return, or methods of operation. Such mortgages shall contain terms, conditions, and provisions satisfactory to the Administrator but need not conform to the eligibility requirements of section 203. Subject to the right of the Administrator to impose a premium charge in excess of, or less than, the amount specified for mortgages defined in section 201 (a), the provisions of sections 204 and 205 shall be applicable to mortgages insured under this section: *Provided,* That the insurance with respect to any low-cost housing project shall not exceed $10,000,000.

TAXATION PROVISIONS

SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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 Administrator 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 the Fund.

TITLE III—NATIONAL MORTGAGE ASSOCIATIONS

CREATION AND POWERS OF NATIONAL MORTGAGE ASSOCIATIONS

SECTION 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided, which shall be authorized, subject to rules and regulations to be prescribed by the Administrator, (1) to purchase and sell first mortgages and such other first liens as are commonly given to secure advances on real estate held in fee simple or under a lease for not less than ninety-nine years, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby, such mortgages not to exceed 80 per centum of the appraised value of the property as of the date the mortgage is purchased; and (2) to borrow money for such purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided.

(b) Any number of natural persons, not less than five, may apply to the Administrator for authority to establish a national mortgage association, and at the time of such application shall transmit to the Administrator articles of association, signed and sealed by each of the incorporators and acknowledged before a judge of any court of record or a notary public, which shall contain (1) the name of the association, (2) the place where its principal office or place of business is to be located, and (3) such information with respect to its capital stock as the Administrator may by regulation require. If the Administrator is of the opinion that the incorporators transmitting the articles of association are responsible persons and that such articles of association are satisfactory in all respects, he shall issue or cause to be issued to such incorporators a certificate of approval, and the association shall become, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association.

(c) Each national mortgage association created under this section shall have succession from the date of its organization unless it is dissolved by act of its shareholders, or its franchise becomes forfeited by order of the Administrator as hereinafter provided, or it is dissolved by Act of Congress, and shall have power—

(1) To adopt and use a corporate seal.

(2) To make contracts.

(3) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

(4) To conduct its business in any State of the United States or in the District of Columbia and to have one or more offices in such State or in the District of Columbia, one of which offices shall be designated at the time of organization as its principal office.

(5) To do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $5,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and paid in full in cash or Government securities.

(e) Each national mortgage association, for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the State in which its principal office is located.

(f) No individual, association, partnership, or corporation, except associations organized under this section, shall hereafter use the words "national mortgage association", or any combination of such words, as the name or a 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. The provisions of section 5243 of the Revised Statutes shall not apply to associations created under this title.

OBLIGATIONS OF NATIONAL MORTGAGE ASSOCIATIONS

SEC. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) ten times the aggregate par value of its outstanding capital stock, and in no event to exceed (2) the current face value of mortgages held by it and insured under the provisions of title II of this Act, plus the amount of its cash on hand and on deposit and the amount of its investments in bonds or obligations of, or guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money except through the issuance of such notes, bonds, debentures, or other obligations, or issue any such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe.

INVESTMENT OF FUNDS

SEC. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or guaranteed as to principal and interest by the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe.

MANAGEMENT OF ACQUIRED PROPERTIES

SEC. 304. Subject to such rules and regulations as the Administrator shall prescribe, any national mortgage association shall have power to deal with, rent, renovate, modernize, or sell for cash or credit, or otherwise dispose of, with a view to assuring a maximum financial return to the association, any property acquired by it as a result of foreclosure proceedings.

EXAMINATIONS AND LIQUIDATION

SEC. 305. The Administrator shall have power to provide for the periodic examination of the affairs of every national mortgage association and shall have power to terminate the existence of any such association and order its liquidation and the winding up of its affairs in any case in which the Administrator finds that the association is violating any provisions of this title or any rule or regulation thereunder, or in any case in which he finds that the association is conducting its business in an unsafe and unbusinesslike manner. In any case in which the Administrator finds, upon examination of the affairs of any such association, that the capital of such association is substantially impaired, and if, within thirty days after the Administrator has notified the association of the existence of such impairment, the capital is not restored to the satisfaction of the Administrator, he shall terminate the existence of such association and shall order the liquidation and winding up of its affairs. The expenses of examination of any such association shall be assessed upon and paid for by the association in such manner and under such rules and regulations as the Administrator shall prescribe. For the purposes of this section, examiners appointed by the Administrator shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the national banking laws and the Federal Reserve Act, as amended, and, in the exercise of their functions, shall have the same powers and privileges as are vested in such examiners by law.

RULES AND REGULATIONS

SEC. 306. The Administrator shall have power to provide by rules and regulations for the liquidation, reorganization, consolidation, or merger of national mortgage associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, to require an equitable readjustment of its capital structure, to release it from the control of a conservator or receiver, and to permit its further operation.

TAXATION PROVISIONS

SEC. 307. National mortgage associations shall be subject to taxation to the same extent as State-chartered corporations, except that no State or political subdivision thereof shall impose any tax on any such association or its franchise, capital, reserves, surplus, loans, income, or stock, or its securities or the income therefrom, at a greater rate than that imposed by such State on corporations, domestic or foreign, engaged in similar business within the State. Nothing herein shall be construed to exempt the real property of such associations from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

DEPOSITARIES OF PUBLIC MONEYS

SEC. 308. When designated for that purpose by the Secretary of the Treasury any national mortgage association shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as a depositary of public money and financial agent of the Government as may be required of it. Any national mortgage association may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality.

TITLE IV—INSURANCE OF SAVINGS AND LOAN ACCOUNTS

DEFINITIONS

SECTION[1] 401. As used in this title—

(a) The term "insured institution" means an institution whose accounts are insured under this title.

(b) The term "insured member" means an individual, partnership, association, or corporation which holds an insured account.

(c) The term "insured account" means a share, certificate, or deposit account of a type approved by the Federal Savings and Loan Insurance Corporation which is held by an insured member in an insured institution and which is insured under the provisions of this title.

(d) The term "default" means an adjudication or other official determination of a court of competent jurisdiction or other public authority pursuant to which a conservator, receiver, or other legal custodian is appointed for an insured institution for the purpose of liquidation.

CREATION OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SEC. 402. (a) There is hereby created a Federal Savings and Loan Insurance Corporation (hereinafter referred to as the "Corporation"), which shall insure the accounts of institutions eligible for insurance as hereinafter provided, and shall be under the direction of a board of trustees to be composed of five members and operated by it under such bylaws, rules, and regulations as it may prescribe for carrying out the purposes of this title. The members of the Federal Home Loan Bank Board shall constitute the board of trustees of the Corporation and shall serve as such without additional compensation. The principal office of the Corporation shall be in the District of Columbia.

(b) The Corporation shall have a capital stock of $100,000,000, which shall be divided into shares of $100 each. The total amount of such capital stock shall be subscribed for by the Home Owners' Loan Corporation which is hereby authorized and directed to subscribe for such stock and make payment therefor in bonds of the Home Owners' Loan Corporation. The Corporation shall issue to the Home Owners' Loan Corporation receipts for payment for or on account of such stock, which shall serve as evidence of the ownership thereof, and the Home Owners' Loan Corporation shall be entitled to the payment of dividends on such stock out of net earnings at a rate equal to the interest rate on such bonds, which dividends shall be cumulative.

(c) Upon the date of enactment of this Act, the Corporation shall become a body corporate, and shall be an instrumentality of the United States, and as such shall have power—

(1) To adopt and use a corporate seal.

(2) To have succession until dissolved by Act of Congress.

(3) To make contracts.

(4) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

(5) To appoint and to fix the compensation, by its board of trustees, of such officers, employees, attorneys, or agents, as shall be necessary for the performance of its duties under this title, without regard to the provisions of any other laws relating to the employment or compensation of officers or employees of the United States. Nothing in this title or any other provision of law shall be construed to prevent the appointment and compensation as an officer, attorney, or employee of the Corporation, of any officer, attorney, or employee of any board, corporation, commission, establishment, executive department, or instrumentality of the Government. The Corporation, with the consent of any board, corporation, commission, establishment, executive department, or instrumentality of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this title.

(d) For the purposes of this title, the Corporation shall have power to borrow money, and to issue notes, bonds, debentures, or other such obligations upon such terms and conditions as the board of trustees may determine. Moneys of the Corporation not required for current operations shall be deposited in the Treas-

---

[1] So in original.

ury of the United States, or upon the approval of the Secretary of the Treasury, in any Federal Reserve bank, or shall be invested in obligations of, or guaranteed as to principal and interest by, the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public money under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal agent of the United States, and it shall perform all such reasonable duties as depositary of public money and fiscal agent as may be required of it.

(e) All notes, bonds, debentures, or other such obligations issued by the Corporation 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, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, capital, reserves, surplus, 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 any real property of the Corporation 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.

(f) The Corporation shall make an annual report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(g) No individual, association, partnership, or corporation shall use the words "Federal Savings and Loan Insurance Corporation," or any combination of any of these words which would have the effect of leading the public in general to believe there was any connection, actually not existing, between such individual, association, partnership, or corporation and the Federal Savings and Loan Insurance Corporation, as the name under which he or it shall hereafter do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its accounts are insured or in anywise guaranteed by the Federal Savings and Loan Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no insured member shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its accounts are insured by the Federal Savings and Loan Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding one year, or both.

INSURANCE OF ACCOUNTS AND ELIGIBILITY PROVISIONS

SEC. 403. (a) It shall be the duty of the Corporation to insure the accounts of all Federal savings and loan associations, and it may insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks organized and operated according to the laws of the State, District, or Territory in which they are chartered or organized.

(b) Application for such insurance shall be made immediately by each Federal savings and loan association, and may be made at any time by other eligible institutions. Such applications shall be in such form as the Corporation shall prescribe, and shall contain an agreement (1) to pay the reasonable cost of such examinations as the Corporation shall deem necessary in connection with such insurance, and (2) if the insurance is granted, to permit and pay the cost of such examinations as in the judgment of the Corporation may from time to time be necessary for its protection and the protection of other insured institutions, to permit the Corporation to have access to any information or report with respect to any examination made by any public regulatory authority and to furnish any additional information with respect thereto as the Corporation may require, and to pay the premium charges for insurance as hereinafter provided. Each applicant for such insurance shall also file with its application an agreement that during the period that the insurance is in force it will not make any loans beyond fifty miles from its principal office except with the approval of, and pursuant to regulations of, the Corporation, but any applicant which, prior to the date of enactment of this Act, has been permitted to make loans beyond such fifty-mile limit may continue to make loans within the territory in which the applicant is operating on such date; will not, after it becomes an insured institution, issue securities which guarantee a definite return or which have a definite maturity except with the specific approval of the Corporation, or issue any securities the form of which has not been approved by the Corporation; will not carry on any sales plan or practices, or any advertising, in violation of regulations to be made by the Corporation; will provide adequate reserves satisfactory to the Corporation, to be established in accordance with regulations made by the Corporation, before paying dividends to its insured members; but such regulations shall require the building up of reserves to 5 per centum of all insured accounts within a reasonable period, not exceeding ten years, and shall prohibit the payment of dividends from such reserves, or the payment of any dividends if any losses are chargeable to such reserves.

(c) The Corporation shall reject the application of any applicant if it finds that the capital of the applicant is impaired or that its financial policies or management are unsafe; and the Corporation may reject the application of any applicant if it finds that the character of the management of the applicant or its home financing policy is inconsistent with economical home financing or with the purposes of this title. Upon the approval of any application for insurance the Corporation shall notify the applicant, and upon the payment of the initial premium charge for such insurance, as provided in section 404, the Corporation shall issue to the applicant a certificate stating that it has become an insured institution. In considering applications for such insurance the Corporation shall give full consideration to all factors in connection with the financial condition of applicants and insured institutions, and shall have power to make such adjustments in their financial statements as the Corporation finds to be necessary.

(d) Any applicant which applies for insurance under this title after the first year of the operation of the Corporation, shall pay an admission fee based upon the reserve fund of the applicant which, in the judgment of the Corporation, is an equitable contribution.

PREMIUMS OF INSURANCE

Sec. 404. (a) Each institution whose application for insurance is approved by the Corporation shall pay to the Corporation, in such manner as it shall prescribe, a premium charge for such insurance equal to one-fourth of 1 per centum of the total amount of all accounts of the insured members of such institution plus any creditor obligations of such institution. Such premium shall be paid at the time the certificate is issued by the Corporation under section 403, and thereafter annually until a reserve fund has been established by the Corporation equal to 5 per centum of all insured accounts and creditor obligations of all insured institutions; except that under regulations prescribed by the Corporation such premium charge may be paid semiannually. If at any time such reserve fund falls below such 5 per centum, the payment of such annual premium charge for insurance shall be resumed and shall be continued until the reserve is brought back to such 5 per centum. For the purposes of this subsection, the amount in all accounts of insured members and the amount of creditor obligations of any institution may be determined from adjusted statements made within one year prior to the approval of the application of such institution for insurance, or in such other manner as the Corporation may by rules and regulations prescribe.

(b) The Corporation is further authorized to assess against each insured institution additional premiums for insurance until the amount of such premiums equals the amount of all losses and expenses of the Corporation; except that the total amount so assessed in any one year against any such institution shall not exceed one-fourth of 1 per centum of the total amount of the accounts of its insured members and its creditor obligations.

PAYMENT OF INSURANCE

Sec. 405. (a) Each institution whose application for insurance under this title is approved by the Corporation shall be entitled to insurance up to the full withdrawal or repurchasable value of the accounts of each of its members and investors (including individuals, partnerships, associations, and corporations) holding withdrawable or repurchasable shares, investment certificates, or deposits, in such institution; except that no member or investor of any such institution shall be insured for an aggregate amount in excess of $5,000.

(b) In the event of a default by any insured institution the Corporation shall promptly determine the insured members thereof and the amount of their insured accounts, and shall make available to each of them, after notice by mail at his last-known address as shown by the books of the insured institution, and upon surrender and transfer to the Corporation of his insured account, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) at the option of the insured member, the amount of his account which is insured under this section, as follows: Not to exceed 10 per centum in cash, and 50 per centum of the remainder within one year, and the balance within three years from the date of such default, in negotiable non-interest-bearing debentures of the Corporation. The Corporation shall furnish to all insured institutions a certificate stating that the insurance of accounts in such institution is to be paid in the manner described in this subsection.

LIQUIDATION OF INSURED INSTITUTIONS

SEC. 406. (a) In order to facilitate the liquidation of insured institutions, the Corporation is authorized (1) to contract with any insured institution with respect to the making available of insured accounts to the insured members of any insured institution in default, or (2) to provide for the organization of a new Federal savings and loan association for such purpose subject to the approval of the Federal Home Loan Bank Board.

(b) In the event that a Federal savings and loan association is in default, the Corporation shall be appointed as conservator or receiver and is authorized as such (1) to take over the assets of and operate such association, (2) to take such action as may be necessary to put it in a sound and solvent condition, (3) to merge it with another insured institution, (4) to organize a new Federal savings and loan association to take over its assets, or (5) to proceed to liquidate its assets in an orderly manner, whichever shall appear to be to the best interests of the insured members of the association in default; and in any event the Corporation shall pay the insurance as provided in section 405 and all valid credit obligations of such association. The net proceeds which may arise from the orderly liquidation of the assets of any such association, after reimbursement of the Corporation of all amounts paid by it for such insurance, shall be distributed pro rata among the shareholders of the association.

(c) In the event any insured institution other than a Federal savings and loan association is in default, the Corporation shall have authority to act as conservator, receiver, or other legal custodian of such insured institution, and the services of the Corporation are hereby tendered to the court or other public authority having the power of appointment. If the Corporation is so appointed, it shall have the same powers and duties with respect to the insured institution in default as are conferred upon it under subsection (b) with respect to Federal savings and loan associations. If the Corporation is not so appointed it shall pay the insurance as provided in section 405, and shall have power (1) to bid for the assets of the insured institution in default, (2) to negotiate for the merger of the insured institution or the transfer of its assets, or (3) to make any other disposition of the matter as it may deem in the best interests of all concerned.

(d) In connection with the liquidation of insured institutions in default, the Corporation shall have power to carry on the business of and to collect all obligations to the insured institutions, to settle, compromise, or release claims in favor of or against the insured institutions, and to do all other things that may be necessary in connection therewith, subject only to the regulation of the court or other public authority having jurisdiction over the matter.

(e) The Corporation shall make an annual report to the Congress of the operation by it of insured institutions in default, and shall keep a complete record of the administration by it of the assets of such insured institutions which shall be subject to inspection by any officer of any such insured institution or by any other interested party, and, if any such insured institution is operated under the laws of any State, Territory, or possession of the United States, or of the District of Columbia, such annual report shall also be filed with the public authority which has jurisdiction over the insured institution.

TERMINATION OF INSURANCE

Sec. 407. (a) Any institution which is insured under the provisions of this title may, upon not less than ninety days' written notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors or other similar governing body which is authorized to act for the institution. Thereupon its status as an insured institution shall immediately cease and all rights of its insured members to insurance under this title shall immediately terminate; but the obligation of the institution to pay the premium charges for insurance shall continue for a period of three years after the date of such termination.

(b) The Corporation shall have power to terminate the insured status of any insured institution at any time, after ninety days' notice in writing, for violation of any provision of this title, or of any rule or regulation made thereunder, or of any agreement made pursuant to section 403. In the event the insured status of any insured institution is so terminated it shall be unlawful thereafter for it to advertise or represent itself as an insured institution, but the insured accounts of its members existing on the date of such termination shall continue as such for a period of five years thereafter, and the institution shall be required to continue the payment of the premium charge for insurance during such five-year period.

TITLE V—MISCELLANEOUS

Section 501. Section 10 (a) of the Federal Home Loan Bank Act is amended to read as follows:

"Sec. 10. (a) Each Federal Home Loan Bank is authorized to make advances to its members, upon the security of home mortgages, subject to such regulations, restrictions, and limitations as the board may prescribe. Any such advance shall be subject to the following limitations as to amount:

"(1) If secured by a mortgage insured under the provisions of title II of the National Housing Act, the advance may be for an amount not in excess of 90 per centum of the unpaid principal of the mortgage loan.

"(2) If secured by a home mortgage given in respect of an amortized home mortgage loan which was for an original term of eight years or more, or in cases where shares of stock, which are pledged as security for such loan, mature in a period of eight years or more, the advance may be for an amount not in excess of 65 per centum of the unpaid principal of the home mortgage loan; but in no case shall the amount of the advance exceed 60 per centum of the value of the real estate securing the home mortgage loan.

"(3) If secured by a home mortgage given in respect of any other home mortgage loan, the advance shall not be for an amount in excess of 50 per centum of the unpaid principal of the home mortgage loan; but in no case shall the amount of such advance exceed 40 per centum of the value of the real estate securing the home mortgage loan."

Sec. 502. The Federal Home Loan Bank Act is further amended by adding after section 10 thereof the following new section:

"Sec. 10a. Until July 1, 1936, each Federal Home Loan Bank is authorized to make advances to its members, in order to enable such members to finance home repairs, improvements, and alterations. Such advances shall not be subject to the provisions and restrictions of section 10 of this Act, but shall be made upon the security of notes representing obligations incurred pursuant to, and insurable under, section 2 of the National Housing Act. Advances made under the terms of this section shall be at such rates of interest and upon such terms and conditions as shall be determined by the Federal Home Loan Bank Board."

Sec. 503. Section 11 of the Federal Home Loan Bank Act is amended to read as follows:

"Sec. 11. (a) Each Federal Home Loan Bank shall have power, subject to rules and regulations prescribed by the board to borrow and give security therefor and to pay interest thereon, to issue debentures, bonds, or other obligations upon such terms and conditions as the board may approve, and to do all things necessary for carrying out the provisions of this Act and all things incident thereto.

"(b) The board may issue consolidated Federal Home Loan Bank debentures which shall be the joint and several obligations of all Federal Home Loan Banks organized and existing under this Act, in order to provide funds for any such bank or banks, and such debentures shall be issued upon such terms and conditions as the board may prescribe. No such debentures shall be issued at any time if any of the assets of any Federal Home Loan Bank are pledged to secure any debts or subject to any lien, and neither the board nor any Federal Home Loan Bank shall have power to pledge any of the assets of any Federal Home Loan Bank, or voluntarily to permit any lien to attach to the same while any of such debentures so issued are outstanding. The debentures issued under this section and outstanding shall at no time exceed five times the total paid-in capital of all the Federal Home Loan Banks as of the time of the issue of such debentures. It shall be the duty of the board not to issue debentures under this section in excess of the notes or obligations of member institutions held and secured under section 10 (a) of this Act by all the Federal Home Loan Banks.

"(c) At any time that no debentures are outstanding under this Act, or in order to refund all outstanding consolidated debentures issued under this section, the board may issue consolidated Federal Home Loan Bank bonds which shall be the joint and several obligations of all the Federal Home Loan Banks, and shall be secured and be issued upon such terms and conditions as the board may prescribe.

"(d) The board shall have full power to require any Federal Home Loan Bank to deposit additional collateral or to make substitutions of collateral or to adjust equities between the Federal Home Loan Banks.

"(e) Each Federal Home Loan Bank shall have power to accept deposits made by members of such bank or by any other Federal Home Loan Bank or other instrumentality of the United States, upon such terms and conditions as the board may prescribe, but no Federal Home Loan Bank shall transact any banking or other business not authorized by this Act.

"(f) The board is authorized and empowered to permit, or whenever in the judgment of at least four members of the board an emergency exists requiring such action, to require, Federal Home Loan Banks, upon such terms and conditions as the board may prescribe, to rediscount the discounted notes of members held by other Federal Home Loan Banks, or to make loans to, or make deposits with, such other Federal Home Loan Banks, or to purchase any bonds or debentures issued under this section.

"(g) Each Federal Home Loan Bank shall at all times have an amount equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount equal to the current deposits received from its members, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with a maturity of not to exceed one year which are made to members or nonmember borrowers, upon such terms and conditions as the board may prescribe, and (4) advances with a maturity of not to exceed one year which are made to members or nonmember borrowers whose creditor liabilities (not including advances from the Federal Home Loan Bank) do not exceed 5 per centum of their net assets, and which may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe.

"(h) Such part of the assets of each Federal Home Loan Bank (except reserves and amounts provided for in subsection (g)) as are not required for advances to members or nonmember borrowers, may be invested, to such extent as the bank may deem desirable and subject to such regulations, restrictions, and limitations as may be prescribed by the board, in obligations of the United States and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located."

Sec. 504. The Farm Credit Act of 1933 is amended by adding after section 86 thereof the following new section:

"Sec. 86a. With the approval of the Governor of the Farm Credit Administration and under rules and regulations to be prescribed by the Production Credit Commissioner, production credit associations organized under the provisions of the Farm Credit Act of 1933 are authorized and empowered (without regard to the provisions of this Act relating to the requirement for the ownership of Class B stock or any other limitations therein contained) (1) to make loans to farmers for the purpose of enabling them to make home alterations, repairs, and improvements, (2) to sell, discount, assign, or otherwise dispose of any loans made by them under the provisions of this section, under such restrictions and limitations as to endorsement and liability as may be approved by the Governor of the Farm Credit Administration, (3) to avail themselves of the benefits of insurance under the provisions of section 2 of the National Housing Act, and (4) to do all such things as may be reasonably necessary to carry out the provisions of this section."

SEC. 505. (a) Section 24 of the Federal Reserve Act, as amended, is amended by adding at the end of the third sentence thereof the following: "*Provided,* That in the case of loans secured by real estate which are insured under the provisions of title II of the National Housing Act, such restrictions as to the amount of the loan in relation to the actual value of the real estate and as to the five-year limit on the terms of such loans shall not apply."

(b) Section 24 of such Act, as amended, is further amended by adding at the end thereof the following new paragraph:

"Loans made to finance the construction of residential or farm buildings and having maturities of not to exceed six months, whether or not secured by a mortgage or similar lien on the real estate upon which the residential or farm building is being constructed, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans: *Provided,* That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 50 per centum of its actually paid-in and unimpaired capital. Notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act, as amended, if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank."

SEC. 506. (a) The first sentence of section 4 (c) of the Home Owners' Loan Act of 1933, as amended, is further amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $3,000,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds called in for retirement; and the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so called in and retired."

(b) Section 4 (m) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "$200,000,000" and inserting in lieu thereof "$300,000,000."

SEC. 507. Subdivision (6) of section 2 of the Federal Home Loan Bank Act is amended so as to read as follows:

"(6) The term 'home mortgage' means a mortgage upon 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, upon which there is located a dwelling for not more than three families, and shall include, in addition to first mortgages, such classes of first liens as are commonly given to secure advances on real estate by institutions authorized under this Act to become members, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

SEC. 508. (a) Section 2 (c) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "under a renewable lease for not less than ninety-nine years" and inserting in lieu thereof "(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."

(b) Section 4 (c) of such Act, as amended, is amended by striking out "under a lease renewable for not less than ninety-nine years" and inserting in lieu thereof "(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."

SEC. 509. Section 6 of the Federal Home Loan Bank Act is amended by striking out "$1,500" in subsections (c) and (e) and inserting in lieu thereof "$500."

SEC. 510. The Act entitled "An Act relating to contracts and agreements under the Agricultural Adjustment Act," approved January 25, 1934, is amended by inserting before the period at the end thereof a comma and the following: "the Federal Farm Loan Act, as amended, the Emergency Farm Mortgage Act of 1933, as amended, the Federal Farm Mortgage Corporation Act, as amended, the Farm Credit Act of 1933, as amended, and the Home Owners' Loan Act of 1933, as amended."

SEC. 511. Section 22 of the Interstate Commerce Act, as amended, is further amended by adding at the end thereof the following new sentence: "Nothing in this Act shall prevent any carrier or carriers subject to this Act from giving reduced rates for the transportation of commodities to be specified by the Commission as hereinafter provided, to or from any section of the country, with the object of improving Nation-wide housing standards and providing employment and stimulating industry, if such reduced rates have first been authorized by order of the Commission (with or without a hearing); but in such order the Commission shall specify the commodities as to which this provision shall be declared effective and shall specify the period during which such reduced rates are to remain in effect."

PENALTIES

SEC. 512. (a) Whoever, for the purpose of obtaining any loan from the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Administration or the Corporation to purchase any assets, or for the purpose of influencing in any way the action of the Administration or the Corporation under this Act, makes any statement, knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued under authority of this Act, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been so issued, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon so issued or purporting to have been so issued, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, so issued or purporting to have been so issued, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the Federal Housing Administration or the Federal Savings and Loan Insurance Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Administration or the Corporation or pledged, or otherwise intrusted to the Administration or the Corporation, or (2) with intent to defraud the Administration or the Corporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration or the Corporation, makes any false entry in any book, report, or statement of or to the Administration or the Corporation, or without being duly authorized draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

SEPARABILITY PROVISION

Sec. 513. 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.

Approved, June 27, 1934.

[EXTRACT FROM]

[Public—No. 76—74th Congress]

[H. R. 6021]

AN ACT

To provide additional home-mortgage relief, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, and the National Housing Act, and for other purposes.

* * * * *

Sec. 22. Paragraph (5) of subsection (c) of section 402 of the National Housing Act is amended by adding the following sentence at the end thereof: "The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this Act and the manner in which the same shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds."

Sec. 23. Subsection (b) of section 403 of the National Housing Act is amended (1) by striking out the words "ten years" and inserting in lieu thereof the words "twenty years", and (2) by striking out the period at the end of the subsection and inserting in lieu thereof a colon and the following: *"Provided,* That for any year dividends may be declared and paid when losses are chargeable to such reserves if the declaration of such dividends in such case is approved by the Corporation."

Sec. 24. Subsection (d) of section 403 of the National Housing Act is amended to read as follows:

"(d) Any applicant which applies for insurance under this title after the first year of the operation of the Corporation shall pay an admission fee based upon the reserve fund of the Corporation, which, in the judgment of the Corporation, is an equitable contribution."

Sec. 25. (a) Subsections (a) and (b) of section 404 of the National Housing Act are amended by striking out "one-fourth" and inserting in lieu thereof "one-eighth".

(b) Section 404 of the National Housing Act is further amended by adding at the end thereof the following new subsection:

"(c) Each insured institution which has paid a premium charge in excess of one-eighth of 1 per centum of the total amount of the accounts of its insured members and its creditor obligations shall be credited on its future premiums with an amount equal to the total amount of such excess."

Sec. 26. The last sentence of section 406 (b) of the National Housing Act is amended to read as follows: "The surrender and transfer to the Corporation of an insured account in any such association which is in default shall subrogate the Corporation with respect to such insured account, but shall not affect any right which the insured member may have in the uninsured portion of his account or any right which he may have to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association."

Sec. 27. Section 406 of the National Housing Act is further amended by adding at the end thereof a new subsection to read as follows:

"(f) In order to prevent a default in an insured institution or in order to restore an insured institution in default to normal operation as an insured institution, the Corporation is authorized, in its discretion, to make loans to, purchase the assets of, or make a contribution to, an insured institution or an insured institution in default; but no contribution shall be made to any such institution in an amount in excess of that which the Corporation finds to be reasonably necessary to save the expense of liquidating such institution."

Sec. 28. (a) The first sentence of section 2 of the National Housing Act is amended (1) by striking out "January" and inserting in lieu thereof "April", and (2) by inserting before the period at the end thereof a comma and the following: "including the installation of equipment and machinery."

(b) The last sentence of section 2 of the National Housing Act is amended to read as follows: "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) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions, as the Administrator shall prescribe; and (2) unless the amount of such loan, advance of credit, or purchase is not in excess of $2,000, except that in the case of any such loan, advance of credit, or purchase made for the purpose of such financing with respect to real property improved by or to be converted into apartment or multiple family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, or manufacturing or industrial plants, such insurance may be granted if the amount of the loan, advance of credit, or purchase is not in excess of $50,000."

Sec. 29. (a) Subsection (c) of section 203 of the National Housing Act is amended by adding at the end thereof the following new sentence: "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 specified in the mortgage, the Administrator is further authorized in his discretion to require the payment by the mortgagor of a premium charge in such amount as the Administrator 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 section until such maturity date."

(b) The first sentence of subsection (f) of section 205 of the National Housing Act is amended by striking out the words "premium charge" and inserting in lieu thereof the words "annual premium charge."

(c) The last sentence of subsection (a) of section 204 of the National Housing Act is amended to read as follows: "For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the principal of the mortgage which is unpaid on the date of such delivery, (1) interest on such unpaid principal from the date foreclosure proceedings were instituted or the property was otherwise acquired as provided in this subsection to the date of such delivery at the rate provided for in the debentures issued to the mortgagee, less any amount received on account of interest accruing on such unpaid principal between such dates, and (2) the amount of all payments which have been made by the mortgagee for taxes and insurance on the property mortgaged."

Sec. 30. Subsection (d) of section 301 of the National Housing Act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and paid in full in cash or Government securities at their par value."

Sec. 31. Section 302 of the National Housing Act is amended to read as follows:

"Sec. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twelve times the aggregate par value of its outstanding capital stock, and in no event to exceed (2) the current face value of mortgages held by it and insured under the provisions of title II of this Act, plus the amount of its cash on hand and on deposit and the amount of its investments in bonds or obligations of, or guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money except through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe.

* * * * *

Approved, May 28, 1935.

[EXTRACT FROM]

[PUBLIC—No. 305—74TH CONGRESS]

[H. R. 7617]

AN ACT

To provide for the sound, effective, and uninterrupted operation of the banking system, 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 "Banking Act of 1935."

* * * * *

SEC. 344. (a) Section 1 of the National Housing Act is amended by adding at the end thereof the following new sentence: "The Administrator shall, in carrying out the provisions of this title and titles II and III, be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal."

(b) The first sentence of section 2 of the National Housing Act, as amended, is further amended by striking out the words "including the installation of equipment and machinery" and inserting in lieu thereof the words "and the purchase and installation of equipment and machinery on real property."

(c) Subsection (a) of section 203 of the National Housing Act is amended by inserting the words "property and" before the word "projects" in clause (1) of such subsection.

(d) The last sentence of section 207 of the National Housing Act is amended by inserting the words "property or" before the word "project."

* * * * *

Approved August 23, 1935.

[PUBLIC—No. 486—74TH CONGRESS]

[S. 4212]

AN ACT

To amend section 2 of the National Housing Act, relating to the insurance of loans and advances for improvements upon real property, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of title I of the National Housing Act, as amended, is amended, effective April 1, 1936, to read as follows:

"SEC. 2. (a) The Administrator 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 Administrator 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 April 1, 1936, and prior to April 1, 1937, or such earlier date as the President may fix by proclamation upon his determination that there no longer exists any necessity for such insurance in order to make ample credit available, for the purpose of financing alterations, repairs, and additions upon improved real property, and the purchase and installation of equipment and machinery upon such real property, 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 Administrator under this section to any such financial institution on the loans, advances of credit, and purchases made by such financial institution for such purposes on and after April 1, 1936, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability incurred by the Administrator for all insurance heretofore and hereafter granted under this section shall not exceed in the aggregate $100,000,000.

"(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) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title, and (2) unless the amount of such loan, advance of credit, or purchase is not in excess of $2,000, except that in the case of any such loan, advance of credit, or purchase made for the purpose of such financing with respect to real property already improved by apartment or multiple-family houses, hotels, office, business, or other commercial buildings, hospitals, orphanages, colleges, schools, churches, or manufacturing or industrial plants, or improved by some other structure which is to be converted into a structure of any of the types herein enumerated, such insurance may be granted if the amount of the loan, advance of credit, or purchase is not in excess of $50,000: *Provided*, That after April 1, 1936, 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 in the amount of $2,000 or less for the purpose of financing the purchase and installation of equipment and machinery upon improved real property.

"(c) Notwithstanding any other provision of law, the Administrator 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, 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.

"(d) The Administrator 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 approval financial institution."

SEC. 2. Section 3 of title I of the National Housing Act, as amended, is hereby repealed.

Approved, April 3, 1936.

[EXTRACT FROM]

[PUBLIC—NO. 525—74TH CONGRESS]

[H. R. 11968]

AN ACT

Relating to the authority of the Reconstruction Finance Corporation to make rehabilitation loans for the repair of damages caused by floods or other catastrophes, and for other purposes.

* * * * *

SEC. 3. Title I of the National Housing Act, as amended, is amended by inserting after section 5 thereof the following new section:

"SEC. 6. (a) The Administrator 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, heretofore or hereafter approved by the Administrator 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 subsequent to the date this section takes effect and prior to January 1, 1937, or such earlier date as the President may fix by proclamation upon his determination that the emergency no longer exists, for the purpose of financing, by the owners of real property or by lessees thereof under a lease for a period of not less than one year, the restoration, rehabilitation, rebuilding and replacement of improvements on such real property and equipment and machinery thereon which were damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe in the years 1935 or 1936, either on the same site or on a new site in the same locality where the damaged or destroyed property was located. The Administrator is authorized to grant insurance under this section to any such financial institution up to 10 per centum of the total amount of loans, advances of credit, and purchases made by such financial institution for such purpose, and any insurance reserve accumulated by any such financial institution under section 2 of this title prior to April 1, 1936, shall be applicable to the payment of any losses sustained by it as a result of loans, advances of credit, or purchases insured under this section.

"(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) unless the loan bears such interest, has such maturity, and contains such other terms, conditions, and restrictions, as the Administrator shall prescribe in order to make credit available for the purposes of this section; and (2) unless the amount of such loan, advance of credit, or purchase is not in excess of $2,000, except that in the case of any such loan, advance of credit, or purchase made for the purpose of such financing with respect to apartment or multiple family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, churches, or manufacturing or industrial plants, such insurance may be granted if the amount of the loan, advance of credit, or purchase is not in excess of $50,000."

SEC. 4. (a) The third sentence of subsection (a) of section 2 of the National Housing Act, as amended, is amended to read as follows: "The total liability incurred by the Administrator for all insurance heretofore and hereafter granted under this section and section 6 shall not exceed in the aggregate $100,000,000."

(b) Section 2 of such Act, as amended, is further amended by adding at the end thereof the following new subsection:

"(e) The Administrator 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 Administrator beyond the obligation which would have been involved if the regulations had been fully complied with."

Approved, April 17, 1936.

[PUBLIC RESOLUTION—No. 6—75TH CONGRESS]

[CHAPTER 12—1ST SESSION]

[S. J. Res. 38]

JOINT RESOLUTION

To extend for a period of two years the guarantee by the United States of debentures issued by the Federal Housing Administrator.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204 (b) of the National Housing Act, as amended, is amended by striking out "July 1, 1937" and inserting in lieu thereof "July 1, 1939."

Approved, February 19, 1937.

[PUBLIC—No. 44—75TH CONGRESS]

[CHAPTER 121—1ST SESSION]

[S. 1228]

AN ACT

To amend the National Housing Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 6 of the National Housing Act, as amended, is amended to read as follows:

"(a) The Administrator 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, heretofore or hereafter approved by the Administrator 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 subsequent to the date this section takes effect and prior to July 1, 1939, or such earlier date as the President may fix by proclamation upon his determination that the emergency no longer exists, for the purpose of financing, by the owners of real property or by lessees thereof under a lease for a period of not less than one year, the restoration, rehabilitation, rebuilding, and replacement of improvements on such real property and equipment and machinery thereon which were damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe in the years 1935, 1936, 1937, 1938, or 1939, either on the same site or on a new site in the same locality where the damaged or destroyed property was located. The Administrator is authorized to grant insurance under this section, as amended, to any such financial institution up to 20 per centum of the total amount of loans, advances of credit, and purchases made by such financial institution for such purposes, and any insurance reserve accumulated by any such financial institution under section 2 of this title shall be applicable to the payment of any losses sustained by it as a result of loans, advances of credit, or purchases insured under this section."

SEC. 2. The third sentence of subsection (a) of section 2 of the National Housing Act, as amended, is amended to read as follows: "The total liability incurred by the Administrator for all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate $100,000,000."

Approved, April 22, 1937.

[PUBLIC—No. 424—75TH CONGRESS]

[CHAPTER 13—3D SESSION]

[H. R. 8730]

AN ACT

To amend the National Housing Act, 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 Amendments of 1938."

SEC. 2. Subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"SEC. 2. (a) The Administrator 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 Administrator 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 the date of the enactment of the National Housing Act Amendments of 1938 and prior to July 1, 1939, or such earlier date as the President may fix by proclamation upon his determination that there no longer exists any necessity for such insurance in order to make ample credit available, for the purpose of financing alterations, repairs, and improvements upon urban, suburban, or rural real property, 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 Administrator 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 the date of the enactment of the National Housing Act Amendments of 1938 exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate $100,000,000.

"(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, if the amount of such loan, advance of credit, or purchase exceeds $10,000 with respect to loans, advances, or purchases for financing repairs, alterations, or improvements upon or in connection with existing structures, or exceeds $2,500 with respect to loans, advances, or purchases for financing the building of new structures, nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

SEC. 3. Title II of the National Housing Act, as amended, is amended to read as follows:

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, district, or Territory 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 Administrator; 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.

"MUTUAL MORTGAGE INSURANCE FUND

"SEC. 202. There is hereby create[1] a Mutual Mortgage Insurance Fund (hereinafter referred to as the 'Fund'), which shall be used by the Administrator 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 Administrator for the purposes of this title.

"INSURANCE OF MORTGAGES

"SEC. 203. (a) The Administrator 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, upon such terms as the Administrator may prescribe, to make commitments for the insurance 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 and outstanding at any one time shall not exceed $2,000,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $3,000,000,000: *Provided further,* That on and after July 1, 1939, no mortgages shall be insured under this title except mortgages (1) that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or (2) that cover property the construction of which was commenced after January 1, 1937, and was completed prior to July 1, 1939, or (3) that cover property which has been previously covered by a mortgage insured by the Administrator.

"(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 Administrator 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 Administrator shall approve) in an amount—

"(A) not to exceed $16,000 and not to exceed 80 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 or dwellings 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

"(B) not to exceed $5,400 and 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 a single-family residence (i) the construction of which is begun after the date of enactment of the National

---

[1] So in original.

Housing Act Amendments of 1938 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and prior to the date of enactment of the National Housing Act Amendments of 1938, and which has not been sold or occupied since completion: *Provided,* That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 per centum of the appraised value in cash or its equivalent, or

"(C) not to exceed $8,600, and not to exceed the sum of (i) 90 per centum of $6,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 80 per centum of such value in excess of $6,000 and not in excess of $10,000, of a property of the character described in paragraph (2) (B) of this subsection and subject to the same limitations and conditions which apply to such property.

"(3) Have a maturity satisfactory to the Administrator, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided,* That until July 1, 1939, a mortgage of the character described in paragraph (2) (B) of this subsection shall be eligible for insurance under this section if it has a maturity satisfactory to the Administrator, but not to exceed twenty-five years from the date of the insurance of the mortgage.

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

"(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 Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

"(6) Provide, in a manner satisfactory to the Administrator, 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 Administrator may in his discretion prescribe.

"(c) The Administrator 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. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided,* That the Administrator 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 Administrator 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 Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator 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 section or section 210 is paid in full prior to the maturity date, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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 section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator 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 Administrator is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided,* That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage.

"PAYMENT OF INSURANCE

"SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, 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 Administrator of title to the property which meets the requirements of rules and regulations of the Administrator 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 Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator 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 Administrator, 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, special assessments, water rates, which are liens prior to the mortgage, insurance on the property mortgaged, and any mortgage insurance premiums paid after either of such dates, 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 prior to July 1, 1939, 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 Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator 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.

"(b) The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator 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, and shall bear interest from such date at a rate determined by the Administrator, 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, payable semiannually on the 1st day of January and the 1st day of July of each year, and 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. 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 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, 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) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator 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 Administrator 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 Administrator. 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) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds 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:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator 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; and

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

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator 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 Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator 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.

"(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 Administrator or in any claim assigned to him; nor shall the Administrator 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.

"CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

"SEC. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

"(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

"(c) The Administrator shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge to the group account the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice.

"(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 Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

"(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, and the Administrator 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 Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.

"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 Administrator 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; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State, district, or territory 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.

"(b) In addition to mortgages insured under section 203, the Administrator 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 corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

"(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 Administrator under such insurance, are regulated or restricted by the Administrator 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 Administrator 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 Administrator under the insurance.

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount not to exceed $5,000,000 and not to exceed 80 per centum of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,350 per room, and the mortgage shall provide for complete amortization by periodic payments within such terms as the Administrator shall prescribe, and shall 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. The Administrator 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 Administrator finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(d) The Administrator 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 issued by the Administrator under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Administrator 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 one-half of 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 Administrator is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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.

"(f) There is hereby created a Housing Insurance Fund (herein referred to as the 'Housing Fund') which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator 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 section 210 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 Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator 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 Administrator 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, 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 2 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 rules and regulations to be prescribed by the Administrator, proceed to foreclose on or otherwise acquire the property as provided in the case of a mortgage which is in default under section 210 and receive the benefits of the insurance as provided in such section.

"(h) The certificate of claim issued by the Administrator to any mortgagee upon the assignment of the mortgage to the Administrator shall be for an amount which the Administrator 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 Administrator provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. 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 Administrator 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 Administrator 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; and

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

"(i) Debentures issued under this section upon the assignment of an insured mortgage to the Administrator shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was issued, 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 three years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. 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, 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 Administrator 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, and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Housing Fund.

"(k) The Administrator 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. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of one year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided,* That the foregoing provisions shall not be construed in any manner to limit the power of the Administrator to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator 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.

"(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 Administrator and from any property acquired by the Administrator, 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 Administrator 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 Administrator, in accordance with subsection (g), and the Administrator 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 Administrator 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 Administrator, 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 Administrator 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.

"TAXATION PROVISIONS

"SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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 Administrator 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 the Fund and the Housing Fund in such proportion as the Administrator shall determine.

"ADDITIONAL HOUSING INSURANCE

"SEC. 210. (a) In addition to mortgages insured under sections 203 and 207 the Administrator is authorized to insure mortgages as defined in section 207 (a) (1), including advances on such mortgages during construction, covering property upon which there is located or upon which there is to be constructed one or more multifamily dwellings or a group of not less than ten single-family dwellings: *Provided,* That the property shall have been approved for mortgage insurance prior to the beginning of construction.

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

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount in excess of $16,000 but not in excess of $200,000 and not in excess of 80 per centum of the amount which the Administrator estimates will be the value of the property when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed $1,150 per room.

"(2) Have a maturity satisfactory to the Administrator, but not to exceed twenty-one years and contain complete amortization provisions satisfactory to the Administrator.

"(3) 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.

"(4) Contain such terms, conditions, and provisions with respect to advances during construction, assurance of completion, recognition of equitable rights of contract purchasers in good standing, release of part of the mortgaged premises from the lien of the mortgage, insurance, repairs, alterations, payment of taxes, default and management reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"RULES AND REGULATIONS

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

SEC. 4. Section 301 (a) of such Act is amended to read as follows:

"SEC. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided which shall be authorized, subject to rules and regulations to be prescribed by the Administrator—

"(1) To make real-estate loans which are accepted for insurance or insured under title II of this Act: *Provided,* That no such association controlled or operated by the United States or any agency of the United States shall make any real-estate loan which is accepted for insurance or insured under section 203 of this Act;

"(2) To purchase, serve, or sell any mortgages, or partial interests therein, which are insured under title II of this Act;

"(3) To purchase, service, or sell uninsured first mortgages and such other liens as are commonly given under the laws of the State, district, or Territory in which the real estate is located to secure advances upon real estate held in fee simple, or under a lease for not less than ninety-nine years which is renewable, or under a lease having a period of not less than fifty years to run from the date the mortgage was executed, together with the credit instruments, if any, secured thereby; but the amount of the principal obligation of any such uninsured mortgage shall not exceed 60 per centum of the appraised value of the property as of the date the mortgage is purchased by the association; and

"(4) To borrow money for any of the foregoing purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided."

SEC. 5. Section 301 (d) of such Act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than $2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and that at least 25 per centum thereof has been paid in cash, or in Government securities at their par value, or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this Act) 60 per centum of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided,* That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth."

SEC. 6. Section 302 of such Act is amended to read as follows:

"SEC. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twenty times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of title II of this Act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided,* That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued."

Sec. 7. Section 303 of such Act is amended to read as follows:

"Sec. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe, and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302."

Sec. 8. Section 307 of such Act is amended to read as follows:

"Sec. 307. All notes, bonds, debentures, or other obligations issued by any national mortgage association 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, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from 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. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed."

Sec. 9. Section 512 (a) of such Act is amended to read as follows:

"Sec. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than $3,000 or by imprisonment for not more than two years, or both."

Sec. 10. Section 512 of such Act is further amended by adding at the end thereof the following new subsections:

"(d) No individual, association, partnership, or corporation, shall hereafter, while the Federal Housing Administration exists, use the words 'Federal Housing' or 'National Housing,' or any combination or variation of any of these words, alone or with other words, as the name under which he or it shall do business, which shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation has any connection with, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof, where such connection or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.

"(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the Federal Savings and Loan Insurance Corporation or for the purpose of obtaining any extension or renewal of such insurance by said Corporation or for the purpose of influencing in any way the action of the said Corporation under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

"(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than $1,000 or by imprisonment of not exceeding one year, or both."

SEC. 11. Title V of such Act is further amended by adding after section 513 thereof the following new section:

"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. 12. (a) Section 35 of chapter III of the Act entitled "An Act to regulate the business of life insurance in the District of Columbia," approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages insured by the Federal Housing Administrator: *Provided,* That the restrictions in paragraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

(b) Paragraph (4) of section 35 of such Act is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm loan banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."

SEC. 13. The last sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended, is further amended by inserting before the colon after the words "guaranteed as to principal and interest by the United States" a comma and the following: "or obligations of national mortgage associations."

Approved, February 3, 1938.

[PUBLIC—NO. 111—76TH CONGRESS]

CHAPTER 175—1ST SESSION

[H. R. 5324]

AN ACT

To amend certain sections of the National Housing Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"Sec. 2. (a) The Administrator 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 Administrator 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 July 1, 1941, 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 Administrator 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. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate $100,000,000.

"(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 $2,500; (2) if such obligation has a maturity in excess of three years and thirty-two days, unless 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 residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

Sec. 2. Section 2 of such Act, as amended, is further amended by adding at the end thereof the following new subsections:

"(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, 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 three-fourths of 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 Administrator. The moneys derived from such premium charges 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 title, 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 title.

"(g) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

Sec. 3. Section 6 of such Act, as amended, is hereby repealed.

Sec. 4. The provisions of sections 1, 2, and 3 of this Act shall take effect on July 1, 1939.

Sec. 5. Section 202 of the National Housing Act, as amended, is hereby amended by striking out the word "create" and inserting in lieu thereof the word "created."

SEC. 6. Section 203 (a) of such Act, as amended, is amended to read as follows:

"SEC. 203. (a) The Administrator 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, upon such terms as the Administrator 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 and outstanding at any one time shall not exceed $3,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed $4,000,000,000: *Provided further,* That the aggregate amount of principal obligations of all mortgages that cover property the construction of which was completed more than one year prior to the date of the application for insurance, and that are insured under this title after the effective date of this amendment and outstanding at any one time, shall not exceed 25 per centum of the total amount of the principal obligations of mortgages with respect to which insurance may be granted under this title after such effective date: *Provided further,* That on and after July 1, 1941, no mortgages shall be insured under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or which has been previously covered by a mortgage insured by the Administrator."

SEC. 7. Paragraph (3) of section 203 (b) of such Act, as amended, is amended by striking out the words "until July 1, 1939."

SEC. 8. Section 203 of such Act, as amended, is further amended by adding at the end thereof the following new subsections:

"(e) Any contract of insurance heretofore or hereafter executed by the Administrator 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.

"(f) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges."

SEC. 9. The last sentence of section 204 (a) of such Act, as amended, is amended to read as follows: "For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, 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 nated on the application for insurance or which become liens after the insurance of the mortgage, insurance on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, 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 prior to July 1, 1941, 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 Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator 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."

Sec. 10. Section 204 (g) of such Act, as amended, is amended by adding at the end thereof the following new sentence: "The power to convey and to execute in the name of the Administrator 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 Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any Assistant Administrator 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 Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint."

Sec. 11. The last sentence of section 205 (b) of such Act, as amended, is amended by inserting after "expenses incurred" the words "prior to July 1, 1939."

Sec. 12. The first sentence of section 207 (c) of such Act, as amended, is amended to read as follows:

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

"(1) Not to exceed $5,000,000; and

"(2) Not to exceed 80 per centum of the amount which the Administrator 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 Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of the following: Public utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction; and

"(3) Not to exceed $1,350 per room 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 term as the Administrator 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."

Sec. 13. Section 210 of such Act, as amended, is hereby repealed: *Provided,* That the Administrator is authorized to insure under said section any mortgage for the insurance of which an application has been filed with him prior to the effective date of this Act.

Sec. 14. Title II of the National Housing Act, as amended, is further amended by adding at the end thereof the following new section:

"LABOR STANDARDS

"Sec. 212. (a) The Administrator shall not insure under section 207 or section 210 of this title, pursuant to any application for insurance filed subsequent to the effective date of this section, a mortgage 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 Administrator 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 prior to the beginning of construction and after the date of the filing of the application for insurance.

"(b) The Administrator 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)."

Sec. 15. The last sentence of section 301 (b) of such Act, as amended, is amended to read as follows: "If the Administrator is of the opinion that the establishment of such an association is desirable to provide a market for mortgages insured under title II and is in the public interest, that the incorporators transmitting the articles of association are responsible persons, and that such articles of association are satisfactory in all respects, he may issue or cause to be issued to such incorporators a certificate of approval, and the association shall become, as of the date of issuance of such certificate, a body corporate by the name set forth in its articles of association."

Sec. 16. Paragraph (4) of section 301 (c) of such Act, as amended, is amended to read as follows:

"(4) To conduct its business in any State of the United States, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, and to have one or more offices in such State, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office."

Approved June 3, 1939.

[Public Law 24—77th Congress]

[Chapter 31—1st Session]

[H. R. 3575]

AN ACT

To amend the National Housing Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Housing Act, as amended, is amended by the addition of the following title at the end thereof:

"TITLE VI—DEFENSE HOUSING INSURANCE

"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 Administrator; 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 Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

"Sec. 602. There is hereby created a Defense Housing Insurance Fund which shall be used by the Administrator 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 'defense housing insured mortgages.' For this purpose, the Reconstruction Finance Corporation shall make available to the Administrator 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 discharge in a principal amount equal to the funds made available to the Administrator 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 Defense Housing Insurance Fund the sum of $5,000,000 out of funds made available to the Administrator for this purpose. General expenses of operation of the Federal Housing Administration under this title may be charged to the Defense Housing Insurance Fund.

"Sec. 603. (a) The Administrator 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 Administrator 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 or locality in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities: *Provided further,* That the aggregate amount of principal obligations of all mortgages insured under this section shall not exceed $100,000,000: *And provided further,* That no mortgage shall be insured under this section after July 1, 1942, or after such earlier date as the emergency, declared by the President on September 8, 1939, to exist, has by his declaration ceased to exist, except pursuant to a commitment to insure issued on or before July 1, 1942, or such earlier date, whichever first occurs.

"(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 Administrator 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 Administrator 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 four families in the aggregate, which is approved for mortgage insurance or defense housing insurance prior to the beginning of construction, and (i) the construction of which is begun after the date of enactment of this title, or (ii) the construction of which was begun after January 1, 1940, and prior to the date of enactment of this title, and which has not been sold or occupied since completion. Such principal obligation shall not exceed—

"(A) $4,000 if such dwelling is designed for a single-family residence, or

"(B) $6,000 if such dwelling is designed for a two-family residence, or

"(C) $8,000 if such dwelling is designed for a three-family residence, or

"(D) $10,500 if such dwelling is designed for a four-family residence;

"(3) have a maturity satisfactory to the Administrator but not to exceed twenty years from the date of the insurance of the mortgage;

"(4) contain complete amortization provisions satisfactory to the Administrator;

"(5) bear interest (exclusive of premium charges for insurance) but 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 Administrator finds that in certain areas or under special circumstances the mortgage market demands it;

"(6) provide, in a manner satisfactory to the Administrator, 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 Administrator may in his discretion prescribe.

"(c) The Administrator 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 Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided,* That the Administrator 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 Administrator 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 Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator 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, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator 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 section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator 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) Any contract of insurance heretofore or hereafter executed by the Administrator 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. (a) In any case in which the mortgagee under a mortgage insured under this title shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, 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 Administrator of title to the property which meets the requirements of rules and regulations of the Administrator 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 Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator 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 claims, 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 Administrator, 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 paid after either of such dates 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 Administrator, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator 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.

"(b) The Administrator 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 mortgagor shall not be released from such liability in any case until the Administrator is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the Administrator, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per centum of the appraised value of such property as determined by the Administrator as of the date the mortgage is accepted for insurance.

"(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 Administrator 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 Administrator to the mortgagee from the Defense Housing Insurance Fund.

"(d) The debentures issued under this section to any mortgagee shall be executed in the name of the Defense Housing Insurance Fund as obligor, shall be signed by the Administrator 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, and shall bear interest from such date at a rate determined by the Administrator, 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, payable semiannually on the 1st day of January and the 1st day of July of each year, and 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. 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, and shall be paid out of the 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 Defense Housing Insurance 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) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator 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 Administrator 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 Administrator. 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) If the net amount realized from any property conveyed to the Administrator under this section and the claim assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds 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:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator 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; and

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

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator 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 Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section, except that no suit or action shall be commenced by the Administrator against any such mortgagor on account of any claim so assigned unless such suit or action is commenced within six months after the assignment of such claim to the Administrator, or within six months after the last payment was made to the Administrator 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 Administrator 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 Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any Assistant Administrator 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 Administrator 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 Administrator or in any claim assigned to him; nor shall the Administrator 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 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 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 Administrator may, with the approval of the Secretary of the Treasury, purchase in the open Market debentures issued under the provisions of section 604. 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 Administrator in connection therewith shall be credited to the Defense 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 Defense Housing Insurance Fund.

"Sec. 606. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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 Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

Sec. 2. Section 1 of title I of such Act, as amended, is further amended by striking the words "titles II and III" each time they appear, and inserting in lieu thereof the words "titles II, III, and VI."

Sec. 3. Section 5 of title I of such Act, as amended, is amended by striking the words "titles II and III" and inserting in lieu thereof the words "titles II, III, and VI."

Sec. 4 (a) Section 201 of title II of such Act, as amended, is amended (1) by striking out the words "district, or Territory" in subsection (a) of such section, and (2) by adding at the end thereof the following new subsection:

"(d) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

(b) Section 207 (a) of title II of such Act, as amended, is amended (1) by striking out the words "district, or Territory" in paragraph (1) of such section, and (2) by adding at the end thereof the following new paragraph:

"(7) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

(c) Section 209 of title II of such Act, as amended, is amended by striking out the words "Fund and the Housing Fund" and inserting in lieu thereof the words "Fund, the Housing Fund, and the Defense Housing Insurance Fund."

Sec. 5. Section 301 (a) (2) of title III of such Act, as amended, is further amended by striking the words "title II" and inserting in lieu thereof the words "titles II and VI."

Sec. 6. The first sentence of section 302 of title III of such Act, as amended, is further amended, by striking the words "title II" and inserting in lieu thereof the words "titles II and VI."

Sec. 7. Section 10 (a) of the Federal Home Loan Bank Act, as amended, is amended by striking the words "title II" and inserting in lieu thereof the words "titles II and VI."

SEC. 8. The third sentence of section 24 of the Federal Reserve Act, as amended, is further amended by striking the words "Title II" and inserting in lieu thereof the words "Titles II and VI."

SEC. 9. 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.

Approved, March 28, 1941.

[PUBLIC LAW 138—77TH CONGRESS]

[CHAPTER 261—1ST SESSION]

[H. R. 4693]

AN ACT

To amend the National Housing Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 2 of the National Housing Act, as amended, is hereby amended by striking out "July 1, 1941" and inserting in lieu thereof "July 1, 1943."

SEC. 2. The last sentence of subsection (a) of section 2 of such Act, as amended, is hereby amended by (1) inserting "and other sources" after the word "premiums," and (2) striking out "$100,000,000" and inserting in lieu thereof "$165,000,000."

SEC. 3. Subsection (b) of section 2 of such Act, as amended, is hereby amended by (1) striking out "exceeds $2,500" and inserting in lieu thereof "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds $2,500 (or in the case of the alteration, repair, or improvement of an existing dwelling designed or to be designed for more than one family, exceeds $5,000), or for the purpose of financing the construction of new structures exceeds $3,000;", (2) striking out the word "unless" in clause (2) of such subsection and inserting in lieu thereof the following: "where the loan, advance of credit, or purchase does not exceed $2,500, or has a maturity in excess of five years and thirty-two days, where the loan, advance of credit, or purchase exceeds $2,500 but does not exceed $5,000; except that such maturity limitations shall not apply if," and (3) striking out the period at the end thereof and inserting ": *Provided,* 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 Administrator may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection."

SEC. 4. Subsection (c) of section 2 of such Act, as amended, is hereby amended by (1) inserting after the letter "(c)" the figure "(1)," (2) inserting before the word "property" the word "personal," and (3) adding at the end thereof the following new paragraph:

"(2) The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any Assistant Administrator 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 Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint."

SEC. 5. The last sentence of subsection (f) of section 2 of such Act, as amended, is hereby amended by inserting after the word "charges" the following: "and all moneys collected by the Administrator 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 Administrator as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939".

SEC. 6. Effective on July 1, 1941, the first sentence of section 1 of the National Housing Act, as amended, is hereby amended by striking out "$10,000" and inserting in lieu thereof "$12,000".

SEC. 7. Title I of such Act, as amended, is hereby amended by adding at the end thereof the following new section:

"SEC. 7. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator 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."

SEC. 8. Subsection (a) of section 203 of such Act, as amended, is hereby amended by (1) striking out "$3,000,000,000" and inserting in lieu thereof "$4,000,000,000"; (2) striking out "$4,000,000,000" and inserting in lieu thereof "$5,000,000,000"; (3) striking out of the second proviso "the effective date of this amendment and outstanding at any one time, shall not exceed 25 per centum of the total amount of the principal obligations of mortgages with respect to which insurance may be granted under this title after such effective date" and inserting in lieu thereof "June 3, 1939, and outstanding at any one time shall not exceed 35 per centum of the total amount of the principal obligations of mortgages with respect to which insurance may be granted under this title after such date"; and (4) striking out of the third proviso "July 1, 1941" and inserting in lieu thereof "July 1, 1944".

SEC. 9. The last sentence of subsection (a) of section 204 of such Act, as amended, is hereby amended by striking out "July 1, 1941" and inserting in lieu thereof "July 1, 1944".

SEC. 10. The first sentence of subsection (d) of section 512 of such Act, as amended, is hereby amended to read as follows: "No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use the combination of letters 'FHA', the words 'Federal Housing' or 'National Housing', or any combination or variation of such letters or words alone or with other letters or words as the name under which he or it shall do business, for the purpose of trade, or by way of advertisement to induce the sale of any article or product whatsoever, which use shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation, or any article or product so offered for sale, has any connection with, approval of, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof where such connection, approval, or authorization does not, in fact, exist."

Approved, June 28, 1941.

[PUBLIC LAW 248—77TH CONGRESS]

[CHAPTER 410—1ST SESSION]

[H. R. 5395]

AN ACT

To amend the National Housing Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 of the National Housing Act is hereby amended by striking the figure "$100,000,000" appearing in subsection (a) thereof and inserting in lieu thereof the figure "$300,000,000".

Approved, September 2, 1941.

[PUBLIC LAW 559—77TH CONGRESS]

[CHAPTER 319—2D SESSION]

[H. R. 6927]

AN ACT

To amend the National Housing Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out the word "section" where it appears in the second and third provisos and inserting in each such place the word "title"; (2) striking out "$300,000,000" and inserting in lieu thereof "$800,000,000"; (3) striking out of the third proviso "July 1, 1942" in each place where it appears and inserting in lieu thereof "July 1, 1943"; and (4) striking out of the third proviso "September 8, 1939" and inserting in lieu thereof "May 27, 1941".

SEC. 2. Section 603 (b) (2) of such Act, as amended is hereby amended by (1) striking out "$4,000" and inserting in lieu thereof "$5,400"; (2) striking out "$6,000" and inserting in lieu thereof "$7,500"; (3) striking out "$8,000" and inserting in lieu thereof "$9,500"; and (4) striking out "$10,500" and inserting in lieu thereof "$12,000".

SEC. 3. Section 603 (b) (3) of such Act, as amended, is hereby amended by striking out the word "twenty" and inserting in lieu thereof the word "twenty-five".

SEC. 4. Section 603 (c) of such Act, as amended, is hereby amended by (1) striking the third sentence thereof and inserting in lieu thereof the following sentence: "If the Administrator finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Administrator 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 Administrator may prescribe; but no mortgage shall be accepted for insurance under this title unless the Administrator finds that the project with respect to which the mortgage is executed is an acceptable risk in view of the emergency referred to in this section."; (2) substituting the word "title" for the word "section" in the last sentence thereof; and (3) inserting at the end thereof the following new sentence: "The Administrator is further authorized to prescribe such procedures as in his judgment are necessary to secure to war workers occupancy priority with respect to properties which have not been previously occupied and which are covered by mortgages insured under this section and section 608."

SEC. 5. Section 604 (a) of such Act, as amended, is amended by striking the words "this title" where they first appear and inserting in lieu thereof "section 603".

SEC. 6. Section 604 (c) of such Act, as amended, is amended by striking the word "section" and inserting in lieu thereof the word "title".

SEC. 7. Section 604 (d) of such Act, as amended, is hereby amended by (1) striking out the second sentence thereof and inserting in lieu thereof the following sentences: "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, and shall bear interest from such date at a rate determined by the Administrator, 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."; and (2) striking the word "section" appearing in the last sentence and inserting in lieu thereof the word "title".

Sec. 8. Section 604 (g) of such Act, as amended, is hereby amended by (1) striking out the word "section" in each of the first two places where it appears and inserting in each such place the word "title"; and (2) inserting before the word "unless" the words "with respect to mortgages insured under section 603".

Sec. 9. Section 605 (a) of such Act, as amended, is hereby amended by striking out "section 604" in the second sentence and inserting in lieu thereof the words "this title".

Sec. 10. Section 212 of such Act, as amended, is hereby amended by inserting after the word "title" the following: "or under section 608 of title VI".

Sec. 11. Title VI of the National Housing Act, as amended, is hereby further amended by adding the following new section at the end thereof:

"Sec. 608. (a) In addition to mortgages insured under section 603 of this title, the Administrator 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 Administrator. The Administrator 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 Administrator may make such contracts with, and acquire for not to exceed $100 stock or interest in any such mortgagor, as the Administrator 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 Administrator under the insurance.

"(2) The mortgaged property shall be designed for rent for residential use by war workers.

"(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 Administrator estimates will be the reasonable replacement 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 Administrator: *Provided,* That such mortgage shall not in any event exceed the amount which the Administrator 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 $1,350 per room 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 term as the Administrator 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 Administrator 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 Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator 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 Administrator 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 Administrator, 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; 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 Administrator, 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 Administrator of title to the property which meets the requirements of the rules and regulations of the Administrator 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 Administrator. 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 Administrator 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 Administrator 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 Administrator 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 or title II without regard to the limitations upon eligibility contained therein."

Sec. 12. Nothing contained in this Act shall be construed to supersede or be inconsistent with the provisions of the Executive Order Numbered 9070, dated February 24, 1942, and where necessary for this purpose, the term "Administrator", as used herein, shall be construed to mean "Federal Housing Commissioner."

Sec. 13. Section 2 (b) of such Act, as amended, is hereby amended to read as follows:

"(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 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; (2) if such obligation has a maturity in excess of three years and thirty-two days, except that 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 residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe, in order to make credit available for the purposes of this title: *Provided,* That insurance may be granted to any such financial institution with respect to any obligation not in excess of $5,000 and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase by it if such loan, advance of credit, or purchase (1) is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure located in an area or locality in which the President shall find that an acute shortage of housing exists or impends which would impede national war activities; and (2) is made for the purpose of providing additional living accommodations: *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 Administrator may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection. The Administrator is authorized to prescribe such procedures as in his judgment are necessary to secure to war workers occupancy priority with respect to any additional living accommodations referred to in clause (2) of the preceding sentence."

Sec. 14. (a) The heading of title VI of the National Housing Act, as amended, is hereby amended to read as follows: "TITLE VI—WAR HOUSING INSURANCE."

(b) Such title VI is hereby amended (1) by striking out the word "Defense" wherever it appears therein, and inserting in lieu thereof the word "War", and (2) by striking out the word "defense" wherever it appears therein, and inserting in lieu thereof the word "war."

Sec. 15. This Act may be cited as the "National Housing Act Amendments of 1942."

Approved, May 26, 1942.

EXECUTIVE ORDER NO. 9070

CONSOLIDATING THE HOUSING AGENCIES AND FUNCTIONS OF THE GOVERNMENT INTO THE NATIONAL HOUSING AGENCY

By virtue of the authority vested in me by Title I of the First War Powers Act, 1941, approved December 18, 1941 (Public Law 354, 77th Congress), and as President of the United States, it is hereby ordered as follows:

1. The following agencies, functions, duties, and powers are consolidated into a National Housing Agency and shall be administered as hereinafter provided under the direction and supervision of a National Housing Administrator:

(a) The Federal Housing Administration and its functions, powers, and duties, including those of the Administrator thereof.

(b) All functions, powers, and duties of the Federal Home Loan Bank Board and of its members.

(c) The Home Owners' Loan Corporation and the functions, powers, and duties of its Board of Directors.

(d) The Federal Savings and Loan Insurance Corporation and the functions, powers, and duties of its Board of Trustees.

(e) The United States Housing Authority and its functions, powers, and duties, including those of the Administrator thereof.

(f) All functions, powers, and duties relating to defense housing of (1) the Federal Works Administrator under 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, and under acts making appropriations to carry out the purposes of said act, (2) the War Department and the Navy Department with respect to housing units for persons (with families) engaged in national defense activities (except housing units located on military or naval reservations, posts, or bases) under Title IV of the Naval Appropriation Act for the fiscal year 1941, and (3) any agencies heretofore designated (including the Federal Works Agency and the Farm Security Administration) to provide temporary shelter in defense areas under the Urgent Deficiency Appropriation Act, 1941, and the Additional Urgent Deficiency Appropriation Act, 1941, and the Third Supplemental National Defense Appropriation Act, 1942.

(g) All functions, powers, and duties of the Farm Security Administration relating to such housing projects as such Administration determines are for families not deriving their principal income from operating or working upon a farm.

(h) The Defense Homes Corporation and its functions, powers, and duties, including those of its officers and Board of Directors.

(i) All functions, powers, and duties of the Federal Loan Administrator, the Federal Works Administrator, and the head of any department or other agency relating to the administration or supervision of the agencies, functions, powers, and duties transferred hereunder.

(j) All functions, powers, and duties of the Division of Defense Housing Coordination established by Executive Order No. 8632 of January 11, 1941, and of the Coordinator of Defense Housing: *Provided,* That such Division and such Coordinator shall continue to exercise such functions, powers, and duties until the appointment or designation of the National Housing Administrator.

(k) All powers, rights, privileges, duties, and functions transferred to the Federal Works Administrator by Executive Order No. 8186 of June 29, 1939:

Provided, That with respect to any functions, powers, and duties enumerated in subparagraphs (f) and (g) above, any agency now engaged in the construction or management of any project shall continue such activities on behalf of the National Housing Agency until such time as the National Housing Administrator shall determine that it is expedient for the Federal Public Housing Authority, herein provided for, to discharge such functions, powers, and duties with respect to such project through its own facilities.

2. The National Housing Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary of $12,000 a year unless the Congress shall otherwise provide. Pending such appointment, an existing officer of the Government designated by the President shall act as National Housing Administrator.

3. There shall be three main constituent units in the National Housing Agency. Each such unit shall be administered by a commissioner acting under the direction and supervision of the National Housing Administrator. The unit administering the Federal Housing Administration and its functions, powers, and duties shall be known as the Federal Housing Administration, and the Federal Housing Administrator shall serve as Federal Housing Commissioner. The unit administering the functions, powers, and duties of the Federal Home Loan Bank Board and its members shall be known as the Federal Home Loan Bank Administration, and the Chairman of the Federal Home Loan Bank Board shall serve as Federal Home Loan Bank Commissioner. The United States Housing Authority and its functions, powers, and duties shall be administered as the Federal Public Housing Authority, one of the main constituent units, and the Administrator of the United States Housing Authority shall serve as Federal Public Housing Commissioner. The agencies, functions, powers, and duties enumerated in subparagraphs (c), (d), and (k) of paragraph 1 shall be adminisered in the Federal Home Loan Bank Administration, and those enumerated in subparagraphs (f) and (g) shall be administered in the Federal Public Housing Authority. The agency, functions, powers, and duties enumerated in subparagraph (h) of paragraph 1 shall also be administered by the Federal Public Housing Commissioner. The Adminisrator of the National Housing Agency may

centralize in the office of the National Housing Administrator such budget, personnel, legal, procurement, research, planning, or other administrative services or functions common to the said constituent units as he may determine.

4. The capital stock of the Defense Homes Corporation shall be transferred from the Federal Loan Administrator to the National Housing Administrator; and the Federal Loan Administrator and the Defense Homes Corporation shall take all necessary action to effectuate such transfer and carry out the purposes hereof.

5. The Central Housing Committee is hereby abolished, and all of its assets, contracts, property (including office equipment and records), and unexpended balances of funds available for its use are hereby transferred to the National Housing Agency.

6. All assets, contracts, and property (including office equipment and records) of any agency hereby consolidated, and all assets, contracts, and property (including office equipment and records) which other agencies, including departments, have been using primarily in the administration of any function, power, or duty hereby consolidated or transferred, are hereby transferred, respectively, with such agency, function, power or duty.

7. Except as provided in paragraph 8, hereof, (1) all personnel of any agency hereby consolidated, and (2) all personnel of other agencies, including departments, who have been engaged primarily in the administration of any function, power, or duty hereby consolidated or transferred and who within thirty days after the appointment or designation of the National Housing Administrator are jointly certified for transfer by said Administrator and the head of the department or agency to which such personnel is attached, shall be transferred, respectively, with such agency, functions, power or duty; but any personnel transferred with functions, powers, or duties pursuant to this paragraph who are found by the National Housing Administrator to be in excess of the personnel necessary for the administration of such functions, powers, and duties shall be re-transferred under existing law to other positions in the Government or separated from the service.

8. The following personnel are not transferred hereunder: (1) The Directors and Officers of the Defense Homes Corporation, (2) the members of the Federal Home Loan Bank Board other than the Chairman, (3) the Directors of the Home Owners' Loan Corporation, and (4) the Trustees of the Federal Savings and Loan Insurance Corporation. The offices of the foregoing personnel excepted from transfer by this paragraph (except in the case of the Defense Homes Corporation) are hereby vacated for the duration of this order: *Provided,* That the offices of the members of the Federal Home Loan Bank Board shall not be vacated until sixty days from the date of this order. The personnel of the Division of Defense Housing Coordination and of the Central Housing Committee are not transferred hereunder, except that the National Housing Administrator, within 60 days after his appointment or designation, may take over such of this personnel as are needed. During such period, all personnel of such Division and of such Committee may be retained by them in connection with the winding up of their affairs.

9. So much of the unexpended balances of appropriations, authorizations, allocations, or other funds (not otherwise transferred hereunder) available for the use of any agency in the exercise of any function, power, or duty consolidated by this order, or for the use of the head of any department or agency in the exercise of any such function, power, or duty, as the Director of the Bureau of the Budget shall determine (with the approval of the President), shall be transferred, respectively, to the National Housing Agency or the main constituent unit therein concerned, for its use in connection with the exercise of the functions, powers, or duties, respectively, to be administered by it hereunder. In determining the amount to be transferred, the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, authorizations, allocations, or other funds prior to transfer.

10. All housing now owned by the United States and located on a military or naval reservation, post, or base is hereby transferred to the jurisdiction of the War or Navy Department, respectively, having

jurisdiction of such reservation, post or base: *Provided,* That with respect to all housing developed by the War or Navy Department under Title II of Public 671, approved June 28, 1940, the Federal Public Housing Authority shall take all necessary steps to transfer such jurisdiction and carry out the purpose hereof, including the transfer of title to the United States and including repayment (out of any funds available therefor) of the cost of such housing for reimbursement of the Bond Account from which funds were transferred to pay such costs.

11. The Director of the Bureau of the Budget shall allocate to the National Housing Agency, from appropriations, authorizations, allocations, or other funds available for the administrative expenses of the Federal Loan Agency and the Federal Works Agency (relating to the administration of the agencies and functions transferred therefrom hereunder) and of the agencies and functions, powers, and duties consolidated hereunder, such sums, and in such proportions, as he may find necessary for the administrative expenses of the National Housing Agency. None of the agencies established or consolidated hereunder shall incur any obligations for administrative expenses except pursuant to appropriations, allocations, or other authorizations of funds specifically available now or hereafter for administrative expenses.

12. The National Housing Administrator may appoint necessary personnel and make necessary expenditures to carry out the functions, powers, and duties of the National Housing Agency. The Administrator and the Commissioners hereunder may delegate their respective functions, powers, and duties to such agencies, officials, or personnel as they may designate, respectively. Until the appointment or designation of a National Housing Administrator, the Commissioners respectively shall exercise such of the functions, powers, and duties of the National Housing Administrator as relate to the agencies, functions, powers, and duties to be administered by such Commissioners respectively.

13. Nothing herein shall impair or affect any outstanding obligations or contracts of any agency consolidated hereunder or of the United States of America (including its pledge of faith to the payment of all annual contributions now or hereafter contracted for pursuant to the United States Housing Act, as amended), or of any Insurance Funds created under the National Housing Act.

14. All orders, rules, regulations, permits, or other privileges made, issued or granted by or in respect of any agency, function, power, or duty consolidated hereunder shall continue in effect to the same extent as if such consolidation had not occurred until modified, superseded, or repealed, except that the regulations of January 11, 1941, relating to defense housing coordination shall hereby be revoked upon the appointment or designation of the National Housing Administrator.

15. All unexpended balances of appropriations, authorizations, allocations, or other funds transferred under this order shall be used only for the respective purposes and in the administration of the respective functions for which such funds were made available.

16. Transfers of available funds under this order shall include funds available for the fiscal year ending June 30, 1943.

17. This order shall become effective as of the date hereof and shall be in force and effect so long as Title I of the First War Powers Act, 1941, remains in force.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
February 24, 1942.

[PUBLIC LAW 15—78TH CONGRESS]

[CHAPTER 21—1ST SESSION]

[S. 677]

AN ACT

To amend the National Housing Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out "$800,000,000" and inserting in lieu thereof "$1,200,000,000"; and (2) striking out of the third proviso "July 1, 1943" in each place where it appears and inserting in lieu thereof "July 1, 1944".

Sec. 2. The first sentence of section 2 (a) of such Act as amended, is amended by striking out "1943" and inserting in lieu thereof "1944"

Approved March 23, 1943.

[Public Law 158—78th Congress]

[Chapter 258—1st Session]

[S. 755]

AN ACT

To amend the National Housing Act, as now or hereafter amended, so as to give protection to persons in military service, and their dependents, as to certain mortgages.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 204 (a) of the National Housing Act, as now or hereafter amended, is amended by striking out the period at the end thereof and inserting a colon and the following: *"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 Administrator may prescribe, there shall be included in the debentures an amount which the Administrator 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."

Sec. 2. The last sentence of section 604 (a) of the National Housing Act, as now or hereafter amended, is amended by striking out the period at the end thereof and inserting a colon and the following: *"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 Administrator may prescribe, there shall be included in the debentures an amount which the Administrator 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."

Approved October 14, 1943.

[Public Law 159—78th Congress]

[Chapter 259—1st Session]

[H. R. 3291]

AN ACT

To amend the National Housing Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out "$1,200,000,000" and inserting in lieu thereof "$1,600,000,000"; and (2) striking out of the third proviso "July 1, 1944" in each place where it appears and inserting in lieu thereof "July 1, 1945".

Sec. 2. Section 203 (a) of such Act, as amended, is amended by striking out of the third proviso "1944" and inserting in lieu thereof "1946".

Sec. 3. The first sentence of section 2 (a) of such Act, as amended, is amended by striking out "1944" and inserting in lieu thereof "1947".

Sec. 4. The first sentence of section 2 (f) of such Act, as amended, is amended by striking out "three-fourths of".

Approved October 15, 1943.

[Public Law 392—78th Congress]

[Chapter 334—2d Session]

[S. 1947]

AN ACT

To amend the National Housing Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out "$1,600,000,000" and inserting in lieu thereof "$1,700,000,000"; and (2) inserting in the third proviso after the word "except" the figure "(1)" and striking the period at the end of the third proviso and inserting in lieu thereof a semicolon and the following: "or (2) a mortgage that is given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage."

Approved June 30, 1944.

[Public Law 27—79th Congress]

[Chapter 48—1st Session]

[S. 681]

AN ACT

To amend the National Housing Act, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out "$1,700,000,000" and inserting in lieu thereof "$1,800,000,000"; and (2) striking out of the third proviso "1945" in each place where it appears and inserting in lieu thereof "1946".

Sec. 2. Section 608 (g) of such Act, as amended, is amended by adding before the period at the end thereof a comma and the following: "and to insure under this title any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to time or aggregate amount contained in this title".

Approved March 31, 1945.

[Extract From]

[Public Law 388—79th Congress]

[Chapter 268—2d Session]

[H. R. 4761]

AN ACT

To expedite the availability of housing for veterans of World War II by expediting the production and allocation of materials for housing purposes and by curbing excessive pricing of new housing, and for other purposes.

(This Act is cited as the "Veterans' Emergency Housing Act of 1946" and Section 10 thereof contains all of the amendments to Title VI of the National Housing Act.)

Sec. 10. (a) Section 603 (a) of the National Housing Act, as amended, is hereby amended to read as follows:

"(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 Administrator 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 Administrator 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 $2,800,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $3,800,000,000: *Provided further,* That no mortgage shall be insured under this title after June 30, 1947, except (A) pursuant to a commitment to insure issued on or before June 30, 1947, or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage: *And provided further,* That the Administrator 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."

(b) Section 603 (b) (2) of the National Housing Act, as amended, is hereby amended to read as follows:

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount not to exceed 90 per centum of the Administrator's estimate of the necessary current cost (including the land and such initial service charges and such appraisal, inspection, and other fees as the Administrator 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 Administrator 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 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."

(c) Section 603 (b) (5) of the National Housing Act, as amended, is hereby amended to read as follows:

"(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."

(d) Section 603 (c) of the National Housing Act, as amended, is hereby amended (1) by striking out of the third sentence the word "emergency" and inserting in lieu thereof the words "shortage of housing", and (2) by striking out the last sentence thereof and inserting in lieu thereof the following sentence: "The Administrator 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 Administrator, preference or priority of opportunity to purchase or rent properties covered by mortgages insured under this title."

(e) Section 604 (b) of the National Housing Act, as amended, is hereby amended by striking out the words "appraised value of such property as determined by the Administrator" and inserting in lieu thereof the following: "Administrator's estimate of the necessary current cost."

(f) Section 608 (b) of the National Housing Act, as amended, is hereby amended:

(1) by amending paragraph numbered (2) thereof to read as follows:

"(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 Administrator, shall be provided under such regulations and procedures as may be prescribed by the Administrator.";

(2) by amending paragraph (3) (C) to read as follows:

"(C) not to exceed $1,500 per room for such part of such property or project as may be attributable to dwelling use: *Provided,* That the Administrator may increase this amount to $1,800 where in his discretion cost levels so require."; and

(3) by striking out "reasonable replacement cost" and inserting in lieu thereof "necessary current cost."

(g) Section 608 (c) of the National Housing Act, as amended, is hereby amended by inserting in the third sentence before the semicolon at the end of clause (C), the following: "and any mortgage insurance premiums paid after default."

Approved May 22, 1946.

[PUBLIC LAW 480—79TH CONGRESS]

[CHAPTER 531—2D SESSION]

[S. 2341]

AN ACT

To amend the National Housing Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 (a) of the National Housing Act, as amended, is hereby amended by striking out the second and third provisos and by striking out the colon at the end of the first proviso and inserting in lieu thereof a period.

Approved July 1, 1946.

PROVISIONS OF OTHER LAWS PERTAINING TO THE FEDERAL HOUSING ADMINISTRATION

ADVANCES BY FEDERAL HOME LOAN BANKS TO MEMBERS IF SECURED BY MORTGAGES INSURED UNDER PROVISIONS OF TITLES II AND VI OF THE NATIONAL HOUSING ACT LIMITED TO 90 PER CENTUM OF UNPAID PRINCIPAL OF THE MORTGAGE LOAN

Section 10 (a) and Section 10 (a) (1) of the Federal Home Loan Bank Act, approved July 22, 1932 (47 Stat. 725), as amended, read as follows:

"SEC. 10. (a) Each Federal Home Loan Bank is authorized to make advances to its members, upon the security of home mortgages, or obligations of the United States, or obligations fully guaranteed by the United States subject to such regulations, restrictions, and limitations as the Board may prescribe. Any such advance shall be subject to the following limitations as to amount:

"(1) If secured by a mortgage insured under the provisions of titles II and VI[1] of the National Housing Act, the advance may be for an amount not in excess of 90 per centum of the unpaid principal of the mortgage loan."

INSURED MORTGAGES AS COLLATERAL FOR ADVANCES BY FEDERAL HOME LOAN BANKS TO CERTAIN NONMEMBER INSTITUTIONS APPROVED AS MORTGAGEES BY THE FEDERAL HOUSING ADMINISTRATOR

The Federal Home Loan Bank Act, as amended, has been amended by section 7 of the Act of 1935 amending the Home Owners' Loan Act of 1933 (49 Stat. 293, c. 150), approved May 28, 1935, by adding after Sec. 10a the following new section:

"SEC. 10b. Each Federal Home Loan Bank is authorized to make advances to nonmember mortgagees approved under title II of the National Housing Act. Such mortgagees must be chartered institutions having succession and subject to the inspection and supervision of some governmental agency, and whose principal activity in the mortgage field must consist of lending their own funds. Such advances shall not be subject to the other provisions and restrictions of this Act, but shall be made upon the security of insured mortgages, insured under title II of the National Housing Act. Advances made under the terms of this section shall be at such rates of interest and upon such terms and conditions as shall be determined by the Federal Home Loan Bank Board, but no advance may be for an amount in excess of 90 per centum of the unpaid principal of the mortgage loan given as security."

SALE OF MORTGAGES BY BANKING INSTITUTIONS

Section 21 (a) paragraph (1) of the Banking Act of 1933, approved June 16, 1933 [48 Stat. 162, c. 89], which, in effect, prohibits the issuance and distribution of securities by banking institutions, as amended by section 303 (a) of the Banking Act of 1935, reads as follows:

"SEC. 21. (a) After the expiration of one year after the date of enactment of this Act it shall be unlawful—

"(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of re-

---

[1] Title VI was added by sec. 7 of the act approved March 28, 1941 (55 Stat. 55, c. 31).

ceiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor: *Provided,* That the provisions of this paragraph shall not prohibit national banks or State banks or trust companies (whether or not members of the Federal Reserve System) or other financial institutions or private bankers from dealing in, underwriting, purchasing, and selling investment securities to the extent permitted to national banking associations by the provisions of section 5136 of the Revised Statutes, as amended (U. S. C., title 12, sec. 24; Supp. VII, title 12, sec. 24): *Provided further,* That nothing in this paragraph shall be construed as affecting in any way such right as any bank, banking association, savings bank, trust company, or other banking institution, may otherwise possess to sell, without recourse or agreement to repurchase, obligations evidencing loans on real estate; or

EXEMPTION OF BONDS SECURED BY MORTGAGES ON LOW-COST HOUSING PROJECTS AND OBLIGATIONS OF NATIONAL MORTGAGE ASSOCIATIONS FROM RESTRICTIONS IMPOSED UPON DEALINGS BY NATIONAL BANKS IN INVESTMENT SECURITIES.

Paragraph Seventh of section 5136 of the Revised Statutes, as amended, concerning dealings by national banks in investment securities, has been amended by section 308 (c) of the Banking Act of 1935 and by section 13 of the National Housing Act Amendments of 1938, by changing the last sentence thereof.

The last sentence of paragraph Seventh of section 5136 now reads:

"The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the Federal Home Loan Banks or the Home Owners' Loan Corporation, or obligations which are insured by the Federal Housing Administrator pursuant to section 207 of the National Housing Act, if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, or obligations of national mortgage associations: *Provided,* That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of the association actually paid in and unimpaired and 15 per centum of its unimpaired surplus."

ELIMINATION OF HOLDERS OF INSURED MORTGAGE BONDS ON LOW-COST HOUSING CORPORATION PROJECTS FROM REORGANIZATION PROVISIONS OF SECTION 77B OF THE BANKRUPTCY ACT (NOW INCORPORATED IN CHAPTER X OF BANKRUPTCY ACT APPROVED JUNE 22, 1938)

Section 263 of Chapter X of the Bankruptcy Act approved June 22, 1938 (52 Stat. 902, c. 575) provides as follows:

"Sec. 263. Nothing contained in this section shall be construed or be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to the National Housing Act and Acts amendatory thereof and supplementary thereto."

SUBSCRIPTION BY RECONSTRUCTION FINANCE CORPORATION FOR STOCK OF NATIONAL MORTGAGE ASSOCIATIONS

The Reconstruction Finance Corporation Act, as amended, has been amended by an Act approved January 31, 1935 [49 Stat. 1, c. 2], which, among other provisions, adds a new section, Section 5c, to that Act, as follows:

"Sec. 5c. To assist in the reestablishment of a normal mortgage market, the Reconstruction Finance Corporation may, with the approval of the President, subscribe for or make loans upon the nonassessable stock of any class of any national mortgage association organized under Title III of the National Housing Act and of any mortgage loan company, trust company, savings and loan association, or other similar financial institution, now or hereafter incorporated under the laws of the United States, or of any State, or of the District of Columbia, the principal business of which institution is that of making loans upon mortgages, deeds of trust, or other instruments conveying, or constituting a lien upon, real estate or any interest therein. In any case in which, under the laws of its incorporation, such financial institution is not permitted to issue nonassessable stock, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such financial institutions. The total face amount of loans outstanding, nonassessable stock subscribed for, and capital notes and debentures purchased and held by the Reconstruction Finance Corporation, under this section, shall not exceed at any one time $100,000,000. Notwithstanding any other provisions of law, the Reconstruction Finance Corporation may, under such rules and regulations as it may prescribe (which regulations shall include at least sixty days' notice of any proposed sale to the issuer or maker), sell, at public or private sale, the whole or any part of the stock, capital notes, or debentures acquired by the corporation pursuant to this section, and the preferred stock, capital notes, or debentures acquired pursuant to any other provision of law. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section."

REMOVAL OR RELAXATION OF CERTAIN RESTRICTIONS UPON NATIONAL BANKS IN THE MAKING OF REAL ESTATE LOANS—TERRITORIAL LIMITATIONS, PARTICIPATION IN SUCH LOANS, RESTRICTIONS UPON AMOUNT OF SUCH LOANS, ETC.

Section 24 of the Federal Reserve Act.

The first paragraph of section 24 of the Federal Reserve Act, as amended, reads as follows:

"SEC. 24. Any national banking association may make real-estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed 60 per centum of the appraised value of the real estate offered as security and for a term not longer than ten years, if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years, and (2) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real-estate loans which are insured under the provisions of Titles II and VI[2] of the National Housing Act. No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 60 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located."

ADVANCES BY FEDERAL RESERVE BANKS TO MEMBER BANKS UPON NOTES SECURED BY SATISFACTORY COLLATERAL

Section 10 (b) of the Federal Reserve Act, as amended, was further amended by section 204 of the Banking Act of 1935, and reads as follows:

"SEC. 10. (b) Any Federal Reserve bank, under rules and regulations prescribed by the Board of

---

[2] Title VI was added by sec. 8 of act approved March 28, 1941 (55 Stat. 55, c. 31).

Governors of the Federal Reserve System, may make advances to any member bank on its time or demand notes having maturities of not more than four months and which are secured to the satisfaction of such Federal Reserve bank. Each such note shall bear interest at a rate not less than one-half of 1 per centum per annum higher than the highest discount rate in effect at such Federal Reserve bank on the date of such note."

ELIMINATION OF FEDERAL TAX EXEMPTION FROM DEBENTURES IN CONNECTION WITH CONTRACTS OF INSURANCE ENTERED INTO PURSUANT TO COMMITMENTS ISSUED ON OR AFTER MARCH 1, 1941, IN ACCORDANCE WITH THE PUBLIC DEBT ACT APPROVED FEBRUARY 19, 1941 (55 STAT. 7, C. 7), AS AMENDED MARCH 28, 1942 (56 STAT. 189, C. 205). MORTGAGES INSURED PRIOR TO MARCH 1, 1941, OR PURSUANT TO COMMITMENTS ISSUED PRIOR TO SAID DATE ARE NOT AFFECTED

Section 4 of the Public Debt Act of 1941, as amended March 28, 1942, reads as follows:

"SEC. 4 (a) Interest upon obligations, and dividends, earnings, or other income from shares, certificates, stock, or other evidences of ownership, and gain from the sale or disposition of such obligations and evidences of ownership issued on or after the effective date of the Public Debt Act of 1942 by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations or evidences of ownership shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration had, prior to March 1, 1941, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

"(b) The provisions of this section shall, with respect to such obligations and evidences of ownership, be considered as amendatory of and supplementary to the respective Acts or parts of Acts authorizing the issuance of such obligations and evidences of ownership, as amended and supplemented."

AMENDMENT OF LAW OF DISTRICT OF COLUMBIA TO PERMIT LIFE INSURANCE COMPANIES TO INVEST IN FEDERAL HOUSING INSURED MORTGAGES AND OBLIGATIONS OF NATIONAL MORTGAGE ASSOCIATIONS

Section 35 of chapter III of the Act entitled "An Act to regulate the business of life insurance in the District of Columbia," approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages insured by the Federal Housing Administrator: *Provided,* That the restrictions in paragraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

Paragraph (4) of section 35 of such Act is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm loan banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."[8]

---

[8] Amendment made by sec. 12 of the act approved February 3, 1938 (52 Stat. 8, c. 13).

MUTUAL MORTGAGE INSURANCE

ADMINISTRATIVE RULES AND REGULATIONS UNDER SECTION 203 OF THE NATIONAL HOUSING ACT (AS AMENDED JULY 1, 1946)

Revised August 15, 1946

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

FHA Form No. 2010

Appendix III

ADMINISTRATIVE RULES OF THE FEDERAL HOUSING COMMISSIONER FOR MUTUAL MORTGAGE INSURANCE UNDER SECTION 203 OF THE NATIONAL HOUSING ACT

Section I

APPROVAL OF MORTGAGEES

1. The following institutions are hereby approved as mortgagees under Section 203 (b) of the National Housing Act:

(a) National Mortgage Associations,
(b) Federal Reserve Banks,
(c) Federal Home Loan Banks,
(d) Reconstruction Finance Corporation,
(e) RFC Mortgage Company, and
(f) any other Federal, State or municipal governmental agency that is or may hereafter be empowered to hold mortgages insured under Title II of the National Housing Act as security or as collateral or for any other purpose.

2. Members of the Federal Reserve System, institutions whose accounts are insured by the Federal Savings & Loan Insurance Corporation and institutions whose deposits are insured by the Federal Deposit Insurance Corporation may be approved as mortgagees upon application.

3. Any charitable or nonprofit organization which presents evidence that it is responsible, has permanent funds of not less than one hundred thousand dollars ($100,000), and has experience in mortgage investment, may be approved upon application.

4. Any other institution not hereinbefore mentioned may be approved as a mortgagee upon application if it has the following qualifications and meets the following conditions to the satisfaction of the Commissioner:

(a) it is a chartered institution or other permanent organization having succession;

(b) it is subject to the inspection and supervision of a governmental agency which is required by law to make periodic examinations of its books and accounts and it submits satisfactory evidence that it has sound capital funds of a value of not less than $25,000 (or if a mutual company or association without capital funds, it has a net worth of not less than $25,000); or if not subject to such inspection and supervision of a governmental agency, it shall submit a detailed audit of its books made by an accountant satisfactory to the Commissioner and reflecting a condition satisfactory to him, and also, so long as its approval as mortgagee continues, shall file with the Commissioner similar audits at least once in each calendar year and submit at any time to such examination of its books and affairs as the Commissioner may require, and comply with any other conditions that the Commissioner may impose;

(c) its principal activity is lending on or investing in mortgages, funds which are under its own control; and it has sound capital funds properly proportioned to its liabilities and to the character and extent of its operations. Such funds shall be of a value of not less than $100,000. It is provided that the qualification and condition contained in the preceding sentence shall not apply—

(1) to an institution or other permanent organization of the character described in the first division of paragraph (b) above; or

(2) to an institution or other permanent organization that establishes to the satisfaction of the Commissioner that it is a duly authorized loan correspondent of, and whose approval is requested by, an approved mortgagee or assignee which lends on, or invests in, mortgages on a national scale and is subject to the inspection and supervision of a governmental agency, on the condition that the termination of its relationship as such correspondent will be cause (subject to the provisions of subsection (6) of this section) for withdrawal of its approval as an approved mortgagee and on the further condition that the correspondent institution and the institution for which it is authorized to act shall agree to notify promptly the Com-

missioner of the termination of such relationship, and on the further condition that the correspondent institution shall agree to originate insured mortgage loans for the purpose of sale only to the institution or institutions which requested its approval; and

(d) if it is not an institution or other permanent organization of the character described in the first division of paragraph (b) above, it shall submit an agreement in writing: (1) that so long as it continues to be approved as a mortgagee, it will not issue any mortgage participating certificates on which it assumes personal liability, or issue any guaranty with respect to principal or interest of any mortgage, except that any such obligations outstanding on the date of the application of such institution may thereafter be renewed; and (2) that it will segregate all monthly payments under mortgages insured by the Commissioner, received by it on account of ground rents, taxes, assessments, and insurance premiums, and will deposit such funds in a special account, or accounts, with some banking institution whose accounts are insured by the Federal Deposit Insurance Corporation and shall use such funds for no purpose other than that for which they were received.

5. Approval as a mortgagee under this section, of a banking institution or trust company which is subject to the inspection and supervision of a governmental agency, shall be deemed to constitute approval of such institution or company when lawfully acting in a fiduciary capacity in investing fiduciary funds which are under its individual or joint control. Upon termination of such fiduciary relationship, whether by revocation or otherwise, any insured mortgages held in the fiduciary estate shall be transferred to a mortgagee approved under this section and the fiduciary relationship must be such as to permit such transfer.

Nothing in this section shall be construed to permit the sale to the general public of instruments representing the beneficial interest in all or part of one or more insured mortgages.

6. Approval of an institution as a mortgagee may be withdrawn at any time by notice from the Commissioner. In the discretion of the Commissioner, the transfer of an insured mortgage to a mortgagee not approved to act under this section, or the failure of a mortgagee not subject to the inspection and supervision of a governmental agency, to segregate all funds received from mortgagors on account of ground rents, taxes, assessments and insurance premiums, and to deposit such funds in a special account, or accounts, with some banking institution whose accounts are insured by the Federal Deposit Insurance Corporation, or the use of such funds for any purpose other than that for which they were received, or the failure of a mortgagee to conduct its business on the plan indicated by its application for approval, or the termination of its supervision by a governmental agency will be cause for withdrawal of approval. Withdrawal of approval will in no case affect the insurance on mortgages theretofore accepted for insurance.

7. All approved mortgagees shall at any time upon request furnish the Commissioner with a copy of their latest periodic financial statement or report.

8. All approved mortgagees are required to service insured loans in accordance with acceptable mortgage practices of prudent lending institutions. In the event of default, the mortgagee should be able to contact the mortgagor and otherwise exercise diligence in collecting the amounts due. The holder of the mortgage is responsible to the Commissioner for proper servicing, even though the actual servicing may be performed by an agent of such holder.

SECTION II

APPLICATION AND COMMITMENT

1. Any approved mortgagee may submit an application for insurance of a mortgage about to be executed, or of a mortgage already executed.

2. The application must be made upon a standard form prescribed by the Commissioner.

3. If the application is for a firm commitment, it must be accompanied by the mortgagee's check for a sum computed at a rate of three dollars ($3) per thousand dollars ($1,000) of the original principal amount of the mortgage loan applied for, to cover the costs of appraisal by the Commissioner, but in

no case shall such sum be less than ten dollars ($10). If an application is refused without an appraisal being made by the Commissioner, the fee will be returned to the applicant but no portion of the fee will be returned after appraisal or on account of any difference between the amount applied for and the amount approved for insurance.

If the application is for a conditional commitment, it must be accompanied by the mortgagee's check for ten dollars ($10) regardless of the amount of the mortgage. The balance, if any, of the fee as stipulated herein shall be payable upon and shall accompany the application for the firm commitment, if any, subsequently submitted pursuant thereto.

If the application is made on behalf of a veteran of World War II, for the insurance of a mortgage to refinance an existing insured mortgage which is in default, by reason of his military service, the fee herein provided may be waived by the Commissioner if he finds that the collection of such fee would be inequitable under the particular circumstances of the transaction.

4. Upon approval of an application, acceptance of the mortgage for insurance will be evidenced by the issuance of a commitment setting forth, upon a form prescribed by the Commissioner, the terms and conditions upon which the mortgage will be insured.

5. If on the date of the application for a firm commitment there is a then existing mortgage on the property, whether insured or uninsured, held by a mortgagee other than the applicant, which mortgage is to be refinanced in whole or in part by the mortgage offered for insurance, such application must be accompanied by a certificate executed by the proposed mortgagor certifying that he has applied to the holder of such existing mortgage for refinancing and that after reasonable opportunity, such holder has failed or refused to make a loan of a like amount and on as favorable terms as those of the loan offered for insurance as described in the application submitted therewith after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

SECTION III

ELIGIBLE MORTGAGES

To be eligible for insurance—

1. The mortgage must be executed upon a form approved by the Commissioner for use in the jurisdiction in which the property covered by the mortgage is situated, by a mortgagor with the qualifications hereinafter set forth in Section IV, must be a first lien upon property that conforms with the property standards prescribed by the Commissioner, and the entire principal amount of the mortgage must have been disbursed to the mortgagor, or to his creditors for his account and with his consent.

2. The mortgage should involve a principal obligation in an amount of one hundred dollars ($100) or multiples thereof but must not exceed sixteen thousand dollars ($16,000) and must not exceed eighty per centum (80%) of the appraised value of the property as of the date the mortgage is accepted for insurance except under the following circumstances:

(a) If the amount of the mortgage does not exceed $5,400 and there is located upon the property a dwelling designed principally for a single family residence, the construction of which

(1) is begun after February 3, 1938, and which is approved for mortgage insurance prior to the beginning of construction, or

(2) the construction of which was begun after January 1, 1937, and before February 3, 1938, and which at the time the mortgage is accepted for insurance has not been sold or occupied since completion.

Such mortgage may exceed 80%, provided at the time the mortgage is insured the mortgagor is the owner and occupant and has paid on account of the property at least 10% of its appraised value, in cash or its equivalent, but must not exceed 90% of the appraised value of the property as of the date the mortgage is accepted for insurance.

(b) If the amount of the mortgage does not exceed $8,600 and the property complies with all of the conditions set forth in paragraph (a) above, except as to the amount of the mortgage, and has an appraised value (as of the date the mortgage is accepted for insurance) in excess of \$6,000, the amount of such mortgage must not exceed 90% of \$6,000 of such value, plus 80% of the balance of such value.

3. The mortgage should come due on the first of a month and must have a maturity satisfactory to the Commissioner, not to be less than four nor more than twenty years from the date of insurance, except that a mortgage of the character described in paragraph 2 (a) of this section may have a maturity satisfactory to the Commissioner, not more than twenty-five years from the date of insurance. The amortization period should be either 5, 8, 10, 12, 15, 17 or 20 years by providing for either 60, 96, 120, 144, 180, 204 or 240 monthly amortization payments except that as to mortgages of the character described in paragraph 2 (a) of this section such period may also be either 24 or 25 years by providing for 288 or 300 monthly amortization payments.

4. The mortgage may bear interest at such rate as may be agreed upon between the mortgagee and the mortgagor but in no case shall such interest rate be in excess of four and one-half per centum (4½%) per annum. Interest shall be payable in monthly installments on the principal then outstanding.

5. The mortgage must contain complete amortization provisions satisfactory to the Commissioner, requiring monthly payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner. The sum of the principal and interest payments in each month shall be substantially the same.

6. The mortgage may provide for monthly payments by the mortgagor to the mortgagee of an amount equal to one-twelfth (1/12) of the annual mortgage insurance premium payable by the mortgagee to the Commissioner. Such payments shall continue only so long as the contract of insurance shall remain in effect. The mortgage should provide that upon the payment of the mortgage before maturity, the mortgagor shall pay the adjusted premium charge referred to in Article III, section 2, of the Regulations, but shall not provide for the payment of any further charge on account of such prepayment.

7. The mortgage shall provide for such equal monthly payments by the mortgagor to the mortgagee as will amortize the ground rents, if any, and the estimated amount of all taxes, special assessments, if any, and fire and other hazard insurance premiums, within a period ending one month prior to the dates on which the same become delinquent. The mortgage shall further provide that such payments shall be held by the mortgagee in a manner satisfactory to the Commissioner, for the purpose of paying such ground rents, taxes, assessments, and insurance premiums, before the same become delinquent, for the benefit and account of the mortgagor. The mortgage must also make provision for adjustments in case the estimated amount of such taxes, assessments, and insurance premiums shall prove to be more, or less, than the actual amount thereof so paid by the mortgagor.

8. All monthly payments to be made by the mortgagor to the mortgagee as hereinabove provided, in subsections 4 to 7, inclusive, shall be added together and the aggregate amount thereof shall be paid by the mortgagor each month in a single payment. The mortgagee shall apply the same to the following items in the order set forth:

(a) premium charges under the contract of insurance;

(b) ground rents, taxes, special assessments, and fire and other hazard insurance premiums;

(c) interest on the mortgage; and

(d) amortization of the principal of the mortgage.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the mortgagor prior to, or on, the due date of the next such payment, constitute an event of default under the mortgage.

9. The mortgage may provide for a charge by the mortgagee of a "late charge", not to exceed two (2) cents for each dollar of each payment more than fifteen (15) days in arrears, to cover the extra expense involved in handling delinquent payments.

10. The mortgagor must pay to the mortgagee, upon the execution of the mortgage, a sum that will be sufficient to pay the ground rents, if any, and the estimated taxes, special assessments, and fire and other hazard insurance premiums for the period beginning on the date to which such ground rents, taxes, assessments, and insurance premiums were last paid and ending on the date of the first monthly

payment under the mortgage and may be required to pay a further sum equal to the first annual mortgage insurance premium, plus an amount sufficient to pay the mortgage insurance premium from the date of closing the loan to the date of the first monthly payment.

11. The mortgagee may charge the mortgagor the amount of the appraisal fee provided for in subsection 3 of Section II and an initial service charge to reimburse itself for the cost of closing the transaction. Such service charge shall not exceed one per centum (1%) of the original principal amount of the mortgage or a charge of twenty dollars ($20), whichever is the greater, except that in cases of property under construction or to be constructed where the mortgagee makes partial disbursements and inspections of the property during the progress of construction, such initial service charge may be in an amount not in excess of two and one-half per centum (2½%) of the original principal amount of the mortgage or a charge of fifty dollars ($50), whichever is the greater.

12. In addition to the charges hereinbefore mentioned, the mortgagee may collect from the mortgagor only recording fees and such appraisal fees and cost of title search as are approved by the Commissioner. Nothing in this and the preceding subsection shall be construed as prohibiting the mortgagor from dealing through a broker, who does not represent the mortgagee, if he prefers to do so, and paying the broker such compensation as is satisfactory to the mortgagor.

13. The mortgage must be executed with respect to a project which, in the opinion of the Commissioner, is economically sound.

SECTION IV

ELIGIBLE MORTGAGORS

1. A mortgagor must establish that after the mortgage offered for insurance has been recorded, the mortgaged property will be free and clear of all liens other than such mortgage and that there will not be outstanding any other unpaid obligation contracted in connection with the mortgage transaction or the purchase of the mortgaged property, except obligations which are secured by property or collateral owned by the mortgagor independently of the mortgaged property; provided that if the mortgagor is a veteran and obtains a guaranteed loan under Title III of the Servicemen's Readjustment Act of 1944 the existence of such loan or any secondary lien upon the mortgaged property to secure such loan shall not render the first mortgage ineligible for insurance.

2. A mortgagor must establish that the periodic payments required in the mortgage submitted for insurance bear a proper relation to his present and anticipated income and expenses.

3. A mortgagor must have a general credit standing satisfactory to the Commissioner.

4. A mortgagor is not restricted as to place of residence and need not be the occupant of the property covered by the mortgage, except where the principal obligation of the mortgage exceeds 80% of the appraised value under the conditions set forth in Section III, subsection 2 (a) and (b) above.

SECTION V

ELIGIBLE PROPERTIES

1. A mortgage to be eligible for insurance must be on real estate held in fee simple, or on leasehold under a lease for not less than ninety-nine (99) years which is renewable, or under a lease with a period of not less than fifty (50) years to run from the date the mortgage is executed.

2. At the time a mortgage is insured there must be located on the mortgaged property a dwelling unit designed principally for residential use for not more than four families. Such unit may be connected with other dwellings by a party wall or otherwise.

3. The buildings on the mortgaged property must conform with the standards prescribed by the Commissioner.

4. The mortgaged property, if otherwise acceptable to the Commissioner, may be located in any community where the housing standards meet the requirements of the Commissioner.

SECTION VI

These Administrative Rules are effective as to all mortgages on which a commitment to insure is issued to an approved mortgagee on or after August 15, 1946.

Issued at Washington, D. C., August 15, 1946.

RAYMOND M. FOLEY,
Federal Housing Commissioner.

REGULATIONS OF THE FEDERAL HOUSING COMMISSIONER FOR MUTUAL MORTGAGE INSURANCE UNDER SECTION 203 OF THE NATIONAL HOUSING ACT

ARTICLE I

These Regulations may be cited and referred to as "Regulations of the Federal Housing Commissioner for Mutual Mortgage Insurance under Section 203 of the National Housing Act, as amended, revised August 15, 1946."

ARTICLE II

DEFINITIONS

As used in these Regulations—

1. The term "Commissioner" means the Federal Housing Commissioner.

2. The term "Act" means the National Housing Act.

3. The term "mortgage" means such a first lien upon real estate as is commonly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the jurisdiction where the real estate is situated, together with the credit instruments, if any, secured thereby.

4. The term "insured mortgage" means a mortgage which has been insured by the endorsement of the Commissioner.

5. The term "mortgagor" means the original borrower under a mortgage and his heirs, executors, administrators, and assigns.

6. The term "mortgagee" means the original lender under a mortgage and its successors and such of its assigns as are approved by the Commissioner.

7. The term "contract of insurance" means the endorsement of the Commissioner upon the credit instrument given in connection with an insured mortgage, incorporating by reference these Regulations.

ARTICLE III

PREMIUMS

1. The mortgagee shall pay to the Commissioner an annual mortgage insurance premium equal to one-half of one per centum (½%) of the average outstanding principal obligation for the twelve-month period following the date on which such premium becomes payable, and calculated in accordance with the amortization provisions without taking into account delinquent payments or prepayments.

The first such premium is to be paid on the date on which such insurance becomes effective by endorsement and shall be calculated on the average outstanding principal balance for the year beginning with a day thirty (30) days prior to the date of the first monthly payment. Until the mortgage is paid in full or the mortgaged property is acquired by the Commissioner as hereinafter set forth, or until the contract of insurance is otherwise terminated as hereinafter provided, the next and each succeeding premium shall be paid annually thereafter on the anniversary of such day, and the amount of the second premium payment will be adjusted accordingly. Such premiums shall be paid either in cash or debentures issued under Title II of the National Housing Act at par plus accrued interest.

The provisions of this section with reference to the amount of principal on which the premium charge is calculated shall also apply to mortgages insured prior to the date of these Regulations but only in respect to premiums payable after February 3, 1938.

2. In the event that the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity, the mortgagee shall within thirty (30) days thereafter notify the Commissioner of the date of prepayment and shall pay to the Commissioner an adjusted premium charge of one per centum (1%) of the original principal amount of the prepaid mortgage, except that if at the time of such prepayment there is placed on the mortgaged property a

new insured mortgage in an amount less than the original amount of the prepaid mortgage, such adjusted premium shall be one per centum (1%) of the difference in such amounts.

In no event shall the adjusted premium exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until maturity.

No adjusted premium shall be due or payable in the following cases:

(a) where at the time of such prepayment there is placed on the mortgaged property a new insured mortgage for an amount equal to or greater than the original principal amount of the prepaid mortgage; or

(b) where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments made by the mortgagor which do not exceed in any one calendar year fifteen per centum (15%) of the original face amount of the mortgage; or

(c) where the final maturity specified in the mortgage is accelerated solely by reason of payments to principal to compensate for (1) damage to the mortgaged property, or (2) a release of a part of such property if approved by the Commissioner; or

(d) where payment in full is made of a delinquent mortgage on which foreclosure proceedings have been commenced, or for the purpose of avoiding foreclosure, if the transaction is approved by the Commissioner.

(e) where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments which in any one calendar year exceed fifteen per centum (15%) of the original face amount of the mortgage, if made by the mortgagor during the period of the national emergency declared by the President to exist on May 27, 1941; or where the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity by the mortgagor during the period of such national emergency, provided the mortgagee submits to the Commissioner a certificate signed by the mortgagor certifying that the mortgage has been paid in full without refinancing or otherwise creating any obligation or debt for which the mortgagor or property owned by the mortgagor is liable.

Upon such prepayment the contract of insurance shall terminate.

3. If at the time of prepayment a new insured mortgage is placed on the same property, the Commissioner will refund to the mortgagee for the account of the mortgagor an amount equal to the pro rata portion of the current annual mortgage insurance premium theretofore paid, which is applicable to the portion of the premium year subsequent to such prepayment.

Article IV

INSURANCE ENDORSEMENT

1. Upon compliance, satisfactory to the Commissioner, with the terms of his commitment to insure, the Commissioner will endorse the original credit instrument in form as follows:

No. ....
Insured under the
National Housing Act
and Regulations of the
Federal Housing Commissioner
For Mutual Mortgage Insurance
Dated November 1, 1934
as amended ....
FEDERAL HOUSING COMMISSIONER
By ....
Authorized agent
Date ....

The mortgage shall be an insured mortgage from the date of such endorsement. The Commissioner and the mortgagee shall thereafter be bound by these Regulations with the same force and to the same extent as if a separate contract had been executed relating to the insured mortgage, including the provisions of these Regulations and of the National Housing Act.

Article V

CLASSIFICATION OF MORTGAGES

1. Insured mortgages shall be so classified in groups that the mortgages in any group shall involve substantially similar risk characteristics.

2. Premium charges received for the insurance of any mortgage, appraisal and other fees, the receipts derived from the property covered by the mortgage

and claims assigned to the Commissioner in connection therewith, and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned.

3. The principal of, and interest paid or to be paid on, debentures issued in exchange for any property, payments made or to be made to the mortgagee and mortgagor, and expenses incurred in the handling of the property covered by the mortgage and in collection of claims assigned to the Commissioner in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

ARTICLE VI

RIGHTS AND DUTIES OF AN APPROVED MORTGAGEE UNDER THE CONTRACT OF INSURANCE

1. The Commissioner shall terminate the insurance as to any group of mortgages:

(a) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage; or

(b) when all the outstanding mortgages in any group have been paid.

Upon such termination, the Commissioner shall charge the group account with the estimated losses arising from transactions relating to that group, shall transfer to the General Reinsurance Account an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees, for the benefit and account of the mortgagors of the mortgages assigned to such group, the balance remaining in such group in such proportions as may be equitable as among such mortgages and in accordance with sound actuarial and accounting practice.

2. The mortgagee shall accept such payment and apply it on account of the obligation, if any, of the mortgagor under the insured mortgage and distribute the balance, if any, to the mortgagor. If such payment is sufficient to satisfy the obligation of the mortgagor in full, the mortgagee shall thereupon deliver to the mortgagor any instrument or instruments necessary or proper to discharge such mortgage.

3. No mortgagor or mortgagee 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 Mutual Mortgage Insurance Fund, and the determination of the Commissioner as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

4. In the event the mortgagee forecloses on the mortgaged property, but does not convey it to the Commissioner in accordance with Article VI, section 7, of these Regulations, and the Commissioner is given written notice thereof, or in the event the mortgagor pays the obligation under the mortgage in full, prior to the maturity thereof, and the mortgagee pays any adjusted premium required under Article III, section 2, of these Regulations, and the Commissioner is given written notice by the mortgagee of such payment by the mortgagor, the obligation to pay any subsequent premium charge for insurance shall cease and all rights of the mortgagee and mortgagor, under Article VI, section 7, shall terminate as of the date of such notice. Upon such termination, the mortgagor shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Commissioner shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.

5. If the mortgagor fails to make any payment, or to perform any other covenant or obligation under the mortgage, and such failure continues for a period of thirty (30) days, the mortgage shall be considered in default, and the mortgagee shall, within sixty (60) days thereafter, give notice in writing to the Commissioner of such default, unless such default has been cured or unless the Commissioner has been notified of a previous default which remains uncured.

6. At any time within one year from the date of default the mortgagee, at its election, shall either—

(a) with, and subject to, the consent of the Commissioner, acquire by means other than foreclosure of the mortgage, possession of, and title to, the mortgaged property; or

(b) commence foreclosure of the mortgage; provided, that if the laws of the State in which the mortgaged property is situated do not permit the commencement of such foreclosure within such period of time, the mortgagee shall commence such foreclosure within sixty (60) days after the expiration of the time during which such foreclosure is prohibited by such laws.

The mortgagee shall promptly give notice in writing to the Commissioner of the institution of foreclosure proceedings and shall exercise reasonable diligence in prosecuting such proceedings to completion.

For the purposes of this section, the date of default shall be considered as thirty (30) days after (a) the first uncorrected failure to perform a covenant or obligation, or (b) the first failure to make a monthly payment which subsequent payments by the mortgagor are insufficient to cover when applied to the overdue monthly payments in the order in which they became due.

If after default and prior to the completion of foreclosure proceedings, the mortgagor shall pay to the mortgagee all monthly payments in default and such expenses as the mortgagee shall have incurred in connection with the foreclosure proceedings, notice shall be given to the Commissioner, and the insurance shall continue as if such default had not occurred.

Nothing contained in this section shall be construed so as to prevent the mortgagee, with the written consent of the Commissioner, from taking action at a later date than herein specified.

If at any time during default the mortgagor is a "person in military service," as such term is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, the period during which he is in such service shall be excluded in computing the one-year period within which the mortgagee shall commence foreclosure or acquire the property by other means as provided in this section and no postponement or delay in the prosecution of foreclosure proceedings during the period the mortgagor is in such military service shall be construed as failure on the part of the mortgagee to exercise reasonable diligence in prosecuting such proceedings to completion as required by this section.

If the mortgagor is a person in military service as defined in such Act, the mortgagee may, by written agreement with the mortgagor, postpone for the period of military service, and three months thereafter, that part of the monthly payment, or any part thereof which represents amortization of principal, provided such agreement contains a provision for the resumption of monthly payments thereafter in amounts which will completely amortize the mortgage debt within its original maturity. Such agreement, however, will in no way affect the amount of the annual mortgage insurance premium which will continue to be calculated in accordance with the original amortization provisions.

7. If the default is not cured as aforesaid, and if the mortgagee has otherwise complied with the provisions of section 6 of this Article, and at any time within thirty (30) days (or such further time as may be necessary to complete the title examination and perfect such title) after acquiring possession of the mortgaged property by foreclosure, or by other means in accordance with subsection (a) of section 6 of this Article, tenders to the Commissioner possession of, and a deed containing a covenant which warrants against the acts of the mortgagee and all claiming by, through, or under it, conveying good merchantable title (evidenced as hereinafter provided in section 8 of this Article) to such property undamaged by fire, earthquake, flood, or tornado, and undamaged by waste, except as hereinafter in this section provided, and assigns (without recourse or warranty) any and all claims which it has acquired in connection with the mortgage transaction, and as a result of the foreclosure proceedings or other means by which it acquired such property, except such claims as may have been released with the approval of the Commissioner, the Commissioner shall promptly accept conveyance of such property and such assignment and shall deliver to the mortgagee:

(a) Debentures of the Mutual Mortgage Insurance Fund as set forth in Section 204 of the Act, issued as of the date foreclosure proceedings were instituted or the property was otherwise acquired by the mortgagee after default, bearing interest at the rate of two and three-quarters per centum (2¾%) per annum payable semiannually on the first day of January and the first day of July of each year, and having a total face value equal to the value of the mortgage as defined in Section 204 (a) of the Act. Such value shall be determined by adding to original principal of the mortgage, which was unpaid on the date of the institution of foreclosure proceedings or the acquisition of the property otherwise after default, the amount of all payments, which have been made by the mortgagee for taxes, ground rent 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 on the property mortgaged and any mortgage insurance premium paid after the institution of foreclosure proceedings or the acquisition of the property otherwise after default, and by deducting from such total any amount received on account of the mortgage after the institution of foreclosure proceedings or the acquisition of the property otherwise after default and from any source relating to the property on account of rent or other income after deducting reasonable expenses incurred in handling the property: Provided, however, That with respect to mortgages which are accepted for insurance prior to July 1, 1944, under Section 203 (b) (2) (B), on which the unpaid principal obligation at the time of the institution of foreclosure proceedings exceeds 80% of the appraised value of the property as of the date the mortgage was accepted for insurance, there will be included in the debentures issued by the Commissioner, on account of foreclosure costs actually 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: 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 amended, apply and which are insured under Section 203 of the National Housing Act, 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 3 months thereafter.

Such debentures shall be registered as to principal and interest and all or any such debentures may be redeemed, at the option of the Commissioner with the approval of the Secretary of the Treasury, at par and accrued interest on any interest payment day on three (3) months' notice of redemption given in such manner as the Commissioner shall prescribe.

(b) A Certificate of Claim in accordance with Section 204 (e) of the Act, which shall become payable, if at all, upon the sale and final liquidation of the interest of the Commissioner in such property in accordance with Section 204 (f) of the Act. This certificate shall be for an amount which the Commissioner shall determine to be sufficient to pay all amounts due under the mortgage and not covered by the amount of debentures and shall include 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, including reasonable attorney's fees, unpaid interest and cost of repairs to the property made by the mortgagee after default to remedy the waste mentioned in this section. Each such Certificate of Claim shall provide that there shall accrue to the holder thereof with respect to the face amount of such certificate, an increment at the rate of three per centum (3%) per annum.

The term "waste" as used in this section means permanent or substantial injury caused by unreasonable use, or abuse, and is not intended to include damage caused by ordinary wear and tear.

The provisions of this section concerning waste, shall not apply to mortgages on which the unpaid principal obligation at the time of the institution of foreclosure proceedings exceeds 75% of the appraised value of the property as of the date the mortgage was accepted for insurance.

8. Evidence of title of the following types will be satisfactory to the Commissioner:

(a) a fee or owner's policy of title insurance, a guaranty or guarantee of title, or a certificate of title, issued by a title company, duly authorized by law and qualified by experience to issue such; or

(b) an abstract of title prepared by an abstract company or individual engaged in the business of preparing abstracts of title and accompanied by the legal opinion as to the quality of such title signed by an attorney at law experienced in examination of titles; or

(c) a Torrens or similar title certificate; or

(d) evidence of title conforming to the standards of a supervising branch of the Government of the United States or of any State or Territory thereof.

Such evidence of title shall be furnished without cost to the Commissioner and shall be executed as of a date to include the recordation of the deed to the Commissioner, and shall show that, according to the public records, there are not, at such date, any outstanding prior liens, including any past due and unpaid ground rents, general taxes, or special assessments.

If the title and title evidence are such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be satisfactory to the Commissioner and will be considered by him as good and merchantable.

The Commissioner will not object to the title by reason of the following matters, provided they are not such as to impair the value of the property for residence purposes, or provided they have been brought to the attention of the insuring office for consideration in fixing the valuation:

(a) customary easements for public utilities, party walls, driveways, and other purposes; customary building or use restrictions for breach of which there is no reversion and which have not been violated to a material extent;

(b) such restrictions when coupled with a reversionary clause, provided there has been no violation prior to the date of the deed to the Commissioner;

(c) slight encroachments by adjoining improvements;

(d) outstanding oil, water, or mineral rights which, in the opinion of the Commissioner, do not impair the value of the property for residence purposes, or which are customarily waived by prudent lending institutions and leading attorneys generally in the community.

Article VII

ASSIGNMENTS

1. When the insured mortgage is transferred to another approved mortgagee, such transferor and transferee shall both notify the Commissioner of such transfer within thirty (30) days thereof, and the transferee shall thereupon succeed to all the rights and become bound by all the obligations of the transferor under the contract of insurance; and the transferor shall thereupon be released from its obligations under the contract of insurance.

Whenever the insured mortgage is transferred to another approved mortgagee for the purposes of collateral only, no notice need be given to the Commissioner until such collateral is foreclosed, but the transferor shall remain subject to all the obligations of the contract of insurance.

2. The contract of insurance shall terminate upon the happening of either of the following events:

(a) the acquisition of the insured mortgage by, or the pledge thereof to, any person, firm, or corporation, public or private, other than an approved mortgagee, whether individually or in trust for another; provided, that this subsection (a) shall not be applicable to a mortgage acquired or held by an approved mortgagee, which is a banking institution or trust company inspected and supervised by some governmental agency, for a trust held or administered by it in a fiduciary capacity, as long as such fiduciary relationship shall remain in effect;

(b) the disposal by an approved mortgagee of any partial interest in an insured mortgage or group of insured mortgages (whether to another approved mortgagee or otherwise) by means of a declaration of trust, or by a participation or trust certificate, or by any other device; provided that this subsection (b) shall not be applicable to any mortgage so long as it is held in a common trust fund maintained by a bank or trust company (1) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank or trust company in its capacity as a trustee, executor or administrator; and

(2) in conformity with the rules and regulations prevailing from time to time of the Board of Governors of the Federal Reserve System, pertaining to the collective investment of trust funds: Provided further, That this subsection (b) shall not be applicable to any mortgage so long as it is held in a common trust estate administered by a bank or trust company which is subject to the inspection and supervision of a governmental agency, exclusively for the benefit of other banking institutions which are subject to the inspection and supervision of a governmental agency, and which are authorized by law to acquire beneficial interests in such common trust estate, nor to any mortgage or group of mortgages transferred to such a bank or trust company as trustee exclusively for the benefit of outstanding owners of undivided interests in the trust estate, under the terms of certificates issued and sold more than three years prior to said transfer, by a corporation which is subject to the inspection and supervision of a governmental agency.

Upon the termination of the insurance under this section, the mortgagor shall be entitled to receive a share of the credit balance of the account of the group to which the insured mortgage has been assigned, in such amount as the Commissioner shall determine to be equitable and not inconsistent with the preservation of the solvency of such account and of the Mutual Mortgage Insurance Fund.

Article VIII

AMENDMENTS

These Regulations may be amended by the Commissioner at any time and from time to time, in whole or in part, but such amendment shall not affect the contract of insurance on any mortgage already insured, or any mortgage or prospective mortgage on which the Commissioner has made a commitment to insure.

Article IX

EFFECTIVE DATE

These Regulations are effective as to all mortgages on which a commitment to insure is issued to an approved mortgagee on or after August 15th, 1946. Wherever a mortgagee so desires, the provisions of these Regulations shall become a part of any contract of insurance heretofore made.

Issued at Washington, D. C., August 15, 1946.

Raymond M. Foley,
Federal Housing Commissioner.

AMORTIZATION AND MORTGAGE INSURANCE PREMIUM TABLES

FOR MORTGAGES TO BE INSURED
UNDER SECTION 203
OF THE NATIONAL HOUSING ACT

FEDERAL HOUSING ADMINISTRATION

WASHINGTON, D. C.

FHA Form 2042B

Appendix IV

25 YEARS—300 MONTHS

4½ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.56	$0.04	$0.49	$2,550	$14.18	$1.03	$12.62	$4, 050	$22.52	$1.63	$20.05
200	1.11	.08	.99	2,600	14.46	1.05	12.87	4,100	22.80	1.65	20.29
300	1.67	.12	1.48	2,650	14.73	1.07	13.12	4,150	23.07	1.67	20.54
400	2.22	.16	1.98	2,700	15.01	1.09	13.36	4,200	23.35	1.69	20.79
500	2.78	.20	2.47	2,750	15.29	1.11	13.61	4,250	23.63	1.71	21.04
600	3.34	.24	2.97	2,800	15.57	1.13	13.86	4,300	23.91	1.73	21.28
700	3.89	.28	3.46	2,850	15.85	1.15	14.11	4,350	24.19	1.75	21.53
800	4.45	.32	3.96	2,900	16.12	1.17	14.35	4,400	24.46	1.77	21.78
900	5.00	.36	4.45	2,950	16.40	1.19	14.60	4,450	24.74	1.79	22.03
1,000	5.56	.40	4.95	3,000	16.68	1.21	14.85	4,500	25.02	1.81	22.27
1,100	6.12	.44	5.44	3,050	16.96	1.23	15.10	4,550	25.30	1.83	22.52
1,200	6.67	.48	5.94	3,100	17.24	1.25	15.34	4,600	25.58	1.85	22.77
1,300	7.23	.52	6.43	3,150	17.51	1.27	15.59	4,650	25.85	1.87	23.02
1,400	7.78	.56	6.93	3,200	17.79	1.29	15.84	4,700	26.13	1.89	23.26
1,500	8.34	.60	7.42	3,250	18.07	1.31	16.09	4,750	26.41	1.91	23.51
1,600	8.90	.64	7.92	3,300	18.35	1.33	16.33	4,800	26.69	1.93	23.76
1,700	9.45	.69	8.41	3,350	18.63	1.35	16.58	4,850	26.97	1.95	24.01
1,800	10.01	.73	8.91	3,400	18.90	1.37	16.83	4,900	27.24	1.97	24.25
1,900	10.56	.77	9.40	3,450	19.18	1.39	17.08	4,950	27.52	1.99	24.50
2,000	11.12	.81	9.90	3,500	19.46	1.41	17.32	5,000	27.80	2.02	24.75
2,050	11.40	.83	10.15	3,550	19.74	1.43	17.57	5,050	28.08	2.04	25.00
2,100	11.68	.85	10.39	3,600	20.02	1.45	17.82	5,100	28.36	2.06	25.24
2,150	11.95	.87	10.64	3,650	20.29	1.47	18.07	5,150	28.63	2.08	25.49
2,200	12.23	.89	10.89	3,700	20.57	1.49	18.31	5,200	28.91	2.10	25.74
2,250	12.51	.91	11.14	3,750	20.85	1.51	18.56	5,250	29.19	2.12	25.99
2,300	12.79	.93	11.38	3,800	21.13	1.53	18.81	5,300	29.47	2.14	26.23
2,350	13.07	.95	11.63	3,850	21.41	1.55	19.06	5,350	29.75	2.16	26.48
2,400	13.34	.97	11.88	3,900	21.68	1.57	19.30	5,400	30.02	2.18	26.73
2,450	13.62	.99	12.13	3,950	21.96	1.59	19.55	----------	----------	----------	----------
2,500	13.90	1.01	12.37	4,000	22.24	1.61	19.80	----------	----------	----------	----------

20 YEARS—240 MONTHS 4½ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.64	$0.04	$0.49	$3,550	$22.47	$1.41	$17.50	$6,500	$41.15	$2.58	$32.03	$11,500	$72.80	$4.57	$56.67
200	1.27	.08	.99	3,600	22.79	1.43	17.74	6,600	41.78	2.62	32.53	11,600	73.43	4.61	57.17
300	1.90	.12	1.48	3,650	23.10	1.45	17.99	6,700	42.41	2.66	33.02	11,700	74.06	4.65	57.66
400	2.53	.16	1.97	3,700	23.42	1.47	18.23	6,800	43.04	2.70	33.51	11,800	74.69	4.69	58.15
500	3.17	.20	2.46	3,750	23.74	1.49	18.48	6,900	43.68	2.74	34.00	11,900	75.33	4.73	58.65
600	3.80	.24	2.96	3,800	24.05	1.51	18.73	7,000	44.31	2.78	34.50	12,000	75.96	4.77	59.14
700	4.43	.28	3.45	3,850	24.37	1.53	18.97	7,100	44.94	2.82	34.99	12,100	76.59	4.81	59.63
800	5.06	.32	3.94	3,900	24.69	1.55	19.22	7,200	45.58	2.86	35.48	12,200	77.23	4.85	60.12
900	5.70	.36	4.44	3,950	25.00	1.57	19.47	7,300	46.21	2.90	35.98	12,300	77.86	4.89	60.62
1,000	6.33	.40	4.93	4,000	25.32	1.59	19.71	7,400	46.84	2.94	36.47	12,400	78.49	4.93	61.11
1,100	6.96	.44	5.42	4,050	25.64	1.61	19.96	7,500	47.48	2.98	36.96	12,500	79.13	4.97	61.60
1,200	7.60	.48	5.91	4,100	25.95	1.63	20.21	7,600	48.11	3.02	37.45	12,600	79.76	5.00	62.10
1,300	8.23	.52	6.41	4,150	26.27	1.65	20.45	7,700	48.74	3.06	37.95	12,700	80.39	5.04	62.59
1,400	8.86	.56	6.90	4,200	26.59	1.67	20.70	7,800	49.37	3.10	38.44	12,800	81.02	5.08	63.08
1,500	9.50	.60	7.39	4,250	26.90	1.69	20.94	7,900	50.01	3.14	38.93	12,900	81.66	5.12	63.57
1,600	10.13	.64	7.89	4,300	27.22	1.71	21.19	8,000	50.64	3.18	39.43	13,000	82.29	5.16	64.07
1,700	10.76	.68	8.38	4,350	27.54	1.73	21.44	8,100	51.27	3.22	39.92	13,100	82.92	5.20	64.56
1,800	11.39	.71	8.87	4,400	27.85	1.75	21.68	8,200	51.91	3.26	40.41	13,200	83.56	5.24	65.05
1,900	12.03	.75	9.36	4.450	28.17	1.77	21.93	8,300	52.54	3.30	40.90	13,300	84.19	5.28	65.55
2,000	12.66	.79	9.86	4,500	28.49	1.79	22.18	8,400	53.17	3.34	41.40	13,400	84.82	5.32	66.04
2,050	12.98	.81	10.10	4,550	28.80	1.81	22.42	8,500	53.81	3.38	41.89	13,500	85.46	5.36	66.53
2,100	13.29	.83	10.35	4,600	29.12	1.83	22.67	8,600	54.44	3.42	42.38	13,600	86.09	5.40	67.02
2,150	13.61	.85	10.60	4.650	29.43	1.85	22.92	8,700	55.07	3.46	42.88	13,700	86.72	5.44	67.52
2,200	13.93	.87	10.84	4,700	29.75	1.87	23.16	8,800	55.70	3.50	43.37	13,800	87.35	5.48	68.01
2,250	14.24	.89	11.09	4,750	30.07	1.89	23.41	8,900	56.34	3.54	43.86	13,900	87.99	5.52	68.50
2,300	14.56	.91	11.33	4,800	30.38	1.91	23.66	9,000	56.97	3.57	44.35	14,000	88.62	5.56	68.99
2,350	14.88	.93	11.58	4,850	30.70	1.93	23.90	9,100	57.60	3.61	44.85	14,100	89.25	5.60	69.49
2,400	15.19	.95	11.83	4,900	31.02	1.95	24.15	9,200	58.24	3.65	45.34	14,200	89.89	5.64	69.98
2,450	15.51	.97	12.07	4,950	31.33	1.97	24.39	9,300	58.87	3.69	45.83	14,300	90.52	5.68	70.47
2,500	15.83	.99	12.32	5,000	31.65	1.99	24.64	9,400	59.50	3.73	46.33	14,400	91.15	5.72	70.97
2,550	16.14	1.01	12.57	5,050	31.97	2.01	24.89	9,500	60.14	3.77	46.82	14,500	91.79	5.76	71.46
2,600	16.46	1.03	12.81	5,100	32.28	2.03	25.13	9,600	60.77	3.81	47.31	14,600	92.42	5.80	71.95
2,650	16.77	1.05	13.06	5,150	32.60	2.05	25.38	9,700	61.40	3.85	47.80	14,700	93.05	5.84	72.44
2,700	17.09	1.07	13.31	5,200	32.92	2.07	25.63	9,800	62.03	3.89	48.30	14,800	93.68	5.88	72.94
2,750	17.41	1.09	13.55	5,250	33.23	2.09	25.87	9,900	62.67	3.93	48.79	14,900	94.32	5.92	73.43
2,800	17.72	1.11	13.80	5,300	33.55	2.11	26.12	10,000	63.30	3.97	49.28	15,000	94.95	5.96	73.92
2,850	18.04	1.13	14.05	5,350	33.87	2.13	26.37	10,100	63.93	4.01	49.77	15,100	95.58	6.00	74.42
2,900	18.36	1.15	14.29	5,400	34.18	2.14	26.61	10,200	64.57	4.05	50.27	15,200	96.22	6.04	74.91
2,950	18.67	1.17	14.54					10,300	65.20	4.09	50.76	15,300	96.85	6.08	75.40
3,000	18.99	1.19	14.78					10,400	65.83	4.13	51.25	15,400	97.48	6.12	75.89
3,050	19.31	1.21	15.03	5,500	34.82	2.18	27.11	10,500	66.47	4.17	51.75	15,500	98.12	6.16	76.39
3,100	19.62	1.23	15.28	5,600	35.45	2.22	27.60	10,600	67.10	4.21	52.24	15,600	98.75	6.20	76.88
3,150	19.94	1.25	15.52	5,700	36.08	2.26	28.09	10,700	67.73	4.25	52.73	15,700	99.38	6.24	77.37
3,200	20.26	1.27	15.77	5,800	36.71	2.30	28.58	10,800	68.36	4.29	53.22	15,800	100.01	6.28	77.87
3,250	20.57	1.29	16.02	5,900	37.35	2.34	29.08	10,900	69.00	4.33	53.72	15,900	100.65	6.32	78.36
3,300	20.89	1.31	16.26	6,000	37.98	2.38	29.57	11,000	69.63	4.37	54.21	16,000	101.28	6.36	78.85
3,350	21.21	1.33	16.51	6,100	38.61	2.42	30.06	11,100	70.26	4,41	54.70				
3,400	21.52	1.35	16.76	6,200	39.25	2.46	30.55	11,200	70.90	4.45	55.20				
3,450	21.84	1.37	17.00	6,300	39.88	2.50	31.05	11,300	71.53	4.49	55.69				
3,500	22.16	1.39	17.25	6,400	40.51	2.54	31.54	11,400	72.16	4.53	56.18				

15 YEARS—180 MONTHS

4½ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.77	$0.04	$0.49	$4,100	$31.37	$1.59	$20.05	$8,100	$61.97	$3.14	$39.62	$12,100	$92.57	$4.69	$59.19
200	1.53	.08	.98	4,200	32.13	1.63	20.54	8,200	62.73	3.18	40.11	12,200	93.33	4.73	59.68
300	2.30	.12	1.47	4,300	32.90	1.67	21.03	8,300	63.50	3.21	40.60	12,300	94.10	4.76	60.16
400	3.06	.15	1.96	4,400	33.66	1.70	21.52	8,400	64.26	3.25	41.09	12,400	94.86	4.80	60.65
500	3.83	.19	2.45	4,500	34.43	1.74	22.01	8,500	65.03	3.29	41.58	12,500	95.63	4.84	61.14
600	4.59	.23	2.93	4,600	35.19	1.78	22.50	8,600	65.79	3.33	42.07	12,600	96.39	4.88	61.63
700	5.36	.27	3.42	4,700	35.96	1.82	22.99	8,700	66.56	3.37	42.56	12,700	97.16	4.92	62.12
800	6.12	.31	3.91	4,800	36.72	1.86	23.48	8,800	67.32	3.41	43.04	12,800	97.92	4.96	62.61
900	6.89	.35	4.40	4,900	37.49	1.90	23.97	8,900	68.09	3.45	43.53	12,900	98.69	5.00	63.10
1,000	7.65	.39	4.89	5,000	38.25	1.94	24.46	9,000	68.85	3.49	44.02	13,000	99.45	5.03	63.59
1,100	8.42	.43	5.38	5,100	39.02	1.98	24.95	9,100	69.62	3.52	44.51	13,100	100.22	5.07	64.08
1,200	9.18	.46	5.87	5,200	39.78	2.01	25.44	9,200	70.38	3.56	45.00	13,200	100.98	5.11	64.57
1,300	9.95	.50	6.36	5,300	40.55	2.05	25.92	9,300	71.15	3.60	45.49	13,300	101.75	5.15	65.06
1,400	10.71	.54	6.85	5,400	41.31	2.09	26.41	9,400	71.91	3.64	45.98	13,400	102.51	5.19	65.54
1,500	11.48	.58	7.34	5,500	42.08	2.13	26.90	9,500	72.68	3.68	46.47	13,500	103.28	5.23	66.03
1,600	12.24	.62	7.83	5,600	42.84	2.17	27.39	9,600	73.44	3.72	46.96	13,600	104.04	5.27	66.52
1,700	13.01	.66	8.32	5,700	43.61	2.21	27.88	9,700	74.21	3.76	47.45	13,700	104.81	5.31	67.01
1,800	13.77	.70	8.80	5,800	44.37	2.25	28.37	9,800	74.97	3.80	47.94	13,800	105.57	5.34	67.50
1,900	14.54	.74	9.29	5,900	45.14	2.29	28.86	9,900	75.74	3.83	48.42	13,900	106.34	5.38	67.99
2,000	15.30	.77	9.78	6,000	45.90	2.32	29.35	10,000	76.50	3.87	48.91	14,000	107.10	5.42	68.48
2,100	16.07	.81	10.27	6,100	46.67	2.36	29.84	10,100	77.27	3.91	49.40	14,100	107.87	5.46	68.97
2,200	16.83	.85	10.76	6,200	47.43	2.40	30.33	10,200	78.03	3.95	49.89	14,200	108.63	5.50	69.46
2,300	17.60	.89	11.25	6,300	48.20	2.44	30.82	10,300	78.80	3.99	50.38	14,300	109.40	5.54	69.95
2,400	18.36	.93	11.74	6,400	48.96	2.48	31.30	10,400	79.56	4.03	50.87	14,400	110.16	5.58	70.44
2,500	19.13	.97	12.23	6,500	49.73	2.52	31.79	10,500	80.33	4.07	51.36	14,500	110.93	5.62	70.93
2,600	19.89	1.01	12.72	6,600	50.49	2.56	32.28	10,600	81.09	4.11	51.85	14,600	111.69	5.65	71.41
2,700	20.66	1.05	13.21	6,700	51.26	2.59	32.77	10,700	81.86	4.14	52.34	14,700	112.46	5.69	71.90
2,800	21.42	1.08	13.70	6,800	52.02	2.63	33.26	10,800	82.62	4.18	52.83	14,800	113.22	5.73	72.39
2,900	22.19	1.12	14.19	6,900	52.79	2.67	33.75	10,900	83.39	4.22	53.32	14,900	113.99	5.77	72.88
3,000	22.95	1.16	14.67	7,000	53.55	2.71	34.24	11,000	84.15	4.26	53.81	15,000	114.75	5.81	73.37
3,100	23.72	1.20	15.16	7,100	54.32	2.75	34.73	11,100	84.92	4.30	54.29	15,100	115.52	5.85	73.86
3,200	24.48	1.24	15.65	7,200	55.08	2.79	35.22	11,200	85.68	4.34	54.78	15,200	116.28	5.89	74.35
3,300	25.25	1.28	16.14	7,300	55.85	2.83	35.71	11,300	86.45	4.38	55.27	15,300	117.05	5.93	74.84
3,400	26.01	1.32	16.63	7,400	56.61	2.87	36.20	11,400	87.21	4.42	55.76	15,400	117.81	5.96	75.33
3,500	26.78	1.36	17.12	7,500	57.38	2.90	36.69	11,500	87.98	4.45	56.25	15,500	118.58	6.00	75.82
3,600	27.54	1.39	17.61	7,600	58.14	2.94	37.17	11,600	88.74	4.49	56.74	15,600	119.34	6.04	76.31
3,700	28.31	1.43	18.10	7,700	58.91	2.98	37.66	11,700	89.51	4.53	57.23	15.700	120.11	6.08	76.79
3,800	29.07	1.47	18.59	7,800	59.67	3.02	38.15	11,800	90.27	4.57	57.72	15,800	120.87	6.12	77.28
3,900	29.84	1.51	19.08	7,900	60.44	3.06	38.64	11,900	91.04	4.61	58.21	15,900	121.64	6.16	77.77
4,000	30.60	1.55	19.57	8,000	61.20	3.10	39.13	12,000	91.80	4.65	58.70	16,000	122.40	6.20	78.26

10 YEARS—120 MONTHS 4½ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$1.04	$0.04	$0.48	$4,100	$42.52	$1.50	$19.74	$8,100	$84.00	$2.97	$39.01	$12,100	$125.48	$4.44	$58.27
200	2.07	.07	.96	4,200	43.55	1.54	20.23	8,200	85.03	3.01	39.49	12,200	126.51	4.47	58.75
300	3.11	.11	1.44	4,300	44.59	1.58	20.71	8,300	86.07	3.04	39.97	12,300	127.55	4.51	59.23
400	4.15	.15	1.93	4,400	45.63	1.61	21.19	8,400	87.11	3.08	40.45	12,400	128.59	4.55	59.71
500	5.19	.18	2.41	4,500	46.67	1.65	21.67	8,500	88.15	3.12	40.93	12,500	129.63	4.59	60.20
600	6.22	.22	2.89	4,600	47.70	1.69	22.15	8,600	89.18	3.15	41.42	12,600	130.66	4.62	60.68
700	7.26	.26	3.37	4,700	48.74	1.72	22.63	8,700	90.22	3.19	41.90	12,700	131.70	4.66	61.16
800	8.30	.29	3.85	4,800	49.78	1.76	23.12	8,800	91.26	3.23	42.38	12,800	132.74	4.70	61.64
900	9.33	.33	4.33	4,900	50.81	1.80	23.60	8,900	92.29	3.26	42.86	12,900	133.77	4.73	62.12
1,000	10.37	.37	4.82	5,000	51.85	1.83	24.08	9,000	93.33	3.30	43.34	13,000	134.81	4.77	62.60
1,100	11.41	.40	5.30	5,100	52.89	1.87	24.56	9,100	94.37	3.34	43.82	13,100	135.85	4.81	63.09
1,200	12.44	.44	5.78	5,200	53.92	1.91	25.04	9,200	95.40	3.37	44.30	13,200	136.88	4.84	63.57
1,300	13.48	.48	6.26	5,300	54.96	1.94	25.52	9,300	96.44	3.41	44.79	13,300	137.92	4.88	64.05
1,400	14.52	.51	6.74	5,400	56.00	1.98	26.00	9,400	97.48	3.45	45.27	13,400	138.96	4.92	64.53
1,500	15.56	.55	7.22	5,500	57.04	2.02	26.49	9,500	98.52	3.48	45.75	13,500	140.00	4.95	65.01
1,600	16.59	.59	7.71	5,600	58.07	2.05	26.97	9,600	99.55	3.52	46.23	13,600	141.03	4.99	65.49
1,700	17.63	.62	8.19	5,700	59.11	2.09	27.45	9,700	100.59	3.56	46.71	13,700	142.07	5.03	65.98
1,800	18.67	.66	8.67	5,800	60.15	2.13	27.93	9,800	101.63	3.59	47.19	13,800	143.11	5.06	66.46
1,900	19.70	.70	9.15	5,900	61.18	2.16	28.41	9,900	102.66	3.63	47.68	13,900	144.14	5.10	66.94
2,000	20.74	.73	9.63	6,000	62.22	2.20	28.89	10,000	103.70	3.67	48.16	14,000	145.18	5.14	67.42
2,100	21.78	.77	10.11	6,100	63.26	2.24	29.38	10,100	104.74	3.70	48.64	14,100	146.22	5.17	67.90
2,200	22.81	.81	10.59	6,200	64.29	2.27	29.86	10,200	105.77	3.74	49.12	14,200	147.25	5.21	68.38
2,300	23.85	.84	11.08	6,300	65.33	2.31	30.34	10,300	106.81	3.78	49.60	14,300	148.29	5.25	68.86
2,400	24.89	.88	11.56	6,400	66.37	2.35	30.82	10,400	107.85	3.81	50.08	14,400	149.33	5.28	69.35
2,500	25.93	.92	12.04	6,500	67.41	2.38	31.30	10,500	108.89	3.85	50.56	14,500	150.37	5.32	69.83
2,600	26.96	.95	12.52	6,600	68.44	2.42	31.78	10,600	109.92	3.89	51.05	14,600	151.40	5.36	70.31
2,700	28.00	.99	13.00	6,700	69.48	2.46	32.27	10,700	110.96	3.92	51.53	14,700	152.44	5.39	70.79
2,800	29.04	1.03	13.48	6,800	70.52	2.49	32.75	10,800	112.00	3.96	52.01	14,800	153.48	5.43	71.27
2,900	30.07	1.06	13.97	6,900	71.55	2.53	33.23	10,900	113.03	4.00	52.49	14,900	154.51	5.47	71.75
3,000	31.11	1.10	14.45	7,000	72.59	2.57	33.71	11,000	114.07	4.03	52.97	15,000	155.55	5.50	72.24
3,100	32.15	1.14	14.93	7,100	73.63	2.60	34.19	11,100	115.11	4.07	53.45	15,100	156.59	5.54	72.72
3,200	33.18	1.17	15.41	7,200	74.66	2.64	34.67	11,200	116.14	4.11	53.94	15,200	157.62	5.58	73.20
3,300	34.22	1.21	15.89	7,300	75.70	2.68	35.15	11,300	117.18	4.14	54.42	15,300	158.66	5.61	73.68
3,400	35.26	1.25	16.37	7,400	76.74	2.71	35.64	11,400	118.22	4.18	54.90	15,400	159.70	5.65	74.16
3,500	36.30	1.28	16.85	7,500	77.78	2.75	36.12	11,500	119.26	4.22	55.38	15,500	160.74	5.69	74.64
3,600	37.33	1.32	17.34	7,600	78.81	2.79	36.60	11,600	120.29	4.25	55.86	15,600	161.77	5.72	75.12
3,700	38.37	1.36	17.82	7,700	79.85	2.82	37.08	11,700	121.33	4.29	56.34	15,700	162.81	5.76	75.61
3,800	39.41	1.39	18.30	7,800	80.89	2.86	37.56	11,800	122.37	4.33	56.83	15,800	163.85	5.80	76.09
3,900	40.44	1.43	18.78	7,900	81.92	2.90	38.04	11,900	123.40	4.36	57.31	15,900	164.88	5.83	76.57
4,000	41.48	1.47	19.26	8,000	82.96	2.93	38.53	12,000	124.44	4.40	57.79	16,000	165.92	5.87	77.05

25 YEARS—300 MONTHS 4¼ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.54	$0.04	$0.49	$2,550	$13.82	$1.03	$12.62	$4,050	$21.95	$1.63	$20.04
200	1.08	.08	.99	2,600	14.09	1.05	12.86	4,100	22.22	1.65	20.29
300	1.63	.12	1.48	2,650	14.36	1.07	13.11	4,150	22.49	1.67	20.53
400	2.17	.16	1.98	2,700	14.63	1.09	13.36	4,200	22.76	1.69	20.78
500	2.71	.20	2.47	2,750	14.91	1.11	13.61	4,250	23.04	1.71	21.03
600	3.25	.24	2.97	2,800	15.18	1.13	13.85	4,300	23.31	1.73	21.28
700	3.79	.28	3.46	2,850	15.45	1.15	14.10	4,350	23.58	1.75	21.52
800	4.34	.32	3.96	2,900	15.72	1.17	14.35	4,400	23.85	1.77	21.77
900	4.88	.36	4.45	2,950	15.99	1.19	14.60	4,450	24.12	1.79	22.02
1,000	5.42	.40	4.95	3,000	16.26	1.21	14.84	4,500	24.39	1.81	22.26
1,100	5.96	.44	5.44	3,050	16.53	1.23	15.09	4,550	24.66	1.83	22.51
1,200	6.50	.48	5.94	3,100	16.80	1.25	15.34	4,600	24.93	1.85	22.76
1,300	7.05	.52	6.43	3,150	17.07	1.27	15.59	4,650	25.20	1.87	23.01
1,400	7.59	.56	6.93	3,200	17.34	1.29	15.83	4,700	25.47	1.89	23.25
1,500	8.13	.60	7.42	3,250	17.62	1.31	16.08	4,750	25.75	1.91	23.50
1,600	8.67	.64	7.92	3,300	17.89	1.33	16.33	4,800	26.02	1.93	23.75
1,700	9.21	.68	8.41	3,350	18.16	1.35	16.57	4,850	26.29	1.95	24.00
1,800	9.76	.72	8.91	3,400	18.43	1.37	16.82	4,900	26.56	1.97	24.24
1,900	10.30	.76	9.40	3,450	18.70	1.39	17.07	4,950	26.83	1.99	24.49
2,000	10.84	.81	9.90	3,500	18.97	1.41	17.32	5,000	27.10	2.01	24.74
2,050	11.11	.83	10.14	3,550	19.24	1.43	17.56	5,050	27.37	2.03	24.99
2,100	11.38	.85	10.39	3,600	19.51	1.45	17.81	5,100	27.64	2.05	25.23
2,150	11.65	.87	10.64	3,650	19.78	1.47	18.06	5,150	27.91	2.07	25.48
2,200	11.92	.89	10.88	3,700	20.05	1.49	18.31	5,200	28.18	2.09	25.73
2,250	12.20	.91	11.13	3,750	20.33	1.51	18.55	5,250	28.46	2.11	25.98
2,300	12.47	.93	11.38	3,800	20.60	1.53	18.80	5,300	28.73	2.13	26.22
2,350	12.74	.95	11.63	3,850	20.87	1.55	19.05	5,350	29.00	2.15	26.47
2,400	13.01	.97	11.87	3,900	21.14	1.57	19.30	5,400	29.27	2.17	26.72
2,450	13.28	.99	12.12	3,950	21.41	1.59	19.54	----------	----------	----------	----------
2,500	13.55	1.01	12.37	4,000	21.68	1.61	19.79	----------	----------	----------	----------

20 YEARS—240 MONTHS

4¼ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.62	$0.04	$0.49	$3,550	$22.01	$1.41	$17.49	$6,500	$40.30	$2.58	$32.02	$11,500	$71.30	$4.56	$56.65
200	1.24	.08	.99	3,600	22.32	1.43	17.73	6,600	40.92	2.62	32.51	11,600	71.92	4.60	57.14
300	1.86	.12	1.48	3,650	22.63	1.45	17.98	6,700	41.54	2.66	33.00	11,700	72.54	4.64	57.63
400	2.48	.16	1.97	3,700	22.94	1.47	18.23	6,800	42.16	2.70	33.50	11,800	73.16	4.68	58.13
500	3.10	.20	2.46	3,750	23.25	1.49	18.47	6,900	42.78	2.74	33.99	11,900	73.78	4.72	58.62
600	3.72	.24	2.96	3,800	23.56	1.51	18.72	7,000	43.40	2.78	34.48	12,000	74.40	4.76	59.11
700	4.34	.28	3.45	3,850	23.87	1.53	18.97	7,100	44.02	2.82	34.97	12,100	75.02	4.80	59.60
800	4.96	.32	3.94	3,900	24.18	1.55	19.21	7,200	44.64	2.86	35.47	12,200	75.64	4.84	60.10
900	5.58	.36	4.43	3,950	24.49	1.57	19.46	7,300	45.26	2.90	35.96	12,300	76.26	4.88	60.59
1,000	6.20	.40	4.93	4,000	24.80	1.59	19.70	7,400	45.88	2.94	36.45	12,400	76.88	4.92	61.08
1,100	6.82	.44	5.42	4,050	25.11	1.61	19.95	7,500	46.50	2.98	36.95	12,500	77.50	4.96	61.58
1,200	7.44	.48	5.91	4,100	25.42	1.63	20.20	7,600	47.12	3.01	37.44	12,600	78.12	5.00	62.07
1,300	8.06	.52	6.40	4,150	25.73	1.65	20.44	7,700	47.74	3.05	37.93	12,700	78.74	5.04	62.56
1,400	8.68	.56	6.90	4,200	26.04	1.67	20.69	7,800	48.36	3.09	38.42	12,800	79.36	5.08	63.05
1,500	9.30	.60	7.39	4,250	26.35	1.69	20.94	7,900	48.98	3.13	38.92	12,900	79.98	5.12	63.55
1,600	9.92	.63	7.88	4,300	26.66	1.71	21.18	8,000	49.60	3.17	39.41	13,000	80.60	5.16	64.04
1,700	10.54	.67	8.37	4,350	26.97	1.73	21.43	8,100	50.22	3.21	39.90	13,100	81.22	5.20	64.53
1,800	11.16	.71	8.87	4,400	27.28	1.75	21.67	8,200	50.84	3.25	40.39	13,200	81.84	5.24	65.02
1,900	11.78	.75	9.36	4,450	27.59	1.77	21.92	8,300	51.46	3.29	40.89	13,300	82.46	5.28	65.52
2,000	12.40	.79	9.85	4,500	27.90	1.79	22.17	8,400	52.08	3.33	41.38	13,400	83.08	5.32	66.01
2,050	12.71	.81	10.10	4,550	28.21	1.80	22.41	8,500	52.70	3.37	41.87	13,500	83.70	5.36	66.50
2,100	13.02	.83	10.34	4,600	28.52	1.82	22.66	8,600	53.32	3.41	42.36	13,600	84.32	5.40	66.99
2,150	13.33	.85	10.59	4,650	28.83	1.84	22.91	8,700	53.94	3.45	42.86	13,700	84.94	5.43	67.49
2,200	13.64	.87	10.84	4,700	29.14	1.86	23.15	8,800	54.56	3.49	43.35	13,800	85.56	5.47	67.98
2,250	13.95	.89	11.08	4,750	29.45	1.88	23.40	8,900	55.18	3.53	43.84	13,900	86.18	5.51	68.47
2,300	14.26	.91	11.33	4,800	29.76	1.90	23.64	9,000	55.80	3.57	44.33	14,000	86.80	5.55	68.96
2,350	14.57	.93	11.58	4,850	30.07	1.92	23.89	9,100	56.42	3.61	44.83	14,100	87.42	5.59	69.46
2,400	14.88	.95	11.82	4,900	30.38	1.94	24.14	9,200	57.04	3.65	45.32	14,200	88.04	5.63	69.95
2,450	15.19	.97	12.07	4,950	30.69	1.96	24.38	9,300	57.66	3.69	45.81	14,300	88.66	5.67	70.44
2,500	15.50	.99	12.32	5,000	31.00	1.98	24.63	9,400	58.28	3.73	46.30	14,400	89.28	5.71	70.93
2,550	15.81	1.01	12.56	5,050	31.31	2.00	24.88	9,500	58.90	3.77	46.80	14,500	89.90	5.75	71.43
2,600	16.12	1.03	12.81	5,100	31.62	2.02	25.12	9,600	59.52	3.81	47.29	14,600	90.52	5.79	71.92
2,650	16.43	1.05	13.05	5,150	31.93	2.04	25.37	9,700	60.14	3.85	47.78	14,700	91.14	5.83	72.41
2,700	16.74	1.07	13.30	5,200	32.24	2.06	25.62	9,800	60.76	3.89	48.27	14,800	91.76	5.87	72.90
2,750	17.05	1.09	13.55	5,250	32.55	2.08	25.86	9,900	61.38	3.93	48.77	14,900	92.38	5.91	73.40
2,800	17.36	1.11	13.79	5,300	32.86	2.10	26.11	10,000	62.00	3.97	49.26	15,000	93.00	5.95	73.89
2,850	17.67	1.13	14.04	5,350	33.17	2.12	26.35	10,100	62.62	4.01	49.75	15,100	93.62	5.99	74.38
2,900	17.98	1.15	14.29	5,400	33.48	2.14	26.60	10,200	63.24	4.05	50.25	15,200	94.24	6.03	74.88
2,950	18.29	1.17	14.53	--------	--------	--------	--------	10,300	63.86	4.09	50.74	15,300	94.86	6.07	75.37
3,000	18.60	1.19	14.78	--------	--------	--------	--------	10,400	64.48	4.13	51.23	15,400	95.48	6.11	75.86
3,050	18.91	1.21	15.02	5,500	34.10	2.18	27.09	10,500	65.10	4.17	51.72	15,500	96.10	6.15	76.35
3,100	19.22	1.23	15.27	5,600	34.72	2.22	27.59	10,600	65.72	4.21	52.22	15,600	96.72	6.19	76.85
3,150	19.53	1.25	15.52	5,700	35.34	2.26	28.08	10,700	66.34	4.24	52.71	15,700	97.34	6.23	77.34
3,200	19.84	1.27	15.76	5,800	35.96	2.30	28.57	10,800	66.96	4.28	53.20	15,800	97.96	6.27	77.83
3,250	20.15	1.29	16.01	5,900	36.58	2.34	29.06	10,900	67.58	4.32	53.69	15,900	98.58	6.31	78.32
3,300	20.46	1.31	16.26	6,000	37.20	2.38	29.56	11,000	68.20	4.36	54.19	16,000	99.20	6.35	78.82
3,350	20.77	1.33	16.50	6,100	37.82	2.42	30.05	11,100	68.82	4.40	54.68	--------	--------	--------	--------
3,400	21.08	1.35	16.75	6,200	38.44	2.46	30.54	11,200	69.44	4.44	55.17	--------	--------	--------	--------
3,450	21.39	1.37	16.99	6,300	39.06	2.50	31.03	11,300	70.06	4.48	55.66	--------	--------	--------	--------
3,500	21.70	1.39	17.24	6,400	39.68	2.54	31.53	11,400	70.68	4.52	56.16	--------	--------	--------	--------

15 YEARS—180 MONTHS

4¼ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.75	$0.04	$0.49	$4,100	$30.87	$1.59	$20.04	$8,100	$60.99	$3.13	$39.60	$12,100	$91.11	$4.68	$59.16
200	1.51	.08	.98	4,200	31.63	1.62	20.53	8,200	61.75	3.17	40.09	12,200	91.87	4.72	59.65
300	2.26	.12	1.47	4,300	32.38	1.66	21.02	8,300	62.50	3.21	40.58	12,300	92.62	4.76	60.13
400	3.01	.15	1.96	4,400	33.13	1.70	21.51	8,400	63.25	3.25	41.07	12,400	93.37	4.80	60.62
500	3.77	.19	2.44	4,500	33.89	1.74	22.00	8,500	64.01	3.29	41.56	12,500	94.13	4.83	61.11
600	4.52	.23	2.93	4,600	34.64	1.78	22.49	8,600	64.76	3.33	42.05	12,600	94.88	4.87	61.60
700	5.27	.27	3.42	4,700	35.39	1.82	22.98	8,700	65.51	3.36	42.53	12,700	95.63	4.91	62.09
800	6.02	.31	3.91	4,800	36.14	1.86	23.47	8,800	66.26	3.40	43.02	12,800	96.38	4.95	62.58
900	6.78	.35	4.40	4,900	36.90	1.89	23.96	8,900	67.02	3.44	43.51	12,900	97.14	4.99	63.07
1,000	7.53	.39	4.89	5,000	37.65	1.93	24.45	9,000	67.77	3.48	44.00	13,000	97.89	5.03	63.56
1,100	8.28	.43	5.38	5,100	38.40	1.97	24.93	9,100	68.52	3.52	44.49	13,100	98.64	5.07	64.05
1,200	9.04	.46	5.87	5,200	39.16	2.01	25.42	9,200	69.28	3.56	44.98	13,200	99.40	5.10	64.53
1,300	9.79	.50	6.36	5,300	39.91	2.05	25.91	9,300	70.03	3.60	45.47	13,300	100.15	5.14	65.02
1,400	10.54	.54	6.84	5,400	40.66	2.09	26.40	9,400	70.78	3.63	45.96	13,400	100.90	5.18	65.51
1,500	11.30	.58	7.33	5,500	41.42	2.13	26.89	9,500	71.54	3.67	46.45	13,500	101.66	5.22	66.00
1,600	12.05	.62	7.82	5,600	42.17	2.17	27.38	9,600	72.29	3.71	46.93	13,600	102.41	5.26	66.49
1,700	12.80	.66	8.31	5,700	42.92	2.20	27.87	9,700	73.04	3.75	47.42	13,700	103.16	5.30	66.98
1,800	13.55	.70	8.80	5,800	43.67	2.24	28.36	9,800	73.79	3.79	47.91	13,800	103.91	5.34	67.47
1,900	14.31	.73	9.29	5,900	44.43	2.28	28.85	9,900	74.55	3.83	48.40	13,900	104.67	5.38	67.96
2,000	15.06	.77	9.78	6,000	45.18	2.32	29.33	10,000	75.30	3.87	48.89	14,000	105.42	5.41	68.45
2,100	15.81	.81	10.27	6,100	45.93	2.36	29.82	10,100	76.05	3.91	49.38	14,100	106.17	5.45	68.93
2,200	16.57	.85	10.76	6,200	46.69	2.40	30.31	10,200	76.81	3.94	49.87	14,200	106.93	5.49	69.42
2,300	17.32	.89	11.24	6,300	47.44	2.44	30.80	10,300	77.56	3.98	50.36	14,300	107.68	5.53	69.91
2,400	18.07	.93	11.73	6,400	48.19	2.47	31.29	10,400	78.31	4.02	50.85	14,400	108.43	5.57	70.40
2,500	18.83	.97	12.22	6,500	48.95	2.51	31.78	10,500	79.07	4.06	51.33	14,500	109.19	5.61	70.89
2,600	19.58	1.01	12.71	6,600	49.70	2.55	32.27	10,600	79.82	4.10	51.82	14,600	109.94	5.65	71.38
2,700	20.33	1.04	13.20	6,700	50.45	2.59	32.76	10,700	80.57	4.14	52.31	14,700	110.69	5.68	71.87
2,800	21.08	1.08	13.69	6,800	51.20	2.63	33.25	10,800	81.32	4.18	52.80	14,800	111.44	5.72	72.36
2,900	21.84	1.12	14.18	6,900	51.96	2.67	33.73	10,900	82.08	4.22	53.29	14,900	112.20	5.76	72.85
3,000	22.59	1.16	14.67	7,000	52.71	2.71	34.22	11,000	82.83	4.25	53.78	15,000	112.95	5.80	73.34
3,100	23.34	1.20	15.16	7,100	53.46	2.75	34.71	11,100	83.58	4.29	54.27	15,100	113.70	5.84	73.82
3,200	24.10	1.24	15.64	7,200	54.22	2.78	35.20	11,200	84.34	4.33	54.76	15,200	114.46	5.88	74.31
3,300	24.85	1.28	16.13	7,300	54.97	2.82	35.69	11,300	85.09	4.37	55.25	15,300	115.21	5.92	74.80
3,400	25.60	1.31	16.62	7,400	55.72	2.86	36.18	11,400	85.84	4.41	55.73	15,400	115.96	5.96	75.29
3,500	26.36	1.35	17.11	7,500	56.48	2.90	36.67	11,500	86.60	4.45	56.22	15,500	116.72	5.99	75.78
3,600	27.11	1.39	17.60	7,600	57.23	2.94	37.16	11,600	87.35	4.49	56.71	15,600	117.47	6.03	76.27
3,700	27.86	1.43	18.09	7,700	57.98	2.98	37.65	11,700	88.10	4.52	57.20	15,700	118.22	6.07	76.76
3,800	28.61	1.47	18.58	7,800	58.73	3.02	38.13	11,800	88.85	4.56	57.69	15,800	118.97	6.11	77.25
3,900	29.37	1.51	19.07	7,900	59.49	3.05	38.62	11,900	89.61	4.60	58.18	15,900	119.73	6.15	77.74
4,000	30.12	1.55	19.56	8,000	60.24	3.09	39.11	12,000	90.36	4.64	58.67	16,000	120.48	6.19	78.22

10 YEARS—120 MONTHS 4¼ PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$1.03	$0.04	$0.48	$4,100	$42.03	$1.50	$19.73	$8,100	$83.03	$2.97	$38.99	$12,100	$124.03	$4.43	$58.24
200	2.05	.07	.96	4,200	43.05	1.54	20.22	8,200	84.05	3.00	39.47	12,200	125.05	4.47	58.72
300	3.08	.11	1.44	4,300	44.08	1.57	20.70	8,300	85.08	3.04	39.95	12,300	126.08	4.50	59.20
400	4.10	.15	1.93	4,400	45.10	1.61	21.18	8,400	86.10	3.08	40.43	12,400	127.10	4.54	59.68
500	5.13	.18	2.41	4,500	46.13	1.65	21.66	8,500	87.13	3.11	40.91	12,500	128.13	4.58	60.17
600	6.15	.22	2.89	4,600	47.15	1.68	22.14	8,600	88.15	3.15	41.39	12,600	129.15	4.61	60.65
700	7.18	.26	3.37	4,700	48.18	1.72	22.62	8,700	89.18	3.19	41.88	12,700	130.18	4.65	61.13
800	8.20	.29	3.85	4,800	49.20	1.76	23.10	8,800	90.20	3.22	42.36	12,800	131.20	4.69	61.61
900	9.23	.33	4.33	4,900	50.23	1.79	23.59	8,900	91.23	3.26	42.84	12,900	132.23	4.72	62.09
1,000	10.25	.37	4.81	5,000	51.25	1.83	24.07	9,000	92.25	3.30	43.32	13,000	133.25	4.76	62.57
1,100	11.28	.40	5.29	5,100	52.28	1.87	24.55	9,100	93.28	3.33	43.80	13,100	134.28	4.80	63.05
1,200	12.30	.44	5.78	5,200	53.30	1.90	25.03	9,200	94.30	3.37	44.28	13,200	135.30	4.83	63.54
1,300	13.33	.48	6.26	5,300	54.33	1.94	25.51	9,300	95.33	3.41	44.76	13,300	136.33	4.87	64.02
1,400	14.35	.51	6.74	5,400	55.35	1.98	25.99	9,400	96.35	3.44	45.25	13,400	137.35	4.91	64.50
1,500	15.38	.55	7.22	5,500	56.38	2.01	26.47	9,500	97.38	3.48	45.73	13,500	138.38	4.94	64.98
1,600	16.40	.59	7.70	5,600	57.40	2.05	26.95	9,600	98.40	3.52	46.21	13,600	139.40	4.98	65.46
1,700	17.43	.62	8.18	5,700	58.43	2.09	27.44	9,700	99.43	3.55	46.69	13,700	140.43	5.02	65.94
1,800	18.45	.66	8.66	5,800	59.45	2.12	27.92	9,800	100.45	3.59	47.17	13,800	141.45	5.05	66.42
1,900	19.48	.70	9.15	5,900	60.48	2.16	28.40	9,900	101.48	3.63	47.65	13,900	142.48	5.09	66.90
2,000	20.50	.73	9.63	6,000	61.50	2.20	28.88	10,000	102.50	3.66	48.13	14,000	143.50	5.13	67.39
2,100	21.53	.77	10.11	6,100	62.53	2.23	29.36	10,100	103.53	3.70	48.61	14,100	144.53	5.16	67.87
2,200	22.55	.81	10.59	6,200	63.55	2.27	29.84	10,200	104.55	3.74	49.10	14,200	145.55	5.20	68.35
2,300	23.58	.84	11.07	6,300	64.58	2.31	30.32	10,300	105.58	3.77	49.58	14,300	146.58	5.24	68.83
2,400	24.60	.88	11.55	6,400	65.60	2.34	30.81	10,400	106.60	3.81	50.06	14,400	147.60	5.27	69.31
2,500	25.63	.92	12.03	6,500	66.63	2.38	31.29	10,500	107.63	3.85	50.54	14,500	148.63	5.31	69.79
2,600	26.65	.95	12.51	6,600	67.65	2.42	31.77	10,600	108.65	3.88	51.02	14,600	149.65	5.35	70.27
2,700	27.68	.99	13.00	6,700	68.68	2.45	32.25	10,700	109.68	3.92	51.50	14,700	150.68	5.38	70.76
2,800	28.70	1.03	13.48	6,800	69.70	2.49	32.73	10,800	110.70	3.95	51.98	14,800	151.70	5.42	71.24
2,900	29.73	1.06	13.96	6,900	70.73	2.53	33.21	10,900	111.73	3.99	52.46	14,900	152.73	5.46	71.72
3,000	30.75	1.10	14.44	7,000	71.75	2.56	33.69	11,000	112.75	4.03	52.95	15,000	153.75	5.49	72.20
3,100	31.78	1.14	14.92	7,100	72.78	2.60	34.17	11,100	113.78	4.06	53.43	15,100	154.78	5.53	72.68
3,200	32.80	1.17	15.40	7,200	73.80	2.64	34.66	11,200	114.80	4.10	53.91	15,200	155.80	5.57	73.16
3,300	33.83	1.21	15.88	7,300	74.83	2.67	35.14	11,300	115.83	4.14	54.39	15,300	156.83	5.60	73.64
3,400	34.85	1.25	16.37	7,400	75.85	2.71	35.62	11,400	116.85	4.17	54.87	15,400	157.85	5.64	74.12
3,500	35.88	1.28	16.85	7,500	76.88	2.75	36.10	11,500	117.88	4.21	55.35	15,500	158.88	5.68	74.61
3,600	36.90	1.32	17.33	7,600	77.90	2.78	36.58	11,600	118.90	4.25	55.83	15,600	159.90	5.71	75.09
3,700	37.93	1.35	17.81	7,700	78.93	2.82	37.06	11,700	119.93	4.28	56.32	15,700	160.93	5.75	75.57
3,800	38.95	1.39	18.29	7,800	79.95	2.86	37.54	11,800	120.95	4.32	56.80	15,800	161.95	5.79	76.05
3,900	39.98	1.43	18.77	7,900	80.98	2.89	38.03	11,900	121.98	4.36	57.28	15,900	162.98	5.82	76.53
4,000	41.00	1.46	19.25	8,000	82.00	2.93	38.51	12,000	123.00	4.39	57.76	16,000	164.00	5.86	77.01

25 YEARS—300 MONTHS 4 PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.53	$0.04	$0.49	$2,550	$13.46	$1.03	$12.61	$4,050	$21.38	$1.63	$20.03
200	1.06	.08	.99	2,600	13.73	1.05	12.86	4,100	21.65	1.65	20.28
300	1.58	.12	1.48	2,650	13.99	1.07	13.11	4,150	21.91	1.67	20.53
400	2.11	.16	1.98	2,700	14.26	1.09	13.35	4,200	22.18	1.69	20.77
500	2.64	.20	2.47	2,750	14.52	1.11	13.60	4,250	22.44	1.71	21.02
600	3.17	.24	2.97	2,800	14.78	1.13	13.85	4,300	22.70	1.73	21.27
700	3.70	.28	3.46	2,850	15.05	1.15	14.10	4,350	22.97	1.75	21.51
800	4.22	.32	3.96	2,900	15.31	1.17	14.34	4,400	23.23	1.77	21.76
900	4.75	.36	4.45	2,950	15.58	1.19	14.59	4,450	23.50	1.79	22.01
1,000	5.28	.40	4.95	3,000	15.84	1.21	14.84	4,500	23.76	1.81	22.26
1,100	5.81	.44	5.44	3,050	16.10	1.23	15.08	4,550	24.02	1.83	22.50
1,200	6.34	.48	5.94	3,100	16.37	1.25	15.33	4,600	24.29	1.85	22.75
1,300	6.86	.52	6.43	3,150	16.63	1.27	15.58	4,650	24.55	1.87	23.00
1,400	7.39	.56	6.92	3,200	16.90	1.29	15.83	4,700	24.82	1.89	23.25
1,500	7.92	.60	7.42	3,250	17.16	1.31	16.07	4,750	25.08	1.91	23.49
1,600	8.45	.64	7.91	3,300	17.42	1.33	16.32	4,800	25.34	1.93	23.74
1,700	8.98	.68	8.41	3,350	17.69	1.35	16.57	4,850	25.61	1.95	23.99
1,800	9.50	.72	8.90	3,400	17.95	1.37	16.82	4,900	25.87	1.97	24.23
1,900	10.03	.76	9.40	3,450	18.22	1.39	17.06	4,950	26.14	1.99	24.48
2,000	10.56	.80	9.89	3,500	18.48	1.41	17.31	5,000	26.40	2.01	24.73
2,050	10.82	.82	10.14	3,550	18.74	1.43	17.56	5,050	26.66	2.03	24.98
2,100	11.09	.84	10.39	3,600	19.01	1.45	17.81	5,100	26.93	2.05	25.22
2,150	11.35	.86	10.63	3,650	19.27	1.47	18.05	5,150	27.19	2.07	25.47
2,200	11.62	.88	10.88	3,700	19.54	1.49	18.30	5,200	27.46	2.09	25.72
2,250	11.88	.90	11.13	3,750	19.80	1.51	18.55	5,250	27.72	2.11	25.97
2,300	12.14	.92	11.38	3,800	20.06	1.53	18.79	5,300	27.98	2.13	26.21
2,350	12.41	.94	11.62	3,850	20.33	1.55	19.04	5,350	28.25	2.15	26.46
2,400	12.67	.97	11.87	3,900	20.59	1.57	19.29	5,400	28.51	2.17	26.71
2,450	12.94	.99	12.12	3,950	20.86	1.59	19.54				
2,500	13.20	1.01	12.36	4,000	21.12	1.61	19.78				

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.61	$0.04	$0.49	$3,550	$21.51	$1.41	$17.48	$6,500	$39.39	$2.58	$32.01	$11,500	$69.69	$4.56	$56.63
200	1.21	.08	.98	3,600	21.82	1.43	17.73	6,600	40.00	2.61	32.50	11,600	70.30	4.60	57.12
300	1.82	.12	1.48	3,650	22.12	1.45	17.97	6,700	40.60	2.65	32.99	11,700	70.90	4.64	57.61
400	2.42	.16	1.97	3,700	22.42	1.47	18.22	6,800	41.21	2.69	33.48	11,800	71.51	4.68	58.11
500	3.03	.20	2.46	3,750	22.73	1.49	18.47	6,900	41.81	2.73	33.98	11,900	72.11	4.71	58.60
600	3.64	.24	2.95	3,800	23.03	1.51	18.71	7,000	42.42	2.77	34.47	12,000	72.72	4.75	59.09
700	4.24	.28	3.45	3,850	23.33	1.53	18.96	7,100	43.03	2.81	34.96	12,100	73.33	4.79	59.58
800	4.85	.32	3.94	3,900	23.63	1.55	19.20	7,200	43.63	2.85	35.45	12,200	73.93	4.83	60.08
900	5.45	.36	4.43	3,950	23.94	1.56	19.45	7,300	44.24	2.89	35.95	12,300	74.54	4.87	60.57
1,000	6.06	.40	4.92	4,000	24.24	1.58	19.70	7,400	44.84	2.93	36.44	12,400	75.14	4.91	61.06
1,100	6.67	.44	5.42	4,050	24.54	1.60	19.94	7,500	45.45	2.97	36.93	12,500	75.75	4.95	61.55
1,200	7.27	.48	5.91	4,100	24.85	1.62	20.19	7,600	46.06	3.01	37.42	12,600	76.36	4.99	62.04
1,300	7.88	.52	6.40	4,150	25.15	1.64	20.44	7,700	46.66	3.05	37.92	12,700	76.96	5.03	62.54
1,400	8.48	.55	6.89	4,200	25.45	1.66	20.68	7,800	47.27	3.09	38.41	12,800	77.57	5.07	63.03
1,500	9.09	.59	7.39	4,250	25.76	1.68	20.93	7,900	47.87	3.13	38.90	12,900	78.17	5.11	63.52
1,600	9.70	.63	7.88	4,300	26.06	1.70	21.17	8,000	48.48	3.17	39.39	13,000	78.78	5.15	64.01
1,700	10.30	.67	8.37	4,350	26.36	1.72	21.42	8,100	49.09	3.21	39.89	13,100	79.39	5.19	64.51
1,800	10.91	.71	8.86	4,400	26.66	1.74	21.67	8,200	49.69	3.25	40.38	13,200	79.99	5.23	65.00
1,900	11.51	.75	9.36	4,450	26.97	1.76	21.91	8,300	50.30	3.29	40.87	13,300	80.60	5.27	65.49
2,000	12.12	.79	9.85	4,500	27.27	1.78	22.16	8,400	50.90	3.33	41.36	13,400	81.20	5.31	65.98
2,050	12.42	.81	10.09	4,550	27.57	1.80	22.41	8,500	51.51	3.37	41.86	13,500	81.81	5.35	66.48
2,100	12.73	.83	10.34	4,600	27.88	1.82	22.65	8,600	52.12	3.41	42.35	13,600	82.42	5.39	66.97
2,150	13.03	.85	10.59	4,650	28.18	1.84	22.90	8,700	52.72	3.45	42.84	13,700	83.02	5.43	67.46
2,200	13.33	.87	10.83	4,700	28.48	1.86	23.14	8,800	53.33	3.49	43.33	13,800	83.63	5.47	67.95
2,250	13.64	.89	11.08	4,750	28.79	1.88	23.39	8,900	53.93	3.53	43.83	13,900	84.23	5.51	68.45
2,300	13.94	.91	11.33	4,800	29.09	1.90	23.64	9,000	54.54	3.57	44.32	14,000	84.84	5.55	68.94
2,350	14.24	.93	11.57	4,850	29.39	1.92	23.88	9,100	55.15	3.61	44.81	14,100	85.45	5.59	69.43
2,400	14.54	.95	11.82	4,900	29.69	1.94	24.13	9,200	55.75	3.65	45.30	14,200	86.05	5.63	69.92
2,450	14.85	.97	12.06	4,950	30.00	1.96	24.37	9,300	56.36	3.68	45.80	14,300	86.66	5.67	70.42
2,500	15.15	.99	12.31	5,000	30.30	1.98	24.62	9,400	56.96	3.72	46.29	14,400	87.26	5.71	70.91
2,550	15.45	1.01	12.56	5,050	30.60	2.00	24.87	9,500	57.57	3.76	46.78	14,500	87.87	5.74	71.40
2,600	15.76	1.03	12.80	5,100	30.91	2.02	25.11	9,600	58.18	3.80	47.27	14,600	88.48	5.78	71.89
2,650	16.06	1.05	13.05	5,150	31.21	2.04	25.36	9,700	58.78	3.84	47.76	14,700	89.08	5.82	72.39
2,700	16.36	1.07	13.30	5,200	31.51	2.06	25.61	9,800	59.39	3.88	48.26	14,800	89.69	5.86	72.88
2,750	16.67	1.09	13.54	5,250	31.82	2.08	25.85	9,900	59.99	3.92	48.75	14,900	90.29	5.90	73.37
2,800	16.97	1.11	13.79	5,300	32.12	2.10	26.10	10,000	60.60	3.96	49.24	15,000	90.90	5.94	73.86
2,850	17.27	1.13	14.03	5,350	32.42	2.12	26.34	10,100	61.21	4.00	49.73	15,100	91.51	5.98	74.36
2,900	17.57	1.15	14.28	5,400	32.72	2.14	26.59	10,200	61.81	4.04	50.23	15,200	92.11	6.02	74.85
2,950	17.88	1.17	14.53	--------	--------	--------	--------	10,300	62.42	4.08	50.72	15,300	92.72	6.06	75.34
3,000	18.18	1.19	14.77	--------	--------	--------	--------	10,400	63.02	4.12	51.21	15,400	93.32	6.10	75.83
3,050	18.48	1.21	15.02	5,500	33.33	2.18	27.08	10,500	63.63	4.16	51.70	15,500	93.93	6.14	76.33
3,100	18.79	1.23	15.27	5,600	33.94	2.22	27.58	10,600	64.24	4.20	52.20	15,600	94.54	6.18	76.82
3,150	19.09	1.25	15.51	5,700	34.54	2.26	28.07	10,700	64.84	4.24	52.69	15,700	95.14	6.22	77.31
3,200	19.39	1.27	15.76	5,800	35.15	2.30	28.56	10,800	65.45	4.28	53.18	15,800	95.75	6.26	77.80
3,250	19.70	1.29	16.00	5,900	35.75	2.34	29.05	10,900	66.05	4.32	53.67	15,900	96.35	6.30	78.29
3,300	20.00	1.31	16.25	6,000	36.36	2.38	29.55	11,000	66.66	4.36	54.17	16,000	96.96	6.34	78.79
3,350	20.30	1.33	16.50	6,100	36.97	2.42	30.04	11,100	67.27	4.40	54.66	--------	--------	--------	--------
3,400	20.60	1.35	16.74	6,200	37.57	2.46	30.53	11,200	67.87	4.44	55.15	--------	--------	--------	--------
3,450	20.91	1.37	16.99	6,300	38.18	2.50	31.02	11,300	68.48	4.48	55.64	--------	--------	--------	--------
3,500	21.21	1.39	17.23	6,400	38.78	2.54	31.51	11,400	69.08	4.52	56.14	--------	--------	--------	--------

15 YEARS—180 MONTHS 4 PERCENT

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$0.74	$0.04	$0.49	$4,100	$30.34	$1.58	$20.04	$8,100	$59.94	$3.13	$39.58	$12,100	$89.54	$4.67	$59.13
200	1.48	.08	.98	4,200	31.08	1.62	20.52	8,200	60.68	3.17	40.07	12,200	90.28	4.71	59.62
300	2.22	.12	1.47	4,300	31.82	1.66	21.01	8,300	61.42	3.20	40.56	12,300	91.02	4.75	60.11
400	2.96	.15	1.95	4,400	32.56	1.70	21.50	8,400	62.16	3.24	41.05	12,400	91.76	4.79	60.60
500	3.70	.19	2.44	4,500	33.30	1.74	21.99	8,500	62.90	3.28	41.54	12,500	92.50	4.83	61.09
600	4.44	.23	2.93	4,600	34.04	1.78	22.48	8,600	63.64	3.32	42.03	12,600	93.24	4.86	61.57
700	5.18	.27	3.42	4,700	34.78	1.81	22.97	8,700	64.38	3.36	42.52	12,700	93.98	4.90	62.06
800	5.92	.31	3.91	4,800	35.52	1.85	23.46	8,800	65.12	3.40	43.00	12,800	94.72	4.94	62.55
900	6.66	.35	4.40	4,900	36.26	1.89	23.95	8,900	65.86	3.44	43.49	12,900	95.46	4.98	63.04
1,000	7.40	.39	4.89	5,000	37.00	1.93	24.43	9,000	66.60	3.47	43.98	13,000	96.20	5.02	63.53
1,100	8.14	.42	5.38	5,100	37.74	1.97	24.92	9,100	67.34	3.51	44.47	13,100	96.94	5.06	64.02
1,200	8.88	.46	5.86	5,200	38.48	2.01	25.41	9,200	68.08	3.55	44.96	13,200	97.68	5.10	64.51
1,300	9.62	.50	6.35	5,300	39.22	2.05	25.90	9,300	68.82	3.59	45.45	13,300	98.42	5.14	65.00
1,400	10.36	.54	6.84	5,400	39.96	2.08	26.39	9,400	69.56	3.63	45.94	13,400	99.16	5.17	65.48
1,500	11.10	.58	7.33	5,500	40.70	2.12	26.88	9,500	70.30	3.67	46.43	13,500	99.90	5.21	65.97
1,600	11.84	.62	7.82	5,600	41.44	2.16	27.37	9,600	71.04	3.71	46.91	13,600	100.64	5.25	66.46
1,700	12.58	.66	8.31	5,700	42.18	2.20	27.86	9,700	71.78	3.75	47.40	13,700	101.38	5.29	66.95
1,800	13.32	.69	8.80	5,800	42.92	2.24	28.34	9,800	72.52	3.78	47.89	13,800	102.12	5.33	67.44
1,900	14.06	.73	9.29	5,900	43.66	2.28	28.83	9,900	73.26	3.82	48.38	13,900	102.86	5.37	67.93
2,000	14.80	.77	9.77	6,000	44.40	2.32	29.32	10,000	74.00	3.86	48.87	14,000	103.60	5.41	68.42
2,100	15.54	.81	10.26	6,100	45.14	2.36	29.81	10,100	74.74	3.90	49.36	14,100	104.34	5.44	68.91
2,200	16.28	.85	10.75	6,200	45.88	2.39	30.30	10,200	75.48	3.94	49.85	14,200	105.08	5.48	69.39
2,300	17.02	.89	11.24	6,300	46.62	2.43	30.79	10,300	76.22	3.98	50.34	14,300	105.82	5.52	69.88
2,400	17.76	.93	11.73	6,400	47.36	2.47	31.28	10,400	76.96	4.02	50.82	14,400	106.56	5.56	70.37
2,500	18.50	.97	12.22	6,500	48.10	2.51	31.76	10,500	77.70	4.05	51.31	14,500	107.30	5.60	70.86
2,600	19.24	1.00	12.71	6,600	48.84	2.55	32.25	10,600	78.44	4.09	51.80	14,600	108.04	5.64	71.35
2,700	19.98	1.04	13.19	6,700	49.58	2.59	32.74	10,700	79.18	4.13	52.29	14,700	108.78	5.68	71.84
2,800	20.72	1.08	13.68	6,800	50.32	2.63	33.23	10,800	79.92	4.17	52.78	14,800	109.52	5.71	72.33
2,900	21.46	1.12	14.17	6,900	51.06	2.66	33.72	10,900	80.66	4.21	53.27	14,900	110.26	5.75	72.81
3,000	22.20	1.16	14.66	7,000	51.80	2.70	34.21	11,000	81.40	4.25	53.76	15,000	111.00	5.79	73.30
3,100	22.94	1.20	15.15	7,100	52.54	2.74	34.70	11,100	82.14	4.29	54.24	15,100	111.74	5.83	73.79
3,200	23.68	1.24	15.64	7,200	53.28	2.78	35.19	11,200	82.88	4.32	54.73	15,200	112.48	5.87	74.28
3,300	24.42	1.27	16.13	7,300	54.02	2.82	35.67	11,300	83.62	4.36	55.22	15,300	113.22	5.91	74.77
3,400	25.16	1.31	16.62	7,400	54.76	2.86	36.16	11,400	84.36	4.40	55.71	15,400	113.96	5.95	75.26
3,500	25.90	1.35	17.10	7,500	55.50	2.90	36.65	11,500	85.10	4.44	56.20	15,500	114.70	5.98	75.75
3,600	26.64	1.39	17.59	7,600	56.24	2.93	37.14	11,600	85.84	4.48	56.69	15,600	115.44	6.02	76.24
3,700	27.38	1.43	18.08	7,700	56.98	2.97	37.63	11,700	86.58	4.52	57.18	15,700	116.18	6.06	76.72
3,800	28.12	1.47	18.57	7,800	57.72	3.01	38.12	11,800	87.32	4.56	57.67	15,800	116.92	6.10	77.21
3,900	28.86	1.51	19.06	7,900	58.46	3.05	38.61	11,900	88.06	4.59	58.15	15,900	117.66	6.14	77.70
4,000	29.60	1.54	19.55	8,000	59.20	3.09	39.10	12,000	88.80	4.63	58.64	16,000	118.40	6.18	78.19

Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium	Mortgage principal	Monthly payment to principal and interest	One-twelfth second annual premium	Initial annual M. I. premium
$100	$1.01	$0.04	$0.48	$4,100	$41.53	$1.50	$19.73	$8,100	$82.05	$2.96	$38.97	$12,100	$122.57	$4.42	$58.21
200	2.03	.07	.96	4,200	42.55	1.54	20.21	8,200	83.07	3.00	39.45	12,200	123.59	4.46	58.69
300	3.04	.11	1.44	4,300	43.56	1.57	20.69	8,300	84.08	3.04	39.93	12,300	124.60	4.50	59.18
400	4.05	.15	1.92	4,400	44.57	1.61	21.17	8,400	85.09	3.07	40.41	12,400	125.61	4.53	59.66
500	5.07	.18	2.41	4,500	45.59	1.65	21.65	8,500	86.11	3.11	40.89	12,500	126.63	4.57	60.14
600	6.08	.22	2.89	4,600	46.60	1.68	22.13	8,600	87.12	3.15	41.37	12,600	127.64	4.61	60.62
700	7.09	.26	3.37	4,700	47.61	1.72	22.61	8,700	88.13	3.18	41.86	12,700	128.65	4.64	61.10
800	8.10	.29	3.85	4, 800	48.62	1.76	23.09	8,800	89.14	3.22	42.34	12,800	129.66	4.68	61.58
900	9.12	.33	4.33	4, 900	49.64	1.79	23.57	8, 900	90.16	3.25	42.82	12,900	130.68	4.72	62.06
1,000	10.13	.37	4.81	5,000	50.65	1.83	24.06	9,000	91.17	3.29	43.30	13,000	131.69	4.75	62.54
1,100	11.14	.40	5.29	5,100	51.66	1.87	24.54	9, 100	92.18	3.33	43.78	13,100	132.70	4.79	63.02
1,200	12.16	.44	5.77	5, 200	52.68	1.90	25.02	9,200	93.20	3.36	44.26	13,200	133.72	4.83	63.51
1,300	13.17	.48	6.25	5,300	53.69	1.94	25.50	9,300	94.21	3.40	44.74	13,300	134.73	4.86	63.99
1,400	14.18	.51	6.74	5,400	54.70	1.97	25.98	9, 400	95.22	3.44	45.22	13,400	135.74	4.90	64.47
1,500	15.20	.55	7.22	5,500	55.72	2.01	26.46	9, 500	96.24	3.47	45.70	13,500	136.76	4.94	64.95
1,600	16.21	.59	7.70	5,600	56.73	2.05	26.94	9,600	97.25	3.51	46.19	13,600	137.77	4.97	65.43
1,700	17.22	.62	8.18	5,700	57.74	2.08	27.42	9,700	98.26	3.55	46.67	13,700	138.78	5.01	65.91
1,800	18.23	.66	8.66	5,800	58.75	2.12	27.90	9,800	99.27	3.58	47.15	13,800	139.79	5.05	66.39
1,900	19.25	.69	9.14	5,900	59.77	2.16	28.38	9,900	100.29	3.62	47.63	13,900	140.81	5.08	66.87
2,000	20.26	.73	9.62	6,000	60.78	2.19	28.87	10,000	101.30	3.66	48.11	14,000	141.82	5.12	67.35
2,100	21.27	.77	10.10	6,100	61.79	2.23	29.35	10,100	102.31	3.69	48.59	14,100	142.83	5.16	67.84
2,200	22.29	.80	10.58	6,200	62.81	2.27	29.83	10,200	103.33	3.73	49.07	14,200	143.85	5.19	68.32
2,300	23.30	.84	11.07	6,300	63.82	2.30	30.31	10,300	104.34	3.77	49.55	14,300	144.86	5.23	68.80
2,400	24.31	.88	11.55	6,400	64.83	2.34	30.79	10,400	105.35	3.80	50.03	14,400	145.87	5.27	69.28
2,500	25.33	.91	12.03	6,500	65.85	2.38	31.27	10,500	106.37	3.84	50.52	14, 500	146.89	5.30	69.76
2,600	26.34	.95	12.51	6,600	66.86	2.41	31.75	10,600	107.38	3.88	51.00	14, 600	147.90	5.34	70.24
2,700	27.35	.99	12.99	6,700	67.87	2.45	32.23	10,700	108.39	3.91	51.48	14,700	148.91	5.38	70.72
2,800	28.36	1.02	13.47	6,800	68.88	2.49	32.71	10,800	109.40	3.95	51.96	14,800	149.92	5.41	71.20
2,900	29.38	1.06	13.95	6,900	69.90	2.52	33.20	10,900	110.42	3.99	52.44	14,900	150.94	5.45	71.68
3,000	30.39	1.10	14.43	7,000	70.91	2.56	33.68	11,000	111.43	4.02	52.92	15,000	151.95	5.49	72.17
3, 100	31.40	1.13	14.91	7,100	71.92	2.60	34.16	11,100	112.44	4.06	53.40	15,100	152.96	5.52	72.65
3,200	32.42	1.17	15.40	7,200	72.94	2.63	34.64	11,200	113.46	4.10	53.88	15,200	153.98	5.56	73.13
3,300	33.43	1.21	15.88	7,300	73.95	2.67	35.12	11,300	114.47	4.13	54.36	15,300	154.99	5.60	73.61
3,400	34.44	1.24	16.36	7,400	74.96	2.71	35.60	11,400	115.48	4.17	54.85	15,400	156.00	5.63	74.09
3,500	35.46	1.28	16.84	7,500	75.98	2.74	36.08	11,500	116.50	4.21	55.33	15,500	157.02	5.67	74.57
3,600	36.47	1.32	17.32	7,600	76.99	2.78	36.56	11,600	117.51	4.24	55.81	15,600	158.03	5.70	75.05
3,700	37.48	1.35	17.80	7,700	78.00	2.82	37.04	11,700	118.52	4.28	56.29	15,700	159.04	5.74	75.53
3,800	38.49	1.39	18.28	7,800	79.01	2.85	37.53	11,800	119.53	4.32	56.77	15,800	160.05	5.78	76.01
3,900	39.51	1.43	18.76	7, 900	80.03	2.89	38.01	11,900	120.55	4.35	57.25	15,900	161.07	5.81	76.49
4,000	40.52	1.46	19.24	8,000	81.04	2.93	38.49	12,000	121.56	4.39	57.73	16,000	162.08	5.85	76.98

AMORTIZATION TABLES

Monthly installments necessary to liquidate a loan in equal payments from 1 to 25 years at the specified interest rate

Term of loan		Number of payments	Monthly installment per thousand dollars including interest—					
Years	Months		At 3¾%	At 4%	At 4¼%	At 4½%	At 4¾%	At 5%
25	0	300	$5.15	$5.28	$5.42	$5.56	$5.71	$5.85
24	11	299	5.16	5.29	5.43	5.57	5.72	5.86
24	10	298	5.17	5.30	5.44	5.58	5.73	5.87
24	9	297	5.18	5.31	5.45	5.59	5.74	5.88
24	8	296	5.19	5.32	5.46	5.60	5.75	5.89
24	7	295	5.20	5.34	5.47	5.61	5.76	5.90
24	6	294	5.21	5.35	5.48	5.62	5.77	5.91
24	5	293	5.22	5.36	5.50	5.64	5.78	5.92
24	4	292	5.23	5.37	5.51	5.65	5.79	5.93
24	3	291	5.24	5.38	5.52	5.66	5.80	5.94
24	2	290	5.25	5.39	5.53	5.67	5.81	5.95
24	1	289	5.26	5.40	5.54	5.68	5.82	5.96
24	0	288	5.28	5.41	5.55	5.69	5.83	5.97
23	11	287	5.29	5.42	5.56	5.70	5.84	5.98
23	10	286	5.30	5.43	5.57	5.71	5.85	6.00
23	9	285	5.31	5.45	5.58	5.72	5.86	6.01
23	8	284	5.32	5.46	5.59	5.73	5.87	6.02
23	7	283	5.33	5.47	5.61	5.75	5.89	6.03
23	6	282	5.35	5.48	5.62	5.76	5.90	6.04
23	5	281	5.36	5.49	5.63	5.77	5.91	6.05
23	4	280	5.37	5.50	5.64	5.78	5.92	6.06
23	3	279	5.38	5.52	5.65	5.79	5.93	6.07
23	2	278	5.39	5.53	5.66	5.80	5.94	6.09
23	1	277	5.41	5.54	5.68	5.82	5.96	6.10
23	0	276	5.42	5.55	5.69	5.83	5.97	6.11
22	11	275	5.43	5.56	5.70	5.84	5.98	6.12
22	10	274	5.44	5.58	5.71	5.85	5.99	6.13
22	9	273	5.46	5.59	5.73	5.86	6.00	6.14
22	8	272	5.47	5.60	5.74	5.88	6.02	6.16
22	7	271	5.48	5.62	5.75	5.89	6.03	6.17
22	6	270	5.49	5.63	5.76	5.90	6.04	6.18
22	5	269	5.51	5.64	5.78	5.91	6.05	6.19
22	4	268	5.52	5.65	5.79	5.93	6.07	6.21
22	3	267	5.53	5.67	5.80	5.94	6.08	6.22
22	2	266	5.55	5.68	5.82	5.95	6.09	6.23
22	1	265	5.56	5.69	5.83	5.97	6.10	6.24
22	0	264	5.57	5.71	5.84	5.98	6.12	6.26
21	11	263	5.59	5.72	5.86	5.99	6.13	6.27
21	10	262	5.60	5.73	5.87	6.01	6.14	6.28
21	9	261	5.61	5.75	5.88	6.02	6.16	6.30
21	8	260	5.63	5.76	5.90	6.03	6.17	6.31
21	7	259	5.64	5.78	5.91	6.05	6.18	6.32
21	6	258	5.66	5.79	5.92	6.06	6.20	6.34
21	5	257	5.67	5.80	5.94	6.07	6.21	6.35
21	4	256	5.69	5.82	5.95	6.09	6.23	6.37
21	3	255	5.70	5.83	5.97	6.10	6.24	6.38
21	2	254	5.71	5.85	5.98	6.12	6.25	6.39
21	1	253	5.73	5.86	6.00	6.13	6.27	6.41
21	0	252	5.74	5.88	6.01	6.15	6.28	6.42
20	11	251	5.76	5.89	6.03	6.16	6.30	6.44
20	10	250	5.77	5.91	6.04	6.18	6.31	6.45
20	9	249	5.79	5.92	6.06	6.19	6.33	6.47
20	8	248	5.81	5.94	6.07	6.21	6.34	6.48
20	7	247	5.82	5.95	6.09	6.22	6.36	6.50
20	6	246	5.84	5.97	6.10	6.24	6.37	6.51
20	5	245	5.85	5.98	6.12	6.25	6.39	6.53
20	4	244	5.87	6.00	6.13	6.27	6.40	6.54
20	3	243	5.88	6.02	6.15	6.28	6.42	6.56
20	2	242	5.90	6.03	6.16	6.30	6.44	6.57
20	1	241	5.92	6.05	6.18	6.32	6.45	6.59

AMORTIZATION TABLES—Continued

Monthly installments necessary to liquidate a loan in equal payments from 1 to 25 years at the specified interest rate

Term of loan		Number of payments	Monthly installment per thousand dollars including interest—					
Years	Months		At 3¾%	At 4%	At 4¼%	At 4½%	At 4¾%	At 5%
20	0	240	5.93	6.06	6.20	6.33	6.47	6.60
19	11	239	5.95	6.08	6.21	6.35	6.48	6.62
19	10	238	5.97	6.10	6.23	6.36	6.50	6.64
19	9	237	5.98	6.11	6.25	6.38	6.52	6.65
19	8	236	6.00	6.13	6.26	6.40	6.53	6.67
19	7	235	6.02	6.15	6.28	6.41	6.55	6.69
19	6	234	6.04	6.17	6.30	6.43	6.57	6.70
19	5	233	6.05	6.18	6.32	6.45	6.58	6.72
19	4	232	6.07	6.20	6.33	6.47	6.60	6.74
19	3	231	6.09	6.22	6.35	6.48	6.62	6.75
19	2	230	6.11	6.24	6.37	6.50	6.64	6.77
19	1	229	6.13	6.26	6.39	6.52	6.65	6.79
19	0	228	6.14	6.27	6.40	6.54	6.67	6.81
18	11	227	6.16	6.29	6.42	6.56	6.69	6.83
18	10	226	6.18	6.31	6.44	6.57	6.71	6.84
18	9	225	6.20	6.33	6.46	6.59	6.73	6.86
18	8	224	6.22	6.35	6.48	6.61	6.75	6.88
18	7	223	6.24	6.37	6.50	6.63	6.76	6.90
18	6	222	6.26	6.39	6.52	6.65	6.78	6.92
18	5	221	6.28	6.41	6.54	6.67	6.80	6.94
18	4	220	6.30	6.43	6.56	6.69	6.82	6.96
18	3	219	6.32	6.45	6.58	6.71	6.84	6.98
18	2	218	6.34	6.47	6.60	6.73	6.86	7.00
18	1	217	6.36	6.49	6.62	6.75	6.88	7.02
18	0	216	6.38	6.51	6.64	6.77	6.90	7.04
17	11	215	6.40	6.53	6.66	6.79	6.92	7.06
17	10	214	6.42	6.55	6.68	6.81	6.94	7.08
17	9	213	6.44	6.57	6.70	6.83	6.96	7.10
17	8	212	6.46	6.59	6.72	6.85	6.98	7.12
17	7	211	6.48	6.61	6.74	6.87	7.00	7.14
17	6	210	6.51	6.63	6.76	6.89	7.03	7.16
17	5	209	6.53	6.66	6.79	6.92	7.05	7.18
17	4	208	6.55	6.68	6.81	6.94	7.07	7.20
17	3	207	6.57	6.70	6.83	6.96	7.09	7.22
17	2	206	6.60	6.72	6.85	6.98	7.11	7.25
17	1	205	6.62	6.75	6.87	7.00	7.14	7.27
17	0	204	6.64	6.77	6.90	7.03	7.16	7.29
16	11	203	6.67	6.79	6.92	7.05	7.18	7.31
16	10	202	6.69	6.82	6.94	7.07	7.20	7.34
16	9	201	6.71	6.84	6.97	7.10	7.23	7.36
16	8	200	6.74	6.86	6.99	7.12	7.25	7.38
16	7	199	6.76	6.89	7.02	7.15	7.28	7.41
16	6	198	6.79	6.91	7.04	7.17	7.30	7.43
16	5	197	6.81	6.94	7.06	7.19	7.32	7.46
16	4	196	6.84	6.96	7.09	7.22	7.35	7.48
16	3	195	6.86	6.99	7.11	7.24	7.37	7.51
16	2	194	6.89	7.01	7.14	7.27	7.40	7.53
16	1	193	6.91	7.04	7.17	7.29	7.42	7.56
16	0	192	6.94	7.06	7.19	7.32	7.45	7.58
15	11	191	6.97	7.09	7.22	7.35	7.48	7.61
15	10	190	6.99	7.12	7.25	7.37	7.50	7.63
15	9	189	7.02	7.15	7.27	7.40	7.53	7.66
15	8	188	7.05	7.17	7.30	7.43	7.56	7.69
15	7	187	7.07	7.20	7.33	7.45	7.58	7.71
15	6	186	7.10	7.23	7.35	7.48	7.61	7.74
15	5	185	7.13	7.26	7.38	7.51	7.64	7.77
15	4	184	7.16	7.28	7.41	7.54	7.67	7.80
15	3	183	7.19	7.31	7.44	7.57	7.70	7.83
15	2	182	7.22	7.34	7.47	7.60	7.72	7.85
15	1	181	7.25	7.37	7.50	7.63	7.75	7.88

AMORTIZATION TABLES—Continued

Monthly installments necessary to liquidate a loan in equal payments from 1 to 25 years at the specified interest rate

Term of loan		Number of payments	Monthly installment per thousand dollars including interest—					
Years	Months		At 3¾%	At 4%	At 4¼%	At 4½%	At 4¾%	At 5%
15	0	180	7.28	7.40	7.53	7.65	7.78	7.91
14	11	179	7.31	7.43	7.56	7.68	7.81	7.94
14	10	178	7.34	7.46	7.59	7.72	7.84	7.97
14	9	177	7.37	7.49	7.62	7.75	7.87	8.00
14	8	176	7.40	7.52	7.65	7.78	7.90	8.03
14	7	175	7.43	7.56	7.68	7.81	7.94	8.06
14	6	174	7.46	7.59	7.71	7.84	7.97	8.10
14	5	173	7.50	7.62	7.75	7.87	8.00	8.13
14	4	172	7.53	7.65	7.78	7.90	8.03	8.16
14	3	171	7.56	7.69	7.81	7.94	8.06	8.19
14	2	170	7.60	7.72	7.84	7.97	8.10	8.23
14	1	169	7.63	7.75	7.88	8.00	8.13	8.26
14	0	168	7.67	7.79	7.91	8.04	8.17	8.29
13	11	167	7.70	7.82	7.95	8.07	8.20	8.33
13	10	166	7.74	7.86	7.98	8.11	8.23	8.36
13	9	165	7.77	7.89	8.02	8.14	8.27	8.40
13	8	164	7.81	7.93	8.05	8.18	8.31	8.43
13	7	163	7.84	7.97	8.09	8.22	8.34	8.47
13	6	162	7.88	8.00	8.13	8.25	8.38	8.51
13	5	161	7.92	8.04	8.17	8.29	8.42	8.54
13	4	160	7.96	8.08	8.20	8.33	8.45	8.58
13	3	159	8.00	8.12	8.24	8.37	8.49	8.62
13	2	158	8.03	8.16	8.28	8.40	8.53	8.66
13	1	157	8.07	8.20	8.32	8.44	8.57	8.70
13	0	156	8.11	8.24	8.36	8.48	8.61	8.74
12	11	155	8.15	8.28	8.40	8.52	8.65	8.78
12	10	154	8.20	8.32	8.44	8.56	8.69	8.82
12	9	153	8.24	8.36	8.48	8.61	8.73	8.86
12	8	152	8.28	8.40	8.52	8.65	8.77	8.90
12	7	151	8.32	8.44	8.57	8.69	8.82	8.94
12	6	150	8.37	8.49	8.61	8.73	8.86	8.98
12	5	149	8.41	8.53	8.65	8.78	8.90	9.03
12	4	148	8.45	8.58	8.70	8.82	8.95	9.07
12	3	147	8.50	8.62	8.74	8.87	8.99	9.12
12	2	146	8.55	8.67	8.79	8.91	9.04	9.16
12	1	145	8.59	8.71	8.84	8.96	9.08	9.21
12	0	144	8.64	8.76	8.88	9.01	9.13	9.25
11	11	143	8.69	8.81	8.93	9.05	9.18	9.30
11	10	142	8.74	8.86	8.98	9.10	9.22	9.35
11	9	141	8.78	8.91	9.03	9.15	9.27	9.40
11	8	140	8.83	8.96	9.08	9.20	9.32	9.45
11	7	139	8.89	9.01	9.13	9.25	9.37	9.50
11	6	138	8.94	9.06	9.18	9.30	9.42	9.55
11	5	137	8.99	9.11	9.23	9.35	9.48	9.60
11	4	136	9.04	9.16	9.28	9.41	9.53	9.65
11	3	135	9.10	9.22	9.34	9.46	9.58	9.71
11	2	134	9.15	9.27	9.39	9.51	9.64	9.76
11	1	133	9.21	9.33	9.45	9.57	9.69	9.81
11	0	132	9.26	9.38	9.50	9.62	9.75	9.87
10	11	131	9.32	9.44	9.56	9.68	9.80	9.93
10	10	130	9.38	9.50	9.62	9.74	9.86	9.98
10	9	129	9.44	9.56	9.68	9.80	9.92	10.04
10	8	128	9.50	9.62	9.74	9.86	9.98	10.10
10	7	127	9.56	9.68	9.80	9.92	10.04	10.16
10	6	126	9.62	9.74	9.86	9.98	10.10	10.22
10	5	125	9.68	9.80	9.92	10.04	10.16	10.28
10	4	124	9.75	9.86	9.98	10.10	10.23	10.35
10	3	123	9.81	9.93	10.05	10.17	10.29	10.41
10	2	122	9.88	9.99	10.11	10.23	10.36	10.48
10	1	121	9.94	10.06	10.18	10.30	10.42	10.54

AMORTIZATION TABLES—Continued

Monthly installments necessary to liquidate a loan in equal payments from 1 to 25 years at the specified interest rate

Term of loan		Number of payments	Monthly installment per thousand dollars including interest—					
Years	Months		At 3¾%	At 4%	At 4¼%	At 4½%	At 4¾%	At 5%
10	0	120	10.01	10.13	10.25	10.37	10.49	10.61
9	11	119	10.08	10.20	10.32	10.44	10.56	10.68
9	10	118	10.15	10.27	10.39	10.51	10.63	10.75
9	9	117	10.22	10.34	10.46	10.58	10.70	10.82
9	8	116	10.30	10.41	10.53	10.65	10.77	10.89
9	7	115	10.37	10.49	10.61	10.73	10.85	10.97
9	6	114	10.45	10.56	10.68	10.80	10.92	11.04
9	5	113	10.52	10.64	10.76	10.88	11.00	11.12
9	4	112	10.60	10.72	10.84	10.96	11.08	11.20
9	3	111	10.68	10.80	10.92	11.04	11.16	11.28
9	2	110	10.76	10.88	11.00	11.12	11.24	11.36
9	1	109	10.84	10.96	11.08	11.20	11.32	11.44
9	0	108	10.93	11.05	11.16	11.28	11.40	11.52
8	11	107	11.01	11.13	11.25	11.37	11.49	11.61
8	10	106	11.10	11.22	11.34	11.46	11.57	11.69
8	9	105	11.19	11.31	11.43	11.54	11.66	11.78
8	8	104	11.28	11.40	11.52	11.63	11.75	11.87
8	7	103	11.37	11.49	11.61	11.73	11.85	11.97
8	6	102	11.47	11.59	11.70	11.82	11.94	12.06
8	5	101	11.57	11.68	11.80	11.92	12.04	12.16
8	4	100	11.66	11.78	11.90	12.02	12.13	12.25
8	3	99	11.76	11.88	12.00	12.12	12.23	12.35
8	2	98	11.87	11.98	12.10	12.22	12.34	12.45
8	1	97	11.97	12.09	12.20	12.32	12.44	12.56
8	0	96	12.08	12.19	12.31	12.43	12.55	12.66
7	11	95	12.19	12.30	12.42	12.54	12.65	12.77
7	10	94	12.30	12.41	12.53	12.65	12.77	12.88
7	9	93	12.41	12.53	12.64	12.76	12.88	13.00
7	8	92	12.53	12.64	12.76	12.88	12.99	13.11
7	7	91	12.65	12.76	12.88	13.00	13.11	13.23
7	6	90	12.77	12.88	13.00	13.12	13.23	13.35
7	5	89	12.89	13.01	13.12	13.24	13.36	13.48
7	4	88	13.02	13.14	13.25	13.37	13.48	13.60
7	3	87	13.15	13.27	13.38	13.50	13.61	13.73
7	2	86	13.28	13.40	13.51	13.63	13.75	13.86
7	1	85	13.42	13.53	13.65	13.77	13.88	14.00
7	0	84	13.56	13.67	13.79	13.91	14.02	14.14
6	11	83	13.70	13.82	13.93	14.05	14.16	14.28
6	10	82	13.85	13.96	14.08	14.19	14.31	14.43
6	9	81	14.00	14.11	14.23	14.34	14.46	14.58
6	8	80	14.15	14.27	14.38	14.50	14.61	14.73
6	7	79	14.31	14.42	14.54	14.65	14.77	14.89
6	6	78	14.47	14.59	14.70	14.82	14.93	15.05
6	5	77	14.64	14.75	14.87	14.98	15.10	15.21
6	4	76	14.81	14.92	15.04	15.15	15.27	15.38
6	3	75	14.98	15.10	15.21	15.33	15.44	15.56
6	2	74	15.16	15.28	15.39	15.51	15.62	15.74
6	1	73	15.35	15.46	15.57	15.69	15.80	15.92
6	0	72	15.54	15.65	15.76	15.88	15.99	16.11
5	11	71	15.73	15.85	15.96	16.07	16.19	16.30
5	10	70	15.93	16.05	16.16	16.27	16.39	16.50
5	9	69	16.14	16.25	16.37	16.48	16.60	16.71
5	8	68	16.35	16.46	16.58	16.69	16.81	16.92
5	7	67	16.57	16.68	16.80	16.91	17.03	17.14
5	6	66	16.80	16.91	17.02	17.14	17.25	17.37
5	5	65	17.03	17.14	17.26	17.37	17.48	17.60
5	4	64	17.27	17.38	17.50	17.61	17.72	17.84
5	3	63	17.52	17.63	17.74	17.86	17.97	18.09
5	2	62	17.77	17.88	18.00	18.11	18.23	18.34
5	1	61	18.04	18.15	18.26	18.38	18.49	18.60

AMORTIZATION TABLES—Continued

Monthly installments necessary to liquidate a loan in equal payments from 1 to 25 years at the specified interest rate

Term of loan		Number of payments	Monthly installment per thousand dollars including interest—					
Years	Months		At 3¾%	At 4%	At 4¼%	At 4½%	At 4¾%	At 5%
5	0	60	18. 31	18. 42	18. 53	18. 65	18. 76	18. 88
4	11	59	18. 59	18. 70	18. 82	18. 93	19. 04	19. 16
4	10	58	18. 88	19. 00	19. 11	19. 22	19. 34	19. 45
4	9	57	19. 19	19. 30	19. 41	19. 52	19. 64	19. 75
4	8	56	19. 50	19. 61	19. 72	19. 84	19. 95	20. 06
4	7	55	19. 82	19. 93	20. 05	20. 16	20. 27	20. 39
4	6	54	20. 16	20. 27	20. 38	20. 50	20. 61	20. 72
4	5	53	20. 51	20. 62	20. 73	20. 85	20. 96	21. 07
4	4	52	20. 87	20. 98	21. 09	21. 21	21. 32	21. 43
4	3	51	21. 25	21. 36	21. 47	21. 58	21. 70	21. 81
4	2	50	21. 64	21. 75	21. 86	21. 98	22. 09	22. 20
4	1	49	22. 05	22. 16	22. 27	22. 38	22. 50	22. 61
4	0	48	22. 47	22. 58	22. 70	22. 81	22. 92	23. 03
3	11	47	22. 92	23. 03	23. 14	23. 25	23. 36	23. 48
3	10	46	23. 38	23. 49	23. 60	23. 71	23. 83	23. 94
3	9	45	23. 86	23. 97	24. 08	24. 20	24. 31	24. 42
3	8	44	24. 37	24. 48	24. 59	24. 70	24. 81	24. 93
3	7	43	24. 89	25. 01	25. 12	25. 23	25. 34	25. 45
3	6	42	25. 45	25. 56	25. 67	25. 78	25. 90	26. 01
3	5	41	26. 03	26. 14	26. 25	26. 36	26. 48	26. 59
3	4	40	26. 64	26. 75	26. 86	26. 97	27. 09	27. 20
3	3	39	27. 28	27. 39	27. 50	27. 61	27. 73	27. 84
3	2	38	27. 96	28. 07	28. 18	28. 29	28. 40	28. 51
3	1	37	28. 67	28. 78	28. 89	29. 00	29. 11	29. 23
3	0	36	29. 42	29. 53	29. 64	29. 75	29. 86	29. 98
2	11	35	30. 21	30. 32	30. 43	30. 55	30. 66	30. 77
2	10	34	31. 05	31. 16	31. 28	31. 39	31. 50	31. 61
2	9	33	31. 94	32. 06	32. 17	32. 28	32. 39	32. 50
2	8	32	32. 89	33. 00	33. 11	33. 23	33. 34	33. 45
2	7	31	33. 90	34. 01	34. 12	34. 23	34. 35	34. 46
2	6	30	34. 98	35. 09	35. 20	35. 31	35. 42	35. 53
2	5	29	36. 13	36. 24	36. 35	36. 46	36. 57	36. 68
2	4	28	37. 36	37. 47	37. 58	37. 69	37. 81	37. 92
2	3	27	38. 68	38. 80	38. 91	39. 02	39. 13	39. 24
2	2	26	40. 11	40. 22	40. 33	40. 44	40. 56	40. 67
2	1	25	41. 65	41. 76	41. 87	41. 98	42. 10	42. 21
2	0	24	43. 32	43. 43	43. 54	43. 65	43. 76	43. 88
1	11	23	45. 13	45. 24	45. 36	45. 47	45. 58	45. 69
1	10	22	47. 11	47. 22	47. 33	47. 45	47. 56	47. 67
1	9	21	49. 28	49. 39	49. 50	49. 61	49. 72	49. 84
1	8	20	51. 66	51. 77	51. 89	52. 00	52. 11	52. 22
1	7	19	54. 30	54. 41	54. 52	54. 63	54. 74	54. 86
1	6	18	57. 22	57. 34	57. 45	57. 56	57. 67	57. 79
1	5	17	60. 50	60. 61	60. 72	60. 83	60. 95	61. 06
1	4	16	64. 18	64. 29	64. 40	64. 52	64. 63	64. 74
1	3	15	68. 35	68. 46	68. 58	68. 69	68. 80	68. 92
1	2	14	73. 12	73. 23	73. 35	73. 46	73. 57	73. 69
1	1	13	78. 62	78. 73	78. 85	78. 96	79. 08	79. 19
1	0	12	85. 04	85. 15	85. 27	85. 38	85. 50	85. 61

SCHEDULE OF FEES

This chart contains all authorized fee charges under sections 203, 203d, and 603 of the National Housing Act and the services and changes in cases covered by such charges. The examination fee (code 1) set up at line 1 covers all processing necessary under a case until it is submitted for insurance endorsement, provided there are no changes from the original application requested during that period. The examination fee (code C–1) covers all processing to a resulting conditional commitment. This $10 charge would, upon conversion to a firm commitment, be supplemented by an additional amount of fee sufficient to equal the balance of a full examination fee. The code for this balance is B–1; see line 13. If some change is requested before the phase affected has been processed there is no additional charge unless there is entailed an increase in amount. Any increase before processing calls for the additional examination fee (code B–1), after processing it calls for the special fee (code 6). Lines 2 through 34 apply to services and changes requested after initial processing has been started on the case or the phase affected by the change.

Service or change involved	Before insurance—after processing has begun on the phase affected		After insurance—change by modification or by substitution	
	Conditional	Firm	Modification	Substitution
1. Initial examination of application	1/C–1	1	(*)	(*)
2. Any change initiated by the FHA	N	N/B–1	(*)	(*)
3. Borrower substituted	6	6	(*)	(*)
4. Comaker/rerating same borrower	(*)	N	(*)	(*)
5. Lot modification	N	N	(*)	(*)
6. Location change same borrower	(*)	6	(*)	(*)
7. Location change different borrower	(*)	A1	(*)	(*)
8. Location change conditional/operative builder	6	6	(*)	(*)
9. Plans and/or specifications major	6	6	(*)	(*)
10. Increase to an amount over $3,333	6	6	(*)	A–1–2
11. Increase to an amount under $3,333	N	N	(*)	A–1–2
12. Additional provisions owner-occupant	(*)	B–1	(*)	A–1–2
13. Commitment conditional to firm	N/B–1	(*)	(*)	(*)
14. Commitment extend amend reissue	6	6	(*)	(*)
15. Commitment assignment	N	N	(*)	(*)
16. Transfer between sections of the act	N	N/B–1	(*)	(*)
17. New mortgagee not assignee	A1/AC–1	A1/AC–1	(*)	A–1–2
18. Compliance reinspection	6	6	(*)	(*)
19. Form 2300 special inspection	N	N	(*)	(*)
20. Term change under an application	N	N	(*)	(*)
21. Special assessments revised	N	N	(*)	(*)
22. Title objections waived	(*)	N	(*)	(*)
23. Insurance endorsement	(*)	2	N	A–1–2
24. Correcting mortgage or note	(*)	(*)	N	A–1–2
25. First installment or maturity change	(*)	(*)	N	A–1–2
26. Reduce interest/eliminate service charge	(*)	(*)	N	A–1–2
27. Release partial security	(*)	(*)	6	A–1–2
28. Mortgagor release Form 2210	(*)	(*)	6	A–1–2
29. Mortgagor release extension	(*)	(*)	N	(*)
30. Amortization plan changes	(*)	(*)	6	A–1–2
31. Maturity extension beyond maximum term	(*)	(*)	(*)	A–1–2
32. Replacements/alterations over $300	(*)	(*)	6	(*)
33. Refinancing defaulted mortgage	(*)	(*)	(*)	A–N2
34. Refinancing all other mortgages	(*)	(*)	(*)	A–1–2

CODES

1=Examination fee of $3 per $1,000 of loan, minimum $10, with application.

C–1=Examination fee of $10 with application for conditional commitment, under Section 203 only.

B–1=Examination fee balance. Represents a full examination fee on total loan, less amount of examination fee previously paid.

(/) means or.

2=Initial mortgage insurance premium follow commitment.

6=Special fee of $5 or (in case of increase in amount) $3 per $1,000 based upon the new face amount less the examination fee previously paid, whichever is the greater.

A=New application required. N=No additional fee due.

Note.—Combinations of above services call for the greatest single fee involved when requested at the same time.

(*) means no such transaction.

Appendix V

FEDERAL HOUSING ADMINISTRATION FIELD OFFICES

RAYMOND M. FOLEY, COMMISSIONER

SEPTEMBER 15, 1946

ZONE NO. 1

- Connecticut: Timothy J. Murphy, Jr., State Director, Room 301, 125 Trumbull Street, Hartford 3, Conn. Tel. 5–1188.
- Delaware: Federal Housing Administration, 518 Industrial Trust Building, Tenth and Shipley Streets, Wilmington, Del. Tel. 7511–7512.
- District of Columbia: James Hewitt, Director, 6th Floor, 734 15th St. N.W., Washington 25, D. C. Tel. Ex. 4160.
- Maine: John H. Magee, District Director, Exchange Building, Bangor, Maine, Tel. 8294.
- Maryland: E. Lester Muller, State Director, 915 Fidelity Building, Baltimore 1, Md. Tel. Plaza 7630.
- Massachusetts:
  - George A. Cahill, State Director, Fifth Floor, 40 Broad Street Building, Boston 9, Mass. Tel. Liberty 8000.
  - Federal Housing Administration, Security Building, 44 Vernon Street, Springfield 3, Mass. Tel. 7–0237.
- New Hampshire: Roy Killkelley, Ass't District Director, Second Floor, 70 Market Street, Manchester, N. H. Tel. 5653.
- New Jersey:
  - Warren J. Lockwood, State Director, Raymond Commerce Building, 1180 Raymond Boulevard, Newark 2, N. J. Tel. Mitchell 2–6014.
  - Frederick B. Krom, Ass't. State Director, Room 218–226, Post Office Building, Camden 2, N. J. Tel. 6644.
- New York:
  - New York City District:
    - Thomas G. Grace, State Director, Stanley White, District Director, Room 2204, Two Park Avenue Building, 2 Park Avenue, New York City 16. Tel. Murray Hill 3–0820.
  - Albany District: Joseph H. Murphy, District Director, Ninth Floor, City and County Savings Bank Building, Albany 7, N. Y. Tel. 55247.
  - Buffalo District: W. Grant King, District Director, Fourth Floor, Post Office Building, Buffalo 3, N. Y. Tel. Cleveland 3838.
- Pennsylvania:
  - Western District: Oakley W. Heselbarth, District Director, Twenty-fifth Floor, Henry W. Oliver Building, 535 Smithfield Street, Pittsburgh 22, Pa. Tel. Grant 0800.
  - Eastern District: Leo A. Kirk, District Director, Room 520, Public Ledger Building, Philadelphia 6, Pa. Tel. Lombard 6900.
- Rhode Island: George F. Mackie, State Director, Old Colony Bank Building, 58 Weybosset Street, Providence 3, R. I. Tel. Gaspee 4818.
- Vermont: Frederick C. Hinchey, Assistant District Director, Parkhill Building, 200 Main Street, Burlington, Vt. Tel. 2857.
- West Virginia: F. Guy Ash, State Director, 204–210 Chamber of Commerce Building, Charleston 32, W. Va. Tel. Capitol 35585.

ZONE NO. 2

- Alabama: James C. McPherson, State Director, Twenty-fourth Floor, Comer Building, Birmingham 3, Ala. Tel. 7–6158.
- Arkansas: W. S. Daniel, State Director, Old Post Office Building, Little Rock, Ark. Tel. 2–4361.
- Florida:
  - Northern District: M. M. Parrish, District Director, Sixth Floor, Greenleaf Building, Laura and Adams Streets, Jacksonville 2, Fla. Tel. 5–2544.
  - Federal Housing Administration, Fonte Building, 1526 Grand Central Avenue, Tampa, Florida.
  - Southern District: Paul J. O'Conner, District Director, Coral Gables City Hall, Miami 34, Fla. Tel. 4–0856.
- Georgia: R. E. Matheson, State Director, 101 Marietta Street Building, Atlanta 3, Ga. Tel. Walnut 8811.
- Kentucky: Roscoe R. Dalton, State Director, 505 Post Office Building, Louisville 2, Ky. Tel. Wabash 8834.
- Louisiana: Douglass W. Svendson, State Director, Fourth Floor Richards Building, 837 Gravier Street, New Orleans 12, La. Tel. Canal 2701.
- Mississippi: Walter T. Pate, State Director, 203A Lamar Life Building, Jackson 111, Miss. Tel. 4–5528.
- North Carolina: Jack H. Brown, State Director, Eleventh Floor, Guilford Building, Greensboro, N. C. Tel. 6114.
- Oklahoma:
  - Hugh Askew, State Director, Leonhardt Bldg., 228 Northwest Second St., Oklahoma City 2, Okla. Tel. 2–8541.
  - Julian J. Rothbaum, Ass't. State Director, The Richard Building, 106 E. Third Street, Tulsa, Okla.
- Puerto Rico: Frederick D'A. Carpenter, Territorial Director and Chief Underwriter, P. O. Box 3592, San Juan 17, P. R. Tel. 2106.
- South Carolina: H. E. Bailey, State Director, Federal Land Bank Building, Columbia 29, S. C. Tel. 2–1907.
- Tennessee: B. W. Horner, State Director, 210 Federal Building, Memphis 1, Tenn. Tel. 5–3606.
- Texas:
  - Northeastern District: R. E. Shepherd, District Director, 215 Cotton Exchange Building, St. Paul and San Jacinto Sts., Dallas 1, Tex. Tel. Riverside 6751.
  - Northwestern District: E. T. Stearns, District Director, 906–913 Electric Building, Fort Worth 2, Tex. Tel. 2–5355.
  - Southeastern District:
    - Bertram D. Tucker, District Director, Eighth Floor, Rusk Building, 723 Main Street, Houston 2, Tex. Tel. Capital 9401.
  - Southwestern District:
    - Charles T. Macleod, District Director, Fifth Floor, Alamo National Bank Building, San Antonio 5, Tex. Tel. Cd. 201. L. D. 201.
- Virginia: David W. Carter, State Director, Room 513, Parcel Post Building, Richmond 19, Va. Tel. 3–8451.

Appendix VI

ZONE NO. 3

Illinois:
  Northern District: Edward J. Kelly, District Director, Merchandise Mart Building, Chicago 54, Ill. Tel. Whitehall 7500.
  Southern District: Robert E. Terhune, District Director, 605 Illinois Building, Springfield, Ill. Tel. 2-9806.

Indiana:
  R. Earl Peters, State Director, Guaranty Building, Monument Circle, Indianapolis 9, Ind. Tel. Linc. 5451.
  Federal Housing Administration, Second Floor, 541-45 Broadway, Gary, Ind. Tel. 2-2448.

Iowa: Harold R. McBride, State Director, Insurance Exchange Building, 505 Fifth Avenue, Des Moines 9, Iowa. Tel. 3-3255 or 4-3126.

Kansas: Jonas W. Graber, State Director, National Bank Building, Topeka, Kans. Tel. 33208.

Michigan:
  George W. Zinky, State Director, Third Floor, Penobscot Building, Detroit 26, Mich. Tel. Cherry 7318.
  Federal Housing Administration, 516-518 Grand Rapids National Bank Building, Grand Rapids, Mich.

Minnesota: D. J. Fouquette, State Director, New Post Office, Minneapolis 1, Minn. Tel. Atlantic 0354.

Missouri:
  Eastern Missouri: J. W. Kuhlman, District Director, 315 North Seventh Street, St. Louis 1, Mo. Tel. Garfield 5133. LD 210.
  Western Missouri: David H. Powell, District Director, Twelfth Floor, Land Bank Building, Kansas City 6, Mo. Tel. Victor 3286.

Nebraska: Holger P. Holm, State Director, 1212-1227 Woodmen of the World Building, Fourteenth and Farnan Streets, Omaha 2, Nebr. Tel. Jackson 8200.

North Dakota: Federal Housing Administration, 510 First National Bank Building, Fargo, N. Dak. Tel. 1373.

Ohio:
  Columbus District: A. L. Guckert, District Director, Fourth Floor, Old Post Office Building, Columbus 15, Ohio. Tel. Maine 6411.
  Federal Housing Administration, Sixth Floor, Schmidt Building, Cincinnati, Ohio. Tel. Cherry 5820.
  Cleveland District: Joe L. Wadsworth, District Director, 4213 New Post Office Building, Huron Road and West Third Street, Cleveland 13, Ohio. Tel. Cherry 7300.
  Federal Housing Administration, 14-16 Old Customs House, Toledo 4, Ohio. Tel. Adam 4168.

South Dakota: N. I. Blegen, District Director, Third Floor, New City Hall, Sioux Falls, S. Dak. Tel. 6510.

Wisconsin: Thomas R. King, State Director, Fourth Floor, Wisconsin Broadway Building, Milwaukee 2, Wis. Tel. Broadway 2026.

ZONE NO. 4

Alaska: John H. Carter, Jr., Chief Underwriter, The Federal Building, Juneau, Alaska.

Arizona: Richard S. Hare, State Director, 140 South Central Avenue, Phoenix, Ariz. Tel. 4-3188.

California:
  Northern District: D. C. McGinness, District Director, 315 Montgomery Street, San Francisco 4, Calif. Tel. Sutter 4300.
  Southern District: John McGovern, District Director, Rives Strong Building, 112 West Ninth Street, Los Angeles 15, Calif. Tel. Trinity 1561.
  Ed. Walsh, Assistant District Director, Broadway Building, San Diego 1, Calif. Tel. Franklin 6177.

Colorado: M. W. Bennett, State Director, 203-211 Boston Building, Denver 2, Colo Tel. Main 1257.

Hawaii: J. Stowell Wright, Territorial Director, 334-336 Federal Building, Honolulu, T. H.

Idaho: Harry Whittier, State Director, 410 Baird Building, 805 Idaho Street, Boise, Idaho. Tel. 2445.

Montana: Ben S. Hill, State Director, Federal Building, Helena, Mont. Tel. 1024.

Nevada: Orrin W. Davie, Assistant District Director, Rooms 1, 2, 3, Lunsford Building, Reno, Nev. Tel. 7158.

New Mexico: Edward C. Robertson, State Director, 401 North Second Street, Albuquerque, N. Mex. Tel. 2-5288.

Oregon: Folger Johnson, State Director, Room 520, Platt Building, Portland 5, Oreg. Tel. Beacon 6301.

Utah: Gordon Weggeland, State Director, Dooly Building, 109 West Second Street, South, Salt Lake City 1, Utah. Tel. 3-6701.

Washington:
  Clark R. Jackson, State Director, Fourth Floor, Dexter-Horton Building, Seattle 4, Wash. Tel. Local 307, Elliott 7313.
  Mr. Charles Freese, Assistant State Director, 612 Columbia Building, Spokane 8, Wash.

Wyoming: Hosea Hantz, State Director, Post Office Building, Cheyenne, Wyo. Tel. 6551.

U. S. GOVERNMENT PRINTING OFFICE: 1946

CONTENTS

site, is required in addition to the exhibits listed above which are required for each basic type dwelling.

116. Photographs are required in existing construction cases and should show a front view of the site and existing street improvements, with the subject property clearly identified, and adjoining properties.

117. The application for conditional commitment, FHA 2201, consists of the address and description of the property only, as the borrower is not specified.

118. APPLICATION CHECK LIST

The documents and exhibits required for each type of Application for Mortgage Insurance or Conditional Commitment are listed below. The number which follows each item refers to the corresponding explanatory paragraph in the remarks immediately preceding this check list. (Note: If applications cover properties located in a subdivision involving unimproved or partially improved land or groups of lots warranting special consideration, a presentation in duplicate on FHA Form 2084, "Subdivision Information Form", together with necessary exhibits as required thereon, must be presented before the applications can be processed.)

Application for Firm Commitment New Construction	Application for Firm Commitment Existing Construction	Application for Conditional Commitment New Construction	Application for Conditional Commitment Existing Construction
Application Form 2004 and 2004a, in duplicate* (107)	Application Form 2004 and 2004a, in duplicate* (107)	Application form 2201 and 2201a, in duplicate* (117)	Application Form 2201 and 2201a, in duplicate* (117)
Fee of $3 per $1,000 of loan requested, minimum of $10 (108)	Fee of $3 per $1,000 of loan requested, minimum of $10 (108)	Fee of $10 (108)	Fee of $10 (108)
Original or Certified copy of Purchase Contract, Contractor's bid, or itemized estimate of cost, 1 copy[1] (110)	Original or Certified copy of Purchase Contract[1] (110)	Drawings and specifications in duplicate, including (115): *a.* Plot plan. *b.* Floor plan. *c.* Elevations. *d.* Foundations. *e.* Heating layout. *f.* Construction details. *g.* Form 2005, Description of Materials.	Photographs, in duplicate, showing street view and view of property (116)
Credit Report on Mortgagor, 1 copy[1] (111)	Credit Report on Mortgagor, 1 copy[1] (111)		
Verification of Assets, 1 copy[1] (112)	Verification of Assets, 1 copy[1] (112)		
Verification of Employment, 1 copy[1] (113)	Verification of Employment, 1 copy[1] (113)		
Financial Statement, if mortgagor is self-employed, 2 copies[1] (114)	Financial Statement, if mortgagor is self-employed, 2 copies[1] (114)		
Drawings and Specifications, in duplicate, including (115): *a.* Plot plan. *b.* Floor plan. *c.* Elevations. *d.* Foundations. *e.* Heating layout. *f.* Construction details. *g.* Form 2005, Description of Materials.	Photographs, in duplicate, showing street view and view of property (116)		

*Only original need be signed. Duplicate may bear facsimile signatures or have names typewritten.

[1] Will be required in connection with a request for converting a Conditional Commitment to a Firm Commitment involving a specified borrower.

IV. ENDORSEMENT FOR INSURANCE

401. The mortgage note will be endorsed for insurance by the FHA, provided the conditions and terms of the Commitment for Insurance have been met, and upon presentation of the following:

(*a*) The amount of the insurance premium for the first year, as stipulated in the commitment.

(*b*) The original Commitment for Insurance, with certifications on the reverse side properly executed by the mortgagor and mortgagee, as follows: Showing the required information regarding occupancy by the mortgagor; showing the mortgagor's acknowledgement of receipt of the full amount of the mortgage transaction proceeds; dated not prior to the execution date of the mortgage and mortgage note.

(*c*) Memorandum of closing charges, either in the appropriate space on the reverse side of the commitment or in a separate detailed statement.

(*d*) Certified copy of the original mortgage, as follows: Drawn on an approved and authorized form, and free from any unauthorized variations; with the date of execution clearly indicated; with the principal amount clearly indicated, not in excess of the amount for which the Commitment for Insurance was issued; with interest rate not in excess of 4½ percent; signed by the mortgagors so that the signatures are readily identifiable as the signatures upon the Mortgagor's Statement in the Application for Mortgage Insurance, and upon the commitment; with the property description substantially the same as that upon which the Commitment for Insurance was issued.

(*e*) Original and copy of the mortgage note, as follows: The date of the first monthly payment must be not later than 30 days after the expiration date of the Commitment for Insurance; signed by the mortgagors so that the signatures are readily identifiable as the signatures upon the mortgage.

402. The original mortgage note, with the endorsement for insurance properly executed, will be returned to the mortgagee together with four copies of an Amortization Schedule covering the payment pattern of a mortgage loan in the amount and for the term of the subject mortgage.

403. It is suggested that a mortgagee, in applying for mortgage insurance for the first time, present its mortgage document to the local FHA office for review and advice before recording in order that any corrections or adjustments, if necessary, may be simply and inexpensively made.

EXHIBIT 1

FHA Form No. 2067
(Premiums on Reducing Balances)

4000—240—43

Federal Housing Administration

AMORTIZATION SCHEDULE

.... (Serial No.)

Monthly Payment to Principal and Interest, $25.32

PAYMENT		Mortgage Insurance Premium ½ Percent	Payment to Interest 4½ Percent	Payment to Principal	Total Monthly Payment	Balance Due	PAYMENT	
Date	No.						No.	Date
		$19.71				$4,000.00		
	1	1.59	$15.00	$10.32	$26.91	3,989.68	1	
	2	1.59	14.96	10.36	26.91	3,979.32	2	
	3	1.59	14.92	10.40	26.91	3,968.92	3	
	4	1.59	14.88	10.44	26.91	3,958.48	4	
	5	1.59	14.84	10.48	26.91	3,948.00	5	
	6	1.59	14.81	10.51	26.91	3,937.49	6	
	7	1.59	14.77	10.55	26.91	3,926.94	7	
	8	1.59	14.73	10.59	26.91	3,916.35	8	
	9	1.59	14.69	10.63	26.91	3,905.72	9	
	10	1.59	14.65	10.67	26.91	3,895.05	10	
	11	1.59	14.61	10.71	26.91	3,884.34	11	
	12	1.59	14.57	10.75	26.91	3,873.59	12	
		19.08	177.43	126.41	322.92			
	13	1.53	14.53	10.79	26.85	3,862.80	13	
	14	1.53	14.49	10.83	26.85	3,851.97	14	
	15	1.53	14.44	10.88	26.85	3,841.09	15	
	16	1.53	14.40	10.92	26.85	3,830.17	16	
	17	1.53	14.36	10.96	26.85	3,819.21	17	
	18	1.53	14.32	11.00	26.85	3,808.21	18	
	19	1.53	14.28	11.04	26.85	3,797.17	19	
	20	1.53	14.24	11.08	26.85	3,786.09	20	
	21	1.53	14.20	11.12	26.85	3,774.97	21	
	22	1.53	14.16	11.16	26.85	3,763.81	22	
	23	1.53	14.11	11.21	26.85	3,752.60	23	
	24	1.53	14.07	11.25	26.85	3,741.35	24	
		18.36	171.60	132.24	322.20			
	25	1.47	14.03	11.29	26.79	3,730.06	25	
	26	1.47	13.99	11.33	26.79	3,718.73	26	
	27	1.47	13.95	11.37	26.79	3,707.36	27	
	28	1.47	13.90	11.42	26.79	3,695.94	28	
	29	1.47	13.86	11.46	26.79	3,684.48	29	
	30	1.47	13.82	11.50	26.79	3,672.98	30	
	31	1.47	13.77	11.55	26.79	3,661.43	31	
	32	1.47	13.73	11.59	26.79	3,649.84	32	
	33	1.47	13.69	11.63	26.79	3,638.21	33	
	34	1.47	13.64	11.68	26.79	3,626.53	34	
	35	1.47	13.60	11.72	26.79	3,614.81	35	
	36	1.47	13.56	11.76	26.79	3,603.05	36	
		17.64	165.54	138.30	321.48			
	37	1.41	13.51	11.81	26.73	3,591.24	37	
	38	1.41	13.47	11.85	26.73	3,579.39	38	
	39	1.41	13.42	11.90	26.73	3,567.49	39	
	40	1.41	13.38	11.94	26.73	3,555.55	40	
	41	1.41	13.33	11.99	26.73	3,543.56	41	
	42	1.41	13.29	12.03	26.73	3,531.53	42	
	43	1.41	13.24	12.08	26.73	3,519.45	43	
	44	1.41	13.20	12.12	26.73	3,507.33	44	
	45	1.41	13.15	12.17	26.73	3,495.16	45	
	46	1.41	13.11	12.21	26.73	3,482.95	46	
	47	1.41	13.06	12.26	26.73	3,470.69	47	
	48	1.41	13.02	12.30	26.73	3,458.39	48	
		16.92	159.18	144.66	320.76			
	49	1.35	12.97	12.35	26.67	3,446.04	49	
	50	1.35	12.92	12.40	26.67	3,433.64	50	
	51	1.35	12.88	12.44	26.67	3,421.20	51	
	52	1.35	12.83	12.49	26.67	3,408.71	52	
	53	1.35	12.78	12.54	26.67	3,396.17	53	
	54	1.35	12.74	12.58	26.67	3,383.59	54	
	55	1.35	12.69	12.63	26.67	3,370.96	55	
	56	1.35	12.64	12.68	26.67	3,358.28	56	
	57	1.35	12.59	12.73	26.67	3,345.55	57	
	58	1.35	12.55	12.77	26.67	3,332.78	58	
	59	1.35	12.50	12.82	26.67	3,319.96	59	
	60	1.85	12.45	12.87	26.67	3,307.09	60	
		16.20	152.54	151.30	320.04			

4½%—$4,000—20-year loan—240 payments—$4,000—4½%

Revised April 1947

EXHIBIT 2

METHOD I.—*Setting up the premium escrow when endorsement of mortgage precedes amortization date*

Date	Explanation	Debit	Credit	Balance
Apr. 15, 1946	Initial premium $19.71 plus one-twelfth second annual premium $1.59 collected at closing.		$21.30	$21.30
May 15, 1946	Initial premium remitted to FHA	$19.71		1.59
June 1, 1946	17/365×½ percent×$4,000 collected for period May 15, 1946, to June 1, 1946.		.93	2.52
July 1, 1946	Premium collected with first monthly payment		1.59	4.11
Aug. 1, 1946	Premium collected with second monthly payment		1.59	5.70
Sept. 1, 1946	Premium collected with third monthly payment		1.59	7.29
Oct. 1, 1946	Premium collected with fourth monthly payment		1.59	8.88
Nov. 1, 1946	Premium collected with fifth monthly payment		1.59	10.47
Dec. 1, 1946	Premium collected with sixth monthly payment		1.59	12.06
Jan. 1, 1947	Premium collected with seventh monthly payment		1.59	13.65
Feb. 1, 1947	Premium collected with eighth monthly payment		1.59	15.24
Mar. 1, 1947	Premium collected with ninth monthly payment		1.59	16.83
Apr. 1, 1947	Premium collected with tenth monthly payment		1.59	18.42
May 1, 1947	Premium collected with eleventh monthly payment		1.59	20.01
May 20, 1947	"Adjusted second annual premium" remitted to FHA (second annual premium $19.08 plus 17/365×½ percent×$4,000 or 0.93=$20.01).	20.01		0
June 1, 1947	Premium collected with twelfth monthly payment		1.59	1.59
July 1, 1947	Premium collected with thirteenth monthly payment		1.53	3.12
Aug. 1, 1947	Premium collected with fourteenth monthly payment		1.53	4.65
Sept. 1, 1947	Premium collected with fifteenth monthly payment		1.53	6.18
Oct. 1, 1947	Premium collected with sixteenth monthly payment		1.53	7.71
Nov. 1, 1947	Premium collected with seventeenth monthly payment		1.53	9.24
Dec. 1, 1947	Premium collected with eighteenth monthly payment		1.53	10.77
Jan. 1, 1948	Premium collected with nineteenth monthly payment		1.53	12.30
Feb. 1, 1948	Premium collected with twentieth monthly payment		1.53	13.83
Mar. 1, 1948	Premium collected with twenty-first monthly payment		1.53	15.36
Apr. 1, 1948	Premium collected with twenty-second monthly payment		1.53	16.89
May 1, 1948	Premium collected with twenty-third monthly payment		1.53	18.42
May 20, 1948	Third annual premium remitted to FHA	18.36		.06[1]

---

[1] See footnote on opposite page.

ally, when application is made on a group of properties insured under the same regulations and foreclosed or acquired otherwise on the same date, the FHA will, upon request, issue debentures in the largest denominations possible for the aggregate total amount to be settled.

1130. Under the terms of a contract of mortgage insurance, upon conveyance to the FHA Commissioner of title to a foreclosed property, the mortgagee is entitled to receive (1) debentures equal to the value of the mortgage, and (2) a certificate of claim covering certain items not included in the debentures. The total of these two instruments equals the amount which the mortgagee would have received had the loan been paid in full at the date of acceptance of the property by FHA, plus the necessary expenses incurred in the acquisition by the mortgagee and conveyance of title to the FHA.

1131. If the defaulted mortgage covers a rental housing project insured under section 207 or 608 of the National Housing Act, instead of conveying title to the project the mortgagee may elect to transfer to the FHA Commissioner the mortgage and all rights and interests thereunder. In the event of such election the amount of the debentures is reduced by 2 percent of the unpaid principal obligation in the case of a section 207 project and 1 percent in the case of a section 608 project.

1132. The value of the mortgage for which the debentures are issued is determined 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 on the mortgaged property, and any mortgage insurance premiums paid after either of such dates. From the total of the above items must be deducted any amounts received on account of the mortgage after either of such dates and any rent or other income from the property, less reasonable expenses incurred in handling the property. In the case of mortgages insured under section 203 (b) (2) (B) prior to July 1, 1944, and mortgages insured under section 603, there may also be included in the debentures an amount, as outlined in paragraph 1114 above, for foreclosure costs actually expended and approved by the Commissioner.

1133. The certificate of claim is issued as of the date of conveyance of title to the FHA in an amount sufficient to equal all amounts due under the mortgage not covered by the amount of the debentures. Such amounts include a reasonable amount for necessary expenses incurred by the mortgagee in connection with foreclosure proceedings, or the acquisition of the mortgaged property after default, if not allowable in the debentures, and the conveyance thereof to the Commissioner, including reasonable attorneys' fees, earned and unpaid interest.

1134. FHA debentures are registered, transferable securities, available in denominations of $50, $100, $500, $1,000, $5,000 and $10,000. Although these securities are primarily the liability of the insurance funds for which they are executed, they are fully and unconditionally guaranteed as to principal and interest by the United States. Since denominations of debentures are in multiples of $50, any difference, not in excess of $50, between the value of the mortgage and the aggregate face amount of debentures due under the claim is adjusted by the payment of cash.

1135. Debentures issued in connection with defaulted mortgages, except those insured under section 608 (war and emergency rental housing projects), are dated as of the date foreclosure proceedings were instituted or the property otherwise acquired by the mortgagee after default, and not as of the date of issue. Those issued in connection with section 608 insurance are dated as of the date of default. Interest is payable from the date shown on the debenture.

1136. All debentures issued under the Mutual Mortgage and Housing Insurance Funds of Title II and those issued in connection with small-home mortgages insured prior to May 26, 1942, under the War Housing Fund of Title VI mature 3 years after the first day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. The year of maturity on these debentures is determined by advancing the date on which the mortgage would have matured under its original terms to the July 1 following and then adding 3 years. For example, if a mortgage which would mature August 1, 1965, is defaulted and the property transferred to the FHA, the debentures issued would carry the maturity date July 1, 1969.

1137. Debentures issued under the War Housing Insurance Fund in connection with mortgages on war or emergency rental housing projects and on small-homes insured after May 26, 1942, mature 10 years after the date of the debenture. However, any mortgagee entitled to receive debentures under the War Housing Insurance Fund maturing 3 years after the maturity date of the original mortgage may elect to accept debentures which mature in 10 years.

1138. Interest on FHA debentures ranges from 2½ to 3 percent depending upon the rate specified in the regulations under which the insurance was granted. Such interest is payable semiannually on January 1 and July 1 of each year. With the exception of the debentures issued under the Mutual Mortgage Insurance Fund in connection with insurance granted prior to February 3, 1938, debentures may be redeemed at the option of the FHA Commissioner at par plus accrued interest on any interest day or days on 3 months' notice.

1139. Debentures issued in connection with mortgages committed for insurance prior to February 3, 1938, are subject only to such Federal, State, and local taxes as the mortgages in exchange for which they were issued would be subject in the hands of the holder of the debentures. Those issued in connection with mortgages committed for insurance from February 3, 1938, to March 1, 1941, are 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, by any territory, dependency or possession thereof, or by any State, county, municipality, or local taxing authority.

1140. Debentures issued in connection with mortgages committed for insurance on and after March 1, 1941, are subject to Federal taxes, but are 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.

1141. The chart (exhibit 17) shown at the end of this section lists the various series of FHA debentures and summarizes their characteristics.

1142. The issue, transfer, exchange, redemption, payment, purchase, and retirement of, and the payment of interest on, debentures are handled for the account of the FHA by the United States Treasury Department. Such transactions are governed by the general regulations of the Treasury Department with respect to United States bonds and notes, so far as applicable.

1143. Upon approval of the mortgagee's insurance claim, the Treasury Department is authorized by FHA to issue debentures in the denominations requested by the mortgagee, and a check for the cash adjustment representing the odd amount (less than $50). When these documents are ready the Treasury Department transmits the debentures, the cash adjustment check, and the certificate of claim to the insured mortgagee by registered mail. Checks for the accrued interest on the debentures follow shortly thereafter, as explained below.

1144. Since debentures bear the date that action to acquire the property was instituted (or of default, in the case of section 608 projects) and earn interest from that date, usually a substantial amount of debenture interest has accrued by the time the mortgagee receives the debentures. Checks covering the interest which has accumulated during this period through the last semiannual interest date, either January 1 or July 1, are mailed by the Treasury Department to the insured mortgagee within 15 days after shipment of the debentures. Thereafter semiannual interest checks are mailed to the registered holders of debentures as of January 1 and July 1 each year until the debentures mature or are redeemed.

1145. The Treasury Department will effect denominational exchanges and transfers of debentures, after original issue, upon surrender, cancellation, and retirement of a like face amount of debentures of the same series and maturity date. In the case of a denominational exchange where the debentures are to be inscribed in the same manner as the debentures presented and no change of ownership is involved, no assignment is required. The debentures should be forwarded directly to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., or through a Federal Reserve Bank, together with specific instructions for the issue and delivery of the new debentures.

1146. If it is desired to transfer ownership of a debenture, a duly authorized officer of the institution should execute the assignment form on the back of the debenture in the presence of an officer authorized to witness assignments of bonds. The witnessing officer, who should be other than the officer executing the assignment on behalf of the institution, should affix to the certificate of acknowledgment his official signature, title, address, seal, and the date. The debentures should then be forwarded directly to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., or through a Federal Reserve Bank accompanied by a signed letter of instructions (or Treasury Department Form P. D. 1644) showing what disposition should be made of them.

1147. In case of transfer of ownership, the authority of the officer to assign must be supported by a resolution of the board of directors or governing body conferring general or specific authority to assign. Treasury Form P. D. 1009 (general authority), or P. D. 1010 (specific authority), should be used for this purpose. A specific authority covers only the transaction stipulated thereon. A general authority is sufficient to support assignments of any and all United States securities outstanding in the name of the registered owner so long as the officers named are acting in the same capacity, or until the submission of a new resolution. In executing Forms P. D. 1009 and 1010, if the titles only of officers are given, a certificate of incumbency (Form P. D. 1014), under corporate seal, should be furnished. Complete instructions for their execution appear on the reverse of each of these forms.

1148. The following officers are authorized by the Secretary of the Treasury to witness assignments of United States registered securities: judges and clerks of United States courts; United States district attorneys; United States collectors of customs; United States collectors of internal revenue; executive officers of banks and trust companies incorporated in the United States, or its organized territories, and the managers of branches thereof, domestic and foreign; and certain officers of the Treasury at Washington.

1149. Upon original issue, debentures and the accompanying certificates of claim and cash adjustment checks are shipped by the Treasury Department via registered mail at the risk and expense of the United States. Debentures to be delivered upon transfer or denominational exchange transactions, unless delivered in person to the registered owner or his duly authorized representative, are delivered by registered mail without expense to, but at the risk of, the registered owner. However, delivery will be made by express collect at the risk and expense of the owner, if written instructions to that effect are given.

1150. When the FHA exercises its right of call, the debentures first issued (as determined by the serial numbers) will be selected for redemption. The Treasury Department, acting as agent for the FHA, will notify registered holders 3 months in advance of the redemption date of the serial numbers which will be called. Concurrently this call notice will be published also in the Federal Register. Specific instructions covering the assignment of the debentures and their presentation for redemption will be furnished by the Treasury Department in each call notice.

1151. In making a call for the redemption of debentures the FHA Commissioner will offer to purchase, at par plus accrued interest to date of purchase, any debentures included in the call at any time during the 3 months between the date of the notice and the redemption date. During these 3 months no transfers or denominational exchanges in debentures covered by the call will be made by the Treasury Department; however, this does not affect the right of the holder of a debenture to sell and assign it during the period, as provision is made for the payment of the final interest due on the redemption date together with the principal thereof to the actual owner, as shown by the assignments on the debenture.

1152. At maturity, the debentures must be assigned to "the Federal Housing Commissioner for redemption," in the first blank form of assignment provided on the back of the debenture, and transmitted to the Treasury Department for payment. The assignment for redemption should be executed by a duly authorized officer of the institution in the presence of an officer authorized to witness assignments, in the same manner as outlined above for transfer of ownership. However, if the check in payment of the debenture is to be drawn payable to the account of the owner, no proof of the authority of the officer who executes the assignment is required.

1153. No separate final interest check will be issued by the Treasury Department. The final interest on purchased, redeemed, or matured debentures is paid together with the principal in accordance with the assignments on the debentures upon their presentation to the Treasury Department.

1154. The certificate of claim is issued by the FHA Commissioner in the name of the insured mortgagee and is transferable only upon its surrender to the FHA at Washington, D. C., properly assigned, in accordance with instructions on the back of the instrument. Upon such surrender a new certificate of claim will be issued to the assignee. The certificate is executed as of the date of conveyance of title to the property to FHA and is a contingent liability of the mortgage insurance fund under which the mortgage was insured. There accrues to the holder of the certificate of claim an increment at the rate of 3 percent per annum of the face amount of the certificate.

1155. The owner of the certificate of claim is advised in the instrument that the amount, if any, to which he shall be entitled shall be contingent and dependent upon the net amount realized from the property and shall be determined by the Commissioner upon the full liquidation of the property. If the net amount realized from the property (after deducting all expenses incurred by the Commissioner in handling, dealing with, and disposing of such property and in the collection of all claims) exceeds the face amount of the debentures and the cash adjustment paid, plus all interest paid on the debentures, such excess shall be applied to the payment of the certificate of claim until the face amount thereof, plus the increment, is paid in full.

1156. The certificate of claim shall become void and of no effect (*a*) upon the payment of such excess as provided above (whether it liquidates the certificate in part or in full), or (*b*) upon the failure of the Commissioner to realize any excess upon the full liquidation of the property. Upon the full liquidation of the property the Commissioner shall notify the registered holder of the certificate by registered mail, at the post office address as shown by the records of the Commissioner, of the disposition of the proceeds and of the voidance and termination of the certificate of claim.

1157. If there remains an excess after paying the certificate of claim and increment thereon at 3 percent, the National Housing Act provides that such remainder shall be paid to the mortgagor; except that in the case of a section 608 project (war or emergency rental housing) the act requires that any amount remaining after payment of the certificate of claim and increment shall be retained and credited to the War Housing Fund.

1158. In order to be in a position to make settlement with the insured mortgagee and the mortgagor upon final liquidation of the Commissioner's interest in a foreclosed property, the FHA maintains for each property acquired under the terms of insurance an individual account which reflects all income and expense relating to the property.

1159. When the property is disposed of, the registered holder of the certificate of claim is notified of the sale. If the property is sold for cash, a statement of settlement is furnished him as soon as all income has been received and all expenses have been paid. However, if a mortgage note or sales contract has been accepted by the FHA under the terms of sale, the registered holder of the certificate is notified that a statement of settlement will be forwarded him upon final liquidation of the Commissioner's interest in the property. In the latter case, the interest income received on the mortgage note is credited to, and the interest expense on the debentures is charged against, the individual account until the indebtedness on the property has been paid in full.

1160. The statement of settlement which is forwarded by the FHA to the registered holder of the certificate of claim sets forth the proceeds of sale and itemizes all income received and expenses incurred on the property by the FHA to date of final liquidation of the Commissioner's interest in the property. The statement further shows the amounts applicable to the certificate of claim, and refund to mortgagor, if any, or the loss sustained by the insurance fund. A typical statement of settlement is illustrated in exhibit 18.

1161. In those cases where there are excess proceeds of sale for distribution, the FHA transmits to the insured mortgagee, with the statement of settlement, a public voucher covering the amount available to pay the certificate of claim, in part or in full, and the increment, if any. The mortgagee is requested to certify the voucher and return it together with the certificate of claim, which should be assigned to the FHA in accordance with the instructions contained on the back of the certificate. Upon receipt of the signed voucher and the certificate of claim properly assigned, check in final settlement is forwarded to the insured mortgagee.

1162. If any excess remains after provision for the certificate of claim and increment, a copy of the statement of settlement and a public voucher covering the remaining excess are forwarded by the FHA to the mortgagor with a request that the voucher be certified and returned for payment.

1163. Where the final liquidation of the Commissioner's interest in a foreclosed property results in a loss to the insurance fund and no payment can be made on the certificate of claim, the mortgagee is requested, at the time the statement of settlement is forwarded, to return the certificate of claim to the FHA for cancellation.

EXHIBIT 8

FHA Form 2205
(Revised 7-1-45)

Budget Bureau No. 63-R067.1
Approval Expires 12-31-46

APPLICATION FOR DEBENTURES AND CERTIFICATE OF CLAIM UNDER ☐ SECTION 204 OF TITLE II, ☐ SECTION 604 OF TITLE VI, NATIONAL HOUSING ACT, AND OFFER OF CONVEYANCE OF CERTAIN PROPERTY TO THE COMMISSIONER

Applicant CITY NATIONAL BANK
Address Wayne, Michigan
Date 8-9-45

FEDERAL HOUSING COMMISSIONER,
WASHINGTON, D. C.

SIR:

There is submitted herewith a claim for Debentures and Certificate of Claim in connection with the mortgage insured under ☒ Title II, ☐ Title VI, of the National Housing Act as amended: together with the required supporting information and receipts. It is understood that the aggregate principal amount in which debentures and cash shall be issued will be the sum of items (a), (b), and (c), less the sum of items (d), (e), and (f) as shown below:

Case No. 26-042651 Mortgagors John and Mary Smith (Record owner at beginning of foreclosure or acquisition otherwise)

Location of Property 65 Green Street (Street and Number) Wayne, (City) Michigan (State)

Due date of last complete installment paid 11-1-44 Interest collected to 11-1-44

Date foreclosure proceedings instituted 5-9-45

Date property acquired by mortgagee 7-6-45 by foreclosure ☒ otherwise acquired ☐

Was mortgage foreclosed by Court action? ______ Was personal judgment obtained? ______

Has deficiency judgment been obtained by separate action? ______ If not, can one be obtained? ______

If obtained, state amount $______ Caption of case and No. ______

Court ______

SECTION I. - DEBENTURES

(a) The principal amount of the mortgage indebtedness outstanding and unpaid as of the due date of the last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise.	$ 5,035.13
(b) Payments made by the mortgagee since the above date for:	
(1) Mortgage Insurance Premium	23.88
(2) Taxes, ground rents, special assessments, and water rates which are liens prior to the mortgage (Submit Receipts)	89.90
(3) Hazard Insurance (Submit Receipts).	21.92
(c) Amount of foreclosure costs allowable if mortgage was insured under Section 203 (b)(2)(B) or Section 603 of the NHA, as amended. (Submit Receipts)	75.00
Gross Claim . . .	$ 5,245.83

DEDUCTIONS

(d) Escrow balances on hand as of due date of last complete installment paid prior to the institution of foreclosure or acquisition of the property otherwise:

	(Monthly escrow rate)	
(1) Mortgage Insurance Premiums	($ 2.04)	$ 12.24
(2) Taxes, ground rents, special assessments and water rates	(7.48)	40.88
(3) Hazard Insurance.	(1.83)	16.47

(e) The amount of unearned premiums due mortgagee from cancelation of hazard insurance policies on the property. (This information should be submitted later and as of the date the Commissioner accepts title to the property.)

(f) Total Income:

(1) Any partial payment received on account of the mortgage between date of default and date foreclosure was instituted or the property otherwise acquired. (This sum will be allocated by FHA to the various items making up the monthly payment in the order set forth in the mortgage.) . . .	25.00
(2) Amount received since institution of foreclosure proceedings or acquisition otherwise (If rental income is received Schedule "B" showing all income and expense should be submitted later and as of the date the Commissioner accepts the property.	
Total Deductions . . .	$ 94.59
	5,151.24

XIII. MISCELLANEOUS RULINGS AND PROCEDURES

1301. *Beginning of construction.*—The "beginning of construction," as used in section 203 (b) (2) (B) of the National Housing Act and in the Administrative Rules, means pouring of footings or any work beyond the stage of excavation. The following are not included within the meaning of the term: Land preparation, land clearing, grading, filling; excavation for basement, footings, piers, or foundations; erection of temporary forms, installation of piling under proposed subsurface footings, installation of sewer, gas, and water pipes, or electric or other service lines from the street, and existence on the property of accessory buildings such as garages or sheds not occupied as dwelling units or not a part of the main structure.

1302. *Occupant.*—Section 203 (b) (2) (B) requires that at the time of insurance the mortgagor must be the "owner and occupant." FHA interpretation of "occupant" is one who has acquired the property primarily for use as his home and not primarily for sale or rent and who has evidenced the accomplishment of such purpose by physical acts of possession.

1303. *General waiver of certain easements, encroachments, and violations of restrictions.*—The following is the text of a letter issued to all approved mortgagees on this subject:

"Some mortgagees have established the practice of requesting special title letters from the Administrator (Commissioner) or from the local insuring office with respect to customary easements and minor violations of building or use restrictions which clearly come within the rule of acceptability contained in article VI, section 8 of the Regulations for Mutual Mortgage Insurance as follows:

" 'If the title and title evidence are such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be satisfactory to the Administrator and will be considered by him as good and merchantable.'

"The Administrator is always willing to give special rulings in connection with cases involving particular title questions upon which there is reasonable doubt as to acceptability under the above rule but mortgagees are urged to limit their requests to such exceptional cases and thus eliminate unnecessary delay and expense to all parties concerned.

"To assist in curtailing the number of special requests and in accordance with the spirit and intent of the above-mentioned rule, the following additional assurance is given:

"If and when the property is offered to the Administrator in exchange for debentures under the terms of the Mutual Mortgage Insurance Contract, he will make no objection to title by reason of the following matters:

"1. Violations of cost or set-back restrictions which do not provide a penalty of reversion or forfeiture of title, or a lien for liquidated damages which may be superior to the lien of the insured mortgage. Violations of such restrictions which do provide for such penalties, provided such penalty rights have been duly released or subordinated to the lien of the insured mortgage, or provided a policy of title insurance is furnished expressly insuring the Administrator against loss by reason of such penalties.

"2. Easements for public utilities along one or more of the property lines and extending not more than 5 feet therefrom, provided the exercise of the rights thereunder do not interfere with any of the buildings or improvements located on the subject property.

"3. Easements for underground conduits which are in place and do not extend under any buildings on the subject property.

"4. Mutual easements for joint driveways constructed partly on the subject property and partly on adjoining property, provided the agreements creating such easements are of record.

"5. Encroachments on the subject property by improvements on adjoining property where such encroachments do not exceed 1 foot, provided such encroachments do not touch any buildings or interfere with the use of any improvements on the subject property.

"6. Encroachments on adjoining property by eaves and overhanging projections attached to improvements on subject property where such encroachments do not exceed 1 foot.

"7. Encroachments on adjoining property by hedges or wooden fences belonging to subject property.

"8. Encroachments on adjoining property by driveways belonging to subject property where such encroachments do not exceed 1 foot, provided there exists a clearance of at least 8 feet between the buildings on the subject property and the property line affected by the encroachment.

"9. Variations between the length of the subject property lines as shown on the application for insurance and as shown by the record or possession lines, provided such variations do not interfere with the use of any of the improvements on the subject property and do not involve a deficiency of more than 2 percent with respect to the length of the front line or more than 5 percent with respect to the length of any other line.

"It should be observed that this letter applies only to the acceptability of title at the time the property is offered to the Administrator in exchange for debentures and does not imply that the matters referred to will be disregarded in fixing the amount or terms of the commitment to insure. It should also be observed that item No. 1 does not in any way indicate that the Administrator encourages the violation of restrictive covenants nor does it protect against the judicial enforcement thereof. Since completion of the building without additional financing is a condition of every commitment to insure, it is obvious that an injunction obtained during the progress of construction might prevent the mortgage from being insured.

"It is assumed that mortgagees will maintain the same standard of title requirements in connection with insured mortgages as with uninsured mortgages and this letter is not intended to relax in any way the usual requirements of mortgagees. It should, however, eliminate most of the requests for special rulings by the Administrator.

"We will appreciate your cooperation in instructing your staff and representatives that it is unnecessary to send requests for special rulings in connection with the matters covered herein."

1304. *Special assessments not noted on mortgagee's application for insurance.*—The policy with respect to such assessments is set forth in the following excerpt from a letter issued to all approved mortgagees:

"Your attention is called to that portion of article VI, section 7 (*a*) of the Regulations for Mutual Mortgage Insurance which expressly limits the amount which may be included in debentures by reason of special assessments paid by the mortgagee to those 'special assessments which are noted on the application for insurance or which became liens after the insurance of the mortgage.'

"If the title examination made by the mortgagee prior to closing the loan discloses special assessments not noted on the application for insurance, the mortgagee may advise the director of the insuring office the nature and total amount of such assessment, together with information as to the number and amount of annual installments in which it is payable, requesting consent to amend the application by the notation of the assessment thereon and requesting advice as to whether or not such assessment will affect the amount of the commitment previously issued. If such request and information is received prior to the endorsement of the mortgage for insurance and such assessment would have had no effect upon the amount or terms of the commitment as issued, even if such information had been originally noted on the application prior to processing the case, the director is authorized to give the mortgagee a letter advising that the Administrator will consider the application for insurance to have been amended by the notation thereon of the assessments specifically set out and that such assessments will not affect the amount or terms of the commitment previously issued.

"If the information concerning the special assessments would have affected the amount or terms of

EXHIBIT 16

FEDERAL HOUSING ADMINISTRATION
ADMINISTRATIVE AUDITS

SCHEDULE OF SETTLEMENT OF APPLICATIONS FOR DEBENTURES UNDER SECTION 604, TITLE VI. NATIONAL HOUSING ACT

APPLICANT Grant State Bank

MORTGAGOR Eastern Construction Company

DATE OF DEBENTURES 10/23/44

TYPE OF DEBENTURE H-2½ - 1954

		PAYMENTS MADE SINCE DEFAULT FOR					ESCROW AMOUNTS ON HAND AS OF DEFAULT				RENTS OR OTHER INCOME RECEIVED						
CASE NUMBER	UNPAID PRINCIPAL	MORTGAGE INSURANCE	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS ETC.	HAZARD INSURANCE	FORECLOSURE COSTS	GROSS TOTAL	MORTGAGE INSURANCE	TAXES, GROUND RENTS, SPECIAL ASSESSMENTS ETC.	HAZARD INSURANCE	HAZARD INSURANCE REFUNDS	BETWEEN DEFAULT AND FORECLOSURE OR ACQUISITION	SINCE FORECLOSURE OR ACQUISITION OTHERWISE	LESS RENTAL EXPENSES	TOTAL DEDUCTIONS	NET CLAIM	CASH ADJUST-MENT	DEBENTURES
606-07572	4,392.04		78.54	9.24	75.00	4,554.82	3.54	11.58	9.72	6.19		212.50	11.60	231.93	4,322.89	22.89	4,300.00
07573	"		70.70	"	"	4,546.98	"	"	"	"				31.03	4,515.95	15.95	4,500.00
07691	4,641.59		81.17	9.77	"	4,807.53	3.74	12.52	10.20	6.54				33.00	4,774.53	24.53	4,750.00
07692	"		82.97	"	"	4,809.33	"	"	7.44	"		85.00	17.22	98.02	4,711.31	11.31	4,700.00
07694	"		75.12	"	"	4,801.48	"	"	"	"				30.24	4,771.24	21.24	4,750.00
07695	"		77.55	"	"	4,803.91	"	"	"	"				"	4,773.67	23.67	"
07696	"		79.36	"	"	4,805.72	"	"	"	"		127.50	9.15	148.59	4,657.13	7.13	4,650.00
07697	"		76.34	"	"	4,802.70	"	"	"	"				30.24	4,772.46	22.46	4,750.00
07698	"		75.12	"	"	4,801.48	"	"	"	"		85.00	22.01	93.23	4,708.25	8.25	4,700.00
07704	"		"	"	"	"	"	"	"	"				30.24	4,771.24	21.24	4,750.00
						47,535.43								756.76	46,778.67	178.67	46,600.00

FEDERAL HOUSING ADMINISTRATION
ADMINISTRATIVE AUDITS

SCHEDULE OF SETTLEMENT OF APPLICATIONS FOR CERTIFICATES OF CLAIM UNDER SECTION 604, TITLE VI, NATIONAL HOUSING ACT

APPLICANT Grant State Bank

MORTGAGOR Eastern Construction Company

DATE OF CERTIFICATE 4/25/45

	FORECLOSURE OR ACQUISITION COSTS						INTEREST FROM:							ANY OTHER AMOUNTS:			
CASE NUMBER	COURT COSTS	ATTORNEY FEES	TOTAL	LESS: COSTS ALLOWED IN DEBENTURES	NET COSTS	CONVEYANCE COSTS	NO. OF DAYS	DEFAULT TO FORECLOSURE OR ACQUISITION		NO. OF DAYS	FORECLOSURE TO ACQUISITION BY COMMISSIONER			Misc.		NUMBER OF CERTIFICATE	CERTIFICATE OF CLAIM
606-07572	33.37	50.00	83.37	75.00	8.37	7.20	83	44.94		184	44.28					3691	104.79
07573	"	"	"	"	"	"	"	"		"	"			.95		3692	105.74
07691	"	"	"	"	"	"	"	47.50		"	46.80			2.75		3693	112.62
07692	"	"	"	"	"	"	"	"		"	"					3694	109.87
07694	"	"	"	"	"	"	"	"		"	"			2.76		3695	112.63
07695	"	"	"	"	"	"	"	"		"	"			"		3696	"
07696	"	"	"	"	"	"	"	"		"	"					3697	109.87
07697	"	"	"	"	"	"	"	"		"	"			2.76		3698	112.63
07698	"	"	"	"	"	"	"	"		"	"					3699	109.87
07704	"	"	"	"	"	"	"	"		"	"			2.75		3700	112.62
																	1,103.27

EXHIBIT 17

Chart of debentures issued under FHA Mortgage Insurance Funds

Series	Interest rate	Fund	Section under which insured	Date of debentures	Maturity	Redemption provisions	Tax provisions
	Percent						
A	3	Mutual Mortgage Insurance Fund.	Secs. 203 and 207 (commitments issued June 27, 1934, to Feb. 2, 1938).	Date foreclosure proceedings instituted or property otherwise acquired by mortgagee after default.	3 years after July 1 following maturity date of mortgage on property in exchange for which debentures were issued.	Noncallable	(1).
B	2¾	do	Sec. 203 (commitments issued Feb. 3, 1938, to Feb. 28, 1941).	Same as Series A	Same as Series A	Callable on July 1 or January 1 on 3-months' notice.	(2).
C	2¾	Housing Insurance Fund.	Sec. 210 (commitments issued February 3, 1938 to June 3, 1939).	do	do	Same as Series B	(2).
D	2¾	do	Sec. 207 (commitments issued February 3, 1938 to February 28, 1941).	do	do	do	(2).
E	2¾	Mutual Mortgage Insurance Fund.	Sec. 203 (commitments issued March 1, 1941 to present).	do	do	do	(3).
F	2¾	Housing Insurance Fund.	Sec. 207 (commitments issued March 1, 1941 to present).	do	do	do	(3).
G	2¾	War Housing Insurance Fund.	Sec. 603 (commitments issued March 28, 1941 to May 25, 1942).	do	do	do	(3).
H	2½	do	Secs. 603 and 608 (commitments issued May 26 1942 to present).	Sec. 603—same as Series A; Sec. 608—date of default.	10 years after date of debenture.	do	(3).

Footnotes on Tax Provisions

[1] Series A debentures are subject only to such Federal, State, and local taxes as the mortgages in exchange for which they were issued would be subject in the hands of the holder of the debentures.

[2] Series B, C, and D debentures are 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, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

[3] Series E, F, G, and H debentures are subject to Federal taxes, but are 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.

EXHIBIT 18

FEDERAL HOUSING ADMINISTRATION

STATEMENT OF SETTLEMENT

REAL PROPERTY ACQUIRED UNDER TITLE II, NATIONAL HOUSING ACT

INSURED MORTGAGE NO. 56-502020

MORTGAGEE:	City National Bank 508 - 1st Avenue	**DATE OF ACQUISITION BY FHA:**		1-6-39
ADDRESS:	Wayne, Washington	**DATE OF SALE:**		7-1-39
MORTGAGOR:	Smith, John and Mary	**DEBENTURES:** 2-3/4%	**Date:**	11-2-38
			Amount:$	2,350.00
PROPERTY LOCATION:	4166 Lakeview Drive Wayne, Washington	**CERTIFICATE OF CLAIM:**	**No.:**	5840
			Date:	1-6-39
			Amount:$	102.12

Gross proceeds:			
Sales price	3,000.00		
Less: Commission on sale	150.00		
Net proceeds		2,850.00	
Income:			
Mortgage note interest		354.73	
Total income			3,204.73
Expenses:			
Debentures		2,350.00	
Cash adjustment		22.06	
Debenture interest		285.48	
Initial reconditioning		327.10	
Taxes		65.03	
Hazard insurance		2.39	
Total expenses			3,052.06
Excess of income over expenses			152.67

Amount available for payment of:	
Certificate of claim	102.12
Increment on certificate of claim 1-6-39 to 6-1-46	22.66
Refund to mortgagor	27.89
Loss to Mutual Mortgage Insurance Fund	-

I hereby certify that the above Statement of Settlement is true and correct and reflects all amounts collected by the Commissioner on any claims assigned to him, and the balance of such claims (if any) is deemed to be uncollectible.

Comptroller

YIELD TABLES

FOR MORTGAGES INSURED UNDER
SECTIONS 203 AND 603 OF THE NATIONAL HOUSING ACT

FEDERAL HOUSING ADMINISTRATION

WASHINGTON, D. C.

Appendix VII

YIELDS ACCRUING FROM FHA INSURED MORTGAGES[1]

To facilitate reference to the following tables in determining yields accruing financial institutions from their holdings of Federal Housing Administration insured mortgages the tables are divided into five categories:

1. Mortgages purchased at or above face value and held to maturity (tables 1 to 5).
2. Mortgages purchased at or above face value and prepaid prior to maturity (tables 6 to 20).
3. Mortgages purchased at face value and exchanged, upon foreclosure, for Mutual Mortgage Insurance Fund 3-percent debentures (tables 21 and 22).
4. Mortgages purchased at face value and exchanged, upon foreclosure, for Mutual Mortgage Insurance Fund, or War Housing Insurance Fund, 2¾-percent debentures (tables 23 to 31).
5. Mortgages purchased at face value and exchanged, upon foreclosure, for War Housing Insurance Fund 2½-percent debentures (tables 32 to 38).

The first of these groups includes mortgages bearing interest at rates from 5 down to 3 percent, at intervals of one-quarter of 1 percent, originated by the holding institution or purchased by it. Yields are given for purchase prices ranging from face value to 105 percent of face value, by 1-percent intervals, and for terms of 5 to 25 years. In the case of a purchasing institution acquiring a mortgage subsequent to its date of origination, the purchase price is expressed as a percent of the unamortized principal rather than of the original face value, and the term of the mortgage is interpreted to be the unexpired term at date of purchase. As an example, if it is desired to know the yield from a 20-year 4½-percent mortgage purchased 9 years after origination at 103 percent of the outstanding balance, enter the section of table 2 which applies to 4½-percent mortgages in the column headed "103" and on the line corresponding to the remaining term of the mortgage at time of purchase—11 years; the desired yield is found to be 3.95 percent.

Since FHA-insured mortgages allow prepayment prior to maturity, numerous mortgagees have requested information as to their yields from such loans. The tables in the second category, as listed above, include these yields for mortgages bearing interest rates between 5 and 3 percent, at intervals of one-half of 1 percent. Figures are included for selected mortgage terms between 5 and 25 years, with prepayment occurring at the end of any completed year during such term, and for purchase prices between 100 and 105 percent of face value. These tables may also be used by either an originating or a purchasing institution in the same manner described for the first group of tables. If, for example, a lending institution desired to compare a 20-year 4½-percent mortgage originated by it, and held until prepaid at the end of 15 years, and a similar mortgage purchased at 101 percent of the outstanding balance at the midterm and prepaid 5 years later (15 years after its date of origination), the yields can be determined from tables 9 and 11. For the first mortgage, enter that section of table 9 headed "20-year mortgages" in the 100-percent column and on the line showing prepayment after 15 years. The desired yield is found to be 4.54 percent. To find the comparable figure for the other mortgage enter table 11 in the section headed "10-year mortgages" in the 101-percent column and on the line corresponding to prepayment after 5 years. In this case the yield is 4.26 percent. It may be noted that this group of tables is based on single lump sum prepayment of the then outstanding principal as specified in the original amortization schedule. In the case of a loan acquired at a premium, a series of partial

---

[1] The tables in this Handbook give yields on mortgages insured under sections 203 and 603. Yields on mortgages under sections 207 and 608 may be obtained from FHA upon request.

prepayments which terminate the loan at a given point in its life will result in a slightly lower yield to the mortgagee than that resulting when prepayment is accomplished in one transaction at the same point in the mortgage term.

The last three of the categories listed above deal with the yields to the mortgagee resulting from the exchange of foreclosed mortgages for the Mutual Mortgage Insurance Fund or War Housing Insurance Fund debentures of the Federal Housing Administration, all issues of which are fully and unconditionally guaranteed as to principal and interest by the United States. In the case of mortgages insured prior to February 3, 1938, the mortgagee may elect to take either the 3-percent non-callable debentures (Series A) (tables 21 and 22), which are subject to the same taxes as the original mortgage for which they were exchanged, or the 2¾-percent debentures (tables 23 to 31). Both types of debentures mature 3 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.[2] Mortgages insured under section 203 of the National Housing Act on or after the above date are only eligible for exchange for the 2¾-percent debentures, which are callable on any interest payment day on 3 months notice. Such debentures as are issued in connection with contracts entered into pursuant to commitments issued prior to March 1, 1941 (Series B) are exempt as to principal and interest from all Federal, State, and local taxes, except surtax, estate, inheritance, and gift taxes; debentures issued as a result of commitments dated on or after March 1, 1941 (Series E) do not carry such Federal tax exemption.

In the case of mortgages committed for insurance under section 603 prior to May 26, 1942, and subsequently tendered to the FHA as a result of foreclosure, the mortgagee may elect to receive 2¾-percent debentures (Series G) with provisions as described above, or 2½-percent, 10-year debentures (Series H) which are also callable and subject to Federal taxation (tables 32 to 38). Debentures issued in connection with mortgages committed for insurance on and after May 26, 1942, may only be the 2½-percent, 10-year type.

All three of these categories include mortgages with original terms of 5 to 25 years which are exchanged for debentures after selected periods of from 1 to 20 years. Yields resulting from an exchange for 3-percent debentures are given for mortgage interest rates of 5 and 4½ percent only. The 2¾-percent debenture tables include mortgage rates from 5 to 3 percent, and the 2½-percent debenture group includes mortgage rates from 4½ to 3 percent, both at intervals of one-quarter of 1 percent.

All of these tables may be utilized either by an originating institution or by an institution purchasing such mortgages at their unamortized principal amounts. In the latter case, the tables should be entered in such a way that "Mortgage Exchanged for Debentures at End of Year" will refer not to the expired life of the mortgage (as an originating mortgagee would do) but to the number of years subsequent to the acquisition of the mortgage by the institution, and the term of the mortgage should again be interpreted to be the unexpired term at the time of purchase. As an example, the yield to a purchasing institution from a 25-year 4-percent mortgage purchased 8 years after its date of origination and exchanged for 2¾-percent debentures 4 years after purchase is found to be 3.10 percent (4-year column, 17-year line of table 27).

The tables included in this publication have been prepared in such a way that the yield on Federal Housing Administration insured mortgages can be compared with the yield on bonds as they are usually quoted. In standard bond yield tables, the rates are computed by equating to the original amount of the investment the sum of the discounted value of the amount to be received upon redemption and of the interest received each half year. The rate thus obtained is the semiannual yield which is doubled to obtain the annual figure.

To put the monthly amortized mortgage on the same mathematical basis as a bond, the yield has been computed monthly and converted for semi-

---

[2] See exhibit 17 of chapter 11 for a summary of all debenture provisions.

annual periods. Since the mortgagee receives the first month's interest 5 months earlier than he would have received it on a bond investment, the second month's interest 4 months earlier, etc., he has the opportunity of immediately reinvesting this interest for the number of months remaining in the semiannual period. It is assumed that this reinvestment is made at a rate equal to that being earned on the original investment.

The following points relative to the computation of these yield tables should be noted:

1. Interest on insured mortgages is received monthly at a rate of one-twelfth of the annual contract rate of interest on the outstanding principal of the mortgage.

2. Interest on debentures is received semiannually at a rate of one-half of the annual contract rate of interest on the face value of the debentures.

3. The value of the debentures exchanged for a defaulted mortgage is assumed to be the amount of the unamortized principal of the mortgage at the time of default, with no allowance for those items that are actually included in all debentures, such as payments by the mortgagee for taxes, insurance on the property, and mortgage insurance premiums paid after the institution of foreclosure proceedings.

4. No allowance is made for the costs entailed in foreclosure proceedings. Such costs on mortgages insured under section 203 (b) (2) (B) which meet the conditions specified in article VI, paragraph 7 (a) of the regulations governing the insurance of these mortgages—or in the case of mortgages insured under section 603 which meet the conditions specified in article V, paragraph 4 (a) of the section 603 regulations—are covered in whole or in part by the debentures, with the remainder, if any, of such costs being covered by the certificates of claim. On all other mortgages, the entire foreclosure costs are covered by the certificates of claim.

5. The maturity dates of the 3-percent and 2¾ percent debentures are assumed to be exactly 3 years subsequent to the original maturity dates of the mortgages for which they are exchanged.

6. Yields have been calculated on the basis of the debentures being held to maturity. However, if these debentures are called or are sold at or above par prior to maturity, the resulting yields will be greater than those shown in the tables.

7. The yields as given are all gross yields, with no allowance being made for taxes, service charges, or other costs. It is possible, however, to arrive at an approximate net yield, after making allowance for these costs, in any case in which it is possible to express the cost item or items as a percentage of the outstanding balance of the mortgage. Thus, if it is desired to make allowance for a service charge of one-half of 1 percent incurred in the handling of a 4½-percent mortgage, the appropriate 4-percent yield table may be used for a good approximation.

It is not possible to include all the values which may be desired by the using institutions. Any missing value which lies between two given values may be readily obtained with substantial accuracy through a simple interpolation. This applies to all of the variables involved: mortgage term, mortgage interest rate, purchase premium, time of prepayment, and time of foreclosure. As an example, for the benefit of any who are not familiar with this process, suppose it is desired to know the yield on an 18-year 5-percent mortgage exchanged for 2¾-percent debentures after 12 years of its life. Table 23 shows the yield on such a mortgage exchanged after 10 years to be 4.30 percent; after 15 years it would be 4.88 percent. Since 12 years represents two-fifths of the difference between 10 and 15, we take that part of the difference in the yields

$$2/5 \text{ of } (4.88-4.30) \text{ equals } 0.23$$

and since the yield after 10 years is less than that after 15 years, add it to the lower yield to obtain the desired value of 4.53 percent—the yield when the exchange for debentures is effected after 12 years.

The value of these tables may be further increased through the use, when necessary, of two-way interpolation. Again using table 23, suppose it is desired to compute the yield from one of the formerly insured 19½-year 5-percent mortgages exchanged for

2¾-percent debentures at the end of 13 years. These 4 values are given in the table:

Term of mortgage in years	Mortgage exchanged at end of year (10 years)	(15 years)
19	4.23	4.81
20	4.18	4.76

The first step is to compute the 19½-year value for both the 10- and 15-year columns. This is done exactly as outlined in the first illustration except that, since the 20-year values are less than the 19-year, subtract the value obtained by taking one-half of the differences between the two values in each column. Having completed this, we have: and can interpolate again, this time between the two values on the 19½-year line. Thus

Term of mortgage in years	Mortgage exchanged at end of year (10 years)	(15 years)
19	4.23	4.81
19½	4.205	4.785
20	4.18	4.76

$$3/5 \text{ of } (4.785-4.205)+4.205=0.348+4.205=4.55$$

percent, which is the yield

Table 1.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent and 4¾-percent mortgages purchased at or above face value and held to maturity*

Term of mortgage in years	5-percent mortgages (purchase price in percent)						4¾-percent mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
5	5.05	4.63	4.22	3.82	3.42	3.03	4.80	4.38	3.97	3.57	3.17	2.78
6	5.05	4.70	4.35	4.01	3.68	3.35	4.80	4.45	4.10	3.76	3.43	3.10
7	5.05	4.75	4.45	4.15	3.86	3.57	4.80	4.49	4.19	3.90	3.61	3.32
8	5.05	4.78	4.52	4.26	4.00	3.74	4.80	4.53	4.26	4.00	3.75	3.49
9	5.05	4.81	4.57	4.34	4.11	3.88	4.80	4.56	4.32	4.09	3.86	3.63
10	5.05	4.83	4.62	4.40	4.19	3.98	4.80	4.58	4.36	4.15	3.94	3.73
11	5.05	4.85	4.65	4.46	4.26	4.07	4.80	4.60	4.40	4.20	4.01	3.82
12	5.05	4.87	4.68	4.50	4.32	4.15	4.80	4.61	4.43	4.25	4.07	3.90
13	5.05	4.88	4.71	4.54	4.37	4.21	4.80	4.62	4.45	4.29	4.12	3.96
14	5.05	4.89	4.73	4.57	4.41	4.26	4.80	4.64	4.48	4.32	4.16	4.01
15	5.05	4.90	4.75	4.60	4.45	4.31	4.80	4.64	4.49	4.35	4.20	4.06
16	5.05	4.91	4.76	4.62	4.48	4.35	4.80	4.65	4.51	4.37	4.23	4.10
17	5.05	4.91	4.78	4.64	4.51	4.38	4.80	4.66	4.52	4.39	4.26	4.13
18	5.05	4.92	4.79	4.66	4.54	4.41	4.80	4.67	4.54	4.41	4.29	4.16
19	5.05	4.93	4.80	4.68	4.56	4.44	4.80	4.67	4.55	4.43	4.31	4.19
20	5.05	4.93	4.81	4.69	4.58	4.46	4.80	4.68	4.56	4.44	4.33	4.22
21	5.05	4.94	4.82	4.71	4.60	4.49	4.80	4.68	4.57	4.46	4.35	4.24
22	5.05	4.94	4.83	4.72	4.61	4.51	4.80	4.69	4.58	4.47	4.36	4.26
23	5.05	4.94	4.84	4.73	4.63	4.53	4.80	4.69	4.58	4.48	4.38	4.28
24	5.05	4.95	4.84	4.74	4.64	4.54	4.80	4.69	4.59	4.49	4.39	4.29
25	5.05	4.95	4.85	4.75	4.65	4.56	4.80	4.70	4.60	4.50	4.40	4.31

TABLE 2.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent and 4¼-percent mortgages purchased at or above face value and held to maturity*

Term of mortgage in years	4½-percent mortgages (purchase price in percent)						4¼-percent mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
5	4.54	4.13	3.72	3.32	2.92	2.53	4.29	3.87	3.47	3.07	2.67	2.28
6	4.54	4.19	3.85	3.51	3.18	2.85	4.29	3.94	3.60	3.26	2.93	2.60
7	4.54	4.24	3.94	3.65	3.36	3.07	4.29	3.99	3.69	3.40	3.11	2.83
8	4.54	4.28	4.01	3.75	3.50	3.25	4.29	4.02	3.76	3.50	3.25	3.00
9	4.54	4.30	4.07	3.83	3.61	3.38	4.29	4.05	3.81	3.58	3.36	3.13
10	4.54	4.32	4.11	3.90	3.69	3.49	4.29	4.07	3.86	3.65	3.44	3.24
11	4.54	4.34	4.15	3.95	3.76	3.57	4.29	4.09	3.89	3.70	3.51	3.32
12	4.54	4.36	4.18	4.00	3.82	3.65	4.29	4.10	3.92	3.75	3.57	3.40
13	4.54	4.37	4.20	4.03	3.87	3.71	4.29	4.12	3.95	3.78	3.62	3.46
14	4.54	4.38	4.22	4.07	3.91	3.76	4.29	4.13	3.97	3.82	3.66	3.51
15	4.54	4.39	4.24	4.09	3.95	3.81	4.29	4.14	3.99	3.84	3.70	3.56
16	4.54	4.40	4.26	4.12	3.98	3.85	4.29	4.15	4.01	3.87	3.73	3.60
17	4.54	4.41	4.27	4.14	4.01	3.88	4.29	4.15	4.02	3.89	3.76	3.63
18	4.54	4.41	4.29	4.16	4.04	3.91	4.29	4.16	4.03	3.91	3.79	3.66
19	4.54	4.42	4.30	4.18	4.06	3.94	4.29	4.17	4.04	3.93	3.81	3.69
20	4.54	4.42	4.31	4.19	4.08	3.97	4.29	4.17	4.06	3.94	3.83	3.72
21	4.54	4.43	4.32	4.21	4.10	3.99	4.29	4.18	4.06	3.95	3.85	3.74
22	4.54	4.43	4.32	4.22	4.11	4.01	4.29	4.18	4.07	3.97	3.86	3.76
23	4.54	4.44	4.33	4.23	4.13	4.03	4.29	4.18	4.08	3.98	3.88	3.78
24	4.54	4.44	4.34	4.24	4.14	4.05	4.29	4.19	4.09	3.99	3.89	3.80
25	4.54	4.44	4.35	4.25	4.15	4.06	4.29	4.19	4.09	4.00	3.91	3.81

TABLE 3.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent and 3¾-percent mortgages purchased at or above face value and held to maturity*

Term of mortgage in years	4-percent mortgages (purchase price in percent)						3¾-percent mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
5	4.03	3.62	3.22	2.82	2.42	2.04	3.78	3.37	2.96	2.57	2.17	1.79
6	4.03	3.69	3.35	3.01	2.68	2.35	3.78	3.43	3.09	2.76	2.43	2.10
7	4.03	3.73	3.44	3.15	2.86	2.58	3.78	3.48	3.19	2.90	2.61	2.33
8	4.03	3.77	3.51	3.25	3.00	2.75	3.78	3.52	3.26	3.00	2.75	2.50
9	4.03	3.80	3.56	3.33	3.11	2.88	3.78	3.54	3.31	3.08	2.86	2.63
10	4.03	3.82	3.61	3.40	3.19	2.99	3.78	3.57	3.35	3.15	2.94	2.74
11	4.03	3.84	3.64	3.45	3.26	3.08	3.78	3.58	3.39	3.20	3.01	2.83
12	4.03	3.85	3.67	3.50	3.32	3.15	3.78	3.60	3.42	3.24	3.07	2.90
13	4.03	3.86	3.70	3.53	3.37	3.21	3.78	3.61	3.45	3.28	3.12	2.96
14	4.03	3.87	3.72	3.57	3.41	3.26	3.78	3.62	3.47	3.31	3.16	3.02
15	4.03	3.88	3.74	3.59	3.45	3.31	3.78	3.63	3.49	3.34	3.20	3.06
16	4.03	3.89	3.75	3.62	3.48	3.35	3.78	3.64	3.50	3.37	3.23	3.10
17	4.03	3.90	3.77	3.64	3.51	3.38	3.78	3.65	3.52	3.39	3.26	3.14
18	4.03	3.91	3.78	3.66	3.54	3.42	3.78	3.65	3.53	3.41	3.29	3.17
19	4.03	3.91	3.79	3.67	3.56	3.44	3.78	3.66	3.54	3.42	3.31	3.20
20	4.03	3.92	3.80	3.69	3.58	3.47	3.78	3.66	3.55	3.44	3.33	3.22
21	4.03	3.92	3.81	3.70	3.60	3.49	3.78	3.67	3.56	3.45	3.35	3.24
22	4.03	3.93	3.82	3.72	3.61	3.51	3.78	3.67	3.57	3.47	3.36	3.26
23	4.03	3.93	3.83	3.73	3.63	3.53	3.78	3.68	3.58	3.48	3.38	3.28
24	4.03	3.93	3.84	3.74	3.64	3.55	3.78	3.68	3.58	3.49	3.39	3.30
25	4.03	3.94	3.84	3.75	3.66	3.56	3.78	3.68	3.59	3.50	3.41	3.32

Table 4.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent and 3¼-percent mortgages purchased at or above face value and held to maturity*

Term of mortgage in years	3½-percent mortgages (purchase price in percent)						3¼-percent mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
5	3.53	3.12	2.71	2.32	1.93	1.54	3.27	2.86	2.46	2.07	1.68	1.29
6	3.53	3.18	2.84	2.51	2.18	1.86	3.27	2.93	2.59	2.26	1.93	1.61
7	3.53	3.23	2.94	2.65	2.36	2.08	3.27	2.98	2.68	2.39	2.11	1.83
8	3.53	3.26	3.01	2.75	2.50	2.25	3.27	3.01	2.75	2.50	2.25	2.00
9	3.53	3.29	3.06	2.83	2.61	2.39	3.27	3.04	2.81	2.58	2.36	2.14
10	3.53	3.31	3.10	2.90	2.69	2.49	3.27	3.06	2.85	2.65	2.45	2.25
11	3.53	3.33	3.14	2.95	2.76	2.58	3.27	3.08	2.89	2.70	2.52	2.33
12	3.53	3.35	3.17	2.99	2.82	2.65	3.27	3.09	2.92	2.74	2.57	2.40
13	3.53	3.36	3.19	3.03	2.87	2.71	3.27	3.11	2.94	2.78	2.62	2.47
14	3.53	3.37	3.22	3.06	2.91	2.77	3.27	3.12	2.96	2.81	2.67	2.52
15	3.53	3.38	3.23	3.09	2.95	2.81	3.27	3.13	2.98	2.84	2.70	2.57
16	3.53	3.39	3.25	3.12	2.98	2.85	3.27	3.14	3.00	2.87	2.73	2.61
17	3.53	3.39	3.27	3.14	3.01	2.89	3.27	3.14	3.01	2.89	2.76	2.64
18	3.53	3.40	3.28	3.16	3.04	2.92	3.27	3.15	3.03	2.91	2.79	2.67
19	3.53	3.41	3.29	3.17	3.06	2.95	3.27	3.15	3.04	2.92	2.81	2.70
20	3.53	3.41	3.30	3.19	3.08	2.97	3.27	3.16	3.05	2.94	2.83	2.73
21	3.53	3.42	3.31	3.20	3.10	3.00	3.27	3.16	3.06	2.95	2.85	2.75
22	3.53	3.42	3.32	3.22	3.12	3.02	3.27	3.17	3.07	2.97	2.87	2.77
23	3.53	3.42	3.33	3.23	3.13	3.04	3.27	3.17	3.07	2.98	2.88	2.79
24	3.53	3.43	3.33	3.24	3.14	3.05	3.27	3.18	3.08	2.99	2.90	2.81
25	3.53	3.43	3.34	3.25	3.16	3.07	3.27	3.18	3.09	3.00	2.91	2.82

Table 5.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at or above face value and held to maturity*

Term of mortgage in years	3-percent mortgages (purchase price in percent)					
	100	101	102	103	104	105
5	3.02	2.61	2.21	1.82	1.43	1.05
6	3.02	2.68	2.34	2.01	1.68	1.36
7	3.02	2.72	2.43	2.15	1.87	1.59
8	3.02	2.76	2.50	2.25	2.00	1.76
9	3.02	2.79	2.56	2.33	2.11	1.89
10	3.02	2.81	2.60	2.40	2.20	2.00
11	3.02	2.83	2.64	2.45	2.27	2.08
12	3.02	2.84	2.67	2.49	2.32	2.16
13	3.02	2.85	2.69	2.53	2.37	2.22
14	3.02	2.87	2.71	2.56	2.42	2.27
15	3.02	2.87	2.73	2.59	2.45	2.32
16	3.02	2.88	2.75	2.62	2.49	2.36
17	3.02	2.89	2.76	2.64	2.51	2.39
18	3.02	2.90	2.78	2.66	2.54	2.42
19	3.02	2.90	2.79	2.67	2.56	2.45
20	3.02	2.91	2.80	2.69	2.58	2.48
21	3.02	2.91	2.81	2.70	2.60	2.50
22	3.02	2.92	2.82	2.72	2.62	2.52
23	3.02	2.92	2.82	2.73	2.63	2.54
24	3.02	2.92	2.83	2.74	2.65	2.56
25	3.02	2.93	2.84	2.75	2.66	2.57

TABLE 6.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	25-year mortgages (purchase price in percent)						20-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	5.05	4.00	2.97	1.95	0.94	neg.	5.05	4.00	2.96	1.93	0.93	neg.
2	5.05	4.51	3.97	3.44	2.92	2.40	5.05	4.50	3.96	3.42	2.90	2.37
3	5.05	4.68	4.30	3.94	3.57	3.22	5.05	4.67	4.29	3.92	3.55	3.19
4	5.05	4.76	4.47	4.19	3.90	3.63	5.05	4.75	4.46	4.17	3.88	3.60
5	5.05	4.81	4.57	4.33	4.10	3.87	5.05	4.80	4.56	4.32	4.08	3.84
6	5.05	4.84	4.64	4.43	4.23	4.03	5.05	4.84	4.62	4.41	4.21	4.00
7	5.05	4.87	4.68	4.50	4.32	4.15	5.05	4.86	4.67	4.48	4.30	4.11
8	5.05	4.88	4.72	4.55	4.39	4.23	5.05	4.88	4.70	4.53	4.36	4.20
9	5.05	4.90	4.74	4.59	4.44	4.30	5.05	4.89	4.73	4.57	4.41	4.26
10	5.05	4.91	4.76	4.62	4.48	4.35	5.05	4.90	4.75	4.60	4.45	4.31
11	5.05	4.92	4.78	4.65	4.52	4.39	5.05	4.91	4.76	4.62	4.48	4.35
12	5.05	4.92	4.79	4.67	4.54	4.42	5.05	4.91	4.78	4.64	4.51	4.38
13	5.05	4.93	4.81	4.69	4.57	4.45	5.05	4.92	4.79	4.66	4.53	4.40
14	5.05	4.93	4.82	4.70	4.58	4.47	5.05	4.92	4.79	4.67	4.54	4.42
15	5.05	4.94	4.82	4.71	4.60	4.49	5.05	4.93	4.80	4.68	4.55	4.43
16	5.05	4.94	4.83	4.72	4.61	4.51	5.05	4.93	4.80	4.68	4.56	4.45
17	5.05	4.94	4.83	4.73	4.62	4.52	5.05	4.93	4.81	4.69	4.57	4.45
18	5.05	4.94	4.84	4.73	4.63	4.53	5.05	4.93	4.81	4.69	4.58	4.46
19	5.05	4.95	4.84	4.74	4.64	4.54	5.05	4.93	4.81	4.69	4.58	4.46
20	5.05	4.95	4.84	4.74	4.64	4.54	....	....	....	....	....	....
21	5.05	4.95	4.85	4.75	4.65	4.55	....	....	....	....	....	....
22	5.05	4.95	4.85	4.75	4.65	4.55	....	....	....	....	....	....
23	5.05	4.95	4.85	4.75	4.65	4.56	....	....	....	....	....	....
24	5.05	4.95	4.85	4.75	4.65	4.56	....	....	....	....	....	....

TABLE 7.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	17-year mortgages (purchase price in percent)						15-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	5.05	3.99	2.95	1.92	0.91	neg.	5.05	3.99	2.94	1.91	0.90	neg.
2	5.05	4.50	3.95	3.41	2.88	2.35	5.05	4.49	3.94	3.40	2.86	2.33
3	5.05	4.67	4.28	3.91	3.54	3.17	5.05	4.66	4.28	3.89	3.52	3.15
4	5.05	4.75	4.45	4.15	3.86	3.57	5.05	4.74	4.44	4.14	3.84	3.55
5	5.05	4.80	4.55	4.30	4.06	3.81	5.05	4.79	4.54	4.28	4.03	3.79
6	5.05	4.83	4.61	4.40	4.18	3.97	5.05	4.82	4.60	4.38	4.16	3.94
7	5.05	4.85	4.66	4.46	4.27	4.08	5.05	4.85	4.64	4.44	4.25	4.05
8	5.05	4.87	4.69	4.51	4.34	4.16	5.05	4.86	4.68	4.49	4.31	4.13
9	5.05	4.88	4.71	4.55	4.38	4.22	5.05	4.87	4.70	4.52	4.35	4.18
10	5.05	4.89	4.73	4.57	4.42	4.27	5.05	4.88	4.72	4.55	4.39	4.23
11	5.05	4.90	4.75	4.60	4.45	4.30	5.05	4.89	4.73	4.57	4.41	4.26
12	5.05	4.90	4.76	4.61	4.47	4.33	5.05	4.89	4.74	4.58	4.43	4.28
13	5.05	4.91	4.76	4.62	4.49	4.35	5.05	4.90	4.74	4.59	4.44	4.29
14	5.05	4.91	4.77	4.63	4.50	4.36	5.05	4.90	4.75	4.60	4.45	4.30
15	5.05	4.91	4.77	4.64	4.50	4.37	....	....	....	....	....	....
16	5.05	4.91	4.78	4.64	4.51	4.38	....	....	....	....	....	....

TABLE 8.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	12-year mortgages (purchase price in percent)						10-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	5.05	3.98	2.93	1.89	0.87	neg.	5.05	3.97	2.91	1.86	0.83	neg.
2	5.05	4.48	3.92	3.37	2.83	2.29	5.05	4.48	3.91	3.34	2.79	2.24
3	5.05	4.65	4.26	3.86	3.48	3.10	5.05	4.64	4.23	3.83	3.44	3.04
4	5.05	4.73	4.42	4.11	3.80	3.49	5.05	4.72	4.39	4.07	3.75	3.43
5	5.05	4.78	4.51	4.25	3.99	3.73	5.05	4.77	4.48	4.21	3.93	3.66
6	5.05	4.81	4.57	4.34	4.10	3.88	5.05	4.79	4.54	4.29	4.04	3.80
7	5.05	4.83	4.61	4.40	4.19	3.98	5.05	4.81	4.58	4.34	4.11	3.89
8	5.05	4.85	4.64	4.44	4.24	4.04	5.05	4.82	4.60	4.38	4.16	3.94
9	5.05	4.85	4.66	4.47	4.28	4.09	5.05	4.83	4.61	4.40	4.18	3.97
10	5.05	4.86	4.67	4.49	4.30	4.12	....	....	....	....	....	....
11	5.05	4.86	4.68	4.50	4.32	4.14	....	....	....	....	....	....

Prepaid at end of year	8-year mortgages (purchase price in percent)						5-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	5.05	3.96	2.89	1.83	0.78	neg.	5.05	3.92	2.81	1.71	0.63	neg.
2	5.05	4.46	3.88	3.30	2.73	2.17	5.05	4.41	3.77	3.15	2.53	1.92
3	5.05	4.62	4.20	3.78	3.37	2.96	5.05	4.56	4.07	3.59	3.12	2.65
4	5.05	4.70	4.35	4.01	3.67	3.34	5.05	4.62	4.19	3.77	3.35	2.94
5	5.05	4.74	4.44	4.13	3.84	3.54	....	....	....	....	....	....
6	5.05	4.77	4.48	4.21	3.93	3.66	....	....	....	....	....	....
7	5.05	4.78	4.51	4.24	3.98	3.72	....	....	....	....	....	....

TABLE 9.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	25-year mortgages (purchase price in percent)						20-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.54	3.50	2.47	1.45	0.45	neg.	4.54	3.49	2.46	1.44	0.43	neg.
2	4.54	4.00	3.47	2.94	2.42	1.90	4.54	4.00	3.46	2.92	2.40	1.88
3	4.54	4.17	3.80	3.44	3.08	2.72	4.54	4.16	3.79	3.42	3.05	2.69
4	4.54	4.25	3.97	3.68	3.40	3.13	4.54	4.25	3.96	3.67	3.38	3.10
5	4.54	4.30	4.07	3.83	3.60	3.37	4.54	4.30	4.05	3.81	3.58	3.34
6	4.54	4.34	4.13	3.93	3.73	3.53	4.54	4.33	4.12	3.91	3.71	3.50
7	4.54	4.36	4.18	4.00	3.82	3.65	4.54	4.35	4.16	3.98	3.80	3.61
8	4.54	4.38	4.21	4.05	3.89	3.73	4.54	4.37	4.20	4.03	3.86	3.70
9	4.54	4.39	4.24	4.09	3.94	3.80	4.54	4.38	4.22	4.07	3.91	3.76
10	4.54	4.40	4.26	4.12	3.98	3.85	4.54	4.39	4.24	4.10	3.95	3.81
11	4.54	4.41	4.28	4.15	4.02	3.89	4.54	4.40	4.26	4.12	3.98	3.85
12	4.54	4.42	4.29	4.17	4.04	3.92	4.54	4.41	4.27	4.14	4.01	3.88
13	4.54	4.42	4.30	4.18	4.07	3.95	4.54	4.41	4.28	4.15	4.03	3.90
14	4.54	4.43	4.31	4.20	4.08	3.97	4.54	4.41	4.29	4.16	4.04	3.92
15	4.54	4.43	4.32	4.21	4.10	3.99	4.54	4.42	4.29	4.17	4.05	3.94
16	4.54	4.43	4.32	4.22	4.11	4.01	4.54	4.42	4.30	4.18	4.06	3.95
17	4.54	4.44	4.33	4.23	4.12	4.02	4.54	4.42	4.30	4.19	4.07	3.96
18	4.54	4.44	4.33	4.23	4.13	4.03	4.54	4.42	4.31	4.19	4.08	3.96
19	4.54	4.44	4.34	4.24	4.14	4.04	4.54	4.42	4.31	4.19	4.08	3.97
20	4.54	4.44	4.34	4.24	4.14	4.05	....	....	....	....	....	....
21	4.54	4.44	4.34	4.24	4.15	4.05	....	....	....	....	....	....
22	4.54	4.44	4.34	4.25	4.15	4.06	....	....	....	....	....	....
23	4.54	4.44	4.35	4.25	4.15	4.06	....	....	....	....	....	....
24	4.54	4.44	4.35	4.25	4.15	4.06	....	....	....	....	....	....

Table 10.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	17-year mortgages (purchase price in percent)						15-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.54	3.49	2.45	1.43	0.42	neg.	4.54	3.48	2.44	1.41	0.40	neg.
2	4.54	3.99	3.45	2.91	2.38	1.86	4.54	3.99	3.44	2.90	2.36	1.84
3	4.54	4.16	3.78	3.41	3.04	2.67	4.54	4.15	3.77	3.39	3.02	2.65
4	4.54	4.24	3.94	3.65	3.36	3.07	4.54	4.24	3.93	3.64	3.34	3.05
5	4.54	4.29	4.04	3.80	3.55	3.31	4.54	4.29	4.03	3.78	3.53	3.29
6	4.54	4.32	4.11	3.89	3.68	3.47	4.54	4.32	4.09	3.88	3.66	3.44
7	4.54	4.35	4.15	3.96	3.77	3.58	4.54	4.34	4.14	3.94	3.74	3.55
8	4.54	4.36	4.18	4.01	3.83	3.66	4.54	4.35	4.17	3.99	3.81	3.63
9	4.54	4.37	4.21	4.04	3.88	3.72	4.54	4.37	4.19	4.02	3.85	3.69
10	4.54	4.38	4.23	4.07	3.92	3.77	4.54	4.38	4.21	4.05	3.89	3.73
11	4.54	4.39	4.24	4.09	3.95	3.80	4.54	4.38	4.22	4.07	3.91	3.76
12	4.54	4.40	4.25	4.11	3.97	3.83	4.54	4.39	4.23	4.08	3.93	3.78
13	4.54	4.40	4.26	4.12	3.98	3.85	4.54	4.39	4.24	4.09	3.94	3.80
14	4.54	4.40	4.27	4.13	4.00	3.86	4.54	4.39	4.24	4.09	3.95	3.80
15	4.54	4.41	4.27	4.14	4.00	3.87	....	....	....	....	....	....
16	4.54	4.41	4.27	4.14	4.01	3.88	....	....	....	....	....	....

Table 11.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	12-year mortgages (purchase price in percent)						10-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.54	3.48	2.43	1.39	0.37	neg.	4.54	3.47	2.41	1.37	0.34	neg.
2	4.54	3.98	3.42	2.87	2.33	1.79	4.54	3.97	3.40	2.84	2.29	1.75
3	4.54	4.14	3.75	3.36	2.98	2.60	4.54	4.13	3.73	3.33	2.94	2.55
4	4.54	4.23	3.91	3.60	3.30	3.00	4.54	4.21	3.89	3.57	3.25	2.94
5	4.54	4.27	4.01	3.74	3.48	3.23	4.54	4.26	3.98	3.70	3.43	3.16
6	4.54	4.30	4.07	3.83	3.60	3.38	4.54	4.29	4.04	3.79	3.54	3.30
7	4.54	4.32	4.11	3.89	3.68	3.48	4.54	4.31	4.07	3.84	3.61	3.39
8	4.54	4.34	4.14	3.94	3.74	3.55	4.54	4.32	4.09	3.87	3.66	3.45
9	4.54	4.35	4.15	3.97	3.78	3.59	4.54	4.32	4.11	3.89	3.68	3.48
10	4.54	4.35	4.17	3.98	3.80	3.62	....	....	....	....	....	....
11	4.54	4.36	4.17	3.99	3.82	3.64	....	....	....	....	....	....

Prepaid at end of year	8-year mortgages (purchase price in percent)						5-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.54	3.45	2.38	1.32	0.29	neg.	4.54	3.41	2.30	1.21	0.14	neg.
2	4.54	3.95	3.37	2.80	2.23	1.67	4.54	3.90	3.27	2.65	2.03	1.43
3	4.54	4.12	3.69	3.28	2.87	2.46	4.54	4.05	3.57	3.09	2.62	2.15
4	4.54	4.19	3.85	3.51	3.17	2.84	4.54	4.11	3.69	3.27	2.85	2.45
5	4.54	4.23	3.93	3.63	3.34	3.05	....	....	....	....	....	....
6	4.54	4.26	3.98	3.70	3.43	3.16	....	....	....	....	....	....
7	4.54	4.27	4.00	3.74	3.48	3.23	....	....	....	....	....	....

TABLE 12.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	25-year mortgages (purchase price in percent)						20-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.03	2.99	1.96	0.95	neg.	neg.	4.03	2.99	1.96	0.94	neg.	neg.
2	4.03	3.49	2.96	2.44	1.92	1.41	4.03	3.49	2.95	2.42	1.90	1.38
3	4.03	3.66	3.30	2.93	2.58	2.22	4.03	3.66	3.29	2.92	2.56	2.20
4	4.03	3.75	3.46	3.18	2.90	2.63	4.03	3.74	3.45	3.17	2.88	2.60
5	4.03	3.80	3.56	3.33	3.10	2.87	4.03	3.79	3.55	3.31	3.08	2.85
6	4.03	3.83	3.63	3.43	3.23	3.04	4.03	3.82	3.61	3.41	3.21	3.00
7	4.03	3.85	3.67	3.50	3.32	3.15	4.03	3.85	3.66	3.48	3.30	3.12
8	4.03	3.87	3.71	3.55	3.39	3.23	4.03	3.86	3.69	3.53	3.36	3.20
9	4.03	3.88	3.73	3.59	3.44	3.30	4.03	3.88	3.72	3.57	3.41	3.26
10	4.03	3.89	3.76	3.62	3.48	3.35	4.03	3.89	3.74	3.59	3.45	3.31
11	4.03	3.90	3.77	3.64	3.52	3.39	4.03	3.89	3.75	3.62	3.48	3.35
12	4.03	3.91	3.79	3.66	3.54	3.43	4.03	3.90	3.77	3.64	3.51	3.38
13	4.03	3.91	3.80	3.68	3.57	3.45	4.03	3.90	3.78	3.65	3.53	3.40
14	4.03	3.92	3.81	3.69	3.58	3.48	4.03	3.91	3.78	3.66	3.54	3.42
15	4.03	3.92	3.81	3.71	3.60	3.49	4.03	3.91	3.79	3.67	3.55	3.44
16	4.03	3.93	3.82	3.72	3.61	3.51	4.03	3.91	3.80	3.68	3.56	3.45
17	4.03	3.93	3.83	3.72	3.62	3.52	4.03	3.92	3.80	3.68	3.57	3.46
18	4.03	3.93	3.83	3.73	3.63	3.53	4.03	3.92	3.80	3.69	3.58	3.47
19	4.03	3.93	3.83	3.74	3.64	3.54	4.03	3.92	3.80	3.69	3.58	3.47
20	4.03	3.93	3.84	3.74	3.64	3.55	....	....	....	....	....	....
21	4.03	3.94	3.84	3.74	3.65	3.56	....	....	....	....	....	....
22	4.03	3.94	3.84	3.75	3.65	3.56	....	....	....	..	....	....
23	4.03	3.94	3.84	3.75	3.65	3.56	....	....	....	....	....	....
24	4.03	3.94	3.84	3.75	3.66	3.56	....	....	....	....	....	....

TABLE 13.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	17-year mortgages (purchase price in percent)						15-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.03	2.98	1.95	0.93	neg.	neg.	4.03	2.98	1.94	0.92	neg.	neg.
2	4.03	3.49	2.94	2.41	1.88	1.36	4.03	3.48	2.94	2.40	1.87	1.34
3	4.03	3.65	3.28	2.90	2.54	2.17	4.03	3.65	3.27	2.89	2.52	2.15
4	4.03	3.74	3.44	3.15	2.86	2.58	4.03	3.73	3.43	3.13	2.84	2.55
5	4.03	3.78	3.54	3.29	3.05	2.82	4.03	3.78	3.53	3.28	3.03	2.79
6	4.03	3.82	3.60	3.39	3.18	2.97	4.03	3.81	3.59	3.37	3.16	2.95
7	4.03	3.84	3.65	3.46	3.27	3.08	4.03	3.83	3.63	3.44	3.24	3.05
8	4.03	3.86	3.68	3.51	3.33	3.16	4.03	3.85	3.67	3.48	3.31	3.13
9	4.03	3.87	3.70	3.54	3.38	3.22	4.03	3.86	3.69	3.52	3.35	3.19
10	4.03	3.88	3.72	3.57	3.42	3.27	4.03	3.87	3.71	3.54	3.39	3.23
11	4.03	3.88	3.74	3.59	3.45	3.31	4.03	3.87	3.72	3.56	3.41	3.26
12	4.03	3.89	3.75	3.61	3.47	3.33	4.03	3.88	3.73	3.58	3.43	3.28
13	4.03	3.89	3.76	3.62	3.49	3.35	4.03	3.88	3.73	3.59	3.44	3.30
14	4.03	3.90	3.76	3.63	3.50	3.37	4.03	3.88	3.74	3.59	3.45	3.31
15	4.03	3.90	3.77	3.63	3.50	3.38	....	....	....	....	....	....
16	4.03	3.90	3.77	3.64	3.51	3.38	....	....	....	....	....	....

Table 14.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	12-year mortgages (purchase price in percent)						10-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.03	2.97	1.92	0.89	neg.	neg.	4.03	2.96	1.91	0.87	neg.	neg.
2	4.03	3.47	2.92	2.37	1.83	1.30	4.03	3.46	2.90	2.34	1.79	1.25
3	4.03	3.64	3.25	2.86	2.48	2.10	4.03	3.63	3.22	2.83	2.44	2.05
4	4.03	3.72	3.41	3.10	2.80	2.50	4.03	3.71	3.38	3.06	2.75	2.44
5	4.03	3.77	3.50	3.24	2.98	2.73	4.03	3.75	3.47	3.20	2.93	2.66
6	4.03	3.80	3.56	3.33	3.10	2.88	4.03	3.78	3.53	3.29	3.04	2.80
7	4.03	3.82	3.60	3.39	3.18	2.98	4.03	3.80	3.57	3.34	3.11	2.89
8	4.03	3.83	3.63	3.43	3.24	3.05	4.03	3.81	3.59	3.37	3.16	2.95
9	4.03	3.84	3.65	3.46	3.28	3.10	4.03	3.82	3.60	3.39	3.18	2.98
10	4.03	3.85	3.66	3.48	3.30	3.13	....	....	....	....	....	....
11	4.03	3.85	3.67	3.49	3.32	3.14	....	....	....	....	....	....

Prepaid at end of year	8-year mortgages (purchase price in percent)						5-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	4.03	2.95	1.88	0.83	neg.	neg.	4.03	2.91	1.80	0.71	neg.	neg.
2	4.03	3.45	2.87	2.30	1.73	1.18	4.03	3.40	2.77	2.15	1.54	0.93
3	4.03	3.61	3.19	2.78	2.37	1.97	4.03	3.54	3.06	2.59	2.12	1.66
4	4.03	3.69	3.34	3.00	2.67	2.34	4.03	3.60	3.18	2.77	2.35	1.95
5	4.03	3.73	3.43	3.13	2.84	2.55	....	....	....	....	....	....
6	4.03	3.75	3.48	3.20	2.93	2.67	....	....	....	....	....	....
7	4.03	3.77	3.50	3.24	2.98	2.73	....	....	....	....	....	....

Table 15.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	25-year mortgages (purchase price in percent)						20-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.53	2.49	1.46	0.46	neg.	neg.	3.53	2.48	1.46	0.44	neg.	neg.
2	3.53	2.99	2.46	1.94	1.42	0.91	3.53	2.98	2.45	1.92	1.40	0.89
3	3.53	3.16	2.79	2.43	2.08	1.73	3.53	3.15	2.78	2.42	2.06	1.70
4	3.53	3.24	2.96	2.68	2.41	2.13	3.53	3.24	2.95	2.66	2.38	2.11
5	3.53	3.29	3.06	2.83	2.60	2.38	3.53	3.28	3.05	2.81	2.58	2.35
6	3.53	3.32	3.12	2.93	2.73	2.54	3.53	3.32	3.11	2.91	2.71	2.51
7	3.53	3.35	3.17	3.00	2.82	2.65	3.53	3.34	3.16	2.98	2.80	2.62
8	3.53	3.36	3.20	3.05	2.89	2.74	3.53	3.36	3.19	3.03	2.86	2.70
9	3.53	3.38	3.23	3.09	2.94	2.80	3.53	3.37	3.22	3.06	2.91	2.76
10	3.53	3.39	3.25	3.12	2.99	2.85	3.53	3.38	3.24	3.09	2.95	2.81
11	3.53	3.40	3.27	3.14	3.02	2.89	3.53	3.39	3.25	3.12	2.98	2.85
12	3.53	3.40	3.28	3.16	3.05	2.93	3.53	3.39	3.26	3.13	3.01	2.88
13	3.53	3.41	3.29	3.18	3.07	2.96	3.53	3.40	3.27	3.15	3.03	2.91
14	3.53	3.41	3.30	3.19	3.09	2.98	3.53	3.40	3.28	3.16	3.04	2.93
15	3.53	3.42	3.31	3.20	3.10	3.00	3.53	3.41	3.29	3.17	3.06	2.94
16	3.53	3.42	3.32	3.21	3.11	3.01	3.53	3.41	3.29	3.18	3.07	2.95
17	3.53	3.42	3.32	3.22	3.12	3.03	3.53	3.41	3.30	3.18	3.07	2.96
18	3.53	3.43	3.33	3.23	3.13	3.04	3.53	3.41	3.30	3.19	3.08	2.97
19	3.53	3.43	3.33	3.23	3.14	3.05	3.53	3.41	3.30	3.19	3.08	2.97
20	3.53	3.43	3.33	3.24	3.15	3.05	....	....	....	....	....	....
21	3.53	3.43	3.34	3.24	3.15	3.06	....	....	....	....	....	....
22	3.53	3.43	3.34	3.24	3.15	3.06	....	....	....	....	....	....
23	3.53	3.43	3.34	3.25	3.16	3.07	....	....	....	....	....	....
24	3.53	3.43	3.34	3.25	3.16	3.07	....	....	....	....	....	....

Table 16.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	17-year mortgages (purchase price in percent)						15-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.53	2.48	1.45	0.43	neg.	neg.	3.53	2.48	1.44	0.42	neg.	neg.
2	3.53	2.98	2.44	1.91	1.39	0.87	3.53	2.98	2.43	1.90	1.37	0.85
3	3.53	3.15	2.77	2.40	2.04	1.68	3.53	3.14	2.76	2.39	2.02	1.66
4	3.53	3.23	2.94	2.65	2.36	2.08	3.53	3.22	2.93	2.63	2.34	2.06
5	3.53	3.28	3.03	2.79	2.56	2.32	3.53	3.27	3.02	2.78	2.53	2.29
6	3.53	3.31	3.10	2.89	2.68	2.48	3.53	3.30	3.09	2.87	2.66	2.45
7	3.53	3.33	3.14	2.96	2.77	2.59	3.53	3.33	3.13	2.94	2.75	2.56
8	3.53	3.35	3.18	3.00	2.84	2.67	3.53	3.34	3.16	2.98	2.81	2.63
9	3.53	3.36	3.20	3.04	2.88	2.73	3.53	3.35	3.19	3.02	2.85	2.69
10	3.53	3.37	3.22	3.07	2.92	2.77	3.53	3.36	3.20	3.04	2.89	2.73
11	3.53	3.38	3.23	3.09	2.95	2.81	3.53	3.37	3.21	3.06	2.91	2.76
12	3.53	3.38	3.24	3.11	2.97	2.84	3.53	3.37	3.22	3.08	2.93	2.79
13	3.53	3.39	3.25	3.12	2.99	2.86	3.53	3.38	3.23	3.09	2.94	2.80
14	3.53	3.39	3.26	3.13	3.00	2.87	3.53	3.38	3.23	3.09	2.95	2.81
15	3.53	3.39	3.26	3.13	3.01	2.88	....	....	....	....	....	....
16	3.53	3.39	3.26	3.14	3.01	2.89	....	....	....	....	....	....

Table 17.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	12-year mortgages (purchase price in percent)						10-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.53	2.47	1.42	0.40	neg.	neg.	3.53	2.46	1.41	0.37	neg.	neg.
2	3.53	2.97	2.42	1.87	1.33	0.80	3.53	2.96	2.40	1.84	1.30	0.76
3	3.53	3.13	2.74	2.36	1.98	1.61	3.53	3.12	2.72	2.33	1.94	1.55
4	3.53	3.21	2.90	2.60	2.30	2.00	3.53	3.20	2.88	2.56	2.25	1.94
5	3.53	3.26	3.00	2.74	2.49	2.23	3.53	3.25	2.97	2.70	2.43	2.17
6	3.53	3.29	3.06	2.83	2.61	2.38	3.53	3.28	3.03	2.78	2.54	2.31
7	3.53	3.31	3.10	2.89	2.69	2.48	3.53	3.29	3.06	2.84	2.62	2.40
8	3.53	3.33	3.13	2.93	2.74	2.55	3.53	3.30	3.09	2.87	2.66	2.45
9	3.53	3.34	3.15	2.96	2.78	2.60	3.53	3.31	3.10	2.89	2.69	2.48
10	3.53	3.34	3.16	2.98	2.80	2.63	....	....	....	....	....	....
11	3.53	3.35	3.17	2.99	2.82	2.65	....	....	....	....	....	....

Prepaid at end of year	8-year mortgages (purchase price in percent)						5-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.53	2.45	1.38	0.34	neg.	neg.	3.53	2.41	1.30	0.22	neg.	neg.
2	3.53	2.94	2.37	1.80	1.24	0.68	3.53	2.89	2.27	1.65	1.04	0.44
3	3.53	3.10	2.69	2.28	1.87	1.47	3.53	3.04	2.56	2.09	1.62	1.16
4	3.53	3.18	2.84	2.50	2.17	1.84	3.53	3.10	2.68	2.27	1.86	1.46
5	3.53	3.22	2.92	2.63	2.34	2.05	....	....	....	....	....	....
6	3.53	3.25	2.97	2.70	2.43	2.17	....	....	....	....	....	....
7	3.53	3.26	3.00	2.74	2.48	2.23	....	....	....	....	....	....

TABLE 18.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	25-year mortgages (purchase price in percent)						20-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.02	1.98	0.97	neg.	neg.	neg.	3.02	1.98	0.96	neg.	neg.	neg.
2	3.02	2.49	1.96	1.44	0.93	0.42	3.02	2.48	1.95	1.43	0.91	0.40
3	3 02	2.65	2.29	1.94	1.58	1.23	3.02	2.65	2.28	1.92	1.56	1.21
4	3.02	2.74	2.46	2.18	1.91	1.64	3.02	2.73	2.45	2.16	1.89	1.61
5	3.02	2.79	2.56	2.33	2.10	1.88	3.02	2.78	2.54	2.31	2.08	1.85
6	3.02	2.82	2.62	2.43	2.23	2.04	3.02	2.81	2.61	2.41	2.21	2.01
7	3.02	2.84	2.67	2.50	2.33	2.16	3.02	2.84	2.65	2.48	2.30	2.12
8	3.02	2.86	2.70	2.55	2.39	2.24	3.02	2.85	2.69	2.53	2.36	2.21
9	3.02	2.87	2.73	2.59	2.45	2.31	3.02	2.87	2.71	2.56	2.42	2.27
10	3.02	2.88	2.75	2.62	2.49	2.36	3.02	2.88	2.73	2.59	2.45	2.32
11	3.02	2.89	2.77	2.64	2.52	2.40	3.02	2.88	2.75	2.62	2.49	2.36
12	3.02	2.90	2.78	2.66	2.55	2.43	3.02	2.89	2.76	2.63	2.51	2.39
13	3.02	2.90	2.79	2.68	2.57	2.46	3.02	2.89	2.77	2.65	2.53	2.41
14	3.02	2.91	2.80	2.69	2.59	2.48	3.02	2.90	2.78	2.66	2.55	2.43
15	3.02	2.91	2.81	2.70	2.60	2.50	3.02	2.90	2.79	2.67	2.56	2.45
16	3.02	2.92	2.81	2.71	2.62	2.52	3.02	2.90	2.79	2.68	2.57	2.46
17	3.02	2.92	2.82	2.72	2.63	2.53	3.02	2.91	2.79	2.68	2.57	2.47
18	3.02	2.92	2.82	2.73	2.63	2.54	3.02	2.91	2.80	2.69	2.58	2.47
19	3.02	2.92	2.83	2.73	2.64	2.55	3.02	2.91	2.80	2.69	2.58	2.48
20	3.02	2.92	2.83	2.74	2.65	2.56	....	....	....	....	....	....
21	3.02	2.93	2.83	2.74	2.65	2.56	....	....	....	....	....	....
22	3.02	2.93	2.84	2.74	2.66	2.57	....	....	....	....	....	....
23	3.02	2.93	2.84	2.75	2.66	2.57	....	....	....	....	....	....
24	3.02	2.93	2.84	2.75	2.66	2.57	....	....	....	....	....	....

TABLE 19.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	17-year mortgages (purchase price in percent)						15-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.02	1.98	0.95	neg.	neg.	neg.	3.02	1.97	0.94	neg.	neg.	neg.
2	3.02	2.48	1.94	1.41	0.89	0.38	3.02	2.47	1.93	1.40	0.87	0.35
3	3.02	2.64	2.27	1.90	1.54	1.18	3.02	2.64	2.26	1.89	1.52	1.16
4	3.02	2.73	2.44	2.15	1.87	1.59	3.02	2.72	2.43	2.13	1.85	1.56
5	3.02	2.77	2.53	2.29	2.06	1.82	3.02	2.77	2.52	2.28	2.04	1.80
6	3.02	2.81	2.60	2.39	2.18	1.98	3.02	2.80	2.58	2.37	2.16	1.95
7	3.02	2.83	2.64	2.46	2.27	2.09	3.02	2.82	2.63	2.44	2.25	2.06
8	3.02	2.85	2.67	2.50	2.34	2.17	3.02	2.84	2.66	2.48	2.31	2.14
9	3.02	2.86	2.70	2.54	2.38	2.23	3.02	2.85	2.68	2.52	2.36	2.19
10	3.02	2.87	2.72	2.57	2.42	2.28	3.02	2.86	2.70	2.54	2.39	2.24
11	3.02	2.87	2.73	2.59	2.45	2.31	3.02	2.86	2.71	2.56	2.41	2.27
12	3.02	2.88	2.74	2.61	2.47	2.34	3.02	2.87	2.72	2.58	2.43	2.29
13	3.02	2.88	2.75	2.62	2.49	2.36	3.02	2.87	2.73	2.59	2.44	2.31
14	3.02	2.89	2.76	2.63	2.50	2.37	3.02	2.87	2.73	2.59	2.45	2.31
15	3.02	2.89	2.76	2.63	2.51	2.38	....	....	....	....	....	....
16	3.02	2.89	2.76	2.64	2.51	2.39	....	....	....	....	....	....

TABLE 20.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at or above face value and prepaid prior to maturity*

Prepaid at end of year	12-year mortgages (purchase price in percent)						10-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.02	1.96	0.93	neg.	neg.	neg.	3.02	1.96	0.91	neg.	neg.	neg.
2	3.02	2.46	1.91	1.37	0.84	0.31	3.02	2.45	1.90	1.34	0.80	0.26
3	3.02	2.63	2.24	1.86	1.48	1.11	3.02	2.62	2.22	1.83	1.44	1.06
4	3.02	2.71	2.40	2.10	1.80	1.51	3.02	2.70	2.38	2.06	1.75	1.45
5	3.02	2.76	2.50	2.24	1.99	1.74	3.02	2.74	2.47	2.20	1.93	1.67
6	3.02	2.79	2.56	2.33	2.11	1.89	3.02	2.77	2.53	2.28	2.05	1.81
7	3.02	2.81	2.60	2.39	2.19	1.99	3.02	2.79	2.56	2.34	2.12	1.90
8	3.02	2.82	2.63	2.43	2.24	2.06	3.02	2.80	2.58	2.37	2.16	1.96
9	3.02	2.83	2.64	2.46	2.28	2.10	3.02	2.81	2.60	2.39	2.19	1.99
10	3.02	2.84	2.66	2.48	2.31	2.13	....	....	....	....	....	....
11	3.02	2.84	2.66	2.49	2.32	2.15	....	....	....	....	....	....

Prepaid at end of year	8-year mortgages (purchase price in percent)						5-year mortgages (purchase price in percent)					
	100	101	102	103	104	105	100	101	102	103	104	105
1	3.02	1.94	0.88	neg.	neg.	neg.	3.02	1.90	0.80	neg.	neg.	neg.
2	3.02	2.44	1.87	1.30	0.74	0.19	3.02	2.39	1.76	1.15	0.55	neg.
3	3.02	2.60	2.19	1.78	1.37	0.98	3.02	2.54	2.06	1.59	1.13	0.67
4	3.02	2.68	2.34	2.00	1.67	1.35	3.02	2.60	2.18	1.77	1.36	0.96
5	3.02	2.72	2.42	2.13	1.84	1.56	....	....	....	....	....	....
6	3.02	2.74	2.47	2.20	1.94	1.68	....	....	....	....	....	....
7	3.02	2.76	2.50	2.24	1.99	1.74	....	....	....	....	....	....

TABLE 21.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent mortgages purchased at face value and exchanged for Federal Housing Administration 3-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	3.31	3.68	4.11	4.58	....	....	....	....	....	....	....	....
6	3.28	3.59	3.95	4.33	4.72	....	....	....	....	....	....	....
7	3.25	3.53	3.83	4.16	4.49	4.80	....	....	....	....	....	....
8	3.23	3.48	3.75	4.03	4.33	4.61	4.86	....	....	....	....	....
9	3.21	3.44	3.68	3.94	4.20	4.45	4.69	4.90	....	....	....	....
10	3.20	3.41	3.63	3.86	4.10	4.33	4.56	4.76	4.93	....	....	....
11	3.18	3.38	3.58	3.80	4.01	4.23	4.44	4.64	4.81	4.95	....	....
12	3.17	3.35	3.55	3.74	3.94	4.14	4.34	4.53	4.70	4.85	....	....
13	3.16	3.34	3.51	3.70	3.88	4.07	4.26	4.44	4.60	4.75	....	....
14	3.16	3.32	3.49	3.66	3.83	4.01	4.19	4.36	4.52	4.66	....	....
15	3.15	3.30	3.46	3.63	3.79	3.96	4.12	4.28	4.44	4.58	....	....
16	3.14	3.29	3.44	3.60	3.75	3.91	4.07	4.22	4.37	4.51	5.01	....
17	3.14	3.28	3.42	3.57	3.72	3.87	4.02	4.17	4.31	4.44	4.96	....
18	3.13	3.27	3.41	3.55	3.69	3.83	3.98	4.12	4.25	4.38	4.90	....
19	3.13	3.26	3.39	3.53	3.66	3.80	3.94	4.07	4.20	4.33	4.85	....
20	3.12	3.25	3.38	3.51	3.64	3.77	3.90	4.03	4.16	4.28	4.80	....
21	3.12	3.24	3.37	3.49	3.62	3.75	3.87	4.00	4.12	4.24	4.75	5.03
22	3.12	3.24	3.36	3.48	3.60	3.72	3.85	3.97	4.10	4.20	4.70	5.00
23	3.11	3.23	3.35	3.46	3.58	3.70	3.82	3.94	4.05	4.16	4.65	4.97
24	3.11	3.22	3.34	3.45	3.57	3.68	3.80	3.91	4.02	4.13	4.61	4.93
25	3.11	3.22	3.33	3.44	3.55	3.66	3.77	3.88	3.99	4.10	4.57	4.89

TABLE 22.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at face value and exchanged for Federal Housing Administration 3-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	3.24	3.51	3.84	4.19	....	....	....	....	....	....	....	....
6	3.21	3.45	3.71	4.00	4.29	....	....	....	....	....	....	....
7	3.19	3.40	3.62	3.87	4.12	4.35	....	....	....	....	....	....
8	3.17	3.36	3.56	3.77	3.99	4.20	4.39	....	....	....	....	....
9	3.16	3.33	3.51	3.70	3.90	4.09	4.27	4.43	....	....	....	....
10	3.15	3.30	3.47	3.64	3.82	4.00	4.16	4.32	4.45	....	....	....
11	3.14	3.28	3.44	3.59	3.76	3.92	4.08	4.23	4.36	4.46	....	....
12	3.13	3.27	3.41	3.55	3.70	3.86	4.00	4.14	4.27	4.39	....	....
13	3.12	3.25	3.38	3.52	3.66	3.80	3.94	4.08	4.20	4.31	....	....
14	3.12	3.24	3.36	3.49	3.62	3.76	3.89	4.01	4.13	4.24	....	....
15	3.11	3.23	3.35	3.47	3.59	3.72	3.84	3.96	4.07	4.18	....	....
16	3.11	3.22	3.33	3.45	3.56	3.68	3.80	3.91	4.02	4.13	4.50	....
17	3.10	3.21	3.32	3.43	3.54	3.65	3.76	3.87	3.98	4.08	4.47	....
18	3.10	3.20	3.30	3.41	3.52	3.62	3.73	3.83	3.93	4.03	4.43	....
19	3.10	3.19	3.29	3.39	3.50	3.60	3.70	3.80	3.90	3.99	4.38	....
20	3.09	3.19	3.28	3.38	3.48	3.58	3.67	3.77	3.86	3.96	4.34	....
21	3.09	3.18	3.27	3.37	3.46	3.56	3.65	3.74	3.83	3.92	4.30	4.52
22	3.09	3.18	3.27	3.36	3.45	3.54	3.63	3.72	3.81	3.89	4.27	4.50
23	3.09	3.17	3.26	3.35	3.43	3.52	3.61	3.70	3.78	3.86	4.23	4.48
24	3.08	3.17	3.25	3.34	3.42	3.51	3.59	3.68	3.76	3.84	4.20	4.45
25	3.08	3.16	3.25	3.33	3.41	3.49	3.58	3.66	3.74	3.82	4 17	4 42

TABLE 23.—*Annual yield (converted semiannually) on Federal Housing Administration 5-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	3.10	3.51	3.99	4.52	....	....	....	....	....	....	....	....
6	3.06	3.41	3.81	4.24	4.68	....	....	....	....	....	....	....
7	3.03	3.34	3.68	4.05	4.42	4.77	....	....	....	....	....	....
8	3.00	3.28	3.58	3.91	4.23	4.55	4.83	....	....	....	....	....
9	2.98	3.24	3.51	3.80	4.09	4.38	4.65	4.88	....	....	....	....
10	2.97	3.20	3.45	3.71	3.97	4.24	4.49	4.72	4.91	....	....	....
11	2.95	3.17	3.40	3.64	3.88	4.13	4.36	4.58	4.78	4.94	....	....
12	2.94	3.14	3.36	3.58	3.80	4.03	4.25	4.46	4.66	4.82	....	....
13	2.93	3.12	3.32	3.53	3.74	3.95	4.16	4.36	4.55	4.72	....	....
14	2.92	3.10	3.29	3.48	3.68	3.88	4.08	4.27	4.45	4.61	....	....
15	2.91	3.08	3.26	3.44	3.63	3.82	4.00	4.19	4.36	4.52	....	....
16	2.91	3.07	3.24	3.41	3.59	3.76	3.94	4.12	4.28	4.44	5.00	....
17	2.90	3.06	3.22	3.38	3.55	3.72	3.89	4.05	4.21	4.36	4.94	....
18	2.90	3.05	3.20	3.36	3.52	3.68	3.84	4.00	4.15	4.30	4.88	....
19	2.89	3.03	3.18	3.33	3.48	3.64	3.79	3.95	4.09	4.23	4.81	....
20	2.89	3.02	3.17	3.31	3.46	3.61	3.75	3.90	4.04	4.18	4.76	....
21	2.88	3.02	3.15	3.29	3.43	3.58	3.72	3.86	4.00	4.13	4.71	5.03
22	2.88	3.01	3.14	3.28	3.41	3.55	3.69	3.82	3.96	4.09	4.65	4.99
23	2.87	3.00	3.13	3.26	3.39	3.53	3.66	3.79	3.92	4.05	4.60	4.96
24	2.87	2.99	3.12	3.25	3.37	3.50	3.64	3.76	3.88	4.01	4.55	4.92
25	2.87	2.99	3.11	3.23	3.36	3.48	3.61	3.73	3.85	3.97	4.50	4.88

TABLE 24.—*Annual yield (converted semiannually) on Federal Housing Administration 4¾-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	3.06	3.43	3.86	4.34	....	....	....	....	....	....	....	....
6	3.02	3.34	3.69	4.08	4.46	....	....	....	....	....	....	....
7	3.00	3.27	3.58	3.90	4.23	4.54	....	....	....	....	....	....
8	2.98	3.22	3.49	3.78	4.07	4.35	4.60	....	....	....	....	....
9	2.96	3.18	3.42	3.68	3.94	4.20	4.44	4.64	....	....	....	....
10	2.94	3.15	3.37	3.60	3.84	4.07	4.30	4.50	4.67	....	....	....
11	2.93	3.12	3.32	3.54	3.75	3.97	4.18	4.39	4.55	4.70	....	....
12	2.92	3.10	3.29	3.48	3.68	3.88	4.08	4.27	4.44	4.59	....	....
13	2.91	3.08	3.26	3.44	3.62	3.81	4.00	4.18	4.34	4.49	....	....
14	2.90	3.06	3.23	3.40	3.57	3.75	3.92	4.09	4.26	4.40	....	....
15	2.90	3.05	3.20	3.37	3.53	3.70	3.86	4.02	4.18	4.32	....	....
16	2.89	3.03	3.18	3.34	3.49	3.65	3.81	3.96	4.11	4.25	4.75	....
17	2.88	3.02	3.16	3.31	3.46	3.61	3.76	3.90	4.05	4.18	4.70	....
18	2.88	3.01	3.15	3.29	3.43	3.57	3.71	3.85	3.99	4.12	4.65	....
19	2.87	3.00	3.13	3.27	3.40	3.54	3.67	3.81	3.94	4.07	4.59	....
20	2.87	2.99	3.12	3.25	3.38	3.51	3.64	3.77	3.90	4.02	4.54	....
21	2.87	2.99	3.11	3.23	3.36	3.48	3.61	3.73	3.85	3.97	4.48	4.77
22	2.86	2.98	3.10	3.22	3.34	3.46	3.58	3.70	3.82	3.93	4.44	4.74
23	2.86	2.97	3.09	3.20	3.32	3.44	3.55	3.67	3.78	3.90	4.39	4.71
24	2.86	2.97	3.08	3.19	3.30	3.42	3.53	3.64	3.75	3.86	4.35	4.68
25	2.85	2.96	3.07	3.18	3.29	3.40	3.51	3.62	3.72	3.83	4.30	4.64

TABLE 25.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	3.02	3.34	3.73	4.14	....	....	....	....	....	....	....	....
6	2.99	3.26	3.57	3.91	4.25	....	....	....	....	....	....	....
7	2.97	3.21	3.47	3.76	4.05	4.32	....	....	....	....	....	....
8	2.95	3.16	3.40	3.65	3.90	4.15	4.37	....	....	....	....	....
9	2.93	3.13	3.34	3.56	3.79	4.01	4.22	4.41	....	....	....	....
10	2.92	3.10	3.29	3.49	3.70	3.90	4.10	4.28	4.43	....	....	....
11	2.91	3.08	3.25	3.44	3.63	3.81	4.00	4.17	4.33	4.45	....	....
12	2.90	3.06	3.22	3.39	3.56	3.74	3.91	4.08	4.23	4.36	....	....
13	2.89	3.04	3.19	3.35	3.51	3.68	3.84	4.00	4.14	4.27	....	....
14	2.88	3.02	3.17	3.32	3.47	3.62	3.77	3.92	4.06	4.20	....	....
15	2.88	3.01	3.15	3.29	3.43	3.58	3.72	3.86	4.00	4.12	....	....
16	2.87	3.00	3.13	3.26	3.40	3.53	3.67	3.80	3.93	4.06	4.50	....
17	2.87	2.99	3.11	3.24	3.37	3.50	3.63	3.76	3.88	4.00	4.46	....
18	2.86	2.98	3.10	3.22	3.34	3.47	3.59	3.71	3.83	3.95	4.41	....
19	2.86	2.97	3.09	3.20	3.32	3.44	3.56	3.67	3.79	3.90	4.36	....
20	2.86	2.96	3.07	3.19	3.30	3.41	3.52	3.64	3.75	3.86	4.31	....
21	2.85	2.96	3.06	3.17	3.28	3.39	3.50	3.61	3.71	3.82	4.26	4.52
22	2.85	2.95	3.05	3.16	3.26	3.37	3.47	3.58	3.68	3.78	4.22	4.49
23	2.85	2.94	3.04	3.14	3.25	3.35	3.45	3.55	3.65	3.75	4.18	4.46
24	2.84	2.94	3.04	3.13	3.23	3.33	3.43	3.53	3.62	3.72	4.14	4.43
25	2.84	2.93	3.03	3.12	3.22	3.31	3.41	3.50	3.60	3.69	4.10	4.40

TABLE 26.—*Annual yield (converted semiannually) on Federal Housing Administration 4¼-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.98	3.26	3.58	3.94	....	....	....	....	....	....	....	....
6	2.96	3.19	3.46	3.74	4.03	....	....	....	....	....	....	....
7	2.94	3.14	3.37	3.61	3.86	4.10	....	....	....	....	....	....
8	2.92	3.10	3.30	3.52	3.74	3.95	4.14	....	....	....	....	....
9	2.91	3.07	3.25	3.44	3.64	3.83	4.01	4.17	....	....	....	....
10	2.89	3.05	3.21	3.39	3.56	3.74	3.91	4.06	4.19	....	....	....
11	2.89	3.03	3.18	3.34	3.50	3.66	3.82	3.97	4.10	4.21	....	....
12	2.88	3.01	3.15	3.30	3.45	3.60	3.74	3.89	4.02	4.13	....	....
13	2.87	3.00	3.13	3.26	3.40	3.54	3.68	3.82	3.94	4.06	....	....
14	2.86	2.98	3.11	3.24	3.36	3.50	3.63	3.75	3.87	3.99	....	....
15	2.86	2.97	3.09	3.21	3.33	3.46	3.58	3.70	3.82	3.92	....	....
16	2.85	2.96	3.07	3.19	3.30	3.42	3.54	3.65	3.76	3.87	4.25	....
17	2.85	2.95	3.06	3.17	3.28	3.39	3.50	3.61	3.72	3.82	4.21	....
18	2.85	2.95	3.05	3.15	3.26	3.36	3.47	3.57	3.67	3.77	4.17	....
19	2.84	2.94	3.04	3.14	3.24	3.34	3.44	3.54	3.64	3.73	4.13	....
20	2.84	2.93	3.03	3.12	3.22	3.32	3.41	3.51	3.60	3.69	4.09	....
21	2.84	2.93	3.02	3.11	3.20	3.30	3.39	3.48	3.57	3.66	4.05	4.27
22	2.84	2.92	3.01	3.10	3.19	3.28	3.37	3.46	3.54	3.63	4.01	4.25
23	2.83	2.92	3.00	3.09	3.17	3.26	3.35	3.43	3.52	3.60	3.97	4.22
24	2.83	2.91	2.99	3.08	3.16	3.25	3.33	3.41	3.49	3.57	3.94	4.19
25	2.83	2.91	2.99	3.07	3.15	3.23	3.31	3.39	3.47	3.55	3.91	4.16

TABLE 27.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.94	3.17	3.44	3.74	....	....	....	....	....	....	....	....
6	2.92	3.12	3.34	3.58	3.82	....	....	....	....	....	....	....
7	2.90	3.08	3.27	3.47	3.68	3.87	....	....	....	....	....	....
8	2.89	3.05	3.21	3.39	3.57	3.75	3.91	....	....	....	....	....
9	2.88	3.02	3.17	3.33	3.49	3.65	3.80	3.93	....	....	....	..
10	2.87	3.00	3.14	3.28	3.43	3.57	3.71	3.84	3.95	....	....	....
11	2.86	2.98	3.11	3.24	3.37	3.51	3.64	3.76	3.88	3.97	....	....
12	2.86	2.97	3.09	3.21	3.33	3.46	3.58	3.70	3.81	3.90	....	....
13	2.85	2.96	3.07	3.18	3.29	3.41	3.52	3.64	3.74	3.84	....	....
14	2.85	2.95	3.05	3.15	3.26	3.37	3.48	3.58	3.69	3.78	....	....
15	2.84	2.94	3.03	3.13	3.23	3.34	3.44	3.54	3.64	3.73	....	....
16	2.84	2.93	3.02	3.11	3.21	3.31	3.40	3.50	3.59	3.68	4.00	....
17	2.83	2.92	3.01	3.10	3.19	3.28	3.37	3.46	3.55	3.64	3.97	....
18	2.83	2.91	3.00	3.08	3.17	3.26	3.35	3.43	3.52	3.60	3.93	....
19	2.83	2.91	2.99	3.07	3.15	3.24	3.32	3.40	3.49	3.57	3.90	....
20	2.83	2.90	2.98	3.06	3.14	3.22	3.30	3.38	3.46	3.53	3.86	....
21	2.82	2.90	2.97	3.05	3.13	3.20	3.28	3.36	3.43	3.51	3.83	4.02
22	2.82	2.89	2.97	3.04	3.11	3.19	3.26	3.34	3.41	3.48	3.80	4.00
23	2.82	2.89	2.96	3.03	3.10	3.17	3.25	3.32	3.39	3.46	3.77	3.98
24	2.82	2.89	2.95	3.02	3.09	3.16	3.23	3.30	3.37	3.43	3.74	3.95
25	2.82	2.88	2.95	3.02	3.08	3.15	3.22	3.28	3.35	3.41	3.71	3.93

TABLE 28.—*Annual yield (converted semiannually) on Federal Housing Administration 3¾-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2. 91	3. 09	3. 31	3. 54	....	....	....	....	....	....	....	....
6	2. 89	3. 04	3. 22	3. 41	3. 61	....	....	....	....	....	....	....
7	2. 87	3. 01	3. 16	3. 33	3. 49	3. 65	....	....	....	....	....	....
8	2. 86	2. 99	3. 12	3. 26	3. 41	3. 55	3. 68	....	....	....	....	....
9	2. 85	2. 97	3. 09	3. 21	3. 34	3. 47	3. 59	3. 70	....	....	....	....
10	2. 85	2. 95	3. 06	3. 17	3. 29	3. 41	3. 52	3. 63	3. 71	....	....	....
11	2. 84	2. 94	3. 04	3. 14	3. 25	3. 36	3. 46	3. 56	3. 65	3. 73	....	....
12	2. 84	2. 92	3. 02	3. 11	3. 21	3. 31	3. 41	3. 51	3. 59	3. 67	....	....
13	2. 83	2. 91	3. 00	3. 09	3. 18	3. 28	3. 37	3. 46	3. 54	3. 62	....	....
14	2. 83	2. 91	2. 99	3. 07	3. 16	3. 25	3. 33	3. 42	3. 50	3. 57	....	....
15	2. 82	2. 90	2. 98	3. 06	3. 14	3. 22	3. 30	3. 38	3. 46	3. 53	....	....
16	2. 82	2. 89	2. 97	3. 04	3. 12	3. 20	3. 27	3. 35	3. 42	3. 49	3. 76	....
17	2. 82	2. 89	2. 96	3. 03	3. 10	3. 18	3. 25	3. 32	3. 39	3. 46	3. 73	....
18	2. 81	2. 88	2. 95	3. 02	3. 09	3. 16	3. 23	3. 30	3. 36	3. 43	3. 70	....
19	2. 81	2. 88	2. 94	3. 01	3. 07	3. 14	3. 21	3. 27	3. 34	3. 40	3. 67	....
20	2. 81	2. 87	2. 93	3. 00	3. 06	3. 13	3. 19	3. 25	3. 32	3. 38	3. 64	....
21	2. 81	2. 87	2. 93	2. 99	3. 05	3. 11	3. 17	3. 23	3. 29	3. 35	3. 61	3. 77
22	2. 81	2. 86	2. 92	2. 98	3. 04	3. 10	3. 16	3. 22	3. 28	3. 33	3. 59	3. 75
23	2. 81	2. 86	2. 92	2. 97	3. 03	3. 09	3. 15	3. 20	3. 26	3. 31	3. 56	3. 73
24	2. 80	2. 86	2. 91	2. 97	3. 02	3. 08	3. 13	3. 19	3. 24	3. 30	3. 54	3. 71
25	2. 80	2. 86	2. 91	2. 96	3. 02	3. 07	3. 12	3. 18	3. 23	3. 28	3. 52	3. 69

TABLE 29.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2. 87	3. 01	3. 17	3. 35	....	....	....	....	....	....	....	....
6	2. 85	2. 97	3. 10	3. 25	3. 40	....	....	....	....	....	....	....
7	2. 84	2. 95	3. 06	3. 18	3. 31	3. 43	....	....	....	....	....	....
8	2. 84	2. 93	3. 03	3. 13	3. 24	3. 35	3. 45	....	....	....	....	....
9	2. 83	2. 91	3. 00	3. 10	3. 20	3. 29	3. 38	3. 46	....	....	....	....
10	2. 82	2. 90	2. 98	3. 07	3. 16	3. 25	3. 33	3. 41	3. 48	....	....	....
11	2. 82	2. 89	2. 97	3. 04	3. 12	3. 21	3. 29	3. 36	3. 43	3. 48	....	....
12	2. 81	2. 88	2. 95	3. 02	3. 10	3. 17	3. 25	3. 32	3. 39	3. 44	....	....
13	2. 81	2. 87	2. 94	3. 01	3. 08	3. 15	3. 22	3. 28	3. 35	3. 41	....	....
14	2. 81	2. 87	2. 93	2. 99	3. 06	3. 12	3. 19	3. 25	3. 31	3. 37	....	....
15	2. 81	2. 86	2. 92	2. 98	3. 04	3. 10	3. 16	3. 22	3. 28	3. 34	....	....
16	2. 80	2. 86	2. 91	2. 97	3. 03	3. 08	3. 14	3. 20	3. 26	3. 31	3. 51	....
17	2. 80	2. 85	2. 90	2. 96	3. 01	3. 07	3. 12	3. 18	3. 23	3. 28	3. 49	....
18	2. 80	2. 85	2. 90	2. 95	3. 00	3. 06	3. 11	3. 16	3. 21	3. 26	3. 46	....
19	2. 80	2. 85	2. 89	2. 94	2. 99	3. 04	3. 09	3. 14	3. 19	3. 24	3. 44	....
20	2. 80	2. 84	2. 89	2. 94	2. 98	3. 03	3. 08	3. 13	3. 17	3. 22	3. 42	....
21	2. 79	2. 84	2. 88	2. 93	2. 98	3. 02	3. 07	3. 11	3. 16	3. 20	3. 39	3. 52
22	2. 79	2. 84	2. 88	2. 92	2. 97	3. 01	3. 06	3. 10	3. 14	3. 19	3. 38	3. 50
23	2. 79	2. 83	2. 88	2. 92	2. 96	3. 00	3. 05	3. 09	3. 13	3. 17	3. 36	3. 49
24	2. 79	2. 83	2. 87	2. 91	2. 96	3. 00	3. 04	3. 08	3. 12	3. 16	3. 34	3. 47
25	2. 79	2. 83	2. 87	2. 91	2. 95	2. 99	3. 03	3. 07	3. 11	3. 15	3. 33	3. 46

TABLE 30.—*Annual yield (converted semiannually) on Federal Housing Administration 3¼-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.83	2.92	3.03	3.15	....	....	....	....	....	....	....	....
6	2.82	2.90	2.99	3.09	3.18	....	....	....	....	....	....	....
7	2.81	2.88	2.96	3.04	3.12	3.21	....	....	....	....	....	....
8	2.81	2.87	2.94	3.01	3.08	3.15	3.22	....	....	....	....	....
9	2.80	2.86	2.92	2.98	3.05	3.11	3.18	3.23	....	....	....	....
10	2.80	2.85	2.91	2.96	3.02	3.08	3.14	3.19	3.24	....	....	....
11	2.80	2.84	2.90	2.95	3.00	3.06	3.11	3.16	3.21	3.24	....	....
12	2.79	2.84	2.89	2.93	2.98	3.03	3.08	3.13	3.18	3.22	....	....
13	2.79	2.83	2.88	2.92	2.97	3.02	3.06	3.11	3.15	3.19	....	....
14	2.79	2.83	2.87	2.91	2.96	3.00	3.04	3.09	3.13	3.17	....	....
15	2.79	2.83	2.86	2.90	2.95	2.99	3.03	3.07	3.11	3.14	....	....
16	2.79	2.82	2.86	2.90	2.94	2.97	3.01	3.05	3.09	3.13	3.26	....
17	2.78	2.82	2.85	2.89	2.93	2.96	3.00	3.04	3.07	3.11	3.24	....
18	2.78	2.82	2.85	2.88	2.92	2.95	2.99	3.02	3.06	3.09	3.23	....
19	2.78	2.81	2.85	2.88	2.92	2.95	2.98	3.01	3.05	3.08	3.21	....
20	2.78	2.81	2.84	2.88	2.91	2.94	2.97	3.00	3.03	3.06	3.20	....
21	2.78	2.81	2.84	2.87	2.90	2.93	2.96	2.99	3.02	3.05	3.18	3.27
22	2.78	2.81	2.84	2.87	2.90	2.93	2.96	2.99	3.01	3.04	3.17	3.26
23	2.78	2.81	2.84	2.86	2.89	2.92	2.95	2.98	3.01	3.03	3.16	3.25
24	2.78	2.81	2.83	2.86	2.89	2.92	2.94	2.97	3.00	3.02	3.15	3.24
25	2.78	2.80	2.83	2.86	2.88	2.91	2.94	2.96	2.99	3.02	3.14	3.23

TABLE 31.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2¾-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.79	2.84	2.89	2.96	....	....	....	....	....	....	....	....
6	2.79	2.83	2.87	2.92	2.97	....	....	....	....	....	....	....
7	2.78	2.82	2.86	2.90	2.94	2.98	....	....	....	....	....	....
8	2.78	2.81	2.85	2.88	2.92	2.96	2.99	....	....	....	....	....
9	2.78	2.81	2.84	2.87	2.90	2.94	2.97	3.00	....	....	....	....
10	2.78	2.80	2.83	2.86	2.89	2.92	2.95	2.98	3.00	....	....	....
11	2.77	2.80	2.82	2.85	2.88	2.91	2.93	2.96	2.98	3.00	....	....
12	2.77	2.80	2.82	2.84	2.87	2.90	2.92	2.95	2.97	2.99	....	....
13	2.77	2.79	2.82	2.84	2.86	2.89	2.91	2.93	2.96	2.98	....	....
14	2.77	2.79	2.81	2.83	2.86	2.88	2.90	2.92	2.94	2.96	....	....
15	2.77	2.79	2.81	2.83	2.85	2.87	2.89	2.91	2.93	2.95	....	....
16	2.77	2.79	2.81	2.83	2.85	2.87	2.89	2.90	2.92	2.94	3.01	....
17	2.77	2.79	2.80	2.82	2.84	2.86	2.88	2.90	2.92	2.93	3.00	....
18	2.77	2.78	2.80	2.82	2.84	2.86	2.87	2.89	2.91	2.93	3.00	....
19	2.77	2.78	2.80	2.82	2.83	2.85	2.87	2.88	2.90	2.92	2.99	....
20	2.77	2.78	2.80	2.81	2.83	2.85	2.86	2.88	2.90	2.91	2.98	....
21	2.77	2.78	2.80	2.81	2.83	2.84	2.86	2.87	2.89	2.91	2.97	3.02
22	2.76	2.78	2.80	2.81	2.83	2.84	2.86	2.87	2.88	2.90	2.97	3.01
23	2.76	2.78	2.79	2.81	2.82	2.84	2.85	2.87	2.88	2.90	2.96	3.01
24	2.76	2.78	2.79	2.81	2.82	2.84	2.85	2.86	2.88	2.89	2.95	3.00
25	2.76	2.78	2.79	2.80	2.82	2.83	2.85	2.86	2.87	2.89	2.95	3.00

TABLE 32.—*Annual yield (converted semiannually) on Federal Housing Administration 4½-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.73	2.98	3.29	3.76	....	....	....	....	....	....	....	....
6	2.73	2.96	3.21	3.51	3.91	....	....	....	....	....	....	....
7	2.72	2.94	3.17	3.41	3.69	4.05	....	....	....	....	....	....
8	2.72	2.93	3.14	3.36	3.58	3.84	4.15	....	....	....	....	....
9	2.72	2.93	3.13	3.32	3.52	3.73	3.93	4.22	....	....	....	....
10	2.72	2.92	3.11	3.30	3.48	3.66	3.85	4.05	4.28	....	....	....
11	2.72	2.92	3.10	3.28	3.45	3.61	3.78	3.95	4.13	4.33	....	....
12	2.72	2.91	3.09	3.26	3.42	3.58	3.73	3.88	4.03	4.19	....	....
13	2.72	2.91	3.09	3.25	3.41	3.55	3.69	3.83	3.96	4.10	....	....
14	2.72	2.91	3.08	3.24	3.39	3.53	3.66	3.79	3.91	4.04	....	....
15	2.72	2.91	3.08	3.24	3.38	3.51	3.64	3.76	3.88	3.99	....	....
16	2.71	2.90	3.08	3.23	3.37	3.50	3.62	3.74	3.85	3.95	4.44	....
17	2.71	2.90	3.07	3.22	3.36	3.49	3.61	3.72	3.82	3.92	4.37	....
18	2.71	2.90	3.07	3.22	3.36	3.48	3.59	3.70	3.80	3.90	4.31	....
19	2.71	2.90	3.07	3.22	3.35	3.47	3.58	3.69	3.78	3.88	4.27	....
20	2.71	2.90	3.06	3.21	3.34	3.46	3.57	3.68	3.77	3.86	4.23	....
21	2.71	2.90	3.06	3.21	3.34	3.46	3.57	3.67	3.76	3.84	4.20	4.49
22	2.71	2.90	3.06	3.21	3.34	3.45	3.56	3.66	3.75	3.83	4.17	4.44
23	2.71	2.90	3.06	3.20	3.33	3.45	3.55	3.65	3.74	3.82	4.15	4.41
24	2.71	2.90	3.06	3.20	3.33	3.44	3.55	3.64	3.73	3.81	4.13	4.38
25	2.71	2.90	3.06	3.20	3.33	3.44	3.54	3.64	3.72	3.80	4.12	4.35

TABLE 33.—*Annual yield (converted semiannually) on Federal Housing Administration 4¼-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.71	2.92	3.19	3.57	....	....	....	....	....	....	....	....
6	2.70	2.90	3.12	3.38	3.73	....	....	....	....	....	....	....
7	2.70	2.89	3.08	3.30	3.54	3.85	....	....	....	....	....	....
8	2.69	2.88	3.06	3.25	3.45	3.67	3.94	....	....	....	....	....
9	2.69	2.87	3.05	3.22	3.39	3.57	3.77	4.01	....	....	....	....
10	2.69	2.87	3.03	3.19	3.34	3.51	3.68	3.86	4.06	....	....	....
11	2.69	2.86	3.03	3.18	3.33	3.47	3.62	3.76	3.92	4.10	....	....
12	2.69	2.86	3.02	3.17	3.31	3.44	3.57	3.70	3.84	3.98	....	....
13	2.69	2.86	3.01	3.16	3.29	3.42	3.54	3.66	3.78	3.90	....	....
14	2.69	2.86	3.01	3.15	3.28	3.40	3.51	3.63	3.73	3.84	....	....
15	2.69	2.86	3.01	3.14	3.27	3.38	3.49	3.60	3.70	3.80	....	....
16	2.69	2.85	3.00	3.14	3.26	3.37	3.48	3.58	3.67	3.76	4.20	....
17	2.69	2.85	3.00	3.13	3.25	3.36	3.47	3.56	3.65	3.74	4.13	....
18	2.69	2.85	3.00	3.13	3.25	3.36	3.46	3.55	3.63	3.72	4.08	....
19	2.69	2.85	3.00	3.12	3.24	3.35	3.45	3.54	3.62	3.70	4.04	....
20	2.69	2.85	2.99	3.12	3.24	3.34	3.44	3.53	3.61	3.68	4.01	....
21	2.69	2.85	2.99	3.12	3.23	3.34	3.43	3.52	3.60	3.67	3.98	4.24
22	2.69	2.85	2.99	3.12	3.23	3.33	3.42	3.51	3.59	3.66	3.96	4.20
23	2.69	2.85	2.99	3.11	3.23	3.33	3.42	3.50	3.58	3.65	3.94	4.17
24	2.69	2.85	2.99	3.11	3.22	3.32	3.41	3.50	3.57	3.64	3.92	4.14
25	2.69	2.85	2.99	3.11	3.22	3.32	3.41	3.49	3.57	3.63	3.91	4.12

Table 34.—*Annual yield (converted semiannually) on Federal Housing Administration 4-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.67	2.86	3.09	3.41	....	....	....	....	....	....	....	....
6	2.67	2.84	3.03	3.25	3.55	....	....	....	....	....	....	....
7	2.67	2.83	3.00	3.18	3.39	3.65	....	....	....	....	....	....
8	2.67	2.83	2.98	3.14	3.31	3.50	3.73	....	....	....	....	....
9	2.67	2.82	2.97	3.11	3.26	3.42	3.59	3.79	....	....	....	....
10	2.66	2.82	2.96	3.09	3.23	3.36	3.51	3.66	3.83	....	....	....
11	2.66	2.81	2.95	3.08	3.21	3.33	3.45	3.58	3.72	3.87	....	....
12	2.66	2.81	2.94	3.07	3.19	3.30	3.42	3.53	3.64	3.76	....	....
13	2.66	2.81	2.94	3.06	3.18	3.28	3.39	3.49	3.59	3.70	....	....
14	2.66	2.81	2.94	3.06	3.17	3.27	3.37	3.46	3.55	3.65	....	....
15	2.66	2.80	2.93	3.05	3.16	3.26	3.35	3.44	3.53	3.61	....	....
16	2.66	2.80	2.93	3.05	3.15	3.25	3.34	3.42	3.50	3.58	3.96	....
17	2.66	2.80	2.93	3.04	3.14	3.24	3.33	3.41	3.48	3.56	3.90	....
18	2.66	2.80	2.93	3.04	3.14	3.23	3.32	3.39	3.47	3.54	3.85	....
19	2.66	2.80	2.92	3.03	3.13	3.23	3.31	3.39	3.46	3.52	3.82	....
20	2.66	2.80	2.92	3.03	3.13	3.22	3.30	3.38	3.45	3.51	3.79	....
21	2.66	2.80	2.92	3.03	3.13	3.22	3.30	3.37	3.44	3.50	3.77	3.99
22	2.66	2.80	2.92	3.03	3.12	3.21	3.29	3.36	3.43	3.49	3.75	3.96
23	2.66	2.80	2.92	3.03	3.12	3.21	3.29	3.36	3.42	3.48	3.73	3.93
24	2.66	2.80	2.92	3.02	3.12	3.20	3.28	3.35	3.42	3.48	3.72	3.90
25	2.66	2.80	2.92	3.02	3.12	3.20	3.28	3.35	3.41	3.47	3.71	3.88

Table 35.—*Annual yield (converted semiannually) on Federal Housing Administration 3¾-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.65	2.80	2.99	3.26	....	....	....	....	....	....	....	....
6	2.64	2.79	2.94	3.13	3.38	....	....	....	....	....	....	....
7	2.64	2.78	2.92	3.07	3.24	3.46	....	....	....	....	....	....
8	2.64	2.77	2.90	3.03	3.17	3.33	3.52	....	....	....	....	....
9	2.64	2.77	2.89	3.01	3.13	3.26	3.41	3.57	....	....	....	....
10	2.64	2.76	2.88	2.99	3.11	3.22	3.34	3.46	3.61	....	....	....
11	2.64	2.76	2.88	2.98	3.09	3.19	3.29	3.40	3.51	3.64	....	....
12	2.64	2.76	2.87	2.97	3.07	3.17	3.26	3.36	3.45	3.55	....	....
13	2.64	2.76	2.87	2.97	3.06	3.15	3.24	3.32	3.41	3.49	....	....
14	2.63	2.76	2.86	2.96	3.05	3.14	3.22	3.30	3.38	3.45	....	....
15	2.63	2.75	2.86	2.96	3.05	3.13	3.21	3.28	3.35	3.42	....	....
16	2.63	2.75	2.86	2.95	3.04	3.12	3.20	3.27	3.33	3.40	3.71	....
17	2.63	2.75	2.86	2.95	3.04	3.11	3.19	3.25	3.32	3.38	3.66	....
18	2.63	2.75	2.85	2.95	3.03	3.11	3.18	3.24	3.31	3.36	3.63	....
19	2.63	2.75	2.85	2.95	3.03	3.10	3.17	3.24	3.30	3.35	3.60	....
20	2.63	2.75	2.85	2.94	3.02	3.10	3.17	3.23	3.29	3.34	3.57	....
21	2.63	2.75	2.85	2.94	3.02	3.10	3.16	3.22	3.28	3.33	3.55	3.74
22	2.63	2.75	2.85	2.94	3.02	3.09	3.16	3.22	3.27	3.32	3.54	3.71
23	2.63	2.75	2.85	2.94	3.02	3.09	3.15	3.21	3.27	3.32	3.52	3.69
24	2.63	2.75	2.85	2.94	3.02	3.09	3.15	3.21	3.26	3.31	3.51	3.67
25	2.63	2.75	2.85	2.94	3.01	3.08	3.15	3.20	3.26	3.31	3.50	3.64

TABLE 36.—*Annual yield (converted semiannually) on Federal Housing Administration 3½-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.62	2.74	2.89	3.11	....	....	....	....	....	....	....	....
6	2.61	2.73	2.85	3.00	3.20	....	....	....	....	....	....	....
7	2.61	2.72	2.83	2.95	3.09	3.27	....	....	....	....	....	....
8	2.61	2.72	2.83	2.93	3.04	3.16	3.32	....	....	....	....	....
9	2.61	2.71	2.81	2.91	3.01	3.11	3.22	3.36	....	....	....	....
10	2.61	2.71	2.81	2.90	2.98	3.07	3.17	3.27	3.39	....	....	....
11	2.61	2.71	2.80	2.89	2.97	3.05	3.13	3.22	3.31	3.41	....	....
12	2.61	2.71	2.80	2.88	2.96	3.03	3.11	3.18	3.26	3.34	....	....
13	2.61	2.71	2.79	2.87	2.95	3.02	3.09	3.16	3.23	3.29	....	....
14	2.61	2.70	2.79	2.87	2.94	3.01	3.08	3.14	3.20	3.26	....	....
15	2.61	2.70	2.79	2.87	2.94	3.00	3.07	3.12	3.18	3.24	....	....
16	2.61	2.70	2.79	2.86	2.93	3.00	3.06	3.11	3.17	3.22	3.47	....
17	2.61	2.70	2.79	2.86	2.93	2.99	3.05	3.10	3.15	3.20	3.43	....
18	2.61	2.70	2.78	2.86	2.93	2.99	3.04	3.09	3.14	3.19	3.40	....
19	2.61	2.70	2.78	2.86	2.92	2.98	3.04	3.09	3.14	3.18	3.38	....
20	2.61	2.70	2.78	2.85	2.92	2.98	3.03	3.08	3.13	3.17	3.36	....
21	2.61	2.70	2.78	2.85	2.92	2.98	3.03	3.08	3.12	3.16	3.34	3.50
22	2.61	2.70	2.78	2.85	2.92	2.97	3.03	3.07	3.12	3.16	3.33	3.47
23	2.61	2.70	2.78	2.85	2.91	2.97	3.02	3.07	3.11	3.15	3.32	3.45
24	2.61	2.70	2.78	2.85	2.91	2.97	3.02	3.07	3.11	3.15	3.31	3.43
25	2.61	2.70	2.78	2.85	2.91	2.97	3.02	3.06	3.10	3.14	3.30	3.42

TABLE 37.—*Annual yield (converted semiannually) on Federal Housing Administration 3¼-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2.59	2.68	2.79	2.96	....	....	....	....	....	....	....	....
6	2.59	2.67	2.77	2.88	3.03	....	....	....	....	....	....	....
7	2.59	2.67	2.75	2.84	2.94	3.08	....	....	....	....	....	....
8	2.58	2.66	2.74	2.82	2.90	3.00	3.12	....	....	....	....	....
9	2.58	2.66	2.73	2.81	2.88	2.96	3.04	3.14	....	....	....	....
10	2.58	2.66	2.73	2.80	2.86	2.93	3.00	3.08	3.17	....	....	....
11	2.58	2.66	2.73	2.79	2.85	2.91	2.98	3.04	3.11	3.18	....	....
12	2.58	2.66	2.72	2.79	2.84	2.90	2.96	3.01	3.07	3.13	....	....
13	2.58	2.65	2.72	2.78	2.84	2.89	2.94	2.99	3.04	3.10	....	....
14	2.58	2.65	2.72	2.78	2.83	2.88	2.93	2.98	3.03	3.07	....	....
15	2.58	2.65	2.72	2.78	2.83	2.88	2.92	2.97	3.01	3.05	....	....
16	2.58	2.65	2.72	2.77	2.82	2.87	2.92	2.96	3.00	3.04	3.23	....
17	2.58	2.65	2.71	2.77	2.82	2.87	2.91	2.95	2.99	3.03	3.20	....
18	2.58	2.65	2.71	2.77	2.82	2.87	2.91	2.95	2.98	3.02	3.18	....
19	2.58	2.65	2.71	2.77	2.82	2.86	2.90	2.94	2.98	3.01	3.16	....
20	2.58	2.65	2.71	2.77	2.82	2.86	2.90	2.94	2.97	3.00	3.14	....
21	2.58	2.65	2.71	2.77	2.81	2.86	2.90	2.93	2.97	3.00	3.13	3.25
22	2.58	2.65	2.71	2.76	2.81	2.86	2.89	2.93	2.96	2.99	3.12	3.23
23	2.58	2.65	2.71	2.76	2.81	2.85	2.89	2.93	2.96	2.99	3.11	3.22
24	2.58	2.65	2.71	2.76	2.81	2.85	2.89	2.92	2.96	2.99	3.11	3.20
25	2.58	2.65	2.71	2.76	2.81	2.85	2.89	2.92	2.95	2.98	3.10	3.19

Table 38.—*Annual yield (converted semiannually) on Federal Housing Administration 3-percent mortgages purchased at face value and exchanged for Federal Housing Administration 2½-percent debentures*

Term of mortgage in years	Mortgage exchanged for debentures at end of year											
	1	2	3	4	5	6	7	8	9	10	15	20
5	2. 56	2. 62	2. 70	2. 81	....	....	....	....	....	....	....	....
6	2. 56	2. 62	2. 68	2. 75	2. 85	....	....	....	....	....	....	....
7	2. 56	2. 61	2. 67	2. 73	2. 80	2. 89	....	....	....	....	....	....
8	2. 56	2. 61	2. 66	2. 71	2. 77	2. 83	2. 91	....	....	....	....	....
9	2. 56	2. 61	2. 66	2. 71	2. 75	2. 81	2. 86	2. 93	....	....	....	....
10	2. 56	2. 61	2. 65	2. 70	2. 74	2. 79	2. 84	2. 89	2. 95	....	....	....
11	2. 56	2. 61	2. 65	2. 70	2. 74	2. 78	2. 82	2. 86	2. 91	2. 96	....	....
12	2. 56	2. 60	2. 65	2. 69	2. 73	2. 77	2. 81	2. 84	2. 88	2. 92	....	....
13	2. 56	2. 60	2. 65	2. 69	2. 73	2. 76	2. 80	2. 83	2. 86	2. 90	....	....
14	2. 55	2. 60	2. 65	2. 69	2. 72	2. 76	2. 79	2. 82	2. 85	2. 88	....	....
15	2. 55	2. 60	2. 65	2. 68	2. 72	2. 75	2. 78	2. 81	2. 84	2. 87	....	....
16	2. 55	2. 60	2. 64	2. 68	2. 72	2. 75	2. 78	2. 81	2. 83	2. 86	2. 99	....
17	2. 55	2. 60	2. 64	2. 68	2. 72	2. 75	2. 78	2. 80	2. 83	2. 85	2. 97	....
18	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 77	2. 80	2. 82	2. 85	2. 95	....
19	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 77	2. 80	2. 82	2. 84	2. 94	....
20	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 77	2. 79	2. 82	2. 84	2. 93	....
21	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 77	2. 79	2. 81	2. 83	2. 92	3. 00
22	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 76	2. 79	2. 81	2. 83	2. 92	2. 99
23	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 76	2. 79	2. 81	2. 83	2. 91	2. 98
24	2. 55	2. 60	2. 64	2. 68	2. 71	2. 74	2. 76	2. 78	2. 81	2. 83	2. 91	2. 97
25	2. 55	2. 60	2. 64	2. 68	2. 71	2. 73	2. 76	2. 78	2. 80	2. 82	2. 90	2. 96