Public Law 560 CHAPTER 649

August 2, 1954
[H. R. 7839]

AN ACT

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

Housing Act of 1954.

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 "Housing Act of 1954".

TITLE I—FEDERAL HOUSING ADMINISTRATION

AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

Insurance of financial institutions.
48 Stat. 1246.
12 USC 1703.
Improvement and repair loans.

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended—

(1) by striking out the period at the end of the second sentence and by inserting a colon and the following: "*Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss."; and

(2) by inserting at the end thereof the following:

Restriction.

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

Effective date.

(b) As used in the amendments made by subsection (a) of this section "effective date of the Housing Act of 1954" shall mean the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

12 USC 1703.
Title I Claims Account, termination.

SEC. 102. Section 2 (f) of said Act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section

and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

64 Stat. 48.
12 USC 1706c.
Mortgage insurance.
Termination.

SEC. 103. Section 8 of said Act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: "*And provided further*, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

Sales housing.
Insurance eligibility.
12 USC 1709.
Principal obligation.

SEC. 104. Section 203 (b) (2) of said 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 Commissioner shall approve) in an amount not to exceed $20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or $27,500 in the case of a three-family residence; or $35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of $9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of $9,000, except that the President may increase such dollar amounts up to not to exceed $10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (2): *Provided further*, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent."

12 USC 1709.
Maturity.

SEC. 105. Section 203 (b) (3) of said Act, as amended, is hereby amended to read as follows:

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser."

12 USC 1709.
Interest.

SEC. 106. Section 203 (b) (5) of said Act, as amended, is hereby amended to read as follows:

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

12 USC 1709. Debentures.

SEC. 107. Section 203 (c) of said Act, as amended, is amended by striking out of the second sentence the word "*Provided*" and inserting: "*Provided*, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further*".

12 USC 1709. Farm mortgages. Termination.

SEC. 108. Section 203 (d) of said Act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: "*And provided further*, That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

Repeals.

SEC. 109. Subsections (f) and (g) of section 203 of said Act, as amended, are hereby repealed.

12 USC 1709.

SEC. 110. Section 203 of said Act, as amended, is hereby further amended by adding the following new subsections at the end thereof:

Disaster housing.

"(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $7,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

64 Stat. 1109. 42 USC 1855a.

Single family residence. Outlying areas.

"(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $6,650 and not in excess of 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract (a) to pay on behalf of the prospective owner and occupant all or part of the downpayment required by this paragraph agreeing to take as security a note from the latter bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the

principal obligation shall not exceed 85 per centum of the appraised value of the property or $5,950: *Provided further*, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed $100,000,000."

Farm home.

SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

Payment of insurance.
12 USC 1710.
Debentures.

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

(2) by striking out of the second proviso the words "or under section 213 of this Act," and inserting the following: "or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

12 USC 1715e, 1709.

(3) by striking the period at the end thereof and inserting a colon and the following: "*And provided further*, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

Direct conveyance.

SEC. 112. (a) Section 204 (d) of said Act, as amended, is hereby amended by striking out of the second sentence thereof the words "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, except that debentures issued with respect to mortgages insured under section 213 shall mature twenty years after the date of such debentures" and inserting "twenty years after the date thereof".

Debenture terms.
12 USC 1715e.

(b) Section 207 (i) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

12 USC 1713.

(c) Section 803 (f) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

12 USC 1748b.

(d) Section 904 (d) of said Act, as amended, is hereby amended by striking out of the third sentence thereof the word "ten" and inserting "twenty".

12 USC 1750c.

(e) This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

Nonapplicability.

12 USC 1710.

SEC. 113. Section 204 of said Act, as amended, is hereby amended by adding at the end thereof the following new subsection:

Premium charge payment.
Cessation of obligation.
12 USC 1709.

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

12 USC 1711.

SEC. 114. Section 205 of said Act, as amended, is hereby amended to read as follows:

General Surplus and Participating Reserve Accounts.

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

"(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

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

12 USC 1709.

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

Rental housing.
12 USC 1713.

SEC. 115. Section 207 (c) of said Act, as amended, is hereby amended—

Insurance eligibility.

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: "*And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion,

necessary to remove conditions detrimental to safety, health, or morals";

(2) by striking out the word "Alaska," in paragraph numbered (2) and inserting "Alaska, or in Guam,"; and

Guam.

(3) by striking out paragraph numbered (3) and inserting the following:

Mortgage limits.

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,000 per room (or $7,200 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,000 per room to not to exceed $2,400 per room and the dollar amount limitation of $7,200 per family unit to not to exceed $7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design."

12 USC 1713. Debentures.

SEC. 116. Section 207 (d) of said Act, as amended, is hereby amended by inserting the words "of the Housing Insurance Fund" between the words "debentures" and "issued" in the first sentence of such section.

12 USC 1713. Foreclosure costs.

SEC. 117. Section 207 (h) of said Act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: "and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner."

12 USC 1715c. Labor standards.

SEC. 118. Section 212 (a) of said Act, as amended, is hereby amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families."

Post, p. 596.

Cooperative housing. 12 USC 1715e. Mortgage limits.

SEC. 119. (a) Section 213 (b) of said Act, as amended, is hereby amended by striking clauses (1) and (2) and inserting:

"(1) not to exceed $5,000,000, or not to exceed $25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

Non-veteran.

"(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided*, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed $2,375 per room (or $8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) $2,250 per room to not to

Veteran.

exceed $2,700; (ii) $2,375 per room to not to exceed $2,850; (iii) $8,100 per family unit to not to exceed $8,400; and (iv) $8,550 per family unit to not to exceed $8,900: *And provided further*, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

Definition.

12 USC 1715e.

(b) Section 213 (c) of said Act, as amended, is hereby amended by striking from clause (1) "paragraph (A), paragraph (C), or paragraph (D) of".

Assistant Commissioner.

SEC. 120. Section 213 (f) of said Act, as amended, is hereby amended by striking the last sentence thereof.

12 USC 1715h.

SEC. 121. Section 217 of said Act, as amended, is hereby amended to read as follows:

Insurance authorization.

"SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) $1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed $500,000,000.

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

12 USC 1715j.
Transfer of insurance funds.

SEC. 122. Section 219 of said Act, as amended, is hereby amended by striking out the words "or the Defense Housing Insurance Fund," and inserting "the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,".

SEC. 123. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

Purpose.

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

12 USC 1709, 1713.

Authority.

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

ments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the same meaning as in section 201 of this Act. Definitions. 12 USC 1707.

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

"(1) The mortgaged property shall—

"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: *Provided*, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and Location. 63 Stat. 413. 42 USC 1451-1460. 42 USC 1451. Plan. Certification.

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

"(2) The mortgaged property shall be held by—

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

"(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation. Federal or State instrumentalities, etc.

"(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

"(A) not to exceed $20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or $27,500 in the case of a three-family residence; or $35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) $35,000 plus not to exceed $7,000 for each additional family unit in excess of four located on such property; and not to exceed an Mortgage limits.

amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of $9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of $9,000, except that the President may increase such dollar amounts up to not to exceed $10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (A); or

"(B) (i) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed $50,000,000; and

"(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

"(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,250 per room to not to exceed $2,700 per room and the dollar amount limitation of $8,100 per family unit to not to exceed $8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase the foregoing limits by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

Amortization.

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

12 USC 1709.
Interest.

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

Release.

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

Benefit provisions.

"(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

12 USC 1710, 1709.

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

12 USC 1713.

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

Section 220 Housing Insurance Fund. Creation.

12 USC 1737.

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

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

"SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the

Relocation housing.

Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

42 USC 1451.

42 USC 1451-1460.

Community request.

Priority.

Limitation.

Restriction.

Limitation.

Authority.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

Definitions.

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

12 USC 1707.

Eligibility.

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

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

Mortgage limits.

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $7,600, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That 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 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equiva-

lent: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

Commitment.

"(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $5,000,000; and not in excess of $7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

"(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

Amortization.

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

Release.

"(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

Standards.

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

Benefit provisions.

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

12 USC 1710, 1709.

mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

12 USC 1709.

"(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

12 USC 1713.

"(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term 'going Federal rate' as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

Debentures.

Definition.

12 USC 1713.

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

Section 221 Housing Insurance Fund. Creation.

12 USC 1737.

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

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

SEC. 124. Title II of said Act, as amended, is further amended by adding at the end thereof the following new section:

"MORTGAGE INSURANCE FOR SERVICEMEN

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

Purpose.

12 USC 1709.

Definition.

"(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section

12 USC 1709. Additional mortgages.

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

"(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, 'the period of ownership by a serviceman' means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

12 USC 1709.

Definition.

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

12 USC 1710, 1709.

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

Servicemen's Mortgage Insurance Fund. Creation.

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

12 USC 1737.

section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued."

Transfer of certain authority to Title II.
12 USC 1745.

SEC. 125. Title II of said Act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

12 USC 1743, 1750b, 1750g.

"MISCELLANEOUS HOUSING INSURANCE

"SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

12 USC 1709, 1713.

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

54 Stat. 1125. 42 USC 1521-1590. 54 Stat. 872; 55 Stat. 14, 197, 810.

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

54 Stat. 681. 42 USC 1501-1505.

"(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority; or

49 Stat. 115.

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

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

"(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing

12 USC 1743.

12 USC 1750b, 1750g.

Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.

12 USC 1709, 1713.

"(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II."

SEC. 126. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"DEBENTURE INTEREST RATE

"SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such

Ante, p. 601.

estimated average annual yield to the nearest one-eighth of 1 per centum.

"OPEN-END MORTGAGES

"SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an 'open-end' provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such 'open-end' advances: *Provided further*, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further*, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: *And provided further*, That the insurance of 'open-end' advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

Charges.

Eligibility requirement.

Restrictions.

"FHA APPRAISAL AVAILABLE TO HOME BUYERS

"SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

12 USC 1709, 1715e.

Ante, pp. 596, 599, 603.
12 USC 1750b.

Nonapplicability.

"BUILDER'S COST CERTIFICATION

"SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage

loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

Definitions.

"(a) The term 'new or rehabilitated multifamily housing' means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221, (v) under section 803, or (vi) under sections 903 and 908;

12 USC 1713, 1715e.

Ante, p.596.

Ante, p. 599.

12 USC 1748b, 1750b, 1750g.

"(b) The term 'approved percentage' means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; and

"(c) The term 'actual cost' has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness (without reduction by reason of the application of the approved percentage requirements of this section) secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided*, That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

"SEC. 228. Notwithstanding section 505 of the Classification Act of 1949, as amended, the Commissioner may establish and place one position in grade GS–18, four positions in grade GS–17, and eight positions in grade GS–16 in the Federal Housing Administration, which positions shall be in lieu of any positions presently allocated in the Federal Housing Administration under said section 505."

GS-16, 17 and 18 positions.
63 Stat. 959.
5 USC 1105.

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING ADMINISTRATION

SEC. 127. Title VI of said Act, as amended, is hereby amended by adding the following new section at the end thereof:

War housing insurance.

"SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date."

Termination.

SEC. 128. (a) Section 803 (a) of said Act, as amended, is amended by striking out "July 31, 1954" and substituting therefor "June 30, 1955".

12 USC 1748b.
Military housing insurance.
Extension.

(b) Section 903 (a) of said Act, as amended, is hereby amended by adding the following before the last proviso thereof: "*Provided further*, That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy:".

12 USC 1750b.
Rental requirement.

SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows: (1) by striking out the material within the parentheses in clause (a) and substituting therefor "except (i) pursuant to a commitment to insure issued on or before such date or (ii) after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder", and (2) by adding after the last comma in clause (b) "except after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder: *Provided*, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after July 31, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date".

65 Stat. 295.
42 USC 1591c.
Expiration date.

SEC. 130. The paragraph following paragraph numbered (3) of section 803 (b) of the National Housing Act, as amended, and paragraph numbered (3) of section 908 (b) of said Act, as amended, are hereby amended to read as follows: "The mortgagor shall enter into the agreement required by section 227 of this Act, as amended."

Agreement.

12 USC 1748b, 1750g.

Ante, p. 607.

SEC. 131. The eighth paragraph of section 709 of title 18 of the United States Code is hereby amended to read as follows:

62 Stat. 734.
False advertising or misuse of names.

"Whoever uses as a firm or business name the words 'Housing and Home Finance Agency', 'Federal Housing Administration', 'Federal National Mortgage Association', or 'Public Housing Administration' or the letters 'FHA' or any combination or variation of those words or the letters 'FHA' alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improve-

ment, or alteration of any existing structure is required or recommended by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof; or".

49 USC 22.

SEC. 132. Title V of the National Housing Act, as amended, is hereby amended by adding the following new sections after section 511:

"SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence.

58 Stat. 291. 38 USC 694-694n.

Hotel purposes. Intent of Congress.

"SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

Prohibitions.

"(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the Commissioner has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the Commissioner shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the Commissioner determines to be a resort area, and the Commissioner finds that prior to May 28, 1954, a portion of the accommodations in the project had been made

available for rent for transient or hotel purposes (in which case no accommodations in excess of the number which had been made available for such use shall be rented on such basis).

"(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the Commissioner has entered into such contract with, or purchased such stock of, the mortgagor as the Commissioner deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

Certification.

"(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: *Provided*, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

Enforcement.

"(e) As used in this section, (1) the term 'rental for transient or hotel purposes' shall have such meaning as prescribed by the Commissioner but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term 'multifamily housing' shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under section 608, under section 803, or under section 908, or (iii) a project with respect to which an insurance contract pursuant to title VII is outstanding.

Definitions.

12 USC 1713, 1715e.

Ante, p. 596.

Ante, p. 599.

12 USC 1743, 1748b, 1750g.

"(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

Investigation.

"(g) If such violation does not cease in accordance with such order, the Commissioner shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

Violation.
Authority of Attorney General.

"(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts

Injunctions.

or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

Injunctive relief.

"(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.

District courts. Jurisdiction.

"(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsections (h) and (i) of this section."

Federal National Mortgage Association Charter Act.

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 201. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"PURPOSES

"SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

"(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

"(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mort-

gage lending and home building activities which threatens materially the stability of a high level national economy; and

"(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

"CREATION OF ASSOCIATION

Federal National Mortgage Association.

"SEC. 302. (a) There is hereby created a body corporate to be known as the 'Federal National Mortgage Association' (hereinafter referred to as the 'Association'), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

"(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (i) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (ii) the original principal obligation thereof exceeds or exceeded $15,000 for each family residence or dwelling unit covered by the mortgage.

58 Stat. 284.
38 USC 693 note.

"CAPITALIZATION

"SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of $100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retirable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than $100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into mis-

cellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303 (d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

"(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

Post, p. 619.

"(c) The Association shall issue, from time to time, to each mortgage seller its common stock (only in denominations of $100 or multiples thereof) evidencing any capital contributions made by such seller pursuant to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided*, That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

"(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to the sum of (1) the amount of $21,000,000 (being the amount of the original subscription for capital stock of $20,000,000 and paid-in surplus of $1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

"(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original $21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights

or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

"(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

Legislation. Recommendation to President and Congress.

"(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

Infra.

"SECONDARY MARKET OPERATIONS

"SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

Ante, p. 612.

"(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital, capital surplus, general surplus, reserves, and undis-

tributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: *Provided*, That such aggregate principal amount under this subsection (c) shall in no event exceed $1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

40 Stat. 288.
31 USC 774(2).

Post, p. 618.

"(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

"SPECIAL ASSISTANCE FUNCTIONS

"SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or

Ante, p. 612.

affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

"(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"(c) The total amount of purchasers and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed $200,000,000 outstanding at any one time: *Provided*, That notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed $100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

"(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

40 Stat. 288.
31 USC 774(2).

"MANAGEMENT AND LIQUIDATING FUNCTIONS

"SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

Ante, p. 612.

Ante, p. 614.

"(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed $3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by

Ante, p. 614.

the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

"(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

40 Stat. 288.
31 USC 774(2).

"(e) Of the $3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed $300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed $3,350,000,000 shall be applicable as provided in subsection (c) of this section.

Ante, p. 616.

"SEPARATE ACCOUNTABILITY

"SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

Ante, pp. 615, 616, 618.

"(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

Ante, pp. 616, 618.

Ante, p. 613.

"(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

Ante, pp. 616, 618.

"BOARD OF DIRECTORS

Members.

"SEC. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

Chairman.

Compensation.

"GENERAL POWERS

"SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine

59 Stat. 597.
31 USC 841 note.

the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

"(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

Ante, pp. 615, 613.

"(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

"(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words 'Federal National Mortgage Association' or any combination of such words, as the name or 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.

Prohibition.
Ante, p. 613.

Penalty.

"(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

"(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"INVESTMENT OF FUNDS

"SEC. 310. Moneys of the Association not invested in mortgages or in operating facilities 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.

"OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

"SEC. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"SHORT TITLE

"SEC. 312. This title III may be referred to as the 'Federal National Mortgage Association Charter Act'."

SEC. 202. The Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954.

59 Stat. 597.
31 USC 846.

Ante, p. 613.

SEC. 203. The penultimate sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended, is hereby amended by striking "or obligations of national mortgage associations" and inserting "or obligations of the Federal National Mortgage Association".

12 USC 24.

SEC. 204. (a) Subsection (h) of section 11 of the Federal Home Loan Bank Act, as amended, is hereby amended by inserting after "in obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,". The last sentence of section 16 of said Act is amended by inserting after "in direct obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,".

47 Stat. 734.
12 USC 1431.

12 USC 1436.

(b) The first paragraph of subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting in the second proviso before the colon and after "Federal Home Loan Bank" the following: "or in the obligations of the Federal National Mortgage Association".

48 Stat. 132.
12 USC 1464.

SEC. 205. Subsection (b) of section 2 of the Alaska Housing Act, as amended, is hereby repealed.

Repeals.
63 Stat. 58.
48 USC 484e.

SEC. 206. Public Law 243, Eighty-second Congress, approved October 30, 1951, as amended, is hereby repealed. Subsection (a) of section 608 of Public Law 139, Eighty-second Congress, approved September 1, 1951, is hereby repealed.

65 Stat. 699, 315.
12 USC 1716-1, 1716a.

Transfer of functions.

SEC. 207. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association.

64 Stat. 1277.
12 USC 1716 note.

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

63 Stat. 416.
42 USC 1451-1460.

SEC. 301. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read "TITLE I—SLUM CLEARANCE AND URBAN RENEWAL".

SEC. 302. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"URBAN RENEWAL FUND

"SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the 'Urban Renewal Fund', and shall be available for ad-

Post, p. 624.

vances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund."

42 USC 1451.

SEC. 303. Section 101 of said Act, as amended, is hereby amended to read as follows:

Local programs.

"SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

Requirements.

"(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of said Act: *And provided further*,

50 Stat. 888.
42 USC 1430.

Ante, pp. 596, 599.

That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

Ante, p. 599.

Post, p. 625.

Urban renewal service.

"(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs."

42 USC 1452.

SEC. 304. Section 102 of said Act, as amended, is hereby amended—

Temporary and definitive plans.

(1) by amending the first sentence in subsection (a) to read as follows: "To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects.";

(2) by inserting in the second sentence of subsection (a) before the word "expenditures" the word "estimated" and by inserting after the word "bonds" the words "or other obligations";

(3) by striking out "new uses of land in the project area" at the end of the first sentence of subsection (b) and inserting "new uses of such land in the project area";

(4) by striking out the words "bear interest as such rate" in the second sentence of subsection (b) and inserting "bear interest at such rate"; and

Advances for surveys and plans.

(5) by amending subsection (d) to read as follows:

"(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of

Repayment.

the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds."

Application.

SEC. 305. Subsection (a) of section 103 of said Act, as amended, is hereby amended to read as follows:

42 USC 1453.

"(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.".

Capital grants.

SEC. 306. Section 104 of said Act, as amended, is hereby amended by striking "section 110 (f) of land" and inserting "section 110 (f) of the property".

42 USC 1454.
Local grants-in-aid.

SEC. 307. Section 105 of said Act, as amended, is hereby amended—

42 USC 1455.
Loans or capital grants.
Requirements.

(1) by striking "Contracts for financial aid" and inserting "Contracts for loans or capital grants";

(2) by amending subsections (a) and (b) to read as follows:

Approval plan.

"(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

Obligation of purchasers, etc.

"(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;";

(3) by striking the word "project" wherever it appears in subsection (c) and inserting the term "urban renewal"; and

(4) by striking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

SEC. 308. Section 106 of said Act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): ": *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being

42 USC 1456.

Audit and inspection fees.

planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made".

42 USC 1457.

SEC. 309. Section 107 of said Act, as amended, is hereby amended by striking out the words "redevelopment plan" and inserting "urban renewal plan".

42 USC 1459.

SEC. 310. Section 109 of said Act, as amended, is hereby amended to read as follows:

Protection of labor standards.

"SEC. 109. In order to protect labor standards—

"(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

40 USC 276a-276a-5.

"(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title".

62 Stat. 740; 48 Stat. 948.

42 USC 1460.

SEC. 311. Section 110 of said Act, as amended, is hereby amended to read as follows:

Definitions.

"SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"Urban renewal areas."

"(a) 'Urban renewal area' means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

"Urban renewal plan."

"(b) 'Urban renewal plan' means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this

Ante, p. 623.

section, a redevelopment plan approved by the governing body of the locality.

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, 'slum clearance and redevelopment' may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further*, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, 'rehabilitation' or 'conservation' may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"Urban renewal project."

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'rede-

"Project."

velopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

Ante, p. 626.

"Local grants-in-aid."

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, public facilities financed by special assessments against land in the project area, and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

"Gross project cost."

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

"Net project cost."

"(f) 'Net project cost' shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed,

on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

"(g) 'Going Federal rate' means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract. "Going Federal rate."

"(h) 'Local public agency' means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States. "Local public agency."

"(i) 'Land' means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable. "Land."

"(j) 'Administrator' means the Housing and Home Finance Administrator." "Administrator."

SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act. Completion of prior projects.

SEC. 313. The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, Eighty-third Congress) and in title I of the Independent Offices Appropriation Act, 1955 (Public Law 428, Eighty-third Congress) are hereby repealed. Repeals. 67 Stat. 305. *Ante*, p. 283.

SEC. 314. The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section, said Administrator shall give preference to Grants for testing and reporting methods, etc. Limitation.

those undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance or progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed $5,000,000 and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.

Advances.

31 USC 529.

Limitation.

42 USC 1453.

D. C. urban renewal activities.

SEC. 315. Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking "$2,000" in subsection (a) and subsection (b) and inserting in each instance "$2,500 unless insured as provided in title I of the National Housing Act, as amended".

60 Stat. 801.
D. C. Code 5-717.

D. C. Code 5-718.

SEC. 316. Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—

(1) by striking "1949" wherever it appears in said section and inserting "1949, as amended": *Provided*, That this clause (1) shall not limit or restrict any authority under said section 20; and

(2) by adding the following new subsections at the end of said section:

"(i) In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: *Provided*, That for the purpose of this subsection the word 'redevelopment' wherever found in this Act (except in section 3 (n)) shall mean 'urban renewal', and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

Program preparation.
Ante, p. 623.

"(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement, to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency."

TITLE IV—LOW-RENT PUBLIC HOUSING

50 Stat. 888.
42 USC 1430.

SEC. 401. The United States Housing Act of 1937, as amended, is hereby amended—

42 USC 1410.

(1) by adding at the end of section 10 the following new subsection:

Additional units.

"(i) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agree-

ments, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding thirty-five thousand additional units: *Provided*, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local governing body of the community undertaking such slum clearance and urban redevelopment project, or slum clearance and urban renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: *And provided further*, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of Federal, State, or local governmental action in such community.";

42 USC 1430.
Certification.

Ante, p. 622.

Ante, p. 625.
Limitation.

(2) by striking from subsection 10 (g) the words following the colon up to and including the words "such families" and inserting the following: "First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group";

Preferences for admission.

(3) by striking the words "or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project" in clause (ii) of subsection 15 (8) (b) and inserting the following: "or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units"; and

Low income families.

42 USC 1415.

(4) by striking the words "not later than five years after March 1, 1949" in subsection 15 (8) (b) and inserting "not later than March 1, 1959".

SEC. 402. Subsection 10 (h) of said Act, as amended, is hereby amended to read as follows:

42 USC 1410.
Exemption of property from taxes.

"(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public

Payments in lieu of taxes.

Limitation.

body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection."

State contribution.

Notification of estimates.

Annual report.
Prior contract amendment.

42 USC 1410.

SEC. 403. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

Self-liquidation.

"(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

"(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

"(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in

clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.".

SEC. 404. Paragraph (6) of section 16 of said Act, as amended, is hereby repealed.

42 USC 1416(6). Repeal of labor reporting requirement.

SEC. 405. Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following subsection:

42 USC 1410. GAO audit and settlement. 42 Stat. 20. 31 USC 1.

"(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended."

SEC. 406. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

Sale to private ownership.

"(l) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project."

TITLE V—HOME LOAN BANK BOARD

Federal Savings and Loan Insurance Corp. 12 USC 1725. Service of process.

SEC. 501. The National Housing Act, as amended, is hereby amended—

(1) by amending section 402 (c) (4) to read as follows:

"(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia.";

12 USC 1728. Claims. Statute of limitations.

(2) by adding the following new subsection to section 405:

"(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial."; and

12 USC 1730. Termination of insurance.

(3) by striking the first four sentences of section 407 and inserting the following: "Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation. Whenever in the opinion of the Home Loan Bank Board any insured institution has violated its duty as such or has continued unsafe or unsound practices in conducting the business of such

institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured institution is subject, said Board shall first give to the authority having supervision of the institution, if any, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the institution. In the case of an institution of a State where there is no supervisory authority the statement shall be sent directly to the institution. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the supervisory authority, if any, shall require, the Home Loan Bank Board, if it shall determine to proceed further, shall give to the institution not less than thirty days' written notice of intention to terminate the status of the institution as an insured institution, and shall fix a time and place for a hearing before the Home Loan Bank Board, a member thereof, or a person designated by the Board. The Home Loan Bank Board shall make written findings. Unless the institution shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured institution. If the Home Loan Bank Board shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the Home Loan Bank Board may issue its order terminating the insured status of the institution effective on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The hearing hereinabove provided for shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. In the event of the termination of such status, insurance of its accounts to the extent that they were insured on the date of such notice by the institution to the Corporation or such order of termination, less any amounts thereafter withdrawn, repurchased, or redeemed which reduce the insured accounts of an insured member below the amount insured on the date of such notice or order, shall continue for a period of two years, but no investments or deposits made after the date of such notice or order of termination shall be insured. The Corporation shall have the right to examine such institution from time to time during the two-year period aforesaid. Such insured institution shall be obligated to pay, within thirty days after any such notice or order of termination, as a final insurance premium, a sum equivalent to twice the last annual insurance premium paid by it."

Hearing.

60 Stat. 237.
5 USC 1001 note.

SEC. 502. The Federal Home Loan Bank Act, as amended, is hereby amended by striking "$20,000" in section 10 (b) (2) and inserting "$35,000".

12 USC 1430.
Home mortgage as security.

SEC. 503. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking "$20,000" wherever it appears in the first paragraph of subsection (c) of section 5 and inserting "$35,000";

12 USC 1464.

(2) by amending subsection (d) of section 5 to read as follows:

"(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own

Enforcement.
Rules and Regulations.

name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days' written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpenas and subpenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpena or subpena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.

Hearing.

60 Stat. 237.
5 USC 1001 note.

U. S. district court.
Jurisdiction.

"(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any

Conservators and receivers.
Appointment.

Supervisory Representative in Charge. Appointment.

examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than $1,000 or by imprisonment for not more than one year or both by such fine and imprisonment."; and

60 Stat. 537. 5 USC 1001 note.

Powers.

Violation.

Penalty.

(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

12 USC 1464.

Investment of assets.

"Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as

58 Stat. 284. 38 USC 693 note.

amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of $2,500."

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

DECLARATION OF POLICY

SEC. 601. It is declared to be the policy of Congress—

(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

DEFINITIONS

SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

(b) "Private financing institutions" means life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead association, and building and loan associations), and mortgage companies.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee", which shall consist of the Housing and Home Finance Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

The Administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEES

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks.

FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL SUBCOMMITTEES

National Committee.

SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in

order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

Report to Congress.

SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

Regional subcommittees.

12 USC 1701.

58 Stat. 284. 38 USC 693 note.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

REGULATIONS OF ADMINISTRATOR

SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

GENERAL PROVISIONS

SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. Service as a member of the National Committee or of any regional subcommittee is not to be construed as holding any office or employment with the Government of the United States. The Administrator is authorized and directed, upon the request of the National Committee, to provide such Committee with a suitable office and meeting place and to furnish to the Committee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions of such Committee. Funds available to the Administrator for administrative expenses shall be available for all expenses necessary in carrying out the provisions of this title, including expenses of persons serving as members of any committee or subcommittee established pursuant to this title for communications, transportation, and not to exceed $25 per diem in lieu of subsistence when away from their homes or regular places of business in connection with the business of such committee or subcommittee.

38 Stat. 717. 15 USC 58.

Office. Staff assistance.

Funds.

Termination.

SEC. 610. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

Planning grants.

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding $5,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

31 USC 529.

Appropriation.

RESERVE OF PLANNED PUBLIC WORKS

Advances.

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of three years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

31 USC 529.

Requirement.

(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

Planning account.

Repayment.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

Rules and regulations.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

Appropriation.

(e) There is hereby authorized to be appropriated not exceeding $10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: *Provided*, That not to exceed 1 per centum of the funds appropriated under this section may be used for the purpose of surveying the status and current volume of advanced public works planning among the several States and their subdivisions, such surveys to be carried out by the Administrator in cooperation with the Council of Economic Advisers in the Executive Office of the President. Not more than 5 per centum of the funds so appropriated shall be expended in any one State.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—MISCELLANEOUS PROVISIONS

Warranty requirements.

SEC. 801. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, the seller or builder, and such other person as may be required by the said Commissioner or Administrator to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans' Affairs based his valuation of the dwelling: *Provided*, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after October 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to October 1, 1954.

Availability of plans and specifications.

(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

Report to President and Congress.

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

Repeals.
54 Stat. 1128; 55 Stat. 363.
42 USC 1551.
63 Stat. 842.
40 USC 456.

(b) Section 311 of "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended; section 6 of "An Act to provide for the advance planning of non-Federal public works", approved October 13,

1949, as amended; and sections 5 and 402 (f) of the National Housing Act, as amended, are hereby repealed. 12 USC 1706, 1725(f).

(c) The National Housing Act, as amended, is hereby amended—

(1) by striking the heading "ANNUAL REPORT" immediately after section 4 and inserting "TAXATION"; and 12 USC 1705.

(2) by striking from subsection (e) of section 406 the word "Congress" and inserting "Housing and Home Finance Administrator". 12 USC 1729.

(d) The first sentence of section 7 (b) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "The annual report of the Housing and Home Finance Administrator to the President for submission to the Congress on the operations of the Housing and Home Finance Agency shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum clearance projects undertaken, and the assets and liabilities of the Authority." Annual report. 42 USC 1407.

(e) Section 106 (a) of the Housing Act of 1949, as amended, is hereby amended by striking "; and" at the end of paragraph (3) thereof, inserting a period in lieu thereof, and striking paragraph (4). 42 USC 1456.

(f) The Federal Home Loan Bank Act, as amended, is hereby amended by striking the second sentence of section 20. 12 USC 1440.

SEC. 803. Section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended to read as follows: 38 USC 694a.

"(b) Any loan made to a veteran for the purposes specified in subsection (a) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed $7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved." Home loan guarantee. 38 USC 694. Limitation.

SEC. 804. Section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230) is amended as follows: 40 USC 459.

(1) Strike out from subsection (a) thereof the words "the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate," and insert in lieu thereof the words "the Housing and Home Finance Administrator".

(2) Strike out all of subsection (b) and insert in lieu thereof the following: 40 USC 459.

"(b) For the purposes of this section, notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to obtain from a revolving fund to be established in the Treasury of the United States not to exceed a total of $50,000,000 outstanding at any one time. For this purpose there is hereby authorized to be appropriated to such revolving fund in the Treasury the amount of $50,000,000. Advances from the revolving fund shall be made to the Housing and Home Finance Administrator upon his request, and such advances together with receipts under this section shall be available for all necessary expenses, including administrative expenses, under this section. The Housing and Home Finance Admin- Revolving fund. Appropriation. Advances. Interest.

istrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund."

40 USC 459. Powers.

(3) Strike out from subsection (c) thereof the words "officer or agency designated by the President" and insert in lieu thereof the words "Housing and Home Finance Administrator".

Termination.

(4) Strike out from subsection (d) thereof "1955" and insert in lieu thereof "1956".

SEC. 805. The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended—

64 Stat. 59. 42 USC 1585. Temporary war housing. Disposal.

(1) by adding the following at the end of section 605 (a):

"In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses, and (5) the city or local public agency has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.";

(2) by adding the following new subsection at the end of section 607:

42 USC 1587. Permanent war housing. Disposal.

"(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this

section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act."; and

12 USC 1701j note.

(3) by adding the following new section at the end of title VI:

San Diego, Calif. Transfer of certain housing to Indians.

"SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County or Imperial County, California, the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: *Provided*, That the term housing as used in this section shall not include land."

SEC. 806. Subsection 302 (b) of Public Law 139, 82d Congress, as amended, is hereby amended by striking the second sentence thereof and adding the following:

65 Stat. 304. 42 USC 1592a.

Sale of temporary housing.

"Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: *Provided*, That the Housing and Home Finance Administrator may reject any bid for less than two-thirds of the appraised value as determined by him: *Provided further*, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator) to a public body for public use: *And provided further*, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site."

42 USC 1592e.

63 Stat. 377. 40 USC 471 note.

SEC. 807. Section 601 of the Housing Act of 1949 is hereby amended to read as follows:

12 USC 1701h.

Advisory committees.

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

62 Stat. 697, 793.

60 Stat. 808.

Transfer of school facilities.

SEC. 808. (a) Section 202 of the Act entitled "An Act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes", approved September 23, 1950, as amended, is hereby amended by adding the following new sentence at the end thereof: "In any case where such facilities are or have been

64 Stat. 967. 20 USC 272.

damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States."

12 USC 1749. Educational institutions.

(b) The third sentence of section 401 (a) of title IV of the Housing Act of 1950, as amended, is hereby amended by striking out the word "made" and inserting the words "is approved by the Administrator".

Sale of property. University of California.

SEC. 809. Notwithstanding the provisions of any other law, (1) the Housing and Home Finance Administrator is authorized and directed to sell to the University of California, at fair market value as determined by him, all of the properties, including land, comprising war housing projects CAL-4041 and 4042 known as Canyon Crest Homes located in Riverside County, California; (2) the Public Housing Commissioner is authorized to permit the Housing Authority of the city of Columbia, South Carolina, to sell to the University of South Carolina, at fair market value as determined by him, all of the property, including land, comprising the seventy-four unit housing project Numbered SC-2-5 known as University Terrace, located in Columbia, South Carolina, and to use, with the approval of the said Commissioner, the proceeds of such sale as a loan for the development of other low-rent housing in the city of Columbia, South Carolina, in replacement of said project Numbered SC-2-5, under terms and conditions which will be satisfactory to the Public Housing Commissioner and which will, in his opinion, protect the interest of the United States, and the annual contributions now contracted for in respect to project Numbered SC-2-5 shall continue to be available and may be contracted for in respect to such other low-rent housing; and (3) the Housing and Home Finance Administrator is authorized and directed to convey, without monetary consideration, to the Housing Authority of Saint Louis County, Missouri, all of the right, title, and interest of the United States in and to the one hundred and fifty-six housing units in public housing project Numbered MO-V-23153.

University of South Carolina.

Saint Louis County, Mo. Conveyance.

Wethersfield, Conn.

SEC. 810. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6029, known as Westfield Heights, containing one hundred and thirty dwelling units on approximately twenty-three and nineteen one-hundredths acres of land in Wethersfield, Connecticut, and CONN-6125, known as Drum Hill Park, containing one hundred and twenty-five dwelling units on approximately fifty-two and thirty-three one-hundredths acres of land in Rocky Hill, Connecticut, to the housing authority of the town of Wethersfield, Connecticut, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on unpaid balance at not to exceed 5 per centum per annum.

Payment.

Reduction of vulnerability to enemy attack.

SEC. 811. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the require-

ments thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

SEC. 812. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

Ante, p. 320.

(a) At the end of the first sentence of section 511 strike "$8,500,000" and insert "$100,000,000".

Funds for issuance of notes, etc.

(b) In section 512, strike "$170,000" and insert "$2,000,000".

(c) In section 513, strike "$850,000" and insert "$10,000,000".

SEC. 813. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

12 USC 1701j.
Repeal.

RECORDS

SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

Ante, p. 607.

Effective date.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

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

42 USC 1430.
12 USC 1701-1706d.

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

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

40 USC 1430.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

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

Ante, p. 642.

Ante, p. 607.

ACT CONTROLLING

SEC. 818. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

SEPARABILITY

SEC. 819. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances.

Approved August 2, 1954.

Public Law 561 CHAPTER 650

August 2, 1954
[S. 2381]

AN ACT

To amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain.

Oil and gas leases.
62 Stat. 291.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 27 of the Act of February 25, 1920, as amended (30 U. S. C. 184), is further amended as follows:

(1) Strike out all of the language preceding the semicolon of the second sentence of section 27, and insert the following in lieu thereof: "No person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate forty-six thousand and eighty acres granted hereunder in any one State, except that in the Territory of Alaska no person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate one hundred thousand acres granted hereunder;".

Acreage holding restriction.

Alaska.

60 Stat. 954.
Nonrenewable option.

(2) Strike out sentences 5 and 6 of section 27 and insert the following in lieu thereof: "The interest of an optionee under a nonrenewable option to purchase or otherwise acquire one or more oil or gas leases (whether then or thereafter issued), or any interest therein, shall not, prior to the exercise of such option, be a taking or holding or control under the acreage limitations provisions of any section of this Act. No such option shall be entered into for a period of more

Time and acreage limitation.