The original documents are located in Box 10, folder "10/18/74 S3979 Emergency Home Purchase Assistance Act of 1974" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

APPROVED
OCT 18 1974

ACTION

THE WHITE HOUSE

WASHINGTON

October 18, 1974

Ceremony + statement issued 10/18/74

MEMORANDUM FOR THE PRESIDENT

FROM: KEN COLE

SUBJECT: Enrolled Bill S. 3979
Emergency Home Purchase Assistance Act of 1974

To Archives 10/18

Attached for your consideration is Senate bill S. 3979 which increases the availability of reasonably priced mortgage credit for housing.

We have checked with Secretary Lynn, Roy Ash, the Counsel's office (Chapman), Bill Timmons and Paul Theis who recommend approval of the bill and issuance of the signing statement at Tab B.

RECOMMENDATION

That you sign Senate bill S. 3979 (Tab A)

That you approve the signing statement (Tab B)

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 18 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3979 - Emergency Home Purchase Assistance Act of 1974
Sponsors - Sen. Cranston (D) California and Sen. Brooke (R) Massachusetts

Last Day for Action

Approved on October 18, 1974; became Public Law 93-449.

Purpose

Authorizes a new, temporary program to assist the housing industry through purchases of residential mortgages by the Government National Mortgage Association (GNMA); contains several riders amending other laws.

Agency Recommendations

Office of Management and Budget	Approval
Department of Housing and Urban Development	Approval
Federal Home Loan Bank Board	Approval
Department of the Interior	Approval
Federal Reserve Board	Approval (informally)
Department of the Treasury	No objection to approval
Veterans Administration	No objection to approval
Council of Economic Advisers	No objection
Council on Wage and Price Stability	No objection to Section 4(e)
Council on Environmental Quality	Defers to other agencies

Discussion

S. 3979 carries out, in substantial measure, a recommendation in your economic message to the Congress of October 8, 1974. You urged the Congress to enact additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. You indicated that as soon as such legislation was sent to you, you would make at least $3 billion immediately available for mortgage purchases, enough to finance about 100,000 homes.

S. 3979 was passed unanimously (77-0) by the Senate on October 10, 1974, and by voice vote in the House on October 15, 1974. You signed the bill on October 18, 1974, and HUD is now implementing it.

S. 3979 consists essentially of two parts: (1) authorization for a temporary "tandem plan" for conventional housing and (2) a few amendments to other laws, including two which correct technical errors in the recently-enacted Housing and Community Development Act of 1974.

Mortgage Purchase Authority

In August 1971, the Government instituted a "tandem plan" for federally insured mortgages to avoid raising the interest rate ceiling on those mortgages while maintaining housing production and sales. Under this plan, HUD (GNMA) buys eligible mortgages at below-market interest rates and resells them at the market price. The cost to the Government is the subsidy involved, i.e. the loss realized by GNMA if it sells the mortgage at less than its original purchase price.

S. 3979 expands this program temporarily by giving HUD authority for one year to direct GNMA to purchase, service, sell, or otherwise deal in specified types of conventional as well as federally insured mortgages when HUD determines that economic conditions are so seriously adverse as to require such action to achieve national housing goals. The bill limits the total amount of purchases and commitments to $7.75 billion outstanding at any one time.

Eligible mortgages include conventional and FHA or VA insured and guaranteed mortgages covering single-family homes (other than conventional condominium or cooperative units), and FHA or VA mortgages covering rental projects, condominiums, or cooperatives and their individual units. Conventional mortgages can have a loan-to-value ratio exceeding 80 percent only if they are privately insured. The maximum mortgage amount is set at $42,000 per family residence or dwelling unit ($55,000 in Alaska, Hawaii and Guam).

Mortgages covering housing constructed more than 12 months prior to enactment of S. 3979 may be purchased in areas where HUD determines that there is a serious shortage of mortgage credit to purchase such housing.

As introduced, the bill would have given HUD discretion to set the interest rate on mortgages purchased by GNMA without any maximum limits. It provided that such mortgages involve "an interest rate not in excess of the rate determined by the Secretary to be necessary to reimburse the fund for its expenses under this section." (The Secretary has such discretion under the earlier tandem plan for federally-insured mortgages.)

As enacted, however, a floor amendment by Senator Proxmire was included under which the maximum interest rates in mortgages purchased by GNMA could not "exceed a rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing more than six but less than twelve years from the date of such commitment (exclusive of bonds with a coupon rate of less than 6 percent) plus one-half of 1 percent, adjusted upward to the nearest one-eighth of 1 percent."

A further provision would direct HUD in fixing interest rates to take account of State usury limits, and would provide for a limited override of certain State usury laws to the extent they apply or have been interpreted so that discounts or points are counted in calculating the allowable maximum rate.

To provide funds for its mortgage purchases, GNMA could issue its obligations to the Secretary of the Treasury. The Secretary would determine the interest rate of the obligations and GNMA would determine the maturity and redemption conditions. GNMA would be authorized to guarantee and issue securities based on pools of mortgages purchased under the program, and could offer and sell securities to the Federal Financing Bank and any Federal Reserve Bank. Prices of mortgages sold by GNMA are authorized to be at levels which, to the extent feasible, make the operation fully self-supporting.

Agency comments

HUD, in its attached views letter on the enrolled bill, notes that several important desirable changes were incorporated in the enacted version of S. 3979, which were urged by the Administration. HUD indicates, however, that there are two undesirable aspects of the bill.

First, the exclusion of conventional mortgages covering multi-family projects and individual condominium units will limit substantially the degree of support that can be given to lower-priced housing.

Second, the Proxmire amendment fixing mortgage interest rates according to specified Treasury borrowing rates could, in HUD's view, "require payment of substantial differential payments to the extent that mortgages cannot be purchased and held pending a decline in general mortgage rates but must be sold in the interim at below market rates. These problems, moreover, may be accentuated in coming months if, as seems most likely, the Treasury rates upon which mortgage interest rates are made to depend decline more rapidly than the market generally."

Nevertheless, HUD believes the difficulties of the interest rate provision can be minimized if (1) the commitment authority provided in the bill is used quickly, while the formula interest rate is relatively high, (2) commitment fees are used to offset some initial processing costs, and (3) the bill is interpreted to permit mortgages to be purchased at a discount, with certain safeguards, thereby increasing the effective yield of mortgages to the Government.

Treasury also considers the Proxmire amendment as undesirable since, in its view, this provision would lead to excessive points to provide an appropriate yield level and would increase subsidies to mortgage borrowers when the need is declining, since Treasury yields typically decline faster than mortgage rates. Treasury believes this could lead to greater demand under the earlier tandem plan in which HUD has total discretion in setting the interest rate as well as under the new purchase authority.

Miscellaneous Amendments to Other Laws

These include:

-- requiring the Council on Wage and Price Stability to report through the President to the Congress on a quarterly basis not later than 30 days after the close of each calendar quarter concerning the Council's activities, findings and recommendations with respect to inflation and the economy. The Council states that this requirement will add to its workload, but has no objection to this provision.

-- amending the National Housing Act to add provisions agreed to in conference but inadvertently overlooked in preparing the conference report on the Housing and Community Development Act of 1974 (P.L. 93-383), including authorizing the Secretary to make loans to finance the preservation of historic structures and to insure under section 203 of the National Housing Act the amount needed to finance the purchase of shares in a cooperative.

-- amending the Federal Home Loan Bank Act to increase from $40,000 to $55,000 the limit on a home mortgage acceptable as collateral security for an advance by a Federal Home Loan Bank, thereby conforming this Act to a similar change in the Home Owners' Loan Act contained in P.L. 93-383.

-- giving Federal savings and loan associations the power to act as trustees for the new individual retirement accounts authorized by the Pension Reform Act of 1974, P.L. 93-406.

-- authorizing the Federal Reserve Board to make advances to member banks on the security of residential mortgages, bearing an interest rate equal to the lowest discount rate in effect at the member bank.

* * * * *

In your signing statement on S. 3979, you concluded,

> "Like most emergency measures, this bill has some minuses. Notwithstanding the increasing proportion of American families that choose each year to live in apartments or condominiums, the bill unfortunately does not cover conventional mortgages for apartment or condominium projects. Moreover, I had hoped that this help for the housing industry could be delivered with a minimum inflationary impact, and I know that the Congress intended the program to be self-supporting. However, the bill establishes a rigid, illogical interest ceiling formula that fails to relate interest income to actual borrowing costs and to cover adequately administrative costs."

We believe the scope and operation of this program should be carefully monitored.

Wilfred H. Rommel

Assistant Director for
Legislative Reference

Enclosures

THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

October 17, 1974

Mr. Wilfred H. Rommel
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

Subject: S. 3979, 93d Congress
Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of S. 3979, the proposed "Emergency Home Purchase Assistance Act of 1974."

S. 3979 consists essentially of two parts: authorization for a new, temporary program to assist the housing industry through the Government National Mortgage Association purchases of residential mortgages; and a series of amendments to other laws which are summarized in an attachment to this report. Of the latter amendments, the first two undertake to correct technical errors in the Housing and Community Development Act of 1974. The other amendments relate to laws administered by other agencies. All were considered largely non-controversial by the initiating Senate committee, and this Department has no objection to any of the amendments. Our comments are, accordingly, confined to the GNMA mortgage purchase program contemplated by the bill.

This program would be initiated by the Secretary of Housing and Urban Development when he makes a finding that inflationary conditions and related governmental action are having a "seriously" disproportionate effect on the housing industry and that the resulting reduction in home acquisition or construction threatens "seriously" to affect the economy and delay orderly achievement of national housing goals. The

Secretary would then direct the Governmental National Mortgage Association to begin purchasing mortgages and making commitments to purchase mortgages. Eligible mortgages would include conventional, FHA and VA mortgages covering single-family homes (apparently other than conventional condominium or cooperative units), and FHA or VA mortgages covering rental projects, condominiums or cooperatives and their individual units. Conventional mortgages could have a loan-to-value ratio exceeding 80 percent only if they were privately insured. The maximum mortgage amount would be $42,000 per family residence or dwelling unit (or $55,000 in Alaska, Hawaii and Guam).

Under the bill, maximum interest rates or yields in mortgages purchased by GNMA would be established by the Secretary, but interest rates could not exceed a rate calculated according to a specified formula based on certain Treasury borrowing costs. Under this formula, the maximum interest rate for any mortgage would be fixed at the time of commitment to purchase and could not exceed the yield during the preceding month on marketable Treasury issues maturing in more than six but less than twelve years from the date of commitment, plus one-half of one percentum (adjusted upward to the nearest one-eighth of one percent). A further provision would direct the Secretary in fixing interest rates to take account of State usury limits, and provides for a limited override of certain State usury laws to the extent they apply or have been interpreted so that discounts or points are counted in calculating the allowable maximum rate. In effect, this provision contemplates that the face rate of the mortgage would not exceed the usury rate, but the mortgage could be originated with points and GNMA could purchase the mortgage at a discount without impairing the legality of the transaction, regardless of the way in which the State usury law had been applied to such discounts.

S. 3979 would permit a program limited to the purchase of mortgages covering newly constructed homes, although it would also authorize the Secretary to make available a portion of his authority for purchase of mortgages financing purchases of existing housing in areas where he determines there is a serious shortage of mortgage credit for such purchases. Other provisions of S. 3979 would authorize GNMA to guarantee and to issue, securities based on pools of mortgages purchased under the program and would specifically authorize the purchase of such guaranteed securities by the Federal Financing Bank and any Federal Reserve Bank.

The total amount of mortgages and commitments under the program could not exceed $7.75 billion outstanding at any one time. The program would terminate one year after enactment.

S. 3979 would, in substantial measure, carry out the President's recommendation for additional legislation to make most home mortgages eligible for purchase by GNMA. The bill, in this respect, departs in a variety of ways from earlier versions of the legislation so as to include features which were urged by the Administration and which we consider to be important. Among these features are the following:

-- limits on individual mortgages that can be purchased are based on mortgage amount, not home price, and are subject to a realistic, easily administered, $42,000 basic maximum;

-- there is no earmarking or mandating of authority for mortgages covering existing housing, thus allowing the program to be concentrated completely or to whatever extent may be deemed appropriate on new construction where problems have been most critical;

-- there is no provision prohibiting the sale of mortgages at less than par, with the result that program disposition activities may be undertaken in advance of a decline in mortgage interest rates and may be managed in a way that takes account of current market conditions;

-- there are provisions that would facilitate funding and disposition through expansion of GNMA authority to guarantee mortgage backed securities, as well as new authority for GNMA issues of such securities which could be sold to the Federal Financing Bank in a manner that could minimize the effect of operations on the budget.

-- the program is authorized on a temporary, interim basis only, with all authority to enter into new commitments lapsing at the end of one year.

Despite the above features, there are several aspects of the bill that are regrettable. One is the apparent exclusion of conventional mortgages covering not only multifamily projects but also -- more importantly -- individual condominium units. This will substantially limit the degree of support that can be given to the provision of housing within the lower price ranges.

A second undesirable feature relates to the formula fixing mortgage interest rates according to specified Treasury borrowing rates. This provision was adopted on the Senate floor. According to current Treasury calculations, it would result in interest rates that are substantially above the 8-1/4 percent rate cited by proponents in the Senate floor debate -- 9 percent for October commitments, and approximately 8-5/8 percent in November assuming that current yields on the particular Treasury issues remain at their current levels through the 20th of this month.

Nevertheless, even the higher rate would not fully compensate the Government for potential administrative costs -- as much as 100 basis points -- or for the risks necessarily involved in a program of this kind. Further, the statutory rate could require payment of substantial differential payments to the extent that mortgages cannot be purchased and held pending a decline in general mortgage interest rates but must be sold in the interim at below market rates. These problems, moreover, may be accentuated in coming months if, as seems most likely, the Treasury rates upon which mortgage interest rates are made to depend decline more rapidly than mortgage interest rates in the market generally.

To some extent, the difficulties of the interest rate provision can be minimized if the commitment authority provided in the bill is used quickly -- especially this month -- while the formula interest rate is still relatively high. Some relief against the impact of the provision can also be obtained through commitment fees offsetting some initial processing costs. These fees will not cover other costs -- such as those involved in establishing reserves against loss, obtaining financing through the Federal Financing Bank, and mortgage servicing. However, to the extent that these other costs cannot be met through the one-half of one percent allowance provided in the formula, the effective yield of mortgages to the Government can be increased by interpreting the bill to permit mortgages to be purchased at a discount. Nothing in the legislation prohibits purchases on this basis and in fact the usury provision appears specifically to contemplate discounts. We do not believe that purchases involving discounts would be violative of any legislative intent of assisting home buyers to receive lower interest rates so long as the amount of the discount is held to what is needed to cover costs and steps are taken to require that sellers pay "points" represented by discount purchases in a manner similar to the FHA program.

We believe that a balancing of the above considerations points to early Presidential approval of the enrolled bill. Given such approval, it would be possible to move quickly to commit the authority the President has recommended for assistance to the seriously depressed housing industry using current maximum permissible mortgage interest rates under the bill. Decisions on the future scope and operation of the program, and on the possible desirability of recommending amendments, could be made later in light of current market conditions and any problems experienced or anticipated in administration.

Sincerely,

Robert R. Elliott

Robert R. Elliott

Attachment

Miscellaneous Amendments to Other Laws Contained in the Emergency Home Purchase Assistance Act of 1974

1. Section 4(a) would authorize the Secretary to make loans of up to $15,000 per unit and with a maximum maturity of 15 years and 32 days to finance the preservation of historic structures. This provision, which was contained in the Senate but not the House passed version of S. 3066, was agreed to in conference but overlooked in the preparation of the reported bill.

2. Section 4(b) would authorize the Secretary to insure, under section 203 of the National Housing Act, the amount needed to finance the purchase of shares in a cooperative. This provision, which was in both the Senate and House passed versions of S. 3066, was inadvertently omitted from the bill as reported by the Conferees.

3. Section 4(c) of the bill would raise the limit on a home mortgage acceptable as collateral security for an advance by a Federal Home Loan Bank from $40,000 to $55,000. It would also add language permitting this limit to be increased by 50% in Alaska, Guam and Hawaii. This conforms to change involving the Home Owners' Loan Act made by HUD's 1974 law.

4. Section 4(d) would give Federal Savings and Loan Associations the power to act as trustees for the new individual retirement accounts authorized by the Pension Reform Act of 1974.

5. Section 4(e) would amend the new Council on Wage and Price Stability Act to require the Council to report to the President on its activities on a quarterly basis and not later than 30 days after the close of each calendar year. Prior to amendment the Council was required to report "from time to time."

6. Section 5 would authorize the Federal Reserve Board to make advances to member banks on the security of residential mortgages. At present banks offering mortgages as collateral for an advance from a Federal Reserve Bank are charged a penalty of one-half of one percent because such mortgages are not classified as eligible paper and any advances made are limited to four months. The amendment would remove both of these impediments.

FEDERAL HOME LOAN BANK BOARD
WASHINGTON, D.C. 20552
101 INDIANA AVENUE, N. W.

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

OFFICE OF THE GENERAL COUNSEL

October 17, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Rommel: HAND DELIVER

This is in response to your request for a report of the Board's views on the enrolled bill, S. 3979, the "Emergency Home Purchase Assistance Act of 1974." The bill would authorize the Government National Mortgage Association to purchase certain residential mortgage loans when the Secretary of HUD finds that conditions require such special assistance. The bill was pending in the Senate when the President delivered his economic message to Congress, and he referred to it favorably.

Section 4 of the bill makes certain miscellaneous amendments, including conforming amendments to the Federal Home Loan Bank Act and the Home Owners' Loan Act of 1933 made necessary by provisions of recently enacted legislation. The Housing and Community Development Act of 1974 (P.L. 93-383 § 703) authorized Federal savings and loan associations to make mortgage loans up to "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board be increased by not to exceed 50%)". Section 4(c) of S. 3979 makes a parallel amendment to the provision of the Federal Home Loan Bank Act setting the maximum mortgage amount for purposes of determining whether a mortgage is eligible as collateral for an advance (loan) from a Federal Home Loan Bank to a member institution. The Employee Retirement Income Security Act of 1974 (P.L. 93-406 § 2002) provided for special tax treatment of "individual retirement accounts" maintained in banks or savings and loan associations. Section 4(d) of S. 3979 gives Federal savings and loan associations the corporate power to offer such accounts.

The Board supports enactment of the bill.

Sincerely,

William T. Nachbaur

Charles E. Allen
for General Counsel

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 18 1974

Dear Mr. Ash:

This responds to your request for our views on the enrolled bill S. 3979, "To increase on an emergency basis the availability of reasonably priced mortgage credit for housing."

We recommend that the President approve the enrolled bill.

S. 3979 would help supply mortgage credit through Government resources by amending the charter act of the Government National Mortgage Association (hereinafter the GNMA) to allow purchase of conventionally financed mortages. If the Secretary of the Department of Housing and Urban Development determines that a substantial number of families are unable to obtain mortgage credit at reasonable rates and that such circumstance is causing a substantial reduction in home construction and acquisition, then he may direct the GNMA to purchase mortgages under the conditions set forth in the bill. Money to finance the purchase of mortgages would be obtained from a housing trust fund to be established in GNMA. The trust fund would be financed by borrowings of up to $10 billion dollars per year from the Secretary of the Treasury.

The sections of S. 3979 that impact upon programs which are the responsibility of this Department are: 3(a), 4(a)(1) and (2), and 4(c).

Section 3(a) amends Title III of the National Housing Act and adds a new Section entitled the "Housing Trust Fund" as section 313 of that Act. It sets forth the conditions under which the GNMA may make commitments to purchase and purchase mortgages, one of which is that such mortgage must involve an original principal obligation not to exceed $42,000 per family residence or dwelling unit, except that the original principal obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii and Guam. The higher ceiling for Guam, as well as for Hawaii and Alaska, takes into account housing costs in these places which have always been higher than on the mainland.

Sections (4)(a)(1)and (2) would authorize the Secretary of HUD to make home improvement loans to finance the preservation of historic structures.

For purposes of the bill, the term "historic structure" means residential structures registered in the National Register of Historic Places or certified by the Secretary of the Interior to conform to National Register criteria. The term "preservation" means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary of HUD in regulations issued by him, after consulting with the Secretary of the Interior.

The terms of the loan for this preservation are:$15,000 maximum per unit and a maturity not to exceed 15 years and 32 days.

Preservation of the nation's architectural and historic heritage was one of the goals set forth in the President's 1971 Message on the Environment. The President noted the continued loss of buildings of historic value as recorded by the Historic American Building Survey. One cause was the unwillingness of lending institutions to loan funds for the restoration and rehabilitation of historic buildings because of the age and often the location of such buildings. One of the President's legislative proposals was for Federal insurance of home improvement loans for historic residential properties to a maximum of $15,000 per dwelling unit.

Sections 4(a)(1) and (2) will reduce the reliance upon Federal grants for this type of preservation. A Federal grant may require as one of its conditions that the property be open to the public. Many of these historic sites are privately owned and residential, and, thus, do not meet this condition. S. 3979 will resolve this problem through its insured loan provision.

Section 4(c) would make a change in the Federal Home Loan Bank Act with respect to the maximum loan amount for eligible mortgages. The maximum is raised to $55,000, except that with respect to dwellings in Alaska, Hawaii and Guam, the limitation may be increased to up to 50% of that figure. This recognizes the higher housing costs in these areas, and is similar to the higher ceiling in Section 3(a).

Sincerely yours,

Assistant Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D.C. 20503

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

OCT 21 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 3979, "To increase on an emergency basis the availability of reasonably priced mortgage credit for housing."

The enrolled enactment would authorize GNMA to purchase up to $7-3/4 billion, outstanding at any one time, of FHA, VA, and conventional mortgages. The limitation on the amount is not significant since sales would restore the authorization. The Secretary of HUD, however, would have discretion with respect to the rate at which new commitments would be made.

The bill was amended on the Senate floor (the so-called Proxmire amendment) to establish the maximum rate on such mortgages by adding 1/2 of 1 percent to the yield during the preceding month on bonds of the United States maturing in more than 6 but less than 12 years. We consider this an undesirable amendment, since it would produce an unrealistic mortgage rate ceiling leading to excessive "points" to provide an appropriate yield level. In addition, it poses problems with respect to the regular Tandem Plan under which the Secretary of HUD has total discretion in setting the mortgage rate.

In addition, with declining rates of interest, since Treasury yields typically decline faster than mortgage rates, the effect would be to increase subsidies to mortgage borrowers as the need for such subsidies declined. Thus the effect could be to lead to greater demand under the present Tandem Plan as well as the new purchase plan proposed in the bill.

The President has approved the enrolled enactment. In view of the current conditions in the home building industry, and the 1 year expiration date of the proposed mortgage purchase program, the Department has no objection to the approval of the legislation.

Sincerely yours,

Robert R. Elliott

General Counsel

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

October 18, 1974

The Honorable
Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This will reply to the request of the Assistant Director for Legislative Reference for comments on the enrolled enactment of S. 3979, 93d Congress, the "Emergency Home Purchase Assistance Act of 1974."

In general, the bill is intended to remedy the Congressional finding of the unavailability of residential mortgage credit and to provide an alternate source of such credit at favorable interest rates geared to the yield on Government securities.

Section 3 of the bill creates a new section 313 of The National Housing Act to provide the Government National Mortgage Association with new authority to make commitments and purchase mortgages. Whenever the Secretary of Housing and Urban Development finds that inflationary conditions and related government actions are having a disproportionate adverse effect upon the housing industry and therefore threaten the economy, the Secretary shall direct GNMA to issue commitments and purchase mortgages pursuant to the provisions of the bill.

Subsection (b) of the new section 3 provides that the mortgages to be purchased by GNMA under this bill are to include more than four-family residences (including cooperatives and condominiums, and individual units therein) as well as one-to four-family residences insured or guaranteed under chapter 37 of title 38 of the United States Code.

To the extent that section 3 of the bill may make available more money, at reasonable interest rates, for veterans purchasing housing, we believe it is in their best interest and we, therefore, support the bill, in principle. However, since the enactment more directly relates to activities and responsibilities of the Department of Housing and Urban Development and the Treasury Department, we defer to their views on the specific provisions of this section.

Other provisions of the enrolled enactment would amend various laws administered by other agencies which have no effect upon the Veterans Administration. We offer no comment thereon.

The Veterans Administration has no objection to approval of this measure by the President.

Sincerely,

R L Roudebush

RICHARD L. ROUDEBUSH
Administrator

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 1, 1974

Dear Mr. Rommel:

This is in response to your request for the views of the Council of Economic Advisers on S. 3979, an Act "To increase on an emergency basis the availability of reasonably priced mortgage credit for housing."

We favor the purpose of the temporary provisions in this act to increase funds available for mortgages during the current crisis.

There are provisions in the bill that we find objectionable including the level of subsidy occasioned by charging only 50 basis points above the applicable Treasury bond rate and the provision permitting the Federal Reserve Banks to loan money to banks using mortgages as collateral at the lowest possible discount rate.

Despite these reservations, however, the alternatives are such that we have no objection to the bill.

Sincerely yours,

Alan Greenspan

Mr. Wilfred H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
WASHINGTON, D.C. 20503

October 18, 1974

Mr. W. H. Rommel
Assistant Director for
Legislative Reference
Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Rommel:

This is in response to your request for our views and recommendations with respect to the enrolled bill S.3979, the "Emergency Home Purchase Assistance Act of 1974."

The primary purpose of S.3979 is to provide a new source of residential mortgage credit on an emergency basis. We would defer to the views and recommendations of the Secretary of Housing and Urban Development and the Secretary of the Treasury with respect to the provisions of S.3979 relating to this purpose.

S.3979, however, would also amend Public Law 92-387 which would directly affect the Council on Wage and Price Stability. Section 4(e) of S.3979 would amend section 5 of P. L. 93-387 to require that the Council on Wage and Price Stability report to the President, and through him to the Congress, on a quarterly basis concerning its "activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy." These quarterly reports would have to be made not later than thirty days after the close of each calendar quarter. P. L. 93-387 requires only that the Council report to the President and the Congress from time to time on its activities.

While the requirement to prepare quarterly reports will add to the Council's workload, we do not believe it will create any serious problem. Therefore, we have no objection to section 4(e) of S.3979.

Sincerely,

Albert Rees

Albert Rees
Director

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

October 25, 1974

MEMORANDUM FOR WILFRED H. ROMMEL, ASSISTANT DIRECTOR
FOR LEGISLATIVE REFERENCE
OFFICE OF MANAGEMENT AND BUDGET

ATTENTION: Mrs. Garziglia

SUBJECT: S. 3979 - Enrolled - To increase on an emergency basis the availability of reasonably priced mortgage credit for housing

This office will defer to the views of other agencies more directly affected by this legislation.

Gary L. Widman

Gary L. Widman
General Counsel

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 18 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3979 - Emergency Home Purchase Assistance Act of 1974
Sponsors - Sen. Cranston (D) California and Sen. Brooke (R) Massachusetts

Last Day for Action

Approved on October 18, 1974; became Public Law 93-449.

Purpose

Authorizes a new, temporary program to assist the housing industry through purchases of residential mortgages by the Government National Mortgage Association (GNMA); contains several riders amending other laws.

Agency Recommendations

Office of Management and Budget	Approval
Department of Housing and Urban Development	Approval
Federal Home Loan Bank Board	Approval
Department of the Interior	Approval
Federal Reserve Board	Approval (informally)
Department of the Treasury	No objection to approval
Veterans Administration	No objection to approval
Council of Economic Advisers	No objection
Council on Wage and Price Stability	No objection to Section 4(e)
Council on Environmental Quality	Defers to other agencies

Discussion

S. 3979 carries out, in substantial measure, a recommendation in your economic message to the Congress of October 8, 1974. You urged the Congress to enact additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. You indicated that as soon as such legislation was sent to you, you would make at least $3 billion immediately available for mortgage purchases, enough to finance about 100,000 homes.

S. 3979 was passed unanimously (77-0) by the Senate on October 10, 1974, and by voice vote in the House on October 15, 1974. You signed the bill on October 18, 1974, and HUD is now implementing it.

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Eligible mortgages include conventional and FHA or VA insured and guaranteed mortgages covering single-family homes (other than conventional condominium or cooperative units), and FHA or VA mortgages covering rental projects, condominiums, or cooperatives and their individual units. Conventional mortgages can have a loan-to-value ratio exceeding 80 percent only if they are privately insured. The maximum mortgage amount is set at $42,000 per family residence or dwelling unit ($55,000 in Alaska, Hawaii and Guam).

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Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 18 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3979 - Emergency Home Purchase Assistance Act of 1974
Sponsors - Sen. Cranston (D) California and Sen. Brooke (R) Massachusetts

Last Day for Action

Approved on October 18, 1974; became Public Law 93-449.

Purpose

Authorizes a new, temporary program to assist the housing industry through purchases of residential mortgages by the Government National Mortgage Association (GNMA); contains several riders amending other laws.

Agency Recommendations

Office of Management and Budget	Approval
Department of Housing and Urban Development	Approval
Federal Home Loan Bank Board	Approval
Department of the Interior	Approval
Federal Reserve Board	Approval (informally)
Department of the Treasury	No objection to approval
Veterans Administration	No objection to approval
Council of Economic Advisers	No objection
Council on Wage and Price Stability	No objection to Section 4(e)
Council on Environmental Quality	Defers to other agencies

Discussion

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OCTOBER 18, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

It is with great pleasure today that I am signing into law S. 3979, the "Emergency Home Purchase Assistance Act of 1974".

In my remarks to the Joint Session of the Congress on October 8, I urged the Congress to enact, before recess, additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. I also remarked that I remembered how much Congress can get done when it wants to.

I am most pleased that exactly one week after my remarks, the Congress responded with passage of the Emergency Home Purchase Assistance Act of 1974.

This bill authorizes the Government National Mortgage Association in the Department of Housing and Urban Development to make commitments at predetermined interest rates to purchase mortgages, both on new and existing homes, which are not Federal Housing Administration insured or Veterans Administration guaranteed -- the so-called "conventional" mortgages which comprise about 80% of all mortgages. The advantage of the plan is that with the GNMA commitment, the homebuyer, builder and lender have an assured source of financing at a known, favorable interest rate. The cost to the Government is limited to the loss which GNMA realizes if its selling price for a mortgage is less than its original purchase price.

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October 18, 1974

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THE WHITE HOUSE

that he has appointed Clyde S. DuPont of

The President today announced he has appointed Clyde S. DuPont of Alexandria, Virginia, to be a Commissioner of the Postal Rate Commission. He will succeed Rod Kreger, who resigned effective January 7, 1974.

Since 1969, Mr. DuPont has been Minority Counsel for the Post Office and Civil Service Committee after having served as a Professional Staff Member of the Judiciary Committee from 1967 to 1968. From 1964 to 1967, he was Legislative Assistant to Senator Hiram Fong, after having served as his Research Assistant and File Clerk since 1960.

He was born on December 28, 1933, in Waialua, Hawaii. He received his B.S. degree from Brigham Young University in 1959 and his J.D. degree from George Washington University Law School in February, 1963. He served as a Staff Sergeant in the United States Air Force from 1952 to 1956. He is a member of the District of Columbia Bar Association.

He is married to the former Joan Kimball and they have three children. They reside in Alexandria, Virginia.

# # #

Embargoed for Release Until ______________ October _____, 1974

DRAFT

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THE WHITE HOUSE

THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974 (S. 3974)

FACT SHEET

President Ford today signed into law the Emergency Home Purchase Assistance Act of 1974. The President had urged enactment of similar legislation in his address to a Joint Session of Congress on October 8th.

The Act extends, on a temporary basis, the advantages offered by the Government National Mortgage Association (GNMA or Ginnie Mae) to mortgages which are not Federal Housing Administration (FHA) insured or Veterans Administration (VA) guaranteed -- so called "conventional" mortgages. Three billion dollars -- an amount sufficient to finance about 100,000 new homes -- would be available. The proposed program will be in addition to the $9.9 billion FHA/VA tandem programs announced in January and May and the $3 billion Federal Home Loan Mortgage Corporation (FHLMC) conventional mortgage purchase program announced in May

GNMA has aided in creating a supply of credit for mortgages on new homes insured by FHA or guaranteed by VA by

-- assuring, through commitments in advance, purchase of mortgages at a pre-determined price.

-- having agreed to a lower-than-market interest rate on the mortgage at the time such commitment to purchase is made, subsidizing market interest rates in the event market interest rates do not fall by the time GNMA purchases the mortgage pursuant to its commitment.

-- guaranteeing, on a "full faith and credit basis," obligations secured by such mortgages.

BACKGROUND - HOUSING INDUSTRY SITUATION CRITICAL

Over the past 23 months

-- housing starts have dropped from 2.51 million units to 1.12 million units.

-- unemployment in the construction industry is 12.4 percent and climbing, with over a half million construction workers now unemployed.

-- many homebuilders are in severe financial difficulty.

FEATURES OF THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

By making conventional mortgages eligible for purchase by GNMA, builders and homebuyers will be assisted where home mortgage credit is scarce or non-existent.

MORE

1. <u>Level of Commitments.</u> Aggregate amount of commitments and mortgages which GNMA could hold at any time, i.e. have purchased and not resold, could not exceed $7.75 billion. Initial programs aggregating $3 billion of mortgage commitments, or enough to finance about 100,000 new homes, is contemplated. Any additional programs will be activated as circumstances require.

2. <u>Mortgage Amounts, Interest Rates, Fees and Downpayment Requirements.</u> The program would provide for a maximum mortgage amount of $42,000. Under the formula provided by the law, the mortgage interest rate will be determined on the basis of yields on six to twelve year Treasury issues for the month preceeding the month in which the GNMA commitments is made plus one-half of one percent (50 basis points). Under this formula, the mortgage rate for commitments made in October would be somewhat above, the rate offered on GNMA tandem programs for FHA/VA mortgages -- presently 8-3/4%. Twenty percent downpayments would be required with an exception for down to 5% downpayments if the additional mortgage amount is covered by a qualified private mortgage insurance contract so as to minimize cost of mortgagor defaults. There will also be a commitment fee and other fees to cover reserves for losses and certain financing costs.

3. <u>GNMA Disposition of Conventional Mortgages.</u> Following the precedent of existing law, GNMA could, depending upon market or other factors, sell mortgages to the Federal National Mortgage Association (FNMA) or FHLMC, sell mortgages with a provision for pooling by FNMA or FHLMC or other approved issuers and sale by such issuers of GNMA-guaranteed "pass through" securities or bond type securities on the market or to the Federal Financing Bank; or issue its own mortgage backed securities for sale to the Federal Financing Bank.

4. Cost and Budget Implications. Any resulting subsidy would be paid out of corporate funds and ultimately from Treasury borrowing. Dollar amount of mortgages purchased would not be excluded from budget outlays, but would appear as outlays in any fiscal year only to the extent they are not offset by sales that year. However, any losses on resale -- which can result if market yields at the time of resale are less than the yield at which GNMA bought the mortgage, will appear as outlays.

# # #

Embargoed for Release until 10:30 am., EDT October 18, 1974

Coulsen

Office of the White House Press Secretary

THE WHITE HOUSE

THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974 (S.3979)

FACT SHEET

President Ford today signed into law the Emergency Home Purchase Assistance Act of 1974. The President had urged enactment of similar legislation in his address to a Joint Session of Congress on October 8th.

The Act extends, on a temporary basis, the advantages offered by the Government National Mortgage Association (GNMA or Ginnie Mae) to mortgages which are not Federal Housing Administration (FHA) insured or Veterans Administration (VA) guaranteed -- so called "conventional" mortgages. Three billion dollars -- an amount sufficient to finance about 100,000 new homes -- would be available. The proposed program will be in addition to the $9.9 billion FHA/VA tandem programs announced in January and May and the $3 billion Federal Home Loan Mortgage Corporation (FHLMC) conventional mortgage purchase program announced in May.

GNMA has aided in creating a supply of credit for mortgages on new homes insured by FHA or guaranteed by VA by

- -- assuring, through commitments in advance, purchase of mortgages at a pre-determined price.
- -- having agreed to a lower-than-market interest rate on the mortgage at the time such commitment to purchase is made, subsidizing market interest rates in the event market interest rates do not fall by the time GNMA purchases the mortgage pursuant to its commitment.
- -- guaranteeing, on a "full faith and credit basis," obligations secured by such mortgages.

(all caps)

BACKGROUND Housing Industry Situation Critical.

Over the past 23 months

- -- housing starts have dropped from 2.51 million units to 1.12 million units.
- -- unemployment in the construction industry is 12.4 percent and climbing, with over a half million construction workers now unemployed.
- -- many homebuilders are in severe financial difficulty.

(all caps)

FEATURES OF The Emergency Home Purchase Assistance Act of 1974

By making conventional mortgages ~~on new homes~~ eligible for purchase by GNMA, builders and homebuyers will be assisted where home mortgage credit is scarce or non-existent.

1. Level of Commitments. Aggregate amount of commitments and mortgages which GNMA could hold at any time, i.e. have purchased and not resold, could not exceed $7.75 billion. Initial programs aggregating $3 billion of mortgage

more

commitments, or enough to finance about 100,000 new homes, is contemplated. Any additional programs will be activated as circumstances require.

2. Mortgage Amounts, Interest Rates, Fees and Downpayment Requirements. The program would provide for a maximum mortgage amount of $42,000. Under the formula provided by the law, the mortgage interest rate will be determined on the basis of yields on six to twelve year Treasury issues for the month preceding the month in which the GNMA commitment is made plus one-half of one percent (50 basis points). Under this formula, the mortgage rate for commitments made in October would be somewhat above the rate offered on GNMA tandem programs for FHA/VA mortgages -- presently 8-3/4%. Twenty percent downpayments would be required with an exception for down to 5% downpayments if the additional mortgage amount is covered by a qualified private mortgage insurance contract so as to minimize cost of mortgagor defaults. There will also be a commitment fee and other fees to cover reserves for losses and certain financing costs.

3. GNMA Disposition of Conventional Mortgages. Following the precedent of existing law, GNMA could, depending upon market or other factors, sell mortgages to the Federal National Mortgage Association (FNMA) or FHLMC, sell mortgages with a provision for pooling by FNMA or FHLMC or other approved issuers and sale by such issuers of GNMA-guaranteed "pass through" securities or bond type securities on the market or to the Federal Financing Bank; or issue its own mortgage backed securities for sale to the Federal Financing Bank.

4. Cost and Budget Implications. Any resulting subsidy would be paid out of corporate funds and ultimately from Treasury borrowing. Dollar amount of mortgages purchased would not be excluded from budget outlays, but would appear as outlays in any fiscal year only to the extent they are not offset by sales that year. However, any losses on resale -- which can result if market yields at the time of resale are less than the yield at which GNMA bought the mortgage, will appear as outlays.

Calendar No. 1164

93d Congress, 2d Session | SENATE | Report No. 93-1223

HOME PURCHASE ASSISTANCE ACT OF 1974

October 3, 1974.—Ordered to be printed

Mr. Proxmire, from the Committee on Banking, Housing and Urban Affairs, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 3979]

The Committee on Banking, Housing and Urban Affairs, to which was referred the bill (S. 3979) to increase the availability of reasonably priced mortgage credit for home purchases, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

COMMITTEE DELIBERATIONS

The bill, S. 3979, was introduced by Senators Cranston and Brooke on September 10, 1974, and was referred to the Committee on Banking, Housing and Urban Affairs. The bill was a consolidation of two bills—S. 3436, introduced by Senator Brooke on May 2, 1974, and S. 3456, introduced by Senator Cranston on May 8, 1974—both of which were referred to the Committee on Banking, Housing and Urban Affairs. The Committee held hearings on the two bills on August 6 and 7, 1974.

On September 24, 1974, the Committee on Banking, Housing and Urban Affairs met in open executive session and ordered S. 3979, as amended, to be reported to the Senate.

BACKGROUND

S. 3979 responds to a mortgage credit crisis which has crippled the residential real estate industry in the United States. Housing activity in the Nation is severely depressed. In August 1974, housing starts dropped to an annualized rate of 1.13 million, and 1974 produc-

38-008

tion is not expected to exceed 1.4 million units. This compares with 2.06 million starts in 1973 and 2.38 million in 1972. Building permits issued in August at an annual rate of 912,000, a 7½-year low.

This sharp reduction in housing production has been especially hard on the 1.5 million new households formed each year mostly by younger persons who are experiencing increasing difficulty finding a place to live at a price they can afford. New housing construction in the United States is failing to offset the estimated 700,000 units of housing that are removed from the housing stock each year due to public and private construction, natural disasters, and physical deterioration. As a result, rental vacancy rates have fallen in many metropolitan areas, and housing supply is likely to become even more tight in the months ahead.

The decline in housing production has had adverse effects not only on consumer, but also on construction workers and homebuilding firms. In August 1974, almost 500,000 construction workers, or 11.1 percent of the working force in these trades, were unemployed. The waste of these valuable human resources, the drain on the public treasury for increased payments of unemployment compensation, and the personal hardships created by this high rate of unemployment are all matters of serious concern to the Committee.

Bankruptcies and business closings in the homebuilding industry are expected to reach record levels in 1974 according to trade association officials. Further, the slowdown in housing construction is beginning to be felt in the appliance and home furnishing industries, as reflected by worker layoffs in those sectors.

The current shortage of funds to finance housing transactions began in the middle of 1973. Home borrowers must compete in the marketplace with other users of capital, including business firms and Federal, State, and local governments. Borrowings by business corporations rose substantially in 1973 in order to finance increases in inventories and capital plant and equipment. The prime rate charged by commercial banks to their most credit-worthy customers rose sharply in the latter half of 1973. The Federal Reserve Board, in an effort to slow the growth of private borrowing and dampen rising prices, raised its discount rate and took other measures to tighten up on credit.

The effect of these actions on the home mortgage market, which is particularly vulnerable to sharp, upward swings in the price of money, was dramatic. Interest rates moved from the level of 7.5 percent to 10 percent or more in many areas. The price of mortgage money rose above the ceilings imposed by State usury laws, bringing mortgage lending to a halt in some parts of the country. Downpayment requirements for home purchases have been increased in those areas where mortgage credit is available.

Sales of existing homes have also fallen sharply in some areas as potential buyers were turned down by lenders or have encountered prohibitive interest rates and terms. Families transferred from one city to another are left in the difficult position of being unable to sell their old homes or to buy new ones.

EXPLANATION OF LEGISLATION

S. 3979 would provide emergency relief to the credit-starved residential mortgage market. Under the bill whenever the Secretary of

Housing and Urban Development determines (1) that a substantial number of families are unable to obtain mortgage credit at reasonable rates and (2) that the inability to obtain such credit is causing a substantial reduction in the volume of home construction and acquisition and is delaying the orderly achievement of the national housing goals, he is to direct the Government National Mortgage Association (GNMA) to make commitments to purchase and to purchase mortgages under the conditions set forth in the bill.

Money to finance the purchase of mortgages would be obtained from a housing trust fund to be established in the Government National Mortgage Association (GNMA), the secondary mortgage market component of the Department of Housing and Urban Development. This trust fund would be financed by borrowings of up to $10 billion dollars per year from the Secretary of the Treasury. All funds borrowed from the Treasury would be repayable with interest. Receipts and disbursements of the fund would not be included in the totals of the Budget of the United States Government and would be exempt from any annual expenditure or net lending limitations imposed on the budget of the United States Government. As security on its loans the Government will hold mortgages which involve substantial downpayments (20%), or are insured by FHA or an approved private insurer, or are guaranteed by the Veterans' Administration or the Farmers Home Administration.

Because commitments to purchase mortgages will be met by GNMA over a period of many months, the Secretary of the Treasury will not be called upon to borrow all of the funds authorized under this bill at any one time. However, adding another $10 billion to total demand for capital funds will put some pressure on interest rates generally. The actual rise in interest costs will depend upon the state of the economy and fiscal and monetary policies being pursued at the time the Treasury goes into the money markets. It should be noted that as the economy grows, the capacity to generate loanable funds also grows. The housing industry, presently the most depressed sector in the economy, is a high-priority claimant for some of this expected increment in capital funds due to normal growth.

GNMA may sell mortgages acquired under the bill at any time at a price not less than the unpaid principal at the time of sale.

Not less than 50% nor more than 55% of the funds made available under the bill could be used to finance the purchase of newly constructed homes and the remainder of the funds could finance the purchase of existing homes. All of the homes purchased with mortgages financed under the provisions of the bill must be the principal residence of the buyer.

The bill imposes a limit of $30,000 on the purchase price of homes purchased with mortgages financed by the housing trust fund. However, that limit may be raised up to $45,000 in high cost areas. It is not the intention of the Committee that the Secretary of HUD set a maximum ceiling of $45,000 in all areas of the country by making a finding that in all areas cost levels require a higher ceiling. The Committee expects the Secretary to set area by area ceilings ranging up to $45,000 taking into account differences in housing supply and cost of production which exist in different areas of the country. The Committee expects the Secretary to be realistic in his determination of high cost areas, giving full consideration to past and expected cost increases.

Mortgages originated under the program set forth in S. 3979 will bear an interest rate sufficient to reimburse GNMA for the cost of borrowing funds from the Secretary of the Treasury plus administrative costs. No points, discounts, or similar charges would be assessed against either the buyer or the seller. Mortgages could be purchased by GNMA at a price not in excess of 101 percent of the unpaid principal at the time of purchase.

The Committee is concerned that only about $4 billion out of a potential $9.9 billion in mortgage credit which has been made available through GNMA over the last year has been used to make commitments to purchase or purchase mortgages. A principal impediment, it is reported, is that builders and sellers are required to pay as much as four points for the loans, which translates into $1,200 on a $30,000 mortgage. S. 3979 would profit the assessment of points, discounts, or similar charges against buyers or sellers in connection with mortgages financed through the housing trust fund.

While the Committee has included FHA and VA mortgages under S. 3979, the Committee expects that GNMA will continue to implement the present tandem plans which finance the purchase of homes with FHA and VA mortgages at the same time as it implements S. 3979.

SECTION-BY-SECTION ANALYSIS

The Committee bill is divided into three sections.

Section 1 cites the bill as the "Home Purchase Assistance Act of 1974".

Section 2 establishes findings of Congress that: (1) in many parts of the Nation, residential mortgage credit is likely soon to become prohibitively expensive or unavailable at any price; (2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell existing housing and delays the orderly achievement of the national goal of a decent home for every American family; and (3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

Section 3 amends Title III of the National Housing Act and adds a new section entitled the "Housing Trust Fund" as section 313.

Section 313(a)(1) creates a National Housing Trust Fund from which the Secretary of HUD could make direct loans whenever the Secretary determines that a substantial number of families are unable to obtain mortgage credit at reasonable rates due to high interest rates or reduced availability of mortgage credit and that the inability to obtain such credit is causing or threatening to cause a substantial reduction in the volume of home construction or acquisition and is delaying the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968. The housing goals contained in the 1968 Act call for the construction of an average of 26 million housing units a year over a ten year period; six million of these for low and moderate income families. The 1968 act also reaffirms the national housing goal of a decent home and suitable living environment for every American family.

When the above situation exists it is mandatory that the Government National Mortgage Association make commitments to purchase and to purchase mortgages in accordance with the provisions of sec. 313.

Section 313(a)(2) provides that the Secretary of HUD may direct the GNMA to terminate its activities under this section whenever he determines that the conditions which gave rise to his determination under section 313(1) are no longer present.

Section 313(a)(3) provides that the Secretary of HUD shall issue regulations to carry out the provisions of this bill not later than 60 days after enactment and that such regulations shall be published in the Federal Register.

Section 313(b) provides that the Government National Mortgage Association shall make commitments to purchase and purchase mortgages which are FHA insured, VA guaranteed, privately insured, or noninsured if they have a loan-to-value ratio of less than 80 percent. Mortgages may be purchased under this section only if: (1) such mortgage is to finance the acquisition of the principal residence of the mortgagor; (2) such mortgage involves the acquisition or construction of a residential dwelling whose purchase price does not exceed $30,000 and up to $45,000 in high cost areas as determined by the Secretary; (3) the interest rate is not to exceed that necessary to reimburse the fund for its expenses; (4) no points, discounts or similar charges are to be assessed against the prospective buyer or seller in connection with the mortgage.

Section 313(c) provides that the Government National Mortgage Association may borrow funds from the Treasury to finance the activities of the Trust Fund and pay the Treasury an interest rate based on the rates on outstanding long-term marketable U.S. obligations. The GNMA would repay the Treasury at the cost of money to the government under this section.

Section 313(d) provides that the Housing Trust Fund cannot commit to purchase more than $10 billion dollars in mortgages in any single fiscal year.

Section 313(e) provides that not less than 50% or more than 55 percent of the homes purchased under this act shall involve residences upon which construction has been completed within the twelve months preceding the date of purchase, all other housing purchases under this act shall be existing housing.

Section 313(f) authorizes the Government National Mortgage Association to: (1) establish and charge a fee for making commitments to purchase; (2) purchase mortgages at a price not greater than 101 per cent; (3) contract with mortgagees or other persons to service mortgages under this section (4) sell such mortgages at any time at a price not less than the unpaid principal at the time of sale; (5) deposit proceeds from the sale of mortgages into the Trust Fund; and (6) invest any excess amounts in the fund in obligations of the United States.

Section 313(g) provides that loan disbursements and repayments under this section would be excluded from the federal budget since all loans are fully repayable to the Treasury at the rate of cost to the government of borrowing the money.

Section 313(h) requires the Secretary to transmit to the Congress not later than March 15 of each year a report on his activities under this section.

COST OF CARRYING OUT THE BILL

In compliances with Section 252 of the Legislative Reorganization Act, the Committee reports that it is not feasible to estimate with precision the cost of carrying out the provisions of this bill. The committee believes, however, that it is unlikely there will be a net cost to the U.S. Treasury over the life of the program after taking into consideration the additional tax revenues generated from the increase in residential construction activity stimulated by the legislation.

CORDON RULE

In the opinion of the Committee, it is necessary to dispense with the requirements of subsection 4 of Rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with the report.

MINORITY VIEWS OF MESSRS. TOWER, BENNETT, AND BROCK

There is no doubt but that the housing industry is in a depressed state. All industries are short of capital, including State and local governments, but it is true that housing is proportionately worse off than the others.

However, a vote for this bill is a vote for continued inflation. Congress, however, has not been deaf to the problems of the housing industry. In fact, we have provided several avenues of assistance to the housing industry in the past several months. In addition to the $1.22 billion provided for public housing for lower income families in the recently signed Housing and Community Development Act of 1974, since January 28, 1974, the Administration has made a total of $16.9 billion available to the mortgage market at subsidized rates. This means that over $18 billion worth of mortgages (or $20 billion of housing construction) has been made available since the start of this year. This bill would add another $10 billion to make a total approaching $30 billion—these figures do not even include the vast sums of non-subsidized mortgages provided by FNMA, FHLMC, and GNMA.

Providing an additional $10 billion—or whatever lesser amount—for housing will simply increase the Federal deficit by that amount. From an economic point of view, it does not make any difference whether we specify that the additional $10 billion should be in or out of the budget. As far as the economy is concerned, and as far as other borrowers on the market are concerned, the effect is the same. For every dollar in this bill, we will be increasing the "Federal deficit" for this year by a like amount.

Although some form of additional assistance may be necessary for the housing market, we must keep in mind that buying a mortgage has the same effect as buying any other commodity by the government. One simply cannot distinguish from an inflationary or a budget deficit point of view the difference between the government's buying a private individual's house (represented by a mortgage) or the government's purchase of military bases, agricultural stockpiles, commodities stockpiles or hospitals.

The government this year will usurp roughly one-half our Nation's capital market either by direct Treasury borrowings, agency borrowings or guarantees. If we do not stop this government encroachment of our private capital markets, we will soon witness the day when the government will simply borrow all the money created by our free enterprise system and will allocate it by government fiat rather than by free market system.

Certainly housing needs to be helped to some degree, and perhaps even more assistance needs to be provided in addition to the massive efforts already undertaken. However, a $10 billion purchase of mortgages each and very year in perpetuity is not the way to help housing nor stop inflation.

If we are to provide a quick "shot in the arm" to the housing industry, there are administratively more efficient and less cumbersome methods to utilize. If we are to initiate a permanent program to provide a continued flow of mortgage funds at a reasonable interest rate, approval of this proposal would be a step backwards.

A vote for this bill is a vote for continued inflation, higher interest rates, and higher housing costs.

JOHN TOWER.
WALLACE F. BENNETT.
BILL BROCK.

S. 3979

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-first day of January, one thousand nine hundred and seventy-four

An Act

To increase on an emergency basis the availability of reasonably priced mortgage credit for housing.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Home Purchase Assistance Act of 1974".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) in many parts of the Nation, residential mortgage credit is or is likely soon to become prohibitively expensive or unavailable at any price;

(2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell new and existing housing, and delays the achievement of the national goal of a decent home for every American family; and

(3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

INTERIM AUTHORITY

SEC. 3. (a) Title III of the National Housing Act is amended by adding at the end thereof the following new section:

"INTERIM AUTHORITY TO PURCHASE CERTAIN MORTGAGES

"SEC. 313. (a) (1) Whenever the Secretary finds inflationary conditions and related governmental actions are having a severely disproportionate effect on the housing industry and the resulting reduction in the volume of home construction or acquisition threatens seriously to affect the economy and to delay the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968, the Secretary shall direct the Association to begin making commitments to purchase and to purchase mortgages in accordance with the provisions of this section.

"(2) The Secretary may direct the Association to terminate its activities under this section whenever he determines that the conditions which gave rise to his determination under paragraph (1) are no longer present.

"(b) Whenever the Secretary issues a directive under subsection (a) (1), the Association shall make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, mortgages (1) which cover more than four-family residences (including cooperatives and condominiums and the individual units therein) and which are insured under the National Housing Act and chapter 37 of title 38 of the United States Code, or (2) which cover one- to four-family residences and which are insured under the National Housing Act or guaranteed under chapter 37 of title 38 of the United States Code or by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 80 per centum of the value of the property securing the mortgages. A mortgage may be purchased under this section only if—

"(A) such mortgage was executed to finance the acquisition of a one- to four-family residence which will be the principal residence of the mortgagor or to finance the purchase of a more than four-family residence and is subject to a mortgage insured under the National Housing Act;

"(B) such mortgage involves an original principal obligation not to exceed $42,000 per family residence or dwelling unit, and except that the original principal obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii, and Guam;

"(C) such mortgage involves an interest rate or yield not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, the importance of making mortgage credit available on reasonable terms, and current conditions in the mortgage market, but in no event shall such rate exceed a rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing in more than six but less than twelve years from the date of such commitment (exclusive of bonds with a coupon rate of less than 6 per centum) plus one-half of 1 per centum, adjusted upward to the nearest one-eighth of 1 per centum and taking into account the need to assure that the funds are available in all States pursuant to any maximum mortgage interest rate permitted under the laws or constitutions of the various States and, notwithstanding any State law or constitution to the contrary, discount points and other charges collected in connection with mortgage transactions under this section and recognized by the Association shall not be considered in determining whether the interest rate on any such mortgage exceeds any State usury ceiling.

"(c) 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. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes 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 purchase of the Association's obligations hereunder.

"(d) (1) The Association is authorized to guarantee securities based on pools or trusts of the mortgages purchased by the Association under this section as provided in section 306(g) of this Act with respect to federally insured or guaranteed mortgages and to act as issuer of such guaranteed securities. The Association shall possess with respect to securities under this section all the powers it possesses with respect to securities guaranteed under such section 306(g), and the provisions of such section shall apply to guarantees under this section, except that such section shall not be deemed to prohibit the Secretary from guaranteeing payment of only a part of the principal and interest on securities issued under the provisions of this section.

"(2) The Association may offer and sell any securities guaranteed under this subsection to the Federal Financing Bank, and such Bank is authorized to purchase any securities so offered. The Association may also offer and sell any securities guaranteed under this subsection to any Federal Reserve bank. The proceeds from the sale of such securities when issued by the Association shall be treated in the accounts in the same manner as if such proceeds were from the sale of the underlying mortgages.

"(e) The Secretary may make available a portion of his authority under this section to purchase mortgages covering housing which has been constructed more than twelve months prior to enactment of this section in areas where he determines that there is a serious shortage of mortgage credit to purchase such housing.

"(f) The Association is authorized to—

"(1) sell mortgages purchased under this section of prices which it determines will help promote the objective of assuring that operations under this section are, to the extent feasible, fully self-supporting;

"(2) pay for services performed in carrying out its functions under this section without regard to any limitation on administrative expenses heretofore enacted.

"(g) The total amount of purchases and commitments authorized by the Secretary to be made pursuant to this section shall not exceed $7,750,000,000 outstanding at any one time.".

(b) The amendment made by subsection (a) becomes effective upon the date of enactment of this Act and shall remain in effect for a period of one year following such date of enactment, except that it shall remain in effect after the expiration of such period to the extent necessary (1) to honor commitments to purchase mortgages issued prior to the expiration of such period, and (2) to provide for the liquidation of assets and discharge of liabilities acquired or incurred prior to the expiration of such period.

AMENDMENTS TO OTHER LAWS

SEC. 4. (a) The National Housing Act is amended as follows:

(1) The first sentence of section 2(a) of such Act is amended by inserting before the period at the end thereof the following: "; and for the purpose of financing the preservation of historic structures, and, as used in this section, the term 'historic structures' means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term 'preservation' means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior".

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new paragraph:

"A loan financing the preservation of a historic structure shall—

"(1) involve an amount not exceeding $15,000 per family unit; and

"(2) have a maturity not exceeding fifteen years and thirty-two days.".

(b) Section 203 of the National Housing Act is amended by adding at the end thereof the following:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The terms 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in an nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' includes a dwelling unit in such a cooperative project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type describe in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

(c) Section 10(b) of the Federal Home Loan Bank Act (12 U.S.C. 1430(b)), as amended, is amended by striking the dollar figure "$40,000" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)".

(d) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended, is amended by adding in the nineteenth paragraph thereof after the phrase "section 401(d)" the following phrase: "or section 408(a)".

(e) Section 5 of Public Law 93-387 is amended to read: "The Council shall report to the President, and through him to the Congress, on a quarterly basis and not later than thirty days after the close of each calendar quarter, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy.".

FEDERAL RESERVE ACT AMENDMENT

SEC. 5. Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:

"Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the lowest discount rate in effect at such Federal Reserve bank on the date of such note.".

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

EMBARGOED FOR RELEASE
UNTIL 10:30 AM, EDT

OCTOBER 18, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974 (S. 3979)

FACT SHEET

President Ford today signed into law the Emergency Home Purchase Assistance Act of 1974. The President had urged enactment of similar legislation in his address to a Joint Session of Congress on October 8th.

The Act extends, on a temporary basis, the advantages offered by the Government National Mortgage Association (GNMA or Ginnie Mae) to mortgages which are not Federal Housing Administration (FHA) insured or Veterans Administration (VA) guaranteed -- so called "conventional" mortgages. Three billion dollars -- an amount sufficient to finance about 100,000 new homes -- would be available. The proposed program will be in addition to the $9.9 billion FHA/VA tandem programs announced in January and May and the $3 billion Federal Home Loan Mortgage Corporation (FHLMC) conventional mortgage purchase program announced in May.

GNMA has aided in creating a supply of credit for mortgages on new homes insured by FHA or guaranteed by VA by

-- assuring, through commitments in advance, purchase of mortgages at a pre-determined price.

-- having agreed to a lower-than-market interest rate on the mortgage at the time such commitment to purchase is made, subsidizing market interest rates in the event market interest rates do not fall by the time GNMA purchases the mortgage pursuant to its commitment.

-- guaranteeing, on a "full faith and credit basis," obligations secured by such mortgages.

BACKGROUND - HOUSING INDUSTRY SITUATION CRITICAL

Over the past 23 months

-- housing starts have dropped from 2.51 million units to 1.12 million units.

-- unemployment in the construction industry is 12.4 percent and climbing, with over a half million construction workers now unemployed.

-- many homebuilders are in severe financial difficulty.

FEATURES OF THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

By making conventional mortgages eligible for purchase by GNMA, builders and homebuyers will be assisted where home mortgage credit is scarce or non-existent.

MORE

1. Level of Commitments. Aggregate amount of commitments and mortgages which GNMA could hold at any time, i.e. have purchased and not resold, could not exceed $7.75 billion. Initial programs aggregating $3 billion of mortgage commitments, or enough to finance about 100,000 new homes, is contemplated. Any additional programs will be activated as circumstances require.

2. Mortgage Amounts, Interest Rates, Fees and Downpayment Requirements. The program would provide for a maximum mortgage amount of $42,000. Under the formula provided by the law, the mortgage interest rate will be determined on the basis of yields on six to twelve year Treasury issues for the month preceeding the month in which the GNMA commitments is made plus one-half of one percent (50 basis points). Under this formula, the mortgage rate for commitments made in October would be somewhat above, the rate offered on GNMA tandem programs for FHA/VA mortgages - presently 8-3/4%. Twenty percent downpayments would be required with an exception for down to 5% downpayments if the additional mortgage amount is covered by a qualified private mortgage insurance contract so as to minimize cost of mortgagor defaults. There will also be a commitment fee and other fees to cover reserves for losses and certain financing costs.

3. GNMA Disposition of Conventional Mortgages. Following the precedent of existing law, GNMA could, depending upon market or other factors, sell mortgages to the Federal National Mortgage Association (FNMA) or FHLMC, sell mortgages with a provision for pooling by FNMA or FHLMC or other approved issuers and sale by such issuers of GNMA-guaranteed "pass through" securities or bond type securities on the market or to the Federal Financing Bank; or issue its own mortgage backed securities for sale to the Federal Financing Bank.

4. Cost and Budget Implications. Any resulting subsidy would be paid out of corporate funds and ultimately from Treasury borrowing. Dollar amount of mortgages purchased would not be excluded from budget outlays, but would appear as outlays in any fiscal year only to the extent they are not offset by sales that year. However, any losses on resale -- which can result if market yields at the time of resale are less than the yield at which GNMA bought the mortgage, will appear as outlays.

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FOR IMMEDIATE RELEASE OCTOBER 18, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
SIGNING OF S. 3979
THE EMERGENCY HOME PURCHASE
ASSISTANCE ACT OF 1974

THE CABINET ROOM

10:36 A.M. EDT

Let me at the outset express my appreciation to the Congress for responding so quickly, and I think basically so well, in passing this housing legislation, which is needed for an industry that is in serious trouble.

We cannot tolerate a building program at the present rate for home building. And this legislation, which the Congress has passed, will materially help, in my judgment, in turning the corner as far as the housing industry is concerned.

It is not new, and other things have to be done, but it will provide a shot in the arm for the housing industry. I regret, of course, that it didn't include condominiums and apartments, but be that as it may, it is good legislation. We will make it work.

I wish there was a little more flexibility in one or two of the provisions, but nevertheless, considering the time factor, I compliment the Congress for moving so quickly and particularly Senator Cranston and Senator Brooke, who were instrumental in the first instance, but I think the credit goes to the Congress as a whole in moving ahead so rapidly at a time when the housing industry needed help.

So, it is a privilege and a pleasure for me to sign this bill in the presence of a number of Members who had a very major factor in making this possible.

I do thank you all very, very much. As I said, we are going to move ahead, I hope, in some other areas, and we will get a lot more homes built.

Thank you all for being here.

MORE

I should have said the Secretary is going to start implementing, I think, this next Tuesday. I do want to compliment the Secretary, who I think worked with the Congress and did a fine job in moving with the Congress and getting it through, and now he is going to make it work.

Thank you.

END (AT 10:40 A.M. EDT)

FOR IMMEDIATE RELEASE October 18, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

It is with great pleasure today that I am signing into law S. 3979, the Emergency Home Purchase Assistance Act of 1974.

In my remarks to the Joint Session of the Congress on October 8, I urged the Congress to enact, before recess, additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. I also remarked that I remembered how much Congress can get done when it wants to.

I am most pleased that exactly one week after my remarks, the Congress responded with passage of the Emergency Home Purchase Assistance Act of 1974.

This bill authorizes the Government National Mortgage Association in the Department of Housing and Urban Development to make commitments at predetermined interest rates to purchase mortgages, both on new and existing homes, which are not Federal Housing Administration insured or Veterans Administration guaranteed -- the so-called "conventional" mortgages which comprise about 80% of all mortgages. The advantage of the plan is that with the GNMA commitment, the homebuyer, builder and lender have an assured source of financing at a known, favorable interest rate. The cost to the Government is limited to the loss which GNMA realizes if its selling price for a mortgage is less than its original purchase price.

Like most emergency measures, this bill has some minuses. Notwithstanding the increasing proportion of American families that choose each year to live in apartments or condominiums, the bill unfortunately does not cover conventional mortgages for apartment or condominium projects. Moreover, I had hoped that this help for the housing industry could be delivered with a minimum inflationary impact, and I know that the Congress intended the program to be self-supporting. However, the bill establishes a rigid, illogical interest ceiling formula that fails to relate interest income to actual borrowing costs and to cover adequately administrative costs.

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October 17, 1974

Dear Mr. Director:

The following bills were received at the White House on October 17th:

S.J. Res. 236	S. 2840	H.R. 7768	H.R. 14225
S.J. Res. 250	S. 3007	H.R. 7780	H.R. 14597
S.J. Res. 251	S. 3234	H.R. 11221	H.R. 15148
S. 355	S. 3473	H.R. 11251	H.R. 15427
S. 605	S. 3698	H.R. 11452	H.R. 15540
S. 628	S. 3792	H.R. 11830	H.R. 15643
S. 1411	S. 3838	H.R. 12035	H.R. 16857
S. 1412	S. 3979	H.R. 12281	H.R. 17027
S. 1769	H.R. 6624	H.R. 13561	
S. 2348	H.R. 6642	H.R. 13631	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.