

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.

#