mortgage covering a single-family dwelling would be increased from $11,000 to $12,500 and on a two-family dwelling from $18,000 to $20,000.

An increase in mortgage limits was authorized in the Housing and Urban Development Act of 1965 for the comparable section 203(i) program for low-income families in outlying areas and small communities. This increase was authorized to enable that program to operate under present increased home costs. There is a similar need in the section 221(d)(2) program for increasing mortgage limits to meet increased construction costs.

Cooperative housing insurance fund

Amendments are proposed which would remove certain technical obstacles to the transfer of insurance of management type FHA cooperative housing insured mortgages to the cooperative management housing insurance fund (management fund) so that the insurance will be provided on a mutual basis.

Under present provisions (established by the Housing and Urban Development Act of 1965), the mortgagee under a mortgage on a management type cooperative which was insured prior to August 10, 1965, is required to consent to a transfer of the insurance to the new management fund. In some instances, mortgagees have been reluctant to agree to the transfer because it would result in preventing their use of general insurance fund debentures (including the debentures of the previous insurance funds which were consolidated into the general insurance fund) for paying the mortgage insurance premiums on transferred mortgages.

Under the existing provisions, premiums on mortgages transferred to the management fund can only be paid in cash or in management fund debentures. The new provisions would permit mortgagees to use FHA's general insurance fund debentures for paying mortgage insurance premiums on mortgages covering cooperative housing where the mortgages have been transferred to the cooperative housing management insurance fund (management fund). In addition, mortgagees would be permitted to use any management fund debentures issued in connection with the mortgages transferred to the management fund for the payment of general insurance fund premiums.

These changes would remove the basis for objection on the part of mortgagees to a transfer of cooperative housing mortgage insurance to the management fund. Since there would no longer be any reason for obtaining the consent of the mortgagee to such transfer, the provision in the present law requiring such consent would be removed. Authority would thereby be given for the transfer of all outstanding insurance on management type cooperative housing projects to the management fund.

Land development—clarifying amendment

Another amendment in this title would provide clarification regarding the types of improvements that may be covered by mortgages insured by FHA under the land development program (title X of the National Housing Act). The types of improvements permitted under title X are those deemed necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use. This subsection would make no substantive change in this regard. It would provide expressly, instead of by general language, that steam, gas, and electric lines and installations are permissible improvements under title X, and would make it clear that industrial uses are included as nonprimary related uses, with the industrial sites to be in proper proportion to the size and scope of the development.

The title X land development mortgage insurance program would be added to the provisions in section 512 of the National Housing Act. That section provides penalties for violations of the act by lenders, borrowers, builders, or others who may receive the benefits of the loan insurance programs. The amendment would include the land development program among those that could not be used by persons subject to the penalties.

Low-rent housing for displaced families—term of lease

The bill would permit local housing authorities to lease dwellings without regard to the 1- to 3-year limitation provision contained in the present law, where the housing is needed to rehouse low-income families displaced by governmental action. The leasing program is an important relocation tool because it provides low-rent housing more quickly than new construction, especially for large families.

Families who are forced to relocate by reason of public projects are especially subject to the fear of further forced removals. For such families, relocation into