

allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage insured under subsection (d) (3).

"(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, such mortgage shall be liquidated and canceled, and wholly replaced by the individual mortgages insured under this paragraph.

"(F) Any dwelling sold to a low-income purchaser and covered by a mortgage insured under this paragraph may not be transferred (prior to the maturity of such mortgage) to any other person, except to another low-income purchaser approved for purposes of this paragraph by the Secretary."

SEC. 2. (a) Section 221(g) (1) of the National Housing Act is amended by inserting after "paragraph (2) of subsection (d) of this section" the following: "or paragraph (5) of subsection (i) of this section".

(b) Section 221(g) (2) of such Act is amended by inserting after "paragraph (3) or (4) of subsection (d) of this section" the following: "or paragraph (1) of subsection (i) of this section".

[Press release, Feb. 24, 1966]

MRS. SULLIVAN INTRODUCES BILL TO ENABLE LOW-INCOME FAMILIES TO PURCHASE REHABILITATED HOUSING AT 3-PERCENT RATE

Congresswoman Leonor K. Sullivan, Democrat, of Missouri, ranking member of the Housing Subcommittee of the House Committee on Banking and Currency, today introduced a bill for a new type of experimental Federal housing aid for low-income families—enabling them to buy rehabilitated homes at very low mortgage interest rates.

Essential to the operation of her proposal would be the formation of nonprofit community organizations which would purchase dilapidated or rundown properties in deteriorating neighborhoods and rehabilitate them for resale to eligible low-income purchasers. Such a program is already being operated on a small scale in St. Louis by the Bicentennial Civic Improvement Corp., launched originally by several clergymen aided by civic-minded businessmen.

It was in an effort to find an effective device for Federal loans or grants to help the St. Louis experimental project that the Congresswoman developed the details of the bill she introduced today.

Under it, a nonprofit organization could borrow Federal funds at only 3 percent interest in order to purchase and rehabilitate old housing, then sell it to eligible families which could also enjoy the same low-interest mortgage rate. The individual family mortgages would be nontransferable except to another low-income family which met income qualifications.

Generally, income eligibility for the low-interest mortgages under the Sullivan bill would be the same as those spelled out in last year's Housing Act for families eligible for Federal rent subsidies.

"Instead of just giving a subsidy to a family so it can afford to rent a decent house or apartment," the Congresswoman said, "my bill would enable highly motivated families to buy their own homes—for only \$200 as an initial payment to cover closing fees or other costs, and at a monthly mortgage payment they could afford. They would eventually own their homes outright."

Mrs. Sullivan met last December in St. Louis with officials of the Bicentennial Civic Improvement Corp. and with representatives of other civic organizations in the community, to discuss the kind of programs which might be undertaken under the legislation she was planning to introduce. Today, she said her bill will be taken up along with administration proposals to be considered by the Housing Subcommittee at hearings beginning next week.

"The two priests who initiated the rehabilitation and sale of housing in St. Louis for low-income families, Father John Shocklee and Father Joseph M. Kohler, started something new which has captured the imagination of the community," Mrs. Sullivan declared. "It is also now being tried in other cities. The idea is to give the low-income family a real stake in its own housing—not as a tenant but as a purchaser. This is the best approach yet in trying to rescue neighborhoods from blight. Without Government low-interest loans, however, the mortgage costs would be too high for the families we are trying to reach. But with a 3-percent mortgage loan, the monthly payments can be held within a