

supplement program, amendments are necessary to enable self-help programs in certain areas. This would apply to projects where the payment for services is not in cash wages, but in a reduction of housing charges for those who participate in the self-help.

10. We are in favor of the urban development bill, except that the FHA-insured loans under the new communities program should be for a 40-year term. Loans for 15 years are inadequate, particularly under a program where the land would be leased for redevelopment and the rentals would be utilized to repay the loans.

11. In the rural housing legislation of the Department of Agriculture, amendments are required to expand the purposes of direct loans to private nonprofit organizations and consumer cooperatives to include rental or cooperative housing for moderate-income families in rural areas who are not elderly. The law now permits such loans only for the elderly. In addition, a rent supplement program should be made available for low-income families who will live in such housing developments of nonprofit and cooperative organizations financed under this program for rural areas.

12. The Cooperative League supports with enthusiasm the proposed group practice facilities bill. This will meet a critical need for insured financing of facilities for cooperative medical and dental groups who operate on a nonprofit basis. Many communities require such facilities to protect the health of their residents. We understand more detailed hearings will be held on this bill, and our president, Mr. Jerry Voorhis, with whom I am sure most of the committee is acquainted, who is also secretary of Group Health Association of America, will be before you with testimony March 11.

13. Since management-type cooperatives have the best repayment record on FHA-insured mortgages, we approve the proposal in H.R. 12766 to reduce the FHA mortgage insurance premium on such cooperative mortgages.

To save the time of the committee, I am not explaining our proposed amendments in detail. However, I would like the opportunity to introduce into the record, with my statement, a fuller explanation of these amendments and some supplementary materials.

Mr. BARRETT. That may be done, without objection.

Mr. TOWNSEND. Thank you, sir.

Interest rates on multifamily housing. We are pleased that the FHA did not increase the 5¼-percent interest rate on cooperative and other mortgages on multifamily projects. This establishes a differential of one-fourth of 1 percent between the mortgage rate on multifamily housing and on individual homes. Such a differential accords with the policy statement in your report last year. It reflects the lower servicing charges and greater attraction of multifamily mortgages.

When funds are not available in the private mortgage market to purchase cooperative mortgages or urban renewal mortgages at par, plus a reasonable commitment and purchasing fee, there are special assistance funds available in FNMA, pursuant to your congressional authorization, for the purchase of these mortgages on such terms in order to protect the consumer and public interests involved in these programs. We wanted to make this observation.