II. INCREASED MORTGAGE LIMITS; LARGER INSURED MORTGAGES

(A) Section 203(b)(2) of the National Housing Act is amended by—

(1) Striking out "$30,000," "$32,500," "$32,500," and "$37,500," each place they appear, and inserting in lieu thereof "$35,000," "$37,500," '$37,500," and "$42,500," respectively; and

(2) Striking out "80 per centum" and inserting in lieu thereof "85 per centum".

(B) Section 222(b) of such act is amended by—

(1) Striking out "$30,000" in paragraph (2) and inserting in lieu thereof "$35,000"; and

(2) Striking out "85 per centum" in paragraph (3) and inserting in lieu thereof "87.5 per centum".

(C) The third sentence of section 234(c) of such act is amended by—

(1) Striking out "$30,000" and inserting in lieu thereof "$35,000"; and

(2) Striking out "75 per centum" and inserting in lieu thereof "85 per centum".

Explanation

This amendment would increase the dollar limit on the amount of a home mortgage which can be insured by FHA under its regular section 203 home mortgage insurance program from $30,000 to $35,000 in the case of a one-family home; from $32,500 to $37,500 in the case of a two- or three-family home; and from $37,500 to $42,500 in the case of a four-family home. Corresponding changes would be made in the dollar limits on section 222 mortgages financing servicemen's homes and section 234 mortgages financing family units in condominiums.

It would also reduce the minimum downpayment required under these three programs for homes or units in a condominium having an appraised value in excess of $20,000. The amount of downpayment necessary with respect to that portion of the value of a home or a unit in a condominium which exceeds $20,000 would be reduced from 20 percent to 15 percent under section 203; from 15 percent to 12.5 percent under section 222; and from 25 percent to 15 percent under section 234.

The proposed dollar limits are needed because of continually rising homebuilding and land costs, particularly in and adjacent to high-cost metropolitan areas. The new limits would be more consistent with limits on loans made by Federal savings and loan associations which can make home loans in amounts up to $40,000 for single-family homes. The slightly reduced downpayments schedules on higher cost homes will make the FHA programs substantially more competitive with conventional financing.

III. INCREASED MORTGAGE LIMITS; LARGER INSURED MORTGAGES IN URBAN RENEWAL AREAS

(A) Section 220(d)(3)(A)(i) of the National Housing Act is amended by—

(1) Striking out "$30,000," "$32,500," "$32,500," "$37,500," "$37,500" and "$7,000" and inserting in lieu thereof "$35,000," "$37,500," "$40,000," "$42,500," "$42,500," and "$9,500";

(2) Inserting immediately after "in excess of four located on such property" the following: ", except that the Commissioner may, by regulation, increase the foregoing $9,500 limitation by not to exceed 45 per centum in any geographical area where he finds that cost levels so require"; and

(3) Striking out "75 per centum" and inserting in lieu thereof "85 per centum".

Explanation

This amendment would (1) increase the dollar limit on the amount of a home mortgage which can be insured by FHA under its section 220 program for housing in urban renewal areas from $30,000 to $35,000 in the case of a one-family home; from $32,500 to $37,500 in the case of a two-family home; from $32,500 to $40,000 in the case of a three-family home; and from $37,500 to $42,500 in the case of a four-family home; (2) increase from $7,000 to $9,500 the dollar limit on additional units (over 4 but not more than 11) in the case of small rental projects; and (3) reduce the minimum downpayment required under the section 220 program for homes having an appraised value in excess of $20,000 from 25 percent to 15 percent.