the Housing Act of 1954, recognized FHA's responsibility to individual home purchasers in stating:

"While naturally and properly the FHA should be concerned with protecting its insurance fund, the builder, and the mortgagee against loss, and encouraging profitable programs of construction * * *. It is your committee's considered opinion * * * that it is the intent of Congress that the HHFA and its constituent agencies in their administration of the program which they are authorized to carry out shall at all times regard as a primary responsibility their duty to act in the interest of the individual home purchaser and in so doing to protect his interest to the extent feasible."

3. Section 226 of the National Housing Act requires that FHA make sure that each purchaser is provided with a written statement setting forth the amount of the FHA appraised value of the property. FHA could be placed in an untenable position if required to establish artificially high valuations for houses near airports. The extent of the excess valuation would become apparent to the home purchaser when he observed selling prices of neighboring properties or attempted to sell his own.

4. Properties acquired by FHA are ordinarily priced competitively and put on the market. If we were to place artificially high valuations on properties near airports and subsequently acquired such properties by foreclosure or assignment, FHA would offer the properties for sale at market prices. The extent of the excess valuations would then become apparent, and would be a form of compensation for the airport influences, and, as I have previously said, I believe a more direct method of compensation should be sought.

I appreciate the opportunity to present our views on this matter. If you would like to discuss this personally with me, I would be pleased to arrange to do so at some mutually convenient time.

Sincerely yours,

P. N. BROWNSTEIN, *Commissioner*.

Mr. HARVEY. Thank you, Mr. Chairman.

Mr. BARRETT. Mr. Moorhead?

Mr. MOORHEAD. Mr. Chairman, first I want to compliment the gentleman from Georgia. No Member of Congress is more zealous, dedicated, and able in taking care of the interests of his constituents than the gentleman from Georgia.

I would like to ask on this bill of yours, H.R. 696, taking a specific example, if an owner has a house with a fair market value of $30,000, along comes an airport and because of the noise, the best he can sell it for is $20,000, what value can the FHA put on this for the mortgage purposes under your bill?

Mr. WELTNER. Under the bill the FHA is required to assess it or to appraise without diminution by virtue of its proximity to the airport.

Now, that would mean that they would be required to write up to a $30,000 appraisal. But if the contract price was $20,000, then, of course, the $20,000 would be the total extent, and the financed amount, the mortgage amount would be somewhat less than that. So the liability would be $20,000. The problem is not trying to protect at this point the difference between the $30,000 and the $20,000, because I do not think we can do that through the FHA. The problem is to get the FHA to act so that the normal market transaction can be completed and the house can be sold for $20,000. The owner still suffers a $10,000 loss, but at least he can get $20,000 for it if the FHA wrote the insurance. Under the present policy it will not write any insurance and without FHA financing many homes simply cannot be sold.

Mr. MOORHEAD. Thank you.

Mr. BARRETT. Thank you, Mr. Moorhead.

Thank you, Congressman, all time has expired.