

perience brings about a direct reduction in premiums, or, under mutual programs, dividends are prorated from time to time, as further experience dictates. In recognition of this fact, we authorized a premium reduction in 1961, and last year, we established—thanks to your committee—a separate mutual fund for management type cooperative housing. Unfortunately, the premiums have still not been reduced, and major difficulties have been encountered in implementing the establishment of the management fund. The legislation which I introduced would provide for a reduction in premiums for management type cooperatives of one-fourth of 1 percent, and would provide the perfecting amendments necessary to expedite the implementation of the mutual management fund.

On the basis of the past performance of management type co-ops, I firmly believe that this legislation is warranted. Since the inception of this program in 1950, management type cooperatives have paid premiums to the FHA totaling approximately \$27½ million. Over the same period of time, their losses have amounted only \$693,000. Thus, the difference between premiums paid and losses sustained is almost \$27 million. I think this is an amazing record, and if ever there was a justification for reducing premiums, it is with respect to this class of property holders.

In fiscal year 1965, for example, management type co-ops paid premiums to the FHA of \$4,301,000. After deducting losses, and administrative expenses attributable to operating this program, and after making provision for necessary reserves, the net income to the FHA from this program was \$3,371,000—and this was for fiscal year 1965 alone. Had the management type co-ops paid the reduced premium of one-fourth of 1 percent during fiscal year 1965, the net income to the FHA would still have been \$1,218,000. I cannot conceive of any better evidence to support the assertion that the time has come to make this reduction mandatory.

For this reason, I introduced H.R. 12765, which, with the approval of the committee, I would like to submit for the record.

Mr. BARRETT. Without objection, so ordered.

(H.R. 12765 follows:)

[H.R. 12765, 89th Cong., 2d sess.]

A BILL To amend the National Housing Act to reduce the premiums charged for the insurance of certain cooperative housing mortgages

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 203(c) of the National Housing Act is amended by striking out "Provided, That any reduced premium charge so fixed and computed" and inserting in lieu thereof the following: "Provided, That the premium charge fixed for the insurance under section 213 of mortgages which are the obligation of the Cooperative Management Housing Insurance Fund (or which are insured under subsection (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i), or (j) of such section and remain the obligation of the General Insurance Fund) shall not exceed an amount equivalent to one-fourth of 1 per centum per annum: *Provided further*, That any reduced premium charge fixed and computed under the preceding provisions of this subsection".

Mr. HALPERN. This bill provides the necessary amendment to section 203(c) of the National Housing Act, and I respectfully urge this subcommittee to incorporate this provision in the chairman's bill. For if we fail to take this action, I believe that the discretionary authority