

which we provided in 1961 will never be exercised, and the manifest will of the Congress will have been ignored.

With respect to the mutual fund which we established last year, certain difficulties have arisen, as a result of which, its full implementation has been held in abeyance. In setting up this separate mutual fund, it was our intention to segregate, from the general insurance fund, those premiums, administrative costs, and any losses attributable to the management type co-ops. We provided that when this new management fund was sufficiently strong, the FHA would be authorized to distribute shares or dividends to the co-op owners whose premiums had provided this strength. In fairness, we also stipulated that no such disbursements may be paid out until any funds which might be transferred to the management fund from the general fund had been reimbursed.

Since that time, the question arose as to whether this reimbursement requirement applied to the initial transfers to the mutual fund, or only to any loans which might be made to that fund from the general fund. The obvious answer is that it applies only to subsequent loans and apparently, the FHA understands this to be the case, for their General Counsel has interpreted the law to this effect. However, lest there be any possibility of misconstruing congressional intent on this point, section 2 of my bill, H.R. 12766, would make this intention absolutely clear as a matter of permanent statutory law. I would like to introduce this bill for the record.

(H.R. 12766 follows:)

[H.R. 12766, 89th Cong., 2d sess.]

A BILL To amend section 213 of the National Housing Act to permit the more effective operation of the Cooperative Management Housing Insurance Fund

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the fourth sentence of section 213 (k) of the National Housing Act is amended to read as follows: "The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Commissioner determines to be necessary and appropriate."

SEC. 2. The second proviso in section 213(1) of the National Housing Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

SEC. 3. Section 213(m) of the National Housing Act is amended by striking out "but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe".

SEC. 4. Section 213(n) of the National Housing Act is amended by striking out "issued in connection with mortgages" and all that follows and inserting in lieu thereof the following: "issued in connection with mortgages which are the obligation of either the Management Fund or the General Insurance Fund."

Mr. HALPERN. In addition, section 1 of that bill provides that the Commissioner of the FHA will transfer to the new management fund an equal amount to the premiums already paid by these co-ops, minus the administrative expenses theretofore incurred. Under present law (sec. 213(k)), the Commissioner is directed to transfer to the new fund only what he "determines to be necessary and appropriate." I think it is imperative that we spell out what we consider to be "appro-