bulletin which we have published that we call "Three Ways To Finance Home Improvements Through FHA."

Mrs. SULLIVAN. With these four provisions that you mentioned, what is the limit of a loan that can be made under FHA?

Mr. BROWNSTEIN. There are different limits under each of these. The largest of course would be in the 203(b) program where the maximum limitation on a single home loan is $30,000.

Mrs. SULLIVAN. For extensive repairs?

Mr. BROWNSTEIN. This could be the refinancing of the existing house and repair of it.

Mrs. SULLIVAN. At what rate of interest?

Mr. BROWNSTEIN. Six percent.

Mrs. SULLIVAN. Six percent? Would this be available to, say, a homeowner whose home has been paid for?

Mr. BROWNSTEIN. It would be used principally for that type of person or one who still has a mortgage on it but needs extensive repairs and he refinances the balance due on the existing mortgage and includes an additional advance to cover the repairs.

Mrs. SULLIVAN. This 203(b) loan could be as high as $30,000 on an individual home?

Mr. BROWNSTEIN. Yes.

Mrs. SULLIVAN. Now let me ask this: If the home should be in such condition that—it is in poor condition—and the family has a low income but is a good credit risk, could they borrow up to $10,000 for a home that perhaps is not worth $10,000 in order to bring it up to par by putting extensive repairs into that home?

Mr. BROWNSTEIN. The as-repaired value of the house would have to meet the requirements of the law and the appraisal cannot be exceeded.

Mrs. SULLIVAN. In other words, if the house is only worth $6,000 now and they want to apply for a $10,000 loan; when the repairs and extensions are added to the house, it would have to then have a value, a real value of some $16,000 in order to get that loan; is that what you mean?

Mr. BROWNSTEIN. If it has a current value, a current as-is value of $6,000 and the cost of the repairs is $10,000 and they need $16,000, yes, it would have to have to appraise at that amount in order to get the loan.

Mrs. SULLIVAN. They can get that now under FHA at a 6-percent rate?

Mr. BROWNSTEIN. Yes, madam.

Mrs. SULLIVAN. In most cities, would loans of that kind be discounted—with points?

Mr. BROWNSTEIN. At the present time in most cities I would say yes, there probably would be a discount.

Mrs. SULLIVAN. So the rate then would really be higher if they have to pay points?

Mr. BROWNSTEIN. The cost to the mortgagor would be higher, yes.

Mrs. SULLIVAN. I believe that it would be helpful for us at this point in the record if you would put this information chart that you have just shown us into the record so that we would know what is available for any kind of repair loan, whether the house is already mortgaged or whether it is free of mortgage.

Mr. BROWNSTEIN. It is covered in this pamphlet.

(The pamphlets referred to follow:)