

POSSIBLE AMENDMENTS TO TITLE III  
OF S. 2246

(1) The amendment introduced on March 9, 1950, by Senator Tobey for himself and Senator Ives would eliminate the new corporation and the debentures provided by the present bill, and instead would provide for the insurance of individual mortgages on cooperative housing by the F.H.A. It would strengthen the directives to the F.H.A. on the subject and also provide assistance in the organization of cooperatives.

(2) If the separate corporation and the issuance of debentures are to be retained, the Government's "insurance" of the debentures might be eliminated and the corporation might be directed to avoid the excessive use of short-term financing which is likely to result in expansion of bank credit. These changes might be made by amendments along the following lines:

A. To remove the guarantee of the Corporation's debentures:

"Strike out the subsection (b) beginning at line 17 on page 92 and going through line 3 on page 95."

B. To limit the extent to which the Corporation may issue short-term obligations to finance long-term mortgage loans and thus limit the probable use of bank credit in financing the program:

"On page 92, in line 16 change the period at the end of the line to a semicolon and add thereafter the following: and, Provided further, That not more than 50 per centum of the aggregate amount outstanding at any one time shall have a maturity of less than ten years from the date of issue, and not more than 10 per centum shall have a maturity of less than two years from the date of issue."

C. To reduce the maximum amount of loan from the full amount of the development cost of a cooperative project to 95 per cent of the cost and thereby increase to 10 per cent the equity (including its stock purchases) that the cooperative would have when the project was ready for occupancy:

"On page 89 in line 11 insert the phrase '95 per centum of' following the word 'exceeding'".

D. To make changes in the National Housing Act paralleling amendment 3 above for cooperatives:

"Wherever in the National Housing Act, as amended, and in this bill, the maximum amount of a mortgage loan is stated as 90 per centum of value or of cost, change '90' to '85', and wherever the maximum amount of a mortgage loan is stated as 95 per centum of value or of cost, change '95' to '90'."