

FHA TITLE I HOME REPAIR ASSISTANCE

HEARING
BEFORE THE
COMMITTEE ON BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES
EIGHTY-FOURTH CONGRESS
SECOND SESSION
ON
H. J. Res. 471

JANUARY 18, 1956

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WEDNESDAY, JANUARY 18, 1956

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., the Honorable Brent Spence, chairman, presiding.

Present: Chairman Spence presiding and Messrs. Brown, Patman, Rains, Multer, Addonizio, O'Hara, Mrs. Griffiths, and Messrs. Vanik, Bell, Wolcott, Talle, McDonough, Betts, Mumma, McVey, and Nicholson.

[H. J. Res. 471, 84th Cong., 2d sess.]

JOINT RESOLUTION To permit FHA Title I repair assistance to new homes damaged by major disasters

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 (a) of the National Housing Act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following:

“Provided, That this clause (iii) shall not be mandatory with respect to the period of occupancy or completion of new residential structures where such structures have been damaged in a disaster which the President, pursuant to section 2 (a) of the Act entitled ‘An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes’ (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.”

The CHAIRMAN. The committee will be in order.

Mr. Mason, on House Joint Resolution 471, is our first witness.

STATEMENT OF NORMAN P. MASON, FEDERAL HOUSING ADMINISTRATION COMMISSIONER

Mr. MASON. Good morning, Chairman Spence and members of the committee. My name is Norman Mason and I am the Commissioner of the Federal Housing Administration.

The amendment to the FHA title I legislation which is before you today is intended to enable the Federal Government within the limits of present authorized programs to make available maximum assistance to victims of major disasters as determined by the President.

Under the terms of this amendment, loans for property improvement or repair would be eligible for FHA insurance under title I without regard to the age of the property in areas which have been declared by the President to be major disaster areas if the specific property requiring improvement has been damaged by the declared disaster.

The immediate occasion for this proposal is the recent series of floods on the west coast. In 8 counties within the jurisdiction of the FHA San Francisco office there were at least 26 subdivisions of new homes reported suffering some flood damage. Within the jurisdiction of the Sacramento office, especially around Yuba City, Calif., there were 12 to 14 subdivisions of new homes which were inundated. Without doubt, many of these new homes have been occupied less than

6 months. I have had a personal representative from my Washington staff out in the flood area examining flood conditions and meeting with local citizens and officials in order to extend to them all possible FHA assistance. Local lenders have called FHA attention to the fact that present restrictions in title I would preclude title I-insured loans for the repair of such properties.

As you know, Congress added the 6 months' occupancy restriction in the Housing Act of 1954 primarily to minimize the possibilities of misuse of title I loans as a means of making downpayments on houses. It was also desired that some incentive be placed on builders to make each home as livable as possible on the basis of the original sales price, rather than omitting desirable parts of the property to be built and separately financed with a title I loan. Such additional financing would be likely to involve heavy monthly payments in the early life of the mortgage debt, thus endangering both the mortgage and the title I loan. The objectives of the 6 months' occupancy provision have little relation to this proposal to allow these loans to be used in disaster areas for repair of recently occupied homes which have been damaged in the disaster.

If title I loans are unavailable, alternative uninsured financing is generally more expensive if there is such financing available to homeowners needing to repair damaged homes.

It may be noted that other types of disasters than floods may well cause damage to new homes. For example, hurricanes and tornadoes are as likely to strike new properties as old. This proposal would, therefore, make title I a more effective aid in major disaster areas.

We shall be pleased to answer any questions that we can about this legislation.

The CHAIRMAN. What interest would the title I loan bear in the disaster areas? Would there be any change in the interest rate?

Mr. MASON. No, sir. It is a straight title I repair loan at 5 per cent discount.

The CHAIRMAN. It would be a 5-percent discount?

Mr. MASON. Yes. We also have loans, Mr. Spence, for building new housing in disaster areas.

Mr. BROWN. What about the terms of payment?

Mr. MASON. Terms of payment, Congressman Brown, are exactly the same on this type of loan as they would be on the regular title I program. This is no attempt to make a different kind of loan.

The CHAIRMAN. If a man can get a disaster loan, he certainly wouldn't take a title I loan for the same purpose, would he?

Mr. MASON. The difference, Mr. Chairman, is that this gives private industry a chance to loan this money to these people rather than the Federal Government loaning it through a direct loan by Small Business Administration.

The Small Business Administration loan would be cheaper to the individual.

The CHAIRMAN. There has been a constant decline in the number of title I loans that have been made in the last few years, has there not?

Mr. MASON. Yes.

The CHAIRMAN. What do you attribute that to, Mr. Mason?

Mr. MASON. I attribute it to the tightening up of the program, which I think was an excellent thing—the restrictions that we put on many of the items that are insured under a title I loan.

The CHAIRMAN. To what extent have those loans decreased in the last 3 or 4 years?

Mr. MASON. I think we have that. Just a moment. My statistician tells me, sir, that prior to the changes which put into effect coinsurance, the level of these loans had begun to slacken off very slightly. Since the coinsurance features were put in, the loans have dropped about 35 percent in number. They are currently running at about the same rate that they did 12 months ago, so that apparently this 35 percent lower level is a fairly even amount to be expected at the present time. I will furnish the Committee, if you wish, the exact amounts of various years of FHA title I loans.

The CHAIRMAN. I would like to have you do that.

Mr. MASON. I will do it for the record.

(The information referred to is as follows:)

Property improvement loans insured under Title I, 1950-55

Year	Number of loans	Net proceeds
1950.....	1, 447, 101	\$693, 761, 000
1951.....	1, 437, 764	707, 070, 000
1952 ¹	1, 816, 881	1, 047, 358, 000
1953 ¹	1, 832, 180	1, 092, 277, 000
1954.....	1, 506, 480	890, 606, 000
1955 ²	1, 024, 471	644, 555, 000

¹ Data for 1952 and 1953 are estimated on the basis of current counts of loan reports received for tabulation. Other years' data are totals of loan reports tabulated during the respective years. For 1952-53, tabulation reports are not recorded here because about \$200 million of loans actually made in 1952 were not insured and tabulated until 1953 because of limitation of available insurance authorization from September 1952 to March 1953.

² Preliminary.

Property improvement loans insured by FHA, 1954-55

Year and month	Number of loans	Percent change ¹	Net proceeds to borrower	Percent change ¹
1954—January.....	116, 231	.....	\$69, 387, 250	.....
February.....	91, 831	.....	54, 191, 667	.....
March.....	114, 294	.....	68, 797, 050	.....
April.....	125, 548	.....	75, 767, 960	.....
May.....	118, 179	.....	71, 040, 175	.....
June.....	138, 132	.....	81, 711, 057	.....
July.....	118, 942	.....	69, 626, 805	.....
August.....	122, 218	.....	71, 485, 541	.....
September.....	172, 286	.....	100, 568, 744	.....
October ²	153, 403	.....	89, 017, 489	.....
November.....	129, 046	.....	76, 313, 542	.....
December.....	106, 370	.....	62, 699, 092	.....
Total.....	1, 506, 480	.....	890, 606, 372	.....
1955—January.....	87, 340	-24. 9	52, 004, 023	-25. 1
February.....	56, 633	-38. 3	35, 575, 610	-34. 4
March.....	73, 915	-35. 3	45, 728, 867	-33. 5
April.....	70, 942	-43. 5	45, 359, 626	-40. 1
May.....	79, 929	-32. 4	51, 178, 992	-28. 0
June.....	92, 707	-32. 9	58, 251, 604	-28. 7
July.....	81, 097	-31. 8	50, 230, 379	-27. 9
August.....	105, 442	-13. 7	66, 908, 379	-6. 4
September.....	98, 567	-42. 8	63, 866, 161	-36. 5
October.....	97, 606	-36. 4	62, 693, 238	-29. 6
November.....	93, 293	-27. 7	58, 957, 745	-22. 8
December ³	87, 000	-18. 2	53, 800, 000	-14. 2
Total ³	4 1, 024, 471	-32. 0	5 644, 554, 624	-27. 6

¹ 1954 to 1955 change for same month.

² Coinsurance amendment effective Oct. 1, 1954.

³ Preliminary data.

⁴ Decrease from 1954 to 1955: 32 percent.

⁵ Decrease from 1954 to 1955: 27.6 percent.

Mr. BROWN. What is the length of time these payments have to be made under title I?

Mr. MASON. They can be made up to 3 years. They can be made for shorter lengths of time if borrowers wish but the limit is 3 years.

Mr. BROWN. Don't you think some of these people should have more time to repay?

Mr. MASON. Yes, but I do not think we should ask for it under an emergency clause such as this. I am recommending to the committee that we extend the period of title I loans to a 5-year period instead of 3 years in the regular legislative program.

The CHAIRMAN. Mr. Patman?

Mr. PATMAN. Why not just change the law and leave it within the discretion of the Commissioner about granting a title I loan for the repair or improvement of a home that has been constructed less than 6 months and make it over all—universally. Just leave it up to the Commissioner.

Mr. MASON. Mr. Patman, it certainly is within the prerogatives of Congress to do that. The reason this legislation was introduced this way, we thought this was an emergency which should be enacted rather quickly and we felt that you probably would be willing to consider an emergency matter of this kind, where the other would involve a lot more debate.

Mr. PATMAN. To the best of my recollection, we considered that before, and this amendment was put on the theory—I believe you brought it out—that it was thought too many of them would use that as means of a downpayment. Since this has been brought to our attention it shows us exceptions can arise that would justify a change, so why not make a change that will take care of any exceptions, not just this hurricane, not just this flood, but any other exceptions that should arise within the discretion of the Commissioner, and then he could make sure that the abuses did not creep in that Congress intended to legislate against when this provision was put in there. You wouldn't oppose that, would you?

Mr. MASON. No, I would not.

Mr. PATMAN. Don't you think it would be a fine thing to do? Then you would not have to ask Congress every time.

Mr. MASON. Certainly when emergencies arise it is nice to be able to take action, that is true.

Mr. PATMAN. Can credit unions get this insurance? For a member of a credit union, could this member get title I loans as guaranteed?

Mr. MASON. Any individual can, Congressman, who is a homeowner.

Mr. PATMAN. That is a homeowner?

Mr. MASON. Yes, and a member of the credit union.

Mr. PATMAN. Suppose the credit union puts up the money. Would a credit union, like a bank, be protected?

Mr. MASON. A credit union can be an approved lender under this program.

Mr. PATMAN. Are they approved now?

Mr. SWEET. We are having quite a number of them coming in now asking for it. In just recent months that has happened.

Mr. PATMAN. Have you actually made any loans?

Mr. SWEET. Yes, sir.

Mr. PATMAN. Would you place in the record a statement as to the extent that this privilege has been used through a credit union?

Mr. MASON. We will be very happy to.

(The information referred to is as follows:)

Between March 1, 1950, and June 30, 1955, a total of 39 credit unions had reported under the title I insurance program a total of 2,077 property improvement loans with net proceeds aggregating \$1,861,510.

Mr. PATMAN. You said to let private enterprise make the loans, which of course we all favor, but don't you think a 9.7 percent interest is rather high? Don't you think if we are going to favor banks and others in carrying what is tantamount to riskless loans, that we should have some ceiling on it? 9.7 percent is pretty high.

Mr. BROWN. If you will yield, under the Small Business Administration you can make disaster loans up to 10 years at 3 percent.

Mr. MASON. That is correct. Twenty years, I believe.

You asked me if I don't think this is too high an interest rate, Mr. Patman.

Mr. PATMAN. Yes.

Mr. MASON. The answer to this question is written in the record of what is happening all over the country today. Many lending institutions are not now using FHA for repair and remodeling loans but are having their own programs, and very generally these programs of theirs are carrying a much higher rate than FHA's approved rate of 5 percent discount, which as you say, approaches 9.7 percent interest. Over a 3-year period, the effective interest earned is 9.3 percent.

Mr. PATMAN. What are they charging generally?

Mr. MASON. The usual charge is 6 percent discount.

Mr. PATMAN. That makes about 12.

Mr. MASON. Yes; it does.

Mr. PATMAN. That is pretty high. Of course, I am always glad to see private enterprise take advantage of some program that the Government has developed and profit from it, and but I hate to see them charge unreasonable rates of interest.

The CHAIRMAN. Mr. Wolcott?

Mr. WOLCOTT. How much is there left under the authorization for title I?

Mr. MASON. About \$660 million for the current year.

Mr. WOLCOTT. All of that conceivably can be made available for this program?

Mr. MASON. Yes, but Congressman Wolcott, there will not be a large charge against it for this type of loan.

Mr. WOLCOTT. I say conceivably.

Mr. MASON. It could be, yes.

Mr. WOLCOTT. That is all I have.

Mr. RAINS. I have a question, Mr. Chairman.

The CHAIRMAN. Mr. Rains.

Mr. RAINS. Mr. Mason, following up Mr. Patman's question a moment ago, the private banks and other lending institutions which would make necessary loans of course assume their own risk. They do not have an FHA guaranty on those loans, do they?

Mr. MASON. They do not, no, sir.

Mr. RAINS. On the 9.7, on those loans which we speak of under title I, there is of course the FHA insurance back of those particular loans.

Mr. MASON. Yes. They also do have a 10 percent risk of course in each one that they make, and the lender must pay his insurance premium also from the interest earnings.

Mr. RAINS. You partly answered my question, but I cannot understand why it is that the number of loans under title I is lower, or was lower for 1955 than it has been in recent years when your agency and others have been putting forth great effort toward a home improvement program. How did you account for the lower number of loans under title I for 1955?

Mr. MASON. I believe that it is caused by the changes in the number of items, the sort of items that we insure title I loans for. As you know, when the Congress corrected that, or instructed me to correct the list, which is what it did, I am sure, we took off such items that we did not feel contributed to livability of a house, such as swimming pools and dog kennels and things of that sort. The 6 months' occupancy clause took off other business that FHA would have done under title I programs—storm windows and screens and that sort of thing, which would have been insured many times under a separate loan instead of being insured under the mortgage when the house was built.

I think that these probably were the main factors in this change in business.

Some of it might have been, because loaning institutions were unhappy about the 10 percent coinsurance feature, although it is not my opinion that that had so much bearing on the case. We had a drive, as I am sure the members of the committee are aware, by the American Bankers Association, telling their members that they should have their own program, rather than the Government program, and Mr. Rains, I cannot object if they will give a good program to the country and do it on their own basis without Government insurance. I think that is proper. Where they get the rate too high I think it is improper.

Mr. RAINS. A reasonable rate of interest is one of the essential things. The question was asked by some of my colleagues before I came in, likely, but what strikes me as a very unfair situation is to charge these people who have been subjected to all of this flood and the disasters, to charge them 9.7. That does not seem fair to me. What do you think about it?

Mr. MASON. My observation is that many people in the disaster areas are taken care of by Red Cross.

Mr. RAINS. I am not talking about that.

Mr. MASON. I know you are not, but can I make this point?

Mr. RAINS. Yes.

Mr. MASON. For those individuals who are not wanting to be helped by somebody, there should be a private-industry source of money which they can use.

Mr. RAINS. Under the disaster loan program—strictly disaster loans that we had, in which the Government was lending the money and here the Government is guaranteeing payment—the loans started out at 5 percent and after quite a bit of hammering by Congress the administration cut it down to 3 percent. That is straight, direct loans.

Mr. MASON. That is right.

Mr. RAINS. But these are guaranteed loans as well. There is a great difference between 3 percent on a disaster loan from the Government and 9.7 guaranteed loan disaster, isn't there?

Mr. MASON. There is a great difference.

Mr. RAINS. Do you think the interest rate ought to be lowered where it is to be made on a disaster loan basis?

Mr. MASON. I suspect that this could be done.

It presents a problem as to whether we would get private funds to do the job or not. Now this would be the problem, I believe, as to whether or not if we provided for the vehicle for private industry to make loans at a lower rate than they normally wished to, whether we would get the loans made or not. There would be nothing wrong with trying something of that kind.

Mr. RAINS. Do you think it would be fair if the loan, say, went above a thousand dollars and on up into higher figures, it would be well to have the interest rate bear some relationship to the size of the loan? The larger the loan the cheaper the interest rate could be.

Mr. MASON. This is a very desirable way of handling loans, yes, but FHA title I loans are all rather in the small-loan category.

Mr. RAINS. Would you recommend that the amount of the title I loan be increased and that the term for it be increased?

Mr. MASON. I would recommend not in this emergency legislation but in the general legislation which I know your committee has been studying, I certainly would recommend that the amount of the loan be increased and the period of it, the maturity be increased.

Mr. RAINS. This is a little bit off the immediate subject, but has to do with title I loans and I might not get a chance to ask you again. You know one of the great clamors now, and even mentioned in the President's message to Congress on housing, is housing for the aged.

Mr. MASON. Yes.

Mr. RAINS. There is a lot of talk about it.

I have thought, and want to know if you will agree with me, that a great many people who are old and left alone still want to live in their own home. I am thinking of widows, but they need a home in which an apartment can be built, so someone can live with them. This is a great segment of our aged population. I was surprised to find that in the present title I act, there is provision now, not only for repair of those homes, but for conversion of those homes into the type of situation which I just mentioned to you. Is the FHA making loans along that line now for the conversion of homes affecting old people?

Mr. MASON. Let me ask my title I man.

Mr. SWEET. We do not know what the percentage would be. We are making loans of that type. We do not know the use that they are put to, however.

Mr. RAINS. Don't you really believe that an expansion of title I with special emphasis put on the opportunity to convert a home for an elderly citizen to where they could have someone to live with them might help to solve the problem of housing for the aged?

Mr. MASON. I would agree with you, Congressman, that this idea of having someone live in an apartment in the house with the older person is an excellent proposal for that sort of thing.

Mr. RAINS. It is happening all over the country, and usually at the expense of some members of the family.

Mr. MASON. Whether it would be better to have it on such a short term financing program as title I, or whether it shouldn't be on a longer term—I lean always toward longer term financing and I don't think we need necessarily expect the aged person to get this house paid for within their lifetime, either.

Mr. RAINS. I agree with that. Of course I had the idea it might be well to expand the time and the amount of the loans to meet such conversions as I suggested.

Well, I will take no more time. Thank you.

The CHAIRMAN. Are there further questions?

Mr. MULTER. Mr. Chairman——

The CHAIRMAN. Mr. Multer.

Mr. MULTER. Mr. Mason, has there ever been a computation made of the maximum amount or the aggregate amount of loans made for so-called luxury items, such as swimming pools, and the like, before that part of the program was discontinued?

Mr. MASON. I do not believe—I would have to check certainly to be sure, but I do not believe, Mr. Multer, that we have made such a study.

Mr. MULTER. It has been the impression of many of us, even though we did consider it an abuse for the FHA to lend money for swimming pools and that sort of thing, nevertheless, that part took a small percentage of the total fund. I don't think we will find that that accounted for any substantial decrease in the amount of loans in the last 2 years, that is, title I loans. If you have any information to the contrary I am sure we would like to have it.

Mr. Mason, if this provision is enacted, won't the title I loans then for disaster purposes be in direct competition with the disaster loan program of the Small Business Administration?

Mr. MASON. They are now. They are now in competition. This just simply says that if you live in a new house you have the same privilege as a man who has lived in his house for 6 months to get such a loan.

I wouldn't say it was really in competition, because, as has been pointed out, the terms are very different on these loans than on the loans made by the Small Business Administration.

Mr. MULTER. Certainly nobody is going to pay 9.7 for a loan that he can get for 3 percent.

Mr. MASON. The fact that FHA does guarantee or insure these loans, which is what we do, insure them, I think proves that some people do do that.

Mr. MULTER. Do you think——

Mr. MASON. I am not too well posted on the small business program but I believe that these loans are not available unless you have been declined credit by some loaning institution.

Mr. MULTER. That is precisely the point I make. Even though there is no provision in the law that the disaster loan shall be approved only after the bank has turned it down, if we now enact this bill the policy board may very well adopt such a principle, and say that unless your local bank turns you down, we, SBA, will not make a disaster loan. Then when one goes to SBA and asks for a 3 percent loan, SBA will be able to say, "We are not going to give it to you because your local bank will lend it to you at 9.7" or more than 3 times what SBA is charging.

Mr. MASON. That is right.

Mr. MULTER. Do you think we ought to set up that kind of program in competition to what is designed to be a low-interest rate disaster program to help out a fellow who met with an unfortunate disaster? Aren't we going to create the situation that the loans will have to be made under title I, rather than the disaster loan fund? The banks are very happy to get this kind of business when guaranteed and with a 9.7 rate.

Mr. MASON. I just want to say again that we are only putting the man with the new house in the same position as the man with the existing house. The program already does exist where a man who has lived for 6 months in his house is eligible for a modernization and repair loan under title I.

Mr. MULTER. Up to the present time Congress is in the position to say to SBA and to the Loan Policy Board, "When we set up this disaster loan program, we set it up in lieu of a title I program, so that the man can get a low-rate long-term loan," but if we come along after we increase the amount of the disaster loan program, and after having made the changes we did in the law so as to liberalize the disaster loan program, we now come along with something like this, that may cause the Loan Policy Board to say, "Go to the local bank and pay them 9.7 for 3 years as against paying SBA 3 points for 10 years."

Mr. MASON. That is correct. Your assumption is correct.

Mr. MULTER. Now as a matter of fact, if a man needed a thousand dollars for his house today, to repair something on account of disaster, and he took the title I loan, he would have to pay back the whole amount in 3 years at the rate of \$32 a month. Take the man who has just bought a \$15,000 house. He has not only bought the house and made his downpayment, obligated himself for his monthly payments, he has gone out and bought the necessary things to make it a comfortable place to live in, and most of it also on the installment plan, and he has just about got as much as he can stand and pay for month by month, and if it is too high, you will turn him down.

The bank will turn him down.

Under your regulations he should be turned down.

Mr. MASON. Yes.

Mr. MULTER. He is struck with this disaster and must take a loan of another thousand dollars and pay \$32 a month on that thousand dollar loan for a 3-year period. It would be a little less if it is a 5-year period, if we should change it to 5 years.

Mr. MASON. Yes.

Mr. MULTER. That man probably won't lose his house if he takes the loan under the disaster loan program, even if we assume not a 20-year term, but a 10-year loan at 3 percent. That SBA loan he would pay back at the rate of \$8 per month, and it would make that guaranteed FHA loan or VA loan a sounder loan.

Mr. MASON. Can I just add one thing to what you have said, and that is, the individual who is this close, would not be available for a title I loan, because of his credit standing. This program is for the person who has credit. The businessman who owns this house and owns a business and has something in the world and is not right up—and there are some of these, although lots of our people are pretty close to the cushion—but who has something and who wants to do it this way rather than with a direct loan from Government.

Mr. MULTER. Is it fair for us to say the disaster loan should only be for the fellow who can qualify for a business loan? We did not write the law on that basis. We wrote it on the basis that when a man suffers a disaster he should be able to go to this agency and get the disaster loan, regardless of financial resources. Of course, having in mind his ability to pay back, but we do not expect it to be a bankable loan. The standards we set up for the disaster loan are entirely different than those for a business loan.

Mr. MASON. The idea of this part of our program was for the person who could get a bankable loan and might wish to do it that way. Now, I grant you that it is always desirable to get money for less. We are all in that category, but there are people who can afford it, who would perhaps rather have the loan from their own institution, than they would from the Federal Government.

Mr. MULTER. I think when it comes to that situation they can go to the banks that are not using title I. I think you said some of the banks are making this type loan without the guaranty and are charging more than permitted to be charged under title I. I know that there are at least four of the larger banks in New York City that are charging less than title I permits, and not only charging less so far as interest is concerned, but including in their charges an insurance policy, which pays the loan up in the event of death of the home owner. That, of course, is a lot less than the maximum fixed for the title I program. As long as we have bankers who are making that kind of loan, I don't think we should change title I so as to put it into direct competition with the disaster-loan program.

Mr. MASON. This condition has existed in New York City for a long time with banks there making loans at less—making FHA loans, if you please, at less than the maximum rate. We have been very proud of these institutions and believe they are doing an excellent job for the American economy, but they are very few in number. This is a big country. Unfortunately, most of the lenders feel they need the higher return on their capital.

Mr. MULTER. I believe we should give the people every opportunity to carry on as they desire, but I feel very strongly that this is going to be an overriding of the principles we wrote into the disaster-loan program, at least someone might interpret it that way.

I do not think it should be done.

Do you know of anybody who has been turned down for a disaster loan in any of these areas where they might use this new facility, if we changed the law as recommended by you?

Mr. MASON. We are told by lending institutions there that they would like to present loans for insurance on this basis.

Mr. MULTER. You do not know of any disaster loans that were turned down in those areas?

Mr. MASON. I do not, no, sir.

Mr. MULTER. Except for the 6-month limitation, you cannot think of any kind of a loan or a loan for any type of repair or improvement that might not qualify under the disaster loan program that would qualify under this program, can you?

Mr. MASON. No.

Mr. MULTER. In other words, if the roof is blown off my house, whether it is 6 months old or 6 years old, I must put on a new roof. Under either of these programs I can qualify for a loan.

Mr. MASON. Yes.

Mr. MULTER. Thank you.

The CHAIRMAN. Are there any further questions?

Mr. O'HARA. Mr. Chairman.

The CHAIRMAN. Mr. O'Hara.

Mr. O'HARA. If I understand correctly, if one has had ownership for a period of 6 months he is now eligible under the title I repair assistance provision.

Mr. MASON. If one has owned a house for 6 months, they can get a loan, yes.

Mr. O'HARA. All you are seeking to do now is to give the same eligibility to one who has suffered a disaster, but has only owned the house for 5 months, 29 days, or less.

Mr. MASON. Yes, Congressman.

Mr. O'HARA. This has no bearing upon the interest rate or any other feature, other than the extension of eligibility to those victims of a disaster, who have been in the status of home ownership for a period of less than 6 months. In other words, as far as this provision is concerned, it places all victims of a declared disaster on the same basis.

Mr. MASON. Yes.

Mr. O'HARA. Is that substantially what the bill does?

Mr. MASON. That is correct.

The CHAIRMAN. Are there any further questions?

(No response).

The CHAIRMAN. If not, you may stand aside, Mr. Mason. We are glad to have your views.

Mr. MASON. Thank you.

I appreciate the privilege of appearing before the committee.

(Whereupon, at 11:03 a. m., the committee proceeded to further business.)

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