

UNITED STATES

*Congress*



OF AMERICA

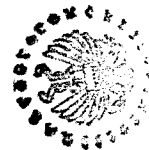
# Congressional Record

PROCEEDINGS AND DEBATES OF THE 94<sup>th</sup> CONGRESS  
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military forces of the United States, of an associate nation, or of the enemy; (2) civilian or military catastrophe; or (3) any other matter of fact that, if believed, would be likely to affect the strategy or tactics of the military forces of the United States or would be likely to create general panic or serious disruption". The first amendment problem here is the danger of political prosecutions. This danger was recognized by Justice Holmes and Brandeis in their dissent in *Pierce v. United States* which affirmed the convictions of Socialist Party members in 1920 who distributed some 5,000 copies of an anti-war leaflet. The present version of the bill adopts the Holmes-Brandeis view that convictions under this section can only be sustained if the statements were, in fact, false and not expressions of opinion. The amendment that I am offering today, however, would go beyond this and require that the government show, as an element of the offense, that the defendant specifically knew that the information in this category was false when he communicated it. The government must have the ability, in time of war, to apprehend individuals who are knowingly publicizing false information concerning military matters, but the reach of the statute must be carefully circumscribed because of its closeness to rights protected under the first amendment. I believe that this amendment will provide such protections.

#### IMPAIRING MILITARY EFFECTIVENESS

Section 1112 of the proposed bill punishes as a felony anyone who "in reckless disregard of the risk that his conduct might impair, interfere with, or obstruct the ability of the United States or an associate nation to prepare for or to engage in war or defense activities, he engages in conduct (which) . . . damages, tampers with, contaminates, defectively makes, or defectively repairs . . . any property which (is) used in, or is particularly suited for use in, the national defense." Although this does not depart from present law, it has the potential for vast abuse in unstable times. I do not believe that reckless conduct should constitute a serious criminal offense when it involves property, even if that property can somehow be related to the national defense. Accordingly, I will move to strike this section in its entirety. If sabotage is intentional, it will be punished under Section 1111. In addition, there are provisions in Chapter 17 of the bill which punish as a Class A misdemeanor the destruction of government property.

#### OBSTRUCTING A GOVERNMENT FUNCTION BY PHYSICAL INTERFERENCE

This section again raises serious First Amendment concerns. As the bill now reads, it is a Class A misdemeanor for a person to "intentionally obstruct, impair, or pervert a government function by means of physical interference or obstacle." One of the most fundamental and cherished rights under the First Amendment is, of course, the right of peaceable assembly. Accordingly, any criminal offense which touches on this right must be closely circumscribed. The amendment I am recommending would add two additional clauses to this section. The first would provide a defense that would require the court to affirmatively determine that the physical interference charged was not a lawful assembly protected under the First Amendment. The second would narrow the definition of "interference" to require that the conduct disrupts an "essential" government function for a prolonged period, and in a "substantial" way.

#### INTERCEPTING CORRESPONDENCE

Several witnesses before the Criminal Laws Subcommittee also raised questions touching on the first amendment with regard to Section 1523 of the draft code which punishes anyone who intentionally "intercepts, opens, or reads private correspondence without prior

consent." Although this section was designed only to cover actual tampering with the mails, the use of the term "reads" is overly broad. Accordingly, my amendment would limit the offense to one who "intercepts or opens private correspondence in transit."

#### DEMONSTRATING TO INFLUENCE A JUDICIAL PROCEEDING

This is still another section of the bill which raises serious first amendment concerns. The judicial process should, of course, be protected from undue influence. These protections must not, however, be allowed to infringe on the protected right of assembly. The draft of Section 1328 currently penalizes as a Class B misdemeanor one who "with intent to influence another person in the discharge of his duties in a judicial proceeding, pickets, parades, displays a sign, uses a sound amplifying device, or otherwise engages in a demonstration in, on the grounds of, or after notice of potential violation of this section, within 200 feet of . . . a courthouse or another building occupied by a person engaged in the discharge of judicial duties."

The amendment I offer will require a specific finding by the court that the conduct involved was not protected under the First Amendment and, in addition, would require a showing by the government that the conduct did, in fact, pose a serious threat to the integrity of the judicial process.

#### CRIMINAL CONTEMPT

In the common law, a judicial officer had virtually unlimited power to punish summarily any person in his courtroom whose conduct he did not like. The Congress has imposed some restraints on this power, as in Section 401 of Title 18 passed in 1831, but it remains today a glaring exception to normal due process requirements. Section 1331 codifies current law in limiting summary contempt power to a maximum penalty of six months. The draft also imposes restrictions on consecutive sentences. While it is obviously necessary for a judicial officer to be able to exercise some control over those who are participating in the judicial process, there is an obvious danger in such unbridled power. Accordingly, the amendment I am recommending would restrict summary contempt to an infraction (five days). Several other subsections of Chapter 13 including 1333—Refusing to Testify or to Produce Information; 1334—Obstructing a Proceeding by Disorderly Conduct; and 1335—Disobeying a Judicial Officer, seem to adequately cover serious disruption of the judicial process. The amendment also has the salutary result of interposing an impartial tribunal between the offending defendant and the offended judge prior to the imposition of an extended jail term. This was an alternative solution suggested by the Brown Commission.

In addition, the amendment I am recommending to the Committee would adopt language from Mr. Justice Black's opinion in *In Re McConnell* and require that the government show there was, in fact, an "actual obstruction of justice."

#### REFUSING TO TESTIFY BEFORE CONGRESS

The lawful committees of the Congress must, in order to properly fulfill their public duties, have the right to compel testimony. History has shown us, however, that on a few occasions this power can be subject to abuse. The draft provisions of the code raise the penalty for such refusal from a misdemeanor, as in current law, to a Class E felony. Because of the possibility of abuse, I do not believe that this increase is justified. Thus, the amendment I will propose will reduce this offense to a Class A misdemeanor.

#### SIGMUND ARYWITZ, IN MEMORIAM

Mr. TUNNEY. Sigmund Arywitz was known as Siggy.

He was beloved in California as a persuasive crusader for human rights and personal dignity for all Americans.

He spoke with gentle voice but with booming convictions on America and the principles of individual freedom and self-worth on which the Nation stands.

Siggy shall be sorely missed.

As executive secretary for the Los Angeles Federation of Labor since 1967, he fought for the right of working men and women to get, what he called, "their fair share of the economic system."

But he was more than a forceful labor leader.

Siggy was a person of cultivated taste and exceptional insight into all the elements that join to strengthen the community and unify our society.

He had great wisdom and compassion, and tireless energy, and he gave selflessly of his time and his talents not only to the labor movement, but to the community at large.

I enjoyed his vigorous advocacy, admired his drive and his intellect, and I was shocked at his unexpected death on Tuesday.

Siggy was born in Buffalo, N.Y., took his degree from university there, served with the Army in World War II, then settled in California.

From 1949 to 1959, he was a director for the Pacific Region of the International Ladies Garment Workers. He then became a labor commissioner for California until he became the executive secretary of the Los Angeles Federation, second only in size to the one in Los Angeles.

From time to time, he and I disagreed, and I shall always respect his unflinching civility and meticulous attention to detail when he argued for his views.

Sigmund Arywitz invariably was forthright and always incisive.

Organized labor has lost a great advocate; California and the Nation have lost a vigorous champion for social progress; and those of us who knew him have lost an esteemed friend.

#### FORECLOSURE RELIEF PROGRAM DEFICIENCIES

Mr. MONDALE. Mr. President, the Congress has passed and, on July 2, 1975, the President signed into law the Emergency Homeowners' Relief Act. That act contained a mechanism for providing emergency payments to homeowners faced with foreclosure due to unemployment.

As the author and original sponsor of legislative proposals to provide foreclosure relief to citizens faced with the threat of the loss of their homes, I anxiously awaited HUD's first report to Congress under the act.

That report has now arrived, Mr. President, and it is truly disappointing. HUD has failed to implement the foreclosure relief program. And, Mr. President, it now appears a reasonable possibility that it may never be implemented.

After President Ford chose to veto the original Housing bill passed by Congress, which I enthusiastically supported, and efforts to override the veto failed, Congress passed compromise legislation which was acceptable to the White House.

That legislation, which became Public Law 94-50, gave the Secretary of Housing and Urban Development standby authority to provide emergency relief payments to homeowners faced with foreclosure. The legislation also required the Secretary to report to Congress within 60 days on certain specific subjects.

The Secretary was required, among other things, to report to Congress on "actions taken and actions likely to be taken with respect to making assistance under this title available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures."

In the report, the Secretary does report on the steps she has taken. She has appointed a "task force of senior staff members" to develop a proposal for implementation of the relief program. The task force has reported, and the Secretary has proposed regulations which would implement the relief program.

Unfortunately, Mr. President, the Secretary's proposals are woefully deficient. First, in attempting to determine whether the emergency payments should begin, the Secretary has chosen to measure the extent of foreclosures on a national basis.

Whatever this measure may reveal about the national problem, it totally ignores pockets of severe foreclosure levels on a regional and local level.

There are dozens of areas and specific cities where foreclosure rates are running greatly above the national levels. In these locations, thousands of families are losing their shelter. Elderly citizens living on fixed incomes cannot meet mortgage payments. Young couples who purchased homes when mortgage interest rates were extremely high are losing those homes.

The Secretary's measure of the foreclosure problem ignores these pockets of foreclosure misery.

In addition, Mr. President, the Secretary has adopted a "trigger" mechanism for the implementation of the relief program which is totally unrealistic and unlikely ever to be met.

Using a complicated formula based on "a weighted average of delinquency rates published by the Veterans' Administration, the Mortgage Bankers Association of America, the American Life Insurance Association, the National Association of Mutual Savings Banks, and the U.S. League of Savings Associations," the Secretary has developed an index designed to measure the foreclosure rate.

Having developed the index, the Secretary finds the March 1975 foreclosure rate at 1.10 percent. Then, she proceeds to propose that relief payments begin when the index hits 1.20 percent.

Why the Secretary selected this level is far from clear. Why the Secretary chose to ignore the upward trend in foreclosures over the past few years is unclear.

The fact remains, however, that the "trigger" level will postpone implementation of this program, possibly for many

months. In the meantime, thousands of Americans will lose their homes, thousands of families will be without shelter, and thousands of dreams will be shattered because the Secretary has concluded that "under present conditions voluntary forbearance is preferable—to the standby programs authorized by the act."

Once again, the Ford administration has shown its unwillingness to help the victims of unemployment. Once again it has shown a lack of compassion for those hurt most by this Nation's economic distress.

I wish, Mr. President, that the President could read the letters I have received from frantic Minnesotans, and citizens through the country, who are about to lose their homes. They cannot meet their mortgage payments because they are unemployed. Most are unemployed through no fault of their own.

Apparently, the White House will only help these people when matters become worse. This is indeed a sad day for the American homeowner.

Mr. President, I ask unanimous consent that a copy of the Emergency Homeowners' Relief Act and a copy of the introductory pages from the Secretary's first report to the Congress be printed in the RECORD.

There being no objection, the act and introductory pages were ordered to be printed in the RECORD, as follows:

PUBLIC LAW 94-50, 94TH CONGRESS, H.R. 5398

An Act to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SHORT TITLE

SECTION 1. That this Act may be cited as the "Emergency Housing Act of 1975".

#### TITLE I—EMERGENCY MORTGAGE RELIEF

#### SHORT TITLE

SEC. 101. This title may be cited as the "Emergency Homeowners' Relief Act".

#### FINDINGS AND PURPOSE

SEC. 102. (a) The Congress finds that—

(1) the Nation is in a severe recession and that the sharp downturn in economic activity has driven large numbers of workers into unemployment and has reduced the incomes of many others;

(2) as a result of these adverse economic conditions the capacity of many homeowners to continue to make mortgage payments has deteriorated and may further deteriorate in the months ahead, leading to the possibility of widespread mortgage foreclosures and distress sales of homes; and

(3) many of these homeowners could retain their homes with temporary financial assistance until economic conditions improve.

(b) It is the purpose of this title to provide a standby authority which will prevent widespread mortgage foreclosures and distress sales of homes resulting from the temporary loss of employment and income through a program of emergency loans and advances and emergency mortgage relief payments to homeowners to defray mortgage expenses.

#### MORTGAGES ELIGIBLE FOR ASSISTANCE

SEC. 103. No assistance shall be extended with respect to any mortgage under this title unless—

(1) the holder of the mortgage has indicated to the mortgagor its intention to foreclose;

(2) the mortgagor and holder of the mortgage have indicated in writing to the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") and to any agency or department of the Federal Government responsible for the regulation of the holder that circumstances (such as the volume of delinquent loans in its portfolio) make it probable that there will be a foreclosure and that the mortgagor is in need of emergency mortgage relief as authorized by this title, except that such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this title;

(3) payments under the mortgage have been delinquent for at least three months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor.

#### LIMITS OF ASSISTANCE

SEC. 104. (a) Assistance under this title with respect to a mortgage which meets the requirements of section 103 may be provided in the form of emergency mortgage relief loans and advances of credit insured pursuant to section 105 or in the form of emergency mortgage relief payments made by the Secretary pursuant to section 106.

(b) Assistance under this title on behalf of a homeowner may be made available in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the homeowner's mortgage, but such assistance shall not exceed the lesser of \$250 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

(c) Monthly payments may be provided under this title either with the proceeds of an insured loan or advance of credit or with emergency mortgage relief payments for up to twelve months, and, in accordance with criteria prescribed by the Secretary, such monthly payments may be extended once for up to twelve additional months. A mortgagor receiving the benefit of mortgage relief assistance pursuant to this title shall be required, in accordance with criteria prescribed by the Secretary, to report any increase in income which will permit a reduction or termination of such assistance during this period.

(d) Emergency loans or advances of credit made and insured under section 105, and emergency mortgage relief payments made under section 106, shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on a loan or advance of credit insured under section 105 or emergency mortgage relief payments made under section 106 shall not be charged at a rate which exceeds the maximum interest rate applicable with respect to mortgages insured pursuant to section 203(b) of the National Housing Act.

(e) The Secretary may provide for the deferral of the commencement of the repayment of a loan or advance insured under section 105 or emergency mortgage relief payments made under section 106 until one year following the date of the last disbursement of the proceeds of the loan or advance or payments or for such longer period as the Secretary determines would further the pur-

pose of this title. The Secretary shall by regulation require such security for the repayment of insured loans or advances of credit or emergency mortgage relief payments as he deems appropriate and may require that such repayment be secured by a lien on the mortgaged property.

#### EMERGENCY MORTGAGE RELIEF LOANS AND ADVANCES

SEC. 105. (a) The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to insure banks, trust companies, finance companies, mortgage companies, savings and loan associations, insurance companies, credit unions, and such other financial institutions, which the Secretary finds to be qualified by experience and facilities and approves as eligible for insurance, against losses which they may sustain as a result of emergency loans or advances of credit made in accordance with the provisions of section 104 and this section with respect to mortgages eligible for assistance under this title.

(b) In no case shall the insurance granted by the Secretary under this section to any financial institution on loans and advances made by such financial institution for the purposes of this title exceed 40 per centum of the total amount of such loans and advances made by the institution, except that, with respect to any individual loan or advance of credit, the amount of any claim for loss on such individual loan or advance of credit paid by the Secretary under the provision of this section shall not exceed 90 per centum of such loss.

(c) The Secretary is authorized to fix a premium charge or charges for the insurance granted under this section, but in the case of any loan or advance of credit, such charge or charges shall not exceed an amount equivalent to one-half of 1 per centum per annum of the principal obligation of such loan or advance of credit outstanding at any time.

(d) The Secretary is authorized and empowered to waive compliance with any rule or regulation prescribed by the Secretary for the purposes of this section if, in the Secretary's judgment, the enforcement of such rule or regulation would impose an injustice upon an insured lending institution which has substantially complied with such regulations in good faith. Any payment for loss made to an insured financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period. The Secretary is authorized to transfer to any financial institution approved for insurance under this title any insurance in connection with any loan which may be sold to it by another insured financial institution.

(e) The aggregate amount of loans and advances insured under this section shall not exceed \$1,500,000,000 at any one time.

#### EMERGENCY MORTGAGE RELIEF PAYMENTS

SEC. 106. (a) In the case of any mortgagee which would otherwise be eligible to participate in the program authorized under section 105 but does not qualify for an advance or advances as authorized by section 113 of this title or under section 10, 10b, or 11 of the Federal Home Loan Bank Act or otherwise elects not to participate in the program authorized under section 105, the Secretary is authorized to make repayable emergency mortgage relief payments directly to such mortgagee on behalf of homeowners whose mortgages are held by such financial institution and who are delinquent in their mortgage payments.

(b) Emergency mortgage relief payments shall be made under this section only with respect to a mortgage which meets the requirements of section 103 and only on such terms and conditions as the Secretary may prescribe, subject to the provisions of section 104.

(c) The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments provided under this section as he deems appropriate to facilitate the prompt and efficient implementation of the assistance authorized under this section.

#### EMERGENCY HOMEOWNERS' RELIEF FUND

SEC. 107. (a) (1) To carry out the purposes of this title, the Secretary is authorized to establish in the Treasury of the United States an Emergency Homeowners' Relief Fund (hereinafter in this title referred to as the "fund") which shall be available to the Secretary without fiscal year limitation—

(A) for making payments in connection with defaulted loans or advances of credit insured under section 105 of this title;

(B) for making emergency mortgage relief payments under section 106 of this title;

(C) to pay such administrative expenses (or portion of such expenses) of carrying out the provisions of this title as the Secretary may deem necessary.

(2) The fund shall be credited with—

(A) all amounts received by the Secretary as premium charges for insurance or as repayment for emergency mortgage relief payments under this title and all receipts, earnings, collections, or proceeds derived from any claim or other assets acquired by the Secretary under this Act; and

(B) such amounts as may be appropriated for the purposes of this title.

#### AUTHORITY OF THE SECRETARY

SEC. 108. (a) The Secretary is authorized to make such rules and regulations as may be necessary to carry out the provisions of this title.

(b) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real or other property by the United States, the Secretary shall have power, for the protection of the interest of the fund authorized under this title, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by the Secretary as a result of recoveries under security, subrogation, or other rights.

(c) In the performance of, with respect to, the functions, powers, and duties vested in the Secretary by this title, the Secretary shall—

(1) have the power, notwithstanding any other provision of law, whether before or after default, to provide by contract or otherwise for the extinguishment upon default of any redemption, equitable, legal, or other right, title in any mortgage, deed, trust, or other instrument held by or held on behalf of the Secretary under the provisions of this title; and

(2) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon the Secretary by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which assistance has been provided pursuant to this title. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary also shall have power to pursue to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or

other rights obtained by him in administering this title.

#### AUTHORIZATION AND EXPIRATION DATE

SEC. 109. (a) There are authorized to be appropriated for purposes of this title such sums as may be necessary, except that the funds authorized to be appropriated for section 106 shall not exceed \$500,000,000. Any amounts so appropriated shall remain available until expended.

(b) No loans or advance of credit shall be insured and no emergency mortgage relief payments made under this title after June 30, 1976, except if such loan or advance or such payments are made with respect to a mortgagor receiving the benefit of a loan or advance insured, or emergency mortgage relief payments made, under this title on such date.

#### NOTIFICATION

SEC. 110. (a) Until one year from the date of enactment of this title, each Federal supervisory agency with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagees, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forbearance in residential mortgage loan foreclosures, and (2) request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor, at least thirty days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this title the term "Federal supervisory agency" means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration.

#### REPORTS

SEC. 111. Within sixty days after enactment of this title and within each sixty-day period thereafter prior to July 1, 1976, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purposes of this title is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forbearance by mortgagees in such housing market areas; (3) actions being taken by governmental agencies to encourage forbearance by mortgagees in such housing market areas; (4) actions taken and actions likely to be taken with respect to making assistance under this title available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full consideration the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

#### NONAPPLICABILITY OF OTHER LAWS

SEC. 112. Notwithstanding any provision of law which limits the nature, amount, term, form, or rate of interest, or the nature, amount, or form of security of loans or advances of credit, loans, or advances of credit may be made in accordance with the provisions of this title without regard to such provision of law.

FEDERAL DEPOSIT INSURANCE CORPORATION  
ADVANCES

SEC. 113. Notwithstanding any other provision of law, the Federal Deposit Insurance Corporation is authorized, upon such terms and conditions as the Corporation may prescribe, to make such advances to any insured bank as the Corporation determines may be necessary or appropriate to facilitate participation by such bank in the program authorized by this title. For the purpose of obtaining such funds as it determines are necessary for such advances, the Corporation may borrow from the Treasury as authorized in section 14 of the Federal Deposit Insurance Act (12 U.S.C. 1824; 64 Stat. 890), and the Secretary of the Treasury is authorized and directed to make loans to the Corporation for such purpose in the same manner as loans may be made for insurance purposes under such section, subject to the maximum limitation on outstanding aggregate loans there provided.

TITLE II—AMENDMENTS TO THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

ACTIVATION OF PROGRAM

Sec. 201. Section 313(a) (1) of the National Housing Act is amended by inserting "or other economic conditions" immediately after "governmental actions".

LIMITATION ON INTEREST RATE

Sec. 202. Section 313(b) (C) of the National Housing Act is amended to read as follows:

"(C) such mortgage involves an interest rate not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, but in no event shall such rate exceed the lesser of (i) 7½ per centum per annum, or (ii) the rate set by the Secretary applicable to mortgages insured under section 203(b) of the National Housing Act, and no State or local usury law or comparable law establishing interest rates or prohibiting or limiting the collection or amount of discount points or other charges in connection with mortgage transactions or any State law prohibiting the coverage of mortgage insurance required by the Association shall apply to transactions under this section;"

GUARANTEE AUTHORITY

Sec. 203. Section 313(d) (1) of the National Housing Act is amended—

(1) by striking out "purchased" in the first sentence and inserting "eligible for purchase" in lieu thereof; and

(2) by inserting after the first sentence the following: "Such securities shall bear interest at a rate equal to the rate on the underlying mortgages less an allowance for servicing and other expenses as approved by the Association."

FEDERAL FINANCING BANK FINANCING

Sec. 204. Section 313(d) (2) of the National Housing Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Association may offer and sell any mortgages purchased or securities guaranteed under this section to the Federal Financing Bank, and such Bank is authorized and directed to purchase any such mortgages or securities offered by the Association."

COVERAGE OF MULTIFAMILY AND CONDOMINIUM UNITS

Sec. 205. Section 313 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(h) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, a mortgage which covers more than four-family residences (including residences in a cooperative or condominium), or a single-family unit in a condominium, and which is not insured under the National

Housing Act or guaranteed under chapter 37 of title 38, United States Code, if—

"(1) in the case of a project mortgage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of (A) the per unit amount specified in subsection (b) (B), or (B) the per unit limitations specified in section 207 of this Act in the case of a rental project or section 213 of this Act in a case of a cooperative project, or section 234 in the case of a condominium project;

"(2) in the case of a mortgage covering a housing project, the outstanding principal balance of the mortgage does not exceed 75 per centum of the value of the property securing such mortgage or is insured by a qualified private insurer or public benefit corporation created by the State which acts as an insurer as determined by the Association;

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified private insurer or public benefit corporation created by the State which acts as an insurer as determined by the Association or has an outstanding principal balance which does not exceed 80 per centum of the value of the property securing the mortgage;

"(4) the mortgage is not being used to finance the conversion of an existing rental housing project into a condominium project or to finance the purchase of an individual unit in a condominium project in connection with the conversion of such project from rental to condominium form of ownership; and

"(5) the mortgage meets the requirements of subsection (b) except as modified by this subsection and any additional requirements the Secretary may prescribe to protect the interest of the United States or to protect consumers."

AUTHORIZATION

Sec. 206. Section 313(g) of the National Housing Act is amended by adding the following at the end thereof: "Such total amount shall be increased on or after the date of enactment of the Emergency Housing Act of 1975, by such amount as is approved in an appropriation Act, but not to exceed \$10,000,000,000, and the Association shall not issue obligations pursuant to this section utilizing authority which is conferred by this sentence or which is conferred by the first sentence of this subsection but uncommitted on October 18, 1975, except as approved in appropriation Acts."

EXTENSION

Sec. 207. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended—

(1) by striking out "for a period of one year following such date of enactment" and inserting in lieu thereof "until July 1, 1976"; and

(2) by striking out "the expiration of such period" each place it appears and inserting in lieu thereof "such date".

TITLE III—EMERGENCY REPAIR AND REHABILITATION AUTHORITY

Sec. 301. (a) Section 312(h) of the Housing Act of 1964 is amended by striking out "one-year" and inserting in lieu thereof "two-year".

(b) Section 312(d) of such Act is amended by inserting "ending prior to July 1, 1975, and not to exceed \$100,000,000 for the fiscal year beginning on July 1, 1975," after "each fiscal year".

Sec. 302. Section 518(b) of the National Housing Act is amended—

(1) by striking out "one or two" and inserting in lieu thereof "one, two, three, or four"; and

(2) by striking out "one year" the second time it appears in clause (1) of the first sentence of such section and inserting in lieu thereof "19 months".

Sec. 303. Section 202(b) of the Flood Dis-

aster Protection Act of 1973 is amended by inserting before the period at the end thereof of a comma and the following: "except that the prohibition contained in this sentence shall not apply to any loan made prior to January 1, 1976, to finance the acquisition of a previously occupied residential dwelling".

FIRST REPORT TO THE CONGRESS ON THE EMERGENCY HOMEOWNERS' RELIEF ACT

I. INTRODUCTION

Section 111 of the Emergency Homeowners' Relief Act ("the Act"), signed by the President on July 2, 1975, requires that the Secretary of Housing and Urban Development report to Congress within sixty days after enactment and within each sixty-day period thereafter. This is the first such report.

The Act is premised on a Congressional finding that current economic conditions, including the high level of unemployment and reduced incomes, have reduced the capacity of many homeowners to continue to make mortgage payments. The Congress further determined that the capacity of homeowners to make such payments may deteriorate further in the months ahead, possibly leading to widespread mortgage foreclosures and distress sales of homes. To prevent such widespread foreclosures and distress sales, the Act directs HUD and the Federal agencies which supervise lending institutions to encourage forbearance in residential mortgage loan foreclosures. In addition, the Act provides standby authority for assistance to homeowners suffering from temporary loss of employment and income through programs of emergency loans and advances and emergency mortgage relief payments.

On July 11, 1975, after consultation within the Department, the Secretary established a task force of senior staff members to coordinate with other Federal agencies and to design the procedures for implementing the standby programs authorized by this Act. This report, which reflects the efforts of the task force, includes a description of the actions which HUD and the Federal supervisory agencies have taken or intend to take to encourage voluntary forbearance, a tentative description of standby mortgage relief programs, and a discussion specifically addressing the items enumerated in Section 111 of the Act.

The Department believes that under present conditions voluntary forbearance is preferable, as a method of preventing widespread foreclosures, to the standby programs authorized by the Act. Based on the evidence discussed below, it is the Department's view that such voluntary forbearance has prevented widespread residential mortgage loan foreclosures. It is not clear whether this voluntary forbearance is the result of governmental action or simply reflects a prudent judgment on the part of lenders that their interests are better served by forbearing when a temporarily unemployed or underemployed borrower shows promise of being able eventually to become current on his mortgage.

The task force has developed a measure of mortgagor distress which would indicate when voluntary forbearance will no longer suffice. If this index should show a danger of widespread foreclosures and if consultation with other Federal agencies should confirm this danger, the Secretary would implement the standby programs described in this report.

MARTINA NAVRATILOVA AT FOREST HILLS

Mr. KENNEDY. Mr. President, one of the most dramatic moments of the U.S. Open Tennis Championships at Forest Hills this year took place off the playing courts—the decision of Martina Navrati-