

UNITED STATES  
Congress



OF AMERICA

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 94<sup>th</sup> CONGRESS  
FIRST SESSION

VOLUME 121—PART 3

FEBRUARY 6, 1975 TO FEBRUARY 21, 1975

(PAGES 2629 TO 3972)

grants to States having a plan approved under section 526 for the establishment and operation of mobile health care facilities.

"(b) Payments pursuant to grants made under this section may be in advance or by way of reimbursement and in such installments as the Secretary shall prescribe by regulation.

#### "OPERATION OF STATE PLANS

"SEC. 528. (a) The Secretary shall review periodically the eligibility of all counties in each State and notify the appropriate State agency of changes in the eligibility of each such county to participate in the program established under this part. Each county that is an eligible county (and is participating in the program established under this part) whose child health care ratio is found to exceed the limit established by the Secretary shall continue to be an eligible county and may continue to participate in the program established under this part for not more than one year after notice of ineligibility has been transmitted to the State agency.

"(b) If the Secretary, after reasonable notice and opportunity for hearing to the State agency supervising the administration of the State plan approved under this section, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 526(a); or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision; or

"(3) that an eligible county within the State is not included within the State plan; the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"(c) Whenever any State desires a modification of the State plan in order to reduce the scope or extent of the care and services provided by a mobile health care team under such plan, or to terminate any of the care and services so provided, the Secretary shall, upon application of the State, approve any such modification only if such modification does not violate any of the provisions of section 526(a) or any existent regulation established pursuant thereto.

#### "DEFINITIONS

"SEC. 529. When used in this part—

"(a) The term 'State' means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa.

"(b) The term 'county' includes a political subdivision of a State formally denominated as a county, parish, or other similar unit.

"(c) The term 'child health care provider' means a pediatrician and such other health care personnel as the Secretary shall designate by regulation after consultation with recognized authorities in, and Federal agencies concerned with, child health care.

"(d) The term 'child health care ratio' means the proportion of child health care providers in a State per 100,000 population under 18 years of age in such State.

"(e) The term 'eligible county' means (1) a county in which there is not located a practicing pediatrician, or (2) a county whose proportion of child health care providers to population under 18 years of age is less than the child health care ratio as defined in subsection (d).

"(f) The terms 'pregnant and lactating women', 'infants', and 'supplemental foods' shall have the same meanings when used in

this part as such terms are defined in section 17 of the Child Nutrition Act of 1966, as amended.

#### "REPORTS

"SEC. 530. The Secretary shall evaluate annually the operations and accomplishments of the mobile teams in terms of extending child and maternal health care to areas with few primary child health care providers and achieving the purposes of this part. The Secretary shall report his findings together with any recommendations to the President and the Congress not later than March 1 of each year."

(b) Title V of the Social Security Act is further amended by inserting "PART A—GENERAL SERVICE PROGRAMS" immediately below the caption of such title.

#### TRAINING OF PEDIATRIC NURSE PRACTITIONERS

SEC. 4. Section 511 of such Act is amended by inserting immediately before the period in the last sentence "and for the training of pediatric nurse practitioners."

#### PAYMENT FOR SERVICES RENDERED BY A PEDIATRIC NURSE PRACTITIONER

SEC. 5. (a) Section 1905(a) of such Act is amended by redesignating paragraph (17) as paragraph (18) and inserting after paragraph (16) the following new paragraph:

"(17) services rendered by a pediatric nurse practitioner;".

#### SERVICES FOR CRIPPLED CHILDREN

SEC. 6. (a) Section 505(a) (7) of such Act is amended to read as follows:

"(7) provides, with respect to the portion of the plan relating to services for crippled children—

"(A) for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services that are not already provided by mobile health care teams established pursuant to part B, and such treatment, care, and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

"(B) effective July 1, 1976, for comprehensive health care and services to prematurely born infants (as determined in accordance with standards prescribed by the Secretary) and full-term infants (as determined in accordance with standards prescribed by the Secretary) who have defects or conditions which are life threatening or handicapping and which can be corrected or ameliorated by health care services and other measures relating to the correction or amelioration of such defects or conditions, as may be provided in regulations of the Secretary; and

"(C) effective July 1, 1976, for comprehensive health care and services to children whose health is threatened or has been seriously impaired by major trauma, life-threatening illness, and other illnesses of a catastrophic nature, and for the provision of such care and services to all children in such age groups as may be prescribed in regulations of the Secretary except that effective by July 1, 1979, such care and services shall be provided to all children under age 6;".

#### MATERNAL AND CHILD HEALTH SERVICES

SEC. 7. Section 505(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (14);

(2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following:

"(16) effective July 1, 1977, provides, in the case of families with low income (as de-

termined by the State in accordance with criteria prescribed by the Secretary), for (A) comprehensive maternity care to prospective mothers (including prenatal care, care during and after childbirth, and inpatient hospital services related to such care), and (B) comprehensive medical health care for infants during the first year of life."

#### EFFECTIVE DATE

SEC. 8. The provisions of this Act shall become effective on July 1, 1975.

By Mr. MONDALE (for himself, Mr. BROOKE, and Mr. PHILIP A. HART):

S. 660. A bill to provide emergency relief respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes who are unable to amortize their debt elsewhere, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

#### HOMEOWNERS' LOAN ACT OF 1975

Mr. MONDALE. Mr. President, I am today introducing legislation which attempts to anticipate a possible tragedy for thousands of Americans and, most importantly, to avoid it. I am talking about the heartbreak of losing one's home. And, for literally thousands of Americans, that heartbreak may become a reality over the next several months.

As unemployment continues to increase, inflation continues at astronomic levels, and energy problems continue to take their toll in both prices and jobs, many Americans may find it increasingly difficult, and eventually impossible, to meet home mortgage payments. For these unfortunate citizens, a major investment—quite possibly the largest investment of their lifetime—will vanish, and their shelter will be suddenly gone.

So that the Federal Government, in anticipation of this possibility, may be ready to cope with this tragedy and aid families faced with mortgage foreclosure, I am today introducing standby legislation which would reactivate the Home Owners' Loan Corporation. The legislation is designed to become operative only when the foreclosure situation reaches crisis proportions and provides real help to those American families faced with the loss of their homes.

I am pleased to announce that this legislation is cosponsored by the distinguished Senator from Massachusetts (Mr. BROOKE) and the distinguished Senator from Michigan (Mr. PHILIP A. HART).

#### THE ORIGINAL HOMEOWNERS' LOAN CORPORATION

During 1932 and 1933, this Nation experienced a period of high unemployment. At the same time, the public exhibited a serious lack of confidence in existing property values. As a result of these two forces, the annual rate of real property foreclosures climbed to nearly 250,000. Most of the foreclosed properties were owner-occupied homes. And, surely, the foreclosures resulted from the inability of families, with the head of the household unemployed, to meet mortgage payments.

The foreclosures obviously exacerbated the economic hardships of the effected

families. In addition, they had a domino effect by collapsing real estate values and making lenders reluctant to finance new housing. The resultant inactivity in the construction industry further contributed to the depression of the entire economy.

Against this background, Congress enacted the Home Owners Loan Act of 1933. It directed the members of the Federal Home Loan Bank Board to establish the Home Owners' Loan Corporation and to serve as the Board of Directors of the HOLC. The HOLC represented an attempt to counteract mortgage foreclosures by allowing the HOLC to purchase mortgages from private lending institutions and to refinance the mortgages of homeowners faced with foreclosure, because of temporary financial hardship.

The HOLC was authorized to issue stock of up to \$200 million and up to \$2 billion in bonds. The bonds had the full faith and credit of the United States behind them, were tax-exempt, and were to bear interest at a rate of 4 percent or less.

The HOLC was authorized to exchange its bonds for home mortgages and other liens—such as tax liens—secured by real estate. A \$14,000 limitation—or 80 percent of the value of the property—was placed on the mortgage loan balance to be amortized over a 15-year period and could grant such extensions of time for payment as might prove necessary. The maximum interest rate on the refinanced mortgage would be 5 percent, which was significantly lower than the prevailing rate. The HOLC could also make cash loans to homeowners with debt-free homes who were faced with financial difficulties and possible loss of the home. Such loans could not exceed 50 percent of the appraised value of the property and bore an interest rate of 6 percent or less.

The Home Owners' Loan Corporation was established in June 1933 and eventually liquidated in March of 1951. It made, or acquired and refinanced about 1,016,000 mortgage loans; most during the first 3 years of its existence. The original aggregate amount of these loans totaled \$3,093,000,000. Only about 19 percent of the original loans ended in foreclosure. In the process of its operations, the HOLC helped about 800,000 homeowners save their homes. It also helped innumerable lending institutions from whom it acquired mortgages. By stemming the tide of foreclosures, it was also influential in stabilizing property values and in restoring the necessary confidence which led to an upturn in residential construction. When the HOLC discontinued operations in 1951, it had a net surplus of \$14 million.

#### THE NEED FOR THE HOLC TODAY

In December 1974, industrial production fell 2.8 percent. This decline followed a 4.6-percent decline in the previous 11 months. More than 7 million Americans are out of work, and leading economists are predicting another 1 million jobless Americans. In the automotive industry alone, there are more than 200,000 unemployed workers. This is more than one-third of the automobile workers. With housing starts down 50

percent from a year ago, 640,000 workers in the construction industry are without jobs.

Against the backdrop of high unemployment, we find a situation where, for millions of American homeowners families, mortgage payments are high in relation to income and savings. This predicament is particularly acute for young workers who acquired their homes in recent years at high prices with mortgage interest rates high. Unemployment rates among this group will be even higher than the national average, and their savings are frequently too small to permit them to meet mortgage payments over any extended period of unemployment.

There are also millions of elderly American homeowners who, although their homes may be debt-free, will find it extremely difficult to meet the cost of property taxes during a period of inflationary living costs. Their fixed incomes will simply be squeezed too far. Many will lose their homes to tax liens.

For millions of homeowners of all ages, the equity invested in their homes represent their greatest asset. Furthermore, almost all would have to pay more for housing in today's inflated market, if they were forced to live elsewhere. When the cruel arm of unemployment reaches into their homes, literally millions of Americans will find their shelter seriously threatened. They will have nowhere to turn, and nowhere to hide. Although many mortgages are insured, they are insured to protect the lender-mortgagor against loss, not usually the homeowner-mortgagor.

When the mortgage foreclosure rate on all properties reaches a level of five-tenths of 1 percent, it is estimated that the rate of foreclosures on one- to four-family properties would be approximately 100,000 per year—surely a critical situation. When and if such a situation occurs—and we have every reason to believe that it might—we should be prepared to help those families who face the possibility of a loss of their home.

#### A NEW HOLC

Mr. President, I am today introducing legislation designed to help these homeowners who face the possibility of the loss of their homes during a serious economic downturn. The bill establishes a new Home Owners' Loan Corporation, to come into being when and if the Federal Home Loan Bank Board index reaches the critical five-tenths of 1 percent level. The Board of Directors of the corporation will be the chairman of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs. The corporation will be empowered to issue stock and bonds at levels sufficient to serve its needs.

There are between 30 and 35 million owner-occupied one- to four-family homes in this country. More than 20 million of these homes are subject to outstanding mortgages.

According to a quarterly index published by the Federal Home Loan Bank Board, the mortgage foreclosure rate on all properties for the first three-quarters

of 1974 was approximately four-tenths of 1 percent. But, according to figures compiled by the Mortgage Bankers Association, the mortgage delinquency rate on one- to four-family properties—the most accurate measure of potential mortgage foreclosures on this class of properties—was 4.23 percent for the fourth quarter of 1974. In addition, seriously delinquent loans—those with two or more payments past due—are 1.20 percent. We are seeing a trend—an ominous trend toward mortgage foreclosure on a widespread basis for one- to four-family dwellings.

The new HOLC will have two, broad powers. First, it will be empowered to assist individuals and families, who have experienced a substantial loss of income as a result of unemployment, meet home mortgage payments. Within defined limits, the corporation may make payments to such individuals and families for a period of up to 18 months to help save their home from potential foreclosure. The payments will constitute a second mortgage on the property.

Second, the corporation will be empowered to acquire, in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate. The power is limited to one- to four-family properties of a value of \$50,000 or less. The corporation may refinance the mortgages so acquired over a 30-year period at an interest rate not to exceed 6 percent. In addition, the corporation will be able to help homeowners redeem homes already lost to foreclosure.

It is important to note that the HOLC will not become operative—and will cost nothing—until we are faced with a national foreclosure crisis. When and if that crisis comes, we will be ready with a mechanism for helping thousands of Americans from losing their homes.

Mr. President, I am hopeful that this body will give prompt consideration to this important legislation. I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 660

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Homeowners' Loan Act of 1975".*

#### DEFINITIONS

SEC. 2. As used in this Act—

(1) The term "Corporation" means the Homeowners' Loan Corporation created under section 3 of this Act.

(2) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than ninety-nine years upon which there is located a dwelling for not more than four families, which is used by the owner as a principal residence, and which has a value not exceeding \$30,000.

(3) The term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

#### ESTABLISHMENT AND CAPITALIZATION OF HOMEOWNERS' LOAN CORPORATION

SEC. 3. (a) There is established a corporation to be known as the Homeowners' Loan

Corporation, which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The Board of Directors of the Corporation (hereinafter referred to as the "Board") shall consist of the Chairman of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs, all of whom shall serve as such Directors without additional compensation.

(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate \$1,000,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Board deems advisable, and for the purpose of making such payments, the Secretary shall use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Second Liberty Bond Act are extended to include such payments. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. The Secretary of the Treasury may sell, upon such terms and conditions and at such price or prices as he shall determine, any of the stock acquired by him under this subsection. All purchases and sales by the Secretary of the Treasury of such stock under this subsection shall be treated as public debt transactions of the United States.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed \$1,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than eighteen years from the date of their issue, shall bear interest at a rate not to exceed a rate determined by the Secretary of the Treasury taking into account the average yield on outstanding marketable obligations of the United States as of the close of the preceding month. Such bonds shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, capital, reserves, and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property

of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

#### FUNCTIONS

Sec. 4. (a) The Corporation shall, during any three calendar quarters beginning with a calendar quarter in which the Federal Home Loan Bank Board determines that the foreclosure rate (stated as an annual percentage rate of all mortgaged structures in any geographic area) exceeds one-half of 1 percent, make, and contract to make, assistance payments to individuals and families who reside in such area and who have incurred substantial losses of income as a result of unemployment, in such amounts as the Corporation determines to be necessary to enable such individuals and families to meet home mortgage payments, except that—

(1) payments under this subsection may not be made for a period in excess of 18 months with respect to any mortgagor; and

(2) payments may not be made under this subsection with respect to any mortgagor unless the Corporation determines that such mortgagor will be able to avoid or cure a default on the mortgage without exposing the Corporation to an unreasonable risk of loss.

The aggregate amount of payments with respect to any mortgagor shall be secured by a lien on the mortgaged property and shall be repayable upon disposition of the property by the mortgagor or upon completion of the period of amortization for the mortgaged. The Corporation shall by regulation require periodic recertifications of income of any mortgagor assisted under this subsection. The Corporation may not make assistance payments under this subsection whenever it determines that the mortgagor has recovered a sufficient portion of the income lost as a result of unemployment to reassume his obligations under the mortgage. In addition to the assistance available under this subsection, the Corporation may furnish other assistance available under this section with respect to any mortgagor.

(b) The Corporation is authorized, for a period of three years after the date of enactment of this Act, but only during any three calendar quarters beginning with a calendar quarter in which the Federal Home Loan Bank Board determines that the foreclosure rate (stated as an annual percentage rate of all mortgaged structures in any geographic area) exceeds one-half of 1 percent (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate located in such area (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of enactment of this Act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding \$50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien, except that the aggregate of such advances and payments shall be reduced by an amount determined by the Board to be equal to the amount of costs which would have been incurred in foreclosure proceedings in connection with the mortgage, lien, or other obligation. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case \$50,000. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the homeowner owes with respect to the home mortgage or other obligation or lien so

acquired by the Corporation, the Corporation shall credit the difference between such amounts to the homeowner and shall reduce the amount owed by the homeowner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed thirty years, but the amortization payments of any homeowner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the homeowner requires it. Interest on the unpaid balance of the obligation of the homeowner to the Corporation shall be at a rate not exceeding 6 per centum per annum. The Corporation may at any time grant an extension of time to any homeowner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the homeowner and the condition of the security justify such extension. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than ninety-nine years, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value not exceeding \$50,000. No discrimination shall be made under this Act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

(c) The Corporation is further authorized, during any quarter referred to in subsection (b) in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (b) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the homeowner cannot obtain a loan from ordinary lending agencies, to make cash advances to such homeowner in an amount not to exceed 50 per centum of the value of the property for the purposes specified in such subsection (b). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 per centum per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (b) of this section.

(d) The Corporation is further authorized, during any quarter referred to in subsection (a) or (b), to exchange bonds and to advance cash, subject to the limitations provided in subsection (a) or (b) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within two years prior to such exchange or advance.

(e) The Board shall issue such rules and regulations as may be necessary, including rules and regulations providing for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this Act.

(f) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

#### ADMINISTRATIVE PROVISIONS

Sec. 5. (a) The Corporation shall have power to appoint and fix the compensation of such officers, employees, attorneys, or agents

as shall be necessary for the performance of its duties under this Act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Federal Home Loan Bank Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive department of the Government, and shall determine its necessary expenditures under this Act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds.

(b) The Board is authorized to make such bylaws, and issue such rules and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Board is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

#### PENALTIES

SEC. 6. Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Homeowners' Loan Corporation or the Board upon any application, advance, discount, purchase, or repurchase agreement, or loan under this Act, or any extension thereof by renewal, deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

#### FEDERAL HOUSING ADMINISTRATION AUTHORITY

SEC. 7. During any period when the Corporation is carrying out its function pursuant to section 4, the Secretary of Housing and Urban Development may not make cash expenditures in connection with default proceedings under any provision of the National Housing Act, except as provided in the second sentence of section 207(j) of such Act.

#### AUTHORIZATION

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. BROOKE. Today, Mr. President, for the first time in over 35 years, the strength of the American economy is being severely tested by high unemployment, increasing business failures, and fading consumer confidence. These weaknesses in our economy are real and severe, and anyone who ignores them is only fooling himself. The hardships which will be felt by the families of the unemployed are equally real and severe, and all of us must work to find ways to alleviate those hardships and provide new jobs for the unemployed.

As a member of the Housing Subcommittee I have been particularly concerned about unemployment in the construction trades which rose to 664,000

or 15 percent of the workers in that industry in December. Housing starts in December of 1974 plummeted to an 8-year low annual rate of 868,000 units—a 60.5-percent decline from the October 1972 high annual rate of 2,509,000 starts.

Toward the end of last year the Congress passed the Brooke-Cranston Act to provide additional mortgage credit on an emergency basis to stimulate housing construction. So far \$4,899,600,000 has been committed under this act. More stimulus to the housing industry may be needed, and I shall not hesitate to introduce and support new legislation to get housing starts up, because I believe that a recovery in housing can lead the way to general economic recovery.

While offering stimulus to the housing industry by way of the Federal secondary mortgage market, we cannot ignore the potential threat which unemployment itself presents for the residential real estate industry. If unemployment forces a large number of families to default on their mortgages, we could witness a deluge of foreclosed properties pouring onto the already glutted housing market, depressing prices, and destroying consumer confidence. The hardship for families losing their homes would be severe.

History has taught us that widespread foreclosures can be avoided if remedial action is taken. We know that there is no need to put the temporarily unemployed through the financial wringer.

To avoid the hardship which could result from temporarily high unemployment and to avoid the destabilization of our real estate markets, I have joined with Senators MONDALE and HART in introducing the Homeowners' Loan Act of 1975. Its objectives are the same as that which inspired the 1933 act from which it takes its name, though some new devices are incorporated.

Action by the HOLC to avoid foreclosures will be automatically triggered whenever the foreclosures rate in any geographic area exceeds one-half of 1 percent for any calendar quarter. Payments will be to mortgagors who the HOLC determines will be able to avoid or cure a default on their mortgage without exposing the Corporation to an unreasonable risk of loss. Any mortgagor who is assisted in making mortgage payments by the HOLC will be responsible for reimbursing the HOLC for such assistance at such time as his mortgage is fully amortized or upon sale of his property, and this liability will be secured by a lien against the property.

The bill also provides the HOLC with all of the powers it had under the 1933 act, including the power to purchase mortgages from mortgagees.

This bill provides protection against foreclosure for the unemployed and lessens the danger of a precipitous collapse in our real estate markets. As ranking minority member on the Housing Subcommittee, I shall urge early hearings on this subject.

#### A NEW HOLC

Mr. PHILIP A. HART. Mr. President, I am pleased to cosponsor with the Senator from Massachusetts (Mr. BROOKE) the bill introduced by Senator MONDALE

to reestablish the Home Owners' Loan Corporation.

As we seek ways to help people with serious financial problems due to economic conditions, we would do well to look to our past for success stories.

The HOLC is such a story.

The HOLC was first used during the depression when mortgage foreclosures were increasing. It purchased mortgages from private lending institutions to refinance the mortgages of homeowners faced with foreclosures, because of temporary financial hardship.

In 1951, Congress determined that the foreclosure crisis was over and HOLC was closed down. At that point, it had handled about \$1 million mortgage loans and showed a slight profit.

I doubt that I need repeat here today's unemployment figures. Whether you believe that unemployment will level off at 8 million or go higher—or whether you are hopeful that the figure will not change from the current 7 million jobless—there is no question that many families face or will face the possibility of losing their homes, because they cannot afford to keep up their mortgage payments.

The problem of foreclosures in Michigan, perhaps hardest hit by the recession, has already led some lending institutions and some State legislators to call for reinstatement of an HOLC-type program.

Under the bill introduced today, a new HOLC would come into being without further action by Congress if the Federal Home Loan Bank Board foreclosure index reaches the critical five-tenths of 1 percent level. That would mean about 100,000 foreclosures a year.

The foreclosure rate on all properties for the first 9 months of 1974 was about four-tenths of 1 percent. The number of mortgages which were seriously delinquent—meaning 2 or more months in arrears—is running at a high 1.2 percent, an ominous sign for the near future. Further, the Mortgage Bankers Association, I understand, estimates the mortgage delinquency rate on one- to four-family rents at 4.23 percent for the last quarter.

The bill would permit the corporation to:

Issue stock and bonds at levels sufficient to serve its needs.

Acquire, in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate.

Deal only with one- to four-family properties of a value of \$50,000 or less.

Refinance mortgages over 30 years at an interest rate not to exceed 6 percent.

Make cash advances, up to 50 percent of the property value, to homeowners whose obligations cannot be secured by the corporation.

Assist homeowners in redeeming homes already lost to foreclosure.

Members of the Board of Directors for HOLC would include the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs.

It is my hope that the bill will receive prompt consideration in both the Senate and the House, where it has been intro-

duced by Congressman WILLIAM D. FORD, of Michigan.

By Mr. NUNN (for himself and Mr. TALMADGE):

S. 661. A bill to authorize the establishment of the Chattahoochee River National Recreation Area in the State of Georgia, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

CHATTAHOOCHEE RIVER NATIONAL RECREATION AREA

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement by Senator NUNN and a bill he is introducing today, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR NUNN

In an age of urban crowding, it is increasingly important that we preserve the available open spaces in and near our large cities for recreational use. The Chattahoochee River is one of the recreation areas favored by Georgians who live in the metropolitan area of Atlanta, and it is a pleasant retreat for thousands each year.

In the 93rd Congress, I introduced legislation, S. 1738, cosponsored by Senator Talmadge, which would set aside along a 48-mile stretch of the Chattahoochee River near Atlanta as a national recreational area. A similar bill, sponsored by Congressman Andrew Young and cosponsored by all of the 10 Georgia Congressmen, was introduced at that time.

Field hearings, chaired by Senator Johnston, were conducted on S. 1738, by the Committee on Interior and Insular Affairs in Atlanta last October 28. Testimony from these hearings overwhelmingly demonstrated the need to provide additional recreational areas for our citizens, particularly since our use of available recreational lands continues to rise at the rate of at least 10 percent each year.

This testimony also demonstrated the urgency of protecting our outstanding natural resources, such as the Chattahoochee River, before they are lost.

I am re-introducing this bill on behalf of Senator Talmadge and myself to protect some of the most beautiful river vistas and scenic woodlands in the Southeast for the enjoyment of future generations of Georgians; and I am pleased to announce that a similar bill was introduced on February 6 in the House of Representatives by Congressman Andrew Young.

By Mr. WILLIAMS (for himself, Mr. LEAHY, Mr. STAFFORD, Mr. PASTORE, Mr. PELL, Mr. RANDOLPH, and Mr. CHURCH):

S. 662. A bill to amend the Urban Mass Transportation Act of 1964 to provide operating assistance for projects located in areas other than urbanized areas, to provide for mass transportation assistance to meet the needs of elderly and handicapped persons, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

NATIONAL MASS TRANSPORTATION ASSISTANCE ACT AMENDMENTS OF 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement by Senator WILLIAMS, on a bill he is introducing today, be printed in the RECORD.

There being no objection, the statement and bill were ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR WILLIAMS  
NATIONAL MASS TRANSPORTATION ASSISTANCE ACT AMENDMENTS OF 1975

Last year the Congress enacted PL 93-503, the National Mass Transportation Assistance Act of 1974. This legislation was the result of three years of legislative effort and created a new 11.8 billion dollar landmark mass transportation assistance program.

During the consideration of this legislation many comments were received concerning the operations of the mass transportation program. Unfortunately, it was not possible at that time to include these comments in legislative form in PL 93-503. Among the areas of legislative interest were suggestions on new programs for the elderly and the handicapped.

MASS TRANSPORTATION FOR ELDERLY AND HANDICAPPED PERSONS

Section 16 of the Urban Mass Transportation Assistance Act of 1970 made it a declaration of national policy that elderly and handicapped persons have the same rights as other persons to utilize mass transportation facilities and services. This section authorized the Secretary of Transportation to make grants or loans to states and local public bodies to assist in providing services which are planned, designed, and carried out to meet the special needs of elderly and handicapped persons. However, even more should be done for this segment of our population.

At the present time, we have no mass transit systems which are effectively accessible to handicapped persons. BART, in San Francisco has taken the first giant step toward this goal by making its rapid rail facilities fully accessible to the handicapped. Unfortunately, however, its feeder lines are not similarly equipped, and thus, the BART rail system cannot be fully utilized by the handicapped. Other mass transit systems, such as TARTA in Toledo, Ohio, and TRI-MET in Portland, Oregon, also have taken the first steps toward providing accessible transportation for handicapped persons.

In most cases, however, handicapped persons must rely on family or friends, use specially equipped automobiles, or rely on private transportation systems which often charge exorbitant prices. In the District of Columbia, for example, there is no alternate transportation system to take the handicapped to and from work, and on the one system which provides transportation for medical check-ups and therapy, the going rate is \$35 per trip. New York City has numerous private transportation companies for the handicapped. However, the average charge for day time service for a regular customer is approximately \$12 per trip, or \$60 per week, or \$2,880 per year. Charges for weekend services are even greater.

Recently, a New York State survey of social service agencies estimated that at least \$80 million per year is being spent to provide special transportation for physically, economically and socially disadvantaged clients. Transportation services for these clients consume as much as 30 per cent of budgeted funds.

This financial burden becomes all the more overwhelming due to the fact that the elderly and handicapped are less affluent than average citizens, and thus, the human costs and limitations imposed on this group by limited mobility, make public mass transit essential for their well being.

According to a recent edition of Trends for the Handicapped, we now have approximately 67.9 million handicapped citizens. This population includes: 1.2 million blind, or visually impaired persons; 7.6 million persons with heart conditions; 6.2 million per-

sons using orthopedic aids and wheelchairs (including crutches and braces); 1.8 million deaf persons; 18.3 million hard of hearing persons; 14.5 million persons with respiratory ailments; 18.3 million persons with arthritis.

Furthermore, according to 1970 census figures, 85% of this group has an income of less than \$7,000, and of these, 52% have an income of less than \$2,000. For these citizens, the limitations on mobility coupled with their inability to find accessible transportation and attendant care, vastly constrains their ability to pursue active lives and find gainful employment.

And yet the costs of planning accessible mass transportation, if pursued on a rational basis, are not out of reach. Accessibility of stations, new terminals, and bus stops will add only minimally to transit costs since all that is required is to integrate the necessary special features in the primary design of the facilities. The largest of these costs are in the installation of elevators or other modes of moving from level to level in multi-floor facilities. The cost of accessible rapid rail cars, may well be diminutive, since all that is required is the rearranging of the interior of one car to provide accessible bathroom facilities and to widen the doors and aisles.

The major expense comes in the design of buses. While their actual costs are difficult to estimate, the Department of Transportation has indicated that once in mass production an accessible bus would be expected to add from \$2,000 to \$5,000 to the overall price. This additional cost, assuming that roughly one tenth of the 50,000 buses presently in existence is replaced each year, would be roughly \$25 million per year.

But one fact is clear, initial steps must be immediately taken to provide accessible mass transit for the elderly and handicapped. In the case of major existing mass transit systems, a revamping of all existing facilities and vehicles would mean a huge financial undertaking; and in cities like New York this would doubtlessly be impossible. Yet, it is important even in these areas to begin to take the initial steps toward a fully accessible system. One which in the future, will provide public transportation to elderly and handicapped consumers.

Specifically, our legislation will require that all assistance under the Urban Mass Transit Assistance Act provide for the effective utilization of mass transportation for elderly and handicapped individuals. It will require the Secretary to assure that all projects funded under the Act are planned, designed, constructed and operated to allow effective utilization of mass transportation for the handicapped. In addition the Secretary shall not approve any program or project unless he finds that such requirements have been complied with.

Our bill provides that effective immediately, all vehicles, buildings, stations, and other structures for new rapid rail systems, other grade separated fixed guideway systems, and other vehicles integrated with such systems, and extensions of existing systems which form usable segments, and other station facilities used by the public be accessible to the elderly and handicapped. It also requires the Secretary to issue accessibility standards for transit vehicles designed for at-grade operations, provided, however, that he may incorporate reasonable exceptions from the requirement of full accessibility of these vehicles as may be necessitated by the nature of the vehicle or its proposed use and commercial availability of reliable equipment if he determines, based on substantial evidence and a detailed timetable, that the effective utilization of mass transportation by elderly and handicapped persons is otherwise assured. The proposal also requires the immediate establishment of a local advisory committee (at least half