

than companies engaged in the air express business) may not establish joint rates or charges, under the provisions of this subsection, with common carriers subject to the Interstate Commerce Act.”

(b) Subsection (b) of section 412 of the Civil Aeronautics Act of 1938, as amended, is amended to read as follows:

“Approval by Authority

“(b) The Authority shall by order disapprove any such contract or agreement, whether or not previously approved by it, that it finds to be adverse to the public interest, or in violation of this Act, and shall by order approve any such contract or agreement, or any modification or cancelation thereof, that it does not find to be adverse to the public interest, or in violation of this Act; except that the Authority may not approve any contract or agreement between an air carrier not directly engaged in the operation of aircraft in air transportation and a common carrier subject to the Interstate Commerce Act, as amended, governing the compensation to be received by such common carrier for transportation services performed by it.”

52 Stat. 1004.
49 U. S. C. § 492 (b).

Agreements between certain carriers.
Power of approval.

Exception.

24 Stat. 379.
49 U. S. C. chs. 1, 8,
12.
Ante pp. 176, 284;
post, p. 746.

NUMBERING OF SECTION 23 OF INTERSTATE COMMERCE ACT

SEC. 5. Section 10 of the Act entitled “An act to amend an act entitled ‘An act to regulate commerce,’ approved February fourth, eighteen hundred and eighty-seven”, approved March 2, 1889 (U. S. C., 1940 ed., title 49, sec. 49), which has been commonly cited and referred to as section 23 of the Interstate Commerce Act, as amended, is hereby designated and numbered as section 23 of the Interstate Commerce Act, as amended.

25 Stat. 862.

EFFECTIVE DATES

SEC. 6. Part IV of the Interstate Commerce Act shall take effect on the date of enactment of this Act, except that section 405 shall take effect sixty days after the date of enactment of this Act, and section 404, 406, 413, 414, and 417, shall take effect ninety days after the date of enactment of this Act: *Provided, however*, That the Interstate Commerce Commission shall, if found by it to be necessary or advisable in the public interest, by general or special order, postpone the taking effect of any of the provisions of this part to such time, but not beyond the 1st day of September 1942, as the Commission shall prescribe.

Ante, p. 284.

Post, p. 746.
Proviso.
Power of postponement.

Approved, May 16, 1942.

[CHAPTER 319]

AN ACT

To amend the National Housing Act, and for other purposes.

May 26, 1942
[H. R. 6927]
[Public Law 559]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 603 (a) of the National Housing Act, as amended, is hereby amended by (1) striking out the word “section” where it appears in the second and third provisos and inserting in each such place the word “title”; (2) striking out “\$300,000,000” and inserting in lieu thereof “\$800,000,000”; (3) striking out of the third proviso “July 1, 1942” in each place where it appears and inserting in lieu thereof “July 1, 1943”; and (4) striking out of the third proviso “September 8, 1939” and inserting in lieu thereof “May 27, 1941”.

National Housing Act Amendments of 1942.
55 Stat. 56, 686.
12 U. S. C., Supp. I, § 1738 (a).
Insurance of mortgages.

SEC. 2. Section 603 (b) (2) of such Act, as amended is hereby amended by (1) striking out “\$4,000” and inserting in lieu thereof “\$5,400”; (2) striking out “\$6,000” and inserting in lieu thereof

Amount of principal obligation.
55 Stat. 56.
12 U. S. C., Supp. I, § 1738 (b) (2).

“\$7,500”; (3) striking out “\$8,000” and inserting in lieu thereof “\$9,500”; and (4) striking out “\$10,500” and inserting in lieu thereof “\$12,000”.

Maturity.
55 Stat. 57.
12 U. S. C., Supp. I,
§ 1738 (b) (3).

SEC. 3. Section 603 (b) (3) of such Act, as amended, is hereby amended by striking out the word “twenty” and inserting in lieu thereof the word “twenty-five”.

Premium charges.
55 Stat. 57.
12 U. S. C., Supp. I,
§ 1738 (c).

SEC. 4. Section 603 (c) of such Act, as amended, is hereby amended by (1) striking the third sentence thereof and inserting in lieu thereof the following sentence: “If the Administrator finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Administrator may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this title unless the Administrator finds that the project with respect to which the mortgage is executed is an acceptable risk in view of the emergency referred to in this section.”; (2) substituting the word “title” for the word “section” in the last sentence thereof; and (3) inserting at the end thereof the following new sentence: “The Administrator is further authorized to prescribe such procedures as in his judgment are necessary to secure to war workers occupancy priority with respect to properties which have not been previously occupied and which are covered by mortgages insured under this section and section 608.”

Occupancy priority
for war workers.

Post, p. 303.
55 Stat. 58.
12 U. S. C., Supp. I,
§ 1739 (a).

SEC. 5. Section 604 (a) of such Act, as amended, is amended by striking the words “this title” where they first appear and inserting in lieu thereof “section 603”.

55 Stat. 59.
12 U. S. C., Supp. I,
§ 1739 (c).

SEC. 6. Section 604 (c) of such Act, as amended, is amended by striking the word “section” and inserting in lieu thereof the word “title”.

55 Stat. 59.
12 U. S. C., Supp. I,
§ 1739 (d).
Execution of debentures.

SEC. 7. Section 604 (d) of such Act, as amended, is hereby amended by (1) striking out the second sentence thereof and inserting in lieu thereof the following sentences: “All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section on or after the date of enactment of the National Housing Act Amendments of 1942, shall mature ten years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section prior to the date of the enactment of the National Housing Act Amendments of 1942, shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued: *Provided*, That any mortgagee entitled to receive such debentures may elect to receive in lieu thereof debentures which shall mature ten years after the date thereof.”; and (2) striking the word “section” appearing in the last sentence and inserting in lieu thereof the word “title”.

Maturity.

Proviso.
Election of debentures.

55 Stat. 60.
12 U. S. C., Supp. I,
§ 1739 (g).

SEC. 8. Section 604 (g) of such Act, as amended, is hereby amended by (1) striking out the word “section” in each of the first two places where it appears and inserting in each such place the word “title”; and (2) inserting before the word “unless” the words “with respect to mortgages insured under section 603”.

SEC. 9. Section 605 (a) of such Act, as amended, is hereby amended by striking out "section 604" in the second sentence and inserting in lieu thereof the words "this title".

SEC. 10. Section 212 of such Act, as amended, is hereby amended by inserting after the word "title" the following: "or under section 608 of title VI".

SEC. 11. Title VI of the National Housing Act, as amended, is hereby further amended by adding the following new section at the end thereof:

"SEC. 608. (a) In addition to mortgages insured under section 603 of this title, the Administrator is authorized to insure mortgages as defined in section 601 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be held by a mortgagor approved by the Administrator. The Administrator may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Administrator may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the Administrator may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the War Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Administrator under the insurance.

"(2) The mortgaged property shall be designed for rent for residential use by war workers.

"(3) The mortgage shall involve a principal obligation in an amount—

"(A) not to exceed \$5,000,000; and

"(B) not to exceed 90 per centum of the amount which the Administrator estimates will be the reasonable replacement cost of the completed property or project, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incidental to construction and approved by the Administrator: *Provided*, That such mortgage shall not in any event exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of off-site public utilities and streets, and organization and legal expenses; and

"(C) not to exceed \$1,350 per room for such part of such property or project as may be attributable to dwelling use.

The mortgage shall provide for complete amortization by periodic payment within such term as the Administrator shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage, and if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter

55 Stat. 61.
12 U. S. C., Supp. I,
§ 1740 (a).

53 Stat. 807.
12 U. S. C. § 1715c.

55 Stat. 55-61.
12 U. S. C., Supp. I,
§§ 1736-1742.

Insurance of additional eligible mortgages.

Eligibility requirements.

Approval of mortgagor by Administrator.
Regulations, etc.

Use of property.

Limitations on amount of principal obligation.

Proviso.

Amortization and interest.

Partial release from lien.

Default.
Assignment, transfer, and delivery of all rights, etc.

provided, upon assignment, transfer, and delivery to the Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagors or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Administrator shall, subject to the cash adjustment provided for in section 604 (c), issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property; less the sum of (i) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation on the date of default; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date: *Provided*, That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by the Administrator, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of the rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Administrator. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (i) hereof, shall not apply.

Termination of obligation to pay premium charges.

55 Stat. 59; *ante*, p. 302.
12 U. S. C., Supp. I, § 1739 (c).

Determination of mortgage value.

Proviso.
Right to foreclose in event of default.

Termination of obligation to pay premium charges.

Certificate of claim.
55 Stat. 60.
12 U. S. C., Supp. I, § 1739 (e), (f).

Debentures.
55 Stat. 59.
12 U. S. C., Supp. I, § 1739 (d).

“(d) The certificate of claim issued by the Administrator to any mortgagee in connection with the insurance of mortgages under this section shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this title, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Administrator and credited to the War Housing Insurance Fund.

“(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date of default as determined in subsection (c) of this section, and shall bear interest from such date.

“(f) The provisions of section 207 (k) of this Act shall be applicable to mortgages insured under this section, except that as applied to such mortgages (1) all references in such section 207 (k) to the ‘Housing Fund’ shall be construed to refer to the ‘War Housing Insurance Fund’, and (2) the reference therein to ‘subsection (g)’ shall be construed to refer to ‘subsection (c)’ of this section.

“(g) The Administrator shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title or title II without regard to the limitations upon eligibility contained therein.”

SEC. 12. Nothing contained in this Act shall be construed to supersede or be inconsistent with the provisions of the Executive Order Numbered 9070, dated February 24, 1942, and where necessary for this purpose, the term “Administrator”, as used herein, shall be construed to mean “Federal Housing Commissioner”.

SEC. 13. Section 2 (b) of such Act, as amended, is hereby amended to read as follows:

“(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000; (2) if such obligation has a maturity in excess of three years and thirty-two days, except that such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for residential or agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe, in order to make credit available for the purposes of this title: *Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$5,000 and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase by it if such loan, advance of credit, or purchase (1) is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure located in an area or locality in which the President shall find that an acute shortage of housing exists or impends which would impede national war activities; and (2) is made for the purpose of providing additional living accommodations: *Provided further*, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Administrator may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection. The Administrator is authorized to prescribe such procedures as in his judgment are necessary to secure to war workers occupancy priority with respect to any additional living accommodations referred to in clause (2) of the preceding sentence.”

SEC. 14. (a) The heading of title VI of the National Housing Act, as amended, is hereby amended to read as follows: “TITLE VI—WAR HOUSING INSURANCE”.

(b) Such title VI is hereby amended (1) by striking out the word “Defense” wherever it appears therein, and inserting in lieu thereof the word “War”, and (2) by striking out the word “defense” wherever it appears therein, and inserting in lieu thereof the word “war”.

SEC. 15. This Act may be cited as the “National Housing Act Amendments of 1942”.

Approved, May 26, 1942.

Acquisitions by conveyance or foreclosure.
52 Stat. 20.
12 U. S. C. § 1713 (k).

Mortgage insurance.
48 Stat. 1247.
12 U. S. C. §§ 1707-1715c; Supp. I, §§ 1707-1715.

Executive Order 9070 not superseded.
7 F. R. 1529.
“Administrator” construed.

49 Stat. 1188.
12 U. S. C., Supp. I, § 1703 (b).

Granting of insurance to financial institutions.
Amount.

Maturity.

Interest, etc.

Provisos.
Housing essential to war activities.

Refinancing obligations.

Occupancy priority for war workers.

55 Stat. 55.
12 U. S. C., Supp. I, §§ 1736-1742.

Short title.