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Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

THE EMERGENCY HOUSING ACT OF 1975 (H.R. 5398)

President Ford today signed the Emergency Housing Act of 1975. When he vetoed H.R. 4485, an action sustained by the House of Representatives, the President urged enactment of alternative housing legislation.

This Act includes provisions addressing mortgage foreclosure, and expands the mortgage purchase programs of the Government National Mortgage Association (GNMA or Ginnie Mae), as recommended by the President at the time of his veto.

BACKGROUND

A housing recovery is now clearly under way from the depressed levels of the last year. During this period, \$15.5 billion, including \$2.0 billion released last week, has been committed by the Federal government -- an unprecedented level of financial support to the housing industry. H.R. 5398 continues this effective program.

FEATURES OF THE EMERGENCY HOUSING ACT OF 1975

1. Extension of the GNMA Mortgage Purchase Program

H.R. 5398 expands the Emergency Home Purchase Assistance Act of 1974, enacted at the President's urging in October. This bill:

- increases the GNMA mortgage purchase authority by \$10 billion and extends the 1974 Act's expiration date to July 1, 1976;
- fixes a mortgage interest rate ceiling of 7-1/2% under this program;
- expands coverage to include condominium mortgages.

2. Mortgage Foreclosure Relief

The Act provides the Secretary of Housing and Urban Development with standby authority to assist homeowners facing foreclosure by:

- co-insuring loans or credits advanced by lending institutions;
- making mortgage relief payments to lenders on behalf of eligible homeowners.

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Mortgage foreclosures and defaults have remained level demonstrating that private lenders are cooperating with homeowners during this temporary economic situation, indicating no present need for mortgage foreclosure relief assistance. Foreclosure rates are less than the rates which prevailed during the mid-1960s.

3. Other Provisions of the Act

In addition to the foregoing, the Emergency Housing Act of 1975 includes several provisions added by the Congress:

- extending the low interest rehabilitation loan program to July 1, 1976 and providing a \$100 million authorization, subject to the appropriation process;
- extending for seven months the deadline for applications for financial assistance to correct defects in certain homes insured under the National Housing Act;
- deferring until January 1, 1976, a prohibition against mortgage loans on certain properties located in flood prone areas of communities not participating in the Federal Flood Insurance Program.

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