

Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Approved, June 25, 1938.

[CHAPTER 693]

AN ACT

To amend the Act entitled "An Act to authorize the President to provide housing for war needs", approved May 16, 1918, as amended.

June 25, 1938
[S. 1294]

[Public, No. 735]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to authorize the President to provide housing for war needs", approved May 16, 1918, as amended, is hereby amended by adding at the end thereof the following new sections:

War Housing Act,
amendment.
40 Stat. 550.

"SEC. 9. The United States Housing Corporation (hereinafter referred to as the 'Corporation') is authorized and directed to accept from any person holding an existing contract for the property in the Lincoln Gardens project, New Brunswick, New Jersey, a full release of any right or interest any such person may have acquired by reason of any such contract. Upon tender of release by any such person and acceptance by said Corporation, such contract shall become null and void and of no further force or effect, and shall be considered as a forfeiture of any right or interest any person may have acquired under or by reason of such contract.

Lincoln Gardens
project, New Brunswick,
N. J.
Acceptance by Corporation of release of
rights in, acquired by
contract.

"SEC. 10. Upon any such tender, acceptance, and forfeiture, the Corporation shall sell to such person the property covered by such forfeited contract for an amount equal to the sum of (a) 15 per centum of the original contract price of such property, (b) any sum which was due the Corporation under such contract and unpaid on the date of such forfeiture, and (c) the value of any other valid liens (but not tax liens) against such property existing on the date of such sale. Such sale shall be made upon the terms and conditions set forth in section 11 hereof, and the purchaser shall have the option to elect whether to pay the purchase price in cash or partly in cash, or to have the payment of the same in whole or in part secured by the mortgage referred to in section 11.

Sale of property
covered by forfeited
contract.

Price.

Terms and conditions.

"SEC. 11. Upon the sale of such property as provided in section 10, the Corporation shall, notwithstanding any alleged tax liens against such property, execute and deliver to the purchaser a warranty deed for such property, free and clear of all encumbrances to the date of such sale. The United States, upon conveyance, shall retain a first lien for any unpaid portion of the purchase price. To secure such lien the purchaser shall execute and deliver a first mortgage to the Corporation for any unpaid portion (or all) of the purchase price. The amount of such mortgage may be increased, as may be determined by the Secretary of the Treasury and the Reconstruction Finance Corporation pursuant to the rules and regulations adopted under the provision of section 13 (b) hereof, but the face amount of any such mortgage shall not exceed 50 per centum of the original contract price at which the property was first sold by the United States. Such first mortgages shall be executed upon a form approved by the Federal Housing Administrator for use in the State of New Jersey, shall bear interest at a rate not to exceed 5 per centum per annum, and shall contain such further terms and conditions as may be necessary to make them legally eligible for insurance under title 2 of the National Housing Act as amended: *Provided*, That at the option of the purchaser such mortgages may be made to mature in not to exceed fifteen years. The Corporation is hereby authorized and directed to apply for such insurance.

Delivery of warranty deed.

Liens, mortgages,
etc.

Approval of form.

Interest rate.

Insurance.
48 Stat. 1247.
12 U. S. C. §§ 1707-
1715; Supp. III, §§
1709-1711, 1713.
Proviso.
Maturity.

Purchase of mortgages by Reconstruction Finance Corporation.

Disposal.

Sale of mortgages not purchased.

Use of proceeds from sale.
Ante, p. 1193.

Payment to city for public service rendered.

Failure to execute release to Corporation a bar to benefits.
Ante, p. 1193.

Enforcement of rights of United States.

Rules and regulations.

"SEC. 12. (a) The Reconstruction Finance Corporation is hereby authorized to purchase from the United States Housing Corporation, at their face value, such of the aforesaid mortgages as in the opinion of the Board of Directors of Reconstruction Finance Corporation constitute full and adequate security for the indebtedness secured thereby, and to sell or otherwise dispose of any such mortgages so purchased for such price and upon such terms as it may determine.

"(b) Any such mortgages not purchased by Reconstruction Finance Corporation may be sold by the United States Housing Corporation pursuant to rules and regulations adopted under the provisions of section 13 (b) hereof.

"(c) The funds received by the United States Housing Corporation from the sales provided for in sections 10 and 13 hereof, from any collections on mortgages executed and delivered pursuant to section 11 hereof, and from any sales of such mortgages authorized by said section 11, shall be used to clear any liens described in clause (c) of section 10, and to pay any special expenses incurred by the United States Housing Corporation in carrying out the provisions of this Act, including title expenses, recordation costs, and any expenses of the application to Federal Housing Administrator for insurance pursuant to section 11 hereof, and the remainder may, in the discretion of the Secretary of the Treasury and the Reconstruction Finance Corporation and pursuant to the rules and regulations promulgated under section 13 (b) hereof, be paid to the city of New Brunswick, New Jersey, for municipal and school service rendered to the Lincoln Gardens area and the residents thereof prior to the date of the sale of such property as provided in section 10.

"SEC. 13. (a) Anyone who fails or refuses to execute a release to the Corporation as provided in section 9 hereof, for any reasons whatsoever, within ninety days after the date such section takes effect, shall be ineligible to receive the benefits of sections 9 to 11, inclusive, of this Act, and the Corporation shall cause such proceedings to be instituted as may be appropriate to enforce the rights of the United States and if necessary, to divest anyone of any interest which may have been acquired in any property in the Lincoln Gardens project, and sell the property so recovered at public or private sale. The Corporation may, however, in its discretion, extend such time for a further period of not to exceed ninety days.

"(b) The Corporation, with the approval of the Secretary of the Treasury and the Reconstruction Finance Corporation, shall have power to make such rules and regulations as may be deemed advisable in carrying out the provisions of sections 9 to 13, inclusive, of this Act and settling any pending litigation with respect to any property involved."

Approved, June 25, 1938.

[CHAPTER 694]

AN ACT

June 25, 1938
[S. 1532]
[Public, No. 736]

To exempt retired officers of the Marine Corps and Coast Guard from certain restrictions with respect to holding office under the United States.

Holding other lucrative office.
28 Stat. 205.
5 U. S. C., Supp. III, § 62.
Exemption from restriction on, extended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 2 of the Legislative, Executive, and Judicial Appropriation Act, approved July 31, 1894, as amended, is amended by striking out the words "Army or Navy" and inserting in lieu thereof the words "Army, Navy, Marine Corps, or Coast Guard."

Approved, June 25, 1938.