



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

ASSISTANT SECRETARY-COMMISSIONER

August 2, 1968

68-8

TO: ALL APPROVED MORTGAGEES

SUBJECT: RELAXATION OF MORTGAGE INSURANCE REQUIREMENTS

We have just notified our insuring offices that FHA, with the Housing and Urban Development Act of 1968, now has a congressional mandate to allow every valuator in the agency to perform his function in determining value in many areas without the administrative limitations of "economic soundness" and "economic life." The new act eliminates any limitation upon FHA participation in inner city areas on account of neighborhood blight or the age of the properties.

FHA insurance programs are to be used everywhere, provided only that the individual property meets eligibility requirements which have been sufficiently broadened by the new act to limit rejection only to those instances where a property has so deteriorated or is subject to such hazards, noxious odors, grossly offensive sights or excessive noises that the physical improvements are endangered or the livability of the property or the health or safety of its occupants are seriously affected. A property will be deemed to be an acceptable risk when a market exists and the property is free of the above cited dangers.

FHA's mission is clear. It is to meet the housing needs of all people. We ask for the cooperation of all FHA approved mortgagees in the fulfillment of this mission. FHA mortgage insurance will adequately protect the mortgagee's investment, and the careful professional work of our valuers will further protect the mortgagee's and the Secretary's interests. With your help, we will effectively broaden the housing choices available to all of the public and lessen the blight upon certain properties and areas that the denial of financing benefits can impose.

Sincerely yours,

Philip N. Brownstein
Assistant Secretary-Commissioner