with the maximum period of three calendar years of active service without regard to the actual time elapsed between matriculation and qualification for the professional or graduate degree held.

SEC. 4. The lineal position of each officer described in section 2 of this Act shall be adjusted by advancing such officer on the lineal list established pursuant to section 304 of the Officer Personnel Act of 1947, as amended, in accordance with his active service credit determined pursuant to sections 2 and 3 of this Act. If such adjustment would advance any such officer to a grade higher than the grade in which he is serving under a permanent or temporary appointment on the effective date of this Act, he shall be assigned a position on the lineal list senior to the line officer in his grade not restricted in the performance of duty who was the junior officer in the promotion zone last established for his grade and, when selected for promotion to the next higher grade, shall upon promotion be advanced to the position on the lineal list commensurate with his active-service credit: Provided further, That officers described in section 2 of this Act below the grade of captain whose names appear on a promotion list on the effective date of this Act, if not then eligible for temporary promotion to the next higher grade under other provisions of law, shall become so eligible on that date.

SEC. 5. As soon as practicable after each officer described in section 2 of this Act has been advanced on the lineal list pursuant to section 4 of this Act, the Secretary of the Navy shall appoint and convene selection boards pursuant to the provisions of title III of the Officer Personnel Act of 1947, as amended, to consider for temporary promotion to the next higher grade all eligible officers designated for special duty pursuant to section 401 of that Act. The promotion zone for each grade shall consist of those officers who have been advanced pursuant to section 4 of this Act, to a lineal position in such grade senior to the line officer of that grade not restricted in the performance of duty who was the junior officer in the promotion zone last established for that grade. Notwithstanding any other provision of law, all officers recommended for temporary promotion in the approved report of a selection board, appointed and convened as herein provided, shall be eligible for temporary promotion to the next higher grade on the date of approval of such report. Upon promotion to a higher grade and advancement on the lineal list pursuant to section 4 of this Act, each such officer shall be deemed to have as much service in grade as the line officer not restricted in the performance of duty who has not lost numbers or precedence and who is next junior to such officer on the lineal list.

SEC. 6. The Secretary of the Navy shall prescribe all necessary and proper regulations, not inconsistent with the provisions of sections 2, 3, 4, and 5 of this Act, for the computation and crediting of the active service credit provided by this Act to the officers entitled thereto, and for their appropriate advancement on the lineal list of officers established pursuant to section 304 of the Officer Personnel Act of 1947, as amended.

Approved August 5, 1949.
Housing Act, as amended, is amended by adding at the end thereof a new title as follows:

"TITLE VIII—MILITARY HOUSING INSURANCE"

"Sec. 801. As used in this title—

"(a) The term 'mortgage' means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

"(b) The term 'mortgagee' includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term 'mortgagor' includes the original borrower under a mortgage, his successors and assigns.

"(c) The term 'maturity date' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"(d) The term 'rental housing' means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not by the termination of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

"(e) The term 'military' includes Army, Navy, Marine Corps, and Air Force.

"(f) The term 'State' includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

"Sec. 802. There is hereby created a Military Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title, and mortgages insured under this title shall be known and referred to as 'military housing insured mortgages'. For the purposes of this fund there is hereby authorized to be appropriated the sum of $10,000,000. For immediate needs pending such appropriation, the Commissioner is directed to transfer the sum of $1,000,000 to such fund from the War Housing Insurance Fund created by section 602 of this Act, such amount to be reimbursed to the War Housing Insurance Fund upon the availability of the appropriations authorized by this section. General expenses of operation of the Federal Housing Administration under this title may be charged to the Military Housing Insurance Fund.

"Sec. 803. (a) In order to assist in relieving the acute shortage of housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of rental housing accommodations available to military and civilian personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed $500,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed $1,000,000,000: And provided further, That no mortgage shall be insured under this
title after July 1, 1951, except (A) pursuant to a commitment to insure issued on or before such date, or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage.

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

"(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner 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 Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Military Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgaged property shall be designed for rent for residential use by civilian or military personnel of the Army, Navy, Marine Corps, or Air Force (including Government contractors' employees) assigned to duty at the military installation at or in the area of which such property is constructed. Notwithstanding the provisions of any other law, preference or priority of opportunity in the occupancy of the mortgaged property for such personnel and their immediate families shall be provided under such regulations and procedures as may be prescribed by the Commissioner. No mortgage shall be insured under this title unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to provide adequate housing for such personnel, that such installation is deemed to be a permanent part of the Military Establishment, and that there is no present intention to substantially curtail activities at such installation.

"(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 Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed; and

"(C) not to exceed an average of $8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that where the Secretary of Defense or his designee in exceptional cases certifies and the Commissioner concurs in such certification that the needs would be better served by single-family detached dwelling units the mortgage may involve a principal obligation not to exceed $9,000 per family unit for such part of such property as may be attributable to such dwelling units.

The mortgage shall provide for complete amortization by periodic payment within such terms as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner 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 Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagor, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: Provided, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by indorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagor of an adjusted premium charge in such amount as the Commissioner determines to be equitable but not in excess of the aggregate amount of the premium charges that the mortgage would otherwise have been required to pay if the mortgage had continued to be insured under this title until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagor for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

“(d) 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 title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgages shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagor against the mortgagors or others, arising out of the mortgage transactions; (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 mortgagor, 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 mortgagor to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagor 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 Commissioner, 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 and any mortgage insurance premiums paid after default: 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 Commissioner, 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 hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner 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 Commissioner. 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. If, during the time the mortgage is insured and before the mortgagee has received the benefits of the insurance, the United States acquires, or commences eminent domain proceedings to acquire, all or a substantial part (as defined by the Commissioner) of the mortgaged property for the use of the National Military Establishment, the mortgagee may, at its election, within such time and in accordance with such regulations as the Commissioner may prescribe, receive the benefits of the insurance as provided in this subsection, notwithstanding the fact that the mortgage may not be in default.

"(e) Debentures issued under this title shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Military Housing Insurance Fund.

"(f) Debentures issued under this title shall be executed in the name of the Military Housing Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner 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, and shall mature ten years after the date thereof. Such debentures 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 Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Military Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Military Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

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

"(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the 'Housing Fund' shall be construed to refer to the 'Military Housing Insurance Fund', and (2) the reference in section 207 (k) to 'subsection (g)' shall be construed to refer to 'subsection (d)' of this section 803.

"(i) The Commissioner shall also have power to insure under this title or titles II or VI any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or titles II or VI.

"(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"(k) In order to assure an adequate market for mortgages insured under this title, the powers of the Federal National Mortgage Association and of any other Federal corporation or other Federal agency hereafter established, to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with mortgages insured under this title.

"Sec. 804. (a) Moneys in the Military Housing Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Military Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be cancelled and not reissued.

"(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage
Lease of property by armed services.


Sale, etc., of property.

Ante, p. 57.

Nonapplicability to Alaska.

Taxation of real property.

Rules and regulations.

48 Stat. 1246, 1247.
Post, p. 905.

53 Stat. 807.
12 U. S. C., § 1715e (a).

576 or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Military Housing Insurance Fund, shall be credited to the Military Housing Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Military Housing Insurance Fund.

"Sec. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is desirable to lease real property within the meaning of the Act of August 5, 1947 (61 Stat. 774), to effectuate the purposes of this title, the Secretary concerned is authorized to lease such property under the authority of said Act upon such terms and conditions as in his opinion will best serve the national interest without regard to the limitations imposed by said Act in respect to the term or duration of the lease, and the power vested in the Secretary of the Department concerned to revoke any lease made pursuant to said Act in the event of a national emergency declared by the President shall not apply. Whenever the Secretary of the Army, Navy, or Air Force determines it to be in the interest of national defense, he is hereby authorized to sell, transfer, and convey at fair value (as determined by him), for use under this title, all or any right, title, and interest in any real property under his jurisdiction, notwithstanding any limitations or requirements of law with respect to the use or disposition of such property. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

"Sec. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

"Sec. 807. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"Sec. 808. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

Sec. 2. Sections 1 and 5 of the National Housing Act, as amended, are further amended by striking out the words "titles II, III, VI, and VII" each time they appear and inserting in lieu thereof the words "titles II, III, VI, VII, and VIII".

Sec. 3. Section 212 (a) of said Act, as amended, is further amended by striking out the words "effective date of this section," and inserting in lieu thereof the words "effective date of this section, or under title VIII."

Sec. 4. Section 301 (a) of said Act, as amended, is further amended—

(1) By striking out paragraph (1) the words "under title II, or title VI" and inserting in lieu thereof the words "under title II, title VI, or title VIII"; and

(2) By striking out the period and adding the following proviso at the end of paragraph (1) (E): "Provided, That such aggregate amount paid by the Association shall not include any amount paid by it for a mortgage or mortgages which are insured under title VIII of this Act; and"

Sec. 5. (a) Section 1 of the Act of July 30, 1947 (61 Stat. 675), is hereby amended to read as follows:
“The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force, or their designees within their respective establishments, are authorized to sell and contract to sell, under such regulations and at such prices and for such periods of time, as the Secretary concerned may prescribe, to purchasers within, or in the immediate vicinity of, naval or military activities, such utilities and related services as are not otherwise available from local private or public sources.”

(b) Section 2 of said Act is hereby amended to read as follows:
“Sec. 2. The utilities and related services authorized to be sold under this Act are: (1) Electric power, (2) steam, (3) compressed air, (4) water, (5) sewage and garbage disposal services, (6) gas (natural, manufactured, or mixed), (7) ice, (8) mechanical refrigeration, and (9) telephone service; and the proceeds received for any such utilities and related services sold pursuant to the authority of this Act shall be credited to the appropriation or appropriations currently available for the supply of such services: Provided, That any utility or related service provided and sold under the authority of this Act shall not be so provided unless it is determined that the utility or related service is not at the time of such sale or contract to sell available from a private or other public source, and that the furnishing thereof is in the interest of national defense or in the public interest.”

(c) Section 3 of said Act is hereby amended by deleting the words “The Secretary of the Navy and Secretary of War” and substituting therefor the words “The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force”.

(d) Section 5 of said Act is hereby repealed.

Approved August 8, 1949.

[CHAPTER 404]

AN ACT

To amend section 6 of the Civil Service Retirement Act of May 29, 1930, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by adding at the end of the first paragraph thereof the following: “Such time limitation may also be waived in the case of an officer or employee whose disabling condition is essentially chronic, deteriorative, or progressive in nature and can reasonably be assumed to have existed at date of separation, but the application in such case must be filed with the Civil Service Commission within one year after the date of separation; in the case of any such person heretofore separated from service, application may be filed within six months after the effective date of this Act.”

Approved August 8, 1949.

[CHAPTER 405]

AN ACT

To amend the Act entitled “An Act to authorize the construction of experimental submarines, and for other purposes”, approved May 16, 1947.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso contained in the Act entitled “An Act to authorize the construction of experimental submarines, and for other purposes”, approved May 16, 1947 (61 Stat. 96), is hereby amended by striking out “$30,000,000” and inserting in lieu thereof “$41,000,000”.

Approved August 8, 1949.