

79 Stat. 121.

(d) Section 101(b)(6) of Public Law 89-32 is amended by striking therefrom the figure "\$2,000,000" for project 66-6-c, land acquisition, Brookhaven National Laboratory, New York, and substituting therefor the figure "\$2,500,000".

SEC. 107. RESCISSION.—Section 106 of Public Law 89-32, except for funds heretofore obligated, is rescinded.

Approved May 21, 1966.

Public Law 89-429

May 24, 1966  
[S. 3283]

AN ACT

To promote private financing of credit needs and to provide for an efficient and orderly method of liquidating financial assets held by Federal credit agencies, and for other purposes.

Participation  
Sales Act of 1966.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Participation Sales Act of 1966".

78 Stat. 800.  
12 USC 1717.

SEC. 2. (a) Section 302(c) of the Federal National Mortgage Association Charter Act is amended—

(1) by inserting "(1)" immediately following "(c)";

(2) by inserting after "undertakings and activities" a comma and "hereinafter in this subsection called 'trusts'";

(3) by striking "obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any first mortgages in which the United States or any agency or instrumentality thereof" in the first sentence thereof and inserting "mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection";

(4) by striking out the third sentence thereof and substituting therefor the following: "Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission."; and

(5) by striking out the fourth sentence thereof.

(b) Section 302(c) of such Act is further amended by adding the following:

"(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

"(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 502 and 515(a) of the Housing Act of 1949, nor with respect to loans for nonfarm recreational development.

"(B) The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities.

"(C) The Department of Housing and Urban Development, except that such authority may not be used with respect to secondary market operations of the Federal National Mortgage Association.

Post, p. 1236.

Establishment  
of trusts.

63 Stat. 433;  
76 Stat. 671.  
42 USC 1472,  
1485.

“(D) The Veterans’ Administration.

“(E) The Export-Import Bank.

“(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the ‘trustor’, is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom; and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as trustee pursuant to the trust instrument.

“(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

“(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

“(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations

authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument."

SEC. 3. (a) Section 305(c) of the Federal National Mortgage Association Charter Act is amended by deleting "by \$450,000,000 on July 1, 1966,".

(b) Section 401(d) of the Housing Act of 1950 is amended by deleting "1968:" immediately preceding the first proviso and by substituting therefor "1965, and 1967 and 1968:".

SEC. 4. (a) Section 303(c) of title III of the Higher Education Facilities Act of 1963 is amended by striking out the first nine words in the second sentence and substituting therefor the following: "For the purpose of making payments into the fund established under section 305".

(b) Title III of the Higher Education Facilities Act of 1963 is further amended by adding after section 304 the following new section:

"REVOLVING LOAN FUND

"SEC. 305. (a) There is hereby created within the Treasury a separate fund for higher education academic facilities loans (hereafter in this section called 'the fund') which shall be available to the Commissioner without fiscal year limitation as a revolving fund for the purposes of this title. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriation Acts. A business-type budget for the fund shall be prepared, transmitted to the Congress, considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849) for wholly owned Government corporations.

"(b) (1) The Commissioner, when authorized by an appropriation Act, may transfer to the fund available appropriations provided under section 303(c) to provide capital for the fund. All amounts received by the Commissioner as interest payments or repayments of principal on loans, and any other moneys, property, or assets derived by him from his operations in connection with this title, including any moneys derived directly or indirectly from the sale of assets, or beneficial interests or participations in assets, of the fund, shall be deposited in the fund.

"(2) All loans, expenses, and payments pursuant to operations of the Commissioner under this title shall be paid from the fund, including (but not limited to) expenses and payments of the Commissioner in connection with sale, under section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this title. From time to time, and at least at the close of each fiscal year, the Commissioner shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amount of appropriations paid out for loans under this title or available as capital to the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any

75 Stat. 175;  
79 Stat. 493.  
12 USC 1720.  
73 Stat. 681;  
79 Stat. 489.  
12 USC 1749.

77 Stat. 372.  
20 USC 743.

59 Stat. 598.

Ante, p. 164.

interest payments so deferred shall themselves bear interest. If at any time the Commissioner determines that moneys in the fund exceed the present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury."

SEC. 5. Section 338(c) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking in the second sentence "and (8)" and inserting in lieu thereof "(8) section 8 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1006a); (9) section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011); and (10)"; and by inserting in the fifth sentence after "title," the following: "section 8 of the Watershed Protection and Flood Prevention Act, as amended, and section 32(e) of the Bankhead-Jones Farm Tenant Act, as amended."

SEC. 6. (a) Nothing in this Act shall be construed to repeal or modify the provisions of section 1820(e) of title 38, United States Code, respecting the authority of the Administrator of Veterans' Affairs.

(b) After June 30, 1966, no department or agency listed in section 302(c)(2) of the Federal National Mortgage Association Charter Act may sell any obligation held by it except as provided in section 302(c) of that Act, or as approved by the Secretary of the Treasury, except that this prohibition shall not apply to secondary market operations carried on by the Federal National Mortgage Association.

SEC. 7. Paragraph (7) of section 8 of the Federal Credit Union Act (12 U.S.C. 1757) is amended to read:

"(7) to invest its funds (A) in loans exclusively to members; (B) in obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby; (C) in accordance with rules and regulations prescribed by the Director, in loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired capital and surplus; (D) in shares or accounts of savings and loan associations, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation; (E) in obligations issued by banks for cooperatives, Federal land banks, Federal intermediate credit banks, Federal home loan banks, the Federal Home Loan Bank Board, or any corporation designated in section 101 of the Government Corporation Control Act as a wholly owned Government corporation; or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or (F) in participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more Government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States (or the head thereof) has been named to act as trustee;"

SEC. 8. The Secretary of the Treasury, in consultation with heads of agencies of the United States carrying on direct loan programs, shall conduct a study, in such manner as he shall determine, on the feasibility, advantages, and disadvantages of direct loan programs compared to guaranteed or insured loan programs and shall report his findings together with specific legislative proposals to the Congress not later than six months after the effective date of this Act. There are authorized to be appropriated such sums as necessary for the purpose of this section.

75 Stat. 317.  
7 USC 1988.

70 Stat. 1090.

76 Stat. 607.

78 Stat. 800.

Ante, p. 164.

73 Stat. 630.

Report to Congress.

Appropriation.

SEC. 9. The Federal National Mortgage Association is authorized during the fiscal year 1966 to sell—

(1) additional participations in the Government Mortgage Liquidation Trust, and

(2) participations in a trust to be established by the Small Business Administration,

each without regard to the provisions of paragraph (4) of section 302(c) of the Federal National Mortgage Association Charter Act.

Approved May 24, 1966.

Ante, p. 165.

### Public Law 89-430

#### AN ACT

May 26, 1966  
[S. 1098]

To amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1(14) (a) of the Interstate Commerce Act is amended by adding at the end thereof the following: "In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply, and shall, on the basis of such consideration, determine whether compensation should be computed solely on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on value, or whether such compensation should be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commission finds it to be in the national interest."

Railroad freight cars.  
54 Stat. 901.  
49 USC 1.

Effective date.

SEC. 2. Any compensation fixed pursuant to the amendment made to the Interstate Commerce Act by the first section of this Act shall not take effect before September 1, 1966.

Approved May 26, 1966.

### Public Law 89-431

#### AN ACT

May 26, 1966  
[H. R. 8376]

To amend title I of the Tariff Act of 1930 to make permanent the existing duty-free treatment for certain corkboard insulation.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) item 220.30 of title I of the Tariff Act of 1930 (Tariff Schedules of the United States; 28 Fed. Reg., part II, page 93, Aug. 17, 1963; 77A Stat. 93; 19 U.S.C., sec. 1202) is amended by striking out "2.5¢ per board ft." each place it appears and inserting in lieu thereof "Free".

(b) Item 904.40 (77A Stat. 432) of such title I is repealed.

Corkboard insulation.  
Free entry.

Repeal.