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STATEMENT OF
BALTAS E. BIRKLE, DEPUTY DIRECTOR FOR OPERATIONS,
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE

COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE COSTS AND BENEFITS OF SINGLE-FAMILY MORTGAGE REVENUE BONDS

Mr. Chairman and Members of the Committee:

We appreciate being asked to assist your Committee in considering some of the policy and technical issues surrounding the use of mortgage revenue bonds. As you may know, we are in the final stages of completing a comprehensive study of the costs and benefits of mortgage revenue bonds. Our remarks today, will parallel and expand somewhat upon information provided to the Chairman of the Senate Committee on Finance in a report dated April 18, 1983. That report was written to answer the Chairman's questions regarding:

--the extent to which low and moderate income homebuyers have been assisted by mortgage revenue bonds,

--the effectiveness of Federal purchase price ceilings and locally imposed income ceilings in targeting program benefits, and

--the economic efficiency of mortgage revenue bonds in general.

To answer these questions we analyzed the loan activity of 40 State and local bond issuers that borrowed in the tax-exempt market between December 1981 and July 1982. Our findings are based on more than 20,000 home loans made with these bond proceeds.

In addition, we compared the costs of the bond program to the costs of other subsidy options which could be used to provide the same or similar benefits to homebuyers. We met with housing experts in goverment, industry, and academia to compile a list of such options and selected two of the more feasible options for comparison--mortgage grants and an annual tax credit to homebuyers. For the mortgage revenue bond program and both options, we set assumptions and developed an analytical model which we used to calculate the Federal costs associated with the revenue bond program and the other alternatives. We estimated the lifecycle costs incurred by the Federal government for a typical housing unit rather than limiting our analysis to the yearly costs for a given volume of bonds sold.

Overall, our analysis indicates that mortgage revenue bonds are very costly when compared to the benefits they provide to assisted homebuyers and to the costs of other alternatives which could provide the same level of assistance. We also found that the public purpose objective of subsidizing low- and moderate-income households who need assistance to purchase homes, is not generally achieved. A major reason for this is that purchase price and income limits have been ineffective in targeting benefits to this group.

In our statement today we take no position on whether or not subsidies should be made available to facilitate low- and moderate-income homeownership. Rather, we note that if Congress wishes to continue to provide such subsidies, there are more economical ways to do so than with mortgage revenue bonds. We also believe it would make sense to limit such subsidies to those first-time homebuyers who could not otherwise buy homes.

BACKGROUND

In the late 1970's, as other forms of mortgage finance were adjusting to changes in the regulatory environment for lenders, the revenue bond method of finance was developing. Under this approach, State or local agencies issue tax-exempt bonds whose proceeds are used to provide below market interest rate mortgages to first-time homebuyers. The popularity of mortgage revenue bonds spread rapidly but at the same time their perceived costs to the Federal Government and their possible inequities aroused substantial congressional opposition. Their rapid growth rate was expected to continue because State and local finance agencies could issue these politically popular revenue bonds at little cost to themselves--the major costs are borne by the Federal Government in the form of lost tax revenue. These factors caused the Congress to begin considering legislation in 1979 which would limit the volume of bonds issued and attempt to confine their use to low- and moderate-income households. Those deliberations resulted in the Mortgage Subsidy Bond Tax Act of 1980 which placed a variety of restrictions on the use of mortgage bonds. As you know, that act also eliminated the use of mortgage revenue bonds as tax-exempt investments after December 31, 1983.

Implicit in the debate and the events leading up to the 1980 act was the Congress' intent that mortgage revenue bonds benefit those low- and moderate-income households who would have difficulty buying homes at conventional mortgage rates. This is also evidenced by the fact that homebuyer income ceilings were proposed, but later dropped under the assumption that purchase price ceilings and a first-time buyer requirement in combination with income limits imposed by most States and local jurisdictions would effectively target the bond proceeds to those needing assistance.

COST-EFFECTIVENESS

With regard to the overall economic efficiency of mortgage revenue bonds, we found them to be quite costly to the Federal Government when compared to the benefits provided buyers and to the possible costs of alternative subsidy mechanisms which could be employed. Estimating the costs of mortgage revenue bonds--namely, the Federal tax losses due to the issuance of tax-exempt bonds--is a controversial subject. As you know GAO is not alone in its finding that these bonds are a costly tool for providing housing subsidies. The Treasury Department, the Congressional

Budget Office, the Joint Committee on Taxation, and independent experts have produced a range of estimates over the years showing mortgage bonds to be an inherently inefficient subsidy. State and local bond issuers, on the other hand, have often expressed concern that many of these estimates so simplify reality that they cannot be reliably used as a basis for making judgments about the relative worth of tax-exempt financing. With this in mind, we constructed cost estimates using a wide variety of assumptions. In all our calculations, the costs of mortgage revenue bonds in 1982 were estimated to be substantially greater than the benefits to homebuyers, with cost estimates ranging from about 3 to 6 times the benefits. The major reason for this is that tax-exempt housing bonds provide large tax savings to bond purchasers and profits for many financial and legal intermediaries.

Based on taxable and tax-exempt interest rates existing during 1982, and using what we feel are reasonable assumptions constructed using the advice of other government analysts and Wall Street financial experts, we calculated that the long term revenue loss to the Treasury resulting from the use of tax-exempt bonds could be roughly four times the benefit provided to homebuyers in the form of reduced monthly mortgage payments. Using a tax-credit or a direct grant to lenders, Federal costs could be substantially reduced to a level roughly equal to the cash value of the mortgage interest savings to homebuyers.

We calculate, for example, that the present value of lost tax revenues related to revenue bond loans made in 1982 will average at least $13,300 per loan (Exhibit 1) based on an average mortgage amount of $43,300. The cash value of the subsidy to homebuyers is about $50 per month. By contrast, this benefit could be provided as a $3,400 one-time grant to buy down the conventional mortgage interest rate, or through yearly tax-credits with a present value cost of about $3,500. The approximately $10 billion raised with revenue bonds for home loans in 1981 and 1982 could result in a tax revenue loss of $2.66 billion in present value. A direct subsidy program providing the same number of loans could have been funded for about $680 million-- a savings of approximately $2 billion. Even greater savings (or greater benefits) could have been achieved if loans had been granted only to those low-and moderate-income households that needed assistance to purchase homes.

Direct subsidies such as grants or tax-credits would not only reduce overall government costs while maintaining the same benefits to homebuyers but could also improve program equity, enhance targeting, and generally provide more flexibility to State and local governments.

INEQUITY

The structure of the mortgage revenue bond subsidy--normally a fixed interest rate reduction to all buyers--is inherently inequitable. The higher the income of the buyer and the less likely the buyer is to need help, the more they receive in subsidy and the greater the cost incurred by the Government. This is because higher income buyers generally buy more expensive homes than those with modest incomes. For example, in 1982 we estimate that the average mortgage revenue bond homebuyer received a subsidy equal to about $600 per year which will eventually cost the Treasury about $13,300 in present value. But for a household earning about $20,000 annually, the subsidy was worth $480 per year while a household earning $40,000 received a yearly interest reduction of about $820 (Exhibit 2). The costs incurred to provide the subsidy are also drastically different between income groups. To subsidize the $20,000 income purchaser's home with a mortgage of $34,900 will, over time, cost the Treasury roughly $10,700, while subsidizing the $40,000 income purchaser's home with a $60,000 mortgage will have a present value cost to the Treasury of $18,400.

Using information on incomes and purchase prices, we have constructed a profile of who benefits from mortgage revenue bonds and how this distribution of benefits might be altered using a tax-credit or mortgage grant. Based upon 1982 statistics, we believe that the largest share--74 percent--of the costs of mortgage revenue bonds went to benefit high-income bond purchasers, bond underwriters, lawyers and other intermediaries rather than to homebuyers. Only 26 percent of the cost resulted in benefits to homebuyers. In contrast, providing the same households with the same assistance they received in 1982, but using a more efficient subsidy such as a tax-credit, could have reduced the proportion of subsidy lost to delivery expenses to less than 6 percent leaving 94 percent to benefit homebuyers (Exhibit 3). With lower interest rates in 1983, which will make mortgage revenue bonds somewhat less expensive, we estimated that the proportion of costs going to benefit bond purchasers and intermediaries will still exceed 57 percent (Exhibit 4).

BENEFICIARIES

We found that most subsidized home loans were not made to low- and moderate-income households in need of assistance, but rather to middle-income households who probably could have purchased homes without assistance.

The majority of mortgage revenue bond homebuyers in 1982 were one or two person middle-income households between 20 and 35 years of age (Exhibits 5, 6, 7, 8). In guaging whether or not this group of homebuyers needed assistance or how their incomes compared to the general population, national statistics on purchaser's incomes and median home prices are nearly meaningless. One must rather consider the geographic locations of individual homebuyers and their family sizes. Without considering family size or location, 53 percent of mortgage revenue bond borrowers had incomes above the median in their States (Exhibit 9), but when family size and location within the State are taken into account, 78 percent of all loan recipients were above median income in the local areas in which they resided (Exhibit

10). Using HUD's eligibility requirements for subsidized homeownership assistance, 76 percent of mortgage bond homebuyers could not have qualified for homeownership assistance. And using Congress's definition of low-and moderate-income for assisted housing programs, only about 6 percent could have been classified as low and moderate-income (Exhibit 11).

AFFORDABILITY

Without stringent income limitations one would expect some mortgage revenue bond homebuyers to (1) buy homes somewhat more expensive than they could have without the subsidy while others would, or (2) buy about what they would have without the subsidy, merely reducing their monthly payments without any significant change in their housing consumption. To explore the latter possibility we determined which of 7,600 mortgage bond homebuyers in seven States had incomes high enough to have qualified for market interest rate mortgage loans in 1982 (Exhibit 12). Applying the same debt to income criteria used by lenders in granting mortgage revenue bond loans, we estimate that 88 percent of the 1982 mortgage revenue bond purchasers could have qualified for loans at a 15.5 percent interest rate which is above the average rate for loans closed by both mortgage bankers and savings and loans associations in 1982 (Exhibit 13).

Using the same interest rate (15.5 percent) and a 28 percent ratio of housing costs to income which would have been more stringent than any standard in wide use during 1982, nearly 50 percent of mortgage revenue bond homebuyers could have purchased the same homes in 1982 without subsidy. Even using a 16.5 percent interest rate which is the highest rate actually experienced in 1982 and the most stringent debt to income ratio, 40 percent of bond assisted purchasers could still have bought the same homes without subsidy. Had most of the remaining households chosen to wait only a few months, or used a graduated payment mortgage which substantially increases affordability, they very likely could also have purchased during 1982 without subsidy (Exhibit 14).

This establishes a range of from at least 40 percent and perhaps as great as 90 percent of 1982 mortgage bond homebuyers who could have purchased the same homes at the same time without assistance. Our best estimate using these and a variety of other measures is that at least 75 percent of revenue bond assisted households could have purchased without assistance in 1982. This is not inconsistent with our findings in a 1978 report on the 1974/75 Federal Emergency Housing Program, which used a subsidy provided directly to lenders (without income limits for purchasers) to reduce the interest rate on loans. That study found that sixty-two percent of the recipients would have purchased a home at the same time even if the lower rate loan had not been available. That program used mortgage limits rather than income targeting. With proper benefit targeting the costs associated with unnecessary loans could largely be eliminated.

INCOME CEILINGS

Effective income and purchase price ceilings could very likely have enhanced the targeting of program benefits under mortgage revenue bonds. But, the shallow interest subsidy provided by bonds and the desire of issuers' to limit risk to bond holders, and quickly place bond proceeds, would still have limited the ability of mortgage revenue bonds to reach those households who could not otherwise have purchased homes without assistance.

In the absence of Federal income guidelines, State and local jurisdictions have generally set their own income ceilings. Some have opted for higher ceilings than others. Most jurisdictions set ceilings allowing the participation of middle-and upper-income households. For example, in 1982, nearly all jurisdictions with bond programs allowed four person households with incomes in the $30,000-$40,000 range to participate in some or all sub-areas within their jurisdiction. Half of the 40 jurisdictions set these income ceilings at or above $40,000 (Exhibit 15). At the extremes, two States and two local bond-issuing jurisdictions set no income limitations for assisted households, while a few set income requirements below $20,000 for a portion of the bond funds.

One contention made by mortgage revenue bond proponents with regard to income levels of buyers in 1982 is that the income ceilings for loans were raised out of necessity in 1981 and 1982 because of the unusually high mortgage interest rates.

According to the Council of State Housing Agencies, high interest rates in the bond market during 1981 and 1982 meant that mortgage revenue bond programs had a difficult time reaching their traditional low-and moderate-income constituencies. Thus they conclude that many housing agencies were forced to extend their programs to higher income families than they were typically accustomed to serving.

To examine this, we analyzed information on income ceilings during three periods--pre-1980, 1981-1982, and thus far in 1983 (Exhibits 16, 17, 18). This information leads us to two conclusions:

--Although income targeting varies substantially from issuer to issuer, State and local income limits for mortgage revenue bond loans have not been set during any of these periods so as to limit participation to low-and moderate-income households in need of assistance.

--Income limits set thus far by State bond issuers through April 1983 have not, on average, declined measurably from 1982 even though market interest rates and tax-exempt interest rates for mortgages have declined roughly 4 percentage points which could allow an average decrease in income limits of at least $6000 and still allow some increases in the price of homes purchased.

PURCHASE PRICE CEILINGS

Federally imposed purchase price ceilings (Exhibit 19) also did not effectively limit the participation of the more affluent first-time homebuyers because the ceilings were set near the average purchase price of all homes sold in each locality--not those bought by less affluent first-time buyers only. If we average the more than 100 local price ceilings for new and existing homes established for 1982 and assume a 13.75 percent interest rate for subsidized loans in 1982, we can calculate an average minimum income required to buy these highest priced homes. For new and existing homes, buyers would have needed annual incomes of at least $30,000 and $25,000, respectively. Late in 1982, the basis for establishing ceilings was changed by the Congress to allow substantially higher priced homes to qualify for mortgage bond financing. This will put further upward pressure on purchaser incomes and may also help explain why income limits are not in general being lowered.

FLEXIBILITY

Despite proponents' arguments to the contrary, mortgage revenue bonds provide a very inflexible subsidy mechanism. A number of the characteristics of an effective subsidy mechanism are missing. Mortgage revenue bonds cannot be structured to (1) adjust the subsidy level based on the financial need of loan applicants or changes in homeowners incomes after they purchase their home, (2) function smoothly during periods of fluctuating interest rates and market instability, and (3) select among loan applicants based upon need.

A direct subsidy mechanism such as a tax-credit could be structured to have these desirable characteristics. More specifically,

--Mortgage revenue bonds cannot provide subsidies in accordance with financial need without additional State or local subsidies to further write-down the mortgage interest rates. As a result, mortgage bonds are inequitable in that they provide smaller benefits to lower income purchasers (Exhibit 2). A direct subsidy such as a homebuyer tax-credit could allow States and localities to provide much deeper subsidies to qualified purchasers with the lowest incomes and gradually decrease the subsidy for purchasers with less financial need. A tax-credit could be structured to include refundability of the credit for those whose income tax bills were too low to fully utilize a tax-credit.

--The bond subsidy, once a loan is made, declines slowly as the mortgage balance is paid off but probably cannot be structured to be adjusted if the purchasers income rises or falls in later years. A tax-credit could be structured to vary with household income. The credit could increase should income fall thereby helping to avoid default or foreclosure and, conversely, the credit could decrease if a purchaser's income increased substantially.

--Under bond programs, mortgage rates are set when the bond is issued based on the yield demanded by bond investors. The granting of mortgage loans usually lags behind issuance by several months. As a result, when interest rates are going up, the benefit to some homebuyers increases but when interest rates come down, the benefit decreases. In late 1982 and early 1983, for example, many bond issuers could not loan the funds raised when market interest rates came down lower than the mortgage revenue bond lending rates to homebuyers. In late 1982 and continuing this year many agencies had to call bonds in substantial amounts. Other agencies blended older higher interest rate funds with more recent tax-exempt money raised at lower interest rates. Either way, the effectiveness of bond programs was reduced--tax expenditures were incurred without any mortgage subsidy in the case of calls and in the case of blending, the mortgage subsidy was diluted. A tax-credit, in comparison to bonds, can function smoothly regardless of fluctuations in interest rates.

--Bond programs generally leave the selection of potential homebuyers up to the lenders whose main criteria is first-come, first-serve and whether the applicant provides a reasonable underwriting risk. An alternative would be for the administrating agency to select participants based on need and then refer them to lenders and possibly assist them to shop for the best mortgage interest rates. This would also allow potential homebuyers to combine the benefits of lower monthly payments in the earlier years of a graduated payment mortgage with the tax-credit in order to have a greater chance of homeownership.

COUNTERCYCLICAL STIMULUS TO THE ECONOMY

Another argument used by proponents in support of mortgage revenue bonds is that they increase housing production in general and did so in particular during 1982. This would in turn result in job creation and overall increases in incomes and Federal tax revenues. In performing a study which was published last August entitled "Analysis of Options to Aid the Homebuilding and Forest Products Industries", we concluded after analyzing a variety of stimulus proposals including mortgage revenue bonds, that:

--certain direct subsidies such as tax-credit or mortgage grants would increase employment and Federal revenues in the short run, but the costs of such subsidies were greater than the revenue increases;

--greater use of mortgage revenue bonds, however, would have little impact on either housing starts or employment in the short run because, (1) the subsidies were too small to induce additional households to buy in a very high interest rate environment, (2) the bond mechanism was too slow to act quickly when the economy was at its low point, (3) the costs would clearly outweigh the very limited stimulative effect and, (4) tying bonds to new construction could result in much of the subsidy being realized by individual builders.

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In conclusion, providing subsidies directly to households using a grant or carefully structured tax-credit would be less costly than providing mortgage revenue bond financing while providing greater flexibility to State and local governments in providing assistance. Federal purchase price limits and State and local income limits have not effectively targeted loans to those in need of assistance. Taken together, these conclusions infer that a more direct subsidy mechanism which effectively targeted benefits to households who could not otherwise afford to purchase homes would be much less costly, more equitable, and more effective than the mortgage revenue bond programs now being used by States and localities.

This completes my prepared statement. My colleagues and I will be happy to respond to any questions.

GENERAL ACCOUNTING OFFICE

EXHIBITS TO ACCOMPANY TESTIMONY
PRESENTED BY BALTAS E. BIRKLE

BEFORE THE

COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 15, 1983

C O N T E N T S

EXHIBIT

17. MRB income ceilings during 1981/82 as a percent of family median income for a family of four

18. Estimates of how far income ceilings could have been lowered in 1983 based on the decline in mortgage interest rates

19. Federal purchase price limits for MRB single-family homes in non-target areas

20. Percent of downpayment for MRB homebuyers in eight states

21. Amount of downpayment by MRB homebuyers in eight states

22. Effect of restrictive income ceilings on the selection of MRB homebuyers

23. Effect of non-restrictive income ceilings on the selection of MRB homebuyers

EXHIBIT 1

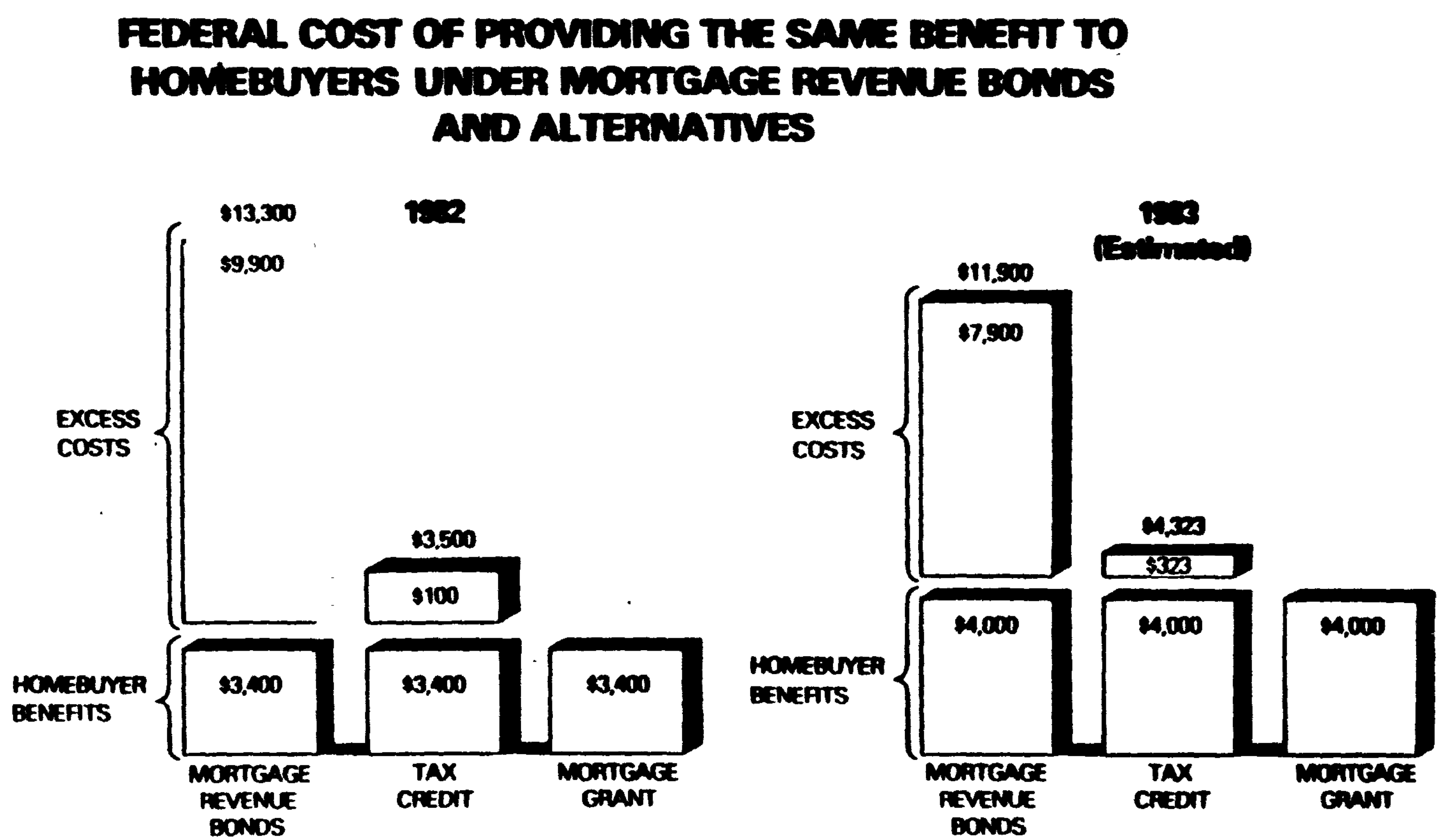

FEDERAL COST OF PROVIDING THE SAME BENEFIT TO HOMEBUYERS UNDER MORTGAGE REVENUE BONDS AND ALTERNATIVES
1982
$13,300
$9,900
EXCESS COSTS
$3,500
$100
HOMEBUYER BENEFITS
$3,400
$3,400
$3,400
MORTGAGE REVENUE BONDS
TAX CREDIT
MORTGAGE GRANT
1983
(Estimated)
$11,900
$7,900
EXCESS COSTS
$4,323
$323
HOMEBUYER BENEFITS
$4,000
$4,000
$4,000
MORTGAGE REVENUE BONDS
TAX CREDIT
MORTGAGE GRANT

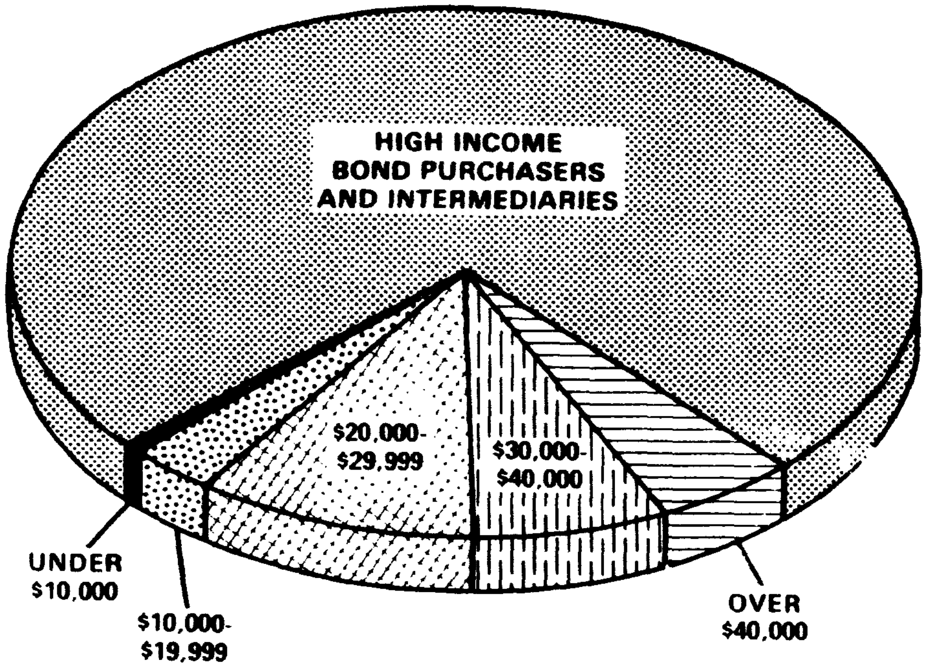
EXHIBIT 2

Average Cost and Subsidy Per MRB Loan By Income Group

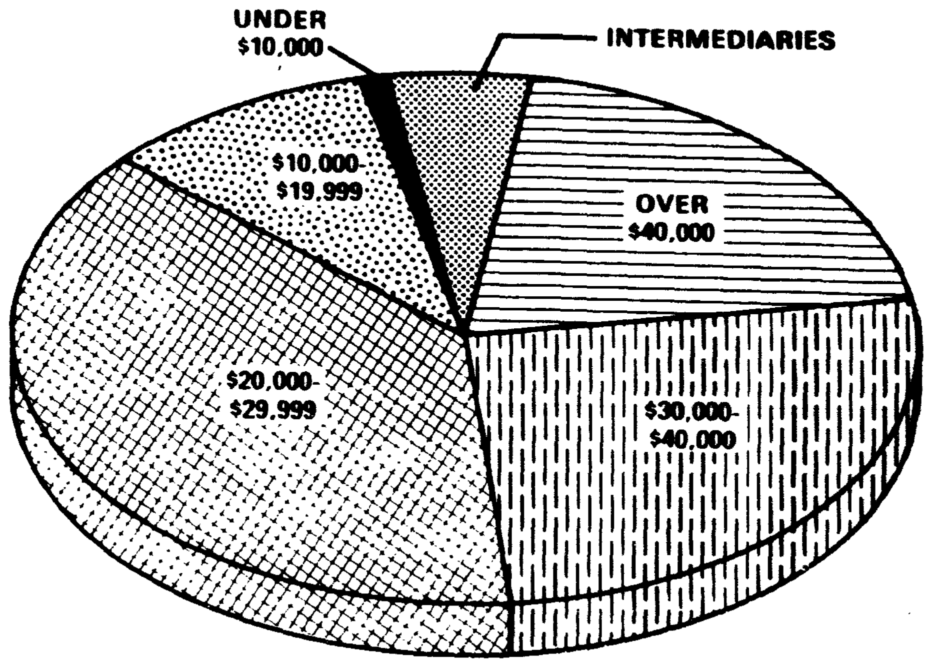
Income group ($000)	Distribution of funds lent (Percent)	Distribution of loans made (Percent)	Average mortgage amount	Average cost per loan	Average monthly MRB subsidy
0-20	10	17	$ 29,089	$ 8,935	33
20-30	40	45	41,865	12,859	48
30-40	28	24	53,401	16,403	61
40-50	15	10	68,046	20,901	78
Over 50	7	4	72,697	22,330	83
Total	100	100			

EXHIBIT 3

INCOMES OF BENEFICIARIES OF MORTGAGE REVENUE BONDS AND ALTERNATIVES



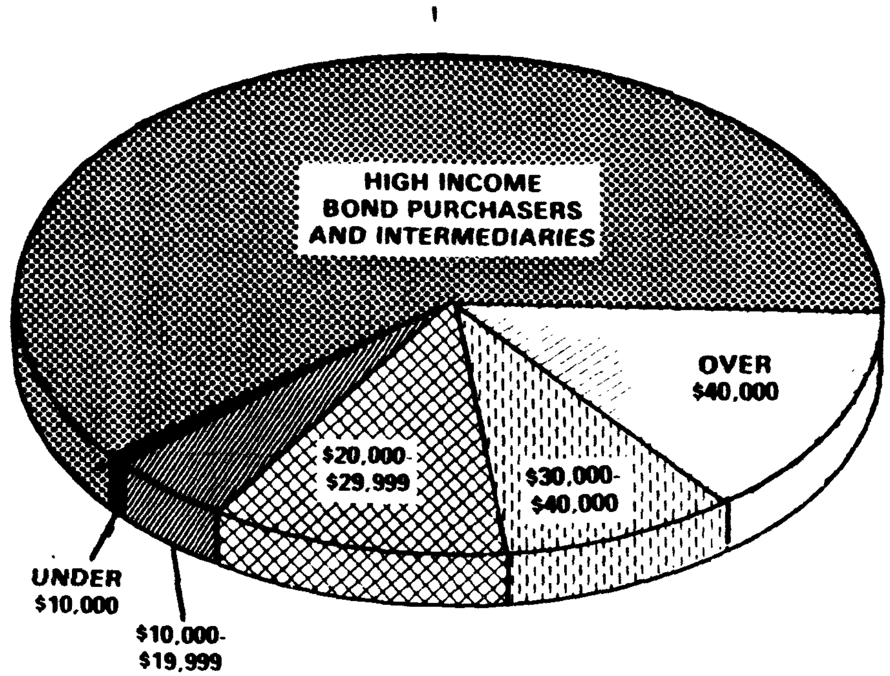
MORTGAGE REVENUE BONDS



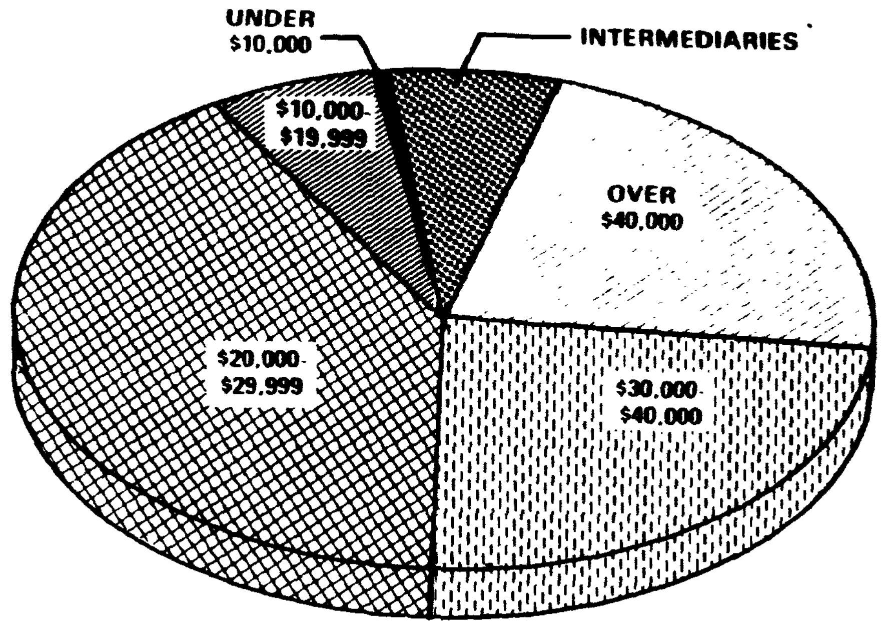
TAX CREDIT OR MORTGAGE GRANT

EXHIBIT 4

INCOMES OF BENEFICIARIES OF MORTGAGE REVENUE BONDS AND ALTERNATIVES (PROJECTED 1983)



MORTGAGE REVENUE BONDS



TAX CREDIT OR MORTGAGE GRANT

EXHIBIT 5

Household Size of MRB Borrowers in Eight States

Family Size	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	Percent of homebuyers
	Number of Borrowers									
1	493	470	78	270	142	219	240	107	2,019	23
2	415	789	116	101	96	906	595	402	3,420	38
3	195	370	73	306	76	276	278	190	1,764	20
4	145	353	52	121	51	185	196	91	1,194	13
5	43	119	27	55	20	37	44	35	340	4
6	8	28	7	14	10	15	12	7	101	0
7	1	10	3	2	0	2	2	1	21	0
Over 8	0	1	2	2	0	0	0	0	5	0
Total	1,300	2,140	358	871	395	1,640	1,367	833	8,904	100

EXHIBIT 6

Age of MRB Homebuyers in Eight States

Age	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	Percent of homebuyers
	Number of Borrowers									
0-20	32	14	6	42	17	6	53	8	178	2
21-25	368	597	139	307	153	465	520	301	2,850	32
26-30	452	761	118	295	119	645	408	286	3,084	35
31-35	239	419	42	119	64	290	198	136	1,507	17
36-40	96	187	22	47	17	121	84	54	628	7
41-45	51	70	10	20	11	50	49	32	293	3
46-50	20	44	4	15	7	25	16	4	135	1
51-55	17	19	3	15	3	21	14	6	98	1
56-60	13	15	5	2	3	8	15	1	62	1
Over 60	12	14	1	9	1	9	10	5	61	1
Total	1,300	2,140	350 a/	871	395	1,640	1,367	833	8,896	100

a/ Age information on 8 cases was unknown.

EXHIBIT 7

DISTRIBUTION OF MRB HOMEBUYER INCOMES

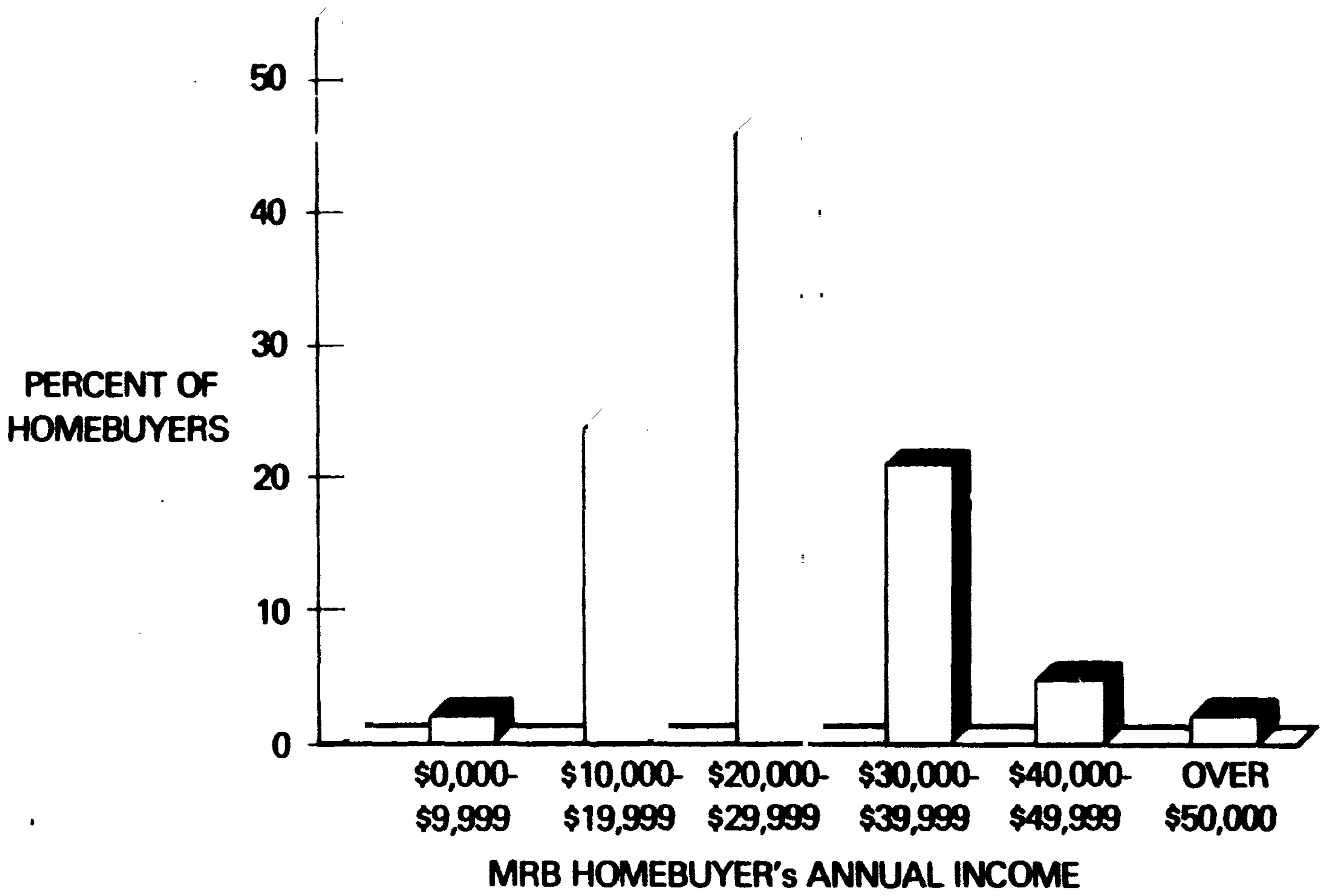


EXHIBIT 8

Income Distribution Of MRB Homebuyers In 40 Jurisdictions

By Bond-Issuing Authority

Number of Participants by Income Level

Jurisdiction	Homebuyer income in thousands						
	0-10	10-20	20-30	30-40	40-50	Over 50	Total
Alaska	0	34	317	407	358	184	1,300
California							
Fairfield City	0	1	36	22	24	10	93
Fresno County	0	16	107	86	4	0	213
Newark City	0	5	29	82	77	59	252
Riverside County	0	2	71	77	3	0	153
Colorado							
Larimer County	1	23	119	3	0	0	146
Connecticut	0	264	1,419	394	53	10	2,140
Florida	6	50	51	2	0	0	109
Broward County	0	30	222	0	0	0	252
Dade County	0	10	125	0	0	0	135
Duval County	0	38	150	54	0	0	242
Hawaii	0	0	19	11	0	0	30
Idaho	0	146	207	5	0	0	358
Indiana	8	266	319	77	5	0	675
Kentucky	3	271	121	0	0	0	395
Louisiana	9	111	469	747	0	0	1,336
Maine	0	14	70	0	0	0	84
Maryland				0	0	0	
Montgomery County	0	42	335	231	0	0	608
Washington County	0	13	50	21	1	0	85
Michigan	0	2	53	17	0	0	72
Minnesota	0	10	27	1	0	0	38
Missouri	6	238	696	24	0	0	964
Montana	0	44	187	16	0	0	247

EXHIBIT 8 (continued)

Jurisdiction	Homebuyer income in thousands						
	0-10	10-20	20-30	30-40	40-50	Over 50	Total
Nebraska	53	250	257	29	0	0	589
New Hampshire	0	1	1	0	0	0	2
New Jersey	0	11	46	37	19	3	116
New York	6	124	555	557	286	112	1,640
North Carolina	6	220	199	0	0	0	425
Oklahoma	1	96	373	499	178	84	1,231
Pennsylvania	105	597	877	271	0	0	1,850
Rhode Island	58	929	617	105	3	0	1,712
South Dakota	0	7	26	6	0	0	39
Tennessee	134	790	274	0	0	0	1,198
Texas	0	0	4	0	0	0	4
East Texas	0	5	24	15	3	0	47
Gregg County	16	34	42	8	0	0	100
Tarrant County	13	76	107	66	0	0	262
Utah	0	2	21	2	0	0	25
Virginia	0	161	577	95	0	0	833
Wyoming	0	20	117	239	95	0	471
Total participants	425	4,953	9,316	4,206	1,109	462	20,471
Percent of participants	2	24	46	21	5	2	100

EXHIBIT 9

MRB Homebuyers With Income Above State Family Median Income in 40 Jurisdictions

Jurisdiction	State median income	Number of homebuyers above median	Percent of homebuyers above median
Alaska	$ 31,608	887	68
California	26,721		
Fairfield		71	76
Fresno		132	62
Newark		237	94
Riverside		113	74
Colorado	24,813		
Larimer		70	48
Connecticut	30,801	338	16
Florida	20,231	53	49
Broward		222	88
Dade		125	93
Duval		204	84
Hawaii	29,167	13	43
Idaho	21,729	144	40
Indiana	24,001	235	35
Kentucky	18,682	185	47
Louisiana	18,700	1,216	91
Maine	21,140	66	79
Maryland	28,255		
Montgomery		308	51
Washington		31	36
Michigan	27,236	48	67
Minnesota	24,097	19	50
Missouri	21,639	585	61
Montana	21,398	178	72
Nebraska	21,453	207	35
New Hampshire	24,549	1	50
New Jersey	30,199	59	51
New York	27,789	1,092	67
North Carolina	19,862	199	47
Oklahoma	19,647	1,134	92
Pennsylvania	24,892	673	36
Rhode Island	24,381	307	18
South Dakota	18,635	33	85
Tennessee	18,770	350	29
Texas	21,724	3	75
East Texas		38	81
Gregg County		39	39
Tarrant		152	58
Utah	23,800	14	56
Virginia	23,043	479	58
Wyoming	24,182	419	89
		10,679	53

EXHIBIT 10

Income Distribution of MRB homebuyers in Eight States as a Percent of State Family Median Income

Income group as a percent of State family median income	Percent of Homebuyers: Before adjusting for family size	Percent of Homebuyers: After adjusting for family size
0- 50 (low income)	1	0
50- 80 (moderate income)	18	7
80-100 (middle income)	28	15
100-120 (middle income)	24	24
120-200 (higher income)	26	45
Over 200	3	9
Total	100	100

EXHIBIT 11

MRB Borrowers Who Could Qualify for HUD Housing Subsidy Programs In Eight States

State (Total Loans)	Section 8 a/ 50% of median Number	Percent	80% of median Number	Percent	Section 235 b/ 95% of median Number	Percent
Alaska (1300)	0	0	3	0	190	15
Connecticut(2140)	5	0	151	7	630	29
Idaho (358)	2	1	34	9	119	33
Indiana (871)	7	1	157	18	374	43
Kentucky (395)	3	1	50	13	338	86
New York (1640)	6	0	68	4	274	17
Oklahoma (1367)	2	0	27	2	71	5
Virginia(833)	1	0	26	3	128	15
Total (8904)	26	0	516	6	2124	24

a/Under Section 8 Rental Assistance payments, HUD pays the difference between fair market rents and the tenant's contribution. Low- and moderate-income families are eligible, defined as earning no more than 80 percent of the area median income, adjusted for family size and certain other factors. The Housing and Community Development Amendments of 1981 required that very-low-income people be given preference for Section 8 subsidies, defined as families earning no more than 50 percent of the area median income.

b/Under Section 235 Homeownership Assistance for Low-and Moderate-Income Families, HUD insures loans to make homeownership available to families with incomes under 95 percent of area median family income. Also, under this program, HUD subsidizes the homeowner's interest rate to as low as 4 percent. The Section 235 income ceilings include hundreds of exceptions which generally raise the ceilings above the 95 percent of median standard.

EXHIBIT 12

Methodology used to determine if MRB homebuyers could have purchased their homes without subsidy

Our methodology is based on data provided on 7,604 MRB homebuyers in seven states (Connecticut, Idaho, Indiana, Kentucky, New York, Oklahoma and Virginia). We excluded the eighth state--Alaska--where we had details on each individual MRB homebuyer because interest rates charged homebuyers are subsidized by the State down to about 10 percent. The data based on the seven states includes the following information on each homebuyer: homebuyer annual income, purchase price, mortgage amount and interest rate. Using this data, we performed the following analysis:

--For each of the 7,604 homebuyers, we calculated the percent of annual income which lenders allowed for housing costs. Housing costs included principal and interest at the mortgage interest rate charged the homebuyer plus real estate taxes, and hazard and mortgage insurance. From these percentages, we determined the criteria lenders used to qualify (approve) homebuyer mortgage loans.

--Next we determined what housing costs would have been for each of the 7,604 buyers including principal and interest on their loan at a conventional mortgage interest rate of 15.5 percent and real estate taxes, and hazard and mortgage insurance.

--We then determined the percent of income which would have been used to pay housing costs at the conventional interest rate for each of the 7,604 homebuyers.

--As a final step, we determined which of the 7,604 homebuyers needed the MRB subsidy by comparing the criteria used by lenders to approve MRB loans with the percent of income which would have been used to pay housing costs at conventional interest rates. If the percentage of homebuyer income fell below the lenders criteria, we concluded that the homebuyer could have purchased in 1982 using a conventional or unsubsidized FHA mortgage.

EXHIBIT 13

MRB Homebuyers In Seven States Who Could Have Purchased In 1982 Without Subsidy Using a 15.5 Percent Loan

	Percent of homebuyers a/	Percent of homebuyers b/	Percent of homebuyers c/
Connecticut	87	63	28
Idaho	82	54	28
Indiana	90	80	60
Kentucky	87	77	48
New York	91	93	72
Oklahoma	92	92	67
Virginia	77	53	17
Weighted Average	88	76	48

a/ Based on housing costs to income standards that lenders actually used in approving MRB loans. Using this criteria assumes that lenders did not apply more lenient loan qualification standards to MRB homebuyers than to homebuyers who obtained market rate loans.

b/ Based upon a housing cost to income standard of 33 percent which is a reasonable proxy for the standard used for conventionally insured and government insured loans granted in 1982. Conventionals would routinely have been granted at 30 percent with many exceptions possible for smaller households and FHA and VA loans would have generally allowed much higher debt to income ratios given their methodology for qualifying buyers.

c/ Based on the most stringent standard used for market rate loans during 1982. Using this standard assumes that lenders applied a much stricter standard for market rate loans than for MRB loans.

EXHIBIT 14

INCREASE IN AFFORDABILITY WITH AND WITHOUT SUBSIDY DURING 1982 FOR THREE INCOME LEVELS

HOMEBUYER ANNUAL INCOME	15,000	22,500	30,000
MONTHLY MORTGAGE PAYMENT BUYER CAN AFFORD	312	468	625

INCREASED HOME PRICES BUYERS COULD AFFORD IN 1982 WITH:

STANDARD MORTGAGE (15.5%) (NO SUBSIDY)	25,260	37,890	50,400
MRB LOAN (13.75%) (NO SUBSIDY) OR EQUIVALENT TAX CREDIT	28,200	42,300	56,400
GRADUATED PAYMENT MORTGAGE (15.5%) (NO SUBSIDY)	29,600	44,400	59,300

EXHIBIT 15

State Or Locally Imposed Income Limits For MRB Homebuyers, Ranked By Percent Of Family Median Income For A Family Of Four

(Includes all States that issued bonds during 1981 and 1982)

State	As a percent of HUD's State Family Median Income	Dollar Amount
Oregon	106	$26,000
Michigan	116	31,750 a/
Maryland	117	33,000 b/
North Carolina	118 (98)	23,500 (19,500) c/
Hawaii	126	36,873 d/
Maine	128	27,000
Colorado	129	32,000 e/
Missouri	129	28,000 f/
Rhode Island	133	32,500
Nevada	133	33,875 (23,750) g/
Wisconsin	139 (96)	34,000 (23,325) h/
Utah	143	34,000 i/
Minnesota	143 (106)	34,500 (25,500) j/
Delaware	144	37,500
Montana	147	31,500 k/
Indiana	148 (68)	35,500 (16,400) l/
Vermont	149	32,500
Kentucky	150 (136)	28,000 (25,500) m/
Nebraska	151	32,500
Pennsylvania	151 (141)	37,500 (35,000) n/
Idaho	152	33,000 o/
Iowa	153 (115)	34,300 (25,800) p/
Massachusetts	155	43,000 q/
Illinois	158	43,000
Tennessee	160	30,000 r/
South Carolina	163	32,200 s/
New Hampshire	163 (113)	40,000 (27,000) t/
North Dakota	165	33,000 u/
New Mexico	167	33,000 v/
Virginia	169 (95)	38,900 (22,000) w/
Texas	175	38,000 x/
Florida	175 (151)	35,400 (30,500) y/
Georgia	183 (131)	37,500 (26,900) z/
South Dakota	185	34,500 aa/

State	As a percent of State Family Median Income	Dollar Amount
West Virginia	186	32,700
Wyoming	186	45,000 bb/
California	188 (105)	50,250 (28,000) cc/
Louisiana	214	40,000
Arkansas	224	36,000 dd/
Alabama	227	42,000 ee/
Oklahoma	252 (196)	49,500 (38,500) ff/
Mississippi	255	39,000 gg/
Arizona	261	59,977 (27,589) hh/
Connecticut	Unlimited (87)	Unlimited (26,700) ii/
New Jersey	Unlimited (139)	Unlimited (41,900) jj/
Alaska	Unlimited	Unlimited
New York	Unlimited	Unlimited

City and County	As a percent of SMSA Family Median Income	Dollar Amount
Montgomery County, MD	108	$34,900 kk/
Larimer County, CO	126	30,000
Washington County, MD	126	40,900 ll/
Broward County, FL	130	30,680
Dade County, FL	150	34,800 mm/
Duval County, FL	152	32,600
Fresno County, CA	152 (101)	32,600 (21,800) nn/
Tarrant County, TX	158	40,000
Gregg County, TX	191	37,500
Riverside, CA	194	43,005
East Texas, TX	230	45,000
Newark, CA	Unlimited (120)	Unlimited (36,600) oo/
Fairfield, CA	Unlimited (150)	Unlimited (37,500) pp/

Kansas, Ohio and Washington did not issue tax exempt bonds for single-family housing in 1981 and 1982.

NOTE: Except as otherwise noted, we first determined the dollar amount of State or locally imposed income limits for a family of four from either the Bond Official Statement or directly from bond agency officials. We then compared the dollar limit to the 1981 State family median income (for State bonds) or to the 1981 SMSA/county family median income (for city and county bonds) as determined by HUD for a family of four. Parenthetical percentages represent lower percentages where income limits varied by location, new or existing construction, or targeting part of funds to lower income people.

 EXHIBIT 15

FOOTNOTES

a/Michigan--Overtime earnings of up to $4,000 are excludable in meeting the income limit criteria.

b/Maryland--The income limit applies to two or more persons. The limit for a single person is $28,000.

c/North Carolina--Income limits differ between urban and rural areas and vary by family size. An adjustment of $500 is allowed for each member greater than four. Limits for a single individual range from $14,625 to $17,625. Net assets may not exceed $15,000, except persons between ages 62 and 64 may have net assets of up to $40,000, persons aged 65 may have $50,000, and handicapped persons may have $65,000.

d/Hawaii--Income limits are graduated from 1 to 8 or more household members. Limits for one and two members are $24,582 and $34,373, respectively. An amount of $1,250 is added for each member greater than two but not to exceed $41,873. Borrowers may not have assets (less liabilities secured by such assets and less 25 percent of the downpayment made to purchase the subject property) exceeding the maximum allowable adjusted gross income for a family of the same size.

e/Colorado--Income limit is $23,000 before taxes and withholdings and after deducting (a) a maximum of $12,000 ($3,000 for a co-mortgagor (spouse) and each dependent, except the spouse, and support payments not to exceed $3,000, for other minor children not residing with the household), (b) income from social security or pension for a person who is 62 years old or older or handicapped, (c) amounts equal to all household income considered unusual, temporary or non-related to household members regular employment. Also, a borrower's net worth, exclusive of downpayment and closing costs, may not exceed $35,000.

f/Missouri--Income limits of $28,000 applies to a family of one to four. The limit for a family of five to eight is $32,000.

g/Nevada--Income limit for one member household is $23,750, $27,125 for two, $30,500 for three, $36,625 for five, and $39,250 for six or more.

h/Wisconsin--Income limits are 125 percent of county median income.

i/Utah--Add $500 for each member greater than four and deduct $1,000 for each member less than four.

 EXHIBIT 15

j/Minnesota--Limits range from $29,500 to $34,500 for new construction and from $25,500 to $29,500 for existing housing depending on geographic location.

k/Montana--Add/deduct $1,000 to the limit for each dependent greater/less than four.

l/Indiana--The income limits apply to 60 percent of mortgage loans and range from $25,600 to $35,500. Limits for the other 40 percent range from $16,400 to $22,720, which represent 80 percent of the median for the borrower's geographic area.

m/Kentucky--Income limits vary by area/location. Add/deduct $1,500 for each member greater/less than four.

n/Pennsylvania--Limits vary by geographic area.

o/Idaho--Add/deduct $1,500 for each member greater/less than four.

p/Iowa--Add/deduct $300.00 for each dependent family member greater/less than residing in household under 18, or over 18 with no income. Income may be increased by 10 percent for households having combined incomes. Additionally, the limits may be increased; by $300 if the head of household has secondary income, unusual income, or extraordinary medical costs.

q/Massachusetts--Add/deduct $1,500 for each dependent greater/less than four.

r/Tennessee--Income limits for 1, 2, 3, and 4 or more member households are $19,000, $24,000, $28,000, and $30,000, respectively.

s/South Carolina--Add/deduct $800 for each member greater/less than four.

t/New Hampshire--The income limits are six times the annual housing costs (principal, interest, and taxes) or $40,000 whichever is lower.

u/North Dakota--The limit applies to families of one to four members. Add $1,000 for each member greater than four.

v/New Mexico--Add/deduct $1,500 for each member greater/less than four.

w/Virginia--Income limits vary between newly constructed and existing dwellings, and by geographic location and family size. Adjustments for family size are $1,000 for the borrower, $2,500 for a working spouse ($1,000 if not working), and $1,000 for each dependent.

x/Texas--The income limit of $38,000 applies to a family unit. The limit for an individual borrower is $30,000.

y/Florida--The income limit can be the greater of 150 percent of county or state median family income. The income limit of $30,500 applies to counties using the State median family income limit.

z/Georgia--Income limits vary between newly constructed and existing dwellings, and by geographic location. Limits range from $32,500 to $37,500 for newly constructed units and $26,900 to $31,000 for existing dwellings. The authority may increase the income limit by as much as 10 percent in identified high housing cost areas.

aa/South Dakota--Add/deduct $1,000 for each member greater/less than four.

bb/Wyoming--The Housing Authority may waive the income limitation.

cc/California--Income limits vary by family size and geographic location. Income limit for a family of one range from $22,400-$39,900 and $25,200-$45,000 for two to three family members. For a family of four or more, limits range from $28,000 to $50,250.

dd/Arkansas--Add/deduct $2,000 for each member greater/less than four.

ee/Alabama--Add/deduct $1,000 for each dependent greater/less than four occupying the home.

ff/Oklahoma--For targeted areas, limits were $49,500, $47,300, and $46,650 in the Tulsa SMSA, Oklahoma SMSA, and other areas, respectively. Limits for non-targeted areas were $45,000, $43,000, and $38,500. Except for the head of household, $1,000 may be added or subtracted for members greater or less than four. Earnings of household members under 18 years old or handicapped are excluded in income determination. Also, a credit of $2,500 is excludable for wage earners over 18, other than the spouse or head of household. Other credits include unusual or temporary income and medical expenses not covered by insurance that is in excess of 3 percent of total adjusted gross income.

gg/Mississippi--Add/deduct $1,000 for each exemption greater/less than four.

hh/Arizona--The higher limit applies to target areas and the lower limit to non-target areas.

ii/Connecticut--The income limit varies by location and family size. Limits range from $24,000 to $30,500 for three or less members and $31,700 to $40,200 for seven or more. Loans in eligible areas may be made without regard to an income but two financial institutions must have refused the loan on its regular interest rate, loan term, and downpayment requirements.

jj New Jersey--There is no income limit for target areas.

kk Montgomery County, Maryland--Income limits for one, two, three, and five or more person households are $27,000, $32,900, $33,900, and $35,900, respectively.

ll Washington County, Maryland--Income limits for one, two, and three person households are $36,900, $38,900, and $39,900, respectively. Add $1,000 to $40,900 for each member greater than four.

mm Dade County, Florida--Income limits for five, six, and seven or more are $36,000, $37,200, and $38,400, respectively.

nn Fresno, California--The income limit of $32,600 applies only to new construction. One-half of funds reserved for existing units has an income limit of $27,200 and the limit for the other half is $21,800.

oo Newark, California--An income limit of $36,600 applies only to 7 percent of loans. There is no limit for 93 percent of loans because they were reserved for the agency's redevelopment areas.

pp Fairfield, California--Income limit of $37,500 applies only to purchases made outside the agency's redevelopment project area. Income limits for one and two/three member households are $30,000, and $33,750 respectively. There are no income limits in redevelopment areas.

EXHIBIT 16

Comparison of MRB Income Ceilings Pre-and Post-Mortgage Subsidy Bond Tax Act of 1980 as a Percent of Family Median Income for a Family of Four

Income Category	Percent Range	State Income Ceilings as a Percent of State Family Median Income: June 1978- Sept. 1980 Number	State Income Ceilings as a Percent of State Family Median Income: 1981-1982 Number	Local Jurisdictions Income Ceilings as a Percent of SMSA Family Median Income: June 1978- Sept. 1980 Number	Local Jurisdictions Income Ceilings as a Percent of SMSA Family Median Income: 1981-1982 Number
low and moderate	0-80	0	0	0	0
middle	80-100	7	0	1	0
middle	100-120	5	5	5	1
higher	120-150	6	5	1	0
	150-200	1	9	13	1
	Over 200	2	0	21	0
	No limit	2	4 a/	9	0
Total		23	23	50	2

a/Includes two States that had income limits for some areas.

NOTE: Some jurisdictions had multiple income limits. For simplicity, this analysis compares the highs of these income ceilings ranges.

EXHIBIT 17

MRB Income Ceilings During 1981/82
As a Percent of Family Median Income
For a Family of Four

Income Category	Percent Range	Number of Jurisdictions: State Income Ceilings as a Percent of State Family Median Income	Local Jurisdictions Income Ceilings as a Percent of SMSA Family Median Income	State & Local Combined
low and moderate	0-80	0	0	0
middle	81-100	0	0	0
middle	101-120	4	1	5
higher	121-150	14	4	18
	150-200	19	5	24
	Over 200	6	1	7
	No limit	4	2	6
Total		47	13	60

NOTE: Some jurisdictions had multiple income limits. For simplicity, this analysis compares the highs of these income ceiling ranges.

EXHIBIT 18

Estimate of How Far Income Ceilings Could Have Been Lowered In 1983 Based on the Decline in Mortgage Interest Rates

Time period	Interest rate	Income required to afford the average MRB mortgage of $43,300
Late 1981	13.75	$ 24,215
Early 1983	9.75	17,865
Ceilings could have dropped by		$ 6,359

Comparison Of State Income Ceilings In 1981/1982 And 1983

Jurisdictions	1981/1982	1983	Increase or (decrease) in 1983
Arkansas	$ 36,000	$ 46,000	$ 10,000
Hawaii	36,873	36,873	-0-
Idaho	33,000	33,000	-0-
Maine	27,000	24,000	(3,000)
Missouri	28,000	31,000	3,000
Montana	31,500	38,500	7,000
Oklahoma	49,500	49,500	-0-
Rhode Island	32,500	42,500	10,000
South Dakota	34,500	30,300	(4,200)
Utah	34,000	34,000	-0-
Average	$ 34,287	$ 36,567	$ 2,280

EXHIBIT 19

Federal Purchase Price Limits For MRB Single-Family Homes In Non-Target Areas

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Alabama	$ 58,230	$ 50,490	$ 73,150	$ 57,970
Alaska	90,630	74,610	129,140	100,320
Arizona				
Phoenix	80,190	71,820	118,360	92,620
Tucson	74,880	59,670	92,840	74,140
Other	68,670	55,260	54,010	47,410
Arkansas				
Little Rock	55,890	55,260	a/	a/
Other	57,960	52,650	73,150	65,670
California				
Anaheim	104,760	110,430	150,040	124,850
Bakersfield	79,200	59,580	97,900	70,290
Fresno	81,540	52,020	106,260	64,790
Los Angeles	96,390	90,540	124,410	115,610
Oxnar-Simi Valley	97,740	86,580	132,890	116,820
Riverside	80,370	74,070	89,650	94,710
Sacramento	87,030	84,060	94,710	100,760
San Diego	96,930	88,200	115,060	100,210
San Francisco	114,210	96,660	149,380	119,790
San Jose	110,070	129,600	154,740	135,850
Santa Barbara	119,520	98,640	139,590	120,010
San Rosa	88,830	84,870	107,360	109,320
Stockton	60,030	55,980	71,500	65,340
Vallejo	83,520	75,960	102,740	91,410
Other	73,530	80,100	99,110	92,950
Colorado				
Denver	72,000	63,180	76,230	93,940
Other	70,650	49,410	89,540	62,920
Connecticut				
Bridgeport	66,330	75,600	82,830	97,570
Danbury	82,170	70,290	101,860	96,800
Hartford	75,420	59,580	99,330	72,710
New Haven	67,230	55,980	79,200	71,610
Norwalk	107,820	109,440	168,190	137,390
Stanford	127,800	128,340	163,350	164,120
Other	76,680	53,820	99,990	73,370
Delaware				
Wilmington	a/	a/	a/	a/
Other	67,680	52,290	60,060	58,410
Florida				
Daytona Beach	49,950	43,380	66,880	48,290
Fort Lauderdale	62,550	63,270	95,700	86,570

 EXHIBIT 19

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Fort Myers	$ 65,700	$ 56,610	$ 92,180	$ 106,590
Lakeland	54,900	34,560	70,730	48,510
Miami	72,270	65,250	97,680	92,510
Orlando	55,890	43,200	76,120	54,670
Sarasota	61,110	62,640	94,380	75,130
Tampa	64,890	47,430	83,820	65,340
West Palm Beach	54,810	61,380	93,720	94,600
Other	59,580	45,180	76,450	63,140
Georgia				
Atlanta	79,920	60,300	98,120	73,100
Other	53,370	42,210	67,760	53,240
Hawaii	a/	a/	139,700	121,000
Honolulu	105,300	98,910	a/	a/
Other	136,980	101,520	140,470	121,000
Idaho	70,650	60,390	100,430	81,840
Illinois				
Chicago	73,890	64,170	97,240	82,390
Other	66,060	39,060	78,540	52,800
Indiana				
Indianapolis	77,040	44,910	87,230	61,600
Other	50,850	41,490	68,860	39,380
Iowa	63,810	46,440	61,050	52,250
Kansas				
Wichita	64,710	45,540	73,700	86,020
Other	48,960	37,440	70,400	52,250
Kentucky				
Louisville	64,890	45,180	92,950	56,430
Other	52,560	39,870	72,490	54,560
Louisiana				
New Orleans	83,700	67,320	101,530	82,280
Other	69,210	50,580	81,290	63,360
Maine	66,150	52,380	61,600	59,620
Maryland				
Baltimore	76,050	52,830	85,800	83,930
Other	49,500	50,850	57,090	72,160
Massacusetts				
Boston	71,370	74,690	86,790	77,660
Other	58,230	48,780	71,170	56,430
Michigan				
Detroit	89,370	50,580	121,550	66,110
Other	69,750	40,500	80,410	56,980
Minnesota				
Minneapolis	83,880	61,920	103,070	81,620
Other	63,810	51,210	77,990	62,590
Mississippi	59,130	42,390	67,980	48,070
Missouri				
Kansas City	69,570	46,260	96,910	71,170
St. Louis	74,520	44,370	86,240	70,840

EXHIBIT 19

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Other	$ 52,920	$ 42,390	$ 63,030	$ 49,390
Montana	71,370	56,070	70,950	66,880
Nebraska				
Lincoln	56,250	46,170	71,720	55,220
Other	45,630	36,000	57,090	45,980
Nevada	88,200	85,050	98,010	94,490
New Hampshire	56,070	48,960	62,700	63,690
New Jersey				
Long Branch	76,140	75,870	85,140	91,960
Newark	97,110	78,840	125,620	103,620
Other	69,750	63,900	86,680	74,360
New Mexico	58,410	41,760	91,960	57,530
New York				
Albany	61,920	42,930	78,430	51,480
Buffalo	63,000	44,730	82,500	51,260
Nassau	82,080	60,300	132,000	83,380
New York City	84,240	71,460	119,680	92,950
Rochester	63,450	42,390	76,340	56,540
Other	58,950	37,620	68,860	40,370
North Carolina				
Charlotte	69,750	53,370	81,400	69,190
Greensboro	79,920	41,220	84,480	51,370
Raleigh	66,150	43,920	87,340	47,630
Other	40,320	38,880	72,270	45,430
North Dakota	71,370	56,070	70,950	66,880
Ohio				
Cincinnati	68,850	52,740	92,400	56,980
Cleveland	77,580	53,640	117,370	71,280
Columbus	69,120	52,020	135,300	65,890
Dayton	76,140	39,960	103,070	49,280
Other	56,340	41,310	84,700	57,860
Oklahoma				
Oklahoma City	71,820	59,940	88,990	74,470
Tulsa	86,040	58,050	99,990	79,860
Other	60,840	41,580	88,110	60,720
Oregon				
Portland	68,850	55,620	99,660	80,520
Other	59,040	47,160	87,010	66,330
Pennsylvania				
Allentown	66,960	43,380	72,710	54,120
Harrisburgh	42,100	42,100	62,590	51,810
Northeast Counties	52,470	29,970	61,820	40,040
Philadelphia	63,270	46,890	86,570	59,950
Pittsburgh	69,390	52,020	99,660	60,500
Reading	63,090	36,810	75,240	44,000
Other	50,940	44,190	56,980	50,820

EXHIBIT 19

AREA	1982 NEW	1982 EXISTING	1983 NEW	1983 EXISTING
Rhode Island				
Providence	$ 64,620	$ 46,260	$ a/	$ a/
Other	66,150	52,380	76,890	53,130
South Carolina				
Columbia	72,450	58,050	88,440	73,700
Greenville	47,700	44,640	73,920	67,650
Other	61,470	48,510	80,960	56,870
South Dakota	71,370	56,070	70,950	66,880
Tennessee				
Chattanooga	53,100	54,270	74,800	62,590
Memphis	73,800	55,800	85,910	76,340
Nashville	60,030	56,610	74,030	62,810
Other	43,020	40,590	71,720	56,870
Texas				
Austin	70,200	63,720	95,370	81,180
Dallas	100,260	64,260	112,420	105,820
Houston	70,560	77,580	89,650	104,830
San Antonio	75,690	64,440	87,560	84,590
Other	57,780	45,450	80,410	55,990
Utah				
Salt Lake City	68,940	48,870	81,620	55,550
Other	82,530	49,410	68,090	60,610
Vermont	52,560	43,110	61,600	59,620
Virginia				
Norfolk	76,950	54,630	95,920	59,730
Richmond	60,750	54,360	77,220	58,410
Other	64,350	44,820	62,700	59,180
Washington				
Seattle	68,760	68,850	96,800	89,210
Other	65,340	51,660	85,030	62,810
West Virginia	50,400	45,810	61,600	55,990
Wisconsin	63,270	49,680	77,110	56,320
Wyoming	71,370	56,070	70,950	66,800
District of Columbia	90,090	83,880	120,010	112,090

a/Not specified

EXHIBIT 20

Percent of Downpayment For MRB Homebuyers In Eight States

Percent of Down Payment	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	Number of homebuyers
	Percent									
0 - 9	88	46	1	42	71	2	66	88	50	4,447
10 - 19	7	27	91	27	23	58	20	8	29	2,598
20 - 29	3	15	5	17	6	24	9	3	12	1,102
30 - 39	1	7	2	6	0	8	3	1	5	394
40 - 49	*	3	1	4	0	4	1	0	2	204
50+	*	2	0	4	0	4	1	0	2	159
TOTAL	100	100	100	100	100	100	100	100	100	8,904

EXHIBIT 21

Amount of Downpayment By MRB Homebuyers In Eight States

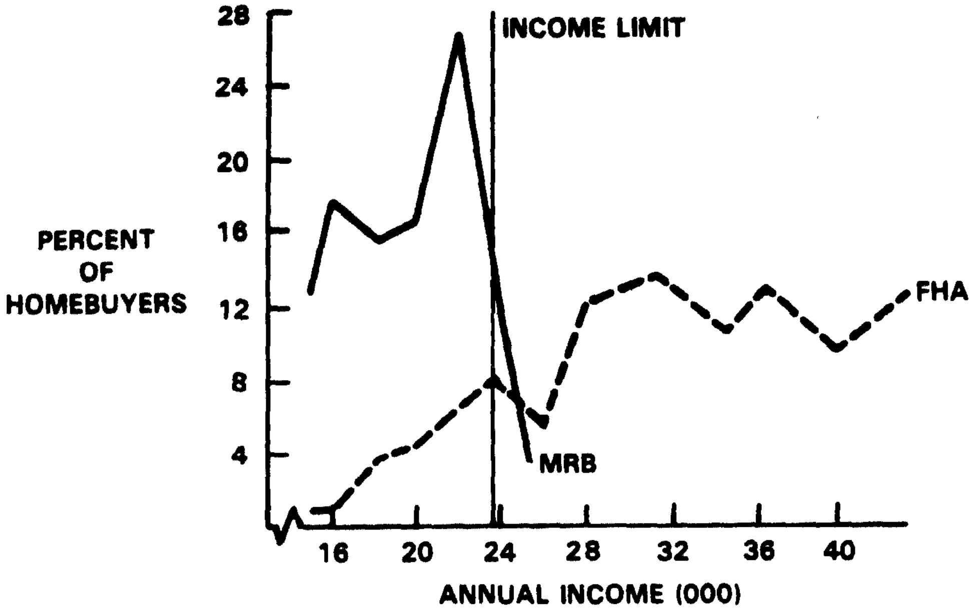
Down Payment Amount	Alaska	Connecticut	Idaho	Indiana	Kentucky	New York	Oklahoma	Virginia	Total	Number of homebuyers
	Percent									
0- 5,000	69	51	70	69	89	39	71	90	63	5,571
5,001- 10,000	23	23	25	17	10	28	15	6	20	1,801
10,001- 15,000	3	11	3	8	1	13	6	3	8	685
15,001- 20,000	2	7	1	3	-	10	3	1	4	395
20,001- 25,000	1	4	1	2	-	4	2	*	2	203
25,001- 30,000	1	2	*	1	-	2	1	-	1	100
30,001- 35,000	1	1	*	*	-	2	1	-	1	70
35,001- 40,000	*	1	-	*	-	1	*	-	*	30
40,001- 45,000	*	*	-	*	-	1	1	-	*	21
45,001- 50,000	*	*	-	-	-	*	*	-	*	10
50,001- 75,000	*	*	-	-	-	*	*	-	*	17
75,001-100,000	-	-	-	-	-	-	-	-	-	1
100,000+										
TOTAL	100	100	100	100	100	100	100	100	100	8,904

* Less than 1/2 percent

EXHIBIT 22

EFFECT OF RESTRICTIVE INCOME CEILINGS ON THE SELECTION OF MRB HOMEBUYERS

NORTH CAROLINA



MAINE

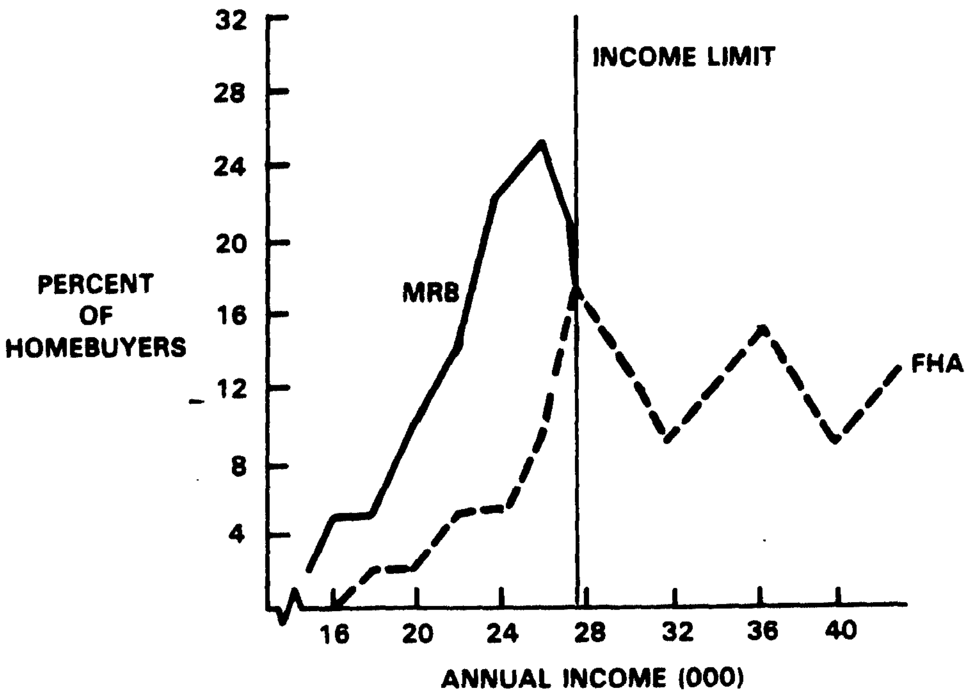
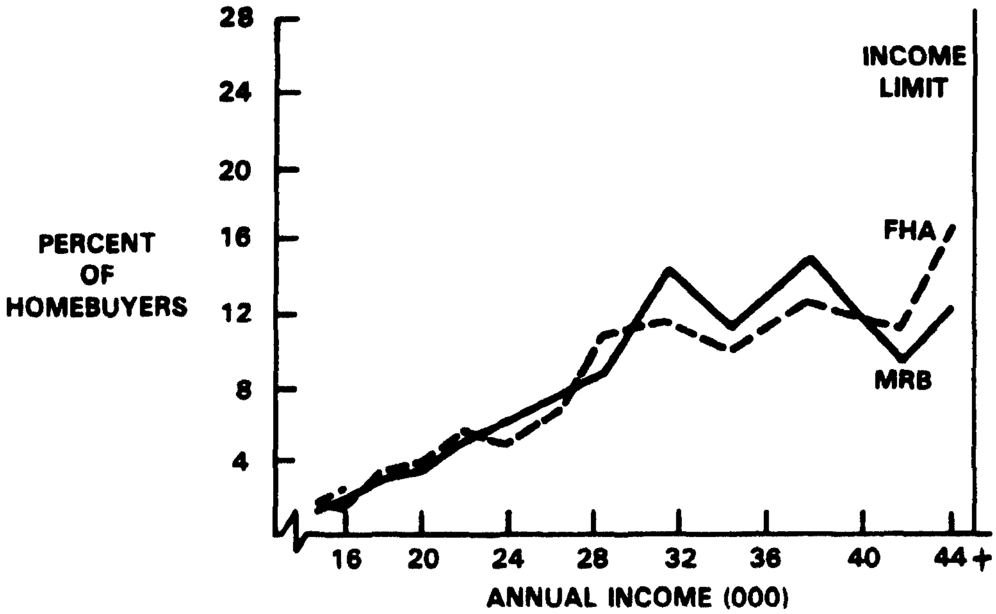


EXHIBIT 23

EFFECT OF NON-RESTRICTIVE INCOME CEILINGS ON THE SELECTION OF MRB HOMEBUYERS

OKLAHOMA



WYOMING