A new section 809 would be added to Title VIII of the National Housing Act, as amended, to provide housing for essential civilian employees of the Armed Forces:

-the bill would permit certain essential civilian employees of the Armed Forces, or employees of contractors of the Armed Forces, to purchase housing under the same terms and conditions as are available under Section 203 of the National Housing Act. The FHA may insure mortgages on these houses without regard to the usual test of economic soundness as required by Section 203.

-the issuance of a certificate by the Secretary of Defense or his designee would be conclusive evidence to FHA of the employment status of an essential civilian employee seeking mortgage insurance, and his need for housing.

-the Secretary of Defense or his designee must certify to the Commissioner of FHA that there is a need for adequate housing for civilians employed in connection with a military installation, and that there is no present intention to substantially curtail the civilian personnel assigned or to be assigned to such installation.

-the certificate of need issued by the Secretary of Defense would be conclusive evidence to FHA of the need for such housing in the particular area, but if the FHA Commissioner determines that insurance of mortgages on such housing is not an acceptable risk, he may require the Department of Defense to guarantee the Armed Services Housing Mortgage Fund from loss.