

FEDERAL HOUSING ADMINISTRATION
WASHINGTON

STEWART McDONALD
ADMINISTRATOR

September 23, 1935

Honorable Marriner S. Eccles,
Governor, Federal Reserve Board,
Washington, D. C.

Dear Mr. Eccles:

We know you are keenly interested in the activities of the Federal Housing Administration, and therefore are sending you a copy of a new booklet just off the press.

This describes the possibilities and method of operation by which financial institutions may now make loans up to \$50,000 for modernization and repair, and for equipment of many and various types.

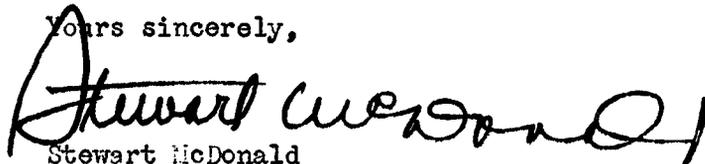
Until recently the maximum insured loan that could be made for this purpose was \$2,000. The past Congress, however, amended the Act, raising the limit to \$50,000. Rules and regulations and explanatory literature such as the attached, are being distributed in order that the entire country may take advantage of the terms of the Act.

Attention is also drawn to the accompanying chart showing the increase in residential building so far this year as compared to the same periods of 1933 and 1934, and to figures compiled by the National City Bank.

The volume of loans insured under the National Housing Act is directly reflected in business activity, reemployment, etc.

The Federal Housing Administration itself does not loan money. Through its plan of insurance, however, it encourages financial institutions to make loans as outlined above. Also, it aids in the refinancing of home mortgages and the construction of new homes on a long term, monthly payment basis.

Yours sincerely,


Stewart McDonald
Administrator

EXTRACTS FROM LETTER OF
NATIONAL CITY BANK, AUGUST 1935

"The business recovery this year has been strongest in various durable goods lines, led by automobiles, but including refrigerators, electrical appliances, farm implements, lumber, heating and plumbing equipment, and home and garden equipment of all kinds; also machine tools, light machinery and finally residential building."

In a tabulation of industrial corporation profits for the first half of 1935 compared with the same period of 1934, the following increases were noted:

Building materials	+ 98.8%
Electrical equipment	+112.6%
Household goods and supplies	+ 22.4%
Machinery	+ 65.7%

For the complete list of 260 corporations the percentage increase in profits was 17.9%.