

Office Correspondence

FEDERAL RESERVE
BOARDDate November 16, 1935Governor EcclesSubject: President's action onEHFA-FHA matter.From J. M. Daiger

... 16-552

M. J. S.

The President has apparently disposed of the EHFA-FHA matter in the manner suggested in your memorandum.

It seems that he has signed an executive order allotting to the Rural Electrification Administration \$15,000,000 of WPA funds. Of this allotment, \$5,000,000 is designated for the extension of electric power facilities in rural areas and \$10,000,000 for the financing, through EHFA, of electrical appliances and plumbing in both rural and urban areas beginning April 1, 1936. Until that date the operations of EHFA will be confined as at present to the Tennessee Valley area.

As far as FHA is concerned, therefore, its operations under Title I will not be interrupted. Since Title I automatically expires as of April 1 unless it is extended, the question of its course after that date is left to future determination.

I understand that the question has been raised in the Attorney General's office as to whether WPA funds may be used by the EHFA to finance electrical equipment and plumbing, and that doubt has been expressed that such use is permissible, but that the question has not been finally determined.