

CONFIDENTIAL REPORT

June 1, 1935.

Volume of loans insured under Title I continues to show a substantial increase in each successive week since the opening of Spring.

Tuesday, May 28th, was the largest individual day since the introduction of the plan, the total loans reported as insured that day being \$1,125,655.

Total loans insured under Title I are \$76,762,337.

Total claims under Title I aggregate approximately \$18,326.

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Title II has now been in operation generally throughout the United States for about ten weeks.

In respect to Title II, it will be recalled that it was necessary to have enabling legislation passed in 45 states before this part of the program could function fully. So far, in 43 states the law has been so changed. It has, therefore, been a matter of approximately ten weeks since Title II could be put in complete operation throughout the United States.

The progress has been encouraging. In the past ten weeks the daily average of mortgage applications received has been increased from \$413,871 per day, to last week's daily average of \$1,356,582.

Applications, presumably acceptable for mortgage loans, to date aggregate \$61,249,770. All such applications have been accompanied with appropriate FHA fees for risk rating, surveys, valuations, etc. This does not include rejections made where questioning indicates appraisal would be unfavorable.

\$26,345,323 in mortgages have been insured, or commitments issued.

\$8,219,306 presumably acceptable applications have been rejected after survey.

The difference, or. \$26,685,141 is now in process of survey.

It is interesting to note that of the mortgages insured or commitments issued, 34 percent covers new construction. The

average insured loan is \$4275.

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Commitments on low cost housing projects are as follows:

1. MEADVILLE, PENNA.	---	804,000.
2. CLARENDON, VA.	---	875,000.
3. LA GRANGE, ILL.	---	126,764.
4. NEW YORK, N. Y.	---	1,436,640.
5. BROOKLYN, N. Y.	---	5,441,274.
6. RYE, N. Y.	---	600,000.
7. DUNDALK, MD.	---	1,031,312.
8. HENDERSON GDS., MD.	---	<u>1,422,158.</u>
		11,737,148.

\$147,529,818 low cost housing projects have been submitted for consideration.

The following legislation amending and otherwise affecting the National Housing Act has been enacted into law. Particular attention is called to the amendment noted under Section 29 (c), which was made in accordance with the recommendation of the Council.

Section 28 (a) The first sentence of section 2 of the National Housing Act is amended (1) by striking out "January" and inserting in lieu thereof "April", and (2) by inserting before the period at the end thereof a comma and the following: "including the installation of equipment and machinery."

(b) The last sentence of section 2 of the National Housing Act is amended to read as follows: "No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions and restrictions, as the Administrator shall prescribe; and (2) unless the amount of such loan, advance of credit, or purchase is not in excess of \$2,000 except that in the case of any such loan, advance of credit, or purchase made for the purpose of such financing with respect to real property improved by or to be converted into apartment or multiple family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools or manufacturing or industrial plants, such insurance may be granted if the amount of the loan, advance of credit, or purchase is not in excess of \$50,000."

Section 29 (a) Subsection (c) of section 203 of the National Housing Act is amended by adding at the end thereof the following new sentence: "In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date specified in the mortgage, the Administrator is further authorized in his discretion to require the payment by the mortgagor

of a premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date."

(b) The first sentence of subsection (f) of section 205 of the National Housing Act is amended by striking out the words "premium charge" and inserting in lieu thereof the words "annual premium charge".

(c) The last sentence of subsection (a) of section 204 of the National Housing Act is amended to read as follows: "For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the principal of the mortgage which is unpaid on the date of such delivery, (1) interest on such unpaid principal from the date foreclosure proceedings were instituted or the property was otherwise acquired as provided in this subsection to the date of such delivery at the rate provided for in the debentures issued to the mortgagee, less any amount received on account of interest accruing on such unpaid principal between such dates, and (2) the amount of all payments which have been made by the mortgagee for taxes and insurance on the property mortgages."

Section 30. Subsection (d) of section 301 of the National Housing Act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than \$2,000,000 and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and paid in full in cash or Government securities at their par value."

Section 31. Section 302 of the National Housing Act is amended to read as follows:

Section 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twelve times the aggregate par value of its outstanding capital stock, and in no event to exceed (2) the current face value of mortgages held by it and insured under the provisions of Title II of this Act, plus the amount of its cash on hand and on deposit and the amount of its investments in bonds or obligations of, or guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money except through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe."

Section 10b. of the Federal Home Loan Bank Act has been amended to make the facilities of that system available to non-member approved

mortgagees as follows:

"Each Federal Home Loan Bank is authorized to make advances to nonmember mortgagees approved under title II of the National Housing Act. Such mortgagees must be chartered institutions having succession and subject to the inspection and supervision of some governmental agency, and whose principal activity in the mortgage field must consist of lending their own funds. Such advances shall not be subject to the other provisions and restrictions of this Act, but shall be made upon the security of insured mortgages, insured under title II of the National Housing Act. Advances made under the terms of this section shall be at such rates of interest and upon such terms and conditions as shall be determined by the Federal Home Loan Bank Board, but no advance may be for an amount in excess of 90 per centum of the unpaid principal of the mortgage loan given as security."