

FEDERAL HOUSING ADMINISTRATION
WASHINGTON

STEWART McDONALD
ACTING ADMINISTRATOR

June 4, 1935

Honorable M. S. Eccles
Federal Reserve Board
Washington, D. C.

Dear Mr. Eccles:

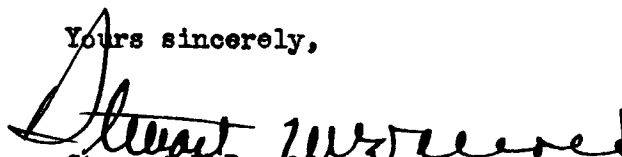
I hand you herewith a brief resume of what the Federal Housing Administration has done since Spring.

Of course, you know the amount of modernization and repair work done in the United States as a result of the FHA campaign cannot be measured by the number of loans made and insured. Statistics show that for every dollar borrowed under the Modernization Credit Plan, there are approximately \$7.00 spent either through uninsured loans or in cash. In this way it is estimated that the total amount of modernization work that has been stimulated is approximately \$453,198,455.

The FHA operates by means of private capital. Loans for modernization and repair, as well as loans covering financing of mortgages, are being made by approximately 7,000 financial institutions throughout the United States.

With new construction, comprising about 34 percent of the total applications received, plus the modernization repair loans, you can readily estimate the amount of work being done every day as a result of the FHA program. It is interesting to note that new residential building permits increased 123% during April 1935 over the corresponding month of last year.

Yours sincerely,


Stewart McDonald
Acting Administrator