

FEDERAL HOUSING ADMINISTRATION  
WASHINGTON

STEWART McDONALD  
ADMINISTRATOR

June 2, 1936

Honorable Marriner S. Eccles  
Chairman, Board of Governors  
Federal Reserve System  
Washington, D. C.

My dear Governor:

I am exceedingly grateful to you for your letter of the 25th, ultimo, in which you quote at length from a letter of Mr. Walter W. Ross, a Chicago lawyer, in reference to the attitude of the banks towards mortgage money in that city.

It is true that in the case of the Loop banks in Chicago and most of the Wall Street banks in New York active cooperation in originating FHA insured mortgages is decidedly lacking. In Chicago, the Continental-Illinois had, as of April 30, taken only about 20 mortgages for \$125,000, and in New York, the Manufacturers Trust had accepted around \$225,000 in FHA mortgages, and the Guaranty Trust about \$80,000. It might be noted, however, that in addition to originating mortgages, the Manufacturers Trust and the New York Trust had purchased from other approved mortgagees between \$200,000 and \$300,000 of FHA insured mortgages.

You will realize, however, that the attitude of the so-called financial district banks in these two cities is hardly representative of that of commercial banks throughout the country toward our program, since National and State banks had taken approximately 70% of the mortgages accepted for insurance as of April 30.

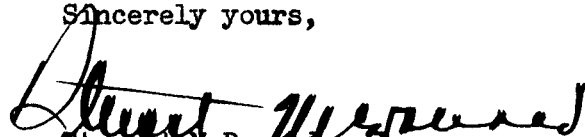
Notwithstanding the lack of active cooperation on the part of large banks in the financial districts, our records indicate there should be no difficulty in securing FHA mortgage money for new construction in either New York or Chicago. In Chicago city proper there are 10 banks other than the Continental-Illinois that had accepted from 10 to 60 mortgages each as of April 30. In addition, 2 large Federal Savings & Loan Associations, 2 mortgage companies (The Republic Realty and the Percy Wilson Mortgage Finance Company), and the Washington National Insurance Company, are all actively cooperating under our program. The Prairie State Bank in Oak Park, a

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suburb of Chicago, has taken over 200 mortgages involving approximately  $1\frac{1}{2}$  million dollars. In New York City, no difficulty whatsoever is experienced in finding mortgagees willing to take mortgages which FHA commits itself to insure.

We have been looking forward to the time when the Federal Reserve Board would be in a position to announce to its member banks a definite policy as far as FHA mortgage loans are concerned, along the lines we discussed some time ago.

Sincerely yours,



Stewart McDonald  
Administrator

BANKS ACTIVE AS MORTGAGEES UNDER  
THE FHA PLAN \*

<u>New York City</u>	<u>Number</u>	<u>Amount</u>
Manufacturers Trust Co.	45	\$ 224,815
Guaranty Trust Co.	11	80,450
<b>** <u>Institutions Purchasing Insured</u></b>		
<b><u>Mortgages:</u></b>		
New York Trust Company		-\$224,810
Manufacturers Trust Co.		\$189,580
<b><u>Chicago, Ill:</u></b>		
Continental-Illinois Na Bank & Tr Co.	20	124,650
Merchandise Bank & Trust Co.	32	256,700
Chicago City Bank & Trust Co.	63	284,600
Lawndale Natl Bank	32	162,350
Mutual National Bank	25	136,250
Prairie State Bank of Oak Park, Ill.	209	1,270,360
<b><u>Boston, Mass:</u></b>		
Boston Five Cts State Bank	30	175,100
National Shawmut Bank	23	172,500
United States Trust Company	19	106,250
<b><u>Other Cities:</u></b>		
Bank of America of San Francisco, Cal.	2,168	9,459,064
Security First Natl Bk of Los Angeles	1,504	6,513,116
San Francisco Bank of San Francisco	697	3,048,833
American Trust Co. of San Francisco	501	2,414,122
Cleveland Trust Co., Cleveland, Ohio	451	1,899,310
Passaic Natl bank & Tr Co., Passaic, N.J.	442	2,455,290
Detroit Bank, of Detroit, Mich.	375	1,771,140
First Natl Bank of Atlanta, Ga.	366	1,499,225
First Central Trust Co. of Akron, Ohio	339	1,110,550
Valley National Bank of Phoenix, Ariz.	338	1,118,941
Commonwealth Comr'l State Bank, Detroit	302	1,164,540
Security Savgs. Comrl Bank of Wash. D.C.	246	1,433,540
Hudson County Natl Bank, Jersey City, NJ	239	1,391,431
Baldwin Natl Bank & Tr Co. of Baldwin, N.Y.	226	1,058,175

\* Date of number and amount of mortgages originated - April 30, 1936.

\*\* Date of purchased mortgages - March 31, 1936.