

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 26, 1937o Mr. EcclesSubject: Bank loans under Title I ofFrom J. M. DaigerNational Housing Act

At the hearing of the House committee this morning on the resolution to extend the guaranty in Title II of the Housing Act, it was evident that some of the committee members were personally more interested in what was going to be done about Title I than in the subject of today's hearing. I am sure that there will be a concerted effort to have Title I extended and I think that the pressure will be strong enough to accomplish that purpose unless there is a practicable alternative having the sponsorship of the Administration.

As a matter of FHA operating procedure, however, particularly from the point of view of economical administration of the Mutual Mortgage Insurance Fund, it seems to me important at this time to effect a segregation of Title I and Title II administrative costs and to have each function on a self-sustaining basis.

I have gone further into the operating and legal aspects of bank loans of the Title I type since my last talk with you on this subject, and in this connection I am attaching copies of memoranda that I have written today to Mr. Clayton and Mr. Vest preparatory to giving you an early report with specific recommendations that I think you may wish to consider.

A handwritten signature in dark ink, appearing to read "J. M. Daiger", is written over a horizontal line.