

from McDonald

AGENDA

Reducing the down-payment required to 10 percent from 20 percent on mortgages less than \$5400.

2. Changing the basis upon which the insurance premium is computed so as to base it on the outstanding balance of the mortgage and making the rate dependent upon the ratio of loan to the value of property. At the present time the rate is computed upon the original face of the note and $\frac{1}{2}$ of 1 percent insurance through a 20 year period works out to be $\frac{3}{4}$ of 1 percent.
3. Clarifying Section 207, which is the large scale housing section, so as to eliminate the implied obligations that these must be quasi-slum clearance projects. Limitation of \$1300 per room to be placed on amount of mortgage permissible instead of trying to interpret the phrase "persons of low income." Legal departments of several life insurance companies have balked on loans for this reason.
4. Also making it possible for mortgagee under Section 207 to secure their debentures upon assignment of mortgage instead of waiting for formal foreclosure proceedings.
5. Changing Section 207 so as to make it possible for developer to build a group of houses for sale, but rent portions of them in the meantime, selling them off one by one.
6. Passage and modifying of amendments introduced to Congress by Wagner and Hancock at Eccles' suggestion at the close of the last Session, whereby FHA is authorized to insure mortgages on multi-family rental housing projects and groups of individual houses for sale, the insurance to be effective during construction and to apply to advances made during construction. The mortgages on these projects would be not less than \$16,000 and not over \$200,000 and the properties would not necessarily have to be owned by a limited dividend corporation. But in no case may the mortgage be for more than \$1000 per room or more than 80 percent of the value of the property, and subject to rigid amortization.
7. Clarifying Title III, which provides for formation of National Mortgage Associations, so that ratio of debentures may be 20 times their capital surplus instead of 12 as now provided, and permitting these National Mortgage Associations to initiate loans to all ^{but} small individual house loans.
8. Also the immediate formation of a National Mortgage Association, or three separate ones, with the aggregate capital of not less than Twenty Five Million Dollars, to open up offices in possibly New York, Chicago and San Francisco and be prepared to function with the real estate operators on the above program.
9. We are changing the limitations on the amount of mortgages which may be insured so as to provide that the Two Billion Dollars shall apply to outstanding insurance at any time rather than the flat limitation of Two Billion as it now stands; and, simultaneously, we are also eliminating the July 1, 1939, date as the limitation of the government guarantee of debentures.

In addition to the above, there are numerous clarifying amendments not affecting the philosophy or scope of the Act, but are necessary to properly administer the Act.