



MEMBER OF  
FEDERAL HOME LOAN BANK  
FEDERAL SAVINGS AND LOAN INSURANCE  
CORPORATION

# United Savings & Loan Association

228-230 SUPERIOR STREET

Toledo, Ohio

December  
Eighteenth  
1937

Mr. Stewart McDonald  
Federal Housing Administration  
Washington, D. C.

Dear Sir:

I have just read your article in the December issue of the Federal Housing Administration and thought probably you might be interested to receive the views of a building and loan man with 28 years experience as to what can be done to solve the problem of home building and to encourage lending institutions to take advantage of the government's assistance.

It is rather difficult for me to express my views in writing but there are many things in the picture that I think make it rather impossible for the plan to function as it should. I can only speak for our local situation here in Northwestern Ohio. Our association has in the past year, made about \$350,000.00 in F.H.A. loans and the only reason that we did not make probably twice that amount was due to the lack of funds to take advantage of the applications offered us. There are several reasons for this, first, labor costs increased so tremendously and so quickly that it is just discouraging people from attempting to build; the second reason was lack of funds on our part, as well as other associations, due to the competition for money by the government agencies, such as the PostOffice and Baby Bonds.

While it is a fact we pay a higher return for money, the strong urge and extensive advertising done by the government has attracted millions of dollars away from the Building and Loan Associations in this section. And the same government urges us to make F.H.A. loans. The third reason is that we started out in 1937 with every possible assurance that we could get our full quota of H.O.L.C. funds, therefore, we took on a large volume of loan applications and while they were not all F.H.A. loans we assumed that the government was interested in seeing homes built whether or not they were F.H.A. loans. The idea, of course, was to create business and work for building mechanics. However, after we had gotten well under way the source of H.O.L.C. money was shut off with the result it left us in a low cash position, having committed ourselves on a large volume of loans and now we are compelled to sell mortgages rather than make more, to improve our cash position. The fourth reason is that the 5% interest charge of the F.H.A. is mis-leading as a borrower actually pays about 6½%. I realize that some of these extra charges are absolutely necessary but some of them are too high and another objection is in case they want to pay off the mortgage before the due date they are obliged to pay another charge.

I happen to be connected with a company that started to build a number of houses; started with ten and before we got through with them the costs had run up so extremely high that we were obliged to stop entirely and we still have 8 of these houses unsold. The labor costs exceeded our estimate 40% and other items in proportion, with the result that the house we expected to sell for \$5000.00, we were obliged to ask \$6500.00 and then just about broke even. I realize that all I have mentioned is not the fault of the F.H.A. as I am firmly sold on the idea but with everything out of control, especially the labor situation, is certainly not very encouraging for anyone to go ahead.


The building mechanic is entitled to a good wage, reasonable hours and good conditions but unfortunately it develops into an absolute racket with the result, as I have stated before, of costs way out of reason and until these conditions are corrected and workmen allowed to think for themselves, I can see little help for the situation and it seems to be the policy of the government to be helpful, there certainly should be some restrictions placed on these racketeers who absolutely dominate the situation, telling men who they should work for and when they should work and the employer absolutely has no voice in the matter at all, except to write out the pay checks. And one or two disgruntled men can draw hundreds and even thousands out of work. This is a condition that must be remedied before this country can be brought back to normal.

My personal opinion is that this so-called recess<sup>ion</sup> has been caused entirely by the labor dealers plus outrageous taxes from every source. The whole situation is absolutely discouraging in attempting to go ahead.

Trusting you will accept this letter in the spirit I have written it. I am merely expressing my own personal views to you without any criticisms whatsoever on the Government Agencies, as I have stated before, I am in accord with the effort that has been made and put forth but other things make it impossible to function with any success.

With kindest regards, I am

Very truly yours,

  
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W. D. Freeman, Vice President

WDF:rs

FEDERAL HOUSING ADMINISTRATION  
WASHINGTON

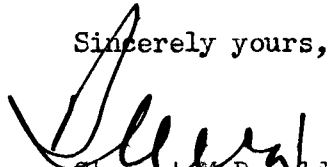
STEWART McDONALD  
ADMINISTRATOR

December 20, 1937

Dear Marriner:

This is one of the best letters  
I have read on this subject and in my way  
I think it hits the nail on the head.

Sincerely yours,



Stewart McDonald  
Administrator

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

Enclosure