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FROM.....

REMARKS:

Daiger says the following will be conferees:

wagner

Barkley

Bulkley

Nitchcock

Townsend

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CHAIRMAN'S OFFICE

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

ABNER H. FERGUSON
GENERAL COUNSEL

December 20, 1937.

Dear Mr. Eccles:

In addition to amendments which we proposed during hearings on the Housing Bill and which are all included in the House Bill as passed, the Senate Subcommittee has made the following substantial amendments:

1. They limit our operations after July 1, 1939 to new construction and properties constructed between January 1, 1937 and July 1, 1939. The later provision in the House Bill was "from June 27, 1934 to July 1, 1939".
2. The following changes are made to the 90 per cent mortgage provisions:
 - (a) The term of the mortgage is increased from a maximum of 20 years to a maximum of 25 years. ✓
 - (b) Endorsement by the contractor or builder is required until the mortgage is reduced to 80 per cent.
 - (c) Our right to insure 90 per cent mortgages is limited to July 1, 1941.
3. In Sections 207 and 210 (the two large scale operation sections) a provision is inserted to the effect that the interest on these loans shall not be in excess of 5 per cent.
4. A provision is inserted in Section 207 to the effect that debentures issued in exchange for the assignment of mortgages shall not be in excess of 95 per cent of the unpaid amount of the mortgage. This is, of course, in addition to the amounts paid on account of taxes and other costs. A certificate of claim is issued by the Administrator for the balance.

5. The new method of basing mortgage insurance premiums on reducing balances is made applicable to mortgages already insured as to premiums hereafter due.
6. National Mortgage Associations (except Associations controlled or operated by the Government) are permitted to originate any mortgages insured under Title II. Under the Bill as introduced, mortgage associations are only permitted to purchase the small house mortgages and the mortgages covered by the new Section 210. They are permitted to originate mortgages insured under Section 207.
7. The amount of debentures which National Mortgage Associations are permitted to issue is reduced from 20 times the capital and surplus to 15 times.
8. The paragraphs extending Title I are stricken out.

Very truly yours,



Almer H. Ferguson,
General Counsel.

Hon. Marriner S. Eccles, Chairman,
Federal Reserve Board,
Washington, D. C.