

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

OFFICE OF THE
FINANCIAL ADVISER

January 12, 1938

TO: Mr. Eccles
FROM: J. M. Daiger

For your strictly confidential information, I am enclosing a memorandum showing the present status of the matters dealt with in the memorandum that you gave to Senator Wagner and Congressman Steagall on Monday of last week.

You will see that, in the instances of items (2) and (7), where the House conferees receded from their position and accepted the Senate amendments, the evident purpose of both the House and the Senate conferees was to help and not to hinder the operation of the program as a whole.

Although I fully agree with your views on the two items here mentioned--my recommendations in regard to them were covered in my memorandum of December 22 to Mr. James Roosevelt--I think it is highly important for us to recognize that we have obtained all the legislation proposed in the President's message and in the Administration bill.

Our only possible complaint, therefore, could be that, in an excess of generosity, prompted by the stress that the witnesses put on 90 per cent loans and the national mortgage associations, the conferees are giving us more than we asked for.

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

ACTION OF CONFEREES ON HOUSING BILL

Page and line references are to "Conference Committee Print" of December 23, 1937.

1. **AUTHORITY TO INSURE 90 PER CENT LOANS:** The Senate amendment limits to July 1, 1942, the authority of the FHA to insure 90 per cent loans. The House bill contains no such limitation. (Page 6, line 12.)

ACTION: The limitation in the Senate amendment was removed altogether.

2. **TERM OF 90 PER CENT LOANS:** The Senate amendment provides that 90 per cent loans (but not 80 per cent loans) may be amortized over 25 years. The term in the House bill is 20 years, as in the existing law governing 80 per cent loans. (Page 6, line 17 et seq.)

ACTION: The Senate amendment was retained. This is limited to July 1, 1939 and provides that 90 per cent mortgages must have "a maturity satisfactory to the Administrator, but not to exceed 25 years."

3. **FARM DWELLINGS:** Both the House bill and the Senate amendment make provision for rural as well as urban mortgages to have the benefits of FHA insurance. (Page 9, line 24.)

ACTION: The Senate amendment (by Senator La Follette) is still under consideration.

4. **HOUSING FOR COOPERATIVE SOCIETIES:** The Senate amendment provides for the insurance of mortgages on large-scale projects held by cooperative societies as legal agents of owner occupants. The House bill contains no such provision. (Page 25, lines 17-18.)

ACTION: The Senate amendment (by Senator Shipstead) was retained.

5. **INSURANCE OF LARGE-SCALE LOANS:** The Senate amendment provides that, in the event of default on mortgages covering large-scale housing projects, FHA debentures shall be issued for 95 per cent of the unpaid principal and a certificate of claim be given for the remainder. The House bill provides for the issuance of FHA debentures in the full amount of the unpaid principal. (Page 30, line 18.)

ACTION: Both bills were revised to provide for the issuance of debentures for 98 per cent, with an option to the mortgagee to

accept debentures in this amount or foreclose the mortgage, pay the costs of foreclosure, and receive debentures and a certificate of claim in the present manner.

6. PREVAILING WAGE: The Senate amendment requires the so-called prevailing wage for construction of properties on which mortgages are insured by the FHA. The House bill makes no such requirement. (Page 43, line 6.)

ACTION: The Senate amendment (by Senator Lodge) has not yet been considered.

7. LOANS BY NATIONAL MORTGAGE ASSOCIATIONS: The Senate amendment authorizes these associations to originate loans on any mortgages insured under the National Housing Act. The House bill authorizes the associations to originate only the large-scale loans under Section 207. (Page 43, line 17.)

ACTION: The Senate amendment was retained.

8. BONDS OF NATIONAL MORTGAGE ASSOCIATIONS: The Senate amendment provides that these associations may issue bonds against FHA insured mortgages to the extent of 15 times their capital and surplus. The corresponding figure in the House bill is 20. (Page 47, line 1.)

ACTION: The Senate amendment was eliminated.