

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

JOHN M. DAIGER
ASSISTANT TO THE ADMINISTRATOR

September 22, 1939

Dear Marriner:

I wish that you would read the enclosed circular as soon as you have a convenient opportunity, and either let me come over to talk with you about it or else call me on the telephone. I am working on a plan of operation to be developed through the lumber people and others, and I should like to get some suggestions from you in regard to it.

Yours sincerely,



J. M. Daiger
Assistant to the Administrator

Hon. Marriner S. Eccles, Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C.

Enclosure

TITLE I HOME OWNERSHIP LOANS



A new plan under Title I (Class 3) of the National Housing Act makes it possible to build small homes with loans up to \$2500. . .payable in regular installments over a period up to 15 years. . .with an initial down payment of 5 percent (cash or land).

SIMPLIFIED REQUIREMENTS

The standard FHA requirements of design, construction and land use have been greatly simplified for these new loans. This permits the financing of more modest homes for families of moderate income, in smaller towns and rural areas, and in communities where zoning restrictions and building codes are not too rigid.

LOW MONTHLY PAYMENTS

The longer term of the loan brings the monthly payments to a low figure -- as little as \$17 a month (not including taxes and hazard insurance) for a \$2,000 home.

MODERATE FINANCING COST

The financing charge and fees are limited by FHA regulations and are reasonable for loans of this size and type. The one loan may serve both for construction and permanent financing. To save time and expense, the process of obtaining and handling these new Title I loans has been made as simple as possible.

HOW A TYPICAL CLASS 3 TITLE I LOAN WORKS OUT

Appraised value of land and building	\$ 2500
Minimum down payment	\$ 125
Amount to finance	\$ 2375
Monthly payments, including principal and finance charge (taxes and hazard insurance extra)	\$19.86
Loan completely paid off in	15 years
Discount:	\$3.50 per \$100 per year. This does not include certain minimum initial fees for title examination, etc.

NOTE: Class 3 Title I loans should not be confused with mortgages insured under Title II of the National Housing Act. The new Title I loans are designed to meet the requirements of special cases where more simple construction and neighborhood standards are permitted. For a home costing more than \$2500, the advantages of a Title II insured mortgage should be investigated.

Class 3 Title I loans may not be used for purchasing homes or refinancing existing mortgages. These loans must be used solely for erecting new residential structures.

WHERE TO APPLY...

Banks, savings, building and loan associations, finance companies and other lending institutions throughout the United States are qualified to make these Title I loans for home building. Material dealers and contractors will supply information and advice and will help you apply for a loan. If you do not know where to apply, the nearest FHA district or State office will be glad to answer your questions about the FHA Plan.