

19 EAST 9TH STREET
NEW YORK CITY

Honorable Member June 18, 1939
S. Eccles

Dear Sir, The New York
Sun reports that, in a speech
at the Harvard Business School
June 16,th you advocated the
reduction of interest rates on
F. H. A. homes to $4\frac{1}{2}\%$ or even 4% .

I wish to propose for
consideration that, while
interest rates may well be
reduced, the savings so
effected, shall be applied
toward the purchase of
additional life insurance
on the life of the F. H. A.
home owner.

I understand that
the average amount of insurance
carried now is \$3000 to \$6000.

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In the lower brackets and
a man 40 years of age, with
a \$5000 / 20 year mortgage surely
leaves his family in dire straits
in case of his death and must
of course realize that the home
will be lost to them as a
usual thing.

It appears to me
that varying kinds and
degrees of protection are
arranged for every one
concerned except the family
and what I suggest will
do just that and at little
additional expense and
thus preserve the home.
With such an arrangement
only an economic disaster
to the husband could cause
a forfeiture. I have spoken
to three Savings Banks

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In this city and they have indicated to me their strong desire to co-operate in this matter and the largest of them intimated that it might consider standing a part of the annual expense: I have not carried on beyond this point with them, however.

I believe I can devise a contract, providing full protection at an average yearly cost of not more than 1% of the Mortgage which the leading Insurance Companies will be willing to issue, especially as the credit risk is of a high grade.

I will not advance arguments in support of my plan but will hope

to have the opportunity to
discuss this question with
you or some one in whose
judgement you have confidence.

I envision the great benefit
to be derived, the practically
100% protection and the
greatly increased value of
an F.N.A. mortgage.

Respectfully yours

Robert S. Velsey

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