The original documents are located in Box 18, folder "Housing (6)" of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE
WASHINGTON

DATE: 9/7

TO: Jim Cannon

FROM: LYNN MAY

Comments:

FYI

Homestead Act

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

Housing

WASH. POST 9/7/76

...Greets Carter on

Homestead Plan a Hit Across U.S.

By Charles A. Krause
Washington Post Staff Writer

INDIANAPOLIS—"We

HOMESTEAD, From A1

West 104th Street, a house that had been vacant and boarded up for more than a year before the Martins moved in.

Martin, 23, plans to fix the place and live in it for three years with his mother and other members of his immediate family and then use the house either as collateral to start his own business or to buy a larger ho...

The program was attractive because it enabled HUD to rid itself of some of tens of thousands of homes it owned in cities across the country. The homes, boarded and vacant, had been foreclosed on by the Federal Housing Administration, part of HUD, which insured more than $1 billion worth of unsound mortgages under...

Housing file

THE WHITE HOUSE

WASHINGTON

September 8, 1976

MEMORANDUM FOR: JAMES CANNON

VIA: LYNN MAY

FROM: WILLIAM NICHOLSON WWN ← To

SUBJECT: Invitation to the President to address Presidential Housing Forum sponsored by the National Housing Conference in late September or early October

The invitation mentioned in your memorandum of August 31 has arrived. Unless I hear further from you, the invitation will be regretted as recommended on August 31.

9/13

For the record:

After another conversation with Secretary Hills, I notified Bill Nicholson by phone that the Secretary and I recommended against Presidential participation in this event.

Lynn May

OK

091416

N ✓
MFW ✓
fyI

file week of Sept 27

August 31, 1976

MEMORANDUM FOR: JIM CANNON

FROM: LYNN MAY

SUBJECT: National Housing Conference Forum

On August 24, 1976, I was contacted by Gene R. Schaefer, Executive Director of the National Housing Conference (NHC). He indicated that the NHC was planning to sponsor in late September, in conjunction with other housing oriented groups, a one-day Housing Forum for Presidential candidates. The Forum would provide a platform for the candidates to discuss their housing and community development programs. The audience would be restricted to housing-related professionals.

Schaefer wanted me to test the water at the White House for the President's participation in the Forum, prior to issuance of a formal invitation. After a discussion with Secretary Hills about the idea, I notified Schaefer that the Forum might be difficult to fit into the President's schedule, but that I felt the NHC should send the President an invitation if it were going ahead with the Forum.

Secretary Hills and I agree that the proposed Forum would not be the best platform for the President to discuss housing and community development matters. It is clear that the NHC is seeking to make them major campaign issues and there is little doubt that the NHC Forum would be a relatively unfriendly audience for the President. We recommend that the President steer clear of the probable invitation. We will monitor the invitation.

✓ cc: Bill Nicholson

NATIONAL HOUSING CONFERENCE, INC.

1126 SIXTEENTH ST., N.W. WASHINGTON, D.C. 20036 (202) 223-4844

KENNETH N. HYLTON
Chairman of the Board

LEON N. WEINER
President

Invitation for late Sept - early Oct

September 2, 1976

President Gerald R. Ford
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the National Housing Conference and the cooperating organizations listed on the enclosed sheet, we would like to invite you to address a Presidential Housing Forum to be held in Washington, D.C. in late September or early October 1976.

encl

We suggest the following dates: September 28, 29 or 30 and October 5, 6 or 7. Naturally we are flexible as to date and will work around your schedule.

Our purpose in holding this Forum is to give both you and Governor Carter an opportunity to present your housing platforms to a representative group in the housing industry.

In addition to those organizations listed on the enclosed sheet, distinguished representatives from the academic and governmental fields will be invited. Each participating organization will be given a block of invitations so that attendance will be based on a selective process.

We propose that the Forum be held on one day with a separate session for each candidate, one at 10:00 A.M., one at 2:00 P.M. Again, we are totally flexible as to time. The individual presentations will be followed by questions from the audience, submitted in writing. Your favorable consideration of this request will be greatly appreciated and we will be honored by your presence.

Sincerely,

Leon N. Weiner

Leon N. Weiner
President

LNW:gsm

Enclosure

cc: Secretary Carla Hills

1976 SEP 3 AM
HAND DELIVERED
RECEP. AND SECURITY
THE WHITE HOUSE
WASHINGTON

NATIONAL HOUSING CONFERENCE, INC.
1126 SIXTEENTH ST., N.W. WASHINGTON, D.C. 20036 (202) 223-4844

KENNETH N. HYLTON
Chairman of the Board

LEON N. WEINER
President

PRESIDENTIAL HOUSING FORUM COSPONSORS

AND COOPERATING ORGANIZATIONS

AFL-CIO
American Association of Retired Persons
American Institute of Architects
American Institute of Planners
Council of Housing Producers
Council of State Housing Agencies
Forest Products Association
Foundation for Cooperative Housing
Housing Assistance Council, Inc.
Interreligious Coalition for Housing
Mortgage Bankers Association
NAHRO
National Council on the Aging, Inc.
National Housing Rehabilitation Association
National Leased Housing Association
National Realty Committee
National Retired Teachers Association
National Rural Housing Coalition
National Urban League
Rural Housing Alliance
United Auto Workers
United States Conference of Mayors
Urban Land Institute

TENTATIVE PENDING BOARD APPROVAL

American Association of Homes for the Aging
National Association of Home Builders
National Association of Mutual Savings Banks

September 2, 1976

ORGANIZATIONS INVITED WHOSE ANSWERS ARE PENDING

Chamber of Commerce of the United States
International City Managers Association
League of Women Voters
Mortgage Insurance Companies of America
NAACP
National Association of Counties
National Conference of Catholic Charities
National Council of Churches
National Council of Senior Citizens
National Governors' Conference
National Committee Against Discrimination in Housing
National League of Cities
National Tenants' Organization
The United States Savings and Loan League

cc: May

Hwsing

BILL GOODLING
19TH DISTRICT, PENNSYLVANIA

COMMITTEES:
COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEES:
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
LABOR STANDARDS

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEES:
SMALL BUSINESS ADMINISTRATION OVERSIGHT
SMALL BUSINESS LEGISLATION

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
ROOM 1713
LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-5836

DISTRICT OFFICES:
FEDERAL BUILDING
200 SOUTH GEORGE STREET
YORK, PENNSYLVANIA 17403

CHAMBER BUILDING
212 NORTH HANOVER STREET
CARLISLE, PENNSYLVANIA 17013

POST OFFICE BUILDING
ROOM 209
GETTYSBURG, PENNSYLVANIA 17325

September 10, 1976

Mr. James M. Cannon
Assistant to the President for Domestic Affairs
The White House
Washington, D.C. 20500

Dear Mr. Cannon:

This reply fails to take into consideration the fact that we've just gone through and are going through a very terrible recession, and no one knows better than these $10,000 income and below folks who we were trying to help with this program.

They didn't cause the recession, but now my government wants to "stomp" them when they are down. And, oh my, the political implications in an election year when my party is fighting to survive. This reply appears to be a calloused, inhumane one and certainly politically inept.

Sincerely,

Bill

BILL GOODLING
Member of Congress

BG/nan

cc: Hon. Gerald Ford
Hon. John Rhodes
Hon. Earl Butz
Hon. Wm. Wampler
Hon. Dan Daniels

P.S. Perhaps those people with yearly incomes of $15,000 and above are feeling the effects of the imporved economy, but I will guarantee that those with incomes less than $15,000 are not and will not for some time to come. They and the Sr. citizen probably constitute 70% of the voters.

9/108

THE WHITE HOUSE

WASHINGTON

1976 AUG 27 AM 8: 44

August 25, 1976

Dear John:

I appreciated your note of July 22 with which you enclosed a copy of a letter to the President from [redacted] regarding unused Farmers Home Administration ("FmHA") housing funds.

Since receiving your note, I have examined this situation carefully. It is my conclusion that FmHA is not withholding funds intentionally but rather is, appropriately, using increased care in making and servicing loans. This use of greater care in obligating new loan money is justified by the fact that FmHA has been experiencing problems with delinquent loans, and is dedicating more effort to monitoring these problem loans.

You were kind to bring this matter to my attention and I trust that this explanation is helpful.

Sincerely,

Jim

James M. Cannon
Assistant to the President
for Domestic Affairs

Honorable John J. Rhodes
Minority Leader
House of Representatives
Washington, D.C. 20515

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

PUBLIC DOCUMENT

OFFICIAL BUSINESS

WASHINGTON SEP 10 1976

Bill Goodling
M.C.

ALWAYS USE ZIP CODE

Mr. James M. Cannon
Assistant to the President for Domestic Affairs
The White House
Washington, D.C. 20500

recd 9/15

THE WHITE HOUSE
WASHINGTON

September 14, 1976

TO: LYNN MAY

FROM: JIM CANNON

Please advise on this matter.

Moe,

Please get me a copy of the original letter from Goodling

9/17 requested file from C. files

return to C. files

cc: May

Housing

BILL GOODLING
19TH DISTRICT, PENNSYLVANIA

COMMITTEES:
COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEES:
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
LABOR STANDARDS

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEES:
SMALL BUSINESS ADMINISTRATION OVERSIGHT
SMALL BUSINESS LEGISLATION

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
ROOM 1713
LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-5836

DISTRICT OFFICES:
FEDERAL BUILDING
200 SOUTH GEORGE STREET
YORK, PENNSYLVANIA 17403

CHAMBER BUILDING
212 NORTH HANOVER STREET
CARLISLE, PENNSYLVANIA 17013

POST OFFICE BUILDING
ROOM 209
GETTYSBURG, PENNSYLVANIA 17325

September 10, 1976

Mr. James M. Cannon
Assistant to the President for Domestic Affairs
The White House
Washington, D.C. 20500

Dear Mr. Cannon:

This reply fails to take into consideration the fact that we've just gone through and are going through a very terrible recession, and no one knows better than these $10,000 income and below folks who we were trying to help with this program.

They didn't cause the recession, but now my government wants to "stomp" them when they are down. And, oh my, the political implications in an election year when my party is fighting to survive. This reply appears to be a calloused, inhumane one and certainly politically inept.

Sincerely,

Bill

BILL GOODLING
Member of Congress

BG/nan

cc: Hon. Gerald Ford
Hon. John Rhodes
Hon. Earl Butz
Hon. Wm. Wampler
Hon. Dan Daniels

P.S. Perhaps those people with yearly incomes of $15,000 and above are feeling the effects of the imporved economy, but I will guarantee that those with incomes less than $15,000 are not and will not for some time to come. They and the Sr. citizen probably Constitute 70 o/o of the voters.

THE WHITE HOUSE

WASHINGTON

1976 AUG 27 AM 8 44

August 25, 1976

Dear John:

I appreciated your note of July 22 with which you enclosed a copy of a letter to the President from Bill Goodling regarding unused Farmers Home Administration ("FmHA") housing funds.

Since receiving your note, I have examined this situation carefully. It is my conclusion that FmHA is not withholding funds intentionally but rather is, appropriately, using increased care in making and servicing loans. This use of greater care in obligating new loan money is justified by the fact that FmHA has been experiencing problems with delinquent loans, and is dedicating more effort to monitoring these problem loans.

You were kind to bring this matter to my attention and I trust that this explanation is helpful.

Sincerely,

Jim

James M. Cannon
Assistant to the President
for Domestic Affairs

Honorable John J. Rhodes
Minority Leader
House of Representatives
Washington, D.C. 20515

original & file
returned to Erlynn 9/28

EXECUTIVE
FI 5-4

THE WHITE HOUSE

WASHINGTON

August 24, 1976

MEMORANDUM FOR: JIM CANNON

FROM: PAUL LEACH Paul

SUBJECT: Rhodes & Goodling Notes Regarding Farmers Home Administration Housing Funds

Here is a note for John Rhodes. Incidentally, USDA has recently explained this situation to the Congressman (whose state has had major FmHA loan delinquency problems).

Also, you might be interested to know that the State Director of Farmers Home in Virginia is Congressman Goodling's brother. Virginia is one of the states with the worst loan delinquency rates and USDA/FmHA has been putting pressure on brother Goodling to clean up his loan portfolio --- thus, the letter to the President (and Secretary Butz, also) from the other brother with greater "influence" in Washington.

THE WHITE HOUSE

WASHINGTON

August 10, 1976

Paul pls draft reply to John Rhodes. Thanks Jim

MEMORANDUM FOR: JIM CANNON

FROM: PAUL LEACH PL

SUBJECT: Rhodes & Goodling Notes Regarding Farmers Home Administration Housing Funds

The attached notes from Congressmen Rhodes & Goodling imply that FmHA is not releasing $800 million to $1 billion of housing loan money and suggest that this situation should be rectified.

In fact, FmHA is not withholding funds intentionally but rather is using more care in making and servicing loans. A very substantial potential scandal exists at FmHA, which has experienced large loan delinquency rates. As of December 31, 1975, the rates were (with comparisons):

	Any Delinquency	Delinquent 3 Or More Payments
FmHA	21.0%	8.6%
VA loans	4.6	0.5
HUD (excluding 235 & 237)	5.3	0.5
HUD (235 & 237 only)	14.0	1.6
Private Conventional	3.0	0.4

As you can see, FmHA has many troubled loans and is now moving with greater care in obligating new loan money. (As of April, 1976, the delinquency rates had not improved at all).

Let's discuss this before you reply.

THE WHITE HOUSE
WASHINGTON

7/27/76

TO: PAUL LEACH

FROM: JIM CANNON

What's the story behind this?

EXECUTIVE

FI5-4

PL/Ford

Congress of the United States
House of Representatives
Washington, D.C. 20515

200 South George Street
York, Pennsylvania 17403

[illegible] Building
212 North Hanover Street
Carlisle, Pennsylvania 17013

Post Office Building
Room 20[illegible]
Gettysburg, Pennsylvania 17325

July 7, 1976

Dear Bill:

Thank you for your July 1 letter to the President urging the release at this time of Farmers Home Administration funds.

Your recommendations with respect to the affirmative impact on the economy of their release are appreciated.

With kindest regards,

Sincerely,

Charles Leppert, Jr.
Deputy Assistant
to the President

The Honorable Bill Goodling
House of Representatives
Washington, D.C. 20515

CL:JEB:VO:vo

bcc: w/incoming to Max Friedersdorf - for your information

July 1, 1976

The Honor[illegible]
The White [illegible]
Washingto[illegible]

Dear Mr. President:

We have a tremendous political weapon we [illegible] unleash at this time to help u[illegible] members's elec[illegible]n, i.e., $800 million to $1 billion of Farm[illegible] Home Administration money that isn't being released. I[illegible] don't use it to help bring a victory to us in Nove[illegible], and the Democrats become succes[illegible] [illegible] it and get all the credit for stim[illegible] industry and all the other indus[illegible] affected by the ripple effect.

Sincerely,

Bill

BILL GOODLING
Member of Congress

10

RECEIVED
JUL 8 1976
CENTRAL FILES

COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEES:
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
LABOR STANDARDS
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEES:
SMALL BUSINESS ADMINISTRATION OVERSIGHT
SMALL BUSINESS LEGISLATION

Congress of the United States
House of Representatives
Washington, D.C. 20515

7-6
WASHINGTON OFFICE:
ROOM 1713
LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-5835

DISTRICT OFFICES:
FEDERAL BUILDING
200 SOUTH GEORGE STREET
YORK, PENNSYLVANIA 17403

CHAMBER BUILDING
212 NORTH HANOVER STREET
CARLISLE, PENNSYLVANIA 17013

POST OFFICE BUILDING
ROOM 209
GETTYSBURG, PENNSYLVANIA 17325

July 1, 1976

The Honorable Gerald R. Ford
The White House
Washington, D. C. 20500

Dear Mr. President:

We have a tremendous political weapon we could unleash at this time to help us win November's election, i.e., $800 million to $1 billion of Farm and Home Administration money that isn't being released. If we don't use it to help bring a victory to us in November, and the Democrats become successful, they'll release it and get all the credit for stimulating the building industry and all the other industries that are affected by the ripple effect.

Sincerely,

Bill

BILL GOODLING
Member of Congress

BG:ms

15

FYI

Busing file

BILL GOODLING
19TH DISTRICT, PENNSYLVANIA

COMMITTEES:
COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEES:
ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION
LABOR STANDARDS
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEES:
SMALL BUSINESS ADMINISTRATION OVERSIGHT
SMALL BUSINESS LEGISLATION

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
ROOM 1713
LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-5836

DISTRICT OFFICES:
FEDERAL BUILDING
200 SOUTH GEORGE STREET
YORK, PENNSYLVANIA 17403

CHAMBER BUILDING
212 NORTH HANOVER STREET
CARLISLE, PENNSYLVANIA 17013

POST OFFICE BUILDING
ROOM 209
GETTYSBURG, PENNSYLVANIA 17325

September 10, 1976

Mr. James M. Cannon
Assistant to the President for Domestic Affairs
The White House
Washington, D.C. 20500

AF
Jim Cannon
Jim Fyi

Dear Mr. Cannon:

This reply fails to take into consideration the fact that we've just gone through and are going through a very terrible recession, and no one knows better than these $10,000 income and below folks who we were trying to help with this program.

They didn't cause the recession, but now my government wants to "stomp" them when they are down. And, oh my, the political implications in an election year when my party is fighting to survive. This reply appears to be a calloused, inhumane one and certainly politically inept.

Sincerely,

Bill

BILL GOODLING
Member of Congress

BG/nan

cc: Hon. Gerald Ford
Hon. John Rhodes
Hon. Earl Butz
Hon. Wm. Wampler
Hon. Dan Daniels

P.S. Perhaps those people with yearly incomes of $15,000 and above are feeling the effects of the imporved economy, but I will guarantee that those with incomes less than $15,000 are not and will not for some time to come.

THE WHITE HOUSE

WASHINGTON

1976 AUG 27 AM 8 44

August 25, 1976

Dear John:

I appreciated your note of July 22 with which you enclosed a copy of a letter to the President from [redacted] regarding unused Farmers Home Administration ("FmHA") housing funds.

Since receiving your note, I have examined this situation carefully. It is my conclusion that FmHA is not withholding funds intentionally but rather is, appropriately, using increased care in making and servicing loans. This use of greater care in obligating new loan money is justified by the fact that FmHA has been experiencing problems with delinquent loans, and is dedicating more effort to monitoring these problem loans.

You were kind to bring this matter to my attention and I trust that this explanation is helpful.

Sincerely,

James M. Cannon
Assistant to the President
for Domestic Affairs

Honorable John J. Rhodes
Minority Leader
House of Representatives
Washington, D.C. 20515

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

PUBLIC DOCUMENT

OFFICIAL BUSINESS

WASHINGTON, DC
PM
SEP 10
1976
200

ALWAYS
USE ZIP
CODE

Bill Goodling
M.C.

Hon. Gerald R. Ford
The White House
Washington, D.C. 20500

Housing

To Jim Cannon
FYI
JWS

THE WHITE HOUSE

WASHINGTON

September 13, 1976

MEMORANDUM FOR DAN McGURK

FROM BILL GOROG

SUBJECT Housing Initiative

I noted on HUD's spread sheet the other day, that my guarantee program was somewhat garbled in presentation. I would like to review the details once again for inclusion in the Options Paper.

THE FEDERAL DOWNPAYMENT GUARANTEE PROGRAM

a. This program would be applicable to any type of financing including FHA and conventional mortgages.

b. It is proposed that the Government offer to guarantee 50% of the downpayment requirement up to a maximum of $5,000. The borrower would pay 1/2 a point for this guarantee.

c. The administration of the program is conceived to be as simple as possible. A blank pad of guarantee forms would be provided to any authorized lending institution. The guarantee would be activated by the signature of the borrower, a signature from the bank, and a payment by the bank of 1/2 a point made to the order of the U.S. Government. No approvals, processing, or administration is contemplated on the part of the U.S. Government.

d. The guarantee amount and the 1/2 point financing would be included in the bank's first mortgage and would be amortized over the period of the loan in the same manner that the prime loan is amortized.

e. The point at which the Government would become involved is in event of foreclosure. If the bank forecloses the mortgate, disposes of the property and loses money on the transaction, the Government would then be liable for the last amount with a maximum of the face value of the certificate.

0914

f. This type of program should be self-financing. The prime credit responsibility still lies with the bank. The bank has primary risk, no subsidy is contemplated, and the 1/2 point guarantee payment would assure the government that unless foreclosure rate was greater than 1 in 16, the payments would be sufficient to cover any government risk. In actuality, considering the credit requirements imposed by the bank, the US Government should actually make money on the program.

g. The fact that this program applies to any type of financing should be a considerable incentive for its use. It could be used for half of the downpayment requirement of FHA financing or 1/2 of the downpayment of conventional or other types of government guarantee financing.

File

Housing

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

SEP 13 1976

MEMORANDUM FOR: The President

FROM: Carla A. Hills

SUBJECT: Use of Urban Homesteading in Michigan Speech and Recommendation for Expansion of Program

If you intend to mention your concern for the problems of urban neighborhoods in your Michigan speech, you may wish to take credit for HUD's successful urban homesteading demonstration program. Under this program, HUD provides Federally acquired homes to cities for sale at a cost of $1 to families who agree to rehabilitate and live in these abandoned structures for at least three years.

The 23 participating cities (listed in Attachment A) have thus far received 900 homes valued at $5 million. We are about to provide cities with the additional $6.25 million in properties authorized by the Housing Amendments of 1976.

In addition, I recommend that you immediately propose legislation to authorize an expanded program level of $15 million in each of Fiscal Years 1977 and 1978. This is the maximum responsible program level given the size of HUD's current inventory of homes in appropriate neighborhoods. At this program level, we could provide assistance to at least 10 additional cities.

The program has been extremely successful, both in providing home ownership opportunities for a limited number of moderate-income Americans and in eliminating the blighting influence of boarded-up HUD properties (see Attachment B, an October 7 Washington Post feature story). Cities have developed ambitious plans for the revitalization of homesteading project neighborhoods involving total public and private investments of over $40 million and have shown an impressive ability to develop creative variations on the homesteading theme.

You may be interested to note that last week Mr. Carter, apparently unaware of our ongoing urban homesteading program, stated that he would start such a program.

cc: James M. Cannon
James T. Lynn
L. William Seidman

cc: May, fyi
discuss w/ Art

091319

URBAN HOMESTEADING DEMONSTRATION SITES

CALIFORNIA, Oakland

DELAWARE, Wilmington

GEORGIA, Atlanta

GEORGIA, Decatur

ILLINOIS, Chicago

ILLINOIS, Rockford

INDIANA, Gary

INDIANA, Indianapolis

INDIANA, South Bend

MARYLAND, Baltimore

MASSACHUSETTS, Boston

MINNESOTA, Minneapolis

MISSOURI, Kansas City

NEW JERSEY, Jersey City

NEW YORK, Freeport

NEW YORK, Islip

NEW YORK, New York

OHIO, Cincinnati

OHIO, Columbus

PENNSYLVANIA, Philadelphia

TEXAS, Dallas

WASHINGTON, Tacoma

WISCONSIN, Milwaukee

THE WASHINGTON POST A1

Tuesday, September 7, 1976

Homestead Plan a Hit Across U.S.

By Charles A. Krause
Washington Post Staff Writer

INDIANAPOLIS—"We

"The program really has a lot of hope," said Michael A. Carroll, deputy mayor of Indianapolis, during an interview about homesteading in his city. "The concept of the program is sound."

When urban homesteading was conceived several years ago in Wilmington, Del., and Philadelphia, the plan received a lot of attention because it seemed and senible appealed to old-fashioned American values—give someone a piece of land, or in this case a vacant old house that no-

• Could something of lasting value be gained from the program beyond reducing the number of HUD-owned homes and finding families to live in them?

• Could urban homesteading serve as a catalyst for reviving entire neighborhoods rather than simply resulting in in a few rehabilitated houses scattered in neighborhoods and cities throughout the country?

• If the houses chosen for the program were concentrated in "target neighborhoods," could enough other improvements be made in these

Housing -
Flood Insurance

THE WHITE HOUSE

WASHINGTON

Lynn
OK.
Jim

September 14, 1976

MEMORANDUM FOR: JIM CANNON

FROM: LYNN MAY Lynn May

SUBJECT: Meeting with Insurance Industry Executives Concerning HUD's proposed Rulemaking for Flood Insurance

As I detailed in memorandums to you of August 27 and September 2 (attached), the insurance companies which comprise the National Flood Insurance Association (NFIA) are opposed to new regulations proposed by the Federal Insurance Agency (FIA) located in HUD. On September 9, 1976, Bill Seidman, Art Quern, Steve McConahey and myself met with senior executives from the following: Hartford Fire Insurance Company, Aetna Life and Casualty Company, State Farm Fire and Casualty Company, Kemper Insurance Company and the NFIA.

Their basic concern was that while they were prepared to document their case before the FIA, they felt that Robert Hunter, Director of FIA, had already made up his mind about effecting the regulations and was oblivious to the objections of the insurance industry, which could lead to several firms quitting the program. They requested that a high level official at HUD or elsewhere arbitrate this matter to avoid a showdown between Hunter and the NFIA.

Art Quern suggested to the insurance executives that they should lay their case before the FIA in the prescribed manner, but acknowledged the NFIA's request for a high level review of the issue.

Following the meeting I discussed the matter with Bill Seidman; he concurred with Art, Steve and I that either Secretary Hills or Under Secretary Rhinelander, with whom I discussed the issue earlier, should interject themselves in the dispute to serve as a high-level review and, if possible, prevent an unnecessary and highly public feud from breaking out between the FIA and the NFIA. Barring your objection, I intend to request John Rhinelander to undertake this role. // OK.

Attachments

09/411

THE WHITE HOUSE

WASHINGTON

August 27, 1976

File / Flood Insurance

MEMORANDUM FOR: JACK MARSH
JIM LYNN
BILL SEIDMAN
BILL BAROODY
JIM CAVANAUGH

FROM: JIM CANNON

SUBJECT: Insurance Industry's Objection to a Proposed Rulemaking by the Federal Insurance Agency

ISSUE

James Kemper, Jr., President of Kemper Insurance Companies, contacted me on behalf of several other members of the insurance industry. He objected to the language and the alleged impact of a notice of proposed rulemaking of the Federal Insurance Agency (FIA) located in HUD. He requested White House assistance in delaying the publication of the proposed rulemaking, stressing that it would subject members of the National Flood Insurance Association to arbitrary Federal controls. Governor Arch Moore of West Virginia has also requested White House review of this matter, including a meeting with certain representatives of the insurance industry.

BACKGROUND

The National Flood Insurance Act of 1968 established a National Flood Insurance Program to provide flood insurance at rates made affordable through a Federal subsidy. In return, communities are required to adopt and administer local measures that protect lives and new construction from future flooding. The National Flood Insurance Association (NFIA) is an organization of private insurance companies formed specifically to provide insurance under the cooperative Government-private industry program.

HUD and the FIA, citing provisions of the 1968 Act and the amendatory Flood Disaster Protection Act of 1973, have determined that regulations clarifying relationships and responsibilities between the NFIA and the FIA are necessary. On August 13, 1976, Secretary Hills issued a Notice of Proposed Rule Making to establish these relationships (Tab A).

The NFIA has criticized a preamble to the proposed rule change as inflamatory and inimical to the insurance industry (Tab B). It maintains that the regulations would put HUD in control of every segment of the insurance aspects of the program. Legal representatives of the NFIA met with John Rhinelander, Undersecretary of HUD, earlier this week to protest the proposed regulations. Rhinelander agreed to eliminate much of the objectionable material in the preamble but affirmed HUD's intention of publishing the regulations in the Federal Register on Monday, August 30, 1976.

Rhinelander informed a member of my staff that HUD expected extreme resistance from the insurance industry on this matter, including several law suits, but he maintained that the new regulations were necessary. He also indicated that he and Acting Director of the FIA were setting up a series of hearings during the thirty day comment period following publication of the proposed regulations in the Federal Register to provide maximum industry and consumer input.

RECOMMENDATION

Since Secretary Hills is merely publishing the rule change for comment, I do not think that the White House should intervene. Member companies of the NFIA and others will likely seek a White House audience to press their case. I recommend, therefore, that Bill Seidman and I meet with these insurance industry leaders who wish an audience.

TO : David O. Meeker, Jr., Assistant Secretary for Community Planning and Development

DATE: JUL 28 1976

IN REPLY REFER TO:

FROM : J. Robert Hunter, Federal Insurance Administration, I

SUBJECT: Finding of Inapplicability -- HUD/NFIA Roles Regulations

On August , 1976, the Department published, for proposed rule making, in the Federal Register (4 F.R.) the following new sections to the National Flood Insurance Program Regulations:

- § 1911.13 establishing the "Dwelling Building and Contents" and "General Property" forms of flood insurance policies as "The Standard Flood Insurance Policy," along with appropriate endorsements, renewal certificates, and flood insurance application and declaration forms utilized in connection with the Standard Flood Insurance Policy;

- § 1911.14 affirming the responsibility of the Administrator to promulgate, from time to time, scope of coverage determinations construing the coverage afforded under the Standard Flood Insurance Policy and codifying some past scope of coverage determinations;

- § 1921 establishing notification procedures, for use by the Department's contractor-agent, in notifying the Administrator of sub-contracts the contractor-agent would enter into in furtherance of the Program;

- § 1922 establishing methods by which the Department can utilize the insurance industry, including insurance companies, insurance agents and brokers, and insurance adjustment organizations, in providing service to the Program under the direction and control of the Secretary;

- § 1923 authorizing the Administrator to require that the utilization of the insurance industry in servicing the Program be accomplished through contracts awarded under a competitive bidding process;

- § 1924 establishing a method for review of flood insurance claim files by the Administrator and authorizing the Administrator to direct the contractor-agent or sub-contractor of the contractor-agent adjusting the loss to pay, or not to pay, for damages claimed by an insured consumer to have been incurred as a result of a flooding event covered, as determined by the Secretary or the Administrator, by the terms and conditions of the Standard Flood Insurance Policy.

These new sections do not materially alter the nature or character of the National Flood Insurance Program regulations but, rather, confer benefits upon the nation's flood insurance consumers in terms of better definition of the coverages provided under the Standard Flood Insurance Policy; disposition, at times with more dispatch, of pending controverted flood insurance claims; and, from a fiscal point of view, the consumer-taxpayer will be benefited by closer Department oversight of contracts awarded by the contractor-agent to sub-contractors and, through competitive bidding processes, by savings, hopefully, in the cost of services rendered by sub-contractors servicing the Program.

It is hereby found that these actions do not constitute major Federal actions significantly affecting the quality of human environment. This Finding of Inapplicability is made in accordance with HUD Handbook 1390.1.

Acting Administrator
Federal Insurance Administration — for J. Robert Hunter

Concurrence: Richard H. Broun, Director
Office of Environmental Quality

Concurrence: Burton Bloomberg
Assistant General Counsel for Finance and Administrative Law

Approved for: David O. Meeker, Jr. FAIA, AIP
Assistant Secretary for CPD

NFIA SUMMARY RESPONSE TO FIA PROPOSED RULE OF AUGUST 13, 1976

The Federal Insurance Administration has prepared a document entitled, "Notice of Proposed Rule Making" that was approved on August 13, 1976 by Secretary Hills. It includes a lengthy preamble so inflammatory in its tone and so one-sided in its treatment of the facts of the relationship between NFIA and FIA that it can serve no constructive purpose. The regulations, if promulgated, totally usurp the authority of the insurance industry and NFIA from their responsibility for providing the operational functions of the insurance aspects of the program.

Setting aside the preamble, the regulations contain several new sections and none is more explicit in describing the government takeover than is 1922.1 which provides the Secretary of H.U.D. authorization over all insurance facets of the program including control over all insurers, agents and brokers, and insurance adjustment organizations. It establishes the tone of the regulations by stating that all insurance services to be provided by any segment of the insurance industry <u>will be under the direction and control of the Secretary of H.U.D.</u> (emphasis added)

The regulations carefully establish full operational control of every segment of the insurance aspects of the program. Section 1911.13 not only mandates a contract form 19 months out of date but requires the exact form and substance of renewal notices and certificates, policy application forms, and all other forms that are basic system document generally subject to modification to best suit the data processing system used. Section 1911.14 establishes full authority to make scope of coverage determinations whenever the Administrator desires without prior consultation with the industry. Section 1921 provides the Administrator with full control over all NFIA contracts by establishing his authority to subjectively withhold federal financial participation after the fact, if he does not prior approve of the need for the contract, the selection process used to obtain the contractor, the prices of the contract, and the agreement itself. Section 1923 provides FIA with the authority to require competitive bidding for insurance services and to enter insurance service contracts directly without utilizing the industry Association formed specifically to provide administration of the insurance program. Section 1924 establishes FIA's authority to approve or disapprove all claim settlements.

It is the opinion of NFIA and its counsel that FIA's proposed regulations attempt to usurp to the government operational control of the program contrary to the Congressio mandate for an "Industry Program with Federal Financial Assistance". The National Flood Insurance Act of 1968 contains specific requirements for the government to consult with the industry if it should desire to assume in whole or in part any operational responsi and then report to Congress setting forth the reasons for its assumption with pertinent findings.

Congress clearly established its preferences for private insurance participation when it was debating passage of the bill. Typical among the comments was the bill's floor manager, Senator Harrison A. Williams, Jr. when he stated: "The facilities of the private insurance industry would be used to the maximum extent practicable to sell and service flood insurance policies. Both the insurance industry and the Government have agreed that the joint approach under Part A (Industry Program with Federal Financial Assistance) would be preferable to the government approach under Part B (Government Program with Industry Assistance) and <u>all efforts will be directed to making certain that the joint program under Part A works out</u>." (emphasis added)

Undersecretary of H.U.D. Wood in testimony about the pending legislation viewe the operation of an insurance pool as not only a protection for the industry but also the most efficient arrangement from the government's point of view. As he described the arrangement, the government would deal only with the pool, and the pool would manag the participating companies' activities, an arrangement that would serve to limit the administrative burden for operating the program.

It is also clear that Congress intended for the terms of NFIA's relationship to the government to be established only through negotiation and agreement. This principle lies at the heart of the NFIA/FIA relationship and there can be no mistaking the insistance of Congress upon an industry-government partnership.

Contrary to the Congressional mandate for a full report of the government's intentions, FIA has attempted to have this proposed rule, with its inflammatory and groundless preamble designed solely for a full operational takeover of the flood program, published in the Federal Register. Not only did H.U.D. fail to consult with NFIA or the industry about these regulations, they refused a request to meet personally to discuss the respective roles of the parties and attempted to keep secret from NFIA and the insurance industry that they were completed.

This summarized response cannot be concluded however, without taking strong and adamant exception to the preamble in general and certain in accurate and misleading statements in particular.

Assuming that the preamble was intended to serve as a summary description of the NFIA/FIA relationship, it provides instead, a variety of groundless attacks upon NFIA's involvement in the insurance program, mostly relating to NFIA's activity in the program during the past nine months. Specifically, FIA's posture that NFIA has rejected a policy of competitive bidding is without foundation as is the statement that NFIA has made no firm contractual arrangements with its servicing facilities or others with whom it has professional counseling or servicing relationships. Of special importance is the fact that the current price structure used for reimbursement of service facilities was negotiated with FIA in 1974 and was mutually accepted by both NFIA and FIA as a result of those negotiations. FIA is aware that NFIA has met with professional consulting firms regarding a study to determine reasonable costs for marketing services. Furthermore, NFIA currently has in effect performance guidelines and standards that each servicing company utilizes for its performance criteria. Formal written agreements have accompai these standards.

FIA gives considerable attention in its preamble to the industry's refusal to honor the scope of coverage interpretations issued by FIA relative to expenses paid for contents removal in imminent danger of flood damage. Several misstatements and omissions of fact accompany the FIA discussion on the subject. First, FIA initially expressed a position of no such coverage in a May 1 , 1975 letter to Congressman Schneebeli only to reverse this position in another letter to him dated December 24, 1975. Such arbitrary and circular decision-making without prior consultation with NFIA or the benefit of a proposed regulator guideline required NFIA to challenge the decision. Furthermore, there is strong legal argument to support the position that no statutory authority exists for making available this coverage, and that the present policy provisions do not provide such coverage. FIA is aware that NFIA's position is based upon the fact that the policy insuring clause is silent in this regard, and at no time has NFIA taken the position that Exclusion G of the policy is the basis for NFIA's interpretation. NFIA has long contended that it is for the courts to interpret policy coverage and not government administrators. NFIA has expresse to FIA a willingness to provide removal coverage and has provided a proposed amendatory endorsement to this effect. FIA failed to respond NFIA's request to consult on this matter.

Two other specific allegations made by FIA in its preamble must be challenged as groundless and inaccurate presentations that leave the reader with a misleading impressi of the facts. The first is that those member insurance companies participating in the program are doing so in a risk free environment. The second is that the industry has a guaranteed profit situation and that certain companies are in a position to realize many millions of dollars of profits and revenues from the flood insurance program.

The contention that the property insurance companies participating in the flood insurance program are doing so with no possibility of risk exposure to their committed capital is contrary to the facts. In actuality the insurance aspects of the program are rapidly moving toward a financially self sufficient position. This is supported by the fact that the federal subsidy has declined from 90% of the total cost of the insurance aspects of the program to a current estimated federal subsidy of 58%. It is important to emphasize that the risk exposure of the participating companies' captial commitment can be measured only for the fiscal year in which the program is currently operating. Any year that experiences devastating flood losses that cause a depletion of the program's working capital and trust fund leaves the industry highly exposed the following year. As the ratio of federal subsidy continues to decline, the greater is the reliance upon policyholders and industry financing to meet future flood losses. It should also be emphasize that the industry's current $50 million commitment is a recurring annual pledge if the circumstances warrant. Furthermore the industry has paid H.U.D. approximately $13 million dollars in uncollected reinsurance premiums.

One of the strongest accusations in the preamble is also one of the most groundless and inaccurate. It relates to FIA's allegation that several major companies stand to reap the overwhelming majority of $36 million in profits that will be realized by participati member companies during the current decade and that these same companies will enjoy about 80% of $100 million in servicing fee revenues during this same period. FIA avoids stating what the industry has received in profits and service fee revenues during the years the program has been operational. The facts are that 124 participating companies have received to date an aggregate $4.7 million as so called profits for six years' participat in the program. It is estimated the seventh year will increase the aggregate for the 124 insurers to less than $8 million. While this figure will hopefully rise considerably during the next three years, it is totally unrealistic to anticipate the astronomical figure of $36 million being returned to the participating insurers.

While it should be recognized that service fee revenues are not profits, the $100 million revenue figure used by FIA catches the imagination. This figure cannot be substan using reasonable projections beyond the seven years that the industry has participated in the program. As of June 30, 1976 all servicing companies combined have received a cumulative total of $20.6 million for their efforts over seven years.

FIA has done a monumental disservice to those several major property insurance companies that have steadfastly supported the flood insurance program, especially during these early years when the program is struggling for acceptability. These companies were fully supportive of the program and active participants when the flood insurance program was receiving considerable criticism as being impractical and unworkable. Early statistics support the lack of attractiveness in view of the fact that only 158 communities were eligible for flood insurance as late as June 30, 1971 and only 5,500 policies were in force. These companies not only did not profit from their commitment to this program in those early years, they in fact invested substantially more in space allocation, personnel and insurance industry expertise than they could have possibly recovered. These companie as do many insurers today agreed to provide servicing facilities as an accomodation to a program to which they had made a supportive commitment. All major insurance compan that currently operate servicing facilities advocate major changes in the servicing facility concept and pricing arrangement and have made this known in numerous meetings with FIA staff personnel.

For the many reasons cited in this summary, plus numerous others that could have been added, the NFIA and the property insurance industry vigorously oppose these propose regulations and take the strongest exception possible to the preamble that precedes them and the motivations behind them. The proposed rules of August 13, 1976 must properly reflect the original conception of the partnership arrangement envisioned by the Congress, and any preamble that preceeds them should provide a factual basis of the historical relationship between the property insurance industry and the federal governr

THE WHITE HOUSE

WASHINGTON

September 2, 1976

MEMORANDUM FOR: JIM CANNON

FROM: LYNN MAY

SUBJECT: HUD's Position on Issuing New Flood Insurance Regulations

Secretary Hills feels that new regulations are necessary to clarify the roles of the Federal Insurance Administration (FIA) and the National Flood Insurance Association (NFIA). She cites current disputes between these institutions as cause for the new regulations.

BACKGROUND

The NFIA currently disputes the authority of the FIA to interpret the scope of the coverage of the standard Flood Insurance Policy. It rejects what it feels to be unnecessary government interference with insurance coverage.

The FIA, on the other hand, argues that the Congress clearly furnished the Secretary of HUD with primary responsibility for establishing a national flood insurance program. The agency cites arbitrary policy coverage and lack of competitive bidding practices by the NFIA as a reason for issuing a stronger protective role toward policyholders. The FIA refutes the NFIA's calls for non-interference by pointing out that the cost of flood insurance coverage is borne primarily by policyholders and the government, not the participating insurance companies. The FIA also argues that Federal responsibilities for ensuring fair policy coverage and rates is heightened because in 1973 an amendment of the National Flood Insurance Program made it virtually mandatory for everyone residing in a flood plan (Federally backed loans are unavailable to those who do not participate).

COMMENTS

This dispute arises primarily because National Flood Insurance, unlike almost all other forms of insurance, is mandated by statute to be Federally managed and regulated. Policyholders with complaints about flood insurance cannot appeal them to State insurance regulating officials, as occurs in other forms of insurance, because these officials have no authority in this matter. Therefore, the decision by the Federal government to fill this role is conflicting with the insurance industry's traditional resistance to Federal control.

The following representatives of the insurance industry would like to meet with you and possibly Bill Seidman next Thursday afternoon to discuss this issue:

Herb Schoen, President, Hartford Insurance Co.
Tom Morrill, President, State Farm Insurance Co.
Charles Cox, President, INA
William Bailey, President, Aetna Insurance Co.
Steve Lesnik, Vice President, Kemper Insurance Co. 312/540-2000
Sam Weese, Executive Director, NFIA

I recommend that you meet with these individuals.

APPROVE ________________ DISAPPROVE ________________

bcc: Steve McConahey

Hours

THE WHITE HOUSE

WASHINGTON

September 21, 1976

TELEPHONE CALL TO THE BOARD
OF THE NATIONAL ASSOCIATION OF
HOME BUILDERS

Tuesday, September 21, 1976
12:00 (noon), (10 minutes)
The Oval Office

From: Jim Cannon Jim

I. PURPOSE

To discuss your initiative to promote accelerated home ownership for young families.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background:

The National Association of Home Builders (NAHB) is the largest trade association in housing. It represents approximately 80,000 members, who employ several hundred thousand people. Home builders generally are small businessmen who build 10 to 25 housing units a year.

The NAHB was very supportive of your veto of common situs legislation, but was opposed to attempts by the Treasury to reduce real estate and construction investment incentives in the current tax legislation. It will support your home ownership proposals but would like a larger interest subsidy than now exists in current HUD programs.

B. Participants:

Approximately 1100 members of the NAHB Board and staff will listen to your call in the ballroom of the Utah Hotel in Salt Lake City. John Hart, president of the NAHB and Republican Committeeman, will introduce you to the assembled group. There will be no questions following your remarks.

III. TALKING POINTS

Tab A.

Jim Cannon

September 21, 1976
FINAL DRAFT

TELEPHONE TALKING POINTS TO THE BOARD MEETING OF THE NATIONAL ASSOCIATION OF HOMEBUILDERS

It is a pleasure to talk to you today. I regret that I can't be there in person, both to exchange ideas one to one and also to breathe in some of the beautiful fresh air of Utah.

To begin, let me share my thoughts with you on the vital domestic concern of good housing for all Americans. The majority of Americans want to own their own homes. Every American wants a decent place to live. It is the goal of my Administration that these dreams be realized.

Today, inflation is the greatest obstacle to home ownership and affordable rents. Government deficit spending brought about by Congressional irresponsibility has led to rapidly escalating interest rates. I have used the powers of my office to hold down inflationary Federal spending.

In addition to controlling deficit spending, my Administration is pledged to sustain the growth of the economy to assure steady jobs and incomes.

I also favor tax relief for low and moderate income families allowing them to keep more of what they earn and I will work to achieve this as a counterpart to a reduction in Federal spending. Reduced inflation, more take-home pay, and greater individual savings are the fundamental basis of a healthy housing picture in this country.

My Administration has also addressed itself to specific problems concerning housing. I recently released two billion dollars of additional tandem mortgage purchase funds to stimulate lagging multifamily housing production and to ensure adequate housing in the future for people who rent.

To help more American families to own their own homes, I will recommend changes in FHA's mortgage insurance programs. These changes will accelerate home ownership by reducing down payments on FHA loans for lower and middle-priced homes by as much as 50 percent. It would also increase from 45 thousand dollars to 60 thousand dollars the maximum priced mortgage FHA would insure. About 87 percent of all homes sold in 1975 were below this mortgage limit.

My program contains an additional feature which would extend FHA insurance to mortgages with a graduated payment plan. This would allow young families to have lower monthly payments at the beginning of mortgages and gradually increase them as the families' income increased.

My program will aid moderate income families, especially young families, to buy their own homes. It will also prove a long-term stimulus to the housing industry, because it will appeal to many of the 3.5 million households in the 14 thousand dollar to 20 thousand dollar a year range who are not now homeowners.

In addition, you may be sure that so long as I am President we will preserve the tax deductions for mortgage interest rates and property taxes. Those who urge the abolition of these deductions simply do not understand the beneficial role they have played in helping millions of American families become homeowners.

Before I close, let me pay my respects to the Nation's homebuilders. We all owe you a tremendous debt of gratitude. As small businessmen, you daily struggle with the difficulties of rising costs, bureaucratic red tape, and obtaining financing -- yet you have overcome these problems to produce the finest housing in the world and provide millions of jobs for Americans.

I pledge to you that I will resist unnecessary government red tape that adds to your costs. I will work to lower interest rates and increase the production of quality housing and, finally, I will work to improve the diversity and delivery of Federal housing programs to ensure decent housing for all Americans.

Thank you very much.

# # #

cc: May
Lonsey

Carla
A very
good
letter -
Jim

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

SEP 21 1976

1976 SEP 21 PM 3 45

Letters to the Editor
The New York Times Company
229 West 43rd Street
New York, New York 10036

To the Editor:

Your surprisingly careless lead editorial of Sunday, September 19 says that President Ford "called for (housing) subsidies that would substantially reduce the required downpayment on homes." The editorial also suggests that the President's proposal contradicts his veto of the 1975 emergency housing act.

This inaccurately describes both the President's housing proposals and their relationship to his veto.

The President has not called for any subsidies.

Rather, he asks for a reduction of up to 53 percent in the required downpayments on homes purchased with mortgages insured by the Federal Housing Administration. He proposes, too, lower initial mortgage payments. The payments would go up for a decade when a home buyer's earning power could be expected to rise, as well, and cover the payments more easily.

Neither initiative calls for a subsidy. Each offers a Federally guaranteed loan by a private lender to a private homebuyer. There is no budget outlay.

Congress, however, did call for a subsidy. In the vetoed version of the 1975 bill, the taxpayer would have paid the difference between 6 percent and prevailing mortgage interest rates of more than 9 percent on home mortgage of middle income home buyers.

The President's veto was sustained with the support of the most knowledgeable Democratic members of Congress, including Housing Subcommittee Chairman Lud Ashley, of Ohio, who characterized the vetoed bill as:

"A turkey that could never fly."

The bill would have used tax dollars to force down interest rates for many who could afford to pay more and to force up interest rates for everyone else. It would have fanned inflation.

What has happened since demonstrates the wisdom of President Ford's economic leadership as well as his veto of that "turkey that could never fly."

The supply of mortgage credit has increased. The taxpayer is saved another layer of bureaucracy. The rate of inflation has been halved. New housing starts have risen dramatically.

Sincerely

Carla A. Hills

cc: Ron Nessen
William Greener
L. William Seidman
James Cannon