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Bill Ackman

Info on action  
of necessary  
MC 7

THE PRESIDENT HAS SEEN *dy*

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

January 21, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

PAUL A. MILTICH *PAM*

SUBJECT:

Proposal to Help Housing

Mr. President, I have received a letter from Allen Schall, vice president of the Pittsburgh National Bank, with a proposal for helping to stimulate home building and sales.

A copy of Mr. Schall's letter is enclosed.

Enclosure

ALLEN B. SCHALL  
770 OSAGE ROAD  
PITTSBURGH, PA. 15243

~~JAN 10 1975~~  
January 8, 1975

Mr. Paul Miltich  
Old Executive Office Building  
Washington D. C.

JAN 10 1975

Dear Paul:

I have been very derelict in not writing to you to thank you for your courtesy when I visited you in late October, 1974. I did enjoy the visit and I appreciated the time which you spent with me.

I have a suggestion which I would like to advance to you, and through you to the Oval Office if possible.

Everyone agrees that one of the biggest drags on the economy is the housing industry. One of the reasons that the housing industry is in a slump is that mortgage money for the average family is hard to come by. The reason that mortgage money is hard to come by is that mortgage loans are not attractive to banks because of the long term aspect of the loans and the relatively low yield. The yield is based on state usury laws. Most state laws set a maximum on mortgage loans of about 9%. Most mortgages run for about 25 years. Prime rate loans to such companies as U.S. Steel are about 10% for loans to be paid off within 12 months. Loans of longer duration (five years) may run 11 or 12%. You can see why mortgage loans are not attractive to banks.

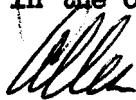
If (big IF) mortgage loans of \$50,000 or less for single family homes could be made exempt from Federal Income Tax such loans would become more attractive to banks. It is conceivable that the rates on mortgage loans could drop to 7 or even 6%. This would be a big boost to the housing industry.

It might be said that doing this would deprive the Federal Government from tax revenue. However, I believe that the increase of activity and earnings in the building industry would more than offset this loss of tax revenue. The reason for setting this figure at \$50,000 is that mortgage loans above \$50,000 are not subject to usury laws. And, persons who can afford to purchase homes with \$50,000 mortgages are usually in tax brackets that make it attractive to have large interest payments. A family with a \$50,000 mortgage is very apt to be in a 60% tax bracket or above and thus is happy with some tax deductions.

Several years ago I suggested this to Senator Hugh Scott but, because I did not explain it in this manner, it did not make any headway.

Perhaps you can have an opportunity to suggest this to our mutual friend in the Oval Office.

Cordially,



THE WHITE HOUSE  
WASHINGTON

January 27, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN

FROM: JERRY H. JONES 

The attached material was returned in the President's outbox with the following notation to you:

-- Info. or action if necessary.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld