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9AM - Carla Hills - Forclosure  
Meeting (JMC office)

Wednesday June 4, 1975

THE WHITE HOUSE

WASHINGTON

June 2, 1975

MEMORANDUM FOR

JIM CANNON

FROM

TOD HULLIN *TH*

SUBJECT

FORECLOSURE POSITION

BACKGROUND

It is anticipated that the Congress will pass and forward to the President within the next week the Emergency Housing Act of 1975. This Act contains a number of objectionable provisions. It is almost certain that HUD and OMB will recommend a Presidential veto.

One provision of this legislation, the foreclosure provision, has very strong support in the Congress. HUD and OMB agree that in order to increase the probability of sustaining the President's veto, the Administration will have to put forth an acceptable foreclosure bill.

The Congress is proposing foreclosure legislation which provides for direct loans from HUD to mortgagees. The Administration has opposed this provision in that it is extremely costly (approximately \$300 million in FY '76) and administratively burdensome.

The Administration prefers legislation which would permit the Secretary, at her discretion, to provide ten year, 90% mortgage insurance on a regional or state basis for supplemental loans to mortgagors who have been unable to meet their regular monthly mortgage payments because of economic conditions and who would otherwise face foreclosure.

*standby  
authority*

Secretary Hills has asked us to convene a meeting to discuss and hopefully agree upon a foreclosure bill that the Administration would accept. This meeting would include: The Comptroller of the Currency, Federal Home Loan Bank Board, Federal Reserve Board, Federal Deposit Insurance Corporation, HUD, OMB, Domestic Council staff.

*u*



Questions to be addressed

1. How can the Administration be sure that lenders will participate in a voluntary program?
2. Can assurances be given to the Congress that lenders will participate?
3. Can the Federal regulatory agencies persuade their members to participate?

In addition, HUD and OMB need to determine:

- The maximum loan amount
- The handling of the fees and premiums.

RECOMMENDED ACTION

I recommend (Dan Kearney and Paul O'Neill concur) that:

1. Dan Kearney circulate the HUD foreclosure proposal to the appropriate Departments and agencies for a 24-hour review.
2. Hullin convene a meeting on Wednesday, June 4, in the White House with staff level representatives from the Departments and agencies to discuss the HUD proposal.
3. If necessary, a meeting including the principals be convened after the staff level meeting.

Agree \_\_\_\_\_ Disagree \_\_\_\_\_ Comment \_\_\_\_\_

DOMESTIC COUNCIL CLEARANCE SHEET

DATE: June 2, 1975

JMC action required by: ASAP

TO: JIM CANNON

VIA: DICK DUNHAM \_\_\_\_\_

JIM CAVANAUGH \_\_\_\_\_

FROM: TOD R. HULLIN \_\_\_\_\_

SUBJECT: Foreclosure position

COMMENTS:

DATE: \_\_\_\_\_

RETURN TO: TOD R. HULLIN

Material has been:

\_\_\_\_\_ Signed and forwarded

\_\_\_\_\_ Changed and signed (copy attached)

\_\_\_\_\_ Returned per our conversation

\_\_\_\_\_ Noted

\_\_\_\_\_

\_\_\_\_\_  
Jim Cannon

*P -*  
*For 9 AM*  
*Wednesday*