

FORECLOSURE POLICY OF INSURED MORTGAGE PLAN IS MADE PUBLIC

Costly and Cumbersome Procedure Unnecessary To Liquidate Defaulting Notes When Covered By F. H. A. Guarantee

In response to many inquiries which have been received by the Federal Housing Administration concerning its policy on foreclosure of mortgages insured by it under the provisions of Title II of the national housing act, it is pointed out by housing officials that the administration has nothing to do with the foreclosure or the debt relationship between the borrower and the lender. It merely insures the lender against default by the borrower.

When default occurs, foreclosure proceedings are instituted only by the mortgagee (holder of the mortgage), which in every case is a bank or other mortgage lending institution, although a method of procedure has been devised whereby the lending institution can collect the insurance without formal foreclosure, thus saving the borrower a great deal of trouble and expense.

Eliminate Foreclosures
The act provides a means which the administrator has elaborated in the registration for liquidating insured mortgages, which should almost entirely banish the nightmare of foreclosure. Not only will the high costs be eliminated, but the mortgagee will actually have a period in which he can redeem his property equivalent to that which he presently enjoys, with all the advantages of realizing a further sum from the ultimate sale by the administrator.

This provision, new to the mortgage lending business, which is a part of the act and the regulations, and therefore binding upon the administrator, permits the mortgagee and mortgagor (the borrower) to tender all their interest in the mortgaged property to the administrator in lieu of a foreclosure. If the mortgagor also agrees to release the mortgagor from all obligations under the mortgage the administrator may accept the property and shall at once comply with the provisions for payment of insurance to the mortgagee. The administrator further agrees to hold the property for a period of four months plus the statute redemption period, if there is such a period in that state where the property is located. During this time the mortgagor may regain his property by paying a sum substantially equal to the mortgage debt. Thus, he will, in effect, redeem his property without bearing the almost prohibitive costs of foreclosure.

Establish Policy
One of the great difficulties confronting the administration has been the establishment of a procedure, fair to both mortgagee and mortgagor, by which the mortgagee can realize the benefits of the mutual mortgage insurance provided for by Title II of the national housing act, if the home owner definitely becomes unable to carry the burden of his mortgage.

On the part of the lender of money, cumbersome and costly foreclosure proceedings and lengthy redemption periods lessen the attractiveness of mortgage loans. Especially has this been emphasized by the administration, for the larger investing institutions are loath to make loans in certain states where recent costs of foreclosures have been from 15 to 25 per cent of the principal amount of the mortgage indebtedness. The administration has been informed that the experience of mortgagees, in a few states, has been such that they cannot afford to make loans to the full amount provided for by the national housing act unless foreclosure laws are changed or some method of foreclosure can be discovered which will permit mortgagees to acquire the security in a reasonable time and without too great expense, in order to turn it over to the administrator and realize the insurance benefits.

At the same time it is essential that full consideration be given to the difficulties facing a delinquent mortgagor. In times of economic distress leniency to property owners becomes necessary from a social standpoint. Moratorium laws, such as now exist in many states, are serving their purpose. But these are emergency measures only, and in the long run will react unfavorably by increasing the cost of mortgage financing.

Periods of Grace
In ordinary times there is likely to be a short period in the life of every family during which sickness, injury, or temporary unemployment causes a financial crisis. In such cases a period of grace is highly desirable. Occasionally, however, a family attempts home ownership on the basis of an income which, for some reason or other, is not sustained throughout the life of the mortgage obligation. Some mortgages may, and probably will, be made and insured by the administrator, which are well within the means of the mortgagor, but a subsequent decrease in income will cause the occupancy of the home to be a luxury which the mortgagor will not be justified in continuing. In such an

event, it is not only sound business practice, but to the interest of the mortgagor, that he find a less expensive home in which to live with his reduced income. A cheap and speed foreclosure would be a benefit to him, as well as to the mortgagee, since the foreclosure costs are charges against the mortgagor, and make the possibility of redemption more remote.

The administration realizes, however, that by far the larger percentage of foreclosures occur during periods of economic depression, when there is practically no market for property, and no available mortgage money to refinance. Periods of redemption are worthless in these times. For five years, redemption in the United States have been practically unheard of. If a mortgagor could pay off his indebtedness during these times he would need no redemption statute to assure him that the mortgagee would return his property in exchange for the money. The mortgagee would be delighted to get his money back.

Protection Given
The national housing act provides protection for the mortgagor during these periods by preserving an interest for him in the property indefinitely. It is contemplated that if the mortgagee, having foreclosed, turns the property over to the administrator, as he must do in order to obtain the benefits of insurance, the administrator will hold the property indefinitely until a market for real estate again develops. If at that time the property sells for an amount more than sufficient to pay off the indebtedness plus the costs of foreclosure and any expense incurred by the administrator in handling the property, the remaining sum will be paid to the mortgagor. The advantage of low foreclosure costs to the mortgagor under an insured mortgage is thus apparent.

Under the new regulation, an agreement between the lender and the borrower to turn over the property to the housing administration, will not merely reduce the costs of foreclosure proceedings but will eliminate them entirely. The possibility that the mortgagor will eventually receive something from the

BALLAHACK NEWS

Mr. and Mrs. Hugh Harrell spent Sunday afternoon with Mr. and Mrs. Graham Perry.

Samuel Mansfield, Charlie Smith, Lofton Dale and Willard Stallings spent Saturday night in Edenton. Jamie Thach and sister, Louise, spent Sunday afternoon with Mr. and Mrs. S. H. Lane.

Joseph Smith called on Miss Martha Lane Sunday afternoon.

Mr. and Mrs. M. B. Dale and children, Mr. and Mrs. B. P. Monds and children and Charlie Smith spent Friday night until bed time with Mr. and Mrs. A. R. Stallings.

Mr. and Mrs. C. C. Mansfield and son, Samuel, visited Mr. Henry Mansfield of Bethel who is ill Friday night.

Margaret Rae and Celia Spivey returned to their home Sunday in Edenton after spending the week visiting their aunt Mrs. A. R. Stallings.

Peanie Stallings returned home Tuesday after spending a few days in Edenton.

Mr. A. J. Mansfield, Annie Ruth Ward, Virginia Goodwin, Mr. and Mrs. Murry Elliott were out riding Sunday afternoon.

Mr. C. A. Perry spent Saturday afternoon in Hertford on business.

Mr. Preston Rogerson and sister, Miss Selma, spent Friday afternoon with Mrs. L. B. Perry.

Mrs. A. R. Stallings spent Friday with her mother, Mrs. E. S. Dale.

Miss Lillie Harrell is ill with flu. Those who called to see Mrs. F. T. Evans Saturday afternoon were Mrs. S. H. Lane, Mary Ruth and Martin Lane and Mrs. H. P. Harrell and baby.

Willard Stallings, Lofton Dale and Charlie Smith attended the show in Edenton Saturday night.

Those who called on Mr. and Mrs. A. R. Stallings Sunday afternoon were Mr. and Mrs. Percy Rogerson and son, Percy Elton, Norman, Charlie and Elmer Smith, A. J. Mansfield, Lofton Dale and Alfred Lane.

Mrs. Mack Sanderlin has returned home after a week's stay at Shawboro.

Mr. Alton Moore called on S. H. Lane Sunday afternoon.

MR. MUNDEN VERY SICK

The condition of W. M. Munden, Beech Spring farmer, remains very serious. Mr. Munden has been confined to his bed by illness for several months.

Proceeds of the sale of the property is, of course, enhanced by the substantial reduction in the total costs of handling the transaction.

TIMELY TABLE TALES



THE FIRESIDE TEA

A cozy tea for two must not, because of its informality, be a slap-dash affair. This simple hemstitched Irish linen damask cloth with the classic pattern is fifty-four inches square—just the right size for a tea cloth, and just the right background for a tea service. For the palate that prefers to sip a glass of wine in front of the fire, two of the famous Madeira wines are served—El Fin Sercial, and Lacrima.

BETHEL NEWS

Mrs. J. T. Sifton spent a few days with her daughter, Mrs. Shelton W. Moore, of Edenton.

Mrs. John Rogerson, Viola Rogerson and Selma Rogerson, of Great Hope, called at the home of Mr. and Mrs. R. S. Chappell Sunday.

Mr. and Mrs. H. L. Thach, of Yeopim Station, visited her father, Mr. J. H. Mansfield, Sunday evening.

James Mansfield visited his sister, Mrs. W. R. Davenport, near Yeopim Church Sunday.

Mrs. A. P. Barbier, of Kaukauna, Wis.; Mrs. Harold Thach and daughter, Barbara Ann, and Miss Addie Reed, of Hertford, called at the home of Mr. and Mrs. C. H. Ward Thursday.

Miss Addie Mae Ward spent the week-end at the home of Mr. and Mrs. C. F. Reed, in Hertford.

Y. W. A.'s Hold Meeting
The Y. W. A.'s of Bethel Baptist Church met Friday night, January 11,

with Miss Katherine Fleetwood at the home of her parents, Mr. and Mrs. J. M. Fleetwood. The meeting was conducted by the leader, Mrs. W. P. Long. A very interesting program was rendered, the subject being "Ring in the New." Those taking part in the program were Miss Katherine Fleetwood, O. C. Long, Jr., Misses Katie Barber and Esther Ward, and Mrs. J. M. Fleetwood. A most entertaining contest was held. Miss Katie Barber being the winner. The hostess served candy and apples. Those present were Misses Pencie and Esther Ward, Katie Barber and Katherine Fleetwood; Carroll and Pentress Hill, Thomas Phillips, O. C. Long, Jr., and Mrs. W. P. Long.

EXAMINATIONS NOW UNDER WAY FOR LOCAL HIGH SCHOOL

Final examinations for the fall term of the Perquimans County High School, began on Wednesday of this week, and will last through Friday. All of the students seem to be studying hard, according to F. T. Johnson, County Superintendent.

Mrs. Morris Hostess Friday To Rook Club

Mrs. J. E. Morris was hostess to the members of her Rook Club, and a few others of her friends, when she entertained at a delightful party on Friday night at her home on Church Street.

Five tables were arranged and those present included Mesdames T. L. Jessup, J. H. Towe, Jr., Walter Dail, W. H. Jenkins, Durwood Reed, Howard Pitt, Oscar Felton, Cecil Winslow, Charles Skinner, Claude Withrow, E. S. Douglas, G. W. Barbee, Reginald Tucker, Archie Lane, James Howard, D. S. Darden, R. A. White, Grady Morgan, and Ernest Stillman, Misses Mary Sumner and Elizabeth Knowles.

A salad course was served.

BETHEL MISSIONARY SOCIETY CONDUCTS REGULAR MEETING

The regular meeting of the Woman's Missionary Society of Bethel Church met Wednesday afternoon at the home of Mrs. J. M. Fleetwood. After the devotional, business was transacted. Mrs. S. M. Long was in charge of the program. She began with a short introduction to the topic of the lesson, "The Banner of the Cross." The lesson was read by Mrs. J. M. Fleetwood. An interesting talk on "The Banner of the Cross" was given by Mrs. J. M. Fleetwood. Following adjournment a social hour was enjoyed. The hostess served delicious candlestick salad with homemade fruit cake.

Those present were: Mrs. S. M. Long, Mrs. C. E. White, Mrs. Seth Long, Mrs. Mary Hayman, Mrs. J. M. Fleetwood and two visitors, Mrs. J. T. Byrum and Mrs. T. T. Harrell.

MR. WHITE WITH HIS BROTHER

Mr. J. Walter White, who has been living at his home by himself since the death of his wife in June, has gone to make his home with his brother, Mr. W. T. White, in North Edenton. Mr. White has been in poor health for some time, and is now confined to his bed.

Brick brooders are being built by Catawba poultrymen for the economical production of broilers this spring.



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