

Homebuyer Benefitting From Lag in United States Economy

By HENRY J. BECHTOLD
UPI Financial Editor
New York — UPI — One segment of the U. S. population benefitting from the lag in the economy is the homebuyer.

While house sales are lagging, the supply of savings is growing, and the new year brought the sharpest drop in months in the cost of mortgage money.

A mortgage survey by House & Home magazine showed that both FHA and VA mortgages were subject to smaller discounts by lenders, bringing about a savings to homebuyers from 1/2 to 1 per

cent of the amount of the mortgage.

Behind this drop in mortgage costs is the gain in deposits in mutual savings banks and savings and loan associations (nearly \$10 billion) and a flood of pension fund money into the mortgage market, according to the magazine.

Slowdown in Home Sales
At the same time, it noted that the slowdown in housing sales has cut the demand for such funds, bringing a downward pressure on interest rates and discounts.

One result of this changing mortgage picture has been an increase in the number of builders offering VA insured loans. High discounts have kept builders out of the GI market recently, but they now are getting small enough to encourage some builders to

absorb the cost in order to offer better terms to their buyers, House & Home declared.

It noted that there still are nine million World War II veterans and five million Korean veterans eligible to buy homes under the VA program.

Shot in Arm
The magazine also found that VA financing may get a shot in the arm in many areas because VA's 3 1/4 per cent interest rate now is much closer to the FHA's rate, recently cut from 5 1/4 per cent to 5 1/2 per cent.

As for the cut in the FHA rate, the survey showed that the reaction of the market has not been as unsettling as pessimists feared nor as stimulating as optimists hoped. Housing experts do not see the lower rate stampeding buyers into the market.

Most builders and lenders agree that the main effect of the 1/2 per cent rate on homebuyers will be psychological. Under the new rate, a buyer of a \$15,000 house with a 30-year FHA mortgage will pay \$87.75 a month instead of \$90.06. But a Long Island builder believes this will make a difference, the magazine said. And a California builder agreed, stating that "a buyer will feel he is getting something."

Suggested Steps
In another article, the professional magazine of the housing industry urged the Kennedy administration to take seven steps that would help the construction and sale of new housing.

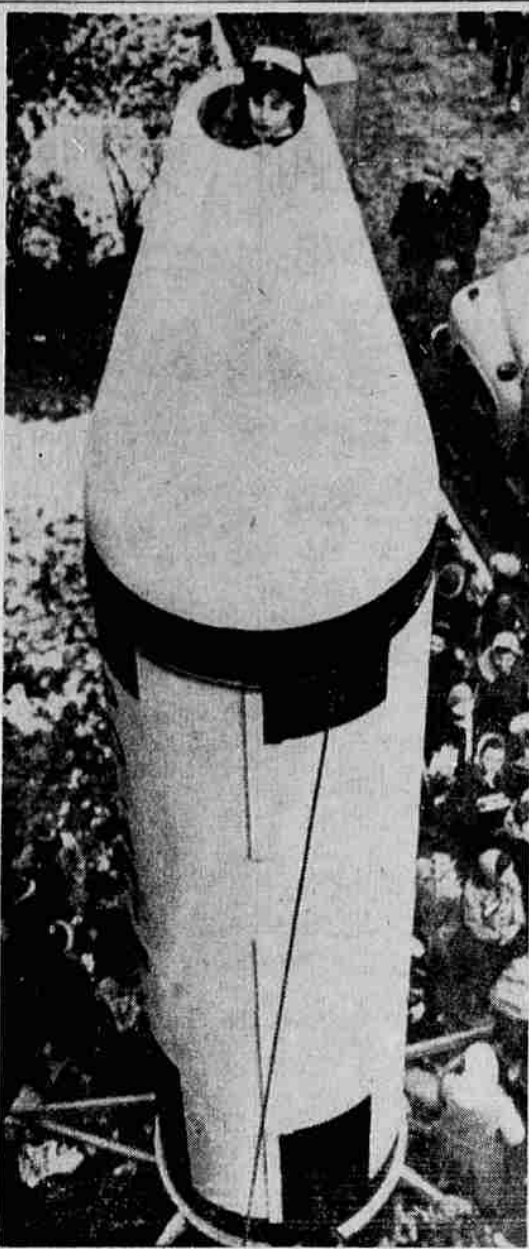
It said the seven changes need not cost the taxpayer a penny, but "it is high time they were made." The suggestions were:

—Require local FHA offices to conform to forward-looking directives from Washington, rather than what has been "local custom."

—Let FHA spend at least one-third of its premium income to do its work right and to pay high enough salaries to hold good men.

Single Advance
—Reduce the FHA insurance premium to a single non-refundable advance. The 1/2 per cent saving per year would let most homebuyers qualify for a better house.

—Permit the Federal National Mortgage Administration (FNMA) to lend money to



SHE ASKED FOR IT—When Patricia Morelli, 15, asked for a model of a missile exhibit at her school's science fair in Portland, Me., she got more than she bargained for. That's Patricia poking her face from the nose cone of a full-scale 30-foot Polaris sent to her. It's the same one used for President Kennedy's inaugural parade in Washington. (UPI Telephoto)

Valuable Skelton Discovery Claimed By Russ-China Team

London — UPI — British scientists are awaiting further reports from a Russo-Chinese expedition which found a "graveyard" of gigantic dinosaurs and other mighty beasts of millions of years ago in the Gobi Desert.

The Russians, acting as spokesman for the expedition, have thus far given out only bare details of discoveries which appear to be of great importance in filling in the blank spots in the history of the vertebrates long before the appearance of man.

Complete Skelton
But among the finds in the Ala Shan Desert, in the heart of the Gobi, was a complete skeleton of an anchilosaur, a giant lizard 30 feet long —

about three times the length of the previous largest skeleton of the species.

Anchilosaurs waddled like armored-plated tanks through the steaming jungles of 60 million years ago. They ate soft succulent plants.

In the same "graveyard" were the remains of duck-billed dinosaurs which were 32 feet tall when walking on their hind legs. And fragments were found of dinosaurs ranging from a species 10 to 14 feet high when on its hind legs to a sauropod, a browsing dinosaur probably 100 feet long.

Covered 18,000 Miles
The expedition was mounted by the academies of sciences of Russia and China on a scale certainly beyond the resources of any learned body in Britain — and probably the United States. About 80 scientists spent seven months

and covered 18,000 miles in Inner Mongolia and China. According to the brief report published by Anatoly Rozhdestvensky, leader of the expedition, it found an ancestor of the cow, the size of a small dog, among the bones of mammals of about 40 million years ago near the borders of China and the Mongolian People's Republic.

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Lincoln Students Finance CARE Food

A total of 22 sixth grade students at Lincoln elementary school, Medford, recently contributed enough money to feed at least 10 persons for a month through the CARE food crusade.

Mrs. Lee H. Smith, the students teacher, said yesterday that the students won the cash prize in a recent Parent-Teacher association membership drive. Realizing the critical need for food abroad, the students decided to contribute to the Cooperative for American Relief Everywhere, Inc. (CARE) program.

School spokesmen emphasized that the students themselves promoted the campaign for hungry people overseas.

Each of the \$1 packages delivered contains nourishing foods, enough to help feed four persons for a month. Packages are also said to include "messages of friendship," printed in the language of the recipient country.

RICE GETS POST
Washington — UPI — President Kennedy announced Saturday he has selected John S. Rice, a Pennsylvania state official, as U.S. ambassador to the Netherlands. Rice, 62, is a resident of Gettysburg, Pa., and has long been active in Democratic politics.

—Provide more nearly adequate market statistics on housing for guidance of the industry.

—Permit FHA to spend more of its income for construction research.

institutional investors on their security with recourse.

—Base FHA income requirements on a 40-year straight-line depreciation regardless of how fast or how slow the amortization.

BMA Congratulates Cliff Curl

For earning membership in the 1961 BMA Million Dollar Club

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