

Warmer
Minneapolis High 45
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Minneapolis Morning Tribune

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Minneapolis Times staff writer

FHA Cuts Home Down Payments

Interest Rate on Loans Raised to 5 1/4 Pct.

WASHINGTON — (AP) — In view of the higher rates being charged on loans and mortgages, the Federal Housing Administration (FHA) has announced today that it will raise the interest rate on FHA loans from 5 to 5 1/4 per cent.

And new strict controls were placed on the amount of discounts or premiums—usually one to two per cent—on mortgage loans insured by the Federal Housing Administration (FHA) of the Veterans Administration (VA).

They will be limited to a maximum of 2 1/2 per cent.

Albert M. Cole, housing and home finance administrator, said the new housing regulations are aimed at curtailing a larger share of available mortgage loans to the FHA.

He said the new regulations will result in a decrease in the amount of loans insured by the FHA without increasing inflationary pressures in our economy.

The higher interest rate, new discount regulations and lower down payment rate go into effect today.

The new FHA interest rate is expected to result in a real increase in the cost of money in the conventional home mortgage loans, now around 5 1/2 per cent.

Some lending institutions already are reported anticipating a 1/4 per cent rate.

Reductions in down payments were authorized by Congress in legislation President Eisenhower signed July 13, but it was left to the FHA to decide to go all the way, or to go part way.

The FHA decided to go all the way, Congress also directed the FHA and VA to impose "reasonable" discount regulations.

Yesterday's announcement was generally applauded by industry spokesmen.

However, Roy Rains (D, Ala.), chairman of the housing subcommittee of the House, said the FHA interest rate has been raised so high "there is a serious question in my mind as to whether the whole intent of the FHA program is being nullified."

The FHA program was designed to permit families of moderate income to buy homes with small down payments at reasonable financing costs," Rains said. "The financing shift on these FHA loans is a serious blow."

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Big League Ball—Big Crowd



AN ENTHUSIASTIC record turnout of baseball fans—21,783 of 'em— jammed Metropolitan stadium Monday night for the season's first big league game. Buying more scorebooks and parking more cars than ever before at the Bloomingdale, Minn., ballpark, the American Tigers routed the Cincinnati Reds 6-0 in the exhibition game. (DETAILS in Sports Section).

Mysterious Pneumonia Hits Austin

70 Cases, 2 Deaths Reported; Officials Study Disease

By VICTOR COHN
Staff Writer

A "mysterious" pneumonia epidemic has struck Austin, Minn., with 70 cases and two deaths.

All but three of the strange cases have been in men, and 90 per cent of the men have been over 40.

This and the fact that the cases and the way people seem to be getting the disease have baffled both local and federal health officials.

Federal investigating team now in Austin, Minn., also has a "very bizarre" type of pneumonia—type of unknown cause and striking many people over 40—the Minneapolis Tribune learned Monday.

Whether it is the same disease as the pneumonia that hit Rochester cases are related in Austin, Minn., also has been a "very bizarre" type of pneumonia—type of unknown cause and striking many people over 40—the Minneapolis Tribune learned Monday.

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Group Drops Suit, Clears Way for Expansion at Wold

By DAVID LEE
Minneapolis Times staff writer

The Citizens Air Safety League (CASL) Monday waived its right to appeal in the United States supreme court a suit that it filed last week against Wold Chamberlain airport. As a result, the metropolitan airports commission will have three million dollars for expansion program in its hands without a week's delay.

Pat Wilson, chairman of the commission, said news of the withdrawal of the appeal was received in his office today.

By 2:30 p.m., at the commission's regular meeting, seven Wold pilots had reaffirmed a standby offer to buy three million dollars of airport bonds and the commission had agreed to pass a resolution accepting the bond-issued money at the original interest rate of 3 per cent.

The seven banks originally made the "standby offer" to purchase the million-dollar issue to an early year, but was delayed by a lawsuit by the Chamberlain Airport Project committee in June 1956.

At that time, the commission had agreed to issue the bonds without a hearing.

The CASL last year charged that the commission had not acted properly in ordering internal development of the airport without a hearing.

PAT HARDY could wait to get out of her full-skirted dress, high heels and a low-cut top, but she was not going to wait for the supreme court decision, cleared part of the path for expansion. That the CASL, right of appeal to the United States supreme court, had filed a suit to stop the commission's decision.

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Home Town Rolls Out Carpet for Queen Pat

By PEG JOHNSON
Minneapolis Times staff writer

GRANITE FALLS, Minn.—A grand Christmas program, Granite Falls, Minn., rolled out the red carpet for Queen Pat Wilson Monday.

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Summer Returns With High of 85, Thunderstorms

Temperatures will climb above 80 today, with a high of 85. A few showers and thunderstorms are expected.

Plymouth to Revoke Searchers Find Richfield Pilot's Body

Richfield, Minn., police are investigating the disappearance of a Plymouth car. The car was last seen near Richfield.

Hard Bed in Park—Hard Cash in Bank

Chicago, Ill., police are investigating the disappearance of a hard bed. The bed was last seen in a park.

Man's Body Found in Lake

A man's body was found in a lake near Minneapolis. The man's identity is being determined.

Bandits Get \$650 at Oil Station

Two men in a black convertible with the top down stole \$650 from an oil station. The men were seen near the station.

Boy, 11, Sister, 5, Die in Dynamite Explosion

Two children were killed in a dynamite explosion in a farm near Minneapolis. The explosion occurred during a game.

St. Paul Police Find Money in Car

St. Paul, Minn., police found money in a car near the city. The money was found in the trunk of the car.

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PAT WILSON TURNED AROUND TO PLEASE PHOTOGRAPHERS. It was a pale oval for the new queen. (MORE PICTURES—Page 10)