

and I want to put in the record at this point an editorial of Saturday, March 12, 1966, which sets forth the special problems in applying for financing under 221(d)(3). I do not know whether all of the members of the committee are familiar with these loan applications.

Mr. BARRETT. Your document may be submitted without objection. (The editorial referred to follows:)

[From the Plain Dealer, Mar. 12, 1966]

REDTAPE SLOWS WAR ON SLUMS

To stop spreading slum blight, Congress last year voted up to \$100 million for low-interest loans so poor householders could bring their houses up to par. But when the urban renewal agency put out the rules for those loans, those rules became a tangled jungle of redtape. They are strangling the operation in its cradle.

The loans are for poor or almost-poor people.

But the rules demand that they be good credit risks.

They demand that the borrowers be able to puzzle their way through a three-page application blank which only a Philadelphia lawyer could fill out. It contains items like this:

"Contingencies for unforeseen eligible costs related to loan (3 percent of line 1)."

"Refinancing costs, if applicable (termination fee, prepayment penalty, etc.)."

Worse yet, when the householder signs his application, he agrees—under penalty of a fine up to \$10,000 or 5 years in prison, that he will abide by a five-page set of "terms and conditions."

Those terms require that he do such things as these:

Keep invoices, lists of materials, payrolls, conditions of employment and other data and records.

Put the fix-up job out for bids by advertising and solicitation if the job runs over \$3,500.

Insure that the contractor does not discriminate against any race or creed in hiring. And help enforce the law if the contractor fails to comply with Federal law in doing the work.

The terms demand that the contractor open his books to Federal inspection at any reasonable time.

Good, tight penny-watching, no doubt. But the result is that Cleveland's rehabilitation workers must sit down at the kitchen table with every possible borrower and help him through this labyrinth of redtape inch by inch.

With a staff of barely eight workers—knockers on doors to "sell" the loans, estimators of jobs, inspectors and all—this city has managed to get only one loan check out of Washington.

That one came 2 weeks ago. The application went in last December. Of 50 homeowners worked on house to house, only 18 have asked to go through with the loan application.

Acting Urban Renewal Director James P. Friedman spotted the trouble last year and protested the bureaucratic tangles item by item.

Stephen Zayac, assistant commissioner of urban renewal, sweating this program through, gave this diagnosis:

"It's put together by people with middle-class minds—like mine—but it's for people that these lawyers' and auditors' words don't apply to."

There has to be a better way. If there isn't, Uncle Sam will keep almost all of that \$100 million and slum blight will overwhelm neighborhoods that now are sinking fast.

Mr. VANIK. I would like to point out some of the things the editorial talks about.

The regulations demand borrowers be able to puzzle their way through a three-page application blank which only a Philadelphia lawyer could handle.

The Plain Dealer article points out items in the application form like—