

# Equipment and Machinery Eligible

For

## Modernization Credit

Insured by the

**Federal Housing  
Administration**



Federal Housing Administration  
Library

These pages contain an amplification of the statement of basic policy contained in Regulations No. 7 and No. 24 of the Amended Modernization Credit Plan, published July 15, 1935, regarding the eligibility of property improvements and of the equipment and machinery which may be financed on insured loans.

July 15, 1935

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**Federal Housing Administration**

WASHINGTON, D. C.

Under the Amendment of May 28, 1935, Class A Properties qualified for Loans up to \$50,000 are the following:

Apartment houses.

Multiple family houses (two or more separate dwelling units under the same roof).

Hotels.

Office, business or other commercial buildings.

Hospitals.

Orphanages.

Colleges.

Schools.

Manufacturing or industrial plants.

All other types of Property are referred to herein as Class B types.

(2)

## MODERNIZATION CREDIT

The Federal Housing Administration is authorized by the National Housing Act (Title I, Section 2) approved June 27th, 1934, and amended May 28th, 1935, to insure approved financial institutions against loss on loans made for the purpose of financing alterations, repairs, and improvements on real property, and the purchase and installation of eligible equipment and machinery thereon. The insurance contract provides for indemnity against all loss up to an amount equal to 20 percent of the total aggregate of advances made thereunder.

Modernization loans, to be entitled to insurance by the Federal Housing Administration, must conform to the regulations as to amount, period, cost, repayment, etc., and must have been made to a qualified borrower for an eligible expenditure.

### Qualified Borrowers:

A qualified borrower may be any individual, partnership, corporation or association who makes application for a loan upon a form approved by the Federal Housing Administrator, and whose application is approved by a financial institution operating under a Contract of Insurance issued by the Administrator. This credit statement must disclose the necessary data upon which the insured institution may make a decision as to the credit responsibility of the applicant; must contain a description of the property to be improved and of the improvements or installation to be made thereon and of the applicant's right of occupancy thereof. The applicant need not be the owner of the property. This is a material liberalization of the requirements heretofore imposed in respect of Modernization Credit loans.

(3)

Under the Amendment of May 28th, 1935, eligible expenditures fall into two groups: Those which may be made for an amount not in excess of \$2,000 in respect of *any type property*, and those for not in excess of \$50,000 which are restricted by the Amendment to certain specific types of property or those to be converted into such types, viz:

Apartment houses, multiple-family houses (two or more separate dwelling units under the same roof), hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, or manufacturing or industrial plants.

The above listed types of properties, for the sake of convenience, are hereinafter referred to as "Class A" types of property, and all other types are referred to as "Class B" properties.

A loan in excess of \$2,000 would not be insurable if the proceeds were to be applied for the repair or alteration of a Class B property, such as a single-family dwelling, unless the alteration were designed to convert the single-family dwelling into a multiple-family dwelling or some other type of Class A building. This distinction should be noted, as under the terms of the Act *an ineligible loan may not be insured.*

Under both classifications of loans (\$2,000 and under, and those up to \$50,000) eligible expenditures include those for any structural alteration, repair, improvement of the real estate itself, the enlargement or reduction of size of the buildings thereon, and the purchase and installation of such permanent equipment as definitely and universally becomes a fixture on the real estate, such as plumbing, wiring, permanently built-in items, and all others which may not be removed thereafter by the purchaser thereof if he is not the owner of the real property.

*In addition to such equipment as definitely becomes a permanent fixture attached to the*

*realty, certain other items of movable equipment and machinery which do not become fixtures on the realty are eligible as hereinafter defined.*

The Act and Regulations further provide that improvements may include such changes in the status of the ground on which the building stands as grading and landscaping, sidewalks, private curbs or driveways.

Any number of insured loans to improve any number of separate properties may be made to a single qualified borrower, subject to the maximum limit which may be expended on each specific piece of property, as provided in the Act, and subject also, of course, to the ability of the borrower to obtain credit from an approved institution, which credit is *determined exclusively by the lender in each case.*

"Separate" properties are not always easy to define in general terms. For instance, two buildings on lots which are not contiguous, both of which are owned, however, by one owner are clearly separate properties. Two contiguous lots upon which stand entirely separate buildings devoted to entirely different purposes are usually separate properties, but if operated as a single unit, or if both lots are held under one deed and are the subject of a single tax assessment, they would not be considered separate properties according to the Act and Regulations.

For instance, a college, all of whose buildings are on a single campus composed of several lots, which may be held by the college respectively under separate deeds, would nevertheless be considered to be one piece of property and no more than \$50,000 of loans might be insured for improvements and installations on the college property, irrespective of the fact that a number of separate buildings are located on the campus. However, a college, or other qualified institution such as a manufacturing company which owned a plant in one town and another plant in another town, or in another part of

the same town, would be eligible to borrow on an insured loan up to \$50,000 on each of these separate plants.

Where this question arises, it would be well for the financial institution or the borrower to submit a full statement of facts to the Federal Housing Administration at Washington, D. C., and secure a ruling on the specific case.

The element of date likewise enters into the question of eligibility for insurance. All loans up to \$2,000, if otherwise complying with the regulations, will be eligible if the expenditure is for a project contracted for subsequent to August 1st, 1934, and loans in excess of \$2,000, up to \$50,000, will be eligible if the projects were contracted for subsequent to May 28th, 1935.

These dates are set by the effective dates of the Act and the Amendment thereto, and the Regulations, respectively.

It is also to be noted that insured loans may not be made for the purpose of liquidating any prior obligation, unless that prior obligation is also an insured loan held by the same institution. In other words, a \$2,000 project contracted for subsequent to August 1st, 1934, and evidenced by an ordinary note or open account may not be converted into an insured loan. The major purpose of Title I of the National Housing Act is to stimulate new activity and the insurance is not available to cover new obligations taken to liquidate a debt not contracted for originally on an insured loan basis.

### **Eligible Equipment and Machinery**

*(Other than that which becomes a permanent fixture of the real estate and is therefore eligible as an improvement to the real estate itself.)*

It is impossible to give a definitive list of eligible equipment, as the items number many thousands. Omission of an item from the fol-

lowing lists is, therefore, not conclusive proof that it is ineligible.

The general principles which govern the Administration's determination of eligibility for equipment and machinery are:

- (a) The article should have a unit value sufficient to justify the application of time payments to its purchase. (It is suggested that loans should not be for periods that make any monthly payment less than \$5.)
- (b) The article should be of a durable nature with a reasonable expectancy of useful life longer than the term of credit extended for its payment.
- (c) It must be purchased and installed as a part of the equipment of a structure, or of the business conducted therein, within the United States or its Territories and possessions.
- (d) Hand-tools, small portable appliances, fragile articles, furniture (unless built in) furnishings, removable decorations, installations meant to be or by their character necessarily temporary, are ineligible.
- (e) Loans for the purchase and installation of replacement parts for eligible equipment and machinery are insurable, but a loan merely for the repair of a machine is not insurable. For instance, the cost of welding a fly-wheel may not be made the basis of an insured loan, but the purchase price and installation cost of a new fly-wheel would be insurable.
- (f) Appurtenances that are physically separate from a major eligible unit, but are usable only as a part of such unit, are themselves eligible.
- (g) Any item, ineligible because of some disqualifying characteristic, does not

become eligible merely because it can be used with an eligible item, or is bought therewith.

For instance, a nozzle appliance usable only with an installed pressure lubricator is eligible but a hand grease gun is not.

A portable separate unit for measuring candle-power output of motor-car headlights is ineligible, even though it can be used in conjunction with an eligible installed unit for testing focus of the headlights.

**Loans for equipment and machinery of whatsoever kind installed in buildings other than Class A type properties may not exceed \$2,000.**

**Loans for appropriate equipment and machinery installed in Class A properties may be for any amount up to \$50,000.**

The basic policy and the lists published herein will be supplemented by a specific ruling as to any item about which there may be doubt in the mind of the lending institution or prospective borrower, upon application to the Federal Housing Administration, Washington, D. C.

### **Permanent Attachment Not Required for Eligible Equipment and Machinery**

Previous to the Amendment of May 28th, 1935, equipment and machinery were eligible only where, by permanent attachment to the wiring, water, gas or sewerage systems, they became fixtures on the real property.

The Amendment designed by Congress to stimulate the Durable Goods Industry and to provide means for rehabilitation of manufacturing and industrial plants, and commercial and service establishments, as well as homes, makes it no longer necessary for eligible equipment or machinery to be so affixed as to become a fixture on the real property.

Therefore, as of June 4th, 1935, when regulations issued pursuant to the Amendment were

made effective, permanent attachment is no longer required. "Installation" may, therefore, be made in the manner usual with respect to the particular piece of equipment or machinery.

This ruling must not be construed as making eligible such items as portable lamps, the small household appliances or the hand- or power-driven hand tools in commercial, industrial, or manufacturing plants, *which are ineligible* no matter how attached. And items such as bookcases, window boxes, and similar articles which are eligible only if "built-in" (thus becoming part of the structure itself), are not eligible if in the ordinary form of movable furniture.

### **New Construction and Modernization Credit**

The major purpose of Title I of the National Housing Act is to make credit available for modernization and repair. In general, this would presuppose existing structures of some sort on the land. But the term "real property" used in the Act is broad enough to include land upon which no buildings or other improvements exist.

New construction on unimproved real property would not ordinarily be done under the limitations of Modernization Credit, and credit made available under the modernization phase (Title I) of the National Housing Act is not a substitute for home mortgage loans insurable under the Mutual Mortgage Insurance Plan (Title II) of the Act. However, there may be cases where it is desired to erect, for example, summer cottages or similar small structures on vacant property. In such cases, Modernization Credit may be used. No restriction in this regard is placed upon financial institutions under the Regulations. The decision as to whether a loan shall be made in any case for any particular improvement, construction, or

other modernization project is left as a credit matter in the hands of the financial institution (within the regulations and rulings as to eligibility), and the reasonable judgment of the lender will be accepted by the Administration, but in all cases *insured loans covering new construction as provided for in the foregoing shall be limited to an amount not in excess of \$2,000.*

For instance, a loan of \$2,000, or under, for the construction of a summer cottage on a completely vacant piece of property is insurable, but a loan for over \$2,000 for the same purpose would not be insurable.

The Amendment providing for the insurance of loans up to \$50,000 specifically restricts such loans in excess of \$2,000 to real property *already "improved by or to be converted into apartment or multiple-family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, or manufacturing or industrial plants."* Therefore, a loan in excess of \$2,000 may not be insured if the proceeds are to be used for the erection of "Class A" types of buildings or any other type of structure upon a vacant piece of property. Furthermore, loans in excess of \$2,000 may not be insured for the purpose of *rebuilding* a Class A type of structure where the same has been destroyed by fire or other casualty to such a degree as to require replacement rather than repair.

The provision quoted above permitting buildings "*to be converted into*" buildings of Class A character, should be understood to cover a conversion operation where a substantial part of the original building is left standing. In other words, the Act does not contemplate the entire demolition of a Class B or A type building and the erection of a new Class A building in its stead.

For instance, an old single-family dwelling which is to be converted into an apartment,

under an insured loan in excess of \$2,000, would qualify if the walls and other main structural elements were left, but new front, stairways, new flooring, roof, etc., were built and the partition arrangements changed so as to provide a suitable arrangement for the converted use. It would not be possible, however, to pull down the old house to the foundation and erect a new structure. This ruling is imposed upon the Administrator by the terms of the Act itself.

Nor may any such loan in excess of \$2,000 be used for the completion of any partly built structure. For instance, a loan for the purpose of paying for an original heating system in a building in the course of construction has been ruled ineligible.

### Security to Be Taken

It is the purpose of the Federal Housing Administration to encourage the granting of "character loans" for property improvement up to \$2,000. Most institutions financing eligible household and other equipment will, however, require chattel mortgages or conditional sales security therefor, and this is permissible under the regulations, and in many cases is desirable.

In respect of loans in excess of \$2,000, the Administration expects lenders making this type of loan to protect themselves with adequate security, which may be in the form of a lien upon the real property itself, a chattel mortgage, conditional bill of sale, or bailment lease upon the purchased equipment and machinery, a pledge of other collateral, or the requirement of cosigners or endorsements. This type of business loan (not contemplated in the original Act) should be made with the usual safeguards that good installment-banking practice dictates.

The insured institutions located in all of the forty-eight States operate under such a variety of State laws that the Administration, in the interest of simplicity, does not impose specific regulations in this respect. It does expect each institution, however, to use its own best judgment in establishing the security basis upon which each proposed loan to be covered by insurance shall be taken.

### Loans Not Exceeding \$2,000 in Connection With Single-Family Dwellings

The equipment ruled to be eligible for the home is that which is necessary to make a home a complete operating unit in a domestic sense. Eligible items include, as before noted, such "fixtures" as heating systems, wiring, and plumbing systems, etc. In addition, refrigerators, whether operated with ice, oil, gas, or electricity, are eligible. Likewise, cooking ranges, whether electric, coal, gas, oil, or wood operated, washing machines, ironing machines, and unit air conditioners are eligible.

Furniture, furnishings, and removable decorations are ineligible. Musical instruments such as pianos, phonographs, and radios, are ineligible. Portable hand appliances and tools, such as toasters, vacuum cleaners, sewing machines, small food mixers, hand irons, lamps, percolators, and portable electric, gas, and oil heaters, are ineligible.

The foregoing examples are cited in order to illustrate the basic policy. The following list, as noted before, is not necessarily complete.

#### Examples of Eligible Equipment for Homes Include:

Air-conditioning equipment (including humidifiers). Built-in ventilating equipment, including built-in fans.

Awnings and other sun protections made for windows and porches.

Built-in conveniences, such as ironing boards, dinettes, flower-boxes, cabinets, bookcases, cupboards, broom closets, clothes closets, racks, bins; package, milk, and mail receivers; garbage receptacles. Built-in breakfast nooks; built-in laundry and coal chutes; built-in door or wall mirrors.

Heating systems (nonportable) and equipment. Automatic heat devices such as gas burners, oil burners (including fuel-storage equipment), and installed stoking and ash-removal equipment. Radiation, if part of heating system, including valves and accessories. Automatic heat-control devices, such as thermostats, pressurestats, aquastats, air-stats, etc. Unit heaters (nonportable). Heat circulating devices, if built-in.

Lighting fixtures, if integral part of wiring or gas systems.

Electric ranges. Coal, oil, and wood ranges.

Gas ranges and water heaters.

Gas-making machines and equipment. Incinerators and other garbage disposal systems, if built-in.

Gas, electric, and kerosene refrigerators. Ice boxes or refrigerators and equipment.

Washing machines, ironing machines, and dishwashing machines.

Linoleum and other *permanently fixed* floor covering, excluding carpets, rugs, and matting, and other temporarily attached coverings.

Plumbing equipment, including fixtures. Complete water supply system. Built-in (stationary) wash tubs. Water heating equipment. Water supply and sewage connections. Sewage-disposal systems, including septic tanks.

Storm doors and sash (fitted). Fitted screen doors and windows. Doors and windows of all kinds. Porch screening and glazing. Weather-stripping.

## Examples of Eligible Equipment for the Farmstead

For loans under \$2,000, eligible equipment for farmsteads includes all equipment eligible for urban homes and such items as the following:

Barn pens, stalls, and built-in stanchions and troughs. Water troughs. Litter, feed, and hay tracks and conveyor systems.

Conveyors (grain and fruit), unless portable. Grain elevators. Feed mills. Storage vats.

Cream separators (mechanical).

Doors for garages (automatic overhead and sliding) and other buildings.

Fences.

Incubators.

Lightning rods.

Lighting and power plants (private) and equipment. Lighting and power connections on farm property to adjacent public mains, including transformers, *if purchased by borrower and installed on his property*, and the title to the installation vests in the borrower.

Silos (addition to and building of), barns, sheds, and other buildings on farmstead grounds.

All the foregoing are eligible for insured loans up to \$2,000.

In addition, commercial dairies, hatcheries, and such may, under certain conditions, qualify for loans in excess of \$2,000. The test is whether the applicant qualifies as running a commercial enterprise as well as an agricultural one. Details regarding the applicant's property and character of farm operation may be submitted to the Administration for a ruling as to whether a loan in excess of \$2,000 will be eligible for insurance.

Farm tractors, plows, cultivators and other tillage tools and equipment for working the land are not eligible under the National Housing Act.

## Eligible Equipment for Manufacturing and Industrial Plant Loans Up to \$50,000

Loans up to \$50,000 are eligible for repairs, alterations, and improvements to the real property or the structures thereon and also if the proceeds are to be expended for the purchase and installation of eligible equipment and machinery in manufacturing and industrial plants.

In this field particularly it is clearly impossible to give complete lists.

The principle of eligibility may be stated, however, as including all production machinery, adaptable to the business, which is *purchased and installed* on a property *already improved by or to be converted into* a manufacturing or industrial plant, subject to the foregoing general statement regarding eligibility.

This does not include automotive or other trucking equipment except that designed for exclusive use within a plant, nor road building and maintenance machinery, nor items such as derricks and hoists which, while used in the construction or repair of buildings, do not become a part of that building's equipment or the permanent plant of its occupant. However, a derrick used permanently as part of the working equipment of a manufacturing or an industrial plant such as a mine, quarry, or sand-pit is eligible, though a builders derrick is ineligible under the Act and Regulations. Likewise, hand tools and small portable appliances, even if power driven, are ineligible.

Improvements to industrial plants which are not buildings, such as mines, quarries, etc., may include the installation of eligible equipment, but must not include expenditures for the operation of the plant. This prohibits, for instance, the driving of a mine shaft or drifts, or the removal of stone from a quarry, or sand or gravel from a pit. Machines for the doing of any of these things are, in general, eligible for insured



loans, but the proceeds of a loan may not be expended for those operations which are of a production nature. An operating mine requiring the sinking of a new shaft to reach another part of the mine, may not secure an insured loan for this purpose, as the sinking of the shaft or drifts is actually a part of the production process of the mine, for which the Act does not provide. Mine improvements may include, however, the laying of tracks, retimbering, the installation of mine locomotives and cars, blowing, ventilating or lighting systems.

Subject to the foregoing, and the general principles outlined herein, the following classifications are eligible equipment:

Abattoir presses  
 Bag balers and presses  
 Bag-filling machinery  
 Bagging machinery  
 Bakery machinery  
 Banding machinery  
 Barrel-packing machinery  
 Belt-folding machinery  
 Belt-lacing machinery  
 Beveling machinery  
 Bins  
 Blast furnaces  
 Blueing machinery  
 Body-making machinery  
 Bolt- and nut-making machinery  
 Bookbinding machinery  
 Bottling machinery  
 Box-making machinery  
 Brass machinery  
 Brewery machinery  
 Brick and tile machinery  
 Candy machinery  
 Can-making machinery  
 Canning machinery  
 Carbonating machinery  
 Carpet-cleaning machinery  
 Carpet looms  
 Carpet mills sewing machinery  
 Chain conveyors

Chemical machinery  
 Cigarette and cigar machinery  
 Coal and ash conveyors  
 Coal-washing machinery  
 Condensers  
 Cooperage machinery  
 Cutting and folding machinery  
 Cylinder boring machinery  
 Dairy machinery  
 Distilling machinery  
 Dyeing, finishing, and bleaching machinery  
 Embossing machinery  
 Engraving machinery  
 Evaporating machinery  
 Excelsior machinery  
 Factory equipment  
 Fertilizer machinery  
 Fiber machinery  
 Forges  
 Foundry machinery and equipment  
 Fur machinery  
 Gas filters and compressors  
 Gas tanks  
 Gate valves  
 Glass-making machinery and equipment

Glove machinery  
 Graphite machinery  
 Grinding machinery  
 Gunning machinery  
 Hosiery machinery  
 Ice-cream machinery  
 Ice and refrigeration machinery  
 Interior overhead trolleys and conveyors  
 Japanning equipment  
 Jewelers' machinery  
 Labelling machinery  
 Lamp-making machinery  
 Lithography machinery  
 Loading chutes  
 Machine tools  
 Metal-working machinery  
 Mining machinery  
 Moistening machinery  
 Nail-cutting machinery  
 Oil-well machinery (not portable drills)  
 Packaging machinery  
 Paper-box and bag machinery  
 Paper-cutting machinery  
 Paper-making machinery  
 Pattern machinery  
 Pharmaceutical machinery  
 Photo-engraving machinery  
 Planing machinery  
 Plating machinery  
 Polishing machinery

Porcelain manufacturing equipment  
 Pottery machinery  
 Power drills (not portable)  
 Power fans and blowers  
 Power hammers (not portable)  
 Power punches (not portable)  
 Printing and binding machinery  
 Printing and developing machinery  
 Pulp- and paper-making machinery  
 Rolling-mill machinery  
 Rubber-working machinery  
 Salt-making machinery  
 Separator machinery  
 Shoe machinery  
 Silk machinery  
 Slate machinery  
 Slaughter-house equipment  
 Soap machinery  
 Spring- and wire-coiling machinery  
 Stoneware machinery  
 Textile machinery  
 Twisting machinery  
 Welding machine and equipment (not portable)  
 Wire-making machinery  
 Wood lathes  
 Wood-working machinery  
 Wool-washing machinery

### Eligible Equipment for Service Establishments

Service establishments include properties which are used in whole or part for rendering on a commercial basis such service as is obtainable from laundries, barber shops, dry-cleaning establishments, beauty parlors, public baths, hotels, restaurants, commercial airports, public garages and filling stations, shoe repairing establish-

ments, tailoring establishments (merchant, custom, or repair), and others of like character.

The principle of eligibility here is that the equipment or machinery must be peculiarly adapted to the business conducted or necessary to the operation thereof. For instance, while a sewing machine in a home is ineligible, sewing machines in a commercial establishment are eligible. Furniture, furnishings, and removable decorations are not eligible. For instance, a hotel could not include provision for the purchase of beds or other furniture, crockery, linen, or silver, pictures, carpets, and draperies.

As many service establishments occupy only a portion of a building devoted to other purposes, one of the factors of eligibility is the major use of the building which determines its classification as a Class A structure, eligible for loans in excess of \$2,000. For instance, a barber shop located in a building of its own, or in an apartment, hotel, office, or other Class A type of building, would be eligible for a loan in excess of \$2,000 to cover the cost of equipment and machinery, but a barber shop occupying one or two rooms in a building otherwise used as a private dwelling would only be eligible for a loan for equipment up to \$2,000. Any apparent inconsistency in this rule arises from the fact that the Act was necessarily written in general terms, but when administered must be applied specifically within the limitations imposed upon the Administrator.

Subject to the foregoing and the general principles outlined herein, including the prohibition of hand tools, etc., the following list, which is, of course, not complete, will indicate the types of equipment which are eligible:

Barber-shop equipment	Hotel equipment
Beauty parlor equipment	Laundry machinery
Blueprinting machinery	Public bath equipment
Dry-cleaning machinery	Restaurant equipment
Filling station equipment	Store fixtures
Garage equipment	Etc.

## Eligible Equipment for Professional and Office Use

The principle of eligibility in this classification is similar to that for service establishments and is subject to the same limitations. For instance, a dentist's chair and power drill equipment are eligible. Supplies and small instruments are not. If the dentist's office is in an office, apartment, or other Class A type of building, loans in excess of \$2,000 are eligible, but if the dentist maintains his office in his private dwelling the insured loan may not exceed \$2,000.

The following classifications of equipment are, subject to the foregoing, eligible for professional and office use:

Dental equipment	Therapeutic equipment Some types of office equipment (see list special rulings at back hereof).
Hospital equipment	
Laboratory equipment	
Surgical equipment	

## Eligible Equipment in Commercial Establishments

This classification includes such establishments as banks, insurance and mortgage companies, offices generally, wholesale and retail stores, etc.

The principles of eligibility involved in this classification are similar to those governing the others, viz: the equipment and machinery must be peculiarly adapted to the business conducted and may not include furniture, furnishings, removable decorations, nor hand tools and such portable equipment as typewriters. For instance, special racks, heavy meat chopping blocks, weighing scales, and slicing machines are eligible in a butcher shop, and commercial food mixing machines and large coffee making urns are eligible in a restaurant, although it is to be noted that a household slicing machine or a coffee percolator is not eligible in a home.

The following list of eligible equipment is also necessarily incomplete, because of the enormous variety of equipment involved. Where any doubt exists as to the eligibility of an item, inquiry should be addressed to the Federal Housing Administration, Washington, D. C., and a special ruling will be given.

Addressograph machine (not portable).	Display cases
Ash-removal equipment	Dry-cleaning machinery (commercial only)
Awnings	Dryers (hair) (commercial only)
Bakery equipment	Laundry equipment
Bars (commercial only)	Meat grinders (commercial)
Battery charger (garage equipment)	Mimeograph machines (not portable)
Beer cooling equipment (commercial only)	Multigraph equipment (not portable types)
Beer dispensing equip- ment (commercial only)	Permanent wave machines (commercial)
Beverage dispensing equipment (commercial only)	Scales (commercial)
Bins, fruit and vegetable (commercial only)	Scales, truck
Bottle fillers (commercial only)	Sewing machines, (com- mercial)
Bottle washers (commer- cial only)	Signs, electric
Bread-making machinery (commercial only)	Signs, Neon
Bread-slicing machinery (commercial only)	Slicing machines (commer- cial)
Burglar-alarm system	Soda-fountain equipment
Butcher-shop equipment	Tire-changing equipment (commercial garage equipment)
Coffee urns (commercial only)	Waffle bakers, electric (commercial)
Counters	Washers, car (commer- cial garage equipment)
Dishwashing machine (electric)	Wheel aligner (nonport- able installations)

### Equipment Eligible for Apartment Houses and Multiple Family Dwellings

Loans up to \$50,000 may be insured for the repair, etc., of such structures and for purchase and installation of eligible equipment and machinery therein.

Such equipment may, of course, include everything eligible for the single-family dwell-

ing and, in addition, eligible equipment and machinery appropriate to this type of structure.

The same general principles governing eligibility apply here as elsewhere.

### Eligible Equipment for Orphanages, Hospitals, Colleges, and Schools

The principle of eligibility of equipment and machinery is similar in respect of this classification as that governing the others.

It must be of permanent, utilitarian character and of such value as to justify the application of the principle of time payment thereto. It may not include furnishings, furniture, or small portable appliances. A hospital, for instance, could obtain an eligible loan covering X-ray machines, thermal cabinets, fluoroscopes, and articles of like character, but such a loan could not include surgical instruments, beds, and other furniture.

### Eligible Equipment for Amusement Enterprises

The principles governing eligibility in this classification are similar to those governing the foregoing. For instance, a moving picture theater would qualify for an insured loan for projection and sound equipment, seating, asbestos curtain, or projection screen. It is to be noted, however, that small portable projectors for moving pictures to be used in the home are not eligible.

Nor are furniture, removable decorations, draperies, carpets, objects of art, and similar items eligible in a theater loan to be insured.

#### *A few examples of eligible equipment*

Bowling alley (commercial only)	Motion-picture equip- ment (commercial only)
Motion-picture screens (commercial only)	Sound-on-film equipment (commercial)

## Eligible Equipment and Machinery for Any "Class A" Type of Structure

The general principle of eligibility governs these items, and they are listed here because they apply equally to all Class A types of buildings.

Air conditioning	Flooring
Automatic stokers	Furnaces
Blinds	Gate valves
Boilers	Generators
Burglar alarm systems	Heating systems
Cellar grates	Hoists
Cellar pumps	Interior telephone systems
Cellar traps	Lavatory equipment
Cisterns and tanks	Plate glass
Compressors	Plumbing fixtures
Drainage control systems	Pneumatic communication systems
Drains	Pneumatic tubes
Dumb waiters	Power plant equipment
Dynamos	Pumps
Electric clock installations	Revolving doors
Electric light and gas fixtures	Roofing
Elevators	Sprinkler systems
Engines	Structural steel (when used for repairs, alterations, or improvements)
Escalators	Electric switchboard installations
Feed and water heaters	Tower clocks
Feeders	Ventilating systems
Filters	Ventilators
Fire alarm systems	
Fire control equipment	
Fire doors and fittings	
Fire escapes	

## Alphabetical List of Items on Which Specific Rulings Have Been Made Approving Eligibility as Stated

This list is amplified every day as further items are submitted for decision, and is therefore not to be taken as all-inclusive.

Acetylene generators and complete installation	Bread slicing machine (commercial only)
Addressograph machine (nonportable)	Brooders (chicken)
Air compressors	Burglar alarm system
Air conditioning equipment	Butcher shop equipment
Amplifying, sound equipment (commercial only)	Cabinets, dental
Ash removal equipment	Can washers (dairy equipment)
Auger machine	Carbonizing machine
Awnings	Carpenters' machinery
Bakery equipment	Chimes (church, etc.)
Barber chairs	Chocolate and cocoa manufacturing machinery
Bar equipment	Church seats
Bars (commercial only)	Churns
Battery charger (garage equipment)	Citrus fruit-packing machine
Beauty parlor equipment	Cleaning machinery (dry cleaning) (commercial only)
Beer cooling unit (commercial only)	Coal screens
Beer dispensing equipment (commercial only)	Coffee urns (commercial)
Bells (church, etc.)	Combustion analyzer
Bench lathes (commercial)	Communicating systems, inter-office
Beverage dispensing equipment (commercial only)	Compressors
Bins, fruit and vegetable (commercial only)	Coolers (milk)
Boilers	Cotton-gin machinery
Boring bars	Counters
Bottle fillers (commercial only)	Cow stalls
Bottle washers (commercial only)	Cream separators (mechanical)
Bowling alley (commercial only)	Dairy equipment
Brake lining machines	Dental chairs
Brake testers	Dental equipment
Bread making machinery (commercial)	Diesel engines
	Dishwashing machine (electric)
	Display cases
	Doors, revolving
	Draft regulator

Dry-cleaning machinery (commercial)  
 Dryers (hair) (commercial)  
 Egg grading equipment  
 Excelsior producing machinery  
 Elevators  
 Feeders (poultry)  
 Feed mixer  
 Fire doors, metal  
 Fire escapes  
 Fire extinguishers  
 Fluoroscope  
 Frame straightening machine  
 Fryers, deep fat, electric (commercial).  
 Furnace  
 Garage equipment (commercial)  
 Gas machines (professional)  
 Gas-making machines and equipment  
 Gasoline filter (dry-cleaning equipment) (commercial)  
 Gasoline pumps  
 Generator  
 Griddles, electric (commercial)  
 Grinding machines (garage equipment)  
 Heat control equipment (automatic)  
 Heaters (cabinet type)  
 Heating plants  
 Hen-laying cages  
 Hoists (hydraulic etc.)  
 Hosiery finishing equipment.  
 Ice cream freezers (commercial)  
 Ignition testers (not hand tool)  
 Incubators (electric) (commercial)  
 Irrigation system, underground (nonagricultural)

Lathes  
 Laundry equipment  
 Laying batteries (poultry)  
 Lifts (garage equipment), hydraulic, electric  
 Lighting plant, electric  
 Linoleum, permanently applied  
 Linotype machine  
 Loud-speaker system  
 Lubricating equipment  
 Lunch-room equipment  
 Mangle ironers, electric  
 Meat grinders (commercial)  
 Metal-stamping machines  
 Metal-working machinery  
 Milking machines (pipeline type)  
 Milling machines  
 Mimeograph machines (not portable)  
 Mine cars  
 Mining machinery (gold, coal)  
 Mixers, food (commercial)  
 Motion-picture screens (commercial)  
 Motors (electric)  
 Motor tester  
 Motor tuner  
 Moving-picture equipment (commercial)  
 Multigraph equipment (not portable types)  
 Oil burners (heating)  
 Oil-burning ranges  
 Operating tables  
 Organ (pipe)  
 Packing machine  
 Pasteurizers  
 Permanent wave machines (commercial)  
 Photographic laboratory equipment  
 Photo-offset machine  
 Piston turning machinery  
 Potato peelers (commercial)  
 Power-feeding machines

Power plants, including generator, switchboard  
 Pressing machinery  
 Printing presses  
 Professional equipment  
 Projection machines, motion picture (commercial)  
 Pumps  
 Radiator covers  
 Ranges, wood, coal, electric, gas, gasoline  
 Reduction printers  
 Refrigeration plants  
 Refrigerators, electric, gas kerosene, ice  
 Retreading equipment (garage) (not hand tools)  
 Sand and gravel machinery  
 Scales (commercial)  
 Scales, truck  
 Sea-food packing machinery  
 Sewing machines (commercial)  
 Shelving  
 Shoe-repairing machinery  
 Show case  
 Show case, refrigerated  
 Short wave machines (therapeutic)  
 Signalling equipment (hospitals)  
 Signs, electric  
 Signs, Neon  
 Slat conveyors  
 Slicing machines (commercial)  
 Soda-fountain equipment  
 Soda fountains  
 Sound-on-film equipment (commercial)

Sprinkler system (fire extinguisher)  
 Stanchions  
 Steel furnace, electric  
 Steel grain bins  
 Sterilizers, cabinet type  
 Stokers (automatic)  
 Stoves, electric, gas, coal, wood  
 Stoves, operated with bottled gas  
 Tanks, storage (garage equipment)  
 Theater seats  
 Tire-changing equipment (commercial garage equipment)  
 Track (mine)  
 Ultra-violet light equipment  
 Valve refacers  
 Vegetable peelers (commercial)  
 Venetian blinds  
 Waffle bakers, electric (commercial)  
 Washers, car (garage equipment)  
 Washing machines, electric  
 Washing machines, gas-engine  
 Water heater, gas, electric, coal  
 Water system, tank, pump, etc.  
 Welding units, electric (commercial, nonportable)  
 Wheel aligner (nonportable installations)  
 Window shades  
 X-ray equipment

## Expiration of Authority to Insure Modernization Credit Under Title I

It is desirable that both borrowers and approved lending institutions keep in mind the fact that authority to grant insurance of loans for the purpose of modernization of property expires on April 1, 1936, by express provision of law. Up to that time the opportunity exists for the insurance of such loans in accordance with the provisions of the Act, *but not thereafter*. Of course, insurance granted on loans made prior to April 1, 1936, will remain effective for the period of the loan in accordance with the Regulations.

In conclusion, it should be reiterated that the foregoing explanation of the Act and the Regulations and Rulings of the Administrator apply exclusively to loans insured under Title I of the National Housing Act and its Amendment.

Real-estate mortgages on one- to four-family dwellings eligible for insurance under Title II of the National Housing Act are governed by other regulations and rulings, and approved mortgagees or prospective mortgagors should communicate with the State or District Office of the Federal Housing Administration nearest to them with respect to matters pertaining to insured mortgages.