

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

Jesse H. Jones
Chairman of the Board

July 24, 1935.

Dear Stewart:

This is to advise that if between now and January 1, 1936 you need assistance in the organization of National Mortgage Associations under Title III of the National Housing Act, this Corporation will buy preferred stock to the extent of \$10,000,000 in these Associations, provided that in every instance the common stock privately owned shall be at least equal to the preferred stock subscribed for by this Corporation.

The dividend rate on the preferred stock will be the same as that asked for on preferred stock and capital notes of banks, namely $3\frac{1}{2}\%$ per annum from the date of purchase to and including January 31, 1940, and 4% per annum thereafter.

50% of the net profits remaining after paying preferred stock dividends, or 5% of the maximum aggregate par value of the preferred stock at any time outstanding, whichever is greater, shall be required to be paid each year into a sinking fund for the retirement of the preferred stock, provided, however, that no payments need be made into such sinking fund for the first two years immediately following the issuance of the stock.

Very truly yours,

/s/ Jesse H. Jones
Chairman

Mr. Stewart McDonald
Acting Administrator
Federal Housing Administration
Washington, D. C.