

## Office Correspondence

FEDERAL RESERVE  
BOARDDate April 3, 1935To Governor EcclesSubject: Delegations interested in real-From J. M. Daigerestate and construction financing

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I have promised to telephone or telegraph today to Mr. Walter S. Schmidt of Cincinnati, president of the National Association of Real Estate Boards, and let him know whether you will make an appointment to see him tomorrow or Friday. Mr. Schmidt was here yesterday with Mr. Edward A. MacDougall of New York, chairman of the association's Housing Committee, and went on to New York with Mr. MacDougall for a meeting there today. He plans to return to Cincinnati directly from New York tonight if he is unable to arrange an appointment with you.

There is in my opinion no reason for your seeing Mr. Schmidt other than one of polite expediency. You would not be disposed to accept his proposal for a huge mortgage-discount-bank within the Federal Reserve System. On the other hand, you will sooner or later, as a matter of policy, have to give him at least a brief hearing.

You will recall that you asked <sup>me</sup> to talk with Mr. Schmidt and Mr. Herbert U. Nelson, the secretary of the association, in February. They had then already tried unsuccessfully to get Mr. Fahey or Mr. Moffett to sponsor their plan, and they had next turned to you because of your attitude toward real estate loans as evidenced in the banking bill.

Mr. MacDougall has since testified on the mortgage-discount-bank plan before the subcommittee, headed by Senator Bulkley, that is handling the HOLC-FHA amendments.

Mr. Schmidt and Mr. MacDougall talked with me again at length yesterday, and I sought again, as I had done in February, to discourage them from expecting their plan to be substituted for the mortgage measures that the Administration has already sponsored through FHA, RFC, and the new banking bill. They are insistent, however, as they have been for five years past. After talking with me they went to see Senator Fletcher, who talked with them for about an hour. Their intention was to ask him to put the matter up to the Treasury group. They will doubtless get a hearing (but no encouragement) when the Senate committee witnesses are called.

Will you please let me know what to say to Schmidt as to an appointment with you tomorrow or Friday.

The persons who were referred to you by Mrs. Roosevelt, for a consideration of their proposals with regard to financing real estate and construction, were also here yesterday. In fact, I had the whole day taken up by these two delegations. I shall write a separate memorandum about the New York people.