

## Office Correspondence

FEDERAL RESERVE  
BOARD

Date June 7, 1935

To Governor Eccles

Subject: Mortgage Discount Bank Bill

From J. M. Daigen

GPO 16-852

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You may be interested in reading this letter which I received yesterday from Herbert U. Nelson, secretary of the National Association of Real Estate Boards.

Senator Fletcher has introduced the Mortgage Discount Bank Bill at the request of Walter S. Schmidt of Cincinnati, president of the Association, and Edward A. MacDougall, chairman of the Association's Committee on Housing. Schmidt, Nelson, and MacDougall are the men with whom I have spent some time at various intervals during the past two months in connection with the mortgage bank plan that they wanted you to incorporate into the Banking Bill. You will recall that after I had finally persuaded them that it would be impractical to incorporate their plan in the Banking Bill, they decided to undertake a material revision of it with a view to having it introduced as a separate measure. This they have done and Senator Fletcher's bill is the result.

Senator Fletcher, however, has no present intention of becoming the active sponsor of the bill that he has introduced. As a matter of fact, his chief reason for introducing it at all at this time appears to be solely for the purpose of enabling the National Association of Real Estate Boards to have 10,000 copies of the bill printed for circulation among its members and other interested persons. I received a copy of the bill from Nelson only yesterday, with the letter here attached, and have learned only today Senator Fletcher's position in the matter.

I have not yet had any opportunity to examine the bill, but I am familiar with the five or six preceding measures that Schmidt has prepared over as many years, and I therefore imagine that the only important change from the previous bills is the new capital setup that Schmidt, Nelson and MacDougall have recently discussed with me.

What their proposal comes to in brief is the establishment of a sort of G.M.A.C. for mortgages, which would give all real estate dealers and mortgagees a place at which mortgages might be offered for discount. The plan is in many respects similar to that outlined by Lew Brown in the survey referred to in the letter that I wrote to him a few days ago. I gave you a copy of this letter.

Please return Nelson's letter after you have read it.

*returned  
6/11/35  
mb.*