

Office Correspondence

FEDERAL RESERVE
BOARDDate December 13, 1935.

Chairman Eccles

Subject: Letter from Edward A.From J. M. DaigerMacDougall

... 16-852

Mr. MacDougall's letter to Mr. McDonald is a summary of the Fletcher Bill for a mortgage-discount bank. This is the bank set-up proposed by Walter Schmidt and brought forward at each session of Congress for the past five or six years.

The bill looks to the discounting of all types of urban mortgages and to the sale of tax-free bonds against the mortgages discounted. The latest bill differs from its predecessors in that it looks largely toward private subscription of a minimum capital of \$10,000,000, whereas the previous bills contemplated a Federal appropriation for the bank's capital.

A discussion of this bill will be included in my memorandum on current proposals relating to housing and also in the separate memorandum to be used as a basis of the Board's report to the Senate Banking and Currency Committee.