

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

Jesse H. Jones
Chairman of the Board

July 24, 1935

Dear Stewart:

In reply to your inquiry as to whether the RFC Mortgage Company would buy mortgages insured by the Federal Housing Administration, without recourse, beg to advise that to the extent that The RFC Mortgage Company has available funds for investment in such mortgages, it will buy and sell insured mortgages given for construction of new homes.

It will only buy these mortgages from banks and insurance companies qualified under Title II of the National Housing Act, and then only when the bank or insurance company can show need for converting such bonds into cash.

We regard the mortgages well, and as safe investments for banks and insurance companies within proper limitations to the total lending funds of such institutions, but naturally we cannot give a continuing government guarantee to purchase these mortgages in unlimited amounts.

Very truly yours,

/s/ Jesse H. Jones

Chairman

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

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