

FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C.

Handwritten signature

July 30, 1935

IMPORTANT

TO: ALL REGIONAL, STATE AND DISTRICT DIRECTORS.

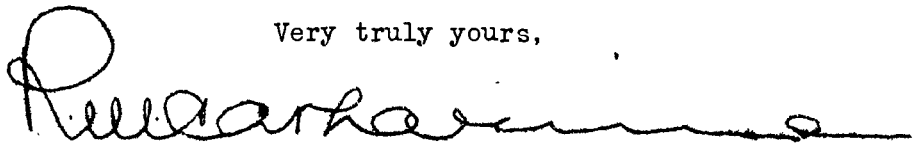
The Reconstruction Finance Corporation through its Chairman, Mr. Jesse H. Jones, has today informed the Acting Federal Housing Administrator, Stewart McDonald, that the RFC Mortgage Company described in the attached Circular No. 1 will buy mortgages insured by the Federal Housing Administration, without recourse.

This purchase will be made only to the extent that the RFC Mortgage Company has funds available for investment in mortgages and only those mortgages covering new homes will be considered. The further requirement is that it will buy only from approved banks and insurance companies and then only when the bank or insurance company can show a need for converting such insured mortgages into cash. A facsimile of the letter from Mr. Jones covering this announcement is attached hereto for your information. Approved Mortgagees interested in disposing of insured mortgages in this manner should be advised to contact the Washington office of the Reconstruction Finance Corporation.

You are also advised that between now and January 1, 1936, the Federal Housing Administration has been assured that it may call upon the Reconstruction Finance Corporation for assistance in forming National Mortgage Associations under Title III of the National Housing Act. The extent of this financial assistance is set forth in the attached letter from Mr. Jones to Mr. McDonald.

These two announcements should remove many of the objections which approved institutions have offered as a reason for their limited or lack of cooperation.

Very truly yours,



Robert M. Catharine,
Deputy Administrator.

Enclosures.

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