

# RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

JESSE H. JONES  
CHAIRMAN OF THE BOARD

August 27, 1935

Dear Stewart:

For the purpose of encouraging the construction of new homes and to assist in creating a more general market for mortgages insured under the National Housing Act, the RFC Mortgage Company will, until further notice and to the extent hereinafter named, buy and sell these insured mortgages, without recourse.

For the present RFC Mortgage Company will buy the mortgages at par and accrued interest, less a discount of  $\frac{1}{2}$  of 1%, but will only buy from reputable financial institutions originally making the loans, who agree to look after servicing them.

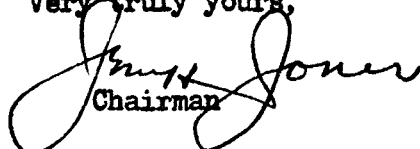
Any mortgages that we buy will be available for sale and when sold through qualified brokers and distributors, we will allow an over-all commission of  $\frac{1}{2}$  of 1% to cover their compensation and cost of distribution.

Under the new Banking Act, banks may invest in these mortgages and we feel they also offer a desirable form of investment for institutions and fiduciary trusts. The greater their distribution, the more home building we will have, and the more we will contribute to national recovery.

Applications to sell and commitments for the purchase of these mortgages will be considered at the 32 RFC Loan Agencies throughout the country.

\$10,000,000 has been made available to the RFC Mortgage Company by the Reconstruction Finance Corporation as a revolving fund for this purpose.

Very truly yours,

  
Chairman

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