

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, October 18, 1957

CASH OFFERING

FEDERAL NATIONAL MORTGAGE ASSOCIATION 4 $\frac{7}{8}$ PERCENT NOTES

To all Banking Institutions and Others Concerned
in the Eleventh Federal Reserve District:

Enclosed is Treasury Department Circular No. 997 covering an offering of 4 $\frac{7}{8}$ percent notes of the Federal National Mortgage Association, designated 4 $\frac{7}{8}$ percent notes of Series ML-1958-B. Enclosed also is a supply of subscription forms. Additional circulars and forms will be forwarded upon request. Reproduced on the reverse hereof is the Treasury Department's press statement covering this offering.

The books for the receipt of subscriptions to this offering will be opened on **Monday, October 21, for one day only**. Subscriptions will be received at this bank and its branches at El Paso, Houston, and San Antonio.

Commercial banks may submit subscriptions for the account of customers, but others will not be permitted to enter subscriptions except for their own account. Subscriptions by commercial banks for their own account should be entered by the subscribing bank and not through another bank.

Subscriptions from commercial banks for their own account will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits of the subscribing bank. Subscriptions from all others must be accompanied by payment of 2 percent of the amount of notes applied for.

Payment for the notes by Treasury Tax and Loan Account credit is not authorized. However, under arrangements made between the Federal National Mortgage Association and the Treasury Department, the Treasury, upon request, will deposit on October 29, 1957, with subscribing Treasury Tax and Loan depositaries, amounts equal to the amount of notes allotted to such banks for themselves and customers, but not in excess of any amounts for which they may be qualified in excess of existing deposits. If a depositary wishes to avail itself of this deposit arrangement, the appropriate space on the application form should be marked. The depositary will make payment for the notes as indicated in the subscription form, and in addition, on October 29 will enter a deposit in its Treasury Tax and Loan Account on its books for the amount of deposit credit desired, up to the amount permitted. As fiscal agent of the Treasury, we will on the same date pay to the depositary in the same manner in which payment was made for the notes an amount equal to the Tax and Loan Account credit. In connection with this special deposit to the Tax and Loan Account on its books for the amount of deposit credit desired, up to the notice of its allotment. The advice of credit should be completed and returned to this bank or appropriate branch by return mail.

Withdrawal of these deposits from Treasury Tax and Loan depositaries will be made in the same manner and as a part of the customary Treasury Tax and Loan withdrawals.

CLOSING OF THE SUBSCRIPTION BOOKS

The subscription books will close at the close of business, **Monday, October 21. No further closing announcement will be made.**

Subscriptions addressed to a Federal Reserve bank or branch or to the Treasury Department and placed in the mail before midnight Monday, October 21, will be considered as having been entered before the close of the subscription books.

Yours very truly,

Watrous H. Irons

President

TREASURY DEPARTMENT
Washington

Thursday, October 17, 1957

The Treasury Department announced today that on Monday, October 21, the Secretary of the Treasury on behalf of the Federal National Mortgage Association will offer for cash subscription \$750 million of 4 $\frac{7}{8}$ percent ML (Management and Liquidating) Notes of the Association to be dated October 29, 1957, and to mature June 26, 1958. The books will be open for one day, on October 21.

As announced by the Association on October 15, 1957, the Treasury Department has agreed to handle this offering for the Association and it will utilize the facilities of the Federal Reserve Banks, as fiscal agents of the United States, in receiving subscriptions, making allotments, and delivering securities allotted in much the same manner as public debt offerings are handled.

Subscriptions from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account, will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits of the subscribing bank. On all other subscriptions a payment of 2 percent of the amount of notes subscribed for must be made, not subject to withdrawal until after allotment.

Although payment by Treasury tax and loan account credit will not be permitted, arrangements have been made between the Association and the Treasury whereby the Treasury will deposit with qualified banks, upon request, amounts equal to notes allotted to such banks for themselves and their customers. This is the same procedure followed in January 1955 in connection with the sale of the earlier issue of Series ML notes.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the notes subscribed for, to cover the 2 percent deposits required to be paid when subscriptions are entered. A certification by the subscribing bank that no such loan has been made will be required on each subscription entered by it for account of its customers. A certification that the bank has no beneficial interest in its customers' subscriptions, and that no customers have any beneficial interest in the bank's own subscription, will also be required.

Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, October 21, will be considered as timely.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

FOUR AND SEVEN-EIGHTS PERCENT NOTES OF SERIES ML-1958-B

Dated and bearing interest from October 29, 1957

Due June 26, 1958

1957
Department Circular No. 997
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, October 21, 1957

I. OFFERING OF NOTES

1. The Secretary of the Treasury, on behalf of the Federal National Mortgage Association, invites subscriptions, at par and accrued interest, from the people of the United States for notes of the Federal National Mortgage Association, designated $4\frac{7}{8}$ percent notes of Series ML-1958-B. The amount of the offering is \$750,000,000, or thereabouts. The books will be open only on October 21, 1957, for the receipt of subscriptions.

II. DESCRIPTION OF NOTES

1. The notes will be dated October 29, 1957, and will bear interest from that date at the rate of $4\frac{7}{8}$ percent per annum, payable on June 26, 1958. They will mature June 26, 1958, and will not be subject to call for redemption prior to maturity. Maturing principal, and interest coupons, will be payable when due at any Federal Reserve Bank or Branch, or at the Office of the Treasurer of the United States, Washington.

2. The notes will be issued under authority contained in Section 306(b) of the Federal National Mortgage Association Charter Act (Title III of the National Housing Act, as amended), which provides that obligations, together with the interest thereon, issued thereunder are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association.

3. The income derived from the notes does not have any exemption, as such, under the Internal Revenue Code of 1954. The notes are subject to Federal estate, gift or other excise taxes. The Federal National Mortgage Association Charter Act does not contain any specific exemption with respect to taxes now or hereafter imposed on the principal of or interest on the notes by any State, or any of the possessions of the United States, or by any local taxing authority.

4. The notes shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof. The notes also shall be eligible as investment securities for national banking associations.

5. Bearer notes with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The notes will not be issued in registered form.

6. Transactions in the notes will be subject, so far as applicable, to the regulations and procedures now or hereafter prescribed by the Treasury for the conduct of similar transactions involving marketable United States securities.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Others than commercial banks will not be permitted to enter subscriptions except for their own account. Subscriptions from commercial banks for their own account will be received without deposit, but will be restricted in each case to an amount not exceeding one-half of the combined capital, surplus and undivided profits of the subscribing bank. Subscriptions from all others must be accompanied by payment of 2 percent of the amount of notes applied for, not subject to withdrawal until after allotment. Following allotment, any portion of the 2 percent payment in excess of 2 percent of the amount of notes allotted may be released upon the request of the subscribers.

2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, and to allot less than the amount of notes applied for; and any action he may take in these respects shall be final. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for notes allotted hereunder must be made or completed on or before October 29, 1957, or on later allotment. In every case where payment is not so completed, the payment with application up to 2 percent of the amount of notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited.

2. Under arrangements made between the Federal National Mortgage Association and the Treasury Department, the Treasury will deposit on October 29, 1957, with subscribing banks which have qualified to maintain Treasury tax and loan accounts, amounts equal to the notes allotted to such banks for themselves and their customers, but not in excess of any amounts for which they may be qualified in excess of existing deposits. Banks desiring to avail themselves of such deposits should remit payment for the full amount of notes allotted to them by charges to reserve accounts or by drafts payable in funds immediately available on or before October 29, 1957. They should also credit on October 29, 1957, to the Treasury tax and loan accounts on their books any amount for which they desire such credit up to the amounts of their payments for notes allotted. The Treasury has authorized Federal Reserve Banks, as fiscal agents of the United States, to pay from other funds in the account of the Treasurer of the United States amounts equivalent to such credits to the respective subscribing banks for deposit in their Treasury tax and loan accounts. Such payments will be credited to accounts on the books of the Federal Reserve Banks or remitted to or for the accounts of the subscribing banks, as the latter may direct.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. Further information with respect to the organization of the Federal National Mortgage Association, its financial position, and the notes to be issued hereunder, may be obtained upon application to any Federal Reserve Bank, or to the principal office of the Association in Washington, D. C.

3. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

ROBERT B. ANDERSON,
Secretary of the Treasury.