

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 4550]
January 7, 1958]

CASH OFFERING

3 $\frac{5}{8}$ Percent Federal National Mortgage Association Notes of Series ML-1960-A

Dated January 20, 1958

Due August 23, 1960

*To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

The following statement was made public today:

The Treasury Department announced today that on Thursday, January 9, the Secretary of the Treasury on behalf of the Federal National Mortgage Association will offer for cash subscription \$750 million, or thereabouts, of 3 $\frac{5}{8}$ percent ML (Management and Liquidating) Notes of the Association to be dated January 20, 1958, and to mature August 23, 1960. The books will be open only for one day, on January 9.

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. This will be a straight cash offering, with no provision for credit in Tax and Loan accounts and no provision for the exchange of the ML notes maturing on January 20, which will be paid off from the proceeds of the new issue.

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.

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, January 9, will be considered as timely.

The terms of this offering are set forth in Treasury Department Circular No. 1002, dated January 9, 1958, a copy of which is printed on the reverse side of this circular. Payment for the notes must be made at par in immediately available funds on or before January 20, 1958, and may not be made by credit to Treasury Tax and Loan Accounts.

Subscriptions will be received by this Bank as fiscal agent of the United States. Subscriptions should be made on official subscription forms, copies of which are enclosed, and mailed immediately. If filed by telegram or letter, the subscriptions should be confirmed immediately by mail on the forms provided. The subscription books will remain open for **one day**, January 9, 1958. Any subscription addressed to a Federal Reserve Bank or Branch or to the Treasury Department and placed in the mail before midnight, Thursday, January 9, will be considered **timely**.

ALFRED HAYES,
President.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

3 $\frac{5}{8}$ PERCENT NOTES OF SERIES ML-1960-A

Dated and bearing interest from January 20, 1958

Due August 23, 1960

1958
Department Circular No. 1002

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 9, 1958.

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 3 $\frac{5}{8}$ percent notes of Series ML-1960-A. The amount of the offering is \$750,000,000, or thereabouts. The books will be open *only on January 9, 1958*, for the receipt of subscriptions.

II. DESCRIPTION OF NOTES

1. The notes will be dated January 20, 1958, and will bear interest from that date at the rate of 3 $\frac{5}{8}$ percent per annum, computed on a 360-day basis, payable on August 23, 1958, and thereafter on February 23 and August 23 in each year until the principal amount becomes payable. They will mature August 23, 1960, 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 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 January 20, 1958, 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.

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.

CASH SUBSCRIPTION

For Federal National Mortgage Association 3 5/8 Percent Notes of Series ML-1960-A

Dated and bearing interest from January 20, 1958, Due August 23, 1960

**Subscription books will be open only on January 9
for the receipt of cash subscriptions.**

Important

1. Subscriptions from commercial banks for their own account will be received without deposit; subscriptions from all others must be accompanied by payment of 2 percent of the amount of notes applied for.
2. Commercial banks subscribing for account of customers should hold the 2 percent deposits paid to them by their customers (see certification below).
3. Amounts of notes applied for must be in multiples of \$1,000.

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Dated at
.....1958

Attention: Securities Department—9th Floor

DEAR SIRs:

Pursuant to the provisions of Treasury Department Circular No. 1002, dated January 9, 1958, the undersigned hereby subscribes for Federal National Mortgage Association 3 5/8 percent Notes of Series ML-1960-A, as follows:

For own account \$.....

For our customers, shown on reverse side (for use of commercial banks) \$.....

Total subscription..... \$.....

Payment for these securities will be made on or before January 20, 1958.

(Payment cannot be made through Treasury Tax and Loan Account)

(If a commercial bank is subscribing for its own account or for account of customers, the following certification is made a part of this subscription)

WE HEREBY CERTIFY that we have received applications from our customers in the amounts set opposite the customers' names on the list (on the reverse side hereof) which is made a part of this subscription; that there has been paid to us by each such customer, not subject to withdrawal until after allotment, 2 percent of the amount applied for; that we have not made unsecured loans, or loans collateralized in whole or in part by the securities applied for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the applications of such customers, and that none of our customers has any beneficial interest in the amount subscribed for our own account.

WE FURTHER CERTIFY that the subscription for our own account does not exceed one-half of our combined capital, surplus and undivided profits.

TO SUBSCRIBER:

(Fill in all required spaces before signing)

Mark (X) in proper space to indicate if this is:

- Original subscription
- Confirmation of a telegram.....
- Confirmation of a letter.....

.....
(Name of subscriber—Please print or typewrite)

By.....,
(Official signature) (Title)

Address

(Spaces below are for the use of the Federal Reserve Bank)

DEPOSIT		ALLOTMENT
\$	Blotter.....	\$
	Examined.....	
	Acknowledged.....	
	Carded.....	
		Figured Checked Advised

