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AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

Dear

Your letter relative to obtaining a loan through the Federal Reserve system, has just been received.

In reply I am sending you a copy of the Federal Reserve Act, Section 24 of which relates to loans on farm lands, and copies of the regulations of the Board covering loans on farm lands, six months' agricultural paper, and commodity paper.

Under the last named regulation, any member bank in your Federal Reserve district, which includes all national banks and some State banks and trust companies, may make you a loan on a staple commodity, secured by warehouse receipts and covered by insurance, at a rate of 6% and send the note to the Federal Reserve bank of its district to be rediscounted at a rate of 3% or $3\frac{1}{2}\%$. In this way, you will see, they are able to make you a loan at 6% and still make a substantial profit on the transaction, relending the money which they receive from the Federal Reserve bank.

Respectfully,

Secretary.