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THE WHITE HOUSE

WASHINGTON

February 17, 1976

MEMORANDUM FOR THE VICE PRESIDENT

The attached memorandum was returned in the President's  
outbox with the following notation:

"Called Clem Stone - 2/17/76 and he will  
work something out. Will get in touch  
with Peter Wallison."



James E. Connor  
Secretary to the Cabinet

THE WHITE HOUSE  
WASHINGTON

Vice President

Called them 5. - 2/17/78

and he will work something  
out.

Will get in touch  
with Peter Wallman.

January 12, 1976

MEMORANDUM FOR MR. W. CLEMENT STONE

On October 10, 1975, the Capitol Hill Club (the "Club") purchased its Club building from Capitol Hill Associates ("Associates") by

-- assuming the Associates' obligation under the mortgage on the property,

-- paying \$160,000 in cash, and

-- issuing to Associates a 90-day note for an additional \$350,000.

The \$350,000 note is secured by a second mortgage on the Club's building (the \$1,500,000 first mortgage is held by Traveler's Insurance Company), at 2% over the prime rate of interest prevailing on the date the note was issued.

The note was due on January 8, 1976, and on that date the Club paid \$30,000 on account of principal and interest on the note, and Associates agreed to extend the note for an additional 60 days.

Of the \$30,000 payment, \$22,000 was applied to principal and the \$8,000 was applied to interest. Accordingly, the principal amount of the note now outstanding is approximately \$328,000.

The Club has recently experienced difficulty in raising funds to cover the remaining \$328,000 obligation, and although Associates is willing to be accommodating it confronts two difficulties:

-- it is a public corporation and will be pressed by its shareholders to take action on the defaulted note; and

-- Associates must pay approximately \$120,000 in taxes on the sale of the building to the Club; this sum will be due on April 15, 1976.

In order to assure that Associates does not default on its tax obligation, Associates and the Club are seeking a purchaser of the note. Any such purchaser will retain a second mortgage on the Club building as security for the obligation represented by the note and interest will continue to be paid, unless modified by a subsequent agreement, at the rate now provided.

Your agreement to purchase this note from Associates will eliminate the risk that Associates will default on its taxes, and will enable the Club to complete its fundraising program in an orderly way.

January 20, 1976

TALKING POINTS FOR MEETING WITH W. CLEMENT STONE

1. I am aware of your long association with, and support of, the Club and of your generous offer (when the Club building was originally built) to take the first mortgage on the building if it was not taken by Traveler's Insurance Company.
2. Nelson has told me of your generous offer to contribute or lend \$100,000 to the Club in connection with its current fundraising campaign.
3. Nelson has also told me of the turn-around in the Club's operations, and the fact that it has been able to purchase its building.
4. All that is necessary now is that the Club's \$325,000 second mortgage obligation to Capitol Hill Associates be paid off -- or at least placed in hands which can await a longer-term fundraising effort. Capitol Hill Associates must pay \$120,000 in taxes in April, and unless the Club's obligation to Associates is paid, they will not be able to pay their taxes.
5. I want to emphasize how important it is to the Party that the Club be placed in a position where its future financial stability is assured.
6. That's why I am asking you to purchase the second mortgage from Capitol Hill Associates.