

H. R. 8864

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 1934

Mr. VINSON of Georgia introduced the following bill; which was referred to the Committee on Banking and Currency and ordered to be printed

A BILL

Authorizing loans by the Reconstruction Finance Corporation to aid in financing industry.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 That the Reconstruction Finance Corporation Act, as

4 amended (U.S.C., Supp. VII, title 15, ch. 14), is amended

5 by inserting before section 6 thereof the following new

6 section:

7 “SEC. 5c. For the purpose of maintaining and increas-

8 ing the employment of labor, the Corporation is authorized

9 and empowered to make loans by way of promissory notes,

10 acceptances, rediscounts, purchase of securities, or otherwise,

1 to any established industrial or commercial business to enable
2 such business to obtain working capital, reduce and refinance
3 its outstanding indebtedness, or make plant improvements
4 or replacements. Such loans shall be fully and adequately
5 secured, shall have maturities of not to exceed five years,
6 shall be made only when deemed to offer reasonable assur-
7 ance of continued or increased employment to labor, and
8 shall be subject to such terms, conditions, and restrictions as
9 the board of directors of the Corporation may determine:
10 and any such loan for refinancing existing indebtedness shall
11 be made in connection with a substantial reduction of such
12 indebtedness and such other adjustments in capital structure
13 as the Corporation may consider desirable.

14 “The Corporation is further authorized and empow-
15 ered to purchase a participation in notes or other customer
16 obligations representing loans made directly for commercial
17 and industrial purposes and held by banks or trust companies
18 organized under the laws of the United States or of any
19 State and engaged in a commercial lending business. The
20 notes and obligations in which such participation is pur-
21 chased shall have maturities of not to exceed five years, shall
22 arise out of direct borrowings for their own use by the
23 makers thereof after the date this section takes effect from
24 the banks or trust companies holding such notes and obliga-
25 tions, shall represent new loans and not renewals, shall be

1 at interest rates not to exceed 6 per centum per annum,
2 and shall be subject to such conditions as to subordination
3 of other indebtedness, collection, payment, and other mat-
4 ters as the board of directors of the Corporation may from
5 time to time deem necessary or advisable. The participa-
6 tion purchased by the Corporation in any such note or obli-
7 gation shall not exceed 75 per centum of the face value
8 thereof.

9 “The Corporation is further authorized and empow-
10 ered, by way of endorsement or otherwise, to enter into
11 agreements or commitments to purchase a participation in
12 notes and obligations of the character specified in the pre-
13 ceding paragraph. A uniform charge to be paid by the
14 lending institution, to be determined by the board of
15 directors of the Corporation, but not to exceed $1\frac{1}{2}$ per
16 centum of the principal amount of the participation with
17 reference to which the commitment or agreement to pur-
18 chase is made, shall be made for such agreements or
19 commitments.

20 “Loans, purchases, and agreements or commitments
21 made under the provisions of this section shall be made only
22 to such businesses as have accepted and complied with the
23 applicable approved code or codes of fair competition
24 adopted under title I of the National Industrial Recovery
25 Act for any trade or industry or subdivision thereof within

1 which any such business or any part thereof falls, or, if
2 there be no such approved code of fair competition for any
3 such trade or industry or subdivision thereof, with the
4 provisions of the President's Reemployment Agreement, or
5 any similar codes or agreements entered into or established
6 under or by authority of any Act of Congress.

7 “ The power to make loans, the power to purchase par-
8 ticipations, and the power to enter into agreements or com-
9 mitments to purchase participations, given in this section
10 shall terminate January 31, 1935; but no provision of law
11 terminating any of the functions of the Corporation shall be
12 construed to prohibit disbursement of funds on commitments
13 or agreements to make loans or advances, or with respect
14 to the purchase of participations, made under this section
15 prior to January 31, 1935.”

73^D CONGRESS }
2^D SESSION }

H. R. 8864

A BILL

Authorizing loans by the Reconstruction Finance Corporation to aid in financing industry.

By Mr. VINSON of Georgia

MARCH 28, 1934

Referred to the Committee on Banking and Currency
and ordered to be printed