

CIRCULAR No. 1
OF THE
WAR FINANCE CORPORATION

**INFORMATION FOR PROSPECTIVE APPLICANTS
FOR ADVANCES UNDER SECTION 21
OF THE WAR FINANCE
CORPORATION ACT**



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SECTION 21 OF WAR FINANCE CORPORATION ACT.

Section 21 of the War Finance Corporation Act, as amended, the provisions of which were the subject of the joint resolution of Congress reviving the activities of the Corporation, is as follows:

SEC. 21. (a) That the Corporation shall be empowered and authorized, in order to promote commerce with foreign nations through the extension of credits, to make advances upon such terms, not inconsistent with the provisions of this section, as it may prescribe, for periods not exceeding five years from the respective dates of such advances.

(1) To any person, firm, corporation, or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries, if such person, firm, corporation, or association is, in the opinion of the board of directors of the Corporation, unable to obtain funds upon reasonable terms through banking channels. Any such advance shall be made only for the purpose of assisting in the exportation of such products, and shall be limited in amount to not more than the contract price therefor, including insurance and carrying or transportation charges to the foreign point of destination if and to the extent that such insurance and carrying or transportation charges are payable in the United States by such exporter to domestic insurers and carriers. The rate of interest charged on any such advance shall not be less than 1 per centum per annum in excess of the rate of discount for ninety-day commercial paper prevailing at the time of such advance at the Federal Reserve bank of the district in which the borrower is located; and

(2) To any bank, banker, or trust company in the United States which after this section takes effect makes an advance to any such person, firm, corporation, or association for the purpose of assisting in the exportation of such products. Any such advance shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company to such person, firm, corporation, or association for such purpose.

(b) The aggregate of the advances made by the Corporation under this section remaining unpaid shall never at any time exceed the sum of \$1,000,000,000.

(c) Notwithstanding the limitation of section 1 the advances provided for by this section may be made until the expiration of one year after the termination of the war between the United States and the German Government as fixed by proclamation of the President. Any such advance made by the Corporation shall be made upon the promissory note or notes of the borrower, with full and adequate security in each instance by indorsement, guaranty, or otherwise. The Corporation shall retain power to require additional security at any time. The Corporation in its discretion may upon like security extend the time of payment of any such advance through renewals, the substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond five years from the date on which it was originally made.

WAR FINANCE CORPORATION CIRCULAR No. 1—INFORMATION FOR PROSPECTIVE APPLICANTS FOR ADVANCES UNDER SECTION 21 OF THE WAR FINANCE CORPORATION ACT.

This circular, with accompanying forms, is intended to outline in a general way the requirements of the War Finance Corporation with respect to applications for advances under section 21 of the War Finance Corporation Act. As each application must be considered on its merits, the nature of individual transactions may necessitate appropriate modification of, or addition to, the requirements herein outlined.

TO WHOM ADVANCES MAY BE MADE.

Under the provisions of section 21 of the War Finance Corporation Act, as amended (which section is set forth in full on p. 2 hereof), the War Finance Corporation is authorized to make advances to two general classes of applicants, viz:

1. *Exporters.*—That is, to any person, firm, corporation, or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries; provided, such person, firm, corporation, or association, in the opinion of the board of directors of the War Finance Corporation, is unable to obtain funds for such purposes upon reasonable terms through banking channels.

2. *Banks, bankers, or trust companies.*—That is, to any bank, banker, or trust company which makes an advance to exporters as hereinbefore defined for the purpose of assisting in the exportation of domestic products to foreign countries.

To qualify under these requirements of the statute, it is necessary—

(a) *In the case of exporters*, to show that the applicant is engaged in the business in the United States of exporting domestic products to foreign countries and has a contract or proposes to enter into a contract to export from the United States some domestic product; that the proceeds of the advance applied for are to be used to assist in the exportation of such product; and that the applicant has been unable to obtain the funds, on reasonable terms, through banking channels.

Advances can not be made direct to foreign purchasers. They must be evidenced by the direct and unconditional obligation of a person, firm, corporation, or association engaged in business in the United States and subject to the jurisdiction of the courts thereof.

(b) *In the case of banks, bankers, or trust companies*, the applicant must show that it is engaged in business in the United States and that it has made or contemplates making an advance to an exporter, as hereinbefore defined, to assist in the exportation of domestic products to a foreign country.

The War Finance Corporation will not consider applications from individual exporters or bankers who are not citizens of the United

States, or from firms, corporations, or associations which are organized under the laws of foreign countries, or which have their principal place of business outside of the United States.

HOW APPLICATIONS ARE FILLED.

PRELIMINARY APPLICATIONS.

Exporters, as defined in this memorandum, desiring to ascertain in advance whether under stated conditions the board may be expected to act favorably on an application, should file a preliminary application on Form A-1 (see p. 9).

Banks, bankers, or trust companies desiring to file preliminary applications should use Form A-2 (see p. 10).

These forms are designed to show whether the applicant is qualified under the statute, the nature of the transaction involved, and the amount and character of the security offered.

In acting upon preliminary applications the board of directors of the War Finance Corporation will indicate, if possible, whether or not the application can be favorably considered, the amount and terms of the advance that may be made, and the conditions it will be necessary to impose in connection with such advance.

FORMAL APPLICATION.

If the preliminary application is favorably acted upon by the board, the applicant will be fully advised of the terms and conditions imposed by the War Finance Corporation. A formal application may then be filed, accompanied by all necessary papers and documents.

Exporters should use Form B-1 (p. 11). Banks, bankers, and trust companies should use Form B-2 (p. 13).

All papers, documents, and other instruments accompanying applications or filed in connection therewith are subject to the approval of counsel designated by the War Finance Corporation.

SUPPORTING DOCUMENTS.

Papers, documents, and other instruments to be filed in support of formal applications will necessarily depend upon the nature and character of each transaction as indicated by the preliminary application. It is, therefore, impossible to prescribe in advance all supporting evidence that may be required in each case, but all formal applications should be accompanied by the papers and documents enumerated in the forms herein prescribed. Where the applicant is a corporation, necessary resolutions of the board of directors or of the executive committee of the corporation should be adopted in advance of the filing of such application.

Where applications differ materially from the forms herein contained it is suggested that applicants submit to Counsel for the War Finance Corporation, in advance, tentative drafts of such applications and of the documents which will accompany the same.

Where to be filed.—All applications, accompanied by supporting documents, should be delivered or mailed to the War Finance Corporation, the Treasury Building, Washington, D. C.

The consummation of any proposed transaction will be materially expedited if the applicants will carefully consider the forms herein prescribed, and before actually filing their formal application will take all necessary action indicated therein.

LIMITATIONS ON AMOUNT OF ADVANCES.

The amount of each advance which the War Finance Corporation may make to an applicant is limited—

1. *In the case of advances to exporters*, as above defined, to not more than the contract price of the commodities exported or to be exported, including insurance and carrying or transportation charges to the foreign point of destination, provided such charges are payable in the United States by such exporter to domestic insurers and carriers.

2. *In the case of advances to banks, bankers, or trust companies*, to not more than the amount remaining unpaid of the advances made by such banks, bankers, or trust companies, to an exporter, as hereinbefore defined, for the purpose of assisting in the exportation of domestic products.

3. *In no case* may the aggregate amount of advances made by the War Finance Corporation to any one person, firm, corporation, or association exceed at any one time an amount equal to 10 per cent of the authorized capital stock of the War Finance Corporation.

Within the limits set forth in the three foregoing paragraphs, the amount of any advance made by the War Finance Corporation will be determined in its discretion by the board of directors of the War Finance Corporation.

MATURITY OF ADVANCES.

The duration of any advance is limited by statute to a maximum period of five years from the making thereof, including all extensions which may be granted, whether through renewals, substitution of new obligations, or otherwise.

INTEREST RATE.

1. *In the case of an advance to an exporter*, the rate of interest is required to be not less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal Reserve Bank of the district in which the exporter is located. The War Finance Corporation may, in its discretion, however, prescribe such higher rate of interest as it may deem advisable and warranted by the circumstances of the case.

2. *In the case of an advance to a bank, banker, or trust company*, the rate of interest shall be such as may be prescribed by the War Finance Corporation.

FORM OF OBLIGATION.

All advances made by the War Finance Corporation, whether to exporters or to banks, bankers, or trust companies, must be evidenced by an instrument imposing a direct and unconditional obligation on the borrower, with full and adequate security. Where the borrower is an exporter a negotiable promissory note executed by the borrower

as maker will in general be required. Where the borrower is a bank, banker, or trust company the War Finance Corporation will accept either a note executed by the borrower as maker, or a draft accepted by the borrower, or a note or other negotiable instrument indorsed by the borrower, waiving protest, notice of protest, notice of dishonor, extension of time, substitution of collateral, or other indulgence. Where the waiver is inserted in the body of the note it should be in the form set forth in the "Form of Obligation" on page 20 of this Circular. Where it is indorsed on the back of the note over the signature of the indorser, it may be in the following form: "waiving protest, notice of protest, notice of dishonor, extension of time, substitution of collateral, or other indulgence." Special conditions imposed in any transaction may be incorporated in the form of obligation prescribed or in a collateral agreement as the circumstances of each case requires. (See usual form of obligation, p. 19.)

COLLATERAL SECURITY.

Where collateral security consists of stocks, bonds, or other securities listed on a recognized public exchange in good standing they will ordinarily be accepted without special evidence of their legality and validity. In all other cases applicants will be required to furnish opinion of counsel satisfactory to the War Finance Corporation and such other evidence as the corporation may require to the effect that such securities have been legally and validly issued. In each case applicant will be required to furnish evidence that those depositing or hypothecating such securities are legally authorized to take such action and that the War Finance Corporation will acquire a valid title as pledgee.

SUMMARY OF PAPERS, DOCUMENTS, AND OTHER EVIDENCE REQUIRED IN CONNECTION WITH ADVANCES.

The evidence required by the War Finance Corporation in cases of advances may be briefly summarized as follows:

All papers and documents submitted must include an original and three counterparts.

In considering advances to *exporters* as defined in this memorandum the board must be satisfied, among other things—

1. That the applicant is engaged in the business in the United States of exporting domestic products to foreign countries.

2. That the applicant has been unable to obtain funds upon reasonable terms through banking channels.

3. That the proceeds of the advance applied for are to be used only for the purpose of assisting in the exportation of domestic products.

4. That the applicant has made or contemplates making a contract for the exportation of domestic products. The contract must be made and exhibited to the corporation before any advance is actually made.

5. That the security offered is fully adequate to protect the advance applied for.

In considering loans to *banks, bankers, and trust companies*, the board must be satisfied—

1. That the applicant is a bank, banker, or trust company doing business in the United States, and is authorized by law to borrow the funds applied for.

2. That it has made advances or contemplates making advances to an exporter as defined in this circular.

3. That the security offered is fully adequate to protect the advance applied for.

Each applicant or his or its duly authorized representative will be required to embody, in any formal application filed, statements covering the foregoing points. The forms approved by the board were prescribed with this end in view.

Attention is called to section 18 of the War Finance Corporation Act, which appears on page 22 of this circular, and which prescribes penalties for false statements or misrepresentations, overvaluations of security, and other offenses in connection with any application.

In addition to the foregoing statements the board will require a certified statement of financial condition of the applicant.

SUMMARY OF ADDITIONAL DOCUMENTS REQUIRED WHERE APPLICANT IS A CORPORATION.

Where the notes evidencing the advances are executed by a corporation in addition to the foregoing the board will require the following documents:

1. *Charter*.—Certified copy of charter or articles of incorporation.

2. *Resolutions*.—Certified copy of resolution of board of directors or of the executive committee of the corporation authorizing the officers of the corporation—

(a) To make and execute the application;

(b) To execute the promissory note or notes to be given to the War Finance Corporation to evidence advances to be made;

(c) To hypothecate and pledge the securities tendered as collateral for the note or notes of the borrower or deposited as additional collateral therefor;

(d) To receive and receipt for the proceeds of the advances made;

(e) To execute such other documents, agreements, and papers as may be required by the War Finance Corporation.

(For tentative forms of resolutions, see pp. 15, 17.)

3. *By-laws*.—A certified copy of its regulations or by-laws, or such certified extracts or excerpts therefrom as shall establish the authority of the board of directors or executive committee to authorize the execution of the promissory note of the applicant and the pledge and hypothecation of the securities tendered or to be tendered; and the execution of such other documents, agreements, and papers as may be required by the War Finance Corporation.

4. *Certificate of election to and present incumbency in office*.—A certificate which shall indicate the election or appointment to and present incumbency in office of the officers of the borrower designated in the above-mentioned resolution, and who, in accordance therewith, have authority to execute the application, promissory notes, agreements, and papers submitted or to be submitted by the borrower. Said certificate should embody therein or have appended thereto specimen signatures of said officers duly verified before a notary public. (See tentative form, p. 21.)

5. *Opinion of counsel* satisfactory to the corporation to the effect (a) that applicant corporation is authorized by law to incur all liabilities involved, (b) that the officers executing the note or notes

are duly authorized by legal and valid corporate action so to do and are similarly authorized to pledge or hypothecate the collateral security offered, (c) that each note when executed will constitute a valid and binding obligation of the corporation according to its terms; (d) where the note of applicant is secured *by indorsement or guaranty* of a third party that the indorser or guarantor may legally assume and has assumed this obligation; (e) where collateral security consists of stocks, bonds, or other obligations of a corporation, which securities are not listed on and dealt in on a recognized public exchange in good standing, that such securities have been legally and validly issued.

ASSIGNMENT OF COLLATERAL.

Ordinarily the promissory note of the applicant will specifically describe the security deposited as collateral and will contain necessary provisions relating to its disposition or sale in case of default. Where the nature of the collateral or the special circumstances of the case make it necessary, the board will require the applicant to execute a separate collateral assignment.

PAYMENT OF PROCEEDS OF ADVANCES.

The proceeds of any advance authorized by the War Finance Corporation will be paid to the applicant or its duly authorized representative, on three days' notice, by check on the Treasurer of the United States. Where funds are desired in New York or at some place other than Washington, the Federal Reserve Bank in that city will be authorized as fiscal agent for the War Finance Corporation to deliver checks drawn on the corporation's account with the Treasurer of the United States. Should funds be desired in some city other than a Federal Reserve Bank city, telegraphic transfers may be arranged through the Federal Reserve Banks. Applicant's representative should therefore be furnished with necessary authority to receive and receipt for the proceeds of any such advance. (See forms of resolution, pp. 15, 17.)

FORMS.

The forms of applications which follow indicate in a general way the information which the War Finance Corporation requires. The applicant should, however, state in addition any other information which will in his judgment assist the Corporation in passing on his application. The Corporation may at any time require such additional information as it may in its discretion deem appropriate.

PRELIMINARY APPLICATION.

----- hereby applies to the War Finance Corporation for an advance, to be made under authority of section 21 of the War Finance Corporation Act, in an aggregate sum not to exceed \$-----.

Security.—If this application is finally approved, applicant will deliver to the War Finance Corporation its direct and unconditional obligation, and as security therefor the following:-----

[State here (a) The names, addresses, and approximate financial worth of all proposed indorsers or guarantors. (b) A full description of any collateral security proposed to be pledged, and a statement of the current market value of such security.]

Time and maturity of advance.

(a) Applicant desires the advance applied for to be made upon not less than three days' notice, as follows: -----

[State here the approximate date upon which the advance will be called for. If it is to be called for in installments, state the approximate dates and amounts of such installments.]

(b) Applicant will agree to call for the whole of the advance applied for on or before-----.

(c) Applicant desires that the advance applied for be made upon the following maturity or maturities: -----

Business of applicant -----

[State here (a) principal place of business within the United States. (b) A brief general description of the foreign export business in which the applicant is engaged. (c) If applicant is incorporated, under what laws? If a partnership, name the individuals composing the same and give their places of residence.]

Purpose of advance.—The applicant proposes to use the proceeds of the advance applied for for the purpose of assisting in the exportation of a domestic product to foreign countries, namely-----

[State here (a) the nature of the domestic product to be exported. (b) The foreign countries to which the products are to be exported. (c) The name or names and a brief description of the proposed foreign purchaser or purchasers.]

Terms of contract-----

[If a contract has already been made for the exportation and sale of the product in question, state here briefly the terms of such contract. If no contract has been made, give what information is available as to the contemplated terms of such contract.]

Efforts to obtain funds through banking channels-----

[State here in detail the efforts which have been made to obtain funds through banking channels, and the results of such efforts.]

Statement of financial condition.—The certified statement marked "Exhibit A," attached to and made a part of this preliminary application, correctly shows the true financial condition of the applicant.

The statements herein contained are made for the purpose of obtaining an advance from the War Finance Corporation within the meaning of section 18 of the War Finance Corporation Act as amended.

PRELIMINARY APPLICATION.

_____ hereby applies to the War Finance Corporation for an advance, to be made under authority of section 21 of the War Finance Corporation Act, in an aggregate sum not to exceed \$_____.

Security.—If this application is finally approved, applicant will deliver to the War Finance Corporation its direct and unconditional obligation, and as security therefor the following:_____

[State here (a) the names, addresses, and approximate financial worth of all proposed indorsers or guarantors. (b) A full description of any collateral security proposed to be pledged, and a statement of the current market value of such security.]

Time and maturity of advance.—

(a) Applicant desires the advance applied for to be made upon not less than three days' notice, as follows: _____

[State here the approximate date upon which the advance will be called for. If it is to be called for in installments, state the approximate dates and amounts of such installments.]

(b) Applicant will agree to call for the whole of the advance applied for on or before_____.

(c) Applicant desires that the advance applied for be made upon the following maturity or maturities: _____

Business of applicant _____

[State here (a) Whether a bank, banker, or trust company. (b) Principal place of business within the United States. (c) If applicant is incorporated, under what laws? If a partnership, name the individuals composing the same and give their places of residence.]

Advance made or to be made by applicant _____

[State here (a) The name or names of any person, firm, corporation, or association to which the applicant has made or proposes to make an advance for the purpose of assisting in the exportation of domestic products to foreign countries. (b) If such advance has already been made, state the amount which has been advanced and the date or dates, and the terms, upon which such advance was made. (c) If such advance has not yet been made, state the amount, terms, and the date or dates upon which it is expected such advance will be made.]

Purpose of advance.—The purpose of the advance made or to be made by the applicant as hereinabove stated is to assist the exportation of a domestic product to foreign countries, namely, _____

[State here (a) The nature of the domestic product to be exported. (b) The foreign countries to which the products are to be exported. (c) The terms upon which the products are to be exported.]

Statement of financial condition.—The certified statement marked "Exhibit A," attached to and made a part of this preliminary application, correctly shows the true financial condition of the applicant.

The statements herein contained are made for the purpose of obtaining an advance from the War Finance Corporation within the meaning of section 18 of the War Finance Corporation Act as amended.

APPLICATION FOR ADVANCE UNDER SECTION 21.

-----, hereby applies to the War Finance Corporation for an advance to be made under authority of section 21 of the War Finance Corporation Act, in the sum of \$-----.

The applicant desires the funds applied for to be paid to-----, at -----, on not less than three days' notice by the applicant to the treasurer of the War Finance Corporation, at the following time or times:

[State here the approximate date upon which the advance will be called for. If it is to be called for in installments, state the approximate dates and amounts of such installments.]

Applicant agrees that it will call for the whole of the advance applied for on or before -----.

Whenever any advance shall be made to the applicant by the War Finance Corporation, at the request of the applicant, under the terms of this application, the applicant will make and deliver to the War Finance Corporation, or its duly authorized agent, the promissory note or notes of the applicant, equal in the aggregate amount to the amount of such advance. Such note or notes shall be in the form attached hereto as "Exhibit A" and made a part hereof.

Such note or notes shall contain the following indorsements and/or guaranties, to wit:

and shall be accompanied by the following collateral security:-----

and shall be accompanied also by the following papers and documents:

1. -----

2. Opinion of counsel of the applicant to the following effect:

(a) That the applicant is authorized by law to incur all liabilities involved.

(b) That the persons executing the note or notes are duly authorized by legal and valid corporate action so to do, and that they are similarly authorized to pledge or hypothecate the collateral security tendered therewith.

(c) That each note tendered therewith will upon delivery constitute a valid and binding obligation of the applicant according to its terms.

(d) That the collateral securities offered have been legally and validly issued, and that the War Finance Corporation will acquire a valid title thereto as pledgee.¹

(e) That the indorsements and/or guaranties offered constitute legal and binding obligations of such indorsers and/or guarantors.

On behalf of the applicant the following representations are made to the board of directors of the War Finance Corporation:

1. That the applicant is engaged in the business in the United States of exporting from the United States domestic products to foreign countries.

2. That the applicant's principal place of business in the United States

is at-----

¹ When the securities offered are listed and dealt in on a recognized public exchange in good standing, opinion of counsel as to their validity will not generally be required.

3. That the applicant is a -----

[State here whether applicant is an individual, partnership, corporation, or association. If an individual, state citizenship and residence. If a partnership, give names, citizenship, and residence of all partners. If a corporation, state under what laws applicant is organized. If an association, state where applicant maintains its principal place of business, under what laws, if any, it is organized, and describe briefly the nature of the association.]

4. That the applicant desires and undertakes to use the proceeds of the advance applied for for the purpose of assisting in the exportation of -----, a domestic product, to foreign countries.

5. That the proceeds of the advance applied for will be used only for the purpose of assisting in the exportation of said domestic products.

6. That the applicant has been unable to obtain funds for such purpose upon reasonable terms through banking channels.

7. That the applicant has made a contract for the exportation and sale of such products, and that the contract price therefor, including insurance and carrying or transportation charges to the foreign point of destination, if and to the extent that such insurance and carrying or transportation charges are payable in the United States by the applicant to domestic insurers and carriers is -----

8. That the security offered as collateral is fully adequate in the opinion of applicant to protect the advances applied for.

9. That no agreement has been made or will be made to pay directly or indirectly to any person, firm, or corporation any commission or fee for obtaining this advance from the War Finance Corporation, and no such payments have been made or will be made, apart from reasonable compensation for legal services; and further that the amount applied for does not include any banker's commission or similar charges.

It is understood and agreed by the applicant that the War Finance Corporation shall have the right at any time to call for additional security.

The applicant agrees that, while any advances made to it by the corporation or any part of such advances shall remain unpaid, it will keep the corporation informed of any substantial change in the financial condition or corporate organization of the applicant, and of any substantial change which may come to the applicant's notice in the financial condition or corporate organization of any endorser or guarantor, and of any matter which may come to the applicant's notice affecting the validity or worth of any collateral deposited with the corporation.

There is submitted herewith, in behalf of the applicant, the following papers and documents which are asked to be treated as part of this application:

(1)¹ Certified copy of charter or articles of incorporation, and certified copy of the by-laws of applicant.

(2)¹ Copy of resolutions of the board of directors or of the executive committee of the corporation authorizing the officers of the corporation to make and execute this application, to execute a promissory note or notes evidencing advance herein applied for, to pledge or hypothecate the security herein offered as collateral for the advance, to receive and receipt for the proceeds of the advance, and to execute all other documents, agreements, or papers required by the War Finance Corporation.

(3)¹ Certificate of election to and present incumbency in office of such officers.

(4) Opinion of counsel as follows:

[While the opinion of counsel, covering the validity of obligations, endorsements, collateral, etc., as hereinabove enumerated, need not be filed until the notes are tendered and an advance is called for, it will serve to expedite matters if applicant will submit herewith opinion of counsel covering as many of these points as it is possible to cover in advance.]

The following conditions, imposed by the War Finance Corporation, are hereby agreed to:

The following additional papers and documents required by the War Finance Corporation are herewith filed:

Upon the acceptance of this application by the War Finance Corporation, such application and acceptance shall be and become a contract between the War Finance Corporation and the applicant.

All statements and representations herein contained are made for the purpose of obtaining an advance within the meaning of section 18 of the War Finance Corporation act as amended.

¹ Where the application is by an unincorporated exporter these papers need not be filed.

APPLICATION FOR ADVANCES UNDER SECTION 21.

_____ hereby applies to the War Finance Corporation for an advance to be made under authority of Section 21 of the War Finance Corporation Act, in the sum of \$_____.

The applicant desires the funds applied for to be paid to _____ at _____, on not less than three days' notice by the applicant to the Treasurer of the War Finance Corporation, at the following time or times:

[State here the approximate date upon which the advance will be called for. If it is to be called for in installments, state the approximate dates and amounts of such installments.]

Applicant agrees that it will call for the whole of the advance applied for on or before _____.

Whenever any advance shall be made to the applicant by the War Finance Corporation, at the request of the applicant, under the terms of this application, the applicant will make and deliver to the War Finance Corporation or its duly authorized agent the promissory note or notes of the applicant, equal in the aggregate amount to the amount of such advance. Such note or notes shall be in the form attached hereto as "Exhibit A" and made a part hereof. Such note or notes shall contain the following indorsements and/or guaranties, to wit:

_____ and shall be accompanied by the following collateral security: _____

_____ and shall be accompanied also by the following papers and documents:

1. _____
2. Opinion of counsel of the applicant to the following effect:
 - (a) That the applicant is authorized by law to incur all liabilities involved.
 - (b) That the persons executing the note or notes are duly authorized by legal and valid corporate action so to do, and that they are similarly authorized to pledge or hypothecate the collateral securities tendered therewith.
 - (c) That each note tendered therewith will upon delivery constitute a valid and binding obligation of the applicant according to its terms.
 - (d) That the collateral securities offered have been legally and validly issued, and that the War Finance Corporation will acquire a valid title thereto as pledgee.¹
 - (e) That the indorsements and/or guaranties offered constitute legal and binding obligations of such indorsers and/or guarantors.

On behalf of the applicant the following representations are made to the Board of Directors of the War Finance Corporation:

1. That the applicant is engaged in the business in the United States of a _____
(Bank, banker, or trust company.)
2. That the applicant's principal place of business in the United States is at _____.
3. That the applicant is a _____.

[State here whether applicant is an individual, partnership, corporation, or association. If an individual, state citizenship and residence. If a partnership, give names, citizenship, and residence of all partners. If a corporation, state under what laws applicant is organized. If an association, state where applicant maintains its principal place of business, under what laws, if any, it is organized, and describe briefly the nature of the association.]

¹ When the securities offered are listed and dealt in on a recognized public exchange in good standing, opinion of counsel as to their validity will not generally be required.

4. That the applicant has made or contemplates making an advance to the following persons, firms, or corporations engaged in the business in the United States of exporting domestic products to foreign countries, for the purpose of assisting in the exportation of such products:

5. That the amount from time to time called for under this application will not exceed the amount at that time remaining unpaid of such advance.

6. That the security offered as collateral is fully adequate, in the opinion of applicant, to protect the advance applied for.

7. That no agreement has been made or will be made to pay directly or indirectly to any person, firm, or corporation any commission or fee for obtaining this advance from the War Finance Corporation, and no such payments have been made or will be made, apart from reasonable compensation for legal service; and further that the amount applied for does not include any banker's commission or similar charges.

It is understood and agreed by the applicant that the War Finance Corporation shall have the right at any time to call for additional security.

The applicant agrees that, while any advance made to it by the corporation or any part of such advances shall remain unpaid, it will keep the corporation informed of any substantial change in the financial condition or corporate organization of the applicant, and of any substantial change which may come to the applicant's notice in the financial condition or corporate organization of any endorser or guarantor, and of any matter which may come to the applicant's notice affecting the validity or worth of any collateral deposited with the corporation.

There is submitted herewith in behalf of the applicant the following papers and documents, which are asked to be treated as part of this application.

(1)¹ Certified copy of charter or articles of incorporation, and certified copy of the by-laws of applicant.

(2)¹ Copy of resolutions of the board of directors or of the executive committee of the corporation authorizing the officers of the corporation to make and execute this application, to execute a promissory note or notes evidencing advance herein applied for, to pledge or hypothecate the securities herein offered as collateral for the advance, to receive and receipt for the proceeds of the advance, and to execute all other documents, agreements, or papers required by the War Finance Corporation.

(3)¹ Certificate of election to and present incumbency in office of such officers.

(4) Opinion of counsel as follows:

[While opinion of counsel, covering the validity of obligations, endorsements, collateral, etc., as hereinabove enumerated, need not be filed until the notes are tendered and an advance is called for, it will serve to expedite matters if applicant will submit herewith opinion of counsel covering as many of these points as it is possible to cover in advance.]

The following conditions imposed by the War Finance Corporation are hereby agreed to:

The following additional papers and documents required by the War Finance Corporation are herewith filed:

Upon the acceptance of this application by the War Finance Corporation, such application and acceptance shall be and become a contract between the War Finance Corporation and the applicant.

All statements and representations herein contained are made for the purpose of obtaining an advance within the meaning of section 18 of the War Finance Corporation Act as amended.

¹ Where the application is by an unincorporated bank, banker, or trust company, these papers need not be filed.

[For use by exporters.]

RESOLUTION OF THE BOARD OF DIRECTORS OR OF THE EXECUTIVE COMMITTEE OF AN APPLICANT FOR ADVANCES.

Whereas this corporation has entered into or proposes to enter into a contract involving the exportation of ----- from the United States to -----, and the officers of this company having been unable through ordinary banking channels to procure the necessary funds on reasonable terms to consummate this transaction, it is the sense of this meeting that an application should be filed with the War Finance Corporation for an advance or advances in the aggregate principal amount of ----- dollars under the provisions of section 21 of the War Finance Corporation Act as amended to assist in said exportation; and

Whereas under the terms of said act and under the requirements of said War Finance Corporation in order to secure such advance or advances, it is necessary for this corporation to file with the said War Finance Corporation an application or applications on forms prescribed or approved by it, and if such application is favorably acted upon, to execute and deliver to the said War Finance Corporation the promissory note or notes or other direct obligations of this corporation representing or evidencing the amount advanced to it and to pledge and hypothecate with the said War Finance Corporation security or securities for such advance or advances and as and when called upon by said corporation to pledge and hypothecate additional securities, so that said advance or advances may at all times be fully protected; and

Whereas it is necessary for the officers of this corporation to execute and deliver such other documents, papers, and agreements as from time to time may be required by said War Finance Corporation.

Now, therefore, be it

Resolved, That -----, the -----, and -----, the ----- of this corporation, or either of them, be, and they are hereby, authorized and empowered for and in the name and on behalf of this corporation to execute and deliver to the said War Finance Corporation the following papers and documents, to wit:

1. Preliminary application for advances in the amount of ----- dollars on form prescribed or approved by the War Finance Corporation.

2. If such preliminary application receives the favorable consideration of the War Finance Corporation and said officers are notified of the terms and conditions upon which said advance or any part thereof may be made to execute and deliver formal application for said advance or advances on form prescribed or approved by said War Finance Corporation or its counsel, said application to contain all necessary representations and conditions prescribed in the act aforesaid or required by the said War Finance Corporation.

3. To execute and deliver to the said War Finance Corporation the promissory note or notes or other direct obligation of this corporation in form prescribed or approved by the said War Finance Corporation, said note or notes or other direct obligation to be for such amount or amounts as may be advanced by said War Finance Corporation; to mature at such time or times as may be prescribed by said corporation; to bear such rate of interest as said corporation may require, and to contain such other conditions as may be imposed by the said War Finance Corporation.

Be it further resolved, That in order to secure the payment of such note or notes or other obligation of this corporation evidencing advances made to it by the said War Finance Corporation the said officers of this corporation be, and each of them is hereby, authorized and empowered to pledge and hypothecate with the said War Finance Corporation the following described securities, belonging to this corporation, together with such other securities available for that purpose as the War Finance Corporation may from time to time require

and such officers and each of them are further authorized and empowered to do any and all acts and to execute any and all instruments under the corporate seal of this corporation or otherwise, as may be necessary or desirable in order to meet such terms and conditions and requirements of the War Finance Corporation or its representatives.

Be it further resolved, That _____ the _____ of this corporation be and he is hereby authorized and empowered to receive and receipt for any and all advances made by said War Finance Corporation under the terms and provisions of said act and said application aforesaid and to indorse in the name of this corporation any checks or drafts representing the proceeds of such advance or advances.

Be it further resolved, That delivery of said proceeds of said advances may be made to the said _____ in person or by mail or telegraph to the following address _____ or in such other manner as the said _____ may direct.

I hereby certify that the foregoing is a true and correct copy of a resolution regularly presented and adopted by the board of directors (or by the executive committee) of the _____ corporation at a _____ meeting of said corporation duly called and held at _____ on the _____ day of _____, 1921, at which meeting a quorum was present and voted.

[SEAL.]

Secretary.

[Notarial certificate.]

[For use by banks and trust companies.]

RESOLUTION OF THE BOARD OF DIRECTORS OR OF THE EXECUTIVE COMMITTEE OF AN APPLICANT FOR ADVANCES.

Whereas this corporation has made (or contemplates making) an advance of _____ to certain persons, firms, or corporations (describe) engaged in business in the United States in exporting therefrom to foreign countries certain domestic products, said advance having been used (or to be used) to assist in the exportation of such products; and

Whereas it is the sense of this meeting that application shall be filed with the War Finance Corporation for an advance or advances in the aggregate principal amount of \$_____ or for the amount remaining unpaid of the advances made or to be made to the exporter as aforesaid on the date of said application, said application to be made to the War Finance Corporation under the provision of section 21 of the act of Congress known as the War Finance Corporation Act as amended; and

Whereas under the terms of said act and under the requirements of said War Finance Corporation, in order to secure such advance or advances, it is necessary for this corporation to file with the said War Finance Corporation an application or applications on forms prescribed or approved by it, and if such application is favorably acted upon, to execute and deliver to the said War Finance Corporation the promissory note or notes or other direct obligations of this corporation representing or evidencing the amount advanced to it and to pledge and hypothecate with the said War Finance Corporation security or securities for such advance or advances and as and when called upon by said corporation to pledge and hypothecate additional securities, so that said advance or advances may be at all times fully protected; and

Whereas it is necessary for the officers of this corporation to execute and deliver such other documents, papers, and agreements as may from time to time be required by said War Finance Corporation.

Now, therefore, be it

Resolved, That _____ the _____ and _____ the _____ of this corporation or either of them be and they are hereby authorized and empowered for and in the name and in behalf of this corporation to execute and deliver to the said War Finance Corporation the following papers and documents, to wit:

1. Preliminary application for advances in the amount of \$_____ on form prescribed or approved by the War Finance Corporation.

2. If such preliminary application receives the favorable consideration of the War Finance Corporation and said officers are notified of the terms and conditions upon which said advance or any part thereof may be made, to execute and deliver formal application for said advance or advances on form prescribed or approved by said War Finance Corporation or its counsel, said application to contain all necessary representations and conditions prescribed in the act aforesaid or required by the said War Finance Corporation.

3. To execute and deliver to the said War Finance Corporation the promissory note or notes or other obligation of this corporation in form prescribed or approved by the said War Finance Corporation; said note or notes or other obligation to be for such amount or amounts as may be advanced by said War Finance Corporation; to mature at such time or times as may be prescribed by said corporation; to bear such rate of interest as said corporation may require, and to contain such other conditions as may be imposed by the said War Finance Corporation.

Be it further resolved, That in order to secure the payment of such note or notes or other obligations of this corporation, evidencing advances made to it by the said War Finance Corporation, the said officers of this corporation be and each of them is hereby authorized and empowered to pledge and hypothecate

cate with the said War Finance Corporation the following-described securities belonging to this corporation :

 together with such other securities available for that purpose as the War Finance Corporation may from time to time require, and such officers and each of them are further authorized and empowered to do any and all acts and to execute any and all instruments under the corporate seal of this corporation or otherwise, as may be necessary or desirable in order to meet such terms and conditions and requirements of the War Finance Corporation or its representatives.

Be it further resolved, That ----- the ----- of this corporation be, and he is hereby, authorized and empowered to receive and receipt for any and all advances made by said War Finance Corporation under the terms and provisions of said act and said application aforesaid and to indorse in the name of this corporation any checks or drafts representing the proceeds of such advance or advances.

Be it further resolved, That delivery of said proceeds of said advances may be made to the said ----- in person or by mail or telegraph to the following address ----- or in such other manner as the said ----- may direct.

I hereby certify that the foregoing is a true and correct copy of a resolution regularly presented and adopted by the board of directors (or by the executive committee) of the ----- corporation at a ----- meeting of said corporation duly called and held at ----- on the ----- day of -----, 1921, at which meeting a quorum was present and voted.

[SEAL.]

Secretary.

[Notarial certificate.]

FORM OF OBLIGATION.

(Place) _____,
\$ _____ (Date) _____, 192-.

_____ after date, for value received, the undersigned, being a corporation organized and existing under the laws of _____, promises to pay to the War Finance Corporation (herein referred to as Payee) or order, at the Federal Reserve Bank of New York, in the city of New York, _____ dollars (\$_____), with interest at the rate of __ per cent per annum from the date hereof, payable _____, on the _____ day of _____, and has pledged to the Payee, as collateral security for the payment of this and all other liabilities of the undersigned to the Payee, whether direct or contingent, due or to become due, or which may hereafter be contracted or existing, the following: _____

The Payee is also given a lien for the payment of this note and of all such other liabilities upon all of the property or securities now or hereafter left by the undersigned in possession of the Payee, or of any person or corporation as representative of the Payee. The undersigned agrees that it will promptly deposit with the Payee such additional security acceptable to the Payee as the latter, from time to time, in the exercise of its uncontrolled discretion, may require for the full and adequate security of this note. Upon the nonpayment of the principal of or interest upon this note according to its terms, or any adjudication of the insolvency or bankruptcy of or any general assignment by the undersigned, or the appointment of a receiver for the undersigned, or any of its property, or the nonpayment when due of any other liability of the undersigned held by the Payee, or failure by the undersigned to satisfy any such requirement for the deposit of additional collateral hereunder, the Payee or any holder hereof is hereby authorized to declare the principal hereof, and of any such other liabilities due and payable, and thereupon the same shall be due and payable, and to collect or to sell, assign, and deliver the whole or any part of the above-named collateral securities, or any substitute therefor, or addition thereto, at any public or private sale or on any broker's board or stock exchange, at any time or times hereafter, without demand, advertisement, or notice; and upon such sale, if as much as five days' written notice thereof shall have been mailed to the undersigned, the Payee or holder hereof may become the purchaser of the whole or any part of such collateral securities, free from any right of redemption, and no notice of any adjournment of any such sale shall be required. In case of such sale, after deducting all legal or other costs and expenses for collection, sale, and delivery, the Payee or holder hereof may apply the residue of the proceeds of such collections, sale, or sales to the payment hereof and of any or all of the said liabilities, as the said Payee or its assignee shall deem proper, returning the overplus, if any, to the undersigned.

The Payee may collect and at the expense (and in the name of the undersigned or otherwise) enforce the payment when due of any of the collateral deposited hereunder, and at its election apply the proceeds thereof to payment hereof or hereon, or of any of such other liabilities.

The undersigned will bear all reasonable expense and all loss occasioned by or connected with the collection, enforcement, or transmission of securities pledged hereunder or instruments or documents delivered herewith or the remittance of proceeds of any of the foregoing, including, among other things, loss arising from negligence, insolvency, or default of any agent or instrumentality utilized by the Payee or sustained in any exchange transaction; all collections, enforcement proceedings, transmission of property and papers, and remittance of funds being solely at the cost and risk of the undersigned.

The undersigned further agrees that upon any transfer of this note the Payee may deliver the collateral securities held hereunder, or any part thereof or interest therein, to the transferee, who shall thereupon become vested with all the powers and rights above given in respect to such collateral securities requisite for enforcing the payment of the whole or any part of the indebtedness evidenced by this note, and the Payee shall thereafter be forever discharged and relieved from any liability or responsibility in the matter to the undersigned or to its successors or assigns.

The undersigned and all indorsers hereby waive protest and notice of dishonor and agree to remain bound for the payment of this obligation and all interest and charges thereon, and that the lien hereof and the pledge hereunder shall remain undisturbed notwithstanding any extension of time, substitution of collateral, or other indulgence granted by any holder of this note, hereby waiving all notice of such extension, substitution, or other indulgence.

The undersigned shall have the right, upon three days' notice in writing delivered to the Payee, at its principal office, to anticipate the payment of this note or of any part thereof, and any payment so made shall be indorsed thereon.

In witness whereof the undersigned has caused this note to be executed by its president or vice president and its corporate seal to be hereunto affixed by its secretary or assistant secretary, this ----- day of -----, 192-.

By -----
President.

Attest:

Secretary.

CERTIFICATE OF ELECTION TO AND PRESENT INCUMBENCY IN
OFFICE.

I, _____, secretary of the _____, do hereby certify that at a meeting of the board of directors of said corporation held on the _____ day of _____, 192__, the following persons were elected to the respective offices set under their respective names, and that said persons are the duly authorized and present incumbents of said offices, and that the signatures set opposite their respective names are true and genuine specimens of their respective signatures:

_____ <i>President.</i>	_____ (Specimen signature.)
_____ <i>Vice president.</i>	_____ (Specimen signature.)
_____ <i>Treasurer.</i>	_____ (Specimen signature.)
_____ <i>Secretary.</i>	_____ (Specimen signature.)

In witness whereof I have hereunto set my hand and affixed the seal of the corporation this _____ day of _____ 192__.

Secretary.

[CORPORATE SEAL.]

STATE OF _____,
County of _____, ss:

Before me, the undersigned notary public, personally appeared the above-named _____, _____, _____, and _____, known to me to be respectively the _____ of said corporation, and acknowledged to me that they are the said respective officers of said corporation, and that the signatures set opposite their respective names are their true and genuine signatures.

In witness whereof I have hereunto set my hand and affixed my notarial seal this _____ day of _____, 192__.

Notary Public.

NOTE.—The above certificate should indicate the election or appointment to and present incumbency in office and contain the specimen signatures of each and every officer of the corporation, who may execute any documents or papers in connection with applications to or advances by the War Finance Corporation.

SECTION 18 OF WAR FINANCE CORPORATION ACT.

SEC. 18. That whoever (1) makes any statement, knowing it to be false, for the purpose of obtaining for himself or for any other person, firm, corporation, or association any advance under this title, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

Whoever willfully overvalues any security by which any such advance is secured, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

Whoever (1) falsely makes, forges, or counterfeits any bond, coupon, or paper in imitation of or purporting to be in imitation of a bond or coupon issued by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by the corporation, knowing the same to be falsely made, forged, or counterfeited; or (3) falsely alters any such bond, coupon, or paper; or (4) passes, utters, or publishes as true any falsely altered or spurious bond, coupon, or paper issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, or willfully misapplies any moneys, funds, or credits, thereof or (2) with intent to defraud the corporation or any other company, body politic, or corporate, or any individual, or to deceive any officer of the corporation, (a) makes any false entry in any book, report, or statement of the corporation, or (b) without authority from the directors draws any order or assigns any note, bond, draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

The Secretary of the Treasury is hereby authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.