

In order to permit states, municipalities, political subdivisions or special districts or subdivisions of states, agencies of states and of municipalities, public corporations, public instrumentalities of one or more states, boards and commissions and private non-profit corporations, with or without capital stock, to assist in the purposes stated in clauses (1), (2) and (3), the Reconstruction Finance Corporation, the Home Owners' Loan Corporation, and the Farm Credit Administration including every Federal Land Bank, are each authorized and empowered to make loans for such purposes to such public bodies and such corporations. Such loans shall be made for a period not exceeding twenty years, shall be upon such terms and conditions as the lending corporation may determine, and shall be adequately secured to the satisfaction of such corporation.

The collateral security acquired by the lending corporations in the making of such loans may be used as collateral security for bond issues by the lending corporations under the provisions of law governing the issuance of bonds by such lending corporations.

In addition to grants and loans from funds provided under H. J. Res. 117, these State Rehabilitation Corporations would be able to borrow from the R. F. C., the H. O. L. C., the Farm Credit Administration and also from private lending agencies. Bonds issued by State Rehabilitation Corporations would be secured by collateral taken from state governments, civil divisions thereof and public and private non-profit corporations.

Through the procedure of combining grants and loans to a single instrumentality in each state, there would be an enormous increase in the achievements of the objectives of both the works bill and those now sought to be attained by the respective loaning agencies of the Federal Government through their contacts with individual citizens.

This procedure also would result in bonds issued by the state instrumentalities being strengthened to the extent that the granted funds should be used on projects providing the soundest type of collateral. Thus there would be furnished in each state a strong motivation for useful projects.

Administratively this arrangement would insure state and local responsibility and at the same time safeguard the Federal administrative agency or agencies because complete Federal control would be maintained by the rules and regulations of such Federal agency or agencies.