



FEDERAL RESERVE BANK
OF DALLAS

Circular No. 34
Series of 1921

May 26, 1921.

FACILITIES OF WAR FINANCE CORPORATION IN AID OF EXPORTS

TO THE MEMBER BANK ADDRESSED:

Advice has just been received from the Managing Director of the War Finance Corporation that Circular No. 1, containing information for prospective applicants for advances under Section 21 of the War Finance Corporation Act, is ready for distribution.

Circular No. 1 of the War Finance Corporation sets forth the requirements and regulations of the Corporation under which its facilities will be extended in the aid of exports of domestic products. In order that the possibilities of such facilities may be understood, 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 quoted below:

"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 exporters 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."

We shall be glad to send a copy of Circular No. 1 to anyone interested, upon receipt of request.

Respectfully,

A handwritten signature in cursive script, reading "R. L. Van Zandt".

Governor