

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1025, March 16, 1931
[Superseding Circular No. 757, Dec. 21, 1926]

Loans by Member and Nonmember Banks Secured
by Adjusted Service Certificates
and
Rediscount by Federal Reserve Banks of Notes Secured
by Adjusted Service Certificates

*To all Banks and Trust Companies
in the Second Federal Reserve District:*

Enclosed with this circular are the following:

- (1) Extract of regulations of the United States Veterans' Bureau regarding loans secured by adjusted service certificates, as amended to conform to the Act approved February 27, 1931, amending Section 502 of the World War Adjusted Compensation Act.
- (2) The Federal Reserve Board's Regulation G, Series of 1931, regarding rediscount of notes secured by adjusted service certificates, as amended to conform to the new law.
- (3) U. S. Veterans' Bureau Form 6615-a, being new form of note referred to in Section 4678 of the regulations of the United States Veterans' Bureau as amended, with forms of affidavits thereon for execution by bank officers.
- (4) U. S. Veterans' Form 6617, being form for use of banks in notifying the United States Veterans' Bureau of loans made to veterans secured by adjusted service certificates.
- (5) Form of resolution to be adopted by the boards of directors of banks authorizing the rediscount of notes secured by adjusted service certificates.
- (6) Form of application to Federal Reserve Bank of New York for rediscount of notes secured by adjusted service certificates.

Additional copies of the above regulations or forms will be furnished by this bank upon request.

Loans by Member and Nonmember Banks Secured
by Adjusted Service Certificates.

The World War Adjusted Compensation Act as amended by the Act approved February 27, 1931, and the regulations of the United States Veterans' Bureau prescribe the terms and conditions upon which member and nonmember banks may make loans secured by adjusted service certificates. Subject to the provisions of the law and of the regulations of the United States Veterans' Bureau, any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia, is authorized, after the expiration of two years after the date of the certificate, to loan to any veteran upon his promissory note secured by his adjusted service certificate any amount not in excess of the loan value of the certificate, which is (a) 50 per cent of the face value of the certificate, or (b) the loan value stated on the face of the certificate, whichever is the greater amount. The law provides that the rate of interest charged upon the loan by the lending bank shall not exceed by more than 2 per cent per annum the rate charged at the date of the loan for the discount of 90-day commercial paper by the Federal Reserve Bank of the Federal Reserve District in which the lending bank is located and, as to loans made on or after February 27, 1931, shall in no event exceed 4½ per cent per annum compounded annually.

Rediscount by Federal Reserve Banks of Notes
Secured by Adjusted Service Certificates.

Upon the endorsement of any bank, which shall be deemed a waiver of demand, notice and protest by such bank as to its own endorsement exclusively, and subject to regulations of the Federal Reserve Board, any such note secured by an adjusted service certificate and held by a bank is made eligible for rediscount with the Federal Reserve Bank of the Federal Reserve District in which such bank is located, *whether or not the bank offering the note for rediscount is a member of the Federal Reserve System and whether or not it acquired the note in the first instance from the veteran or acquired it by transfer upon the endorsement of any other bank*; provided that at the time of rediscount such note has a maturity not in excess of nine months, exclusive of days of grace, and complies in all other respects with the provisions of the law, the regulations of the United States Veterans' Bureau, and the regulations of the Federal Reserve Board.

Section 4678 of the regulations of the Veterans' Bureau as amended sets forth a new form of note (U. S. Veterans' Bureau Form No. 6615-a) which may be used by banks in making loans on the security of adjusted service certificates, containing a provision that if the principal and interest are not paid at maturity, the maker and all endorsers authorize the holder at his option, evidenced by the holder's endorsement to that effect on the note, to extend its maturity for a period of one year and to repeat such extensions from year to year. Subdivision (e) of Section III of the Federal Reserve Board's new Regulation G, Series of 1931, provides that when a note given by a veteran for a loan on his adjusted service certificate contains, in the form approved by the Director of the United States Veterans' Bureau, a provision for the extension of the maturity thereof from year to year, at the option of the holder evidenced by his endorsement thereon, the maturity of said note (after the first maturity stated therein) shall, for the purpose of determining its eligibility for rediscount, be deemed to be that stated in the latest extension endorsed thereon by the holder. The above mentioned new form of note (U. S. Veterans' Bureau Form No. 6615-a) will, therefore, be eligible for rediscount at a Federal Reserve Bank whenever the maturity date stated in the latest extension endorsed on the note by the holder is not more than nine months after the date of rediscount provided, of course, that the note complies in all other respects with the requirements of the law and of the regulations. Banks making loans on notes secured by adjusted service certificates, which do not desire to preserve the eligibility of such notes for rediscount after the first maturity may properly use the same form (U. S. Veterans' Bureau Form No. 6615) which has been used heretofore for making loans on the security of adjusted service certificates.

Any member or nonmember bank desiring to rediscount with the Federal Reserve Bank of New York notes secured by adjusted service certificates should, if it has not already done so, file with the Federal Reserve Bank of New York a certified copy of resolution adopted by the board of directors of such member or nonmember bank authorizing the officers therein designated to rediscount such notes. All notes offered to the Federal Reserve Bank of New York for rediscount which are secured by adjusted service certificates should be listed on the form of application provided for this purpose, which should be filled out so as to give full information as called for and should be signed by a duly authorized officer of the offering bank, i.e. by an officer designated in the resolution referred to in this paragraph. Copies of both the form of resolution and the form of application referred to in this paragraph are enclosed with this circular.

GEORGE L. HARRISON,
Governor.

VETERANS ADMINISTRATION
UNITED STATES VETERANS BUREAU
WASHINGTON D. C.

EXTRACT OF REGULATIONS

LOANS BY BANKS ON ADJUSTED SERVICE CERTIFICATES UNDER SECTION 502 OF
THE WORLD WAR ADJUSTED COMPENSATION ACT AS AMENDED FEBRUARY 27, 1931.

C O P Y
March 4, 1931

LOANS BY BANKS ON ADJUSTED SERVICE CERTIFICATES UNDER SECTION 502 OF THE WORLD WAR
ADJUSTED COMPENSATION ACT.

4675. CERTIFICATES.- Adjusted service certificates are dated as of the 1st day of the month in which the applications were filed, but no certificates are dated prior to January 1, 1925. Loans on the security of such certificates may not be made before the expiration of two years after the date of the certificate. The fact that a certificate is stamped or marked "duplicate" does not destroy its value as security for a loan.

4676. TO WHOM LOAN MAY BE MADE.- Only the veteran named in the certificate can lawfully obtain a loan on his adjusted service certificate and neither the beneficiary nor any other person than the veteran has any rights in this respect. The person to whom the loan is made must be known to the lending bank to be the veteran named in the certificate securing such note. The consent of the beneficiary is not required, the act providing that a loan on the security of the certificate may be made "with or without the consent of the beneficiary thereof." Loans may be made to veterans adjudged incompetent only through the guardians of such veterans and pursuant to specific order of the court having jurisdiction. Certified copy of court order must be submitted if note be presented for redemption by the United States Veterans' Bureau.

4677. BY WHOM LOANS MAY BE MADE.- Any national bank or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia, hereinafter referred to as any "bank", is authorized to loan to any veteran upon his promissory note secured by his Adjusted Service Certificate and after two years from the effective date thereof, any amount not in excess of the loan value of the certificate at the date the loan is made. Each certificate contains on its face a table for determining the loan value of the certificate, but it is provided by amendment to the World War Adjusted Compensation Act dated February 27, 1931, that the loan value of any certificate shall at no time be less than 50 per cent of the face value. Upon the making of such loan, the lending bank shall promptly notify the Bureau of the name of the veteran, the A-number shown immediately after the name, the number of the certificate, the amount, the rate of interest, and date of loan; how-
ever, this requirement may be waived by the director. (February 27, 1931.)

4678. FORM OF NOTE.- The form of note used in making loans secured by Adjusted Service Certificates should substantially follow U. S. Veterans' Bureau Form No. 6615 or 6615-a. U. S. Veterans' Bureau Form 6615-a is as follows:

_____ 19____
\$ _____

One year after date I promise to pay to the order of _____
_____ Dollars for value received,
with interest after date until paid _____
(at the rate of _____ per cent per annum, simple interest)
(_____)
(at the rate of _____ per cent per annum, compounded annually on the)
(anniversary of the date of the note.)

This note is payable at the bank named above.

If the principal and interest of this note are not paid at maturity, the maker and all endorsers hereby authorize the holder, at his option, evidenced by the

holder's endorsement to that effect hereon, to extend the maturity of this note for a period of one year, and to repeat such extension from year to year. Whenever the holder shall endorse an extension of maturity hereon, this note and all endorsements hereon shall remain in full force and effect according to their original tenor, except that the maturity of the note shall then be deemed for all purposes to be that stated in the latest extension.

As collateral security for the prompt payment of this note I have delivered to and do hereby pledge with the holder of this note my Adjusted Service Certificate No. _____ dated _____, further identified by No. A _____

This note may be sold, discounted, or rediscounted and the certificate pledged herewith may be transferred in accordance with the provisions of the World War Adjusted Compensation Act, as amended. If the principal and interest of this note are not paid at its maturity, any bank holding this note and certificate may, at any time after maturity of the loan, but not before the expiration of six months after the loan was made, present this note and certificate to the Director of the United States Veterans' Bureau in order to secure payment of this loan, as provided in the World War Adjusted Compensation Act, as amended.

X _____
(Signature of veteran)

(Please print or typewrite name and address of veteran here.)
Name of veteran _____
Street address or route number _____
City or town and State _____

The form of endorsement used in accordance with the second paragraph of Form 6615-a should be substantially as follows:

The principal and interest of this note not having been paid at maturity, the maturity is hereby extended to

_____, Holder
(Date of new maturity) (Signature of Holder)

(February 27, 1931)

4679. INTEREST CHARGES.- The rate of interest which a bank may charge upon such a loan shall not exceed by more than 2 per cent per annum, the rate charged at the date of the loan for the discount of 90-day commercial paper under section 13 of the Federal reserve act by the Federal reserve bank of the district in which the lending bank is located. As to all loans made on or after February 27, 1931, the rate of interest must not exceed (a) simple interest at a rate 2 per cent above the Federal reserve discount rate of the district of the lending bank, or (b) 4½ per cent interest compounded annually, whichever is the lower. In no event shall the rate of interest charged exceed the maximum legal rate established for the state, territory, or possession of the United States in which the bank is located. When a loan is made by a bank located in a territory or possession not embraced in any Federal reserve district, the highest rate charged by any Federal reserve bank at the date of the loan for the discount of 90-day commercial paper may be taken as the basis for establishing the rate of interest on loans made in such territory or possession. In no event may the rate of interest charged on loans made subsequent to February 27, 1931, exceed 4½ per cent compounded annually. The rates of interest charged on loans made outside

the continental limits of the United States by a branch of a bank whose head office is in the Federal reserve district are governed by the discount rate charged by the Federal reserve bank in which such head office is located, provided however that in no event shall a rate charged for any loan made on or after February 27, 1931, exceed 4½ per cent compounded annually. No charge, other than the interest charge provided herein, may be made by the lending bank, the act providing, under penalty, that such bank shall not charge or collect, or attempt to charge or collect directly or indirectly, any fee or other compensation in respect of any loan made upon the security of an Adjusted Service Certificate except the interest authorized by law. Any violation of this provision will make the loan void. On notes containing option of extension in the form prescribed in Section 4678 of these regulations, the interest rate may continue at the rate charged on the date the loan was originally made. (February 27, 1931.)

4680. SALE OR DISCOUNT OF NOTE BY HOLDING BANK.- Any bank holding a note secured by an Adjusted Service Certificate may sell the note to any bank authorized to make a loan to a veteran and deliver the certificate to such bank. In case a note secured by an Adjusted Service Certificate is sold or transferred, the bank selling, discounting or rediscounting the note is required by law to notify the veteran promptly by mail at his last known post-office address. No Adjusted Service Certificate is negotiable or assignable, or may serve as security for a loan, except as provided in Section 502 of the World War Adjusted Compensation Act, as amended. Any negotiation, assignment or loan made in violation of Section 502 of the World War Adjusted Compensation Act is void. In case of sale, discount or rediscount by the bank which made the loan, the note or notes should be accompanied by the affidavit required by paragraph 4685 of these regulations. (February 27, 1931.)

4681. REDISCOUNTS WITH FEDERAL RESERVE BANKS.- Upon the indorsement of any bank, which shall be deemed a waiver of demand, notice and protest by such bank as to its own indorsement exclusively, and subject to regulations to be prescribed by the Federal Reserve Board, any such note secured by an adjusted service certificate and held by a bank is made eligible for discount or rediscount by the Federal reserve bank of the Federal reserve district in which such bank is located, whether or not the bank offering the note for discount or rediscount is a member of the Federal Reserve System and whether or not it acquired the note in the first instance from the veteran or acquired it by transfer upon the indorsement of any other bank; provided that at the time of discount or rediscount such note has a maturity not in excess of nine months, exclusive of days of grace, and complies in all other respects with the provisions of the law, the regulations of the Federal Reserve Board and these regulations.

REDEMPTION BY BUREAU.

4682. If the veteran does not pay the loan at its maturity, the bank holding the note and certificate may at any time after the maturity of the loan, BUT NOT BEFORE THE EXPIRATION OF SIX MONTHS AFTER THE LOAN WAS MADE, present them to the director of the bureau. The director may in his discretion accept the certificate and note and pay the bank in full satisfaction of its claim, the amount of the unpaid principal due it, and the unpaid interest at the rate fixed in the note, up to the date of the check issued to the bank.

4683. It will be the policy of the Bureau to redeem all loans made in accordance with the law and regulations made pursuant thereto, when such loans are made in good faith to the veteran to whom the certificate was issued. If, while his certificate

is held by a bank as security for a loan, the veteran applies for the increased loan value authorized by the amendment to the World War Adjusted Compensation Act dated February 27, 1931, whether or not the loan has matured, the veteran and the bank will be informed fully of the provisions of this section and that the bank may make the loan for the additional amount or, upon request of the veteran, may send the note and certificate to the director of the bureau. The director shall, if the loan was legally made, accept such certificate and note, and pay to the bank in full satisfaction of its claim the amount of the unpaid principal due it and the unpaid interest at the rate fixed in the note, up to the date of the check issued to the bank, or up to the date of maturity of the loan whichever is the later date. If the loan has not matured the bank may waive its right to interest up to date of maturity or any portion of such interest. (February 27, 1931.)

4684. If the veteran dies before the maturity of the loan, the amount of the unpaid principal and the unpaid interest accrued up to the date of his death shall be immediately due and payable. In such case, or if the veteran dies on the day the loan matures or within six months thereafter, the bank holding the note and certificate shall, upon notice of the death, present them to the director, who shall pay to the bank, in full satisfaction of its claim, the amount of the unpaid principal and unpaid interest, at the rate fixed in the note, accrued up to the date of the check issued to the bank; except that if, prior to the payment, the bank is notified of the death by the director and fails to present the certificate and note to the director within 15 days after the notice such interest shall be only up to the fifteenth day after such notice.

4685. In order to be eligible for redemption by the Bureau, the note and certificate must be accompanied by an affidavit of a duly authorized officer (the capacity in which the officer serves must be shown) of the lending bank showing that the said bank has not charged or collected, or attempted to charge or collect, directly or indirectly, any fee or other compensation in respect of the loan, or any other loan made by the bank under the provisions of Section 502 of the World War Adjusted Compensation Act, except the rate of interest specified in the section of the Act cited; that the person who obtained the loan is known to the lending bank to be the person named in the Adjusted Service Certificate; and that notice required by paragraph 4677 of these regulations was promptly given. In case the note was sold or discounted by the lending bank, there should be incorporated in the affidavit a statement that the veteran was notified promptly of the transfer by mail to his last known address. In case the note was resold or rediscounted by any other bank, affidavit shall be made by a duly authorized officer of such bank that proper notice of such resale or rediscount was promptly mailed to the veteran at his last known address. The proper execution of the appropriate affidavit on Form No. 6615 will be considered as a compliance with the requirements of this paragraph. A single affidavit setting forth the full particulars may be accepted to cover any number of veterans notes submitted for redemption at one time. The affidavit must be executed before a judge of the United States court, United States commissioner, United States district attorney, United States marshal, collector of internal revenue, collector of customs, United States postmaster, clerk of court of record under the seal of the court, an executive officer of an incorporated bank or trust company, under his official designation and the seal of the bank or trust company, or a notary public under his seal, or a diplomatic or consular officer of the United States, under his official seal. (February 27, 1931.)

FEDERAL RESERVE BOARD

REGULATION G, SERIES OF 1931

REDISCOUNT OF NOTES SECURED BY
ADJUSTED SERVICE CERTIFICATES

SECTION I. MISCELLANEOUS PROVISIONS

REGULATION G

This Regulation as printed herewith is in the form
as amended March 2, 1931



UNITED STATES

GOVERNMENT PRINTING OFFICE

WASHINGTON : 1931

REGULATION G, SERIES OF 1931

(Superseding Regulation G of 1928)

**REDISCOUNT OF NOTES SECURED BY ADJUSTED SERVICE
CERTIFICATES**

SECTION I. STATUTORY PROVISIONS

Under the terms of the World War adjusted compensation act as amended, loans may lawfully be made to veterans upon their adjusted service certificates only in accordance with the provisions of section 502 thereof.

Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia is authorized, after the expiration of two years after the date of the certificate, to loan to any veteran upon his promissory note secured by his adjusted service certificate any amount not in excess of the loan value of the certificate, which is (a) 50 per cent of the face value of the certificate, or (b) the loan value stated on the face of the certificate, whichever is the greater amount. The law provides that the rate of interest charged upon the loan by the lending bank shall not exceed by more than 2 per cent per annum the rate charged at the date of the loan for the discount of 90-day commercial paper by the Federal reserve bank of the Federal reserve district in which the lending bank is located and, as to loans made on or after February 27, 1931, shall in no event exceed 4½ per cent per annum compounded annually.

Upon the indorsement of any bank, which shall be deemed a waiver of demand, notice and protest by such bank as to its own indorsement exclusively, and subject to regulations to be prescribed by the Federal Reserve Board, any such note secured by an adjusted service certificate and held by a bank is made eligible for rediscount with the Federal reserve bank of the Federal reserve district in which such bank is located, whether or not the bank offering the note for rediscount is a member of the Federal reserve system and whether or not it acquired the note in the first instance from the veteran or acquired it by transfer upon the indorsement of any other bank; provided that at the time of rediscount such note has a maturity not in excess of nine months, exclusive of days of grace, and complies in all other respects with the provisions of the law, the

regulations of the United States Veterans' Bureau, and the regulations of the Federal Reserve Board.

SECTION II. DEFINITIONS

Within the meaning of this regulation—

(a) The term "the act" shall mean the World War adjusted compensation act as amended;

(b) The term "director" shall mean the Administrator of Veterans' Affairs, who has been vested by law with the power and duties formerly vested in the Director of the United States Veterans' Bureau;

(c) The term "certificate" shall mean an adjusted service certificate issued under the provisions of section 501 of the World War adjusted compensation act as amended;

(d) The term "veteran" shall mean any person to whom an adjusted service certificate has been issued by the director under the provisions of the World War adjusted compensation act as amended;

(e) The term "bank" shall mean any national bank or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia;

(f) The term "note" shall mean a promissory note secured by an adjusted service certificate and evidencing a loan made by a bank on the security of such certificate in full compliance with the provisions of the World War adjusted compensation act as amended and the regulations of the Administrator of Veterans' Affairs.

SECTION III. ELIGIBILITY

In order to be eligible for rediscount at a Federal reserve bank, any such note must—

(a) Arise out of a loan made by a bank to a veteran in full compliance with the provisions of the act and of any regulation which the director may prescribe;

(b) Be secured by the certificate issued to the maker, which certificate must accompany the note;

(c) Be held by the offering bank in its own right at the time it is offered for rediscount;

(d) Be in the form approved by the director;

(e) Have a maturity at the time of rediscount not in excess of nine months, exclusive of days of grace; *provided, however*, that when such note contains, in the form approved by the

director, a provision for the extension of the maturity thereof from year to year, at the option of the holder evidenced by his indorsement thereon, the maturity of said note (after the first maturity stated thereon) shall, for the purpose of determining its eligibility for rediscount, be deemed to be that stated in the latest extension indorsed thereon by the holder;

(f) Evidence a loan the amount of which does not exceed (a) 50 per cent of the face value of the certificate or (b) the loan value stated on the face of the certificate for the year in which such loan was made, whichever amount is greater;

(g) Be payable with interest accruing after the date of the note at a rate stated in the face of the note, which rate must not exceed by more than 2 per cent per annum the rate charged at the date of the loan for the discount of 90-day commercial paper by the Federal reserve bank of the Federal reserve district in which the lending bank is located; *provided, however*, that, if the loan was made on or after February 27, 1931, the rate must not in any event exceed $4\frac{1}{2}$ per cent per annum, compounded annually;

(h) Bear the indorsement of the bank offering it for rediscount, which indorsement shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively;

(i) Be accompanied by the evidence of eligibility required by this regulation and such other evidence of eligibility as may be required by the Federal reserve bank to which it is offered for rediscount; and

(j) Comply in all other respects with the requirements of the law and of this regulation.

SECTION IV. EVIDENCE OF ELIGIBILITY

(a) **General.**—The Federal reserve bank to which a note is offered for rediscount must be satisfied either by reference to the note itself or otherwise that the loan evidenced by the note or any sale, discount, or rediscount thereof complies in all respects with the provisions of section 502 of the act and that the note is eligible for rediscount by a Federal reserve bank under the terms of the law and the provisions of this regulation.

(b) **Affidavit of lending bank.**—Any note offered to a Federal reserve bank for rediscount must be accompanied by the affidavit required by section 502(h) of the act and the regulations of the director, in form approved by the director, made by an officer of the bank which

made the loan, before a notary public or other officer designated for the purpose by regulation of the director, stating that—

(1) Such bank has not charged or collected, or attempted to charge or collect, directly or indirectly, any fee or other compensation in respect of any loan, made by such bank to any veteran under section 502 of the act, except the interest authorized by such section;

(2) The person who obtained the loan evidenced by such note is known to be the veteran named in the certificate securing such note;

(3) Such bank has notified the director that it has made a loan to the veteran named in the certificate, as required by the regulations of the director; and

(4) Such bank has notified the veteran by mail at his last known post-office address of any sale, discount, or rediscount of such note by such bank, as required by section 502(b) of the act.

(c) **Affidavit of other banks.**—If such note is offered for rediscount by a bank other than the bank which made the loan thereon, it must also be accompanied by an affidavit of an officer of the offering bank and an affidavit of an officer of each other bank which has sold, discounted, or rediscounted such note, which affidavit shall be in form approved by the director and shall state that the bank of which the affiant is an officer has promptly notified the veteran by mail at his last known post-office address of the sale, discount, or rediscount of such note by such bank, as required by section 502 (b) of the act.

SECTION V. APPLICATION FOR REDISCOUNT

Every application for the rediscount of such notes shall be made on a form approved by the Federal reserve bank to which such note is offered and shall contain a certificate of the offering bank to the effect that, to the best of its knowledge and belief, such note arose out of a loan made in full compliance with the provisions of the act and the regulations of the director and is eligible for rediscount under the provisions of section 502 of the act and of this regulation.

SECTION VI. PROPER BANK FOR REDISCOUNT

No such note shall be rediscounted by any Federal reserve bank for any bank not located in its own Federal reserve district, except that such notes may be rediscounted by any Federal reserve bank for any other Federal reserve bank.

SECTION VII. RATE OF REDISCOUNT

The rate of interest charged by any Federal reserve bank on any such note rediscounted by it shall be the same as that charged by it for the rediscount of 90-day notes drawn for a commercial purpose, except that when such notes are rediscounted for another Federal reserve bank the rate shall be that fixed by the Federal Reserve Board.

SECTION VIII. REDISCOUNTS FOR NONMEMBER BANKS

No Federal reserve bank shall rediscount such notes for any non-member bank until such bank has furnished to the Federal reserve bank such information as it may request in order to satisfy itself as to the condition of such bank and the advisability of making the rediscount for it.



NOTE AND AFFIDAVITS

\$ _____ (Place) _____ (Date)
One year after date, I promise to pay to the order of _____
(Name of bank or trust company)
of _____ (City or town and State) _____ Dollars

for value received, with interest after date until paid { at the rate of _____% per annum, simple interest.
at the rate of _____% per annum, compounded annually on the anniversary of the date of the note. }

This note is payable at the bank named above. If the principal and interest of this note are not paid at maturity, the maker and all indorsers hereby authorize the holder, at his option, evidenced by the holder's indorsement to that effect hereon, to extend the maturity of this note for a period of one year, and to repeat such extension from year to year. Whenever the holder shall indorse an extension of maturity hereon, this note and all indorsements hereon shall remain in full force and effect according to their original tenor, except that the maturity of the note shall then be deemed for all purposes to be that stated in the latest extension.

As collateral security for the prompt payment of this note, I have delivered to and do hereby pledge with the holder of this note my adjusted service certificate No. _____, dated _____, further identified by No. A. _____
This note may be sold, discounted, or rediscounted and the certificate pledged herewith may be transferred in accordance with the provisions of the World War Adjusted Compensation Act, as amended. If the principal and interest of this note are not paid at its maturity, any bank holding this note and certificate may, at any time after maturity of the loan, but not before the expiration of six months after the loan was made, present this note and certificate to the Director of the United States Veterans Bureau in order to secure payment of this loan, as provided in the World War Adjusted Compensation Act, as amended.

(Signature of veteran)

(Please print or
typewrite name and
address of veteran
here)

Name of veteran _____
Street address or route number _____
City or town and State _____

STATE OF _____ }
COUNTY OF _____ } ss:

I, _____ (Name of officer), being duly sworn, depose and say that I am _____ (Title of office)
of _____ (Bank or trust company) of _____ (City or town and State), which is a
bank incorporated under the laws of _____; that the person who obtained the loan evidenced by the
above note is known to be the veteran named in the adjusted service certificate referred to therein; that the said bank or trust
company has not charged or collected or attempted to charge or collect, directly or indirectly, any fee or other compensation (except
interest as authorized by Section 502 of the World War Adjusted Compensation Act, as amended) in respect of any loan made under
this section by the bank to a veteran; that the United States Veterans Bureau was promptly notified of the making of the original
loan as required by section 4677 of the Regulations of the United States Veterans Bureau; that in any negotiation of this note by sale,
discount, or rediscount subsequent to the original loan, proper legal notice was given to the veteran as required by Section 502 (b) of
the act, and that this affidavit is made pursuant to authority given by the Board of Directors.

Subscribed and sworn to before me this _____ day of _____
(Signature of officer)

(Notary public, or other officer designated by the United States Veterans Bureau)
(See section 4685 regulations U. S. V. B.)

STATE OF _____ }
COUNTY OF _____ } ss:

I, _____ (Name of officer), thereunto duly authorized, being sworn, depose and say
that I am _____ (Title of office) of the _____ (Name of bank or trust company)
of _____ (City or town and State) and that the veteran who obtained the loan evidenced by the above note,
which was transferred to this bank by _____ (Name of bank or trust company)
has been notified by the _____ (Name of bank or trust company) that the said note is being
retransferred to the _____ (Name of bank or trust company) for sale, discount, or rediscount.

(Signature of officer)

Subscribed and sworn to before me this _____ day of _____

(Notary public, or other officer designated by the United States Veterans Bureau)
(See section 4685 regulations U. S. V. B.)

The interest rate chargeable is 2 per cent above the Federal Reserve discount not to exceed 4 1/2 per cent per annum,
compounded annually.

NOTICE OF LOAN SECURED BY ADJUSTED COMPENSATION CERTIFICATE

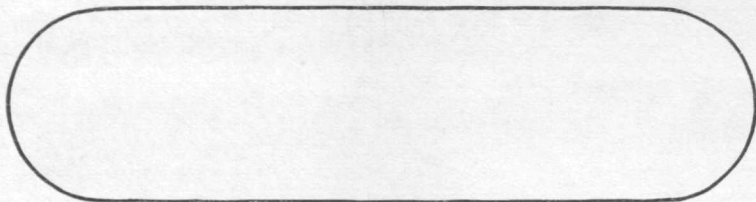
THE DIRECTOR, U. S. VETERANS BUREAU,
Washington, D. C.

Date, 19

DEAR SIR: You are informed that a loan of \$....., secured by Adjusted Service Certificate No....., was made, 19 , to, the veteran named on the face of the Certificate, whose A-number appearing immediately after his name is

.....
(Signature)

(Forward in duplicate. The carbon copy will be returned as your receipt.)



(Type name and address of Bank or Trust Co. above)

**Authority for Rediscounting Notes Secured by Adjusted Service Certificates
With the Federal Reserve Bank of New York**



WHEREAS, it is desired that the officers of this bank should from time to time be able to rediscount on its behalf veterans' notes secured by adjusted service certificates, Now, therefore, be it

RESOLVED:

1st. That the President, any Vice-President, and the Cashier, of this Bank, and....., of this bank, (Insert title of any other officers designated) be, and any one of them is, hereby authorized for and in behalf of this bank to endorse and rediscount with the Federal Reserve Bank of New York any such notes now or hereafter held by this bank, upon such terms and at such time or times as to them or him may seem desirable, and to do any and all other acts necessary or incidental to the rediscount of any such notes.

2nd. That the foregoing powers shall continue and remain in force until written notice of their revocation has been duly given to said Federal Reserve Bank of New York.

I, the undersigned, do hereby certify that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of the

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duly called and held on the.....day of.....193....., at which a quorum was present, and of the whole of the said resolution, as set forth in the minutes of the said meeting, and that the said resolution has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said bank this.....day of.....193.....

.....
Secretary.

[SEAL]

