

FEDERAL RESERVE BOARD

WASHINGTON

December 4, 1926.

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

SUBJECT: PRELIMINARY INFORMATION RE NOTES SECURED BY ADJUSTED SERVICE
CERTIFICATES.

Dear Sir:

Pursuant to action taken at the recent Governors' Conference, Governor McDougal designated Messrs. W. J. Davis, Assistant Cashier of the Federal Reserve Bank of Philadelphia, George S. Sloan, Assistant Cashier of the Federal Reserve Bank of Richmond, and W. D. Gentry, Assistant Cashier of the Federal Reserve Bank of Dallas, to serve as a committee to confer with this office in connection with the preparation of regulations and circulars relative to the discount of notes secured by adjusted service certificates. The Committee met in Washington on the morning of Wednesday, December 1st, and finished its work on the afternoon of Friday, December 3rd.

Pursuant to the informal understanding arrived at during the Governors' Conference, this office, with the assistance and very helpful cooperation of the committee, proceeded to prepare proposed regulations on this subject for submission to the Federal Reserve Board and a draft of a circular letter to be sent by each Federal reserve bank to every incorporated member or nonmember bank in its district. It will be remembered that the Director of the Veterans' Bureau had requested the Federal Reserve Board to obtain the cooperation of the Federal reserve banks in informing all banks as to the manner in which loans might be made on adjusted service certificates. In view of this fact, the proposed circular letter contains much information of a general nature for the guidance of banks in making loans on adjusted service certificates, in addition to information with respect to the rediscount of notes evidencing such loans. It is believed that this letter will save much correspondence on the part of the Federal reserve banks by answering in advance many questions which banks would otherwise ask the Federal reserve banks.

The operating details set out in the circular letter will not comply in every particular with the practice in all Federal reserve districts, and it is expected that certain portions of the letter, especially those pertaining to "Method and Terms of Rediscount" and "Collection of Rediscounted Notes at Maturity" will have to be changed by some of the banks in order to comply with their practices. It is hoped, however, that in other respects the circulars finally issued by Federal reserve banks will be uniform in so far as practicable.

There are enclosed for your information preliminary copies of the various documents prepared jointly by the committee and by this office. It is important to note that these documents are in tentative form and are subject to change. The proposed regulation has not yet been submitted to the Federal Reserve Board for approval and may be changed before it is finally promulgated. Both the circular letter and the regulation are based on the assumption that the Director of the Veterans' Bureau will promulgate certain regulations; and they will have to be changed if the Veterans' Bureau declines to promulgate such regulations.

It is expected that the Veterans' Bureau will issue regulations covering loans on adjusted service certificates within a few days. As soon as that Bureau takes definite action, the proposed regulations of the Board will be submitted to the Federal Reserve Board for approval with such changes, if any, as are found to be necessary.

As soon as the Veterans' Bureau and the Federal Reserve Board have officially promulgated regulations, copies of such regulations, together with final drafts of the proposed circular letter and all the other documents enclosed, will be forwarded promptly to each Federal reserve bank, in order that each Federal reserve bank may take the necessary steps to send the circular letter and enclosures to all member banks in its district at the earliest possible date - by December 15, if possible.

It is expected that the Director of the Veterans' Bureau will furnish to each Federal reserve bank a sufficient supply of copies of the adjusted compensation act, the amendment thereto, the regulations of the Veterans' Bureau, and any forms which may be approved by the Veterans' Bureau, to enable each Federal reserve bank to send a copy of same to every bank in its district. The Federal Reserve Board, of course, will furnish a similar supply of copies of its regulations on this subject. If this is done, it will be necessary for the Federal reserve banks to have printed only the circular letter, the authorization to rediscount, and the application for rediscount.

Very truly yours,

Walter Wyatt,
General Counsel.

(Enclosures)

TO THE GOVERNORS OF ALL F.R. BANKS.

(Tentative draft subject to change. Not for publication in this form)

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FEDERAL RESERVE BANK OF _____

Circular No. _____

_____, 1926.

REDISCOUNT OF NOTES SECURED BY ADJUSTED SERVICE CERTIFICATES.

To all Incorporated Banks in the

_____, Federal Reserve District,

Under the provisions of the World War Adjusted Compensation Act, adjusted service certificates shall be dated as of the 1st day of the month in which the applications for such certificates are filed, but in no case before January 1, 1925. Banks are authorized to make loans on the security of such adjusted service certificates, but not before the expiration of two years after the date of the certificate.

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.

LOANS ON ADJUSTED SERVICE CERTIFICATES.

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 (without the consent of the beneficiary 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.

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 making the transfer is required by law to notify the veteran promptly by mail at his last known postoffice 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, which is printed on the face of each adjusted service certificate. Any negotiation, assignment or loan made in violation of the provisions of Section 502 of the World War Adjusted Compensation Act is void.

The law provides that the rate of interest which a bank may charge upon such loan shall not exceed by more than 2% 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.

The Director of the United States Veterans' Bureau cannot lawfully make payment on any note secured by an adjusted service certificate, unless the note when presented to him is accompanied by an affidavit 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 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 upon the security of an adjusted service certificate by the bank to a veteran, except the interest authorized by law.

The Regulations of the Veterans' Bureau also require that such affidavit shall state:

(1) That the person who obtained the loan evidenced by such note is known to be the veteran named in the adjusted service certificate securing such note, and

(2) That the bank has notified the veteran by mail at his last known post office address of any sale, discount, or rediscount of such note.

REDEMPTION OF CERTIFICATES BY THE DIRECTOR
OF THE VETERANS' BUREAU.

If the veteran does not pay the loan at its maturity the bank holding the note and adjusted service 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 Veterans' 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 accrued at the rate fixed in the note, up to the date of the check issued to the bank.

If the veteran dies before the maturity of the loan, the amount of unpaid principal and unpaid interest accrued up to the date of his death immediately becomes due and payable. In such case, or if the veteran dies on the date the loan matures or within six months thereafter, the bank holding the note and the certificate shall, upon notice of the death of the veteran,

present them to the Director of the Veterans' Bureau who shall thereupon pay 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 by the Director of the death of the veteran and fails to present the certificate and note to the Director within 15 days after such notice, interest shall be paid only up to the 15th day after such notice.

If the veteran has not died before the maturity of the certificate and has failed to pay his note to the bank holding the note and certificate, such bank at the maturity of the certificate may present the note and certificate to the Director of the Veterans' Bureau, who is thereupon required by law to 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 maturity of the certificate.

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 346
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 and
the regulations of the Federal Reserve Board.

ELIGIBILITY FOR REDISCOUNT.

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

1. Arise out of a loan made by a bank to a veteran in full compliance with the provisions of the World War Adjusted Compensation Act and the regulations of the United States Veterans' Bureau;
2. Be secured by the adjusted service certificate issued to the maker, which certificate must accompany the note;
3. Be held by the offering bank in its own right at the time it is offered for rediscount;
4. Be negotiable in form and otherwise in the form approved by the United States Veterans' Bureau;
5. Have a maturity at the time of rediscount not in excess of nine months, exclusive of days of grace;
6. Evidence a loan the amount of which does not exceed the loan value of the adjusted service certificate for the year in which such loan was made;
7. Be payable with interest accruing after the date of the note at a rate stated in the face of the note, which rate 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 payee bank is located;
8. Bear the endorsement of the bank offering it for rediscount, which endorsement shall be deemed a waiver of demand, notice and protest

by such bank as to its own endorsement exclusively;

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9. Be accompanied by the evidence of eligibility required by the Regulations of the Federal Reserve Board and by such other evidence of eligibility as this bank may require;

10. Be accompanied by such affidavits and other evidence as would be required by the Veterans' Bureau in the event this bank should apply to the Veterans' Bureau for payment of the note; and

11. Comply in all other respects with the requirements of the law and of the regulations of the Federal Reserve Board.

INELIGIBILITY AS COLLATERAL TO A BANK'S OWN NOTE.

Neither a member bank nor a nonmember bank may borrow from a Federal reserve bank on its own promissory note secured by notes of veterans in turn secured by adjusted service certificates; because neither the Federal Reserve Act nor the World War Adjusted Compensation Act authorizes the Federal reserve banks to make such loans. That provision of Section 13 of the Federal Reserve Act which authorizes Federal reserve banks to make loans to member banks for periods not in excess of 15 days on the promissory notes of such member banks requires that such notes must be secured by paper eligible for rediscount or for purchase by Federal reserve banks under the provisions of the Federal Reserve Act or by bonds or notes of the United States. Section 502 of the World War Adjusted Compensation Act which authorizes Federal reserve banks to rediscount notes secured by adjusted service certificates is not made a part of the Federal Reserve Act.

METHOD AND TERMS OF REDISCOUNT

Prior to the rediscount of any paper a certified copy of a resolution passed by the board of directors of the offering bank with the Seal of the bank affixed, authorizing the proper officials to rediscount, must be filed with the Federal reserve bank. It will not be necessary for member banks which have filed such a resolution in connection with rediscounts to file any additional resolution in connection with notes secured by adjusted service certificates.

Before rediscounting any such notes for any nonmember bank, this bank will require such nonmember bank to furnish to it such information as this bank may consider necessary in order to satisfy itself as to the condition of such bank and the advisability of making rediscounts for it. Blank applications for rediscount will be supplied by this bank upon request.

All such notes offered for rediscount should be listed on the application form provided and the application signed by a duly authorized officer. Full information must be furnished as provided on the form.

Upon acceptance for rediscount by the Federal reserve bank the proceeds of such notes will be credited to the reserve account of the bank, in the case of a member bank, and, in the case of a nonmember bank, the Federal reserve bank will remit by check or, upon request, will credit the account of a designated member bank located in this Federal reserve district for the use and credit of the nonmember.

The rate of discount deducted by this bank will be the same as that deducted by it in rediscounting 90 day notes issued for commercial purposes.

COLLECTION OF REDISCOUNTED NOTES AT MATURITY.

In the case of member banks, the usual procedure will be to forward for collection all notes secured by adjusted service certificates to the banks discounting such notes, several days in advance of their maturity. Such notes will be charged to the member bank's account when due without notice, it being assumed that on the maturity date the member bank will provide funds in excess of its required reserve to meet the notes.

In the case of nonmember banks, notice of approaching maturity will be forwarded to the discounting banks approximately ten days in advance of the maturity of each note, and the discounting banks will be required to place funds in the hands of the Federal reserve bank to pay them, which funds must be available on the date of maturity of the notes.

FURTHER INFORMATION ENCLOSED.

For your information there are enclosed the following:

1. The World War Adjusted Compensation Act. Sections 501, 502 and 504 deserve the special attention of banks which contemplate making loans on the security of adjusted service certificates.
2. The Act of July 3, 1926, amending the World War Adjusted Compensation Act. Section 503 as amended by this Act deserves special attention.
3. The Regulations of the Veterans' Bureau with respect to loans on adjusted service certificates.
4. Copies of forms of notes, affidavits, etc., approved by the Veterans' Bureau.
5. The Regulations of the Federal Reserve Board with respect to the rediscount of notes secured by adjusted service certificates.

6. A proposed form of resolution to be adopted by banks authorizing the endorsement and rediscount of such notes.

7. Copies of form of application to this Federal reserve bank for rediscount of such notes.

Very truly yours,

X-4738-b

FEDERAL RESERVE BOARD.

REGULATION M, SERIES OF 1926

REDISCOUNT OF NOTES SECURED BY ADJUSTED SERVICE CERTIFICATES.

SECTION I. STATUTORY PROVISIONS.

Under the terms of the World War Adjusted Compensation Act, 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 stated on the face of the certificate. 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.

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 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 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 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;

(b) The term "Director" shall mean 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;

(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;

(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, negotiable in form, 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.

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 negotiable in form and otherwise 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.

(f) Evidence a loan the amount of which does not exceed the loan value of the certificate for the year in which such loan was made;

(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 payee bank is located;

(h) Bear the endorsement of the bank offering it for rediscount, which endorsement shall be deemed a waiver of demand, notice, and protest by such bank as to its own endorsement 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 assignment thereof complies in all respects with the provisions of section 502 of the Act and that the note is eligible for discount 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; and

3. That 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 nonmember 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.

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM)

X-4738-c

\$ _____ (Place) _____ (Date)

_____ 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 at _____ per cent. This
note is payable at the bank named above. The makers and endorsers of this
note waive presentation, protest, and notice of dishonor.

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, dis-
counted or rediscounted and the certificate pledged herewith may be trans-
ferred in accordance with the provisions of the World War Adjusted Compensa-
tion Act. 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.

(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)

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM)
X-4738-d

**AUTHORITY FOR REDISCOUNTING NOTES SECURED BY ADJUSTED
SERVICE CERTIFICATES WITH THE FEDERAL RESERVE BANK
OF _____.**

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, Vice President and Cashier are,
and each or either of them is, hereby authorized to rediscount with the
Federal Reserve Bank of _____, any such notes now
or hereafter held by this bank, upon such terms and at such time or
times as to him or them may seem desirable.

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

I _____ do hereby certify that the
foregoing is a true extract from the minutes of a meeting of the Board
of Directors of the _____
a quorum being present, held at _____ the _____
day of _____ 19 . .

In witness whereof, I have hereunto set my hand and affixed
the official seal of the said Bank this _____ day of _____
19____.

SEAL

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM)

X-4738-e

APPLICATION FOR REDISCOUNT OF NOTES SECURED BY
ADJUSTED SERVICE CERTIFICATES.

To the Federal Reserve Bank of _____.

The _____ bank of _____ offers
herewith the following Veterans' notes secured by adjusted service
certificates, duly endorsed by it.

We agree that the Federal Reserve Bank of _____
may charge the amount of the notes to our account at their maturity,
or, if not a member of the Federal Reserve System, we promise to place
acceptable funds in the hands of the Federal Reserve Bank of _____
covering the amount of each note, which funds shall be available on
the day each note matures.

Our endorsement shall be deemed a waiver of demand, notice
and protest.

I hereby certify that, to the best of my knowledge and be-
lief, the note or notes offered herewith arose out of a loan made in
full compliance with the provisions of the World War Adjusted Com-
pensation Act and the regulations of the Director of the United
States Veterans' Bureau and is eligible for rediscount with a Federal
Reserve Bank under the provisions of Section 502 of the World War
Adjusted Compensation Act and of the regulations of the Federal Re-
serve Board.

(President)

(Cashier)

Please list in maturity order

MATURITY	:	NAME OF VETERAN	:	ADDRESS	DO NOT USE	: THIS COLUMN:	AMOUNT
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM)X-4738-f

PROPOSED PROVISION OF REGULATION BY VETERANS' BUREAU.

No payment upon any note will be made by the Director to any bank under Section 502, unless the note when presented to him is accompanied by the affidavit or affidavits required below:

1. If such note has never been sold, discounted, or re-discounted by the bank which made the loan, it shall be accompanied by an affidavit by an officer of such bank on form (A), which is made a part of this regulation.

2. If such note has been sold, discounted or rediscounted by the bank which made the loan, it shall be accompanied by an affidavit of an officer of such bank on form (B), which is made a part of this regulation.

3. If such note has been sold, discounted or rediscounted by any bank or banks other than the bank which made the loan, it shall be accompanied by an affidavit by an officer of each such other bank on form (C), which is made a part of this regulation.

Form No. (A)

I-4738-g

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State of _____)
County of _____) SS :

I, _____ being duly sworn depose
(Name of officer)
and say that I am an officer, to wit _____
(Name of office)
of the _____ of _____
(Name of bank or trust company) (City or town and State)
which is a bank incorporated under the laws of _____, and I
further depose and say:

(1) 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, in respect of this loan
or any other loan made by such bank to any veteran under the provisions
of Section 502 of the World War Adjusted Compensation Act, except the
interest authorized by such section at a rate not exceeding by more
than 2% per annum the rate charged at the date of the loan for the dis-
count of 90-day commercial paper under Section 13 of the Federal Reserve
Act by the Federal Reserve Bank of _____, which
(Name of Federal Reserve Bank)
is the Federal Reserve Bank of the _____
(No. of Federal Reserve District)
Federal Reserve District in which the said _____
(Name of bank or trust
company) is located:

(2) That the person who obtained the loan evidenced by
the attached note, secured by adjusted service certificate No. _____
dated _____ further identified by No. A _____
is known to be the person named in such adjusted service certificate;
and

(3) That the said _____ made
(Name of bank or trust company)

the loan evidenced by the attached note to the veteran whose name is
signed to such note and that such note has never been sold, discounted
or rediscounted by the said _____
(Name of bank or trust company)

(Signature of officer)

Subscribed and sworn to before me

this _____ date of _____

(Notary Public, or other officer
designated by the United States
Veterans Bureau.)

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM).

Form No. _____ (B)

X-4738-h

State of _____)
County of _____) SS:

I, _____, being duly sworn depose and say that I
(Name of officer)
am an officer, to wit _____ of the _____,
(Name of office) (Name of bank or trust company)
of _____ which is a bank incorporated under the laws of
(City or town and State)
_____, and I further depose and say:

1. 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, in respect of any loan, made by such bank to any veteran under the provisions of Section 502 of the World War Adjusted Compensation Act, except the interest authorized by such section at a rate not exceeding ^{by} more than 2% 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 _____
(Name of Federal reserve bank)
which is the Federal Reserve Bank of the _____
(No. of Federal Reserve District)
Federal Reserve District in which the said _____
(Name of bank or trust company)
is located:

2. That the person who obtained the loan evidenced by the attached note, secured by adjusted service certificate No. _____ dated _____ further identified by No.A _____ is known to be the person named in such adjusted service certificate; and

3. That the veteran who obtained the loan evidenced by the attached note secured by adjusted service certificate No. _____ dated _____ further identified by No.A _____ was promptly notified by the _____ that the
(Name of bank or trust company)

said note is being sent to the _____
(Name of bank or trust company to whom the
note is transferred)
of _____, for sale, discount or rediscount.

(Signature of Officer)

Subscribed and sworn to before
me this _____ day of
_____, _____.

(Notary Public, or other officer design-
ated by the United States Veterans'
Bureau.)

(TENTATIVE DRAFT SUBJECT TO CHANGE. NOT FOR PUBLICATION IN THIS FORM.)

Form No. (C)

X-4738-1

State of _____)
County of _____) SS.

I, _____ being duly sworn depose and
(Name of officer)
say that I am an officer, to wit _____ of the _____
(Name of office) (Name of
_____ and I further depose and say that the veteran who
bank or trust company)
obtained the loan evidenced by the attached note secured by adjusted service
certificate No. _____ dated _____ further identified by
No. A _____ has been notified by the said _____
(Name of Bank or trust
_____ that the said note is being sent to the _____
company) (Name of bank or trust
_____ of _____
company to whom note was transferred)
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 Vet-
erans Bureau.)