

FEDERAL RESERVE BOARD

470

WASHINGTON

X-4894

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

June 29, 1927.

SUBJECT: Redemption by Veterans Bureau of Renewal Notes
Secured by Adjusted Service Certificates.

Dear Sir:

One of the Federal reserve banks recently requested the Federal Reserve Board to obtain from the U. S. Veterans Bureau a ruling on the question whether the note of a veteran, secured by an adjusted service certificate, if renewed by the bank making the loan, will be redeemed by the Veterans Bureau in case the note is not paid.

The Veterans Bureau has advised the Board as follows:

"You are informed that renewals will be considered by the Bureau as new loans and new notes will be redeemed not less than six months from the date of such notes.

"In order to relieve any anxiety which the banks may have concerning the Bureau's policy for redeeming loans, you are informed that although the Regulation states that redemption may be refused under the discretion authorized by law, the Bureau will not exercise this discretion except under very extraordinary circumstances and will redeem notes and certificates properly presented at any time they may be forwarded after the necessary six months, required by law, have expired."

Very truly yours,

Walter L. Eddy,
Secretary.

TO GOVERNORS OF ALL F.R.BANKS.