

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7213

July 26, 1932.

SUBJECT: Suggested Form of Application for Discount  
by an Individual, Partnership or Corporation.

Dear Sir:

There are inclosed four copies of a suggested form of application for use in connection with discounts for individuals, partnerships or corporations under the provisions of Section 13 of the Federal Reserve Act as amended by the Act approved July 21, 1932, if and when the Federal Reserve Board authorizes discounts for individuals, partnerships and corporations under the provisions of that section as amended. There are also inclosed four copies of a form of resolution to be adopted by the board of directors of the corporation when the applicant for discount is a corporation.

The inclosed forms have not been considered by the Federal Reserve Board and are not prescribed by the Board; but they have been prepared for the assistance of the Federal reserve banks in preparing forms of application in this connection and in order to obtain uniformity in such applications in so far as possible. It is suggested that you submit these forms to your

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Counsel for careful consideration, inasmuch as it may be desirable or necessary to make amendments or additions in order to meet conditions existing in your District. When the forms have been revised and approved by your Counsel, please send us five sets for the information and records of the Board.

Very truly yours,

Chester Morrill,  
Secretary.

Inclosures.

P.S. Since the preparation of these forms, it has been suggested that an item be added to the form of application as follows:

"The applicant hereby waives demand, notice and protest as to applicant's obligation on all paper discounted by the Federal reserve bank or held by the Federal reserve bank as security."

This item might appropriately be inserted in the inclosed form of application immediately after the first line on page 8 thereof.

TO GOVERNORS OF ALL F. R. BANKS.

APPLICATION FOR DISCOUNT BY AN INDIVIDUAL,  
PARTNERSHIP OR CORPORATION.

To the Federal Reserve Bank of \_\_\_\_\_

Application is hereby made, on this \_\_\_\_\_ day of \_\_\_\_\_,  
193\_\_, to the Federal Reserve Bank of \_\_\_\_\_ by \_\_\_\_\_  
(name and address

\_\_\_\_\_ for the discount of the  
of applicant)

commercial, industrial or agricultural paper described in Schedule A attached  
hereto, and such schedule is hereby made a part of this application.

The applicant hereby certifies that all of the notes, drafts or  
bills of exchange for the discount of which application is herein made are  
notes, drafts or bills of exchange which have been issued or drawn, or the  
proceeds of which have been used or are to be used in the first instance, in  
producing, purchasing, carrying or marketing goods in one or more of the steps  
of the process of production, manufacture, or distribution, or for the purpose  
of carrying or trading in direct obligations of the Government of the United  
States. It is further certified that none of such notes, drafts or bills of  
exchange was acquired from a bank.

The applicant further agrees that the proceeds of the discount for  
which application is herein made shall be used by the applicant to finance  
current operations and shall not be used for speculative purposes, for per-  
manent or fixed investments, for any other capital purpose, nor for the  
purpose of paying off existing indebtedness to other financial institutions.

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The circumstances giving rise to this application and the purposes for which the proceeds of the discount are to be used are as follows:

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The applicant hereby certifies that every reasonable effort has been made to obtain adequate credit accommodations from other banking institutions and submits the following information describing such efforts.

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The banks to which applications for credit accommodations have been made and other information with regard thereto are as follows:

Name and Address of Bank	Date of	Was application	Reasons given for refusal
	Appli-	definitely re-	
	cation	fused? (Yes or no)	
.....	:	:	:
	:	:	:
	:	:	:

The following information is submitted with regard to all banks with which the applicant has had banking relations, either as a depositor or as a borrower, during the last preceding year.

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Name and Address of Bank	Depositor or borrow- er (Indi- cate by D or B).	Date bank- ing rela- tions com- menced.	Date bank- ing rela- tions ter- minated.	Amount of line of credit granted.	Amount of line of credit availed of at present time.
.....	.....	.....	.....	.....	.....

Financial statements of the makers and of the endorsers on the paper offered for discount (including a financial statement of each of the partners when the applicant is a partnership) are attached hereto, and the applicant hereby certifies that to the best of his knowledge and information each of such statements contains a true, complete and correct statement of the financial condition of the maker thereof.

The applicant hereby offers to the Federal Reserve bank the following described collateral or other security to secure the payment of any or all of the notes, drafts and bills of exchange for the discount of which the applicant has herein applied:

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The applicant hereby agrees (a) to furnish the Federal reserve bank such additional financial statements, copies of recent auditors' reports and other credit information as are requested by the Federal reserve bank, (b)

to submit to audits, credit investigations or examinations by representatives of the Federal reserve bank when the Federal reserve bank shall so desire, and (c) to furnish any additional information, collateral, further assurances or security which the Federal reserve bank, in its discretion, may require. Any such additional statements, copies of auditors's reports, information, collateral, assurances, security, audits, credit investigations, or examinations shall be furnished or made at the expense of the applicant.

The Federal reserve bank, at its discretion, may collect and at the expense and in the name of the applicant, or otherwise, enforce the payment when due of any note, draft or bill of exchange discounted for the applicant or of any or all collateral or other security held hereunder, by suit or otherwise, may surrender, compromise, release, renew, extend, or exchange all or any thereof, and may apply the net proceeds thereof to the payment of any obligation of the applicant to it. The applicant will pay or cause to be paid to the Federal reserve bank all expense which the Federal reserve bank may incur in connection with the collection and/or enforcement of any notes, drafts or bills of exchange discounted for the applicant, and any security or substitution therefor, even though no foreclosure or other legal action takes place. The applicant will pay or cause to be paid promptly when due all taxes, insurance premiums, warehouse charges, transportation costs, and other expenses necessary for the enforcement, preservation, and/or protection of any security pledged hereunder, including the enforcement of any guaranty which the

Federal reserve bank may hold hereunder, and including fees for filing and recording mortgages and the like, or assignments thereof, required by the Federal reserve bank. If the applicant fail to make any payment required in the preceding provisions of this paragraph, the Federal reserve bank is authorized to do so and shall have a lien upon all collateral held by it until it shall have been fully reimbursed for any advance which it may have made in payment of any such items, together with interest thereon at the rate of \_\_\_\_% per annum.

Any check or draft received by or for the Federal reserve bank for the account of the applicant may be presented for payment or forwarded for collection direct to the bank upon which drawn or at which payable. Cash, bank drafts, transfers of funds or bank credits, or any other forms of payment or remittance may be accepted by the Federal reserve bank in payment of or remittance for any such check or draft, but the applicant shall not be entitled to credit on account of any such check or draft until the Federal reserve bank shall have received the amount thereof in actually and finally collected funds, and the amount of any such check or draft credited by the Federal reserve bank may be charged back to the applicant notwithstanding the check or draft itself cannot be returned.

Upon any failure of the applicant to comply with any provision of this application or upon any default in the payment of any

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obligation to the Federal reserve bank or in case a receiver or liquidator is appointed for the applicant or any of its property, or in case of adjudication of insolvency, or assignment for benefit of creditors, the Federal reserve bank is authorized to declare any or all obligations of the applicant to the Federal reserve bank due and payable forthwith, and the same shall thereupon become so due and payable. And in case of any such default, the Federal reserve bank is authorized to sell, assign, and deliver the whole or any part of the collateral held hereunder and any substitutes therefor or additions thereto, and any guaranty held by the Federal reserve bank in connection with the applicant's obligations, at any public or private sale without demand, advertisement, or notice of the time or place of sale or adjournment thereof, for such price as it may deem fair, the applicant hereby waiving any and all equity or right of redemption whether before or after sale hereunder, and, upon such sale, the Federal reserve bank may become the purchaser of the whole or any part of such security free from any such right or equity of redemption. In case of any such sale, after deducting all costs, attorneys' fees, and other expenses of collection, the Federal reserve bank may apply the residue of the proceeds of such sale or sales to the payment of any or all obligations of the applicant to the Federal reserve bank, whether due or not, as the Federal reserve bank shall deem proper, and any balance remaining shall be paid to the applicant.



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Without limiting or affecting such rights of the Federal reserve bank so to sell a part or all of such security, the Federal reserve bank is further authorized at its option and in its discretion to collect or cause to be collected or otherwise converted into money all or any part of the security held hereunder, by suit or otherwise, and is authorized in such case to surrender, compromise, release, renew, extend, or exchange any of such security without prior notice or consent of the applicant. Proceeds of collections so made, after first deducting costs, attorneys' fees and expenses of collection, may be applied to the payment of any or all obligations of the applicant to the Federal reserve bank, whether due or not. In the event of any legal proceedings, all costs and reasonable attorneys' fees incurred by the Federal reserve bank shall become part of the obligation of the applicant to the Federal reserve bank covered by the provisions hereof.

Upon any transfer or pledge of any obligation of the applicant, the Federal reserve bank may deliver the collateral or any part thereof or interest therein or any guaranty or other document held hereunder in connection with the applicant's obligations to the Federal reserve bank to the transferee or pledgee, who shall thereupon become vested with all the powers and rights herein given and shall have the same remedies as if originally named herein.

The Federal reserve bank shall be protected in acting upon any notice, request, consent, certificate, writing, resolution or other paper or document believed by it to be genuine and to have

been signed, executed, passed, or presented by the proper parties.

The applicant agrees to be and remain bound for the payment of all obligations to the Federal reserve bank pursuant hereto and that the lien hereof and any pledge or pledges hereunder shall remain undisturbed notwithstanding any delay, extension of time, substitution of security, renewal, or other indulgence granted by the Federal reserve bank in connection with any note, draft or bill of exchange discounted for the applicant or security held hereunder, hereby waiving all notice of such delay, extension, substitution, renewal, or other indulgence. The applicant expressly reserves the right to anticipate the payment of any obligation to the Federal reserve bank under this or any other application, but agrees that any payment so made by it may be applied on any of its obligations to the Federal reserve bank, whether due or not, in such order as the Federal reserve bank may elect.

The applicant hereby agrees that wherever the obligation of the applicant is referred to herein, it includes the applicant's obligation to the Federal reserve bank as maker, drawer, acceptor, indorser or guarantor of any negotiable or nonnegotiable instrument, or in any other manner.

\_\_\_\_\_(Signature)

NOTE:

When made by an individual, the application for discount of notes, drafts or bills of exchange should be signed by the individual.

When made by a partnership, the application should be signed by one of the members of the partnership and should be accompanied by a certified copy of the partnership agreement, if any, as amended to the date of the application.

When made by a corporation, the application should be signed by one of its duly authorized officers and should be accompanied by a certified copy of the resolution of its board of directors authorizing such officer to make the application on behalf of the corporation. Such application should also be accompanied by a certified copy of the corporation's Articles of Association or Charter and of the by-laws of the corporation, as amended to the date of the application.

RESOLUTION OF BOARD OF DIRECTORS OF APPLICANT CORPORATION

RESOLVED, That \_\_\_\_\_ the \_\_\_\_\_  
(name) (office)  
and \_\_\_\_\_ the \_\_\_\_\_  
(name) (office)

of this corporation, or either of them, be, and they are hereby,  
authorized and empowered for and in the name and on behalf of this  
corporation to execute and/or deliver to the Federal Reserve Bank of  
\_\_\_\_\_ the following papers and documents:

(1) Application for the discount of any notes, drafts or bills  
of exchange owned by this corporation, such discount to be at the rate  
of interest prescribed by the Federal reserve bank with the approval of  
the Federal Reserve Board, on a form prescribed or approved by the  
Federal reserve bank, which form has been submitted to the Board of  
Directors of this corporation.

(2) The notes, drafts or bills of exchange covered by such  
application and made, accepted or indorsed in the name of this corpora-  
tion by such officers or either of them.

BE IT FURTHER RESOLVED, That in order to secure the payment of  
any or all of such notes, drafts or bills of exchange discounted by  
the Federal reserve bank for this corporation and to guarantee the  
faithful performance of any contract entered into with the Federal  
reserve bank, the said officers of this corporation be, and each of  
them is hereby, authorized and empowered in their discretion to pledge  
and hypothecate with the Federal reserve bank any collateral or property

belonging to this corporation and any collateral or property which they may in their discretion, from time to time, substitute therefor, and any collateral or property which may be required from time to time as additional security for the payment of any such notes, drafts or bills of exchange. Such officers and each of them are further authorized and empowered to do such acts and to execute such additional agreements or instruments in the name and on behalf of this corporation as may be necessary or desirable to meet the requirements of the Federal reserve bank.

BE IT FURTHER RESOLVED, That \_\_\_\_\_ (name of officers) the \_\_\_\_\_ (offices) of this corporation, and each of them, be, and is hereby, authorized and empowered to receive on behalf of this corporation the proceeds of any such discount and to indorse in the name and on behalf of this corporation any checks or drafts representing the proceeds of any such discount.

CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of a resolution regularly adopted by the Board of Directors of the \_\_\_\_\_ at a meeting duly called and held at \_\_\_\_\_ (name of applicant) on the \_\_\_\_\_ day of \_\_\_\_\_, 193\_\_\_\_, at which meeting a quorum was present and voted.

(Corporate Seal)

\_\_\_\_\_  
Secretary.

X-7208-b

(Name and address of applicant)

day of \_\_\_\_\_, 19\_\_\_\_, and this schedule constitutes a part of that application.

Number from 1 up.	Name and Address		Business (Indicate purpose for which paper was issued or proceeds used.)	Maturity date	Rate of Inter- est	Amount	Secur- ity.
	Maker or Acceptor	Indorser					