

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7224

August 4, 1932.

SUBJECT: Loans to Veterans on Adjusted
Service Certificates.

Dear Sir:

There is inclosed herewith, for your information, a copy of Public Act No. 303, 72nd Congress, approved July 21, 1932, together with four copies of an extract of revised regulations of the Veterans' Administration with regard to loans by banks on veterans' adjusted service certificates under section 502 of the World War Adjusted Compensation Act as amended by the Act of July 21, 1932.

The changes made by this Act affecting the rediscount of notes representing such loans are, (1) a loan may be made at any time after the date of the adjusted service certificate instead of only after two years from the date thereof, and (2) except as to interest accrued prior to July 21, 1932, the rate of interest on such loans shall not exceed 3 1/2% per annum, compounded annually. You will note that the Veterans' Administration, in its revised regulations, has interpreted this latter provision of the Act of July 21, 1932, to mean that the

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limitation of the rate of interest such a loan may bear to 3 1/2% per annum compounded annually, is applicable only to loans or extensions of loans made on or after July 21, 1932.

Should you desire additional copies of the extract of regulations of the Veterans' Administration, the Board will be glad to forward them to you.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS.