

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON



S-521

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 1942

Dear Sir:

Referring to the Board's letter S-464 of April 23, 1942, experience in handling applications for guarantees made pursuant to Executive Order 9112 has impressed the War Department, Navy Department, Maritime Commission, and the Board's War Loans Committee with the necessity of having the applications of financing institutions for guarantees submitted on substantially uniform forms by all Federal Reserve Banks. It is important that in all cases the forms used contain the same numbered captions and that any needed information not called for by captions numbered 1 to 11 be obtained as supplemental information. It is assumed that supplemental information will be required only in unusual cases and that it will be kept at a minimum. The form enclosed with the Board's letter S-464 has been modified by the insertion of two new items as follows:

- 9.(a)(3)a. Is contract a -  
Fixed price contract? \_\_\_\_\_.  
Cost plus a fixed fee contract? \_\_\_\_\_.

12. The applicant for the loan herein referred to has been advised that financing institution is applying for this guarantee in the amount and subject to the terms herein indicated.

A copy of the form as revised is enclosed.

In the case of the War Department and Maritime Commission, three copies of the application should be furnished by the financing institution, one copy to be retained by the Federal Reserve Bank and two copies to be forwarded to Washington. As a general rule, the copies forwarded to Washington should be supported by two copies of the Federal Reserve Bank's investigation and recommendations.

In the case of Navy Department guarantees, the same procedure should be followed as indicated above, except that the Federal Reserve Bank should forward to Washington a copy of the application immediately



upon receipt thereof in order to allow the Department ample time for processing without delaying final action on the guarantee. One copy of the application should be submitted later supported by two copies of the Reserve Bank's investigation and recommendations.

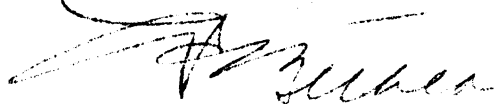
In urgent cases, applications for guarantees may be handled by wire, followed by supporting information by mail.

Section 1 of the copies of guarantee agreements forwarded to Washington should contain an adequate description of the loan, including the date, maturity, and amount of the loan, and the interest rate charged the borrower.

All advices to financing institutions with respect to guarantee agreements should provide that the authorization to guarantee is effective for a period of 30 days only and that unless extended it will lapse if the guarantee is not executed within such period.

In the case of Navy Department guarantees, the procedure outlined in paragraph 3 of the Board's letter of May 23, 1942, S-486, is only applicable if the contracts of the borrower are subcontracts. In the case of prime contracts the Navy Department will secure the necessary information direct thereby eliminating the necessity for any action in this regard by the Federal Reserve Banks.

Very truly yours,



L. P. Bethea,  
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

APPLICATION BY FINANCING INSTITUTION  
TO FEDERAL RESERVE BANK OF \_\_\_\_\_, FISCAL AGENT OF THE UNITED STATES,  
FOR GUARANTEE OF LOAN, PURSUANT TO EXECUTIVE ORDER NO. 9112  
DATED MARCH 26, 1942

1. Name and location of financing institution
2. Name and location of applicant for loan
3. Amount of loan applied for
4. Percentage of loan to be guaranteed
5. (a) Rate of interest to be charged Borrower  
(b) Maturity of proposed loan  
(c) Other terms and conditions of loan
6. Description of collateral, if any
7. War products to be supplied by applicant for loan
8. Purposes for which funds will be used
9. (a) If applicant for loan is a prime Government contractor, give the following information with respect to each prime contract:
  - (1) Unit of Government with which the prime contract is held
  - (2) Name, title and address of Government contracting officer
  - (3) Contract number
    - a. Is contract a -  
Fixed price contract? \_\_\_\_\_.  
Cost plus a fixed fee contract? \_\_\_\_\_.
  - (4) Amount of contract and approximate per cent completed
  - (5) Date of first and last delivery
- (b) If applicant for loan is a subcontractor, give the following information with respect to each subcontract:
  - (1) Name and address of concern with which applicant for loan has a subcontract or order for supplying war products

- (2) Name and address of prime Government contractor for whom products are being produced
  - (3) Unit of Government for which products are being provided
  - (4) Amount of applicant's subcontract or purchase order and approximate per cent completed
  - (5) Date of first and last delivery
10. General statement by financing institution with respect to the applicant's ability to perform the above contracts; the general character, reputation, and capability of the applicant; normal type and volume of production; and any other information which the financing institution would ordinarily take into account in considering a loan to the applicant.
  11. Copy of audited balance sheet and operating statement for the last fiscal period of Borrower and copy of latest available balance sheet and of latest available interim operating statement should accompany application. (If audited reports for the last fiscal period are not available, furnish balance sheet and statement of earnings and expenses for that period properly certified.)
  12. The applicant for the loan herein referred to has been advised that financing institution is applying for this guarantee in the amount and subject to the terms herein indicated.

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(Full name of financing institution)

By \_\_\_\_\_  
(Signature) (Title)