

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-561

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 1, 1942.

Dear Sir:

It has been brought to our attention that some of the Reserve Banks are not reporting amounts properly in Column 4 on Form F. R. 579.

The amount to be reported in Column 4 should be the sum of (1) the amount outstanding on the loan and (2) any additional amount available to the borrower on date of the report. The following will serve for purposes of illustration:

1. If a straight loan has been advanced in full the amount to be entered in Column 4 will be the same as the amount outstanding, reported in Column 7.
2. If a straight loan is being advanced in instalments and the total amount has not been advanced and no repayments have been made, the amount to be entered in Column 4 will be the total amount authorized to be advanced under the guarantee agreement.
3. If a credit is being advanced as needed and repayments are made in the interim, the amount to be entered in Column 4 will be the amount outstanding as shown in Column 7 plus the difference, if any, between the total amount authorized to be advanced and the total of amounts actually advanced.
4. In the case of a simple revolving line of credit the amount to be reported in Column 4 will be the aggregate amount which under the guarantee agreement may be outstanding at any one time regardless of whether any amount is outstanding at the time.
5. In case a revolving line of credit has a condition attached limiting the total amount that may be advanced under the agreement, the amount to be entered in Column 4 will be the maximum which may be outstanding at any one time or the

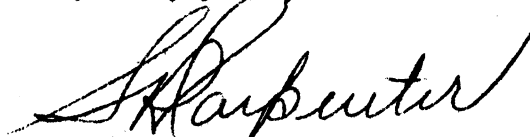


sum of the amount actually outstanding and the amount which may still be advanced under the agreement, whichever is smaller.

6. In case a revolving line of credit has a condition stipulating that the amount outstanding at any time shall not exceed a designated percentage of the amount of monies due or to become due under the contract or contracts assigned to secure the loan, the amount to be entered in Column 4 will be the amount of the line of credit or, if smaller, an amount equal to the designated percentage of the remaining assigned payments under the assigned contract or contracts. It is assumed that this latter information will be obtained from financing institutions at the end of each month.

If a loan has been paid and the guarantee agreement terminated at the report date, but the loan is listed on Form F. R. 579 inasmuch as there was an amount outstanding at the end of the preceding month, nothing will be reported in Column 4. In this connection it has been suggested that final liquidations of loans under a guarantee agreement or other terminations be explained in the "Comments" column.

Very truly yours,



S. R. Carpenter,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS,
EXCEPT RICHMOND