CIRCULAR NO. 20
OF THE
RECONSTRUCTION FINANCE CORPORATION

INFORMATION FOR PROSPECTIVE APPLICANTS FOR LOANS
UNDER THE PROVISIONS OF PUBLIC, No. 325, SEVENTY-FOURTH CONGRESS, APPROVED AUGUST 24, 1935,
RELATING TO THE REFINANCING OF INDEBTEDNESS INCURRED IN CONNECTION WITH PUBLIC SCHOOLS

SEPTEMBER 1935

UNITED STATES
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INFORMATION FOR PROSPECTIVE APPLICANTS FOR LOANS UNDER THE PROVISIONS OF PUBLIC, NO. 325, SEVENTY-FOURTH CONGRESS, APPROVED AUGUST 24, 1935, RELATING TO THE REFINANCING OF INDEBTEDNESS INCURRED IN CONNECTION WITH PUBLIC SCHOOLS

The Reconstruction Finance Corporation is authorized and empowered under the Act of Congress approved August 24, 1935 (Public, No. 325, 74th Cong.), to make loans in an aggregate amount not exceeding $10,000,000 to or for the benefit of tax-supported public-school districts or other similar public-school authorities in charge of public schools, for the purpose of enabling such applicants to refinance their outstanding indebtedness and for certain other purposes hereinafter mentioned. For the information of applicants, said Act is reprinted at the end of this circular.

A. Eligible Borrowers and Purposes of Loans

1. Loans (hereinafter called “refinancing loans”) may be made to or for the benefit of tax-supported public-school districts or other similar public-school authorities in charge of public schools organized pursuant to the laws of the several States, Territories, and the District of Columbia for the purpose of enabling any such district or authority which, or any State, municipality, or other public body which is authorized to incur indebtedness for the benefit of public schools, to reduce and refinance outstanding indebtedness or obligations which have been incurred prior to August 24, 1935, for the purpose of financing the construction, operation, and/or maintenance of public-school facilities.

2. Loans (hereinafter called “rehabilitation loans”) may also be made to enable applicants, to whom refinancing loans have been authorized, to make such repairs and necessary extensions or improvements to the public-school facilities on account of which the indebtedness refinanced was incurred as are necessary or desirable for the further assurance of the ability of the applicants to repay such refinancing loans.

B. Security for Loans

1. Each loan shall be reasonably and adequately secured.

2. Each loan shall be secured

   (a) By bonds, notes, or other obligations for the payment of which shall be pledged the full faith and credit and taxing power of the applicant or of such taxing authority as may be authorized pursuant to State law to levy assessments, taxes, or other charges for the benefit of public schools, and/or

   (b) By bonds, notes, or other obligations which are a lien on real property of the applicant, and/or

   (c) By such other collateral as may be acceptable to the Corporation.

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(1)
C. Disbursement, Interest Rates, Maturities, and Evidencing of Loans

1. Disbursement.—All loans must be disbursed by the Corporation within such time as it may fix, which in no event shall be after the expiration of one year from the date of the commitment or agreement to make the loan. Loans may be disbursed either directly to the applicants or to the holders or representatives of the holders of the bonds, notes, and/or other obligations to be reduced and refinanced, and either upon promissory notes, collateralized by such bonds, notes, and/or obligations, or through the purchase of securities issued or to be issued by applicants.

2. Interest Rates.—The interest rate on refinancing loans will be 4% per annum, payable semiannually when authorized by law. In the case of rehabilitation loans, the interest rate will be such as may be fixed by the Corporation from time to time or as may be fixed and determined by the Corporation in individual cases.

3. Maturities.—Loans shall be for such term as may be fixed in each case by the Corporation, which in no event shall exceed thirty-three (33) years.

4. How Evidenced.—The Corporation requires that refinancing loans shall ultimately be evidenced by new or refunding bonds to be issued by applicants in form and text satisfactory to the Corporation. If such new or refunding bonds are available for delivery at the time of disbursement of a particular loan, the Corporation will purchase such bonds and the proceeds thereof will be used for the retirement and cancellation of the outstanding indebtedness or obligations to be refinanced. In the event disbursement is made of or from the loan for the purpose of purchasing or otherwise acquiring the obligations evidencing the outstanding indebtedness to be refinanced, prior to the time the new or refunding bonds are issued, the applicant shall cause its new or refunding bonds to be delivered to the Corporation upon their issuance, in exchange for the obligations so purchased or acquired by the Corporation.

Rehabilitation loans shall be evidenced by such obligations of the applicant or such other collateral as may be acceptable to the Corporation.

D. Other Terms and Conditions of Refinancing Loans

1. Covenants of Applicants.—When a refinancing loan is authorized, the applicant will be required to enter into the following covenants in the form of an agreement or agreements satisfactory to the Corporation:

   (a) The applicant shall agree not to issue, during the term of the loan, any other obligations secured in the same manner as the obligations acquired by the Corporation to evidence or as security for the loan, and insofar as it may lawfully do so, shall agree not to assume, during such term, any further indebtedness for the benefit of public schools, except with the consent of the Corporation.

   (b) The applicant shall agree, insofar as it may lawfully do so, that so long as any part of the loan shall remain unpaid, the applicant will in each year
apply to the repayment of such loan or to the purchase or redemption of the
obligations issued to evidence such loan an amount equal to the amount by
which the assessments, taxes, and other funds from any source received by it
for the benefit of public schools exceeds (1) the cost of operation and main-
tenance of the public-school facilities which are financed in whole or in part by
such amount of assessments, taxes, or other charges received by it; (2) the debt
charges on its outstanding obligations; and (3) provisions for such reasonable
reserves as may be approved by the Corporation.

2. Conditions Precedent.—No refinancing loan shall be made until the
Corporation
(a) Has caused an appraisal to be made of the taxpaying ability of the
taxing district or other territory throughout which assessments, taxes, or other
charges are authorized to be levied for the purpose of paying the costs of, or
for the purpose of securing funds to repay indebtedness incurred to finance the
construction, operation, and/or maintenance of the public-school facilities on
account of which the indebtedness was incurred or obligations assumed which
are to be reduced and refinanced in connection with the loan from the Cor-
poration;
(b) Has been satisfied that an agreement has been entered into with the
holders of the outstanding bonds, notes, and/or other obligations which are to
be reduced and refinanced in connection with the loan from the Corporation,
under which agreement it will be possible to purchase, reduce, or refund all or
a major portion of the aggregate of outstanding indebtedness and obligations
incurred by or on behalf of such district or authority at a price determined by
the Corporation to be reasonable after taking into consideration the average
market price of the evidences of the indebtedness or obligations to be reduced
and refinanced over the 6 months’ period ending January 1, 1935, and under
which a substantial reduction will be brought about in the aggregate of such
outstanding indebtedness and obligations; and
(c) Has determined, in view of such appraisal of the taxpaying ability
and of such substantial reduction in the aggregate of such outstanding indebted-
ness and obligations, that the operation of the public-school facilities to refinance
indebtedness or obligations incurred for the benefit of which the loan from
the Corporation was applied for, is economically sound and will promote the
general welfare of the community.

3. Charges, Commissions, Bonuses, Fees, Etc.—Payment of bonuses, fees,
or commissions for the purpose of, or in connection with, obtaining loans is
prohibited. The applicant, however, subject to the approval of the Corpora-
tion, may be allowed to pay the actual reasonable costs incurred in the making
of the loan. Such charges may include reasonable compensation for services
rendered by attorneys, appraisers, accountants, etc., but not in any event for
alleged services in connection with the presentation of the application to the
Corporation. Such charges must be fully disclosed. A fee based upon a
percentage of the loans will not be permitted, nor fees or charges made con-
tingent upon obtaining of the loan. Applicants must furnish satisfactory proof in the application that no bonus, fee, or commission has been or will be paid, and that no compensation, other than reasonable compensation for services required in making the loan, fully disclosed and itemized, has been or will be paid.

4. Legislation Concerning Minimum Wages, etc.—In the case of rehabilitation loans, the applicant must agree that if existing legislation of the Congress of the United States requires observance of minimum wages and/or maximum hours of employment, and/or limitation as to age of employees, or other requirements in connection with the construction of projects financed in whole or in part by loans of money from the United States of America or an Agency of the United States, including Government-owned and Government-controlled corporations, the applicant shall, where contracts involve an expenditure of moneys agreed to be advanced, require compliance with such legislation in its invitations for bids, and in any contracts entered into subject to such bids, and also in any construction, material and supply contracts which are let without bids. The applicant must also agree that in the event any such future legislation may be enacted, it shall, after the effective date of such future legislation, require compliance in any subsequent bids and contracts. Each applicant must give such proof of fulfillment of its agreements as the Corporation may require.

5. Cost of Examination.—Applicants must agree to pay the expenses that may be incurred by the Corporation in making such appraisals and field examinations and investigations as the Corporation may require, and if the Corporation so requests, applicants will be required to make a deposit in an amount to be determined in each case by the Corporation, to cover such cost.

6. Additional Terms and Conditions.—Such other terms and conditions as the Corporation may determine.

E. Allocation of Loans

The Act requires that the aggregate amount of $10,000,000, available for making loans thereunder, shall be allocated equitably among the several States, Territories, and the District of Columbia on the basis of demonstrated need.

F. Loans for Payment of School Teachers' Salaries

The Act expressly provides in Section 2 thereof that no loan shall be made by the Corporation thereunder where any part of the proceeds of such loan are to be used for purposes authorized by Section 16 of the Act approved June 19, 1934 (Public, No. 417, 73d Cong.). Said Section 16 provides:

The Reconstruction Finance Corporation is hereby authorized and empowered to make loans at any time prior to January 31, 1935, out of the funds of the Corporation upon full and adequate security, to public-school districts or other similar public-school authorities organized pursuant to State law, for the purpose of payment of teachers' salaries due prior to June 1, 1934: Provided, That the aggregate amount of such loans at any time outstanding shall not exceed $75,000,000.
APPLICATIONS FOR LOANS

Application should be made in writing to the Reconstruction Finance Corporation at its office, 1825 H Street NW., Washington, D. C.

No printed forms of applications will be provided but all applications shall present the information indicated below and shall follow in the order given and by apt reference thereto the system of numbering and lettering indicated.

Each copy of the application shall be written upon 8½-by-13-inch legal paper with exhibits folded to that size and with accompanying exhibits firmly bound together, preferably in a single binder.

Six complete signed copies of each application shall be filed.

Applications shall be dated and signed by the duly authorized officers of the applicant and, if prepared under the direction of any attorney, architect or engineer, such fact shall be stated and such application must be approved by each such person.

Exhibits shall be dated and shall bear the signature of the person who prepared them.

A resolution shall be adopted by the governing body of the applicant, expressly agreeing to meet and comply with each applicable term and condition listed in “D” above, and authorizing and directing the proper officers of the applicant to supply the Corporation with all data and information requested by it in connection with the application and to execute and deliver the application and exhibits thereto in the exact form in which they are submitted. A certified copy of such resolution should be attached to each copy of the application as an exhibit.

All applications shall be verified in substantially the following form:

STATE OF ____________________ ,
County of ____________________ ,
__________________________ makes oath and says that he is the __________________ of ________________________________ ; that he has carefully examined each and all of the statements contained in the foregoing application and in the exhibits and other data attached thereto or submitted therewith; that such statements are true and correct to the best of his knowledge and belief; that such application is made with the approval and at the direction of the __________________ of said applicant, as appears by a resolution duly adopted at a meeting thereof, a certified copy of which is attached to such application, said meeting having been held at ________________ on the __________ day of ______________ , 193__; and that he is the person who has been authorized by such resolution to execute such application.

____________________________________
(Signature of affiant)

Subscribed and sworn to before me, a __________________ in and for the State and county above named, this __________ day of ______________ , 193__ .

____________________________
(My commission expires __________________)
Section I. Information Required from All Applicants for Loans

1. General information:
   (a) Full legal title of applicant. Care should be exercised to give the full and exact legal title.

   (b) Citation to laws under which applicant was organized or functions. In the event the applicant was organized under a special Act of the Legislature of the State of organization, a certified copy of such special Act and of all amendments thereto should accompany the application.

   (c) Name and address of each officer and member of the governing body in charge of the school facilities of the applicant.

   (d) Name and address of the person with whom correspondence shall be conducted.

   (e) Name and address of attorney and architect of applicant.

2. Amount of loan requested.

3. Full statement as to purpose of loan.

4. A brief description and history, including the date of organization, of the applicant, if the applicant is a school district or similar authority, or of the school system of the applicant and in particular the school or schools on account of which the indebtedness sought to be refinanced was incurred, if the applicant is a State, municipality, or other public body exercising several governmental functions. In addition to such other information as the applicant deems necessary or desirable, the applicant shall furnish the following:

   (a) Map showing the location and boundaries of the territory within the applicant which is charged with the payment of the indebtedness sought to be refinanced, and the location of the school or schools operated by or under the authority of the applicant.

   (b) Classification and grades of such school or schools.

   (c) Approximate number of families served by such school or schools; enrollment each year for the past five years; racial classification of enrollment; school term each year for the past five years; and method of transporting pupils.

   (d) Brief statement as to the type and general condition of the property owners whose lands and properties are subject to assessments, taxes or other charges for the support of such school or schools and a statement as to the approximate percentage of resident property owners. If the property within the applicant is primarily agricultural in nature, a full statement should be made setting forth approximately the total acreage of principal crops. If applicant is primarily urban, a full statement should be made of the principal industries and approximate number of residents of applicant employed therein.

5. The following data is required respecting overlapping taxing authorities which include the State, county, municipality, and other school districts, improvement districts or any other authority or body exercising the right of taxation or assessment:
(a) Nature of each overlapping taxing authority indicating the type of and limitation on assessments, taxes, or other charges imposed and any priority of tax liens.

(b) Indicate on map the overlapped area or areas.

(c) Total number of acres and/or assessed valuation of land or property in the overlapped area or areas. In the event the property within the area of applicant is subject to ad valorem taxation by more than one authority, the assessed valuation of the property taxed must be given in each case, if different. In the event applicant is overlapped by special assessment or local improvement districts, full information should be given showing area assessed, amount of assessments, liens, or betterments, and the average amount of such assessment, lien, or betterment per acre if agricultural property, or per front foot, if city property.

(d) Annual tax, assessment, or other charge per acre or millage rate of taxation for the purposes of each overlapping authority in the overlapped area for each year from 1928 to 1935 inclusive, and approximate percentage of delinquency of overlapped area in each case.

(e) Total area and approximate total population of each overlapping authority.

(f) Principal amount, interest rates, dates of issuance, and full maturities of outstanding bonds or other evidences of indebtedness of each overlapping authority for which overlapped area is charged. If any such bonds, coupons, or other evidences of indebtedness are in default, give dates and amounts thereof in each case. None of this information need be given in regard to overlapping State indebtedness.

6. Full statement as to any litigation pending or threatened involving the applicant or the indebtedness or obligations to be refinanced.

7. Full statement as to the physical condition of the school building or buildings and other facilities on account of which the indebtedness sought to be refinanced was incurred, including the dimensions and size of each school building, a description stating the type of building (brick, frame, etc.), number of rooms, method of heating and lighting, water supply, sewage disposal, date of construction, and similar pertinent information. A photograph of the school building or buildings should accompany the application.

8. General statement as to the source and basis of applicant’s revenues however derived. If applicable, give total assessed valuation for purposes of applicant for each year from 1928 to 1935 inclusive and rate of taxation for each such year. State method of arriving at assessed valuation and percentage of assessed valuation to reasonable value of properties.

9. Statement as to the apportionment of revenues to particular funds and as to the purposes for which the same may be used, including a citation to the laws under which taxes are levied or other revenues are made available for school purposes. State limitations, if any, upon assessments, taxes, or other charges which may be imposed for school purposes.
10. Statement as to the present outstanding indebtedness of the applicant, including the following:

(a) Debt limitations of applicant.

(b) Statement as to each outstanding issue of bonds or other obligations of applicant payable from taxes or other charges levied against the property charged for the indebtedness sought to be refinanced in form similar to the specimen forms set forth in Schedules A and A-1.

(c) If possible, the approximate amount of indebtedness incurred by the applicant in connection with the school or schools within the area or territory charged with the indebtedness sought to be refinanced which has been paid off and retired from the date of the organization of the applicant should be furnished.

(d) Statement as to assessed value of lands and property assessed or taxed for the payment of the indebtedness sought to be refinanced, in the form of the specimen form set forth in Schedule B. The source of other revenues should be set forth in the form of the specimen form set forth in Schedule B-1.

(e) Statement of the number of acres and/or assessed value of property charged with the payment of the debt sought to be refinanced now owned by the State, county, city, or applicant giving separately acres or property acquired by tax sale in each year since 1928 and acres or property otherwise acquired.

11. Statement as to the outstanding indebtedness or obligations sought to be refinanced, including the following:

(a) Statement indicating which of the outstanding obligations or indebtedness listed in Schedules A and A-1 the applicant desires to refinance. If there are any school obligations or there is any school indebtedness which the applicant does not propose to refinance, the reasons for not including such obligations or indebtedness in the proposed refinancing program should be given.

(b) Furnish, if available, the opinion or a counterpart of opinion as to the validity of the bonds or other obligations to be refinanced given by bond counsel in connection with the issuance and sale thereof.

(c) Give citations to laws under which the indebtedness to be refinanced was incurred, including any court decisions with reference to the same.

(d) State whether or not a bondholders' committee or other agency has been formed or designated for the protection of or contacting holders of outstanding obligations and, if so, give name and address of such committee or other agency and state the amount of obligations which have been deposited with same.

(e) If no such bondholders' committee or other agency has been formed, state whether the applicant has available a list of bondholders or other security holders, and state what efforts, if any, have been made to secure such a list.

(f) State what assurances, if any, the applicant has that its refinancing program will be acceptable to the holders of its outstanding indebtedness and forward copies of written agreements or proposals, if any.

(g) Quotations or sale prices applying to the obligations of the applicant listed in Schedules A and A-1, local or otherwise, during each year, beginning
with 1928, and for each month, beginning July 1, 1934. State source of quotations and sale prices.

12. The following financial statements:

(a) Balance sheet or statement of assets and liabilities, as of the latest date available, together with similar statements as of December 31 (or close of applicant's fiscal year), for each year beginning with 1928. In those instances, where public accountants have audited the accounts, such statements shall be certified by such public accountants. In other instances and in the case of the latest balance sheet, such statements shall be certified to by the applicant's chief fiscal officer.

(b) Income and disbursement accounts in connection with school or schools of applicant within the area or territory charged with the indebtedness sought to be refinanced, showing, in reasonable detail, items of income and expense for each year beginning with 1928; certified by the chief fiscal officer, or, in those instances of public audits, by the public accountant; also, a similar statement for as many months of the current year as are available compared with the similar period of the preceding year certified to by the applicant's chief fiscal officer. Expenditures for betterments, for maintenance, and for operation shall be separated so that the total amount expended for each class of expenditures will be clearly shown.

(c) Description of any assets or liabilities or items of income and expense not properly described in the statements requested under (a) and (b) above, or which are unusual, or which, for any reason, require special attention.

(d) Full information in regard to the amount and type of insurance carried on the school or schools of applicant within the area or territory charged with the indebtedness sought to be refinanced.

13. Statement as to the nature of and security for the new or refunding bonds which the applicant will offer to evidence the loan, including the following:

(a) Citations to all statutes and constitutional provisions (including court decisions having a bearing upon the constitutionality or interpretation of statutes) with reference to the new or refunding bonds offered to evidence the loan. In case of any recent statutes or court decisions not yet included in authorized publications, complete copies thereof should be supplied and attached as exhibits to the application.

(b) State limitations, if any, imposed by law as to the term and interest rate of obligations to be issued.

(c) If the nature of the taxes and revenues from which such obligations are payable is different from that available for the payment of the obligations refinanced, a statement should be furnished as to the nature of such taxes and revenues including a statement of the property taxable and the limitations, if any, as to the general tax rate and rate which may be imposed for the obligations.

(d) State whether payment of taxes and/or assessments of applicant may be made with bonds, coupons, warrants, or the like, citing authority therefor.

(e) If assessment or tax levied for school purposes is a special assessment or tax, state whether a sale for general or any other taxes cancels delinquent assess-
ments or taxes imposed for school purposes with citation to statutes or court decisions governing the matter.

(f) Statement as to the time within which proceedings for sale of lands or properties for nonpayment of school taxes and assessments can be commenced and completed, together with the period of redemption.

(g) Give a reference to any statutes affecting the delinquency of taxes or assessments or providing for a moratorium thereon. Supply copies of recent legislation, if any.

(h) Statement of any other revenues and properties which the applicant can offer as security.

SECTION II. ADDITIONAL INFORMATION REQUIRED IN THE CASE OF REHABILITATION LOANS

1. If the applicant desires a rehabilitation loan, the request therefor may be included in the application for the refinancing loan. When an application includes a request for loans for both purposes, the following information should be furnished in addition to that required under Section I hereof:

(a) Purpose of and necessity for proposed work.
(b) General description of work and manner in which it is to be performed.
(c) Architect’s or engineer’s estimate of cost of proposed repairs and necessary extensions or improvements. This information should be itemized in reasonable detail, giving quantities and estimated prices for each item. Cover unusual conditions to be encountered. State whether the expenses incurred will be recurrent and, if so, how frequently.

2. When application is made for a rehabilitation loan, subsequent to the authorization of a refinancing loan, it will not be necessary to repeat information required under this circular which has been previously furnished. Reference should, however, be made to the same and any changes therein set forth. In addition, the following specific information should be furnished:

(a) Information called for in Section II, subparagraph 1 (a), (b), and (c) hereof.

(b) The following financial information:

1. A general description of any changes in the financial condition of the applicant subsequent to the granting of the refinancing loan.
2. Balance sheet, or statement of assets and liabilities as of the latest date available, certified to by the applicant’s chief fiscal officer.
3. Income and disbursement accounts in connection with the school or schools of applicant within the area or territory charged with the indebtedness refinanced, showing with reasonable detail, items of income and expense for the period elapsing between the application for the refinancing loan and the application for the rehabilitation loan, certified to by the applicant’s chief fiscal officer. Expenditures for betterments and maintenance and operation shall be segregated.
### Specimen Forms

#### Schedule A

**Designation and purpose of issue:** (Construction of waterworks, school, etc.)

**Bonds dated:** (Oct. 1, 1918.)

**Amount of issue:** ($80,000.)

**Interest rate:** (6 percent.)

**Net price received per $100 face value:** (98%)

**Underwriters, bankers, and brokers handling issue:** (Name of firm.)

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<td>$2,400</td>
<td></td>
<td>$2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr. 1, 1935</td>
<td>$2,400</td>
<td></td>
<td>$2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$80,000</td>
<td>$43,020</td>
<td>$35,000</td>
<td>$30,930</td>
<td>$42,000</td>
</tr>
</tbody>
</table>

**Defaulted bonds...**

**Unmatured bonds...**

**Outstanding bonds...**

**Defaulted coupons...**

**Date of this statement...**

Note.—Above is a specimen to illustrate the information desired and general manner of stating same, in regard to all outstanding bonds of applicant payable from taxes or other charges levied against the lands and property charged with the indebtedness sought to be refinanced.

#### Schedule A-1

List in the following schedule all other outstanding obligations including judgments, notes, warrants, etc., of the applicant payable from taxes or other charges levied against the lands and properties charged with the indebtedness...
sought to be refinanced. Full explanation should be made as to the purposes for which such obligations were issued.

<table>
<thead>
<tr>
<th>Date obligation issued or judgment obtained</th>
<th>To whom issued or judgment creditor</th>
<th>Interest rate</th>
<th>Amount</th>
<th>Date due</th>
<th>Unpaid balance</th>
<th>Amount of principal delinquent</th>
<th>Amount of interest delinquent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N. B.—In the case of warrants outstanding, it is not necessary to list them separately. They may be shown in total amounts in this schedule. However, such warrants should be classified in groups according to the purposes for which they were issued. All other information requested in the above schedule will be required in the form set forth wherever applicable. State the date of issuance of the oldest outstanding unpaid warrant.

Date of this statement...........................................

**SCHEDULE B**

Schedule showing amounts of annual assessments or taxes, imposed and collected by applicant for school purposes. (This schedule is intended to show the amounts in dollars and cents assessed upon and collected from properties charged with the indebtedness sought to be refinanced.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed</th>
<th>Collected</th>
<th>Assessed valuation</th>
<th>Millage rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1932</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1933</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1934</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Collections through payment of taxes with bonds, coupons, or warrants should be segregated from cash collections for each year.

Date of this statement...........................................

**SCHEDULE B–1**

Schedule of revenues received from other sources. (This schedule is intended to show the amounts in dollars and cents received by applicant for the support of the school or schools within the area or territory charged with the indebtedness sought to be refinanced.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Source 1 (State or county, etc.)</th>
<th>Source 1 (....................)</th>
<th>Source 1 (....................)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>1928</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1932</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1933</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1934</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Full explanation, including the purposes to which revenues were applied, and reasons for any substantial fluctuations from year to year, should be given.

Date of this statement...........................................
STATUTORY PROVISIONS

For the information of applicants, Public, No. 325, 74th Congress (S. 3123) approved August 24, 1935, provides as follows:

AN ACT To provide for the relief of public-school districts and other public-school authorities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Reconstruction Finance Corporation is hereby authorized and empowered to make loans out of the funds of the Corporation in an aggregate amount not exceeding $10,000,000 to or for the benefit of tax-supported public-school districts or other similar public-school authorities in charge of public schools, organized pursuant to the laws of the several States, Territories, and the District of Columbia. Such aggregate amount shall be allocated equitably among the several States and Territories, and the District of Columbia, on the basis of demonstrated need. Such loans shall be made for the purpose of enabling any such district or authority which, or any State, municipality, or other public body which, is authorized to incur indebtedness for the benefit of public schools (herein referred to as the "borrower") to reduce and refinance outstanding indebtedness or obligations which have been incurred prior to the enactment of this Act for the purpose of financing the construction, operation and/or maintenance of public-school facilities.

Such loans shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended, except that (1) the term of any such loans shall not exceed thirty-three years; (2) each such loan shall, in the opinion of the Corporation, be reasonably and adequately secured, and, in respect to the type of security, shall be secured (a) by bonds, notes, or other obligations for the payment of which shall be pledged the full faith and credit and taxing power of the borrower or of such taxing authority as may be authorized pursuant to State law to levy assessments, taxes, or other charges for the benefit of public schools, and/or (b) by bonds, notes, or other obligations which are a lien on real property of the borrower, and/or (c) by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other obligations so secured, and insofar as it may lawfully do so, shall agree not to assume during such term any further indebtedness for the benefit of public schools, except with the consent of the Corporation; (4) the borrower shall agree, insofar as it may lawfully do so, that so long as any part of such loan shall remain unpaid the borrower will in each year apply to the repayment of such loan or to the purchase or redemption of the obligations issued to evidence such loan, an amount equal to the amount by which the assessments, taxes, and other funds received by it for the benefit of public schools exceeds (a) the cost of operation and maintenance of the public-school facilities which are financed in whole or in part by such amount of assessments, taxes, or other charges, received by it; (b) the debt charges on its outstanding obligations; and (c) provisions for such reasonable reserves as may be approved by the Corporation.

No loan shall be made under this section until the Corporation (a) has caused an appraisal to be made of the taxing ability of the taxing district or other territory throughout which assessments, taxes, or other charges are authorized to be levied for the purpose of paying the costs of, or for the purpose of securing funds to repay indebtedness incurred to finance the construction, operation, and/or maintenance of the public-school facilities on account of which the indebtedness was incurred or obligations assumed which are to be reduced and refinanced in connection with a loan from the Corporation made under this section; (b) has been satisfied that an agreement has been entered into with the holders of outstanding bonds, notes, and/or other obligations incurred by or for the benefit of the tax-supported public-school district or other similar public-school authority in charge of public schools which indebtedness or obligations are to be reduced and refinanced in connection with a loan from the Corporation, under which agreement it will be possible to purchase, reduce, or refund all or a major portion
of the aggregate of outstanding indebtedness and obligations incurred by or on behalf of such district or authority at a price determined by the Corporation to be reasonable after taking into consideration the average market price of the evidences of the indebtedness or obligations to be reduced and refinanced over the six months' period ending January 1, 1935, and under which a substantial reduction will be brought about in the aggregate of such outstanding indebtedness and obligations; and (c) has determined, in view of such appraisal of taxpaying ability and of such substantial reduction in the aggregate of such outstanding indebtedness and obligations, that the operation of the public-school facilities to refinance indebtedness or obligations incurred for the benefit of which a loan from the Corporation is applied for under this section, is economically sound and will promote the general welfare of the community.

When any loan is authorized pursuant to the provisions of this section and it shall then or thereafter appear that repairs and necessary extensions or improvements to the public-school facilities, to refinance the indebtedness or obligations incurred for the benefit of which such loan is authorized, are necessary or desirable for the further assurance of the ability of the borrower to repay such loan, the Corporation, within the limitation as to total amount provided in this section, may make an additional loan or loans to such borrower for such purposes.

The proceeds of any loan applied for by a borrower under this section may be paid either to such borrower or to the holders or representatives of the holders of the bonds, notes, and/or other obligations to be reduced and refinanced in connection with such loan, and such loans may be made upon promissory notes collateralized by such bonds, notes, and/or other obligations, or through the purchase of securities issued or to be issued by such borrower.

Sec. 2. No loan shall be made by the Corporation under this Act where any part of the proceeds of such loan are to be used for purposes authorized by section 16 of the Act approved June 19, 1934 (Public, No. 417, 73d Cong.).

Note.—All applicable terms and conditions of section 5 of the Reconstruction Finance Corporation Act, as amended, are contained in the body of this circular. Consequently, there is no necessity for applicant investigating requirements of such section.