CIRCULAR No. 3
OF THE
RECONSTRUCTION
FINANCE CORPORATION

INFORMATION FOR PROSPECTIVE APPLICANTS FOR
LOANS FOR "SELF-LIQUIDATING" PROJECTS
UNDER THE EMERGENCY RELIEF AND
CONSTRUCTION ACT OF 1932

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INFORMATION FOR PROSPECTIVE APPLICANTS FOR LOANS FOR
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In order to assist in creating employment the Reconstruction
Finance Corporation has been authorized to make loans to aid in the
financing of certain specified types of "self-liquidating" construction
projects. Loans for the refunding or refinancing of obligations
already outstanding are not within the purposes of the Act, the
applicable sections of which are reprinted on the closing pages of
this circular.

No application will be considered unless (a) the project is
shown to be "self-liquidating," (b) the proposed loan is shown to be
fully and adequately secured, and (c) complete information is sup­
plied as to all phases of the project.

1. ELIGIBLE BORROWERS AND PURPOSES OF LOANS.

(a) Loans to States, Municipalities, Etc.

(a) The Corporation may make loans to, or contracts with,
States, municipalities, and political subdivisions of States, public
agencies of States, of municipalities, and of political subdivisions of
States, public corporations, boards and commissions, and public
municipal instrumentalities of one or more States. Only agencies
and corporations owned completely by a State, municipality, or
subdivision of a State are deemed to be public agencies or public
corporations. The District of Columbia, Alaska, Hawaii, and
Puerto Rico are included in the term "State."

(b) The loan or contract must be to aid in financing a project
authorized under Federal, State, or municipal law.

(c) The project must be self-liquidating in character.

(d) The loan or contract may be made through the purchase
of securities of the applicant or otherwise, and the Corporation is
authorized to bid for such securities.

(e) Loans or contracts may be made for a period exceeding ten
years only when it is the judgment of the board of directors of the
Corporation that it is necessary to purchase securities of the appli­
cant and that it is not practicable to require the reimbursement
of the Corporation, within ten years, through the repurchase or pay­
ment of such securities, or in any other manner.
(2) Loans to Regulated Housing Corporations.

(a) Loans may be made only to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas.

(b) No such loan can be made unless the applicant corporation is regulated by law as to rents, charges, capital structure, rate of return, and areas and methods of operation. Prospective borrowers should therefore determine whether such a law is in force in the place where the project is to be erected. Helpful suggestions for legislation may be found in the New York State Housing Law, the pioneer act in the field.

(c) The loans must be to aid in financing projects undertaken by such corporations which are self-liquidating in character.

(d) The project should be approved by the local regulatory authority before application is made for a loan.

(e) Loans may be made for a period not exceeding ten years.

(3) Loans for Privately Owned Projects Devoted to Public Use.

(a) Loans may be made to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets.

(b) The project must be devoted to public use.

(c) The project must be self-liquidating in character.

(d) Loans may be made for a period not exceeding ten years.

(e) No loan may be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission.

(4) Loans for Protection and Development of Forests, Etc.

(a) Loans may be made to private limited dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources.

(b) The project must be regulated by a State or a political subdivision of a State. Prospective borrowers should therefore determine whether such regulations are in force.

(c) The project must be self-liquidating in character.

(d) Loans may be made for a period not exceeding ten years.

(5) Loans for Publicly Owned Bridges Supported in Part by Taxation.

(a) Loans may be made to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by
means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before July 21, 1932 (the date of enactment of the Emergency Relief and Construction Act of 1932).

(b) Bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge may be purchased by the Reconstruction Finance Corporation irrespective of the dates of maturity of such bonds, when it is the judgment of the board of directors of the Corporation that it is necessary to purchase such securities and that it is not practicable to require the reimbursement of the Corporation, within ten years, through the repurchase or payment of such securities, or in any other manner.

2. DEFINITION OF SELF-LIQUIDATING PROJECTS.

A "self-liquidating project" is defined in the Act as follows:

"... a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project."

This provision of the Act clearly imposes the requirement that in order to be eligible for a loan the project must be one which will produce sufficient revenues to make it "self-supporting" and to return its construction cost within a reasonable period. Taxation is expressly excluded as a source of revenue for such purposes.

If the project meets these requirements its eligibility will not be affected by the fact that the power of taxation is additionally available for the payment of the loan.

In case of doubt as to whether the revenues of the project may not be derived from taxation (for example, where such revenues are derived from assessments imposed substantially in proportion to the use of the facilities afforded by the project), it is suggested that applicants, before preparing any formal application or other data with respect to the project, furnish to the Reconstruction Finance Corporation proof that such revenues do not constitute taxation. Such proof should be accompanied by copies of all statutes, ordinances, and regulations providing for or applicable to the revenues to be derived from the project, together with full and detailed information as to the source and nature of such revenues, the exact basis on which they are to be assessed or collected, their relationship to the use of the project by
those paying the same, and the purposes for which such revenues are to be used. In case of several classes or sources of revenue, full information should be given as to each and as to the expected amount thereof.

The comments of this paragraph do not apply to projects for publicly owned bridges which comply in all other respects with the provisions of subdivision (5) of paragraph 1 above.

3. FULLY AND ADEQUATELY SECURED.

The Act expressly requires that all such loans made by the Corporation shall be fully and adequately secured. In addition to stating the amount of the loan requested from the Corporation and the security offered therefor, applications should specifically state what additional cash or property will be invested in the enterprise and what security, if any, will be given therefor.

No loans or advances of the character referred to in this circular may be made upon foreign securities or foreign acceptances as collateral.

4. TERMS OF LOANS.

Loans may be made for such periods (not exceeding those stated under paragraph 1 above), in such amounts, at such rates of interest or discount, and on such terms and conditions, not inconsistent with the Act, as the board of directors of the Corporation may determine in each instance in the light of all the circumstances.

Loans of the character referred to in this circular may be made at any time prior to January 23, 1934.

5. 30-HOUR WEEK; PREFERENCE FOR EX-SERVICE MEN; CONVICT LABOR.

The Act prescribes certain limitations and conditions upon loans and the Corporation will require a proper showing that such conditions will be met.

(a) Except in executive, administrative, and supervisory positions, so far as practicable no individual directly employed on any project shall be permitted to work more than thirty hours in any one week.

(b) In the employment of labor in connection with any project preference shall be given, where they are qualified, to ex-service men with dependents.

(c) No convict labor shall be directly employed on any project.
6. APPLICATIONS FOR LOANS.

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

In view of the diverse types of projects eligible for loans, it has not been deemed advisable to prepare printed forms for applications. All applications for such loans should present the information indicated below and in the order there given.

Applications should be accompanied by appropriate maps, plans, specifications, and all other data and memoranda necessary to a full examination of the project. Such items should be marked as Exhibits "1," "2," etc., and the statements in the application should refer to the pertinent pages of such exhibits. All exhibits should bear the address of and be signed by the engineers, architects, appraisers, accountants, and other experts who prepared them.

The application and all such exhibits should be firmly fastened together, preferably in a single binder.

Three signed copies of each application (complete with all exhibits) should be filed, together with three additional copies of the application proper to which exhibits need not be attached.

FORM OF APPLICATION

Summarized General Information

(1) Type of project and location.
(2) Full legal title of applicant, address, law under which organized, and date of organization.
(3) Name, title, and address of the person with whom correspondence should be conducted, and name and address of counsel for the applicant and of consulting engineers, architects, etc.
(4) Summarized total cost of project, with subtotals showing:
   (a) cost of construction,
   (b) cost of land, rights of way, etc., and
   (c) aggregate of other costs.
(5) Amount of loan applied for; proposed time or times of repayment.
(6) Brief statement as to nature and sources of revenue.
(7) Statement that loan will be fully and adequately secured.
(8) Time that will elapse after funds available, if loan granted, before:
(a) work can be commenced,
(b) project will be completed,
(c) project will become fully self-supporting, and
(d) construction cost will be fully returned from net revenues.

(9) Condensed estimates of average number of men to be directly employed thirty hours per week and cost of construction materials to be delivered to the work during first three months after the loan is made and for each succeeding quarterly period. Such data may be shown in further detail in the construction schedule referred to in subdivision (15) below.

(10) Statement as to all objections that are known to have been made in respect of the project or the application to the Reconstruction Finance Corporation, together with names and addresses of objectors; if no such objections, so state.

Nature and Cost of Project

(11) Condensed statements as to nature of project, and need or market for the proposed service. Plans, specifications, maps and explanatory memoranda, including reports by engineers, architects, appraisers, and other experts, should be attached to the application.

(12) Statements as to the exact location, area, and assessed valuation of land necessary for the project (including rights of way, etc.), character of present improvements thereon, present ownership, and proposed method of acquisition, together with a full discussion of all known advantages and disadvantages of site for this particular project.

(13) Descriptions and amounts of all mortgages, mechanics' liens, accrued taxes and other encumbrances on the property and structures to be used in the project; if none, so state.

(14) Condensed statement as to estimated costs. Detailed estimates should be attached to the application, segregated as to (a) organization expenses, (b) cost of preliminary investigations and engineering, architectural, and legal services, etc., (c) cost of land, rights of way, etc., (d) cost of construction, and (e) carrying charges for interest, insurance, taxes, etc., until project in full operation. Construction costs should be shown in sufficient detail to facilitate checking.
(15) Condensed table showing sums required during the period of construction, segregated by monthly intervals from the commencement of operations. Construction schedules showing times for commencing the various parts of the project and the estimated expenditures at various stages in the progress of the work, segregated by monthly intervals, should be attached to the application.

(16) Present status and financial condition of project, including statement as to work already done and its cost, and amounts remaining unpaid thereon.

Financing of the Project

(17) Full statement of plans for financing the project to completion, including details as to methods of paying organization and other expenses incurred to date; statement as to all additional future financing necessary or contemplated.

(18) Statement as to the proposed terms of the loan applied for, including amount, type of obligations offered, interest rate, times when it is desired that funds should become available to the applicant, times for repayment of the loan, sinking fund provisions, redemption privilege, if any, tax payment or refund features, if any, and all like matters.

(19) Statements as to proposed provisions for giving "full and adequate security" for the loan, including amount of cash and property to be invested in addition to the proceeds of the proposed loan, and details as to conditions to be performed by applicant, or by supervising architects, engineers, or others, before respective installments of proceeds of loan are to be made available, and as to completion bonds or other assurances as to application of the proceeds and completion of the project.

(20) Full statement as to efforts to finance all or a substantial part of the project through sources other than the Reconstruction Finance Corporation, together with full information as to the time of such negotiations, the parties thereto, the terms offered and asked, and other details.

Revenues of the Project

(21) Nature and source of expected revenues, schedule of proposed charges, and statement as to whether the same are subject to control by public authority and, if so, as to whether the requisite approval has been obtained.
(22) Statement as to existing and prospective enterprises with which the project might be considered to compete, and schedules showing their charges; if no such enterprises, so state.

(23) Condensed estimates (with references to supporting data) as to gross and net income conservatively to be expected from the project during each year until the construction cost has been fully repaid. Private corporations should also give like estimates covering their entire business, including this project and all other enterprises in which they are or expect to be engaged.

Detailed estimates and supporting data should be attached, such exhibits showing, for each such year:

(a) detailed estimate of gross revenues, segregated according to nature and source,

(b) detailed estimate of operating, maintenance, administrative, depreciation, obsolescence, and other expenses and charges (including amortization of organization expenses and initial carrying charges) and taxes, if any, other than income taxes, but excluding interest on indebtedness,

(c) estimated net income before interest on indebtedness,

(d) interest requirements for such year on proposed loan, and on all other indebtedness to be outstanding,

(e) provision for estimated income taxes, if any,

(f) net profit for such year, and

(g) sinking fund and principal requirements for such year on proposed loan and on all other indebtedness to be outstanding, and estimated special assessments, or similar items, for such year.

The basis for each estimate should be fully explained and data in support thereof included.

Credit Information from Private Corporations

(24) Comparative balance sheets at the end of each of the last five fiscal years and at the latest available date, certified by public accountants, together with statement as to any change in the financial condition of the applicant since such date.

(25) Comparative earnings statements for each of the last five fiscal years, and for the present fiscal year to the latest available date, certified by public accountants.

(26) Copy of latest available auditors’ report; if none, so state.

(27) Amount of net proceeds realized or to be realized per $100 on each issue of securities made since 1922 or proposed to be made;
copies of prospectus or circular for each such issue should be attached or the terms of such issue fully stated.

(28) Names, addresses, credit references, salaries, and other occupations of all officers and directors and amount of stock or other securities of corporation owned by each; names and addresses of ten largest stockholders and amount held by each.

Credit Information from States, Municipalities, Etc.

(29) Copy of published report or certified statement by chief fiscal officer for each of the last three fiscal years, and for the present fiscal year to the latest available date, showing in reasonable detail the revenues and expenditures of the applicant for each such fiscal period.

(30) Certificate by the proper official, covering each of the last three fiscal years and the present fiscal year to the latest available date, showing for each such fiscal period:

(a) assessed valuation of taxable real and personal property, stated separately,
(b) basis of assessment,
(c) amount of taxes levied and rate,
(d) amount uncollected at time when taxes became delinquent, and
(e) amount of taxes for such fiscal period now uncollected.

(31) Amount of net proceeds realized per $100 on each issue of obligations at any time made in connection with the project, or any similar project, and on the latest issue of general obligations of the applicant; copies of prospectus or circular for each such issue should be attached or the terms of such issue fully stated.

(32) Where available the data mentioned above under subdivisions (24) and (25) should also be supplied.

(33) Applications from States, municipalities, etc., requesting the Corporation to purchase securities having a maturity of more than ten years (see subdivisions (1) (e) and (5) (b) of paragraph 1 above) should contain detailed statements as to the efforts that have been made to sell the proposed securities to others, together with all additional information necessary to enable the directors of the Corporation to pass judgment on the necessity for the purchase of such securities and the impracticability of requiring reimbursement of the Corporation within ten years through the repurchase or payment of such securities or in any other manner.
Further Credit Information From All Applicants

(34) Complete information as to the applicant's credit relations with banks and other financial institutions, and high and low quotations for each of the past five years of all obligations of the applicant held by the public and current quotations thereof.

(35) Financial history of any similar projects undertaken by applicant or principal parties in interest.

(36) Full particulars as to any default, present or past, in respect of any indebtedness of the applicant; if no such default, so state.

(37) Statement as to any legal limitation on amount of debt that can be incurred, and amount of obligations presently issuable thereunder.

Legal Data

(38) A signed copy of an opinion by counsel for the applicant should be attached, such opinion to be to the effect that the application has been executed by a duly authorized officer, that the Reconstruction Finance Corporation has full authority to make the proposed loan, that such loan would constitute a valid and binding obligation of the applicant, and that there are no legal obstacles to carrying out the proposed project or to giving the Corporation the proposed security.

A legal memorandum should also be attached, signed by counsel for the applicant, discussing in detail all legal questions arising in connection with the acquisition of the properties, the proposed construction work (including damages to abutting owners and other like problems), the operation of the project after completion, the validity of the proposed charges for the services to be rendered by the project, the validity of the loan, and the proposed security offered. Among other points the memorandum should discuss fully:

(a) the constitutional, statutory, and corporate power of the applicant to enter into the project and to incur the proposed indebtedness, with particular reference to debt limitations,

(b) the legal proceedings and formalities taken and required to be taken by the applicant with respect to the project and the proposed loan,

(c) any franchises, approvals, permits, water rights, certificates of convenience and necessity, etc., obtained or required to be obtained from Federal, State, municipal, or other authorities,
(d) any applicable franchise rights or rights of eminent
domain or condemnation,
(e) regulation by any public authority as to the proposed
charges,
(f) validity of the security offered,
(g) any statutory or other provisions for the recapture or
other acquisition of the project by any State, municipality, etc.,
and
(h) the status of the proposed obligations offered to the
Corporation as regards any exemption from State, municipal, or
local taxation if in the hands of private investors, and as regards
qualification as a legal investment for savings banks, insurance
companies, trust funds, etc., under the law of the State in
question.

All constitutional provisions, statutes, ordinances, regulations,
charter or by-law provisions, etc., applicable to the project or the
financing, construction, or operation thereof, or the revenues to be
derived therefrom, or the proposed loan or the security therefor, and
any franchises, approvals, permits, etc., obtained from Federal, State,
municipal, or other public authorities, and any proceedings taken
by the applicant with respect to the project or its financing, should
be cited in the memorandum. Copies of all such documents which
will be of importance for proper consideration of such legal ques­
tions by the Corporation should be attached.

(39) Full statement as to any litigation, pending or threatened,
which might affect the project, the proposed loan, or the financial
condition of the applicant; if no such litigation pending or threatened,
so state.

(40) Brief description of terms of all existing and proposed con­
tracts, leases, and other agreements with respect to the project, or
the financing, construction, operation, maintenance, or use thereof,
copies of which should be attached as exhibits.

Miscellaneous

(41) Full statement as to all financial, corporate, or personal rela­
tionships, direct or indirect, between any person, firm, or corporation
which has entered into any contract, lease, or other agreement with re­
spect to the project or the financing, construction, operation, mainten­
ance, or use thereof, or which it is proposed will enter into any such
contract, lease, or other agreement, and (a) the applicant, (b) any official, officer, director, or stockholder of the applicant, or (c) any interest affiliated with the applicant; if no such relationship, so state.

(42) Statement that the applicant consents to and authorizes such examinations as the Reconstruction Finance Corporation may require and/or that reports of examinations by constituted authorities may be furnished by such authorities to the Corporation upon request therefor.

(43) Statement that no fee or commission has been or will be paid by the applicant in connection with the application or any loan made or to be made by the Reconstruction Finance Corporation, and that no agreement to pay any such fee or commission has been or will be made.

(44) Statement that the applicant agrees that no convict labor shall be directly employed on the project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on the project shall be permitted to work more than thirty hours in any one week, and that in the employment of labor in connection with the project preference shall be given, where they are qualified, to ex-service men with dependents.

(45) Certificate under the seal of the applicant, by its secretary or other proper officer, and sworn to before a notary public, as to the names, titles, signatures, and incumbency and term of office of the appropriate officers of the applicant.

7. PROCEDURE

Corporate and municipal applicants should have resolutions adopted by their boards of directors or other governing bodies authorizing one or more of certain named officers to execute and deliver the application and any exhibits thereto in the exact form in which it is submitted, and further authorizing such officers to supply the Reconstruction Finance Corporation with any other instruments or data it may request in connection with such application. A certified copy of such resolutions should be attached to the application as an exhibit.

All applications, including those from States, municipalities, etc., should be verified. The verification by corporations and municipalities should be in substantially the following form:
STATE OF ................................................

County of ........................................, 88:

_________________________________________ (Name of affiant) makes oath and says that he is the
_________________________________________ (Office held by affiant) of ________________________________, that he has care-
fully 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

[SEAL]

My commission expires ________________________________

Applications by States should be verified by the Governor and the
chief fiscal officer, appropriate changes and omissions being made in
the above form.

The applicant will be duly notified of any additional information
required, and of the action taken by the Reconstruction Finance
Corporation.

8. STATUTORY PROVISIONS.

The following sections of the Emergency Relief and Construction
Act of 1932, applicable to loans of the character referred to in this
circular, are quoted for the information of applicants:

Title II—Loans by Reconstruction Finance Corporation.

Scc. 201. (a) The Reconstruction Finance Corporation is authorized and empowered—
(1) to make loans to, or contracts with, States, municipalities, and political subdivisions
of States, public agencies of States, of municipalities, and of political subdivisions of States,
public corporations, boards and commissions, and public municipal instrumentalities of one
or more States, to aid in financing projects authorized under Federal, State, or municipal law
which are self-liquidating in character, such loans or contracts to be made through the
purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance
Corporation is authorized to bid for such securities: Provided, That nothing herein contained
shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the
provisions of this paragraph, from purchasing securities having a maturity of more than ten
years;
(2) to make loans to corporations formed wholly for the purpose of providing housing
for families of low income, or for reconstruction of slum areas, which are regulated by State
or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

(3) to make loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets, devoted to public use and which are self-liquidating in character;

(4) to make loans to private limited dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

(5) to make loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the Emergency Relief and Construction Act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

For the purposes of this subsection a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than thirty hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents.

The provisions of this subsection shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this subsection the term “States” includes Puerto Rico and the Territories.

(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section and under the Reconstruction Finance Corporation Act, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount and rate of interest involved in each case.

(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: Provided, That no loans or advances (except loans under subsection (c)) shall be made upon foreign securities or foreign acceptances as collateral.

(g) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time, extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally:
Provided, That loans or contracts of the character described in subsection (a) may be made for a period not exceeding ten years; Provided further, That loans or contracts of the character described in paragraph (1) or (5) of subsection (a) may be made for a period exceeding ten years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within ten years, through the repurchase or payment of such securities, or in any other manner.

(h) The corporation may make loans under this section at any time prior to January 23, 1934.

(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

(j) No loan under this section shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

Sec. 204. Section 8 of the Reconstruction Finance Corporation Act is amended to read as follows:

"Sec. 8. In order to enable the corporation to carry out the provisions of this Act and the Emergency Relief and Construction Act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal Reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or contemplates having transactions under either of such Acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such Acts, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under either of such Acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such Acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor."

Sec. 206. * * * As used in this title and in section 15 of the Reconstruction Finance Corporation Act the term "State" includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

Sec. 207. No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation Act, directly or indirectly, to any financial institution, any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the twelve months preceding the approval of the loan or advance.

The following sections of the Reconstruction Finance Corporation Act are also quoted for the information of applicants:

Sec. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any
loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond or other obligation, or coupon issued by the corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive) in so far as applicable, are extended to apply to contracts or agreements with the corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.