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CIRCULAR No. 4
(REVISED)

RECONSTRUCTION
FINANCE CORPORATION

ITS POWERS AND FUNCTIONS



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RECONSTRUCTION FINANCE CORPORATION

1825 H STREET NORTHWEST

WASHINGTON, D. C.

DIRECTORS AND OFFICERS

JESSE H. JONES, *Chairman, Board of Directors.*

HENRY MORGENTHAU, Jr. (Secretary of the Treasury), *Director Ex Officio.*

JOHN J. BLAINE, *Director.*

HARVEY C. COUCH, *Director.*

CHARLES B. HENDERSON *Director.*

CARROLL B. MERRIAM, *Director.*

FREDERIC H. TABER, *Director.*

GEORGE R. COOKSEY, *Secretary.*

STANLEY REED, *General Counsel.*

HENRY A. MULLIGAN, *Treasurer.*

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RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created by "An Act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes", approved January 22, 1932, which may be cited as the "Reconstruction Finance Corporation Act." The powers of the Corporation were increased and the scope of its operations extended by subsequent legislation. This circular outlines the organization, functions, and authority of the Corporation under existing law.

I. MANAGEMENT AND ORGANIZATION

The Reconstruction Finance Corporation was organized on February 2, 1932, pursuant to the provisions of the Reconstruction Finance Corporation Act which provides that it shall have succession for a period of 10 years from January 22, 1932, unless sooner dissolved by an act of Congress. Under the Act, as amended, its management is vested in a board of directors consisting of the Secretary of the Treasury (or, in his absence, the Under Secretary of the Treasury), who is a member ex officio, and six other directors appointed by the President of the United States by and with the advice and consent of the Senate.

The Corporation functions through a principal office at Washington and loan agencies established in cities throughout the United States, as follows:

Atlanta, Ga.	Houston, Tex.	Omaha, Nebr.
Birmingham, Ala.	Jacksonville, Fla.	Philadelphia, Pa.
Boston, Mass.	Kansas City, Mo.	Portland, Ore.
Charlotte, N.C.	Little Rock, Ark.	Richmond, Va.
Chicago, Ill.	Los Angeles, Calif.	St. Louis, Mo.
Cleveland, Ohio.	Louisville, Ky.	Salt Lake City, Utah.
Dallas, Tex.	Minneapolis, Minn.	San Antonio, Tex.
Denver, Colo.	Nashville, Tenn.	San Francisco, Calif.
Detroit, Mich.	New Orleans, La.	Seattle, Wash.
El Paso, Tex.	New York, N.Y.	Spokane, Wash.
Helena, Mont.	Oklahoma City, Okla.	

In addition to the foregoing, the Corporation has a special representative at San Juan, Puerto Rico.

The Federal Reserve banks are authorized to act as depositories, custodians, and fiscal agents for the Corporation. The proceeds of loans generally are disbursed by the Corporation through the Federal Reserve banks and their branches which also, acting as custodians, hold the primary obligations of borrowers evidencing indebtedness to the Corporation, as well as the collateral pledged with the Corporation as security therefor. Since there is no Federal Reserve bank or branch bank in Puerto Rico, the Insular Treasurer at San Juan acts as custodian for the Corporation.

The funds of the Corporation are kept on deposit with the Treasurer of the United States.

II. LOANS TO FINANCIAL INSTITUTIONS AND RAILROADS UNDER SECTION 5 OF THE RECONSTRUCTION FINANCE CORPORATION ACT, AS AMENDED

The Corporation, under the provisions of section 5 of the Reconstruction Finance Corporation Act, as amended, is authorized to make loans until February 1, 1935, or such earlier date as the President may fix by proclamation, on full and adequate security and upon the terms and conditions stated in the law, to:

Any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the United States, including loans secured by the assets of any bank, savings bank, or building and loan association that is closed, or in process of liquidation, to aid in their reorganization or liquidation, upon application of the receiver or liquidating agent of such institution.

Under the same section of the law, the Corporation is authorized, upon the approval of the Interstate Commerce Commission, to make loans to:

(a) Railroads and railways engaged in interstate commerce, to aid in the temporary financing thereof, to railroads and railways in process of construction, and to receivers of such railroads and railways, when, in the opinion of the board of directors of the Corporation, such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public and the Corporation will be adequately secured.

(b) Trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933.

Loans under section 5 of the Reconstruction Finance Corporation Act, as amended, may be made for a period not exceeding 3 years, and the Corporation may renew or extend the time of payment up to a maximum of 5 years from the dates upon which such loans were made originally.

Section 4 of an Act of Congress, approved June 10, 1933, provides that the Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932:

(1) If at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of what appears reasonable to the Corporation, and

- (2) Unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of what appears reasonable to the Corporation while such loan is outstanding and unpaid.

For the purposes of this section, the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

Section 5 of the Reconstruction Finance Corporation Act, as amended, provides that in no case shall the aggregate amount of advances made thereunder to any one corporation and its subsidiary or affiliated organizations exceed at any one time 2½ per centum of

- (1) The authorized capital stock of the Reconstruction Finance Corporation, plus
- (2) The aggregate amount of bonds authorized to be outstanding when the capital stock is fully subscribed.¹

Section 5 also provides that no loans or advances shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in the carrying or liquidation of such foreign securities and foreign acceptances.

III. SUBSCRIPTIONS FOR PREFERRED STOCK OF NATIONAL OR STATE BANKS OR TRUST COMPANIES, LOANS SECURED BY SUCH STOCK AS COLLATERAL, OR PURCHASES OF CAPITAL NOTES OR DEBENTURES OF STATE BANKS OR TRUST COMPANIES

Under section 304 of the Act of Congress approved March 9, 1933, as amended, the Reconstruction Finance Corporation is authorized to subscribe for preferred stock, exempt from double liability, in any National or State bank or trust company,² upon the request of the Secretary of the Treasury with the approval of the President. The Corporation also is authorized to make loans secured by the preferred stock of National or State banks or trust companies as collateral, upon the request of the Secretary of the Treasury with the approval of the President. In any case in which a State bank or trust company is not permitted, under the laws of the State in which it is located, to issue preferred stock exempt from double liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, the Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such State bank or trust company.

The Corporation is further authorized, with the approval of the Secretary of the Treasury, and under such rules and regulations as he may prescribe, to

¹ See X.—FUNDS OF THE RECONSTRUCTION FINANCE CORPORATION under heading 2—Issue of notes, debentures, bonds, or other such obligations, pp. 9-11.

² As used herein "State bank or trust company" includes other banking corporations engaged in the business of industrial banking and under the supervision of State banking departments or of the Comptroller of the Currency.

sell in the open market the whole or any part of the preferred stock, capital notes, or debentures of any National or State bank or trust company acquired by the Corporation pursuant to the foregoing authority.

More detailed information regarding this subject is contained in Reconstruction Finance Corporation Circular No. 6.

IV. SUBSCRIPTIONS FOR PREFERRED STOCK AND PURCHASES OF CAPITAL NOTES OF INSURANCE COMPANIES, AND LOANS SECURED BY SUCH STOCK OR NOTES AS COLLATERAL

Pursuant to the provisions of an Act of Congress approved June 10, 1933, as amended, the Corporation is authorized, upon the request of the Secretary of the Treasury with the approval of the President, to subscribe for preferred stock of any class, exempt from assessment or additional liability, in any insurance company³ of any State of the United States which is in need of funds for capital purposes either in connection with the organization of such company or otherwise, or to make loans secured by such stock as collateral. The Corporation further is authorized, with the approval of the Secretary of the Treasury, and under such rules and regulations as he may prescribe, to sell in the open market the whole or any part of the preferred stock of any such insurance company acquired by it pursuant to the aforesaid provisions of law.

In the event that any such insurance company shall be incorporated under the laws of any State which does not permit it to issue preferred stock exempt from assessment or additional liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, or upon notice of more than 20 days, the Corporation is authorized, for the purposes indicated above, to purchase the legally issued capital notes of such insurance company or to make loans secured by such notes as collateral, which may be subordinated in whole or in part or to any degree to claims of other creditors.

The Corporation may not subscribe for any such preferred stock or purchase any such capital notes of any applicant insurance company:

- (1) If at the time of such subscription, purchase, or loan, any officer, director or employee of the applicant is receiving total compensation, including any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services, in a sum in excess of \$17,500 per annum from the applicant and/or any of its affiliates; and
- (2) Unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees.

Subscriptions for preferred stock, purchases of legally issued capital notes, or loans upon preferred stock or capital notes of insurance companies may be made by the Corporation until February 1, 1935, or such earlier date as the President may fix by proclamation.

³ As used herein the term "insurance company" includes any corporation engaged in the business of insurance or in the writing of annuity contracts, irrespective of the nature thereof, and operating under the supervision of a State superintendent or department of insurance in any of the States of the United States.

The total amount of loans outstanding, preferred stock subscribed for, and capital notes purchased and held by the Corporation pursuant to the aforesaid provisions of law relating to insurance companies may not exceed at any one time \$50,000,000.

More detailed information regarding this subject is contained in Reconstruction Finance Corporation Circular No. 8.

V. LOANS TO REDUCE AND REFINANCE THE OUTSTANDING INDEBTEDNESS OF AGRICULTURAL IMPROVEMENT DISTRICTS FOR THE BENEFIT OF FARMERS

Section 36 of the Emergency Farm Mortgage Act of 1933, as amended, authorizes the Corporation to make loans, not to exceed an aggregate amount of \$50,000,000, to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to May 12, 1933 (the date on which the Emergency Farm Mortgage Act of 1933 became law), have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision to reduce or refinance its outstanding indebtedness incurred in connection with any such projects. They are subject, with certain exceptions, to the same terms and conditions as loans under section 5 of the Reconstruction Finance Corporation Act, as amended.

More detailed information regarding this subject is contained in Reconstruction Finance Corporation Circular No. 7.

VI. LOANS FOR THE EXPORTATION OF AGRICULTURAL OR OTHER PRODUCTS

Under section 5a of the Reconstruction Finance Corporation Act, the Corporation is authorized, subject to specified limitations, to accept drafts and bills of exchange drawn upon it, having at the time of acceptance a maturity of not more than 12 months, which grow out of transactions involving the exportation of agricultural or other products actually sold or transported for sale subsequent to the enactment of the law, and in process of shipment to buyers in foreign countries. All such drafts and bills of exchange must be in terms payable in the United States, in currency of the United States, and, in addition to the draft or bill of exchange, must at all times be fully secured by American securities as collateral, or must be guaranteed by a bank or trust company of undoubted solvency, organized under the laws of the United States or any State, Territory, or insular possession thereof.

Under section 201 (c) of the Emergency Relief and Construction Act of 1932, the Corporation is authorized to make loans for the purpose of financing sales of surpluses of agricultural products in the markets of foreign countries in which such sales cannot be financed in the normal course of commerce, in

order that such surpluses may not have a depressing effect upon current prices of such products; but it is stipulated that no such sales shall be financed by the Corporation if, in its judgment, such sales will affect adversely the world markets for such products, and that no such loan may be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation. All loans made under this section must be fully and adequately secured.

VII. LOANS FOR THE CARRYING AND ORDERLY MARKETING OF AGRICULTURAL COMMODITIES AND LIVESTOCK

Under section 201 (d) of the Emergency Relief and Construction Act of 1932, the Corporation is authorized, until February 1, 1935, or such earlier date as the President may fix by proclamation, to make loans to bona fide institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States. All such loans are required to be fully and adequately secured.

VIII. OTHER LOANS AND ADVANCES

1. Other Loans Under Section 5 of the Reconstruction Finance Corporation Act, as amended

The Corporation is authorized to make loans under section 5 of the Reconstruction Finance Corporation Act, as amended, to:

- (a) Any State insurance fund established or created by the laws of any State (including Alaska, Hawaii, and Puerto Rico), for the purpose of paying or insuring payment of compensation to injured workmen and those disabled as a result of disease contracted in the course of their employment, or to their dependents.
- (b) Any fund created by any State (including Alaska, Hawaii, and Puerto Rico), for the purpose of insuring the repayment of deposits of public moneys of such State, or any of its political subdivisions, in banks or depositories qualified under the law of such State to receive such deposits.
- (c) Parties to any marketing agreement entered into by the Secretary of Agriculture with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof, for the purpose of carrying out any such agreement; as authorized by section 8 of the Agricultural Adjustment Act.
- (d) Processors or distributors of agricultural commodities for the payment of processing and compensating taxes levied pursuant to the provisions of Title I of the Agricultural Adjustment Act; as authorized by section 19(c) thereof.

2. Loans and Advances to the Secretary of Agriculture to Acquire Cotton

Under the provisions of section 5 of the Agricultural Adjustment Act, approved May 12, 1933, the Corporation is authorized and directed to advance money and to make loans to the Secretary of Agriculture to acquire (a) all cotton owned by the Federal Farm Board and all departments or other agencies of the Government, not including the Federal intermediate credit banks, and (b) all cotton on which money has been loaned or advanced by any department or agency of the United States, including futures contracts for cotton, or which is held as collateral for loans or advances; and to pay the classing, carrying, and merchandising costs thereon, in such amounts and upon such terms as may be agreed upon by the Secretary of Agriculture and the Reconstruction Finance Corporation.

3. Loans to Receivers Appointed under Section 29 of the Federal Farm Loan Act, as amended, or by a United States District Court

Section 27 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933, as amended, authorizes the Reconstruction Finance Corporation, upon approval of the Land Bank Commissioner, to make loans to any receiver appointed pursuant to section 29 of the Federal Farm Loan Act, as amended, or to any receiver appointed by a district court of the United States for the purpose of paying taxes on farm real estate owned by such bank in receivership or securing the mortgages held by it. The receiver may issue receiver's certificates against the assets of such bank as security for any such loan received from the Reconstruction Finance Corporation, and such certificates shall constitute a prior lien on such assets.

4. Loan to the Corporation of Foreign Security Holders

The Corporation of Foreign Bondholders Act, 1933, approved May 27, 1933, which is not to take effect until the President finds that such action is in the public interest and by proclamation so declares, creates a body corporate with the name of the "Corporation of Foreign Security Holders" for the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default. Under section 209 of such Act, the Reconstruction Finance Corporation is authorized to loan out of its funds not to exceed \$75,000 for the use of the Corporation of Foreign Security Holders.

5. Advances to the Reclamation Fund

Section 37 of the Emergency Farm Mortgage Act of 1933 authorizes the Corporation, upon request of the Secretary of the Interior, to advance funds to the reclamation fund created by the Act of June 17, 1902, not exceeding \$5,000,000 for the completion of projects or divisions of projects now under construction, or projects approved or authorized. Funds so advanced shall be repaid out of any receipts and accretions accruing to the reclamation fund within such time as may be fixed by the Reconstruction Finance Corporation,

not exceeding 5 years from the date of advance, with interest at the rate of 4 per centum per annum. Sums so advanced may be expended in the same way as other moneys in the reclamation fund.

IX. FUNDS OF RECONSTRUCTION FINANCE CORPORATION ALLOCATED AND MADE AVAILABLE TO OTHER GOVERNMENTAL AGENCIES

1. Allocation of Funds to the Secretary of Agriculture and Farm Credit Administration

Under section 2 of the Reconstruction Finance Corporation Act, the Corporation was authorized to allocate and make available to the Secretary of Agriculture a certain part of its funds in order to enable the Secretary to make loans to farmers for crop production purposes during 1932. Pursuant to the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932 the Corporation paid for the capital stock of the regional agricultural credit corporations out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under this section of the law. By an Act of Congress approved February 4, 1933, the authority of the Secretary of Agriculture was extended with respect to the use of funds allocated and made available to him by the Reconstruction Finance Corporation so as to enable him to make loans, within certain limitations, to farmers during 1933. The availability of funds allocated under the foregoing provisions of law for the purpose of making loans to farmers was transferred from the Secretary of Agriculture to the Farm Credit Administration by the Executive order of March 27, 1933, effective May 27, 1933, and to the Governor of the Farm Credit Administration by section 5 of the Farm Credit Act of 1933.

2. Allocation of Funds to Land Bank Commissioner

The Corporation is authorized and directed, under section 30 (a) of the Emergency Farm Mortgage Act of 1933, to make available to the Land Bank Commissioner the sum of \$100,000,000, to be used for a period not exceeding 2 years from the date of the enactment of such Act, i.e., May 12, 1933, for the purpose of making loans to joint-stock land banks.

Under section 32 of the same Act, the Corporation is authorized and directed also to allocate and make available to the Land Bank Commissioner the sum of \$200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans to farmers.

3. Funds Made Available to the Federal Emergency Relief Administrator

Section 2 (a) of the Federal Emergency Relief Act of 1933 authorizes and directs the Corporation to make available out of the funds of the Corporation not to exceed \$500,000,000, for expenditure in accordance with the terms stated in the Act, upon certification by the Federal Emergency Relief Administrator, for the purpose of furnishing relief to needy and distressed people. Section 3 (b) of such Act provides that the Corporation shall pay the expenses, not exceeding

\$350,000, of the Federal Emergency Relief Administration, out of the funds made available by the Act, upon presentation of vouchers approved by the Administrator or by an officer of that Administration designated by him for that purpose.

4. Capital of Federal Home Loan Banks Subscribed by the United States

Section 6 (f) of the Federal Home Loan Bank Act amended the Reconstruction Finance Corporation Act to provide that \$125,000,000, or as much thereof as may be necessary for the purpose, be allocated and made available by the Corporation to the Secretary of the Treasury in order to enable him to pay for the capital stock of Federal Home Loan Banks subscribed for by the United States.

5. Capital of Home Owners' Loan Corporation Subscribed by the United States

Section 4 (b) of the Home Owners' Loan Act of 1933 authorizes and directs the Reconstruction Finance Corporation to allocate and make available to the Secretary of the Treasury the sum of \$200,000,000, or so much thereof as may be necessary, in order to enable him to make payments for subscriptions for the capital stock of the Home Owners' Loan Corporation, created by such Act.

X. FUNDS OF THE RECONSTRUCTION FINANCE CORPORATION

1. Capital Stock

The capital stock of the Corporation was fixed by section 2 of the Reconstruction Finance Corporation Act at \$500,000,000, all of which was subscribed by the Secretary of the Treasury on behalf of the Government of the United States on February 2, 1932. The entire capital stock has been paid in by the Secretary of the Treasury and is held by the United States.

2. Issue of Notes, Debentures, Bonds, or Other Such Obligations

The Reconstruction Finance Corporation Act, as amended by the Emergency Relief and Construction Act of 1932, authorizes the Corporation, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time, its notes, debentures, bonds, or other such obligations in an amount aggregating not more than six and three-fifths times its subscribed capital stock.

However, the National Industrial Recovery Act, which terminated the power of the Reconstruction Finance Corporation to make loans or contracts to finance self-liquidating projects, etc., under the provisions of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended, provides that the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized to have outstanding at any one time is decreased \$400,000,000. On the other hand, the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized

to issue and have outstanding at any one time is increased by the provisions of other laws, as follows:

- (a) By an amount not to exceed \$125,000,000, in order to enable the Secretary of the Treasury to make payments for subscriptions for capital stock of the Federal Home Loan Banks, as provided for in section 6 (f) of the Federal Home Loan Bank Act.
- (b) By such amount as may be necessary—
 - (1) To enable the Corporation to subscribe for preferred stock of National or State banks or trust companies, to make loans secured by such stock as collateral, and to purchase capital notes or debentures of State banks or trust companies, as provided by section 304 of an Act approved March 9, 1933, as amended;
 - (2) To enable the Corporation to make loans to the Secretary of Agriculture to acquire certain cotton and to pay the classing, carrying, and merchandising costs thereon under the provisions of the Agricultural Adjustment Act.
- (c) By an amount not to exceed \$50,000,000 to enable the Corporation to subscribe for preferred stock, to purchase capital notes of insurance companies, and to make loans secured by such stock or notes as collateral, as provided by the Act approved June 10, 1933.
- (d) By \$500,000,000 to enable the Federal Emergency Relief Administrator to make grants to States and Territories (including Alaska, Hawaii, the Virgin Islands, and Puerto Rico) and the District of Columbia to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment, as provided by the Federal Emergency Relief Act of 1933. Additional notes, debentures, bonds, or other such obligations may be issued under this authority only at such times and in such amounts as the President may approve.
- (e) By \$300,000,000 in order to provide funds for allocation to the Land Bank Commissioner for the purpose of making loans to joint-stock land banks and to farmers, as provided by the Emergency Farm Mortgage Act of 1933.
- (f) By an amount not to exceed \$200,000,000 in order to provide funds for allocation to the Secretary of the Treasury for the purpose of making payments for subscriptions for the capital stock of the Home Owners' Loan Corporation, as provided by section 4 (b) of the Home Owners' Loan Act of 1933.
- (g) By \$850,000,000, as provided by section 3 of the Act approved January 20, 1934.

Notes, debentures, bonds, or other such obligations issued by the Corporation are to mature not more than 5 years from their respective dates of issue,

to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rate of interest as may be determined by the Corporation. The Corporation, with the approval of the Secretary of the Treasury, also may sell on a discount basis short-term obligations payable at maturity without interest. The law provides that the notes, debentures, bonds, or other such obligations of the Corporation shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Corporation which may be issued pursuant to the provisions of the law, and may, at any time, sell any of the obligations of the Corporation acquired by him. He is further authorized, at the request of the Reconstruction Finance Corporation, to market for the Corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department authorized by law for the marketing of obligations of the United States. The Reconstruction Finance Corporation Act, as amended, also provides that any and all notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) at any time imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

XI. REPORTS

1. Quarterly Reports

Section 15 of the Reconstruction Finance Corporation Act provides that the Corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States (including the District of Columbia, Alaska, Hawaii, and Puerto Rico) in each class. The law further provides that the statement shall show the assets and liabilities of the Corporation and the names and compensation of all persons employed by the Corporation whose compensation exceeds \$400 per month.

2. Monthly Reports

Under section 201 (b) of the Emergency Relief and Construction Act of 1932, the Corporation is required to 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, 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.

XII. AUTHORITY OF RECONSTRUCTION FINANCE CORPORATION TERMINATED AND FUNCTIONS TRANSFERRED TO THE JURIS- DICTION AND CONTROL OF OTHER GOVERNMENTAL AGENCIES

1. Regional Agricultural Credit Corporations

An Executive order issued on March 27, 1933, effective on May 27, 1933, transferred the management and functions, records, equipment, and personnel of the Regional Agricultural Credit Corporations from the Reconstruction Finance Corporation to the jurisdiction and control of the Farm Credit Administration. The Reconstruction Finance Corporation will continue to pay all expenses incurred in connection with the operations of these corporations, and to rediscount paper for them, as provided in section 201 (e) of the Emergency Relief and Construction Act of 1932.

2. Self-Liquidating Loans, Etc., under Section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended

The power of the Corporation to make self-liquidating loans or contracts, etc., under section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended, was terminated at the close of June 26, 1933, pursuant to the provisions of section 301 of the National Industrial Recovery Act, which created the Federal Emergency Administration of Public Works. The functions of the Corporation in this field were superseded by the functions of that Administration. Section 301 of the National Industrial Recovery Act provided, however, that the Corporation may issue funds to a borrower under section 201 (a) of the Emergency Relief and Construction Act of 1932 prior to January 23, 1939, under the terms of any agreement or any commitment to bid upon or purchase bonds entered into with such borrower pursuant to an application approved prior to the date of termination of the power of the Corporation to approve applications under such section.

3. Funds for Relief of Destitution

The power of the Corporation to make funds available to States and Territories under section 1 of the Emergency Relief and Construction Act of 1932 for the relief of destitution was terminated at the close of June 1, 1933, pursuant to section 2 (c) of the Federal Emergency Relief Act of 1933, which created the Federal Emergency Relief Administration.