CIRCULAR No. 9
(REVISED)

OF THE
RECONSTRUCTION
FINANCE CORPORATION

INFORMATION REGARDING APPLICATIONS FOR LOANS
FROM THE RECONSTRUCTION FINANCE CORPORATION
FOR THE PURPOSE OF PAYING PROCESSING TAXES,
COMPENSATING TAXES, AND TAXES ON FLOOR STOCKS
UNDER SECTION 19 (C) OF THE AGRICULTURAL
ADJUSTMENT ACT OF 1933

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INFORMATION REGARDING APPLICATIONS FOR LOANS FROM THE RECONSTRUCTION
FINANCE CORPORATION FOR THE PURPOSE OF PAYING PROCESSING TAXES,
COMPENSATING TAXES, AND TAXES ON FLOOR STOCKS UNDER SECTION 19 (C)
OF THE AGRICULTURAL ADJUSTMENT ACT OF 1933

In section 19 (c) of the Agricultural Adjustment Act of 1933 it is provided:

In order that the payment of taxes under this title may not impose any immediate
undue financial burden upon processors or distributors any processor or distributor subject
to such taxes (processing taxes, compensating taxes, and taxes on floor stocks) shall be
eligible for loans from the Reconstruction Finance Corporation under section 5 of the
Reconstruction Finance Corporation Act.

1. GENERAL REQUIREMENTS

The Reconstruction Finance Corporation may make loans as provided in
the foregoing paragraph only to prevent the “immediate undue financial
burden” which the taxes referred to may impose.

Inasmuch as it is provided by section 19 (b) of the Agricultural Adjust­
ment Act that the payment of such taxes may be postponed by the Secretary
of the Treasury for a period not exceeding 90 days, it is contemplated that
applicants will obtain, if possible, postponement of the payment of the taxes
for the full 90-day period. However, the Corporation will give considera­
tion to applications for loans where the postponement for the full 90-day
period, or for any part thereof, has been denied. Wherever possible, a signed
copy of the order of postponement for the full 90-day period, or for a lesser
period, or of the denial of the request for postponement should be filed with
the original application. The Corporation will consider applications for loans
when accompanied by satisfactory evidence that the postponement for the full
90-day period has been requested; but in no event will the loan be disbursed
until a signed copy of the order granting postponement for the full 90-day
period, or for a lesser period, or of the denial of the request, has been filed
with the loan agency.

*Exception.—Where the Bureau of Internal Revenue has granted a general
postponement with respect to certain taxes in connection with a particular
commodity, and will not grant any individual extension with respect to such
taxes, applications may be received at the beginning of and disbursement made
immediately prior to the end of such period of general postponement.

Since in the case of the compensating tax the tax is not payable until the
importer wishes to withdraw the imported articles from customs custody or
control, such order of postponement will not be required. However, the loan
application should be accompanied by a certificate signed by the collector of
customs to the effect that such articles are actually in customs custody or
control.
2. SECURITY REQUIREMENTS

Section 5 of the Reconstruction Finance Corporation Act provides that all loans must be "fully and adequately secured." Warehouse receipts (preferably issued by warehouses licensed under the United States Warehouse Act) on commodities which are the basis of the tax, or warehouse receipts on other acceptable commodities as well as other forms of security customarily accepted by banking institutions, which will furnish full and adequate security for the loan requested will be considered.

No loans may be made on foreign securities as collateral.

3. MATURITIES AND INTEREST RATES

Loans will be made for the normal turn-over period of the commodity and in no event to exceed 6 months. However, the Corporation will consider applications for renewals in the event that the turn-over period exceeds 6 months.

Interest rates on all classes of eligible loans are determined by the Board of Directors of the Corporation from time to time. The rate of interest on this class of loans has been fixed at 4 percent in the current rate schedule.

4. APPLICATIONS

Application forms for loans may be obtained at the loan agency of the Reconstruction Finance Corporation serving the territory in which the applicant is located. The address of the proper loan agency may be obtained by inquiring at the office of any collector of internal revenue. When asking for application forms the prospective applicant should specify whether the application is to be made by an individual, a partnership, or a corporation.

Applications for loans should be made to such loan agency and should not be filed with the Commissioner of Internal Revenue or with any Collector of Internal Revenue.

Upon receipt of the application forms the same should be completed in accordance with instructions provided with the forms and returned to the loan agency, together with a description of the securities offered as collateral. If the application is approved, the applicant will be advised to transmit to the loan agency the securities offered as collateral, and disbursement of the proceeds of the loan will be made by the Corporation in a form of a check payable to the order of and delivered to the appropriate Collector of Internal Revenue.