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An Act To extend the functions of the Reconstruction Finance Corporation for two years, and for other purposes

U.S. Congress

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PUBLIC LAWS OF THE SEVENTY-FOURTH CONGRESS

OF THE

UNITED STATES OF AMERICA

Passed at the first session, which was begun and held at the city of Washington, in the District of Columbia, on Thursday, the third day of January, 1935, and was adjourned without day on Monday, the twenty-sixth day of August, 1935.

FRANKLIN D. ROOSEVELT, President; JOHN N. GARNER, Vice President; KEY PITTMAN, President of the Senate *pro tempore*; JOSEPH W. BYRNS, Speaker of the House of Representatives.

[CHAPTER 1.]

JOINT RESOLUTION

To clarify the definition of disagreement in section 19, World War Veterans' Act, 1924, as amended.

January 28, 1935.
[H. J. Res. 112.]
[Pub. Res., No. 1.]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That a denial of a claim for insurance by the Administrator of Veterans' Affairs or any employee or agency of the Veterans' Administration heretofore or hereafter designated therefor by the Administrator shall constitute a disagreement for the purposes of section 19 of the World War Veterans' Act, 1924, as amended (U. S. C., Supp. VII, title 38, sec. 445). This resolution is made effective as of July 3, 1930, and shall apply to all suits now pending against the United States under the provisions of section 19 of the World War Veterans' Act, 1924, as amended, and any suit which has been dismissed solely on the ground that a denial as described in this resolution did not constitute a disagreement as defined by section 19 may be reinstated within three months from the date of enactment of this resolution.

World War Veterans' Act, amended.
Denial of an insurance claim to constitute a disagreement.
Vol. 43, pp. 612, 1302; Vol. 45, p. 964; Vol. 46, p. 992.
U. S. C., p. 1662; Supp. I, p. 229.

Reinstatement of suits.

Approved, January 28, 1935.

[CHAPTER 2.]

AN ACT

To extend the functions of the Reconstruction Finance Corporation for two years, and for other purposes.

January 31, 1935.
[S. 1175.]
[Public, No. 1.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That until February 1, 1937, or such earlier date as the President may fix by proclamation, the Reconstruction Finance Corporation is hereby authorized to continue to perform all functions which it is authorized to perform under law, and the liquidation and winding up of its affairs as provided for by section 13 of the Reconstruction Finance Corporation Act, as amended, are hereby postponed during the period that the functions of the Corporation are continued pursuant to this Act: *Provided,* That no officer or employee of the Reconstruction Finance Corporation shall receive salary at a rate in excess of \$10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this Act is at the rate of \$12,500 per annum such salary may continue at such rate.

Reconstruction Finance Corporation.
Authority to function continued.
Vol. 47, p. 5; Vol. 48, p. 318.

Vol. 47, p. 10; U. S. C., p. 580.

Proviso.
Salaries, officers and employees.

Vol. 48, pp. 1108, 1110.
Post, p. 4.

Restriction on dis-
bursement of funds;
commitments hereafter
made.

Commitments here-
before made.

Loans; periods of.

Renewals or exten-
sions.

Final maturity date.

Proviso.
Railroad loans, etc.
Vol. 47, pp. 6, 714.
U. S. C., p. 573.

Amortization provi-
sion.

Vol. 47, p. 6; U. S. C.,
p. 573.

Obligations of rail-
roads engaged in inter-
state commerce.

Purchase or guaran-
tee by Corporation.

Loans authorized.

Proviso.
Certificate required.

SEC. 2. (a) Except as provided in section 5d of the Reconstruction Finance Corporation Act, as amended by section 10 hereof, and in section 9 of an Act entitled "An Act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes", approved June 19, 1934, no funds shall be disbursed on any commitment or agreement hereafter made by the Reconstruction Finance Corporation to make a loan or advance, subscribe for stock, or purchase capital notes or debentures, after the expiration of one year from the date of such commitment or agreement; but within the period of such one year limitation no provision of law terminating any of the functions of the Reconstruction Finance Corporation shall be construed to prohibit disbursement of funds on commitments or agreements to make loans or advances, subscribe for preferred stock, or purchase capital notes or debentures.

(b) Notwithstanding any other provision of law, disbursement may be made at any time prior to January 31, 1936, on any commitment or agreement heretofore made by the Corporation to make a loan or advance, subscribe for preferred stock, or purchase capital notes or debentures.

SEC. 3. Notwithstanding any other provision of law limiting the maturity of obligations taken by it to shorter periods, the Reconstruction Finance Corporation may make loans or advances or renewals or extensions thereof to authorized borrowers or by other suitable agreement permit them to run so as to mature at such time or times as the Corporation may determine, not later than January 31, 1945: *Provided*, That in respect of loans or renewals or extensions of loans or purchases of obligations under section 5 of the Reconstruction Finance Corporation Act, as heretofore and herein amended (U. S. C., Supp. VII, title 15, ch. 14), to or of railroads, the Corporation may require as a condition of making any such loan or renewal or extension for a period longer than five years, or purchasing any such obligation maturing later than five years from the date of purchase by the Corporation, that such arrangements be made for the reduction or amortization of the indebtedness of the railroad, either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.

SEC. 4. (a) Section 5 of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by striking out all of the third sentence of the third paragraph thereof through the first colon and inserting in lieu thereof the following: "Within the foregoing limitations of this section, the Corporation, notwithstanding any limitation of law as to maturity, with the approval of the Interstate Commerce Commission, including approval of the price to be paid, may, to aid in the financing, reorganization, consolidation, maintenance, or construction thereof, purchase for itself, or for account of a railroad obligated thereon, the obligations of railroads engaged in interstate commerce, including equipment trust certificates, or guarantee the payment of the principal of, and/or interest on, such obligations, including equipment trust certificates, or, when, in the opinion of the Corporation, funds are not available on reasonable terms through private channels, make loans, upon full and adequate security, to such railroads or to receivers or trustees thereof for the purposes aforesaid: *Provided*, That in the case of loans to or the purchase or guarantee of obligations, including equipment trust certificates, of railroads not in receivership or trusteeship, the Interstate Commerce Commission shall, in connection with its approval thereof, also certify that such railroad, on the basis of present and prospective earnings, may reason-

ably be expected to meet its fixed charges, without a reduction thereof through judicial reorganization, except that such certificate shall not be required in case of such loans made for the maintenance of, or purchase of equipment for, such railroads: *And provided further*, That for the purpose of determining the general funds of the Corporation available for further loans or commitments, such guaranties shall, to the extent of the principal amount of the obligations guaranteed, be interpreted as loans or commitments for loans: *Provided further*, That the total amount of loans and commitments to railroads, receivers, and trustees, and purchases and guaranties of obligations of railroads, under this paragraph, as amended, shall not exceed at any one time \$350,000,000, in addition to loans and commitments made prior to the date of enactment of this Act and renewals of loans and commitments so made:"

Guaranties to be interpreted as loans.

Aggregate amount of loans.

(b) Section 5 of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by striking out at the end of the third paragraph thereof the colon and the following: "*Provided further*, That the Corporation may make said loans to trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933", and inserting in lieu thereof a period.

Railroad reorganization.
Provision repealed.
Vol. 48, p. 121; U. S. C., p. 573.

SEC. 5. The Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by inserting after section 5b thereof the following new section:

Vol. 48, p. 1109.

"SEC. 5c. To assist in the reestablishment of a normal mortgage market, the Reconstruction Finance Corporation may, with the approval of the President, subscribe for or make loans upon the non-assessable stock of any class of any national mortgage association organized under Title III of the National Housing Act and of any mortgage loan company, trust company, savings and loan association, or other similar financial institution, now or hereafter incorporated under the laws of the United States, or of any State, or of the District of Columbia, the principal business of which institution is that of making loans upon mortgages, deeds of trust, or other instruments conveying, or constituting a lien upon, real estate or any interest therein. In any case in which, under the laws of its incorporation, such financial institution is not permitted to issue non-assessable stock, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such financial institutions. The total face amount of loans outstanding, nonassessable stock subscribed for, and capital notes and debentures purchased and held by the Reconstruction Finance Corporation, under this section, shall not exceed at any one time \$100,000,000. Notwithstanding any other provision of law, the Reconstruction Finance Corporation may, under such rules and regulations as it may prescribe (which regulations shall include at least sixty days' notice of any proposed sale to the issuer or maker), sell, at public or private sale, the whole or any part of the stock, capital notes, or debentures acquired by the Corporation pursuant to this section, and the preferred stock, capital notes, or debentures acquired pursuant to any other provision of law. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section."

Loans to mortgage associations upon non-assessable stock.

Vol. 48, p. 1252.

To other loan companies.

Purchase of capital notes or debentures.

Aggregate amount of loans.

Disposal of securities acquired.

Amount of outstanding obligations increased.

SEC. 6. Section 5e (a) of the Reconstruction Finance Corporation Act, as amended, is amended (1) by inserting in the first sentence thereof after the words "the assets" and before the words "of any

Loans or purchases of assets of closed banks.
Vol. 48, p. 971.

bank", the following: ", or any portion thereof," ; and (2) by inserting in the second sentence thereof after the words "such assets" and before the words "held for the benefit" the following: ", or any portion thereof."

Commodity Credit Corporation, continuation.

SEC. 7. Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive order of the President of October 16, 1933, shall continue, until April 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of Commodity Credit Corporation, and the corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency, including the making of loans on agricultural commodities.

Investment in capital stock.

Assets, use of.

Insurance companies. Amount for investments in, increased. Vol. 48, p. 119; U. S. C., p. 576.

SEC. 8. Section 1 of the Act entitled "An Act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes", approved June 10, 1933, as amended (U. S. C., Supp. VII, title 15, ch. 14, sec. 605e), is amended by striking from the last sentence thereof "\$50,000,000" and inserting in lieu thereof "\$75,000,000".

Export-Import Banks. Continuation as United States agencies.

SEC. 9. Notwithstanding any other provision of law, the Export-Import Bank of Washington, and the Second Export-Import Bank of Washington, District of Columbia, banking corporations organized under the laws of the District of Columbia as agencies of the United States, pursuant to Executive orders of the President, shall continue, until June 16, 1937, or such earlier date as may be fixed by the President by Executive order, to be agencies of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, said banking corporations are hereby authorized and empowered to discount notes, drafts, bills of exchange, and other evidences of debt for the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign country or the agencies or nationals thereof, and, with the approval of the Secretary of the Treasury, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt for the purposes aforesaid. During the continuance of such agencies, the Secretary of State and the Secretary of Commerce are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of said banking corporations, and they are hereby authorized to use all of their assets, including capital and net earnings therefrom, except such earnings as may be required from time to time to pay dividends upon their preferred capital stock, and to use all moneys which have been or may hereafter be allocated to or borrowed by them, in the exercise of their functions as such agencies.

Powers.

Investments.

Assets, use of.

Industrial, etc., loans. Vol. 48, p. 1108.

SEC. 10. Section 5d of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is amended (1) by striking out all of the first sentence thereof after the word "industry" and the remainder of the first paragraph, and inserting in lieu thereof the following:

Financing sale of electrical, plumbing, etc., appliances.

" , and to any institution, now or hereafter established, financing principally the sale of electrical, plumbing or air conditioning appli-

ances or equipment or other household appliances, both urban and rural. Such loans shall, in the opinion of the board of directors of the Corporation, be so secured as reasonably to assure repayment of the loans, may be made directly, or in cooperation with banks or other lending institutions, or by the purchase of participations, shall mature not later than January 31, 1945, shall be made only when deemed to offer reasonable assurance of continued or increased employment of labor, shall be made only when, in the opinion of the board of directors of the Corporation, the borrower is solvent, shall not exceed \$300,000,000 in aggregate amount at any one time outstanding, and shall be subject to such terms, conditions, and restrictions as the board of directors of the Corporation may determine.”;

and (2) by striking out from the second paragraph thereof the figures “1935” wherever they appear herein, and inserting in lieu thereof the figures “1937”.

SEC. 11. In all cases where the Reconstruction Finance Corporation shall hold any bonds or other evidences of indebtedness of any borrower under section 201 (a) of the Emergency Relief and Construction Act of 1932, whether heretofore or hereafter acquired, and such borrower shall be able and willing to substitute or cause to be substituted therefor any other bonds or other evidences of indebtedness, whether of the same or longer maturities or otherwise differing, which, in the judgment of said Reconstruction Finance Corporation, are more desirable than those so held, the said Reconstruction Finance Corporation is authorized to accept such bonds or other evidences of indebtedness, in exchange and substitution for such bonds or other evidences of indebtedness so held by it, upon such terms and conditions as may be agreed upon with such borrower at the time of, or in contemplation of, such exchange and substitution.

SEC. 12. Section 14 of an Act entitled “An Act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes”, approved June 19, 1934 (Public, Numbered 417, Seventy-third Congress), is amended to read as follows:

“SEC. 14. The Reconstruction Finance Corporation is authorized and empowered to make loans upon sufficient security to recognized and established corporations, individuals, and partnerships engaged in the business of mining, milling, or smelting ores. The Reconstruction Finance Corporation is authorized and empowered also to make loans to corporations, individuals, and partnerships engaged in the development of a quartz ledge, or vein, or other ore body, or placer deposit, containing gold, silver, or tin, or gold and silver, when, in the opinion of the Reconstruction Finance Corporation, there is sufficient reason to believe that, through the use of such loan in the development of a lode, ledge, or vein, or mineral deposit, or placer gravel deposit, there will be developed a sufficient quantity of ore, or placer deposits of a sufficient value to pay a profit upon mining operations: *Provided*, That not to exceed \$20,000 shall be loaned to any corporation, individual, or partnership, for such development purposes: *Provided further*, That there shall not be allocated or made available for such development loans a sum in excess of \$10,000,000.”

SEC. 13. Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and empowered to use as general funds all receipts arising from the sale or retirement of any of the stock, notes, bonds, or other securities acquired by it pursuant to any provision of law.

Approved, January 31, 1935.

Security.

Conditions.

Loan-making power extended to 1937. Vol. 48, p. 1109.

Emergency Relief and Construction Act. Vol. 47, p. 711. Substitution of bonds.

Terms and conditions.

Vol. 48, p. 1112.

Loans to milling and smelting industries. Security.

Developing ore, etc., bodies.

Provisions. Maximum loan.

Aggregate amount.

Use as general funds, sale receipts, etc.