

Whereas conference agreements 120-36 and 120-37 supersede conference agreements 120-24 and 120-25, respectively, the latter agreements should be cancelled, and

Whereas examination fails to show that either of said agreements, which have been assigned agreement numbers as indicated, is violative of the Shipping Act, 1916, as amended, or detrimental to the commerce of the United States, and

Whereas examination shows that the references to conference agreements 120-25 and 120-24, respectively, in paragraph (b) of the commentary to Article 4 of conference agreement 120-36 and paragraph (b) of Article 3 of conference agreement 120-37 are erroneous and should be corrected; now, therefore, by virtue of authority vested in the United States Maritime Commission,

It is ordered, That conference agreement 120-36 be modified by substituting 120-37 for 120-25 in the eighth line of paragraph (b) of the commentary to Article 4 and that conference agreement 120-37 be modified by substituting 120-36 for 120-24 in the eleventh line of paragraph (b) of the commentary to Article 3, and that as thus modified said conference agreements 120-36 and 120-37 be, and the same are hereby, approved, and that conference agreements 120-24 and 120-25 be, and the same are hereby, cancelled.

By order of the United States Maritime Commission.
[SEAL] TELFAIR KNIGHT, Secretary.

[F. R. Doc. 3683—Filed, December 4, 1936; 9: 51 a. m.]

Tuesday, December 8, 1936

No. 190

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48674]

CUSTOMS REGULATIONS AMENDED—PERSONAL EFFECTS

CUSTOMS REGULATIONS OF 1931 AMENDED WITH RESPECT TO ALTERATIONS MADE TO EFFECTS OR ARTICLES TAKEN ABROAD AND RETURNED

NOVEMBER 30, 1936.

To Collectors of Customs and Others Concerned:

Pursuant to authority contained in paragraph 1798 (U. S. C., title 19, sec. 1201) and section 498 (U. S. C., title 19, sec. 1498) of the Tariff Act of 1930, article 414 (b) of the Customs Regulations of 1931 is amended to read as follows:

(b) If an article taken abroad has been advanced in value or improved in condition while abroad by reason of repairs or cleaning further than that necessarily incident to wear and use while abroad, or by reason of alterations or additions which do not change the identity of the article, the cost or value of such repairs, cleaning, alterations, or additions is subject to duty. Articles taken abroad and there changed in such a manner that they cease to be the same entities and become new creations are dutiable when returned to the United States at their full value. In either such case, the \$100 exemption may be applied to the dutiable cost or value.

T. D. 46877 should be added as a marginal reference to article 414 (b).

[SEAL] JAMES H. MOYLE, Commissioner of Customs.

Approved, November 30, 1936.

WAYNE C. TAYLOR, Acting Secretary of the Treasury.

[F. R. Doc. 3705—Filed, December 5, 1936; 10:42 a. m.]

[T. D. 48675]

AIRPORT OF ENTRY

INTERNATIONAL AIRPORT TAMPA, TAMPA, FLORIDA, REDESIGNATED AS AIRPORT OF ENTRY FOR PERIOD OF ONE YEAR

To Collectors of Customs and Others Concerned:

Under the authority of section 7 (b) of the Air Commerce Act of 1926 (U. S. C., title 49, sec. 177 (b)), the International

Airport Tampa, Tampa, Florida, is hereby redesignated as an airport of entry for the landing of aircraft from foreign countries for a period of one year from December 1, 1936.

[SEAL]

J. H. MOYLE, Commissioner of Customs.

Approved, December 2, 1936.

WAYNE C. TAYLOR, Acting Secretary of the Treasury.

[F. R. Doc. 3702—Filed, December 4, 1936; 2:41 p. m.]

Bureau of Internal Revenue.

[T. D. 4718]

INCOME RETURNS

INFORMATION REQUIRED REGARDING THE PREPARATION OF INCOME RETURNS UNDER TITLE I AND TITLE IA, REVENUE ACT OF 1936, FOR THE CALENDAR YEAR 1936 AND SUCCEEDING TAXABLE PERIODS, AND TITLE III OF SUCH ACT FOR TAXABLE YEARS ENDING DURING THE CALENDAR YEAR 1935 AND SUBSEQUENT TAXABLE PERIODS

Collectors of Internal Revenue and Others Concerned:

Title I (Income Tax) of the Revenue Act of 1936 provides in part:

SEC. 54. RECORDS AND SPECIAL RETURNS.—(a) By Taxpayer.—Every person liable to any tax imposed by this title or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

SEC. 62. RULES AND REGULATIONS.—The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

Title IA (Additional Income Taxes) of the Revenue Act of 1936 provides in part:

SEC. 351. SURTAX ON PERSONAL HOLDING COMPANIES.

(c) Administrative Provisions.—All provisions of law (including penalties) applicable in respect of the taxes imposed by Title I of this Act, shall insofar as not inconsistent with this section, be applicable in respect of the tax imposed by this section, except that the provisions of section 131 of that title shall not be applicable.

Title III (Tax on Unjust Enrichment) of the Revenue Act of 1936 provides in part:

SEC. 503. ADMINISTRATIVE PROVISIONS.—(a) All provisions of law (including penalties) applicable with respect to taxes imposed by Title I of this Act, shall, insofar as not inconsistent with this title, be applicable with respect to the taxes imposed by this title, except that the provisions of sections 101, 131, 251, and 252 shall not be applicable.

Pursuant to the authority in the above-quoted provisions of the Act, the following regulations relating to advice or assistance in the preparation of income returns are hereby prescribed:

ARTICLE 1. Scope of regulations.—(a) These regulations apply to all income returns required under Title I, Title IA, and Title III of the Revenue Act of 1936, except—

(A) Returns required to be made by individuals on Form 1040A (returns of net income not exceeding \$5,000 and derived chiefly from salaries and wages);

(B) Returns required under sections 143 and 144 (relating to withholding of tax at the source);

(C) Returns required to be made by departing aliens under section 146 (relating to closing of taxable year);

(D) Returns required under sections 147, 148, and 149 (relating to information at source); and

(E) Returns by subsidiary corporations included in consolidated returns.

(b) The term "return" as used hereafter in these regulations means an income return to which these regulations are applicable.

(c) The terms "preparation", "actual preparation", and "assistance" as used in these regulations do not refer to mere mechanical assistance or preparation, as for example,

the work done by a stenographer or a typist in the preparation of the return.

ART. 2. Advice or assistance in respect of the return.—Every return shall contain a statement by the person or persons required to make the return showing:

(a) Whether any other person or persons advised in respect of any question or matter affecting any item or schedule of the return, or assisted or advised in the preparation of the return, or actually prepared the return;

(b) The name and address of the person or persons (if any) so assisting or advising or so preparing the return;

(c) The nature and extent of the assistance or advice (if any) received and the items or schedules in respect of which the assistance or advice was received; and

(d) If the return is actually prepared by any person or persons for another person, the source of the information reported in the return and the manner in which it was furnished to or obtained by the person or persons preparing the return.

ART. 3. Affidavit by person preparing the return for another person.—If any person or persons actually prepare a return for another person, the prescribed form of affidavit on the return shall be subscribed and sworn to by such person or persons preparing the return.

ART. 4. Particular cases.—(a) If the return is the separate return of a married person, the requirements of articles 2 and 3 apply, although the one assisting or advising incident to, or actually preparing the return, is the husband or wife of the taxpayer.

(b) If the assistance or advice incident to, or the actual preparation of, the return is a regular and usual incident of the employment of one regularly and continuously employed by the person for whom the return is made for the full time of such employee (as clerk, secretary, bookkeeper, accountant, etc.), the requirements of article 3 do not apply. If, however, the employee is not regularly or continuously employed by the person for whom the return is made for full time, or assistance or advice incident to, or the actual preparation of, the return is not a regular and usual incident of such employment, the requirements of both articles 2 and 3 apply. Thus, if the return is prepared by an accountant or firm of accountants making periodical audits of the accounts of the person for whom the return is prepared, the sworn statement required by Article 3 shall be made.

(c) If, in the course of his official duties, a deputy collector, an internal revenue agent, or other officer or employee of the Bureau of Internal Revenue assists or advises in the preparation of the return, or actually prepares the return, the person for whom the return is made shall make in the return a brief statement to that effect, and it will not be necessary to make the complete statement required by article 2 or the sworn statement required by article 3.

[SEAL] GUY T. HELVERING, *Commissioner.*

Approved, December 2, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 3706—Filed, December 2, 1936; 10:42 a. m.]

DEPARTMENT OF AGRICULTURE.

Agricultural Adjustment Administration.

PROCLAMATION MADE BY SECRETARY OF AGRICULTURE CONCERNING BASE PERIOD WITH RESPECT TO MARKETING AGREEMENT AND ORDER REGULATING HANDLING OF ONIONS GROWN IN STATE OF UTAH

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, the Secretary of Agriculture does hereby find and proclaim that with respect to the execution of a marketing agreement and the issuance of an order regulating the handling of onions grown in the State of Utah, the purchasing power of such onions during the base period, August 1909–July 1914, cannot satisfactorily be determined from

available statistics of the Department of Agriculture but that the purchasing power of onions grown in the State of Utah can be satisfactorily determined from available statistics of the Department of Agriculture for the post-war period, August 1919–November 1928. The post-war period, August 1919–November 1928, is hereby declared and proclaimed to be the base period with respect to onions grown in the State of Utah to be used in ascertaining the purchasing power of such onions for the purpose of the execution of a marketing agreement and the issuance of an order regulating the handling of onions grown in the State of Utah.

In witness whereof the Secretary of Agriculture has executed this proclamation in duplicate and has hereunto set his hand and caused the seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this the 4th day of December 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

[F. R. Doc. 3709—Filed, December 5, 1936; 12:08 p. m.]

GSQR—Series 1, No. 2

Issued December 4, 1936

EXEMPTION OF CERTAIN TYPES OF SIRUPS AND SUGAR MIXTURES FROM GENERAL REGULATIONS

By virtue of the authority vested in the Secretary of Agriculture by Public Resolution No. 109, 74th Congress, approved June 19, 1936, and by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, in order to regulate commerce with Cuba and other foreign countries, among the several States, with the Territories and possessions of the United States, and the Commonwealth of the Philippine Islands, with respect to sugar, having due regard for the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, do hereby make, prescribe, publish, and give public notice of these regulations, which shall have the force and effect of law and shall remain in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture.

I

Section IV of General Sirup Quota Regulations, Series 1, No. 1, is hereby amended to read as follows:

The provisions of this regulation shall not apply to sirups and sugar mixtures imported for use as livestock feed or for distillation, or when imported in containers of not more than one gallon each and which are to be used for human consumption without further processing.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 4th day of December 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

[F. R. Doc. 3710—Filed, December 5, 1936; 12:09 p. m.]

DEPARTMENT OF COMMERCE.

Bureau of Air Commerce.

SPECIAL AIR TRAFFIC RULE

Pursuant to the authority contained in the Air Commerce Act of 1926, as amended (44 Stat. 568), and in consideration of the fact that the Ninth Annual All American Air Maneuvers will be held December 10, 11, and 12, 1936, the following air traffic rule, covering the airway between Miami and Jacksonville, Florida, effective December 5, 1936, and remaining in force until December 18, 1936, is promulgated:

(a) Eastern Air Lines operating between Jacksonville and Miami will fly on all trips, day or night, between 4,000 and 6,000 feet altitude above sea level and will maintain courses as nearly as

possible to the center of the Department of Commerce radio ranges between its points.

(b) National Airlines System operating between St. Petersburg, Daytona Beach, and Jacksonville will similarly remain under 1,000 feet altitude above sea level.

(c) All other aircraft will use the altitude from 4,000 to 6,000 feet only when climbing or descending through this level and will remain in this lane the shortest practicable period of time.

They will also keep well clear of the radio range courses between Miami and Jacksonville except when necessary to use them in bad weather.

Approved to take effect December 5, 1936, to expire December 18, 1936.

[SEAL]

DANIEL C. ROPER,
Secretary of Commerce.

[F. R. Doc. 3707—Filed, December 5, 1936; 11:29 a. m.]

Bureau of Marine Inspection and Navigation.

[Department Circular No. 262—Third Edition]

HOURS OF LABOR ON SHIPBOARD

To Collectors of Customs, U. S. Shipping Commissioners, Local, Traveling, and Supervising Inspectors, and all Others Concerned:

By virtue of the authority conferred by Section 7, Act of June 25, 1936 (Pub. No. 808—74th Congress), the following regulations are established for the purpose of carrying out the provisions of Section 2 of that Act, amending Section 2 of the Seamen's Act of March 4, 1915, providing for the division of watches and hours of labor on shipboard:

1. The section becomes effective December 25, 1936. On and after that date any failure to comply with its provisions should be reported as a violation thereof.

2. The section applies to all merchant vessels of the United States of more than 100 tons gross, excepting those navigating rivers, harbors, lakes (other than Great Lakes), bays, sounds, bayous, and canals exclusively. It does not apply to fishing or whaling vessels, yachts, or to vessels engaged in salvage operations.

3. On vessels to which the section applies the licensed officers, sailors, coal passers, firemen, oilers, and water tenders, shall, while at sea, be divided into at least three watches, the number in each watch to be as nearly equal as the division of the total number in each class will permit. The watches shall be kept on duty successively. The requirement for division into watches applies only to those classes of the crew specifically named in the section.

4. The term "sailors", as used in the section, is construed as including only those members of the deck department below the grade of licensed officer whose ordinary duties are incident to the mechanics of conducting the ship on her voyage and required by the vessel's certificate of inspection for the following positions: viz, quartermasters, able seamen, ordinary seamen, watchmen, and lookout men.

5. No licensed officer or seaman in the deck or engine department shall be required to be on duty more than eight hours in any one day except under the extraordinary conditions mentioned in the section. When the vessel is in a safe harbor no seaman shall be required to do any unnecessary work on Sundays, New Year's Day, the Fourth of July, Labor Day, Thanksgiving Day, or Christmas Day, but this shall not prevent the dispatch of the vessel on regular schedule or when ready to proceed on her voyage. The decision of what constitutes "unnecessary work" rests with the master of the vessel.

6. Local inspectors will note that the three-watch system extends to all licensed officers and to the sailors, coal passers, firemen, oilers, and water tenders, and will be governed accordingly in fixing the complement of licensed officers and crew as authorized by Section 4462 R. S., as amended. It does not, however, apply to the licensed officers and crew of tugs and barges when engaged in voyages of less than six hundred miles except with regard to coal passers, firemen, oilers, and water tenders. A voyage of less than six hundred miles is construed as meaning the entire distance traversed in proceeding from the initial port of departure to the final

port of destination, stops at intermediate ports while en route not being considered as breaking the continuity of the voyage. Where changes in outstanding certificates of inspection are necessary they may be made by indorsement.

7. In addition to collectors of customs, who are specifically designated by the Act as enforcement officers, all field officers of the Bureau of Marine Inspection and Navigation of this Department are designated as enforcement officers for the purpose of seeing that the provisions of this section are complied with.

8. Collectors of customs and shipping commissioners are directed to distribute copies of this circular to masters of vessels and shipping interests concerned.

Approved December 4, 1936.

[SEAL]

DANIEL C. ROPER,
Secretary of Commerce.

[F. R. Doc. 3703—Filed, December 4, 1936; 3:20 p. m.]

FEDERAL HOME LOAN BANK BOARD.

RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS

REVISED EDITION EFFECTIVE DECEMBER 1, 1936

Whereas Sections 5 (a), 5 (b) of Home Owners' Loan Act of 1933 (c. 64, 48 Stat. 128, 132), 5 (d) of Home Owners' Loan Act of 1933 (c. 64, 48 Stat. 128, 133), and Subsection (j) of Section 5 of Home Owners' Loan Act of 1933, as amended by Section 5 of an Act to Guarantee the Bonds of Home Owners' Loan Corporation (c. 168, 48 Stat. 643, 645), provide that the Federal Home Loan Bank Board shall make rules and regulations governing Federal savings and loan associations: Therefore

Be it resolved, That the Rules and Regulations for Federal Savings and Loan Associations are amended to read as follows:

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PART I. INCORPORATION, CONVERSION, AND ORGANIZATION

Name of the Association

SEC. 1. The name of each Federal savings and loan association (hereinafter referred to as a "Federal association") shall include the words "Federal Savings and Loan Association." These words shall be preceded by a suitable descriptive word and may be followed by the words "of _____", using the name of the place in which the association is organized. To illustrate: the name may be "New York Federal Savings and Loan Association", or "Cooperative Federal Savings and Loan Association of Seattle", or "First Federal Savings and Loan Association of Prairie City." The name selected must be an appropriate name for the Federal association. The Federal Home Loan Bank Board (hereinafter referred to as the "Board"), reserves the right to change the name suggested if, in its judgment, the name suggested is not suitable or so nearly resembles the name of another Federal association as to be calculated to deceive or confuse investors. Such descriptive words as "National", "United States", "American", and "Reserve" are not considered suitable. The name of the place, if used, shall not include the State in which organization is proposed.

Permission to Organize

SEC. 2. (a) Persons desiring to organize a Federal association shall first make an application in triplicate for permission to organize, in the form of exhibit B annexed hereto and made a part hereof,¹ before taking any other action in connection therewith. Upon execution of such application by five responsible citizens (hereinafter referred to as the "applicants") two copies shall be submitted to the Savings and Loan Division of the Board through the Federal home loan bank of the district in which it is intended to organize such an association. The original copy of the application shall be retained by the applicants to be subsequently forwarded to the Board with the petition for charter. The officers of the Federal home loan bank shall promptly forward the duplicate copy of the application, together with their recommendations, to the Board. The Board desires also the recommendation of the board of directors or the executive committee of the Federal home loan bank of the district. Upon approval of the application as the Board directs, the applicants may then proceed with the organization upon complying in all respects with the agreements in the application. In the event that such application is disapproved the applicants may, if they desire, appeal to the Board for a hearing. The action of the Board shall be final. Approval of an application for permission to organize will not in any manner obligate the Board to issue a charter.

(b) No person shall proceed to organize a Federal association, to collect any money from others for such purpose, or to represent himself as authorized so to do, except as herein provided.

Subscription for Share Accounts

SEC. 3. Upon approval of the application for permission to organize, the applicants shall constitute the organization committee and shall perfect a temporary organization by electing a chairman, a vice chairman, and a secretary who

shall act as the temporary officers of the association until their successors are duly elected and qualified. Upon their election, they may proceed to secure subscriptions for share capital in the form of exhibit C annexed hereto and made a part hereof. The minimum number of persons required to subscribe for share capital of a Federal association and the aggregate amount of share capital which shall be subscribed are fixed as follows in relation to the size of the place in which the Federal association is to be organized: (a) in incorporated place shall be determined by the Board in 10,000 inhabitants, 30 persons shall subscribe for share capital of at least \$5,000; (b) in places having more than 10,000 inhabitants but less than 25,000 inhabitants, 35 persons shall subscribe for share capital of at least \$7,500; (c) in places having more than 25,000 inhabitants but less than 50,000, 50 persons shall subscribe for share capital of at least \$10,000; (d) in places having more than 50,000 inhabitants but less than 100,000, 75 persons shall subscribe for share capital of at least \$15,000; (e) in places having 100,000 or more inhabitants, 100 persons shall subscribe for share capital of at least \$20,000. The Board, however, reserves the right to require a larger number of subscribers and/or a larger amount of share capital to be subscribed. The size of the incorporated or unincorporated place shall be determined by the Board in accordance with the latest Federal census. The minimum amount of share capital required to be subscribed in accordance with the foregoing shall be payable immediately following the issuance of the charter to the Federal association and shall have been paid in cash before organization of the Federal association will be deemed completed.

Surety Bond for Organization Secretary

SEC. 4. If any money is to be collected on subscriptions before the bonding of the permanent officers of the Federal association, the organization committee shall procure from a responsible surety company or other surety, acceptable to the Board, a surety bond covering the secretary of the organization committee in an amount equivalent to at least the minimum amount required to be paid in cash following the issuance of the Federal charter. Thereupon the secretary is authorized to collect such cash subscriptions. Such bond shall name the Board as obligee and shall be delivered to the Board through the Federal home loan bank of the district in which the proposed association is to be located. It shall guarantee the safekeeping of such funds and their delivery to the Federal association after the issuance of the charter and after the bonding of the permanent officers. In the event of the failure to complete organization of the Federal association, it shall guarantee the return of the amounts collected on subscriptions to the respective subscribers, or their assigns. No portion of such funds shall be spent and no expense shall be incurred against such funds prior to completion of the organization of the Federal association. Prior to completion of organization of the Federal association as prescribed by section 14 of these rules and regulations, no business shall be transacted, except to procure the required subscriptions, perfect the temporary organization, petition for a charter, and complete the organization after the charter is issued.

Petition for Charter

SEC. 5. When the required minimum number of persons have subscribed for the required minimum amount of share capital and agreed to pay the required minimum amount in cash, a petition for charter in the form of exhibit D annexed hereto and made a part hereof shall be executed by the temporary officers and the original and duplicate copies thereof shall be submitted promptly to the Board through the Federal home loan bank of the district in which the proposed association is to be located. The original and duplicate copies of petition for charter (exhibit D) shall be accompanied by the original application for permission to organize and the original and duplicate subscription for share accounts.

Organization by Transfer of Assets

SEC. 6. In the event a thrift and home-financing institution desires to transfer a substantial portion or all of its

¹ Exhibits A to M, inclusive, have been filed with the Division of the Federal Register; copies are available upon application to the Federal Home Loan Bank Board.

officers as prescribed by the charter and bylaws and shall take such other action as may be necessary to permit the association to be operated in accordance with section 5 of the Home Owners' Loan Act of 1933, its charter and bylaws, and these rules and regulations.

Bonds for Officers, Directors, and Employees

SEC. 12. (a) Each Federal association shall provide and maintain a fidelity bond in form acceptable to the Board covering each officer, director, or employee who has control over or access to cash or securities of the association. Such bond may be in the form of individual bonds on individual employees, a schedule fidelity bond, or a blanket bond covering all such persons. Each such bond shall be executed by a responsible surety company or other surety, acceptable to the Board, in minimum amounts as follows: (1) for associations with assets up to \$1,250,000, \$2,500 or 2 percent of the assets of the association, whichever is greater; (2) for associations with assets from \$1,250,000 to \$2,500,000, \$25,000; (3) for associations with assets over \$2,500,000 and not over \$5,000,000, 1 percent of the assets of the association; (4) for associations with assets over \$5,000,000 and not over \$10,000,000, \$50,000; (5) for associations with assets over \$10,000,000 and not over \$20,000,000, 1/2 of 1 percent of the assets of the association; (6) for associations with assets equal to or in excess of \$20,000,000, \$100,000. Such bond shall be approved by the board of directors of the association and the premium thereon shall be paid by it. The bond shall be placed in the custody of the Federal home loan bank of which the association is a member, for which the bank shall issue a receipt. Such receipt for the bond shall be at all times in the possession of the association. Each such bond shall contain a clause in form approved by the Board requiring the surety to notify the Federal home loan bank before cancellation of the bond.

(b) Upon application of any association to the Board, together with a statement of the duties and responsibilities of its officers or employees, the Board may approve a bond on a different basis. In lieu of the bond provided in subsection (a), in the case of agents appointed by a Federal association, a bond may be provided in an amount at least twice the average monthly collections of such agents, provided such agents shall be required to make settlement with the association at least monthly, and provided such bond is approved by the board of directors of the association. In case the agent or agents are banks insured by the Federal Deposit Insurance Corporation or institutions insured by the Federal Savings and Loan Insurance Corporation, no bond coverage will be required for these particular agents.

Transfer of Cash

SEC. 13. In the event that payments on subscriptions for share capital have been collected prior to the grant of the charter, under the conditions hereinabove permitted, the sums collected shall be turned over to the Federal association after its permanent officers and employees are bonded. If no such collection has been made, the bonded permanent officers shall forthwith collect the sums due on subscriptions.

Completion of Organization

SEC. 14. The organization of a Federal association is not completed until the organization meeting of subscribers and the first meeting of directors have been held as herein provided, the permanent officers have been bonded, and the association is in possession of the minimum amount of cash required to be paid in on subscriptions for share capital. In the event that organization is not so completed within a period of 6 months after the issuance of the charter, such charter shall become void. All amounts collected on subscriptions shall thereupon be returned to the respective subscribers or their assigns. The Board reserves the right to specify additional requirements before organization shall be deemed completed.

Membership in Federal Home Loan Bank

SEC. 15. Upon the issuance of a charter to a Federal association, it shall promptly meet all requirements necessary to become a member of a Federal home loan bank.

Insurance of Accounts

SEC. 16. Upon the issuance of a charter to a Federal association, it shall promptly meet all requirements necessary to obtain insurance of its accounts by the Federal Savings and Loan Insurance Corporation.

Conversion Into Federal Savings and Loan Association

SEC. 17. Any member of a Federal home loan bank may convert itself into a Federal association upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action. A legal meeting is any annual, regular, or special meeting of the holders of share accounts of the applicant for conversion, which is a member of a Federal home loan bank, called in the manner and upon the notice required by State law, the charter and bylaws of applicant for any such annual, regular, or special meeting to consider conversion, at which a quorum is present in person or by proxy. The applicant must comply with all State laws, if any, which expressly prescribe procedure for conversion, Federal laws, and these rules and regulations. Any State-chartered institution, not a member of a Federal home loan bank that is eligible to apply for membership may officially present its application for membership and preliminary application for conversion (exhibit J annexed hereto), separately or at one time on forms prescribed by the Board. No action by the Board upon the application for conversion (exhibit G annexed hereto) will be taken until the applicant has been approved for membership in a Federal home loan bank.

Eligibility for Conversion

SEC. 18. Before approving the conversion of any member of a Federal home loan bank into a Federal association, the Board shall determine to its satisfaction that the assets of such member have a sound value equivalent at least to the total value of the share capital to be issued by the Federal association in consideration therefor plus all continuing obligations to creditors; that such association will function normally after conversion and without being placed on a deferred repurchase basis, and that it will earn and be able to pay regularly a reasonable dividend. Conversion will not be denied to such member on account of the fact that more than 15 percent of its mortgages are secured by real estate situated more than 50 miles from its home office; or that more than 15 percent of its mortgages are written in amounts exceeding \$20,000 each, or because it owns an office building having a value in excess of its reserves and undivided profits; or because it owns other types of real estate or other investments which are not permitted to be acquired by Federal associations but which are legal for the applicant to own. Although such an institution may be converted, it will be required after conversion to limit its future loans and investments in accordance with the restrictions of its charter, including particularly the limitation which does not permit the aggregate amount of loans, without regard to the \$20,000 limitation and without regard to the 50-mile limit, to exceed 15 percent of the assets of the association, and such computation shall be based upon the loans which it had made prior to conversion, as well as upon loans made subsequently thereto.

Preliminary Application for Conversion

SEC. 19. After approval by its board of directors, any member of a Federal home loan bank desiring to convert may make a preliminary application to the Board. The form of such preliminary application for conversion is annexed hereto as exhibit J and made a part hereof, and may be procured from a Federal home loan bank. The applicant shall submit such financial statements and other information as the Board shall prescribe. After receipt by the Board of such application properly authorized and executed, the applicant will be informed either (1) that the Board determines that such preliminary application for conversion is approved without further examination, or (2) that the Board determines that further examination and/or appraisal is necessary to determine the applicant's eligibility for conversion. In the latter event the applicant may either (1) withdraw its preliminary application and pay for the cost of office analysis of its application, or (2) request such

examination and/or appraisal as in the judgment of the Board may be necessary to determine such eligibility. The examination shall be made in such manner as may be prescribed by the Board. The cost, as computed by the Board, of all examinations, including analysis of the preliminary application and/or reports, and/or appraisals, overhead, per diem, and travel expense, shall be paid by the applicant.

Preliminary Application Without Detailed Financial Statements

SEC. 20. If it desires, the institution may file with its application for conversion a request for examination and appraisal. In support of such request it must file the following with the Federal home loan bank of the district in which it is located:

- (1) Duly executed preliminary application for conversion.
- (2) A current balance sheet of the applicant.
- (3) Copies of resolution adopted by its board of directors requesting the Board to make an examination and appraisal and agreeing to pay the cost thereof, as computed by the Board.

After consideration by an executive officer of the Federal home loan bank of the district in which the applicant is located, by the district examiner, and by the chief examiner, any member of the Board may approve such request, and, if approved, a field examination and/or appraisal will then be made by the Board. Such field examination and/or appraisal shall be considered the same as though detailed financial statements had been submitted by the applicant in support of such application.

Complete Examination not Required

SEC. 21. Any such examination as referred to in sections 19 and 20 need not be a complete examination of the applicant but may take into consideration reports and examinations made by any regulatory authority or by public accountants employed by the applicant. The Board may also consider other available data.

Appraisal of Assets

SEC. 22. If the Board determines that an appraisal is necessary to determine the applicant's eligibility for conversion, such appraisal shall be made as follows:

(1) All mortgages other than those enumerated in paragraph (2) immediately below will be valued at the unpaid balance of the mortgage debt on the date of financial statements filed in support of the preliminary application to convert, or date of examination, or other approved date, unless the Board shall require specific mortgages to be appraised. The unpaid balance of the mortgage debt means the original principal amount of the mortgage plus any charges, including delinquent interest, and advances for taxes, assessments, and insurance, and minus any credits to the mortgage, including the value of mortgage loan shares which are pledged as additional security for the mortgage debt.

(2) Mortgages which are either—

(A) Six months or more past due according to the maturity date thereof; or

(B) Six months or more past due according to a declaration under an acceleration clause contained in the mortgage; or

(C) Delinquent to the extent that the aggregate amount of unpaid interest, taxes, and insurance for the 3 years preceding the date of such statements, or examination, or other approved date, equals at least 5 percent of the unpaid balance of the mortgage debt,

will be required to be appraised when either—

(i) The unpaid balance of the mortgage debt is more than 50 percent of the original appraised value of the real estate with respect to which the mortgage was given; or

(ii) The unpaid balance of the mortgage debt is more than 75 percent of the original principal amount of the mortgage; or

(iii) The mortgage has been reformed within the last 3 years and the unpaid balance of the mortgage debt is more than 75 percent of the original principal amount of the mortgage which was so reformed.

(3) Bonds or other interest-bearing obligations of the United States or those for which the faith and credit of the United States are pledged for the payment of principal and interest will be valued at par or market value, whichever is higher, at the time of such statements, or examination, or other approved date. All other bonds listed upon a registered national securities exchange will be valued at the market value thereof determined by the closing-bid price published by such exchange on or last preceding the date of such statements or examination, or other approved date.

(4) All assets, including real estate and land contracts, other than those hereinabove enumerated, will be required to be appraised.

(5) All assets appraised shall be valued at what may be reasonably expected to be realized therefrom in the orderly and proper conduct of the business of the applicant. The responsibility of the mortgagor and the person or persons who shall have assumed the mortgage debt, the possibilities and costs of collection, and the value of the security shall be considered in making appraisals of mortgages.

(6) Any applicant for conversion dissatisfied with the results of appraisal of any of its assets may request an additional appraisal, at the expense of the applicant, by an independent appraiser mutually satisfactory to the applicant and the Board. Such appraisals will be considered by the Board in determining the eligibility of the applicant for conversion.

Formal Application for Conversion

SEC. 23. (a) After the preliminary application for conversion (exhibit J annexed hereto) has been approved by the Board, the applicant shall proceed forthwith to obtain the vote of its shareholders required by State law, if any, which expressly authorizes conversion, and at least the vote required by Federal statute, or, in the absence of such a State law, the vote of its shareholders required by section 5 (1) of Home Owners' Loan Act of 1933, in favor of the plan of conversion approved by the Board, and to comply with all other necessary legal formalities. It shall thereafter file its formal application for conversion into a Federal association in the form of exhibit G annexed hereto and made a part hereof.

(b) Failure to proceed promptly to obtain a vote by shareholders upon the conversion of an association after the preliminary application for conversion has been approved by the Board may result in the cancellation of such approval by the Board. In case such approval is cancelled and the applicant should desire to resume its conversion procedure at a later date, the Board may require a new examination at the expense of the applicant.

(c) An application for the insurance of its accounts must accompany its formal application for conversion, exhibit G, in each instance, except where reorganization is to be effected subsequent to the issuance of Federal charter, in which event the application for insurance shall be filed after the conversion has been completed and after the Federal association has completed the reorganization approved by the Board.

Plan of Conversion

SEC. 24. The plan of conversion which shall be voted upon by the shareholders of the applicant must provide, among other things, as follows:

(1) All creditors shall be paid in full either in cash or in a share account of the Federal association, or in a combination of cash and share account; or the creditor obligations shall continue to remain as outstanding obligations of the converted Federal association.

(2) All preferential shareholders shall be given the present value of their preferences as determined by the Board in the issuance of share accounts of the Federal association.

(3) All shareholders without preference shall be given share accounts in the Federal association of an aggregate value equivalent to the present value of their accounts, after provision for appropriate reserves, as determined by the Board.

(4) All holders of guarantee, permanent, reserve fund, or other nonwithdrawable capital stock shall be given share accounts of the Federal association of an aggregate value equivalent to the present value of their stock, after provision for appropriate reserves, as determined by the Board.

(5) The aggregate amount of share accounts issued by the Federal association plus the aggregate amount of creditor obligations continued shall not exceed the value of the assets of the converted Federal association.

Advances From a Federal Home Loan Bank

Sec. 25. In disposing of creditor obligations, including deposits and investment certificates, the applicant for conversion may use advances from the Federal home loan bank of which it is a member.

Creditor Obligation and Share Adjustments

Sec. 26. Immediately after issuance of a Federal charter the officers of the converted association shall proceed promptly to provide for the creditors and to adjust the interests of the shareholders in accordance with the plan of conversion approved by the Board, including reorganization if and as such plan provides.

Completion of Conversion and Organization After Conversion

Sec. 27. The conversion of a State-chartered institution into a Federal association is completed upon the issuance of the Federal charter (exhibit K annexed hereto), and compliance with all requirements of State laws, if any, which expressly prescribe procedure for conversion. Upon completion of conversion the Federal association is subject to the Federal charter (exhibit K annexed hereto), the Federal bylaws (exhibit H annexed hereto), Federal laws, and these rules and regulations. Immediately after notice of the issuance of a Federal charter, a legal meeting of members shall be held upon due notice, unless held upon a valid adjournment of a previous legal meeting. At such meeting the following action shall be taken: (1) Formal acceptance of the Federal charter (exhibit K annexed hereto) and the bylaws (exhibit H annexed hereto); (2) the election of directors; and (3) any other action necessary to be taken at such first meeting of members including the authorization and direction of the board of directors and officers to issue Federal share accounts or to accomplish reorganization and/or merger in accordance with the plan approved by the Board. Immediately after their election the board of directors shall meet and elect officers, and transact such other business as may be proper at such meeting, including authorizing and directing the officers to issue membership certificates and share account books evidencing share interests in the Federal association. The association may represent itself as a Federal association in appropriate advertising as soon as such meetings of members and directors have been held and the required action taken thereat. Prior thereto the association shall not so represent itself. As soon as shall be practicable, all outstanding certificates, passbooks, and other evidences of investment of the converted State-chartered institution shall be called in and new membership certificates and share account books of the Federal association shall be issued in evidence of investors' interests as provided in the plan of conversion, reorganization, and/or merger, approved by the Board. Organization under any charter so issued shall not be complete until there has been strict compliance with this section, with any specific condition attached by the Board in the issuance of such charter, and complete compliance with all provisions of State law expressly prescribed procedure for conversion. Between the date of the issuance of the charter and the completion of organization thereunder, as is herein provided, such association may take the steps provided for by this section, or by any pertinent State law, and such other action as may be necessary or appropriate in the operation of the association and the completion of its organi-

zation as a Federal association. All the action necessary to the completion of organization under the Federal charter shall be taken as promptly as is practicable.

Reorganization for Conversion and Insurance

Sec. 28. Any member of a Federal home loan bank desiring to convert, which has assets of doubtful value or an impairment of capital, may reorganize in any lawful or equitable manner satisfactory to the Board so that it may qualify for conversion into a Federal association and obtain insurance of its accounts. In all cases of reorganization where unacceptable assets are administered in the office of the converted Federal association or by the officers or employees of such Federal association, there shall be an operating agreement in a form approved by the Board providing for the method of administration of such unacceptable assets and the division of expense between the converted Federal association and the persons charged with the liquidation or continued management of such unacceptable assets.

Right of Hearing

Sec. 29. Any interested person affected by any application to the Board may request a hearing by filing with the Board a request in writing to be heard on the pending application. In the event that any such written request is filed, the Board shall arrange the time and place of such hearing and shall give at least 5 days' written or published notice of the time and place of such hearing to the person or persons making the request, and to the institution whose application is being considered, and such other notice as the Board may direct, and any such person or institution may appear in person or by attorney and submit any evidence at such hearing pertinent to the questions at issue. In lieu of such appearance, evidence may be submitted in writing. Any such hearing may be conducted by the Review Committee of the Board at Washington, D. C., or at any other place, convenient to the parties, fixed in the notice of such hearing, upon such conditions as the Board may prescribe. In the event that the Review Committee or other representative of the Board conducts any such hearing, such committee or representative shall cause a stenographic record of such hearing to be made and shall consider the evidence submitted thereat and make recommendations thereon to the Board. The Board will take such action as may appear to be appropriate.

PART II. OPERATION

First Examination

Sec. 30. Promptly upon the completion of the organization of a new Federal association or upon completion of organization after the conversion of a State-chartered institution into a Federal association, such Federal association shall be examined and a report made thereof in such form as shall be prescribed by the Board. The cost of making such examination, as determined by the Board, shall be paid by the Federal association examined. The first examination after organization of a new Federal association may be conducted without expense to such association. No request for investment by the Home Owners' Loan Corporation in share accounts in any Federal association which is newly chartered pursuant to the provisions of sections 1 to 16 of these rules and regulations, shall be approved until the report of the first examination thereof has been received.

Examinations, Audits, and Supervision

Sec. 31. For the protection of its members and the public, each Federal association shall be examined (with appraisals when deemed advisable) at least annually by the Examining Division of the Board. The cost, as determined by the Board, of such examination, including office analysis thereof, audit, and any appraisals made in connection therewith and of other supervision by the Board shall be paid by the Federal association. If a Federal association is not audited at least once each year in such manner and by auditors satisfactory to the Board, the examination of such Federal association shall include an audit. Two copies of any audit of a Federal association, signed and certified by the auditor

making such audit, shall promptly be filed with the Board through the Federal home loan bank of which the Federal association is a member. To assist in proper maintenance of records for supervision and regulation, communications from Federal associations shall normally be forwarded to the Board in duplicate through the Federal home loan bank of which the Federal association is a member.

Capitalization of Expenses

SEC. 32. Federal associations shall be organized and operated as economically as practicable. Reasonable organization and operating expenses may be incurred and set up as an asset item for a temporary period, provided the same are amortized within a reasonable time. The budget of such organization expenses, together with the estimated operating expenses for the first year of operations, must be approved by the Governor or Deputy Governor of the Federal Home Loan Bank System before any portion of such expenses can be accounted for as an asset item. Any Federal association carrying organization and operating expense as an asset item shall apply at each dividend period to the amortization of such account at least 10 percent of all net earnings before declaring any dividends.

Accrued Interest Receivable

SEC. 33. On all loans interest shall be accrued monthly and a "reserve for uncollected interest" shall be maintained equivalent to all interest in default more than 90 days. Converted associations which have heretofore accrued interest, but have not maintained a reserve as herein required, may, upon application to and approval by the Board, be permitted a reasonable time for the accumulation of such reserve.

Forms and Reports

SEC. 34. Every Federal association shall use such forms and follow such accounting practices as may, from time to time, be prescribed by the Board. Every Federal association shall close its books on June 30 and December 31 of each year and shall make an annual report of its affairs as of December 31 of each year. Within 30 days after December 31 of each year copies shall be filed as follows: One copy shall be forwarded to the Federal home loan bank of which the association is a member and two copies to the Governor of the Federal Home Loan Bank System, Washington, D. C. The officers of each association shall make a monthly report to the association's board of directors on forms prescribed by the Board which shall be filed as follows: One copy shall be forwarded to the Federal home loan bank of which the association is a member and two copies to the Governor of the Federal Home Loan Bank System, Washington, D. C.

Membership Certificates

SEC. 35. Membership certificates of Federal associations having a charter in the form of exhibit K annexed hereto shall be in the form of exhibit M annexed hereto and made a part hereof, unless and until the Board upon application shall approve the use of a different form.

Investments by Home Owners' Loan Corporation

SEC. 36. Whenever a Federal association needs funds for the financing of homes, it may request Home Owners' Loan Corporation to purchase an investment share account, consisting of full-paid income shares, as provided in section 4 (n) of Home Owners' Loan Act of 1933 and in investment procedure approved by the Board.

Investment and Redemption Procedure

SEC. 37. (a) No requests for such investment by Home Owners' Loan Corporation will be approved by the Board in excess of three times the amount paid on unpledged share accounts standing to the bona fide credit of private investors. In determining the upper limit of investment by Home Owners' Loan Corporation in any Federal association, the Board will multiply the amount of unpledged share accounts standing to the credit of private investors by three, and subtract therefrom the amount of any subscription for preferred shares and full-paid income shares by the Secre-

tary of the Treasury plus the amount of any investment, or request for investment, by Home Owners' Loan Corporation.

(b) Forms for certification of financial statement, resolution authorizing procedure for investment, and application forms for use by Federal associations in requesting investment by Home Owners' Loan Corporation may be procured from the Federal home loan bank of which the Federal association is a member.

(c) No repurchase fee may be charged upon the repurchase of any investment by the Secretary of the Treasury or by Home Owners' Loan Corporation.

(d) Retirement or redemption of preferred or full-paid income shares owned by the Secretary of the Treasury or by the Home Owners' Loan Corporation may be effected in accordance with procedure approved by the Board, using forms approved by the Board, which procedure and forms may be obtained from the Federal home loan bank of which the Federal association is a member.

Limitations on Repurchases

SEC. 33. No Federal association may repurchase share accounts held by private investors (except out of one-third of the receipts of the association from the holders of share accounts and its borrowers) if the effect of such repurchase is to reduce the total amount to the credit of private investors below one-third of the aggregate of preferred and full-paid income shares held by the Secretary of the Treasury and investments held by Home Owners' Loan Corporation, without making provision, satisfactory to the Board, for the retirement of a sufficient amount of investments held by the Secretary of the Treasury and Home Owners' Loan Corporation so that the aggregate amount held by the Secretary of the Treasury and Home Owners' Loan Corporation will not exceed 75 percent of the total investment in the Federal association. When required in connection with repurchases of preferred or full-paid income shares held by the Secretary of the Treasury, exhibit F, being treasury receipt for preferred shares, annexed hereto and made a part hereof, and exhibit I, being treasury receipt for full-paid income shares, annexed hereto and made a part hereof, are approved for use.

Real-Estate Loans

SEC. 39. (a) All loans on real-estate security made by each Federal association operating under a charter in the form of exhibit E annexed hereto shall be on the direct reduction plan, unless the Board shall specifically approve another loan plan upon application therefor.

(b) When the members of a Federal association at a legal meeting have authorized loans to be made, from time to time, in an amount exceeding 75 percent of the value of the security of a home or combination home and business property, the association may make any such loan, provided the amount loaned is not in excess of 80 percent of the value of the security therefor.

(c) No director, officer, or employee of a Federal association shall receive any fee or other compensation of any kind in connection with the procuring of any loan made by such association. Borrowers may be required to pay the necessary initial charges in connection with the making of a loan, including the actual cost of title examination, appraisal, credit report, survey, drawing of papers, closing of the loan, and other necessary incidental services and costs in such reasonable amounts as may be fixed by the board of directors. Such necessary initial charges may be collected by the Federal association from the borrower and paid to any persons, including any director, officer, or employee, rendering such services. Whether such charges are so collected and paid or are paid directly by the borrower, a detailed record, including names of recipients of such charges and amounts paid to each, shall be kept by the Federal association, and a copy of such record shall be given to the borrower.

Loan Contract

SEC. 40. Loans shall be evidenced by a note or bond for the amount of the loan, which shall clearly state the rate of interest charged and, if any additional charge is to be

made on account of delinquent payments, or, if the rate is to vary upon any other contingency or option, the provision for such additional rate or additional charge shall be plainly stated in connection with the statement of the amount of the loan and the rate charged thereon. Each association shall be governed by the following provisions relevant to such charges:

(1) It may incorporate into its note and mortgage forms or other instruments securing the debt a provision whereby the stipulated rate of interest may be increased at the option of the association; provided, however, that the association may not exercise such right in less than 3 years from the date of the loan and then only upon at least 4 months' written notice to the borrower. The association shall incorporate in such instruments a provision that in the event of such an increase in the stipulated rate of interest the borrower may prepay the loan within such notice period without the payment of any additional interest or any other penalty.

(2) It may also incorporate a provision for an additional charge against borrowers who are delinquent in their loan payments. Such additional charge shall be in the form of an increased rate of interest on the unpaid balance of the loan for the period of delinquency.

Both form and substance of loan contracts are required to be fair and reasonable. All contract forms and all changes in contract forms for the making of loans shall be furnished promptly to the Board through the Federal Home Loan Bank of which the association is a member, and the same may be used unless and until disapproved by the Board.

Lending Area

Sec. 41. (a) Any Federal association which is converted from a State-chartered institution into a Federal association may continue to make loans in the territory in which it made loans while operating under State charter. Each converted association which has made loans beyond 50 miles from the home office and which desires to continue such lending shall file with the Board the following:

(1) A map showing the territory within which the applicant has made loans.

(2) A statement by counties of the number and amount of loans outstanding.

(3) A complete statement of the method of originating, appraising, closing, and servicing loans beyond the 50-mile radius.

(b) No Federal association shall lend upon real-estate security beyond 50 miles from its home office except as permitted in its charter and by this section.

(c) Any loan which a Federal association is authorized to make beyond 50 miles from its home office shall be subject to the provisions of its charter; provided, however, that—

(1) The real-estate security for any such loan shall be appraised as required by the charter; however, one of the appraisers shall be a person who lives in the community in which the real-estate is situated.

(2) The signed appraisals of the above appraisers shall be approved by the board of directors or the loan committee of the association before the loan may be approved or any money disbursed thereon. The report of appraisal, together with the approval thereof, by the board of directors or the loan committee, shall be kept in the records of the association.

(3) The amount of the loan when secured by a home or a combination home and business property shall not exceed 60 percent of the appraised value of the property, and when secured by other improved real estate shall not exceed 50 percent of the appraised value of the property, except that upon application to and approval by the Board, loans when secured by a home or a combination home and business property may be made up to 66 2/3 percent of the appraised value of the property.

(4) If a loan is in such condition as to require appraisal under section 22 of these rules and regulations, the real estate securing such loan shall be inspected and appraised

at least annually, by an officer or director of the association. His report shall be submitted in writing, to the board of directors and shall be kept in the records of the association.

Brokerage Business and Purchase and Sale of Loans

Sec. 42. (a) No Federal association shall engage in the mortgage brokerage business.

(b) Federal associations shall primarily engage in lending their funds, but may incidentally purchase loans of a type which they are permitted to make; provided that no Federal association may purchase any mortgage from an affiliated institution, or from an institution in liquidation, or of a type that it is not authorized to make originally, without the prior approval of the Board.

(c) Federal associations may originate and sell insured mortgages; provided that an initial service charge is made and collected by the association sufficient to reimburse it for the expense incurred in originating such business; and provided further that each mortgage sold shall be sold without recourse, and, if under a contract to service the same, then on a basis to reimburse the association adequately for the cost of such servicing.

(d) The purchase and sale of mortgages shall not constitute the major activity of a Federal association.

Bonus Plan

Sec. 43. If a Federal association having an exhibit K form of charter desires to adopt a bonus plan, the board of directors may, without further Board approval, recommend the adoption by the members at any regular or special meeting of the short-term bonus or the long-term bonus or both the short-term and the long-term bonus plans. The members may adopt the short-term bonus plan by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 11 to read as follows:

"Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on the short-term bonus plan set forth in section 10 of the charter of the association."

The members may adopt the long-term bonus plan by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 11 to read as follows: "Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on the long-term bonus plan set forth in section 10 of the charter of the association."

The members may adopt both the short-term and long-term bonus plans by adopting the following resolution:

Resolved, That in order to stimulate systematic thrift and to provide regular funds for the financing of homes, the bylaws of the association shall be amended by adding section 11 to read as follows: "Effective on the next succeeding dividend date, the association shall be obligated to pay a cash bonus on both the short-term bonus plan and the long-term bonus plan set forth in section 10 of the charter of the association."

In the event of any such adoption of a bonus plan or plans the secretary of the association shall file 3 certified copies of the foregoing resolution with the Board through the Federal home loan bank of which the association is a member.

Duplicate Certificates

Sec. 44. Upon filing with a Federal association by the holder of record as shown by the books of the association or his legal representative, of an affidavit to the effect that the membership certificate and/or share account book evidencing his share account with the association has been lost or destroyed, and that such certificate or share account has not been pledged or assigned in whole or in part, such Federal association shall issue a membership certificate and/or share account book marked on the face thereof of a duplicate, evidencing such share account in the name of the holder of record. *Provided, however* That the board of directors shall, if in its judgment it is necessary, require the holder of record, or his legal representative, to furnish a

bond in an amount sufficient to indemnify the association against any loss which might result from the issuance of such duplicate certificate and/or share account book.

Offices

SEC. 45. (a) The home office of each Federal association is the office authorized to be established as is provided in the charter of the association. The association shall be operated from the home office. Complete records of all business transacted at the home office of each Federal association shall be maintained at its home office. Control records, at least, of all business transacted at each branch office or agency shall be maintained. All branch offices and agencies shall be subject to direction from the home office.

(b) A branch office of a Federal association is a legally established place of business of the association authorized by the board of directors, at which subscriptions for share accounts and applications for loans may be received, and at which share account books and certificates of membership may be issued, and loans, when properly approved by the board of directors, may be closed. Branch offices may receive share account and loan payments and shall keep detailed records of all transactions at such branch offices and shall furnish such control records to the home office as may be necessary for the proper conduct of the business. No Federal association may establish or maintain a branch office without the prior written approval of the Board. Each application for such approval shall state the need therefor, the functions to be performed therein, the estimated annual expense thereof and shall be accompanied by a proposed annual budget of the association.

(c) An agency of a Federal association is the place of business at which an agent or agents of the association transact authorized business of the association. At any such agency, payments on share accounts and on loans may be received for transmission to the home office or a branch office of the association. Any agent or agents may perform at any such agency other duties as directed from time to time by the home office or a branch office. No such agency shall be authorized, however, to issue share account books or membership certificates or to approve loans. Any such agent or agents may occupy space provided at any such agency. Each agent of a Federal association shall keep an original record of each transaction of business of the association and shall report to the main office or a branch office of the association as promptly as is required for the proper transaction of such business. Complete detailed permanent records of such transactions are not required to be maintained at any such agency. No such agency shall be established or maintained by a Federal association without the prior written approval of the Board, except that temporary and incidental agencies may be created for individual transactions and for special temporary purposes without such approval. Each application for such approval shall state the need for such agency, the functions to be performed therein, the estimated annual expense thereof, and shall be accompanied by a proposed annual budget of the association.

(d) Any Federal association may appoint such agents under the direction of officers or employees stationed in its home office or an authorized branch office as may be necessary in the conduct of its business.

(e) If a Federal association proposes to move any office from its immediate vicinity it shall apply to the Board for prior written approval and shall support such application with a statement of the need therefor, of the functions to be performed by the office at the new location, and of the removal and maintenance expense involved.

(f) If a Federal association proposes to change the location of the home office of the association as fixed in section 2 of the charter, the charter shall be amended in accordance with the provisions of section 16 of the charter (exhibit K, annexed hereto).

Book Value of Assets

SEC. 46. Every Federal association shall appraise each parcel of real estate at the time of acquisition thereof. A signed copy of such appraisal shall be kept in the records

of the association. No real estate shall be carried on the books of a Federal association for a sum in excess of the total amount invested by the association on account of such real estate, including advances, costs, and improvements, but excluding accrued but uncollected interest. The Board may require (1) that any asset, to the extent that it has depreciated in value, be charged off; or (2) that a special reserve or reserves equal to such depreciation in value be set up.

Fiscal Agency Powers and Duties

SEC. 47. When designated for that purpose by the Secretary of the Treasury, a Federal association shall perform all such reasonable duties as fiscal agent of the government specified by the Secretary of the Treasury. Such a Federal association shall exercise only such powers and privileges as a fiscal agent of the government as are enumerated in regulations prescribed by the Secretary of the Treasury. When the designation for that purpose by any other instrumentality of the United States has been approved by the Board, a Federal association upon qualification for such employment shall perform the duties as agent of such instrumentality specified by such instrumentality of the United States. Such a Federal association shall exercise only such powers and privileges as an agent of any other instrumentality of the United States as are prescribed by such other instrumentality of the United States.

PART III. MERGER, REORGANIZATION, DISSOLUTION, AND LIQUIDATION

Merger of Federal Associations

SEC. 48. (a) Two or more Federal associations may merge in the following manner:

The board of directors of each association by a majority vote of each of the separate boards of directors shall approve a plan of merger evidenced by a merger agreement. Such agreement shall specify (1) the name to be used by the association resulting from the merger (hereinafter referred to as "the association"), which may be the name of the association, the name of any of the associations which will be absorbed upon the effective date of the merger (hereinafter referred to as the "merged associations"), or a proposed new name; (2) the charter under which the association shall operate, which shall be the exhibit K form of charter of the association; (3) the location of the home office of the association; (4) the basis of the issuance of the share accounts of the association to the holders of share accounts; (5) the number of directors of the association and the names and residences of those who are chosen to serve until the first annual meeting of the association. Application for approval by the Board of the merger shall be made by filing, with the Federal home loan bank of which at least one of the associations, party to the merger, is a member, two copies of the merger agreement properly executed in the name of the respective associations and two certified copies of the minutes of all of the meetings of the respective boards of directors at which the plan of merger was considered and approved. The merger agreement shall state that it shall not be effective unless and until approved by the Board. Upon receipt of such application the Board will thereupon either approve or disapprove the plan of merger or recommended modifications of the proposed plan of merger, which, if accepted by the respective boards of directors, will make the plan of merger satisfactory to the Board. If the plan of merger as approved by the Board is approved by the respective boards of directors, the Board shall be promptly notified by the similar filing of two copies of an amended merger agreement properly executed which incorporates the modifications recommended by the Board, and by the similar filing of two certified copies of the minutes of all meetings of the boards of directors at which such modified plan of merger was considered and approved. If the association is to operate under a new name, its charter shall be surrendered to the Board so that the name may be amended by reissuance of such charter in the new name of the association. If the location of the home office of the association is to be different from the location of the home office set forth in its charter, the location of the home office of the association will be set

forth in the reissued charter of the association. The charters of the merged associations shall be surrendered to the Board so that the name may be amended last date on which any of such charters are cancelled by the Board shall be the effective date of the merger. Membership in a Federal home loan bank of any merged association shall be cancelled and its stock subscription shall be refunded to the association resulting from the merger, after adjustment to the minimum number of shares required to be held by the association under the provisions of the Federal Home Loan Bank Act, unless the association desires to retain a larger stock subscription than the required minimum. The certificate of insurance of any merged association shall be surrendered for cancellation to the Federal Savings and Loan Insurance Corporation after adjustment by additional premium payment or premium credit, pursuant to the rules and regulations for insurance of accounts. The membership certificate and the insurance certificate of the association shall be surrendered for reissuance in the new name of the association, if the association is to operate under a new name.

(b) Upon the effective date of such merger, all of the assets and property of every kind and character, real, personal, and mixed, tangible and intangible, choses in action, rights and credits then owned by the merged associations, or which would inure to any of them, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed, be vested in and become the property of the association resulting from such merger, which shall have, hold, and enjoy the same in its own right as fully and to the same extent as the same were possessed, held, and enjoyed by the merged associations prior to such merger; and the association resulting from such merger shall be deemed to be and shall be a continuation of the entity and identity of the Federal association, which absorbed the merged associations; and all of the rights and obligations of the merged associations shall remain unimpaired, and the association, on the effective date of such merger, shall succeed to all of such rights and obligations and the duties and liabilities connected therewith.

Voluntary Dissolution

Sec. 49. (a) Any Federal association may dissolve in the following manner:

The board of directors of the association may propose a plan for the dissolution of the association. Such plan shall thereupon be submitted to the Board for approval, together with a statement of the reasons for proposing dissolution and the reasons for the plan submitted. If it appears that dissolution is advisable and the plan is in the interest of all concerned, the Board will approve the plan. If the plan submitted appears to be inadvisable, the Board will make recommendations to the association. When a plan of dissolution has been approved by the board of directors of the association and the Board, such plan shall be submitted to the members at a legal meeting called for the purpose and, when approved by a majority of the votes cast at such meeting, such plan for dissolution shall become effective. The plan for dissolution may provide—

(1) For the Federal Savings and Loan Insurance Corporation to be appointed as receiver for the purpose of liquidation, as is provided by law and regulations;

(2) For all assets of the association to be transferred to another thrift and home-financing institution under Federal or State charter for a sufficient amount of cash to pay all obligations of the association and to retire all outstanding share accounts up to the amount credited thereto; or

(3) For the transfer of all assets to another thrift and home-financing institution under Federal or State charter in consideration of the payment of all outstanding obligations of the association and the issuance of share accounts or other evidence of interest to the members of the Federal association on a pro rata basis.

(b) When dissolution has been consummated in accordance with the plan approved by the Board, a certificate evidencing that fact in such form and supported by such evidence as the Board shall approve shall forthwith be filed

with the Board. Upon acceptance of such certificate by the Board, the corporate existence of such association shall terminate and the charter shall thereupon be surrendered and cancelled.

Conversion Into a State-Chartered Institution

Sec. 50. Any Federal association may convert itself into a State-chartered thrift and home-financing institution, upon the vote, cast at a legal meeting called to consider such action, specified by the law of the State in which the home office of the Federal association is located, as required by such law for a State-chartered institution to convert itself into a Federal association, and upon compliance with other requirements reciprocally equivalent to the requirements of such State law for the conversion of a State-chartered institution into a Federal association, provided legal titles are protected by such conversion or provided proper conveyances of legal titles are made.

Appointment of Conservator or Receiver

Sec. 51. (a) Whenever it shall appear to the Board that the interests of the creditors or members of any Federal association are being jeopardized because such association has violated its charter, bylaws, or these rules and regulations, or is conducting its business in an unsafe or unauthorized manner; or if such association shall refuse to submit its books and papers for inspection by the Board or any examiner appointed by the Board; or if any officer or director thereof shall refuse to be examined under oath by a representative appointed by the Board concerning the affairs of any such association; or if any such association shall suspend payment of its obligations; or if the Board shall conclude that such association is in an unsafe or unsound condition to transact business; or if any such association shall neglect or refuse to observe a lawful order of the Board, the Board may, on becoming satisfied of the existence of any or all of the conditions set forth above, forthwith appoint a conservator for such association. Such conservator may propose a plan of reorganization to the Board. The Board may approve a reorganization of such a Federal association.

(b) In the event that the Board determines that it is necessary to liquidate such association, the Board will appoint the Federal Savings and Loan Insurance Corporation as receiver for the purpose of liquidation.

(c) Before the appointment of a conservator or receiver, the Federal association will be given opportunity to be heard; provided, however, that the Board may appoint a temporary conservator pending such hearing.

Powers and Duties of Conservator or Receiver

Sec. 52. Such conservator or receiver, under the direction of the Board, shall take possession of the books, records, and assets of every description of such association; collect all debts and claims belonging to it; and make report to the Board of the condition of the association. After 10 days' notice, mailed to each member and creditor of the association at his last-known address as shown on the books of the association, the conservator or receiver shall conduct a hearing at the home office of the association or at some other convenient place designated by him in such notice. At such hearing, any interested parties may submit evidence as to the condition of the association or as to its management and may propose any plan for its operation or for the disposition of its assets. A stenographic record shall be made of such hearing. One copy thereof shall be filed with the Federal home loan bank of which such association is a member. The Board shall be furnished with a copy of the evidence submitted at such hearing and of the plans submitted for the operation of such association, or for the disposition of its assets.

Procedure by Conservator or Receiver

Sec. 53. The conservator or receiver shall recommend to the Board a plan for the reorganization, merger, or liquidation of such Federal association. After considering the recommendations of such conservator or receiver, the Board shall enter an order providing for the release of the association and for its continued operation, or for its reorganiza-

tion, merger, or liquidation. The conservator or receiver shall proceed to carry into effect any such order of the Board. If the Board enters an order providing for the liquidation of the association, the Federal Savings and Loan Insurance Corporation shall proceed to liquidate the association. The cost of all such proceedings as determined by the Board shall be assessed against the Federal association and paid from the proceeds of its assets.

PART IV. GENERAL PROVISIONS

Amendments

SEC. 54. The Board expressly reserves the right to alter, amend, or repeal these rules and regulations in whole or in part.

(a) Amendments or changes deemed by the Board to be major, affecting matters of general principle or policy, and not of an emergency character, submitted to the Board by a member thereof, or by the Federal Savings and Loan Advisory Council, when approved by the Board, shall not go into effect until 30 days from a date fixed at the time of such approval and published in the next succeeding issue of the Federal Home Loan Bank Review together with the publication of the amendment or change. If at any time prior to the effective date, as thus fixed, a hearing thereon is requested of the Secretary to the Board in writing by at least seven members of the Federal Savings and Loan Advisory Council, the Board shall fix a time and place for a hearing thereon, of which the Secretary to the Board shall in writing notify the members of the Advisory Council, and the amendment or change shall be suspended until after the hearing and until further action of the Board.

(b) If a hearing has not been requested by seven members of the Advisory Council, but if, within 60 days after the date fixed by the Board and published in the Federal Home Loan Bank Review at the time of the publication of the amendment or change, at least 50 Federal associations shall request a hearing, the Board shall fix the time and place thereof, and the Secretary to the Board shall give written notice thereof to the Advisory Council, to each of the associations requesting such hearings, and publish the notice of hearing in the issue of the Federal Home Loan Bank Review, prior to the date of the hearing.

(c) Amendments or changes deemed by the Board to be of a minor, procedural, or emergency character, may be adopted, effective immediately, but in such case any seven members of the Advisory Council, or any 50 Federal associations, may within 60 days after the adoption of such amendment or change, file a written request with the Secretary to the Board for a hearing thereon. Changes or amendments will be published in the issue of the Federal Home Loan Bank Review following the date of the adoption of the amendment or change. In the issue following the receipt of the required number of written requests for a hearing, a notice will be published fixing the time and place of such hearing.

(d) A request for a hearing from a Federal association shall be evidenced by resolution of the board of directors thereof, certified by the secretary. Except as provided in paragraph (a) the amendment or change shall not be suspended by such request for a hearing, but after such hearing the Board shall reconsider the change or amendment and take such action thereon as it deems appropriate.

Any member of the Advisory Council, or any Federal association requesting a hearing, or any institution eligible to apply for conversion, may, prior to the date of any hearing, file with the Secretary to the Board a written brief or argument bearing upon the amendment or change, or the general subject matter involved therein, and, in addition thereto, if he or it so desires, such individual or institution may appear in person or by its representative at the time of the hearing before the Board.

Such hearing will not be confined to those proposing or suggesting a modification in the amendment or change, but shall be open to individuals or representatives of any institution favoring such amendment or change.

(e) Recommendations of the Federal Savings and Loan Advisory Council will be requested on all amendments or

changes made or published within 30 days prior to the meeting of such Council, and the members of the Board will, upon request from such Council, attend the meeting of such Council to permit the presentation of its views thereon. The provisions heretofore made for hearings at the request of seven members of such Council shall not apply to amendments or changes which have already been submitted to such Council as a body.

Recommendations of groups of Federal associations or institutions that may be affected, or from an organized trade association, may be filed with the Secretary to the Board either prior to or at the time of any hearing, and such group of institutions or organized trade association, may appear at the hearing by a representative or representatives and be entitled to be heard.

Effective Date of These Rules and Regulations

SEC. 55. These revised rules and regulations repeal all prior rules and regulations and resolutions by the Board inconsistent herewith and shall be effective December 1, 1936, except that the Board may issue charters in the form of exhibit E, pursuant to any petition or application filed prior to such effective date.

Adopted November 10, 1936.

[SEAL]

R. L. NAGLE, *Secretary.*

[F. R. Doc. 3703—Filed, December 5, 1936; 11:46 a. m.]

INTERSTATE COMMERCE COMMISSION.

NOTICE

TRANSPORTATION OF PROPERTY BY MERCANTILE OR MANUFACTURING ESTABLISHMENTS

DECEMBER 5, 1936.

Numerous inquiries have been received regarding the status under the Motor Carrier Act, 1935, of a mercantile or manufacturing establishment which engages in no transportation of property excepting property which is sold or purchased by such mercantile or manufacturing establishment and which is transported from or to its established place of business as an incident to the conduct of such business, but for compensation received either directly or indirectly as an allowance in connection with the purchase price or otherwise.

There has been no formal decision of the Commission relative to its jurisdiction over such transportation. Until such a formal decision has been made, or until further notice, the Commission will not require compliance with the general provisions of the Motor Carrier Act on the part of any mercantile or manufacturing establishment engaged in transportation as above described; however, they will, until such decision has been made, be subject to any regulations for private carriers by motor vehicle which the Commission may hereafter prescribe under the authority of Section 204 of the Motor Carrier Act and which relate to qualifications and maximum hours of service of employees and safety of operation or standards of equipment.

[SEAL]

GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 3711—Filed, December 7, 1936; 11:52 a. m.]

ORDER

At a session of the Interstate Commerce Commission, Division 4, held at its office in Washington, D. C., on the 1st day of December A. D. 1936.

[Finance Docket No. 10310]

COPPER RANGE RAILROAD COMPANY REORGANIZATION

It appearing, That Division 4 of the Commission on April 7, 1936, issued its report and order approving a plan of reorganization for the Copper Range Railroad Company, debtor, in proceedings for reorganization of the said debtor

in the United States District Court for the Western District of Michigan, Northern Division, No. 1132, under the provisions of Section 77 of the Act of July 1, 1898, entitled, "An Act to Establish a Uniform System of Bankruptcy Throughout the United States", as amended; and that on October 6, 1936, the said court rendered and filed its opinion adopting the said report as its findings of fact and conclusions in the matter and issued and entered its order, among other things approving the said plan of reorganization, a certified copy of said opinion and order of the court having been received from the Clerk of the said court; and

It further appearing, That the said court, on June 17, 1935, entered an order classifying the stockholders and creditors of the said debtor for the purposes of any plan of reorganization presented in the proceeding; and on August 15, 1936, entered an order allowing the claims of bondholders and stockholders filed in the proceeding; and

It further appearing, That by the provisions of Section 77 (e) of the act aforesaid, the Commission is directed to submit the plan of reorganization approved by it and by the court of jurisdiction, to the creditors of each class whose claims have been filed and allowed in accordance with the provisions of the act, and to the stockholders of each class, for acceptance or rejection within such time as the Commission shall specify, together with the report of the Commission thereon or such a summarization thereof as the Commission may approve, and the opinion and order of the judge;

It is ordered, That the said plan of reorganization for the said debtor be submitted for acceptance or rejection to the bondholders and stockholders of the debtor as of the date hereof, whose claims have been filed and allowed, such submission to be by mailing to each bondholder and stockholder a copy of the said report and order of the Commission of April 7, 1936, in this matter together with a copy of the aforesaid opinion and order of the judge and a notice setting forth the provisions of the act with respect to acceptance or rejection of the plan by the bondholders and stockholders; and

It is further ordered, That acceptance or rejection of said plan of reorganization must be returned to the office of the Commission in Washington, D. C., or placed in the mail, addressed to the Commission, and postmarked not later than February 1, 1937.

By the Commission, division 4.
[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 3716—Filed, December 7, 1936; 11:54 a. m.]

[Fourth Section Application No. 16636]

COMMODITY RATES FROM MIDDLETOWN, CONN.

DECEMBER 7, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: Agents W. S. Curlett and Frank Van Ummersen, pursuant to Fourth Section Order No. 9800.

Commodities involved: Cotton belting, brake linings, brake lining fabric, clutch facings, cotton webbing, elastic webbing, web straps, asbestos washers, brakes (automobile), and harness or saddlery hardware (iron or steel), in packages, less carloads.

From: Middletown, Conn.

To: Points in southern territory.

Grounds for relief: Carrier competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.
[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 3712—Filed, December 7, 1936; 11:52 a. m.]

[Fourth Section Application No. 16637]

CANNED GOODS FROM GULF AND SOUTH ATLANTIC PORTS

DECEMBER 7, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: Missouri-Kansas-Texas Railroad Company.

Commodity involved: Canned goods, in carloads.

From: Gulf and South Atlantic ports and points grouped therewith.

To: Points in western trunk-line territory.

Grounds for relief: Carrier competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 3718—Filed, December 7, 1936; 11:53 a. m.]

[Fourth Section Application No. 16638]

SUGAR FROM BALTIMORE, MD., TO HERSHEY, PA.

DECEMBER 7, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: W. S. Curlett, Agent.

Commodity involved: Sugar, other than imported, in carloads.

From: Baltimore, Md.

To: Hershey, Pa.

Grounds for relief: Truck competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 3714—Filed, December 7, 1936; 11:53 a. m.]

[Fourth Section Application No. 16639]

FERTILIZER—VIRGINIA PORTS TO WASHINGTON, N. C.

DECEMBER 7, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: Atlantic Coast Line Railroad Company.

Commodities involved: Fertilizer and fertilizer materials, in carloads.

From: Norfolk, Pinner's Point, and Portsmouth, Va.

To: Washington, N. C.

Grounds for relief: Water competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 3715—Filed, December 7, 1936; 11:53 a. m.]

UNITED STATES TARIFF COMMISSION.

PUBLIC NOTICE—PUBLIC HEARING ORDERED

SEAMLESS COTTON HOSIERY

[Hearing in Investigation No. 112 Under Section 336, Tariff Act of 1930]

Notice is hereby given, pursuant to Section 336 of the Tariff Act of 1930, that a public hearing in the foregoing investigation will be held at the office of the United States Tariff Commission in Washington, D. C. at 10:00 o'clock a. m. on the 12th day of January, 1937, at which time and place all parties interested will be given opportunity to be present, to produce evidence, and to be heard with regard to the differences in costs of production of, and all other facts and conditions enumerated in Section 336 of the Tariff Act of 1930 with respect to the following articles described in paragraph 916 (a) of Title I of said tariff act, namely,

Hose and half-hose, seamless, or mock-seamed, finished or unfinished, wholly or in chief value of cotton, made wholly or in part on knitting machines.

By order of the United States Tariff Commission this 4th day of December 1936.

[SEAL]

SIDNEY MORGAN, *Secretary.*

[F. R. Doc. 3704—Filed, December 5, 1936; 9:56 a. m.]

Wednesday, December 9, 1936

No. 191

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48677]

CUSTOMS REGULATIONS AMENDED—DESIGNATION OF EXAMINATION PACKAGES

To Collectors of Customs and Others Concerned:

Pursuant to the authority contained in sections 499 and 624 of the Tariff Act of 1930 (U. S. C., title 19, secs. 1499 and 1624), article 307 of the Customs Regulations of 1931, as amended by T. Ds. 45936, 48401, and 48507, is further amended as follows:

Paragraph (b) is deleted and a new paragraph is inserted in lieu thereof, to read as follows:

(b) Special regulations authorizing the examination of less than one package of every ten packages of certain merchandise will be published in the weekly Treasury Decisions from time to time.

Insert opposite paragraph (a), as marginal references:

T. Ds. 43118, 44702, 45753, 46087, 46943, 48233, Reapp. 3933.

[SEAL]

JAMES H. MOYLE,
Commissioner of Customs.

Approved, December 2, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 3740—Filed, December 8, 1936; 10:55 a. m.]

Public Debt Service.

[Department Circular No. 572]

UNITED STATES OF AMERICA 2½ PERCENT TREASURY BONDS OF 1949-53

DECEMBER 7, 1936.

I—OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for 2½ percent bonds of the United States, designated Treasury Bonds of 1949-53. The amount of the offering is \$700,000,000, or thereabouts, with the right reserved to the Secretary of the Treasury to increase the offering by an amount suffi-

cient to accept all subscriptions for which Treasury Notes of Series B-1936, maturing December 15, 1936, or Treasury Notes of Series C-1937, maturing February 15, 1937, are tendered in payment and accepted.

II—DESCRIPTION OF BONDS

1. The bonds will be dated December 15, 1936, and will bear interest from that date at the rate of 2½ percent per annum, payable semiannually on June 15 and December 15 in each year until the principal amount becomes payable. They will mature December 15, 1953, but may be redeemed at the option of the United States on and after December 15, 1949, in whole or in part, at par and accrued interest, on any interest day or days, on 4 months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

2. The bonds shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, or gift taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds authorized by the Second Liberty Bond Act, approved September 24, 1917, as amended, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

3. The bonds will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege and will not be entitled to any privilege of conversion.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

III—SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Cash subscriptions from banks and trust companies for their own account will be received without deposit but will be restricted in each case to an amount not exceeding one-half of the combined capital and surplus of the subscribing bank or trust company. Cash subscriptions from all others must be accompanied by payment of 10 percent of the amount of bonds applied for. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all

