service. (a) The regulations issued by the Commission pursuant to section 11 of the Veterans' Preference Act of 1944 for the administration and enforcement of the provisions of that act in connection with positions excepted from the competitive service shall be followed by agencies with respect to positions listed in Schedules A and B and positions excepted from the competitive service by statute.

CROSS REFERENCE: For regulations governing appointment to positions excepted from the competitive service, see Part 21 of this chapter. For regulations governing appeals of preference eligibles under the Veterans' Preference Act, see Part 22 of this chapter.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] H. B. MITCHELL,
President.

[F. R. Doc. 48-11181; Filed, Dec. 22, 1948; 8:47 a. m.]

PART 22—APPEALS OF PREFERENCE ELIGIBLES UNDER THE VETERANS' PREFERENCE ACT OF 1944

TIME LIMITATION ON APPEALS

Effective upon publication in the FEDERAL REGISTER, § 22.4 is amended to read as follows:

§ 22.4 *Appeals to the Commission; time limit.* The Commission will not entertain an appeal for consideration or review of any action under section 14 of the Veterans' Preference Act of 1944 prior to an adverse decision making effective the discharge, suspension for more than thirty (30) days, furlough without pay, or reduction in rank or compensation. Ten (10) days after the effective date of the adverse decision shall be considered as a reasonable time to prepare and submit an appeal under this section: *Provided,* That in a reduction in rank (grade) resulting from an allocation of a field position by an employing agency, where there is a right to appeal the position allocation to the agency under its established administrative procedures, the time limit on the appeal to the Commission shall be either ten (10) days after the effective date of the adverse decision or ten (10) days after the decision by the agency on the administrative position allocation appeal, at the election of the employee. The time limit may be extended in the discretion of the Commission only upon showing by the employee that circumstances beyond his control prevented him from filing an appeal within the prescribed ten (10) days. (Secs. 11, 14, 58 Stat. 387; 5 U. S. C. 860, 863)

NOTE: Because it is felt that the additional period during which an appeal may be made to the Commission, which is provided for in the above amendment, should be immediately available to preference eligibles, the Commission finds that good cause exists for making the amendment effective upon publication in the FEDERAL REGISTER.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] H. B. MITCHELL,
President.

[F. R. Doc. 48-11175; Filed, Dec. 22, 1948; 8:46 a. m.]

TITLE 6—AGRICULTURAL CREDIT

RENUMBERING OF CHAPTERS II, IV, AND V

EDITORIAL NOTE: This issue contains two documents renumbering present Chapters II, IV, and V of this title as follows:

Old Chapter No.	*New Chapter No.*
II	IV
IV	II
V	IV

In addition to the change in chapter numbers, the new Chapter IV has been redesignated "Production and Marketing Administration and Commodity Credit Corporation, Department of Agriculture." The changes are set forth in detail below under the new chapter numbers.

Chapter II—Rural Electrification Administration, Department of Agriculture

REDESIGNATION OF CHAPTER

In order to conform to the rearrangement of Title 6 (see redesignation of Chapters II and V) *infra*, and in order to discontinue the codification of material submitted under section 3 (a) (1) of the Administrative Procedure Act, as prescribed by the regulations of the Administrative Committee of the Federal Register and approved by the President effective October 12, 1948 (13 F. R. 5929), the following editorial changes are made, effective upon publication in the FEDERAL REGISTER:

1. Chapter IV is redesignated Chapter II—Rural Electrification Administration, Department of Agriculture.

2. The codification of Subpart A—Organization, of Part 400 is discontinued. Future amendments to the statement of organization will appear in the Notices section of the FEDERAL REGISTER.

3. The text of Subpart B of Part 400 is designated as Part 200—Procedures, and §§ 400.21 to 400.24 are redesignated §§ 200.1 to 200.4, respectively.

Issued this 10th day of December, 1948.

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 48-11207; Filed, Dec. 22, 1948; 9:02 a. m.]

Chapter IV—Production and Marketing Administration and Commodity Credit Corporation, Department of Agriculture

REDESIGNATION OF CHAPTERS AND PARTS

For the purpose of providing a more logical arrangement of subject matter and a more consistent system of numbering, Title 6, Chapters II and V and Part 9 of Title 7, Subtitle A of the Code of Federal Regulations are redesignated Chapter IV—Production and Marketing Administration and Commodity Credit Corporation, Department of Agriculture, and part numbers are assigned as follows:

SUBCHAPTER A—GENERAL REGULATIONS AND POLICIES

Parts 400 to 499.

SUBCHAPTER B—EXPORT AND DIVERSION PROGRAMS

Part
502 Barley.
503 Beans, dry edible.
506 Corn.
507 Cotton.
510 Dairy Products.
513 Eggs.
516 Fibers.
517 Fruits and Berries, fresh.
518 Fruits and Berries, dried, and processed.
521 Grain Sorghums.
524 Honey.
527 Hops.
533 Meat Animals and Meat Products.
538 Naval Stores.
539 Nuts.
542 Oats.
543 Oilseeds.
546 Peanuts.
547 Peas, dry edible.
548 Potatoes, Irish.
549 Poultry.
550 Protein Meals.
555 Rice.
556 Rye.
559 Seeds.
560 Sugar.
561 Sweetpotatoes.
564 Tobacco.
569 Vegetables, fresh.
570 Vegetables, dried and processed.
571 Wheat.
572 Wool.

SUBCHAPTER C—LOANS, PURCHASES, AND OTHER OPERATIONS

602 Barley.
603 Beans, dry edible.
606 Corn.
607 Cotton.
610 Dairy Products.
613 Eggs.
616 Fibers.
617 Fruits and Berries, fresh.
618 Fruits and Berries, dried and processed.
621 Grain Sorghums.
624 Honey.
627 Hops.
633 Meat Animals and Meat Products.
638 Naval Stores.
639 Nuts.
642 Oats.
643 Oilseeds.
646 Peanuts.
647 Peas, dry edible.
648 Potatoes, Irish.
649 Poultry.
650 Protein Meals.
655 Rice.
656 Rye.
659 Seeds.
660 Sugar.
661 Sweetpotatoes.
664 Tobacco.
669 Vegetables, fresh.
670 Vegetables, dried and processed.
671 Wheat.
672 Wool.

Existing parts and sections are renumbered as follows:

SUBCHAPTER B—EXPORT AND DIVERSION PROGRAMS

Old part and section Nos.	New part and section Nos.
	507—Cotton
503 of Chapter V	Subpart—Cotton Export Program.
Secs. 503.1–503.13	Secs. 507.1–507.13.
501 of Chapter V	Subpart—Cotton Insulation Program (Fiscal Year 1949).
Secs. 501.201–501.212	Secs. 507.21–507.33.
	517—Fruits and Berries, fresh
507 of Chapter V	Subpart—Citrus Fruit Export Program (Fiscal Year 1949).
Secs. 507.1–507.9	Secs. 517.1–517.9.
	518—Fruits and Berries, dried and processed
506 of Chapter V	Subpart—Dried Fruit Export Program (Fiscal Year 1949).
Secs. 506.1–506.13	Secs. 518.1–518.13.

SUBCHAPTER C—LOANS, PURCHASES, AND OTHER OPERATIONS

Old part and section Nos.	New part and section Nos.
	602—Barley
264 of Chapter II	Subpart—1948 Barley Loan Program.
Secs. 264.201–264.224	Secs. 602.1–602.24.
264 of Chapter II	Subpart—1948 Barley Purchase Agreement Program.
Secs. 264.225–264.238	Secs. 602.31–602.44.
	603—Beans, dry edible
276 of Chapter II	Subpart—1948 Dry Edible Bean Loan and Purchase Agreement Program.
Secs. 276.201–276.224	Secs. 603.1–603.24.
	606—Corn
248 of Chapter II	Subpart—1948 Corn Loan and Purchase Agreement Program.
Secs. 248.201–248.224	Secs. 606.1–606.24.
	607—Cotton
256 of Chapter II	Subpart—1948 Cotton Loan Program.
Secs. 256.221–256.243	Secs. 607.1–607.23.
	618—Fruits and Berries, dried and processed
281 of Chapter II	Subpart—1948 Dried Fruit Price Support Program.
	Sec. 618.1—1948 Price Support Announcement.
	621—Grain Sorghums
263 of Chapter II	Subpart—1948 Grain Sorghum Loan Program.
Secs. 263.201–263.224	Secs. 621.1–621.24.
	Subpart—1948 Grain Sorghums Purchase Agreement Program.
Secs. 263.225–263.228	Secs. 621.31–621.44.
	642—Oats
268 of Chapter II	Subpart—1948 Oats Loan Program.
Secs. 268.201–268.224	Secs. 642.1–642.24.
	Subpart—1948 Oats Purchase Agreement Program.
Secs. 268.225–268.238	Secs. 642.31–642.44.

SUBCHAPTER C—LOANS, PURCHASES, AND OTHER OPERATIONS—Continued

Old part and section Nos.	New part and section Nos.
	643—Oilseeds
271 of Chapter II	Subpart—1948 Flaxseed Loan Program.
Secs. 271.201–271.226	Secs. 643.1–643.26.
	Subpart—1948 Flaxseed Purchase Agreement Program.
Secs. 271.227–271.241	Secs. 643.31–643.45.
257 of Chapter II	Subpart—1948 Soybean Loan and Purchase Agreement Program.
Secs. 257.201–257.225	Secs. 643.51–643.75.
	646—Peanuts
275 of Chapter II	Subpart—1948 Peanuts Producer Loan Program.
Secs. 275.101–275.122	Secs. 646.1–646.22.
	Subpart—1948 Peanuts Dealer Loan Program.
Secs. 275.123–275.137	Secs. 646.31–646.45.
	Subpart—1948 Peanuts Purchase Program.
Secs. 275.138–275.149	Secs. 646.51–646.61.
	Note: Sec. 275.149 will be included in §§ 646.13, 646.37, and 646.61.
	647—Peas, dry edible
280 of Chapter II	Subpart—1948 Dry Edible Smooth Peas Loan and Purchase Agreement Program.
Secs. 280.201–280.224	Secs. 647.1–647.24.
	648—Potatoes, Irish
245 of Chapter II	Subpart—1948 Potato Acreage Goals.
Secs. 245.127–245.141	Secs. 648.1–648.15.
	Subpart—1948 Potato Price Support Program.
Secs. 245.150–245.153	Secs. 648.21–648.24.
	Subpart—1948 Potato Loan Program.
Secs. 245.201–245.219	Secs. 648.31–648.39.
	Subpart—1948 Potato Purchase Program.
Secs. 245.225–245.239	Secs. 648.51–648.65.
	655—Rice
225 of Chapter II	Subpart—1948 Rice Loan and Purchase Agreement Program.
Secs. 225.201–225.224	Secs. 655.1–655.24.
	656—Rye
266 of Chapter II	Subpart—1948 Rye Loan and Purchase Agreement Program.
Secs. 266.201–266.224	Secs. 656.1–656.24.
	659—Seeds
274 of Chapter II	Subpart—1948 Alfalfa Seed Loan and Purchase Agreement Program.
Secs. 274.201–274.224	Secs. 659.1–659.24.
	661—Sweetpotatoes
246 of Chapter II	Subpart—1948 Sweetpotato Price Support Program.
	Sec. 661.1—1948 Price Support Announcement.
	664—Tobacco
277 of Chapter II	Subpart—1948 Tobacco Loan Program.
Secs. 277.40–277.49	Secs. 664.1–664.11.

SUBCHAPTER C—LOANS, PURCHASES, AND OTHER OPERATIONS—Continued

Old part and section Nos.	*New part and section Nos.*
	669—Vegetables, fresh
504 of Chapter V	Subpart—General Vegetable Purchase Program (Fiscal Year 1949).
Sec. 504.102	Sec. 669.1.
	671—Wheat
251 of Chapter II	Subpart—1948 Wheat Loan Program.
Secs. 251.201-251.227	Secs. 671.1-671.27:
	Subpart—1948 Wheat Purchase Agreement Program.
Secs. 251.228-251.242	Secs. 676.41—671.55.

Dated: December 20, 1948.

[SEAL]

F. K. WOOLLEY,
Acting Administrator, Production and Marketing Administration.
ELMER F. KRUSE,
Manager, Commodity Credit Corporation.

[F. R. Doc. 48-11201; Filed, Dec. 22, 1948; 9:02 a. m.]

TITLE 7—AGRICULTURE

Subtitle A—Office of the Secretary

PART 1—ADMINISTRATIVE REGULATIONS

DELEGATION OF AUTHORITY TO CARRY OUT THE RESPONSIBILITIES OF THE UNITED STATES DEPARTMENT OF AGRICULTURE UNDER TITLES I AND IV OF THE FOREIGN ASSISTANCE ACT OF 1948

The Administrator of the Production and Marketing Administration is hereby authorized, in behalf of this Department, to cooperate, to the extent he deems feasible in keeping with other established departmental responsibilities, with the Economic Cooperation Administration and any other Government agency in carrying out such activities and duties, other than those to be performed by Commodity Credit Corporation, as may be assigned to this Department under the authority of Titles I and IV of the Foreign Assistance Act of 1948, Public Law 472, 80th Congress, and Executive Order 9943 dated April 9, 1948, and in connection therewith to enter into such contracts and to perform such services as may be necessary to carry out such activities and duties.

In carrying out the authority delegated hereunder, the Administrator of the Production and Marketing Administration may delegate, with the power to redelegate, any of his authority to such employees of the Production and Marketing Administration as he may deem advisable, and will be responsible for coordination of Department activities covered by this authorization.

Nothing contained herein shall affect the authority delegated to the Administrator by the delegations entitled "Determination of Domestic Market Price under Section 112 (e) of the Foreign Assistance Act of 1948" (13 F. R. 2767) and "Delegation of Authority to Determine Surplus Agricultural Commodities under Section 112 (d) of the Foreign Assistance Act" (13 F. R. 5259).

This delegation shall be effective as of April 9, 1948.

(R. S. 161; 5 U. S. C. 22)

Done at Washington, D. C., this 15th day of December 1948.

[SEAL] A. J. LOVELAND,
Acting Secretary of Agriculture.

[F. R. Doc. 48-11200; Filed, Dec. 22, 1948; 8:57 a. m.]

PART 9—PRICE SUPPORT OF AGRICULTURAL COMMODITIES

TRANSFER TO TITLE 6

EDITORIAL NOTE: Part 9 of Title 7 is transferred to Title 6 (see Chapter IV of Title 6, *supra*). As so transferred it is assigned to Part 633 of that title, and former § 9.1 (13 F. R. 7631) is renumbered § 633.1 under the headnote "Support prices for hogs (October 1948–March 1949)."

TITLE 11—ATOMIC ENERGY

Chapter I—Atomic Energy Commission

REDESIGNATION OF TITLE AND DISCONTINUANCE OF CODIFICATION OF PARTS 1 AND 2

In preparation for the publication of the Code of Federal Regulations, 1949 Edition, as prescribed by the regulations of the Administrative Committee of the Federal Register and approved by the President effective October 12, 1948 (13 F. R. 5929), the following editorial changes are made, effective upon publication in the FEDERAL REGISTER:

1. Title 11—Atomic Energy is renumbered Title 10—Atomic Energy.
2. The codification of Part 1—Organization, and Part 2—Procedures, of Chapter I, is hereby discontinued. Future amendments to these parts will appear in the Notices section of the FEDERAL REGISTER.

Dated: December 17, 1948.

UNITED STATES ATOMIC ENERGY COMMISSION,
CARROLL L. WILSON,
General Manager.

[F. R. Doc. 48-11170; Filed, Dec. 22, 1948; 8:45 a. m.]

TITLE 13—BUSINESS CREDIT

Chapter I—Reconstruction Finance Corporation

Chapter I of Title 13 is revised to read as follows:

PART 1—RAILROADS AND RECEIVERS OR TRUSTEES THEREOF; LOANS

AUTHORITY: §§ 1.1 to 1.20 issued under 61 Stat. 202, as amended by Pub. Law 548, 80th Cong.

DERIVATION: Circular 2, Rev. June 1948.

§ 1.1 *Introduction.* Under the provisions of the Reconstruction Finance Corporation Act, as amended, the Corporation is authorized to purchase the obligations of and to make loans to railroads or receivers or trustees thereof, subject to the following conditions:

(a) That the financial assistance applied for is not otherwise available on reasonable terms;

(b) That all obligations purchased and all loans made be of such sound value or so secured as reasonably to assure retirement or repayment;

(c) That, in the case of railroads engaged in interstate commerce or receivers or trustees thereof, the purchase of such obligations or the making of such loans be with the approval of the Interstate Commerce Commission;

(d) That, in the case of railroads that are not in receivership or trusteeship, the Interstate Commerce Commission certify, in connection with its approval, that the railroad, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization, with the exception, however, that such certificate is not required if the purchase of obligations or loan is for the acquisition of equipment or for maintenance.

The term "obligations," as used herein, includes Equipment Trust Certificates.

GENERAL REQUIREMENTS

§ 1.2 *Form of obligation.* The form of the obligation, the terms thereof and the security therefor must be satisfactory to RFC and the Interstate Commerce Commission.

§ 1.3 *Compliance with Interstate Commerce Act is required.* Since the issuance by railroads of evidences of indebtedness must be in compliance with the provisions of section 20a of the Interstate Commerce Act, the applicant should ascertain whether an application under such section 20a should be filed with the Interstate Commerce Commission.

§ 1.4 *Fees and commissions prohibited.* No fee or commission may be paid by any applicant in connection with an application for financial assistance under the provisions of the act, and any agreement to pay or the payment of any such fee is unlawful.

§ 1.5 *Examinations and reports.* The applicant must consent to such examinations as the Corporation may require and must agree that reports of examinations by the Interstate Commerce Commission, or other constituted authorities, may be furnished to the Corporation upon its request.

APPLICATION

§ 1.10 *Form of application.* Applications should include or be supported by the following information, representations, etc., arranged in the following order to facilitate consideration:

(a) The full corporate name of the applicant, the state in which the applicant was incorporated, and the date of incorporation; (if the application is filed by a receiver or receivers, or by a trustee or trustees, the name and full title of each, the date of appointment and qualification of each, and the name of the court having jurisdiction should be given).

(b) The name, title, and address of the person with whom conferences or correspondence should be had with respect to the application;

(c) Information as to the applicant's efforts to obtain the needed financing from other sources, and as to the results of such efforts; (the applicant should furnish copies of correspondence from all, and not less than three, lending institutions or security underwriters to which application for the financing has been made, evidencing that they have declined the financing or specifying the terms upon which they will undertake the financing).

(d) The purpose of the loan or purchase, the maturity thereof, the use to which it will be applied and the date or dates on which the applicant desires the funds to be made available;

(e) The present status of the applicant's existing financial relations with the United States as to:

(1) Loans made to the applicant and the security therefor; (i) under Federal control; (ii) under section 210, Transportation Act, 1920; (iii) under section 203 (a) Federal Emergency Act of Public Works; and (iv) under the Reconstruction Finance Corporation Act;

(2) Claims under section 209, Transportation Act, 1920, and the security pledged therefor;

(3) Claims on account of deficits under section 204, Transportation Act, 1920;

(4) Any other debits or credits existing between the applicant and the United States.

(f) Statement in detail regarding prospective earnings or other sources upon which applicant relies for funds to repay the financial assistance applied for, and proposed repayment schedule; (full particulars concerning the proposed repayment schedule should be given, especially as to any reasons an earlier maturity than that requested, or a more rapid amortization, is not deemed advisable by the applicant).

(g) The latest valuation placed by the Interstate Commerce Commission upon applicant's property, separately stated for owned carrier and noncarrier property, and the date as of which such valuation was determined, together with the aggregate net property changes to the latest date to which such changes have been reported to the Bureau of Valuation;

(h) Statement as to whether any subsidiary, or affiliated organization of which the applicant is a subsidiary, has applied for or received financial assistance from the Reconstruction Finance Corporation (if any such organization has applied for or received financial assistance from RFC, full particulars should be given);

(i) Statement of principal commodities carried, and information regarding the ten most important industries served;

(j) Detailed description of the obligation to be purchased or of the security to be offered for the loan, together with copies of documents, and other data appropriate to the security offered, including applicant's opinion of the value of any collateral offered and the basis for such opinion;

(k) Consent of applicant to such examinations as the Corporation may require for the purposes of the act and agreement that reports of examinations by constituted authorities may be furnished by such authorities to the Corporation upon request therefor;

(l) Statement that no agreement has been or will be made by the applicant to pay any person, association, firm, or corporation, either directly or indirectly, any commission or fee in connection with the financial assistance applied for and that no such payments have been or will be made by the applicant;

(m) Schedules A to R, as hereinafter described, and in the order in which hereinafter listed.

SCHEDULE A

Miles of line owned; miles operated, subdivided as to first track, other main tracks, yard track, and sidings, and total all tracks operated; also, the principal termini of the road operated. State number of units of locomotives, freight cars, and passenger cars, owned and leased.

SCHEDULE B

(a) Comparative income account for each of the last ten calendar years and for each month of the current year, so far as available, in the form prescribed by the Interstate Commerce Commission in Schedule 300-I of annual report Form A for large roads and Schedule 1801 of annual report Form C for small roads, together with an estimated income account, showing the basis therefor, for each remaining month of the current year and for each month of the year subsequent thereto.

State whether the amounts reported include revenues from actual or anticipated increases in freight rates permitted by the Interstate Commerce Commission in Ex Parte No. 166 or from any actual or anticipated increases under decisions issued subsequently by the Interstate Commerce Commission and, if so, show such amounts separately. If such amounts are not included, give estimates, by months, on separate schedule for current year and year subsequent thereto. Also, in this connection, if the Interstate Commerce Commission should cancel or modify downward its decision in Ex Parte 166, or other later decisions, show how this would affect revenues after the modifications became effective.

If applicant prepares a report to stockholders containing a consolidated system income account, covering two or more steam railway companies, which differs from returns in Schedule 300-I, copies of such report should also be furnished.

(b) Actual and estimated effect, by month, for current year and for one year subsequent thereto, of wage increases first made applicable during the current year.

(c) The total dividends declared and the total dividends paid for each of the years indicated under (a) preceding, and to date in the current year.

(d) Comparative statement of expenditures for maintenance of (1) way and structures and (2) equipment for each of the last ten calendar years and for each month of the current year, together with estimates for the remaining months of the current year, and the basis of such estimates.

(e) For the years indicated in (a) above, details of dividend income (account 513), income from funded securities (account 514), income from unfunded securities and accounts (account 515), income from sinking and other reserve funds (account 516), and miscellaneous income (account 519).

NOTE: The data required by paragraphs (a), (c), (d), and (e) above must give effect to any restatement of the accounts which has been made by the Interstate Commerce Commission.

SCHEDULE C

(a) State whether any corporation or corporations, transportation or other, hold control over the applicant. If control is so held, (1) the form of control, whether sole or joint; (2) the name of the controlling corporation or corporations; (3) the manner in which control was established; (4) the extent of control; (5) whether control is direct or indirect; and (6) the name of the intermediary through which control, if indirect, was established.

(b) State whether any individual, association, or corporation holds control, as trustee or otherwise, over the applicant. If control is so held, (1) the name of the individual or trustee; (2) the name of the beneficiary or beneficiaries for whom the trust is maintained; and (3) the purpose of the trust.

SCHEDULE D

Statement of comparative general balance sheets as of December 31, of each of the last ten years, and as of the close of the latest month for which figures are available. Use the Interstate Commerce Commission's annual report Form A, Schedules 200-A and

200-L for large roads and annual report Form C, Schedules 400-A and 400-L for small roads. If applicant prepares a report to stockholders containing a consolidated system balance sheet, covering two or more operating steam railway companies, which differs from returns in Schedules 200-A and 200-L, a copy of the information thus reported to the Interstate Commerce Commission should also be furnished.

SCHEDULE E

Details of capital stock. Large roads should use the Interstate Commerce Commission's annual report Form A, Schedule 251. Small roads should use Form C, Schedule 690.

SCHEDULE F

Details of long-term debt and contingent assets and liabilities. Large roads should use the Interstate Commerce Commission's annual report Form A, Schedules 261-M, 261-E, 110-A, 261-P, and 263. Small roads should use Form C, Schedules 670, 695, 901, and 1702. A list of the mortgages, pledges, or other liens should be given, together with a brief statement concerning each, indicating the property or securities encumbered; the mortgage limit per mile, if any; and particulars as to priority and as to whether "open," "closed," or "open-end." If practicable, copies of all mortgages, deeds of trust, or other similar instruments pertinent to the loan requested should be furnished; it will be necessary to furnish only one copy to the Interstate Commerce Commission and two copies to the Corporation.

SCHEDULE G

Details of loans and bills payable. Large roads should use the Interstate Commerce Commission's annual report Form A, Schedule 271. Small roads should use Form C, Schedule 1701. Class II and III roads should report in detail items in excess of $10,000 and $5,000, respectively. Information on bank loans must include name of lending banks, amounts, date of notes, date loans initially made, maturities, interest rate of obligations, and security therefor.

SCHEDULE H

Details of special deposits and of loans and bills receivable. The Interstate Commerce Commission's annual report Form A, Schedules 224 and 225, should be used. Class II and III roads should report in detail items in excess of $10,000 and $5,000, respectively.

SCHEDULE I

State whether or not the applicant is under obligation as guarantor or surety for the performance by any other corporation, association, firm, or individual of any agreement or obligation. If so, particulars should be given.

SCHEDULE J

Details of other unadjusted debits. The Interstate Commerce Commission's annual report Form A for large roads, Schedule 227, should be used.

SCHEDULE K

Details of other unadjusted credits. The Interstate Commerce Commission's annual report Form A for large roads, Schedule 281, should be used.

SCHEDULE L

The par value of securities of other companies, owned, pledged, and unpledged, listing each class of securities separately, showing purposes for which such securities are pledged. Large roads should use Schedules 217 and 218 of the Interstate Commerce Commission's annual report Form A and small roads should use Schedules 1001 and 1002 of annual report Form C.

SCHEDULE M

Comparative statement for the past 5 years ended December 31 of the amount charged to operating expenses under depreciation accounts, separately for way and structures and equipment, and the estimated amount of such charges for the current year, and subsequently by years during the period for which the loan is desired. State whether applicant has received or applied for authority to charge amortization depreciation and, if so, the basis and reason for such accounting, also the annual rates used in each account.

SCHEDULE N

An estimate of (a) other income, and (b) miscellaneous deductions from income, as defined and classified under Schedule 300-I of the Interstate Commerce Commission's annual report Form A for large roads (Schedule 1801 of annual report Form C for small roads), for the term of the loan applied for, stating under each account the basis of the estimate.

SCHEDULE O

Statement in detail of applicant's probable fixed charges and appropriations of income and surplus for the current year ended December 31, and subsequently by years during the period for which the loan is desired.

SCHEDULE P

If a loan is requested for any construction purpose other than ordinary additions and betterments, copy of complete engineering estimates of costs and time required for completion, contracts, maps, etc., should be furnished. Show such costs separately as between amounts chargeable to operating expenses and to the capital account.

SCHEDULE Q

If an advance is requested for financing an ordinary program of additions and betterments, give description and estimated cost for all items involving gross expenditures in excess of $10,000, with supporting detail regarding any very large special items, the sum total involved, discussion of benefits of the program as a whole, and the extent to which the program is under way. Separate costs between amounts chargeable to operating expenses and to the capital account.

SCHEDULE R

A statement for the current year of the actual cash balance at the beginning of each month and the actual cash receipts and disbursements during each month to date, together with a carefully prepared monthly forecast for the balance of the current year and the year subsequent thereto, stating controlling factors used in making estimates.

NOTE: In connection with all comparative statements supporting the application, substantial fluctuations should be explained. Omit cents from all financial and statistical statements. One complete set of applicant's last ten annual reports to stockholders should be furnished to the Interstate Commerce Commission and one set to the Reconstruction Finance Corporation with application.

LEGAL REQUIREMENTS

§ 1.15 *Papers required with application.* Applicants other than receivers or trustees are required to furnish with the application the following papers:

(a) Documents evidencing the legal power and authority of the applicant to enter into the obligations and give the security contemplated by the application and showing what corporate action by stockholders, directors, or otherwise will be required to validly exercise such powers. These data will generally include special statutes, charters, by-laws, or certified extracts of the same, showing the corporate powers, etc., of the applicant.

(b) Preliminary opinion of counsel that he is familiar with the corporate powers of the applicant, that the applicant is authorized to make the application, and that when proper corporate action has been taken and the obligations executed, and security delivered as contemplated by the application, such obligations will constitute the valid and subsisting obligations of the applicant duly secured by a first and paramount lien on the same, or by a lien of the rank and priority stated in the application. Such opinion should also cover the validity and lien of each item of the collateral offered.

(c) Certified copy of resolutions of applicant's board of directors or executive committee will be required showing the authority of the officers to execute and deliver the application.

§ 1.16 *Papers required after approval.* When and if the application is approved, the following papers will be required for deposit with the security:

(a) Resolutions of the board of directors or executive committee of the applicant, and where necessary, of meetings of the stockholders, authorizing the execution and delivery of the obligations of the applicant delivered to the Corporation, and pledge of the security described therein, pursuant to and under the terms of the application, and authorizing the designated officers to receive and receipt for the proceeds of the loan or purchase.

(b) Certificate of election and present incumbency in office of officers designated in the foregoing resolutions, such certificate to contain specimen signatures of such officers and to be duly acknowledged before a notary public.

(c) Final opinion by counsel for the applicant to the effect that he is familiar with the corporate powers of the applicant; that the applicant is authorized to execute and deliver the notes or other obligations evidencing the same, and to pledge and hypothecate the securities described in the application; that the notes or other obligations so executed and so delivered constitute the valid and binding obligations of the applicant, secured by the collateral described in the application and indicating that the Corporation will obtain a lien on such security of the rank and priority stated in the application. Such opinion should also cover the priority and lien of each item of the collateral offered.

§ 1.17 *Papers required from receivers or trustees.* In the case of applications by receivers, or trustees, the application should be accompanied by the following:

(a) Certified copy of the order of court authorizing the receiver to make the application.

(b) Opinion of counsel for the receiver, or trustee, that such receiver, or trustee, is properly qualified and acting, and that he is authorized to make the application; that the court appointing such receiver, or trustee, has jurisdiction and may legally authorize execution of the obligations and pledge of the security as contemplated by the application; that if and when proper decree or order of the court is entered, the receiver, or trustee, will be authorized to execute such obligations or give the security contemplated in the application. Such opinion should also cover the priority and lien of each item of the collateral offered.

(c) If and when the application of the receiver, or trustee, is approved by the Corporation, the receiver, or trustee, will be required to deposit with the Corporation certified copies of the court orders and decrees authorizing him to execute and deliver the obligations, and to give the security under and according to the terms of the application, together with final opinion of counsel as to the validity of the obligation and the lien of the corporation upon the security so pledged. Such opinion should also cover the priority and lien of each item of the collateral offered.

§ 1.18 *Additional information required.* Under special circumstances, additional legal documents and information may be required.

ACKNOWLEDGMENT AND VERIFICATION OF APPLICATION

§ 1.20 *Application by corporation, receiver or trustee.* (a) Where the applicant is a corporation, the application should be executed in the name of the corporation by a duly authorized officer, or officers, and the corporate seal of the applicant should be affixed and attested. There should be appended to the application, a certificate, in the usual form, signed by each officer by whom the application is signed, setting forth his official title and stating: (1) That he has examined all of the statements contained in the application and that they are true and correct to the best of his knowledge and belief; (2) that the application submitted is made with the approval and at the direction of the Board of Directors of the applicant pursuant to a resolution adopted at a meeting of the said Board; and (3) that he has been authorized by a resolution of the said Board of Directors to execute the application and the papers required in connection therewith. A certified copy of such resolution, or resolutions, should be attached to the application.

(b) Where the application is by a receiver or receivers, or a trustee or trustees, it should be executed under seal by the applicant or applicants. There should be appended to the application, a certificate, in the usual form, signed by each trustee or receiver, setting forth representations similar to those indicated in paragraph (a) of this section, except that the certificate should state that the application is made with the approval and at the direction of the Court having jurisdiction, and that the applicant or applicants have been authorized by the Court to execute the application and the papers required in connection therewith. A certified copy of the Court Order(s) containing such authorizations and directions should be attached to the application.

PART 2—MUNICIPALITIES AND OTHER PUBLIC AGENCIES; FINANCING OF PROJECTS

AUTHORITY: §§ 2.1 to 2.11 issued under 61 Stat. 202, as amended by Pub. Law 548, 80th Cong.

DERIVATION: Circular 22, Rev. July 1948.

§ 2.1 *Introduction.* The Reconstruction Finance Corporation is authorized under section 4 (a) (3) of the RFC Act, as amended, to purchase the securities and obligations of, or make loans to:

(a) States, municipalities, and political subdivisions of States,

(b) Public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and

(c) Public corporations, boards and commissions,

for the purpose of aiding in financing projects authorized under Federal, State, or municipal law.

§ 2.2 *Financing applied for must be unavailable from other sources on reasonable terms.* The Reconstruction Finance Corporation will not extend financial assistance unless the financial assistance applied for is not otherwise available on reasonable terms. Applicants should make every effort to obtain the required financing from other sources before applying to RFC, and when applying to RFC should submit full details regarding their negotiations to obtain the required financial aid elsewhere.

§ 2.3 *Assurance of repayment is required.* All securities and obligations purchased and all loans made by RFC shall be of such sound value or so secured as reasonably to assure retirement or repayment.

§ 2.4 *Purpose.* Financial assistance will be extended by RFC only for projects authorized under Federal, State, or municipal law. No security or obligation will be purchased by RFC nor will any loan be made for the payment of ordinary governmental or nonproject operating expenses as distinguished from specific public projects. Typical projects which may be considered eligible include the construction, repair, or improvement of water or sewer systems, bridges, tunnels, highways, hospitals, airport facilities, drainage and irrigation systems, transit systems, port facilities, public college dormitories, public authority housing facilities, and other types of public facilities.

§ 2.5 *Type of obligation.* The borrowers' obligations may be in the form of revenue bonds, general obligation bonds, notes, or other valid obligations, provided the kind of obligation is satisfactory to RFC. The issuance and sale of the obligations must be authorized under applicable State and local law, for the purpose of financing the proposed project. The terms of the obligations must be satisfactory to RFC with maturities of not in excess of 40 years, and a satisfactory showing will be required as to the sufficiency of the estimated revenues to retire the obligations.

§ 2.6 *When to file application.* Applications will be considered by RFC at any stage of preparation or progress of the project, but it is preferable for the applicant to submit the application before beginning work on the project and before fixing the terms of its bond issue. Thus, on projects where RFC financing is contemplated or desired, it is advisable, from the standpoint of the applicant, to submit the application to RFC and to await its outcome before conducting election or other legal proceedings to fix the amount and other terms of the proposed bond issue. Likewise, it is inadvisable for the applicant to start construction work or to let contracts for the project before the application has been actually approved by RFC.

§ 2.7 *Application forms and where to file applications.* Application forms for use by public agencies in applying for financial assistance from RFC may be obtained from the Washington office of RFC or from any RFC Loan Agency. The application, when filed, should be accompanied by appropriate maps, plans, specifications, and other data and memoranda necessary for full examination of the proposed securities and of the project to be financed. Three signed copies of each application and supporting data should be filed, except that only one set of plans and specifications and similar engineering exhibits, and only one copy of the applicant's charter and similar legal exhibits, when required, need be furnished. Applications should be sent directly to the Public Agency Branch, Office of Loans, Reconstruction Finance Corporation, Washington 25, D. C. Applications may also be submitted through the RFC Loan Agency serving the territory in which the applicant is located.

§ 2.8 *Fees and commissions prohibited.* No fee or commission may be paid by any applicant for financial assistance under the provisions of the RFC Act as amended in connection with any such application, and any agreement to pay or payment of any such fee or commission is unlawful. However, the applicant, subject to prior approval of RFC, may pay actual reasonable costs incurred including such items as compensation for services rendered by attorneys, engineers, and architects.

§ 2.9 *Expenses of applicant.* RFC will be under no obligation to pay costs, charges, or expenses incurred by the applicant in connection with the preparation and filing of an application or furnishing any information required by RFC.

§ 2.10 *Compliance with applicable labor regulations is required.* Applicants receiving financial assistance from RFC for construction projects must agree to comply with the regulations relating to pay for labor promulgated by the Secretary of Labor under the "Kickback" statute (40 U. S. C. A. sec. 276c).

§ 2.11 *Funds made available in installments as work progresses.* The applicant's securities issued to finance the project may be purchased by RFC all at one time or in installments as the funds are needed to pay the costs of the project.

PART 3—BUSINESS ENTERPRISES, LOANS; AND PARTICIPATIONS IN SUCH LOANS

AUTHORITY: §§ 3.1 to 3.28 issued under 61 Stat. 202, as amended by Pub. Law 548, 80th Cong.

DERIVATION: Circular 26, June 1948.

§ 3.1 *Introduction.* The RFC is authorized to make loans to business enterprises and to participate with banks in such loans, to encourage small business, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production.

No loan or participation in a loan may be approved by RFC if the financial assistance applied for is otherwise available on reasonable terms.

Participations by RFC with banks are designed for the purpose of enabling applicants to obtain financial assistance in instances where banks are unable to carry the entire loan on their own account because of regulatory restrictions or other reasons. Such participations may be immediate, in which case the RFC purchases a participation at the time the loan is made, or may be deferred. In the case of deferred participations the interest derived from the entire loan accrues to the bank until such time as RFC purchases its agreed participation. The bank pays a reasonable participation charge during this period to cover the obligation assumed and expense incurred by RFC in connection with the loan.

REQUIREMENTS FOR ALL LOANS

§ 3.5 *General.* Before applying to RFC, an applicant should make every effort to obtain the loan elsewhere. If unable to obtain the entire loan from a bank or other source, the borrower should ascertain whether a bank will make the loan if RFC agrees to purchase a participation. Where a bank is willing to make the loan with RFC participating, the bank may advise the applicant to apply to RFC on such basis, or may itself communicate with RFC regarding a participation agreement. This participation plan is outlined in §§ 3.20–3.28.

If the applicant is unable to obtain the loan from any other source, with or without RFC participation, RFC will consider an application for a direct loan.

§ 3.6 *Where to apply to RFC.* An applicant desiring to obtain a loan from RFC should apply to the RFC loan agency serving the territory in which the applicant is located. RFC has loan agencies in thirty-one cities. Applicants for mining loans may apply to the agency in whose territory the operation is located or, if more convenient, to the nearest of RFC offices located at Reno, Nevada; Joplin, Missouri; Phoenix, Arizona; and Fairbanks, Alaska.

§ 3.7 *Preliminary information to be furnished by applicants.* At the time an applicant first communicates with an RFC loan agency in regard to obtaining a loan, he should advise the Loan Agency as to the amount of loan applied for, how it will be secured, the purpose of the loan and the nature of his business. Full information should also be furnished as to the names of banks to which he has applied for the loan, the reason he was unable to obtain the financing applied for, and whether a bank, if unable to make the loan without RFC participation, would make the loan on condition that RFC agree to purchase a participation.

The loan agency will furnish the applicant an application form and any necessary information. For loans of not over $100,000 a short form of application generally may be used. A more comprehensive form is required in the case of larger loans.

§ 3.8 *Eligible borrowers.* Any business enterprise organized or operating under the laws of any State (including the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands) or the United States, which is privately owned and conducted for profit is eligible to apply, for a loan from RFC. Nonprofit organizations, such as charitable, religious and social agencies or societies, or similar organizations are not eligible.

§ 3.9 *Eligible purposes.* RFC will consider loans to business enterprises for such purposes as the following:

(a) To pay labor and purchase material required in the business, including merchandise for resale;

(b) To replace obsolete or worn-out machinery, or to purchase additional machinery, provided it is shown that such capital expenditures are necessary for efficient operation and are economically sound;

(c) To finance new business enterprises or to enable established business enterprises to expand into new fields of endeavor, provided it can be shown that such loans will be sound from an economic as well as a credit standpoint; that the enterprise is sufficiently beyond the developmental or promotional stage reasonably to assure profitable future operations; and that, after giving effect to the loan, the applicant will have sufficient working capital to assure continuous operation;

(d) To finance construction, provided the applicant is prepared to show that in the event actual cost exceeds estimates, it is in position to provide sufficient funds to complete the construction and to assure continuous operation;

(e) To pay existing indebtedness, for which purpose a reasonable portion of the loan proceeds may be used, provided the applicant, after receiving the loan and after payment or adjustment of debt, will have sufficient working capital and other assets to provide reasonable assurance of continuous operation.

§ 3.10 *Security requirements.* The RFC Act, as amended, requires that all business loans shall be so secured as reasonably to assure repayment. Collateral, in order to be acceptable, shall be of a character and amount which, considered in connection with other factors, such as the integrity and ability of the management and prospective earnings, will afford reasonable assurance of repayment.

Security may consist of one or more of the following: a mortgage on real estate, or on plant and equipment, an assignment of warehouse receipts for marketable merchandise stored in satisfactory warehouses; a mortgage on chattels; or an assignment of current receivables (accounts, notes or trade acceptances). The applicant may offer as additional collateral any other assets of sound value. A pledge or mortgage of inventories generally will not be regarded as satisfactory collateral unless stored in a bonded or otherwise acceptable warehouse, or unless the applicable State law provides for creating and maintaining a satisfactory lien upon inventory not so warehoused.

While the questions of security and collateral are important in determining whether a loan will be made, they do not alone constitute the factors upon which the approval or rejection of an application is determined. RFC also attaches great importance to such matters as management; the inherent soundness of the business enterprise; its earnings record and prospects; its long range possibilities of successful operation; and whether the granting of a loan will increase employment or have other favorable effects upon the economic life of the community.

§ 3.11 *Maturity and repayment requirements.* Loans shall mature at such time as RFC may determine in each case and generally shall be repayable in monthly installments. A program of payments will be arranged with a view to the orderly liquidation of the debt by the borrower, and, in so far as can be estimated, on a basis that will enable the borrower to make plans for the development of future business without being unnecessarily restricted by a repayment schedule that would impair the borrower's working capital during the life of the loan.

§ 3.12 *Interest rates.* Interest shall be at such rate as may be fixed from time to time by the directors of RFC.

§ 3.13 *Charges, commissions, fees.* Payment of fees or commissions for the purpose of, or in connection with, obtaining loans from RFC or loans in which RFC participates is prohibited by law. The applicant, subject to RFC's prior approval, may pay actual reasonable costs incurred in connection with the application, including such items as compensation for services rendered by attorneys, appraisers and accountants, but in no event including any payment in the nature of a fee or commission.

§ 3.14 *Audits and reports.* Special audits usually are not required when an applicant furnishes satisfactory sworn financial statements. However, an audit of the applicant by RFC's auditors or by independent auditors satisfactory to RFC may be required.

Borrowers are expected to submit signed operating and financial statements quarterly or semi-annually and at such other times as may be required by RFC so long as any portion of the loan remains unpaid.

§ 3.15 *Salaries and dividends.* As long as any portion of a loan remains outstanding, no dividends may be paid by any corporate borrower nor may any distribution or withdrawals (except reasonable compensation for services) be made by a partnership or individual borrower without the consent of RFC, nor may compensation for services of officers, directors or employees be paid at a rate in excess of that which appears reasonable to RFC.

§ 3.16 *Appraisals.* The properties offered to secure a proposed loan should be appraised by a person competent to perform this service. A signed copy of the appraisal is required. Before incurring the expense of an appraisal, the applicant should submit a description of the collateral to be offered and should make preliminary inquiry as to the possibility of obtaining a loan.

REQUIREMENTS FOR LOANS IN PARTICIPATION WITH BANKS

§ 3.20 *General.* RFC will participate with banks in acceptable business loans if the applicant is unable otherwise to obtain the required financing upon reasonable terms. The Corporation desires the bank to carry as much of the loan as possible, with the Corporation agreeing to purchase only such part as the bank and its correspondent banks for any reason will not take.

Such participations are of two general classifications, deferred participations and immediate participations.

§ 3.21 *Deferred participations; definition.* A deferred participation is a participation in which the RFC and the bank execute an agreement under which RFC will purchase, upon ten days' demand by the bank, an agreed percentage of the unpaid balance of the loan, provided the bank has complied in all respects with the terms of the agreement. Such participations by RFC may not exceed 70% in loans of not over $100,000 and 60% in loans of more than $100,000.

§ 3.22 *Immediate participations; definitions.* Immediate participations, which may cover any portion of the loan agreeable to both participants, are of two general types:

(a) Participations in which RFC and the bank execute an agreement under which RFC purchases from the bank immediately upon disbursement by the bank, an agreed percentage of each disbursement made by the bank on account of a loan approved by both; and

(b) Participations in which RFC and the bank execute an agreement under which the bank purchases from RFC, immediately upon disbursement by RFC, an agreed percentage of each disbursement made by RFC on account of a loan approved by both.

§ 3.23 *Small loan participation.* In connection with loans of not over $100,000, in which the bank desires RFC to take a deferred participation, the applicant may deal entirely with the bank and is not required to file an application with RFC. The bank is required in such cases, to file a short one-page application with the RFC loan agency serving the territory in which the bank is located. The bank's application should be accompanied by the financial and operating statements of the applicant, a report on the appraisal of the collateral offered, and pertinent information concerning the applicant and the purpose of the loan. The form of such applications and the procedures in processing them have been simplified as much as possible in order that they may be acted upon with the utmost promptness.

§ 3.24 *Other participations.* In the case of all other loans in which the bank desires RFC to participate (i. e., loans other than those referred to in the immediately preceding paragraph), the applicant is required to fill out and file with the RFC loan agency an application on an RFC application form, which may be obtained from the loan agency. When completed by the applicant the application may be delivered by the applicant direct to the loan agency or may be forwarded by the bank to the loan agency.

§ 3.25 *Interest rates.* The interest rate borne by RFC's portion shall not exceed the prevailing RFC interest rate in effect at the time the loan is made. The bank may charge interest up to but not in excess of six per cent per annum on its portion. In every case, however, the borrower's promissory note, if it provides for interest at a rate less than the RFC prevailing interest rate in effect at the time the loan is made, must contain a provision that, upon the purchase by RFC of all or any portion of such loan, interest on the amount so purchased shall accrue at such prevailing RFC interest rate.

§ 3.26 *Participation charges.* In the case of all deferred participations, the bank from which RFC has agreed to purchase a portion of a loan is required to pay a participation charge to cover the obligation assumed and expense incurred by RFC in connection with the loan. This charge which is computed on the unpaid balance of such portion outstanding is payable in quarterly installments over the period from the disbursement of the loan to the time at which RFC purchases the participation or is released from liability by the bank.

§ 3.27 *Administration of participations.* The participation agreement provides that the bank, so long as it is the holder of the note, shall administer and service the loan subject to the provisions of the agreement. Under this arrangement the borrower deals with the bank in all matters and makes payments to the bank. RFC has the right, however, after the purchase of its participation, to take over the administration of the loan at any time.

§ 3.28 *Provisions for purchase of entire loan by either participant (RFC or bank).* The participation agreement provides that either the bank or RFC may purchase voluntarily the other's interest in a loan at any time upon five days' written notice.

PART 50—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SUBPART A—VA GUARANTEED MORTGAGE LOANS

AUTHORITY: §§ 50.1 to 50.79 issued under Title III, 48 Stat. 1252, as amended by Pub. Law 864, 80th Cong. and Pub. Law 901, 80th Cong.; 12 U. S. C. 1716-1723 and Sup.

Derivation: Circulars Aug. 10, 1948, Sept. 15, 1948.

SUBPART A—VA GUARANTEED MORTGAGE LOANS

§ 50.1 *Introduction.* Federal National Mortgage Association (hereinafter called "FNMA") has established a secondary market for the purchase of certain real estate mortgage loans (hereinafter called "VA Mortgages" or Mortgages"), guaranteed by the Administrator of Veterans' Affairs (hereinafter called "VA") pursuant to sec. 501, or 502, or 505 (a) of the Servicemen's Readjustment Act, as amended (hereinafter called the "VA Act"). This secondary market has been established pursuant to authority contained in Title III of the National Housing Act, as amended (hereinafter called the "NH Act") by Public Law 864, 80th Congress, approved July 1, 1948, and by Public Law 901, 80th Congress, approved August 10, 1948. To be eligible for purchase, the notes and security instruments must be on standard forms approved by FNMA, published by VA and obtainable from VA field offices. All inquiries concerning the purchase of VA loans by FNMA should be addressed to the Agent of FNMA in the regional office of Reconstruction Finance Corporation serving the territory where the lender is located, from whom forms of Purchasing and Servicing Agreements, Commitment Contracts, Purchase Contracts, etc., may be obtained.

§ 50.2 *Purchase price.* FNMA will pay for each eligible mortgage (see § 50.4) an amount equal to the unpaid principal balance thereof, plus accrued and unpaid interest, at the date of purchase.

§ 50.3 *Purchases and commitments.* Both immediate purchase and commitment procedures are available. FNMA makes no charge in the case of immediate purchases. If seller desires to obtain a commitment from FNMA, a commitment deposit will be required and a commitment fee will be charged (see § 50.7). The commitment period is one year.

§ 50.4 *Eligible mortgages.* This section sets forth the minimum requirements to be met if a mortgage is to be an "Eligible Mortgage" that may be purchased by FNMA.

(a) Whenever mortgages are delivered to FNMA, seller must deliver concurrently an executed Seller's Certificate, Form FNMA 39, showing information required by FNMA pursuant to section 301 (a) (1) of Title III of the NH Act. Unless all the requirements of the certificate are met, a mortgage is not an eligible mortgage. The same form of certificate is used for both VA guaranteed mortgages and FHA insured mortgages. VA guaranteed mortgages and FHA insured mortgages, or any combination thereof, which meet the requirements of paragraphs (1), (2), (3), (4) (a), and (6) of the certificate, may be included in item D of the computation. With respect to paragraph (6) of the certificate, VA has promulgated a procedure whereby VA will, upon request of seller, make a statement of whether the housing with respect to which the mortgage was made does or does not meet the construction standards prescribed for insurance of mortgages on the same class of housing under the NH Act ("FHA Construction Standards"). This statement may appear on the Certificate of Reasonable Value, VA Form 4-1843, or elsewhere. Seller, in its discretion, may accept an affirmative VA statement to support its certification to FNMA, required by law, contained in paragraph (6) of the certificate; or, through its own facilities or otherwise, seller may have or obtain information deemed by it sufficient to enable it to certify with respect to paragraph (6) of the certificate. The basis upon which seller makes its certification with respect to paragraph (6) of the certificate is for seller to determine.

(b) The mortgage will bear interest at a rate not less than four percent per annum; will be guaranteed by VA pursuant to sec. 501, or 502, or 505 (a) of the VA Act; and will conform to the following:

(1) As to a sec. 501 (home) or 502 (farm) mortgage, the original principal amount will not have exceeded $10,000 for each single-family dwelling unit covered thereby, and the mortgage will meet either one of the following two requirements:

(i) If the improvements comprise one single-family dwelling unit, the original guaranty will have been at least 50 percent or $4,000, whichever is less, or

(ii) If the improvements comprise two or more single-family dwelling units, the original principal amount of the mortgage will not have exceeded the original amount of the guaranty plus 60 percent of the official VA appraisal of reasonable value. (Each mortgage that exceeded $50,000 in its original principal amount will be reviewed by FNMA upon its merits to determine whether it is eligible for purchase.)

(2) As to a sec. 502 (farm) mortgage, the loan will not be nor have been wholly or partially secured by a chattel mortgage, conditional sales contract, or other similar chattel instrument; and the mortgaged premises will include a farm residence.

(3) As to a sec. 505 (a) second mortgage, the original principal amount will not have exceeded 20 percent of the purchase price or cost of the mortgaged premises; the sum of its original principal amount and the original principal amount of the related FHA first mortgage will not have exceeded $10,000 for each single-family dwelling unit covered thereby; and it will be guaranteed 100 percent by VA.

(c) When a mortgage is delivered to FNMA: All payments will be current; seller will have complied with the VA Act and VA regulations and the guaranty will be in full effect; the improvements will in all respects be ready for occupancy; the proceeds will have been fully disbursed and no funds will remain earmarked or in escrow; there will be no existing condition affecting the mortgagor or his affairs which in the opinion of seller will cause the mortgage to become delinquent; and seller, within the immediately preceding three months, will not have advanced funds, nor have induced nor solicited any advance of funds by another, directly or indirectly, for the payment of any amount required by the Note or Security Instrument (except as specifically provided for in paragraph (g) of this section).

(d) Title evidence will establish that title to the mortgaged premises is such as to be acceptable to prudent lending institutions, informed buyers, title companies, and attorneys, generally, in the community where the mortgaged premises are situated, and that a lien of the required priority has attached to a fee simple estate (or a leasehold or life estate, as defined in the VA regulations).

(e) The mortgaged premises will be located within a radius of 200 miles of the principal office of seller; or of a branch office of seller which FNMA has determined is adequately equipped to service Mortgages; or of an office of a bona fide agent of seller if both agent and office have been approved by FNMA.

(f) The effective date of the VA guaranty will be subsequent to April 30, 1948, and will be not more than one year prior to the date of delivery of the mortgage to FNMA. The "effective date of the VA guaranty" means the latest date borne by any of the following VA forms, as amended or revised, relating to the mortgage: VA Form 4-1899, Loan Guaranty Certificate; or VA Form 4-1876, Certification of Loan Disbursement; or VA Form 4-1861, revised, Loan Closing Statement, showing that full disbursement has been made and that no funds remain earmarked or in escrow, as filed with VA.

(g) Each VA mortgage, unless the security therefor is farm realty, must provide for amortization thereof by the payment of equal monthly installments applicable to interest and principal, payable on the first day of each month. If the security is farm realty, the equal installments may be payable on any of the following regular periodic bases: Monthly, quarterly, semi-annually, or annually. Each mortgage must provide for additional regular periodic payments to cover ground rents, taxes, special assessments, and fire and other hazard insurance premiums. Before a mortgage is offered for purchase, the VA gratuity payment of four percent of the original amount of the guaranty shall have been received, or advanced, by seller, and credited upon the loan. The documents accompanying the delivery of the mortgage must identify the VA gratuity and show clearly how it was applied. In each case interest accruing to the day which precedes by one regular installment period the due date of the first full installment of principal and interest shall have been paid by or for the account of the mortgagor. With the concurrence of the mortgagor, the proceeds of the VA gratuity may be employed in whole or in part to effect payment of such interest. Each VA mortgage must mature not more than 25 years from the date of the note.

(h) If a second mortgage guaranteed by VA under sec. 505 (a) of the act is offered for purchase, seller is required to offer concurrently therewith the related FHA first mortgage (unless the FHA first mortgage is then owned by FNMA). Both mortgages must be eligible for purchase.

§ 50.5 *Eligible sellers.* Unless specifically excluded by FNMA, a lender within any of the following three classifications is an "Eligible Seller" and may offer eligible mortgages to FNMA for purchase:

(a) Any lender that is classified by VA as a "supervised lender" under sec. 500 (d) of the VA Act, including any

National bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company, that is subject to examination and supervision by an agency of the United States or of any State or Territory, including the District of Columbia.

(b) Any lender that is approved by FNMA for the sale of FHA insured mortgages to FNMA.

(c) Any lender that, as determined by FNMA, is adequately equipped to service mortgages and has a net worth of not less than $50,000. (Lenders that do not qualify under (a) or (b) may apply to FNMA's Agent at the appropriate office of FNMA for designation as an eligible seller, pursuant to paragraph (c) of this section. The letter of application should describe in careful detail the lender's servicing facilities and should transmit a recent financial statement.)

§ 50.6 *Procedures.* At any time after an eligible seller and FNMA have executed a Purchasing and Servicing Agreement, Form FNMA 101, seller may offer one or more eligible mortgages for immediate purchase pursuant to a Purchase Contract, Form FNMA 102, or may request FNMA to join in the execution of a Commitment Contract, Form FNMA 103, for the purchase in the future, within the commitment period of one year, of one or more eligible mortgages to be delivered on or after the effective date of the VA guaranty (see § 50.4 (f)). Commitments of FNMA are restricted to mortgages that are not in existence (full disbursement has not been made) at the date of the commitment contract. Purchase contracts are restricted to mortgages that are in existence (full disbursement has been made and no funds remain earmarked or in escrow) and have not been previously included in a commitment contract between seller and FNMA.

§ 50.7 *Commitment deposits and fees.* An eligible seller that desires to obtain a commitment from FNMA will deposit with FNMA an amount equal to one percent of the original principal amount of each of the mortgages included in a commitment contract. FNMA will charge, with respect to each mortgage, a commitment fee to be retained by FNMA from the commitment deposit applicable to such mortgage (any balance to be refunded to seller), as follows:

(a) One-half of the commitment deposit upon delivery within the commitment period of an eligible mortgage accompanied by seller's certificate (Form FNMA 39) and other documents and evidence enumerated in the Purchasing and Servicing Agreement (Form FNMA 101); or

(b) One-fourth of the commitment deposit upon the written request of seller within the commitment period to withdraw the mortgage from the commitment, accompanied by a statement (1) that the improvements on the mortgaged premises are ready for occupancy and (2) that the mortgage in all respects is eligible to be purchased by FNMA; or

(c) The full amount of the commitment deposit if, at the expiration of the commitment period, seller has not acted in accordance with either paragraph (a) or (b) of this section.

Since the issuance of a commitment by FNMA is for the benefit of seller, the commitment contract will provide that neither the commitment deposit nor the commitment fee paid by seller shall be charged to or collected from the mortgagor or the purchaser of the mortgaged premises, either directly or indirectly. A fee of only one-fourth of the commitment deposit, under the circumstances related in paragraph (b) of this section, is designed to encourage sellers, within the commitment period, either to retain the mortgages or to dispose of them elsewhere. At the date of execution of a commitment contract FNMA will not inquire whether any or all of the mortgages listed therein will be eligible for purchase under the 50 percent limitation, established by law, set out in the form of seller's certificate. The 50 percent limitation requirement, however, must be met at the date of delivery of any mortgage pursuant to, or withdrawal of any mortgage from, a commitment contract. If, within the commitment period, seller does not take the action designated in either paragraph (a) or (b) of this section with respect to any of the mortgages listed in the commitment contract, the commitment deposits applicable thereto will be forfeited.

§ 50.8 *Servicing.* As compensation for the performance of its servicing duties, seller may retain from collections an amount equal to one-half of one percent per annum computed on the unpaid principal balance of the mortgage, and also the full amount of any late charges paid by the mortgagor. Seller must agree to service all mortgages purchased from it, but it will not be required to bear any part of foreclosure expenses.

§ 50.9 *Agents of the Association.* Eligible mortgages should be tendered for purchase to the agent of FNMA in the regional office of RFC serving the territory where the mortgaged premises are located. (However, an eligible seller whose principal office is in the same city and State as an RFC loan agency office may tender to the agent of FNMA at that office any mortgages that are secured by mortgaged premises situated in that State—even though the mortgaged premises are located in a section of the State that is part of the territory of another RFC loan agency.)

Subpart B—FHA Insured Mortgages

General

§ 50.50 *Introduction.* (a) Pursuant to Public Law 864, 80th Congress, approved July 1, 1948, and Public Law 901, 80th Congress, approved August 10, 1948, Federal National Mortgage Association will purchase mortgages which become fully insured after April 30, 1948 under sections 203, 207, 603, 608, and section 603 or section 608 pursuant to section 610, of the National Housing Act, as amended (hereinafter called the "NH Act"). Sec. 301 (a) (1) of the NH Act provides that:

(A) No mortgage shall be offered to the Association for purchase by, or if it covers property held by, Federal, State, or municipal instrumentalities;

(B) No mortgage may be purchased for an amount exceeding the unpaid principal balance thereof, plus accrued interest, at the time of purchase;

(C) No mortgage shall be offered to the Association for purchase if the original principal obligation of the loan exceeds or exceeded $10,000 for each family residence or dwelling unit covered by the mortgage or other lien securing the loan;

(D) No mortgage shall be offered to the Association for purchase unless offered by the original mortgagee prior to any other sale thereof;

(E) No mortgage shall be offered to the Association for purchase by any one mortgagee (1) unless such mortgage is secured by property used, or designed to be used, for residential purposes and (2) if the unpaid principal balance thereof, when added to the aggregate amount paid for all mortgages purchased by the Association from such mortgagee pursuant to authority contained herein, exceeds 50 per centum of the original principal amount of all mortgages made by such mortgagee which, except for this subparagraph (E), meet the requirements of this section.

(F) No mortgage shall be purchased by the Association unless the mortgagee certifies that the housing with respect to which the mortgage was made meets the construction standards prescribed for insurance of mortgages on the same class of housing under the National Housing Act, as amended.

(b) The Association is not authorized to make loans of any type, or to purchase mortgages insured under Title I of the NH Act.

(c) The Association is not authorized to purchase loans insured under section 609 of the NH Act. Such loans may not be included in the base amount of mortgage loans from which to determine the maximum dollar amount of eligible mortgages that any one seller may offer to the Association for purchase.

(d) The Association will not purchase mortgages insured under section 611 of the NH Act, but such mortgages may be included in the base amount of mortgage loans from which to determine the maximum dollar amount of eligible mortgages that any one seller may offer to the Association for purchase.

§ 50.51 *Seller's certificate.* The form of Seller's Certificate (Form FNMA 39) enumerates in substance the provisions of the NH Act affecting sales of mortgages to the Association and provides for a computation by which a seller may readily determine compliance with subparagraph (E), of the Act quoted in § 50.50 (a). A seller will be required to execute and deliver such certificate at the date of delivery of mortgages tendered to the Association for purchase. (The same form of certificate will be used for both FHA insured mortgages and VA guaranteed mortgages.) FHA insured mortgages and VA guaranteed mortgages, or any combination thereof, which meet the requirements of paragraphs (1), (2), (3), (4) (a), and (6) of the certificate may be included in item D of the computation. Documents and evidence required by the Association in addition to a seller's certificate are enumerated and described in (a) Purchasing and Servicing Agreement (Form FNMA 1) with respect to mortgages insured under section 203 or section 603 (hereinafter called FHA sec. 203 or sec. 603 mortgages) of the NH Act, and in (b) Commitment Contract (Form

FNMA 3a) with respect to mortgages insured under section 207 or section 608 (hereinafter called FHA sec. 207 or sec. 608 mortgages) of the NH Act.

MORTGAGES ISSUED UNDER SEC. 203 OR SEC. 603 OF THE NATIONAL HOUSING ACT

§ 50.55 *General.* An FHA approved mortgagee (which term does not include a loan correspondent of an approved mortgagee) that has executed a purchasing and servicing agreement with the Association and a short Supplemental Agreement (Form FNMA 38) may offer existing eligible FHA sec. 203 or sec. 603 mortgages for immediate purchase pursuant to a purchase contract (Form FNMA 2), or may request the Association to enter into a commitment contract (Form FNMA 3) to purchase any such mortgage to be offered when the improvements to be located on the mortgaged property are completed and the mortgage is insured. FHA sec. 203 or sec. 603 mortgages included in a purchase contract must have been initially insured within one year of the date the mortgages are delivered to the Association. The commitment period under a commitment contract covering FHA sec. 203 or sec. 603 mortgages will be one year. The Association will not make commitments to purchase, at a future date, FHA sec. 203 or sec. 603 mortgages which are in existence and insured by FHA.

§ 50.56 *Commitment to purchase.* A seller that desires to obtain a commitment from the Association to purchase one or more FHA sec. 203 or sec. 603 mortgages will be required to make a commitment deposit in an amount equal to one per cent of the original principal amount of each mortgage included in a commitment contract. The Association will charge commitment fees with respect to FHA sec. 203 or sec. 603 mortgages (to be retained from the commitment deposit applicable to each mortgage and any balance to be refunded to the seller) as follows:

(a) One-half of the commitment deposit upon delivery within the commitment period of an eligible mortgage accompanied by seller's Certificate (Form FNMA 39) and other documents and evidence enumerated in the Purchasing and Servicing Agreement (Form FNMA 1); or

(b) One-fourth of the commitment deposit upon the written request of seller within the commitment period to withdraw the mortgage from the commitment, accompanied by a statement (1) that the improvements on the mortgaged premises are ready for occupancy and (2) that the mortgage in all respects is eligible to be purchased by the Association; or

(c) The full amount of the commitment deposit if, at the expiration of the commitment period, the seller has not acted in accordance with paragraph (a) or (b) of this section.

A commitment contract with respect to FHA sec. 203 or sec. 603 mortgages will provide that neither the commitment deposit nor the commitment fee paid by a seller shall be charged to or collected from the mortgagor or the purchaser of the mortgaged premises, either directly or indirectly.

§ 50.57 *Purchase contract.* No charge will be made by the Association in connection with the execution of a purchase contract covering FHA sec. 203 or sec. 603 mortgages. The Association will not execute a purchase contract covering any mortgage previously included in a commitment contract.

§ 50.58 *Foreclosure expenses.* A seller must agree to service all FHA sec. 203 or sec. 603 mortgages purchased from it, but will not be required to bear any part of foreclosure expenses. As compensation for the performance of its servicing duties, a seller may retain from collections an amount equal to one-half of one percent per annum, computed on the unpaid principal balance of the mortgage, and any late charges paid by the mortgagor.

MORTGAGES ISSUED UNDER SEC. 207 OR SEC. 608 OF THE NATIONAL HOUSING ACT

§ 50.65 *General.* The Association will issue commitments to FHA approved mortgagees to purchase, upon completion of construction of the housing project, FHA sec. 207 or sec. 608 mortgages. Any such commitment, except in the case of an FHA sec. 608 mortgage insured pursuant to the provisions of section 610 of the NH Act, must be obtained prior to the beginning of construction. Commitments to purchase FHA sec. 608 mortgages to be insured pursuant to section 610 of the NH Act will be issued by the Association after the issuance of the FHA commitment but prior to the insurance of the mortgage. The commitment period will be the time between the date the Association executes the commitment contract and the latest date on which amortization payments may commence. The Association will not purchase FHA sec. 207 or sec. 608 mortgages except pursuant to commitment contracts as outlined in this section. All FHA sec. 207 and sec. 608 mortgages purchased by the Association will be serviced by it.

§ 50.66 *Commitment to purchase.* An FHA approved mortgagee that desires to obtain a commitment from the Association to purchase an FHA sec. 207 or sec. 608 mortgage will be required to show that the mortgage can not be marketed elsewhere at par. Such showing shall consist of a signed statement of a duly authorized officer or representative of the seller outlining the efforts made and the substance of the replies received in attempting to obtain a commitment for the purchase of the mortgage at par from at least three private lending institutions normally engaged in the purchase of such mortgages.

§ 50.67 *Deposit required when filing application for a commitment to purchase mortgage.* Concurrently with the filing with the Association of an application for a commitment to purchase an FHA sec. 207 or sec. 608 mortgage the seller must deposit with the Association an amount equal to one-half of one percent of the original principal amount of the mortgage as a commitment deposit. The Association will charge, with respect to each FHA sec. 207 or sec. 608 mortgage, a commitment fee (to be retained from the commitment deposit and any balance to be refunded to the seller) as follows:

(a) The full amount of the commitment deposit if, within the commitment period, the mortgage is delivered to the Association for purchase and the mortgage is in all respects eligible for purchase by the Association; or

(b) One-half of the commitment deposit upon the written request of seller within the commitment period to withdraw the mortgage from the commitment, accompanied by a statement (1) that the improvements on the mortgaged premises are ready for occupancy and (2) that the mortgage in all respects is eligible to be purchased by the Association; or

(c) The full amount of the commitment deposit if, at the expiration of the commitment period, the seller has not acted in accordance with either paragraph (a) or (b) of this section.

REQUIREMENTS APPLICABLE TO ELIGIBLE MORTGAGES

§ 50.75 *Commitment deposit refund.* Provision for a refund of a portion of the commitment deposit, under the circumstances related in §§ 50.56 (b) and 50.67 (b), is designed to encourage sellers, within the commitment period, either to retain the mortgages or to dispose of them elsewhere. If, within the commitment period, a seller does not take the action designated in either § 50.56 (a) or (b) or § 50.67 (a) or (b), with respect to any or all of the mortgages listed in the commitment contract, the commitment deposit applicable to such mortgage or mortgages will be forfeited.

§ 50.76 *Fifty percent requirement.* At the date of execution of a commitment contract the Association will not inquire whether any or all of the mortgages listed therein will be eligible for purchase under the 50 per cent limitation set out in the statute and in the form of seller's certificate. The 50 per cent limitation requirement, however, must be met at the date of delivery of any mortgage pursuant to, or withdrawal of any mortgage from, a commitment contract.

§ 50.77 *When family residence is security for both first and second mortgage.* In instances in which a family residence or dwelling unit is security for both a first mortgage insured by FHA and a second mortgage guaranteed by VA, the Association will not purchase the second mortgage unless the first mortgage also is tendered for purchase or is already owned by the Association.

§ 50.78 *Price paid for eligible mortgages.* The price to be paid for eligible mortgages will be an amount equal to the unpaid principal balance thereof, plus accrued and unpaid interest, at the date of purchase. Mortgages offered to the Association for purchase must bear interest at a rate of not less than 4% per annum.

§ 50.79 *Mortgages purchased through agents of the Association.* Mortgages will be purchased through agents of the

Association located in the regional offices of RFC. All necessary forms and instructions for the tender of mortgages may be obtained from the agent serving the territory in which the mortgaged property is located.

M. W. KNARR,
Assistant Secretary.

[F. R. Doc. 48-11187; Filed, Dec. 22, 1948; 8:53 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 5555]

PART 3—DIGEST OF CEASE AND DESIST ORDERS

LAURIE AND COMPANY, INC.

§ 3.99 (a) *Using or selling lottery devices—Devices for lottery selling:* § 3.99 (b) *Using or selling lottery devices—In merchandising.* I. Selling or distributing in commerce, push cards, punch boards, or other lottery devices, which are to be used or may be used in the sale or distribution of merchandise to the public by means of a game of chance, gift enterprise or lottery scheme; and, II, in connection with the offering for sale, sale or distribution in commerce, of knives, watches, or any other articles of merchandise, (1) supplying to or placing in the hands of others push cards, punch boards, or other lottery devices, either with assortments of knives, watches or other merchandise or separately, which said push cards or punch boards are to be used, or may be used, in selling or distributing such knives, watches or other merchandise to the public; (2) selling or distributing knives, watches or other merchandise so packed or assembled that sales of such knives, watches or other merchandise to the public are to be made or, due to the manner in which such merchandise is packed and assembled at the time it is sold by the respondent, may be made by means of a game of chance, gift enterprise, or lottery scheme; or, (3) selling or otherwise disposing of any merchandise by means of a game of chance, gift enterprise, or lottery scheme; prohibited. (Sec. 5, 38 Stat. 719, as amended by sec. 3, 52 Stat. 112; 15 U. S. C., sec. 45b) [Cease and desist order, Laurie and Company, Inc., Docket 5555, November 19, 1948]

At a regular session of the Federal Trade Commission held at its office in the city of Washington, D. C., on the 19th day of November A. D. 1948.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of the respondent, in which answer said respondent admitted all of the material allegations of fact set forth in said complaint and stated that it waived all intervening procedure and further hearing as to said facts; and the Commission having made its findings as to the facts and its conclusion that the respondent has violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondent, Laurie and Company, Inc., a corporation, and its officers, agents, representatives and employees, do forthwith cease and desist from selling or distributing in commerce, as "commerce" is defined in the Federal Trade Commission Act, push cards, punch boards, or other lottery devices, which are to be used or may be used in the sale or distribution of merchandise to the public by means of a game of chance, gift enterprise or lottery scheme.

It is further ordered, That said respondent and its officers, agents, representatives and employees, in connection with the offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of knives, watches, or any other article of merchandise, do forthwith cease and desist from:

1. Supplying to or placing in the hands of others push cards, punch boards, or other lottery devices, either with assortments of knives, watches or other merchandise or separately, which said push cards or punch boards are to be used, or may be used, in selling or distributing such knives, watches or other merchandise to the public.

2. Selling or distributing knives, watches or other merchandise so packed or assembled that sales of such knives, watches or other merchandise to the public are to be made or, due to the manner in which such merchandise is packed and assembled at the time it is sold by the respondent, may be made by means of a game of chance, gift enterprise, or lottery scheme.

3. Selling or otherwise disposing of any merchandise by means of a game of chance, gift enterprise, or lottery scheme.

It is further ordered, That the respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

By the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 48-11183; Filed, Dec. 22, 1948; 8:49 a. m.]

TITLE 18—CONSERVATION OF POWER

Chapter I—Federal Power Commission

Subchapter A—General Rules

[Order 147]

PART 01—ORGANIZATION

PART 02—COURSE AND METHOD OF OPERATION

PART 03—SUBSTANTIVE RULES, GENERAL POLICY AND INTERPRETATIONS

APPROVING AND MAKING EFFECTIVE EDITORIAL CHANGES INVOLVING DISCONTINUANCE OF CODIFICATION AND REDESIGNATION OF CERTAIN PARTS AND SECTIONS

DECEMBER 14, 1948.

Executive Order 9930 (13 F. R. 519) authorizes and directs the preparation and publication of the 1949 Edition of the Code of Federal Regulations as it is in force and effect on December 31, 1948. In connection with the preparation of the 1949 edition of the Code of Federal Regulations, the revised rules and regulations of the Federal Register (13 F. R. 5929-5936) require that certain editorial changes be made involving the discontinuance of codification and redesignation of certain parts and sections of Chapter I, Subchapter A, Title 18, of the Code.

The Commission further finds:

(1) It is appropriate that the editorial changes set forth in the attached notice of discontinuance of codification and redesignation of certain parts and sections of Chapter I, Subchapter A, Title 18 of the Code of Federal Regulations be approved and made for said purposes, effective December 31, 1948.

(2) Notice and public procedure hereon are unnecessary.

The Commission orders:

(A) Pursuant to the authority vested in the Commission by the Federal Power Act (49 Stat. 838; 16 U. S. C. 791a), particularly section 309 thereof, and the Natural Gas Act (52 Stat. 833; 15 U. S. C. 717), particularly section 16 thereof, the Commission hereby approves and adopts the editorial changes set forth in the attached notice of discontinuance of codification and redesignation of certain parts and sections of Chapter I, Subchapter A, Title 18 of the Code of Federal Regulations, effective December 31, 1948.

(B) The Secretary of the Commission shall cause prompt publication of the attached notice to be made in the FEDERAL REGISTER.

Pursuant to Executive Order 9930 of February 4, 1948 (13 F. R. 519) authorizing and directing the publication of the Code of Federal Regulations, 1949 Edition, and in order to conform with the scope and style prescribed by Chapter I, Title 1 of the Code of Federal Regulations, as revised October 12, 1948 (13 F. R. 5929-5936), the following changes in Title 18 of the Code of Federal Regulations are hereby approved and made effective December 31, 1948:

1. The codification of the following parts and sections of Chapter I, Subchapter A is discontinued:

Part 01—Organization.
Part 02—Course and Method of Operation.
Part 03—§ 03.1 Regulations under the Federal Power Act.
§ 03.2 Uniform system of accounts.
§ 03.3 Approved forms.
§ 03.51 Regulations under the Natural Gas Act.
§ 03.52 Uniform system of accounts.
§ 03.53 Approved forms.

2. The remainder of Part 03 is redesignated as Part 2, and the heading thereof is amended to read, "General Policy and Interpretations".

3. The remaining sections of Part 03 are redesignated as follows:

§ 03.0 Introduction as § 2.1.
§ 03.26 Transmission lines as § 2.2.
§ 03.27 Jurisdictional status as § 2.3.
§ 03.28 Suspension of rate schedules as § 2.4.
§ 03.76 Jurisdictional status as § 2.51.
§ 03.77 Suspension of rate schedules as § 2.52.

§ 03.78 Certificate applications as § 2.53.
§ 03.79 Jurisdictional status of independent producers and gatherers as § 2.54.

4. The centerheading "Substantive Rules Under the Federal Power Act" is deleted.

5. The centerheading "Statements of General Policy and Interpretations Under the Federal Power Act" will precede the newly designated § 2.2.

6. The centerheading "Substantive Rules Under the Natural Gas Act" is deleted.

7. The centerheading "Statements of General Policy and Interpretations Under the Natural Gas Act" will precede the newly designated § 2.51.

In the future, amendments to the statements describing organization and course and method of operation contained in Parts 01 and 02, and to the statements of substantive rules in the above enumerated sections of Part 03 (paragraph 1) as to which codification is hereby discontinued will be published in the Notices section of the FEDERAL REGISTER.

Date of issuance: December 17, 1948.

By the Commission.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-11174; Filed, Dec. 22, 1948; 8:45 a. m.]

TITLE 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T. D. 52113]

PART 23—ENFORCEMENT OF CUSTOMS AND NAVIGATION LAWS

FORFEITURE; NOTICE OF SEIZURE AND SALE

Section 23.16 (a), Customs Regulations of 1943 (19 CFR, Cum. Supp., 23.16 (a)), is hereby amended to read as follows:

(a) The notice required by section 607, Tariff Act of 1930, as amended," of seizure and intention to forfeit and sell or otherwise dispose of according to law property not exceeding $1,000 in value shall (1) describe the property seized; (2) state the time, cause, and place of seizure; and (3) state that any person desiring to claim the property must appear at a designated place and file with the collector within 20 days from the date of the first publication of the notice a claim to such property and a bond in the sum of $250, in default of which the property will be disposed of in accordance with the law. When the appraised value of the property involved in one seizure from one person exceeds $100, the notice shall be published in a newspaper of general circulation in the customs collection district and the judicial district in which the property was seized. When the appraised value does not exceed $100, the notice shall be published by posting in a conspicuous place accessible to the public in the customhouse nearest the place of seizure and in the customhouse at the headquarters port for the customs collection district, with the date of posting noted thereon, and shall be kept posted for at least 3 successive weeks.

(Sec. 607, 46 Stat. 754, sec. 28 (a), 52 Stat. 1089, sec. 624, 46 Stat. 759; 19 U. S. C. 1607, 1624.)

[SEAL] FRANK DOW, *Acting Commissioner of Customs.*

Approved: December 16, 1948.

JOHN S. GRAHAM, *Acting Secretary of the Treasury.*

[F. R. Doc. 48-11184; Filed, Dec. 22, 1948; 8:51 a. m.]

TITLE 22—FOREIGN RELATIONS

Chapter III—Economic Cooperation Administration

[ECA Reg. 4, Amdt. 2]

PART 1114—GUARANTIES UNDER THE ECONOMIC COOPERATION ACT OF 1948

DESIGNATION OF EXPORT-IMPORT BANK OF WASHINGTON AS AGENT FOR THE ADMINISTRATOR

Preamble. In furtherance of the purposes of the Economic Cooperation Act of 1948, § 1114.3 of ECA Reg. 4 is hereby amended to read as follows:

§ 1114.3 *Designation of Export-Import Bank of Washington as agent for the Administrator.* By virtue of the powers vested in me under the Economic Cooperation Act of 1948, and with the consent of the Board of Directors of Export-Import Bank of Washington, I hereby designate Export-Import Bank of Washington, as agent for the Administrator and as authorized and upon the terms specified by the Administrator, to issue in its name and administer the guaranties made under section 111 (b) (3) of the Economic Cooperation Act of 1948, other than guaranties of investments in enterprises producing or distributing informational media. No amendment other than above expressly stated is hereby made in ECA Regulation 4. Accordingly applications for guaranties should continue to be made in writing to the Administrator for Economic Cooperation, Washington 25, D. C. (Sec. 111 (b) (3), Pub. Law 472, 80th Cong.)

HOWARD BRUCE, *Acting Administrator for Economic Cooperation.*

[F. R. Doc. 48-11176; Filed, Dec. 22, 1948; 8:46 a. m.]

TITLE 24—HOUSING AND HOUSING CREDIT

REDESIGNATION OF TITLE AND REASSIGNMENT AND RENUMBERING OF CHAPTERS AND PARTS

EDITORIAL NOTE: In order to conform Title 24 to the scope and style of the Code of Federal Regulations, 1949 Edition, as prescribed by the regulations of the Administrative Committee of the Federal Register and approved by the President October 12, 1948 (13 F. R. 5929), the following changes are made effective upon their publication in the FEDERAL REGISTER:

1. Title 24 is redesignated "Housing and Housing Credit."

2. Chapter VII—Housing and Home Finance Agency is redesignated Subtitle A—Office of the Administrator, Housing and Home Finance Agency. A document revising Subtitle A is published below in this issue.

3. Chapters I–IV are consolidated into a new Chapter I—Home Loan Bank Board, Housing and Home Finance Agency. A document revising portions of this material and reorganizing and renumbering the remainder is published below in this issue.

4. Chapter V is redesignated Chapter II—Federal Housing Administration, Housing and Home Finance Agency, and Parts 500–590 are renumbered Parts 200–290. Amendments to former Parts 521 and 576 are published below in this issue.

5. Chapter VI is redesignated Chapter III—Public Housing Administration, Housing and Home Finance Agency, and Parts 600–672 are renumbered Parts 300–372.

As so redesignated and renumbered, the structure of the title, and the assignment of chapter and part numbers (including part numbers not currently occupied) is indicated in the following outline:

Title 24—Housing and Housing Credit

Subtitle A—Office of the Administrator, Housing and Home Finance Agency (Parts 1–99)

Subtitle B—Regulations Relating to Housing and Housing Credit

Chapter I—Home Loan Bank Board, Housing and Home Finance Agency (Parts 100–199)

Chapter II—Federal Housing Administration, Housing and Home Finance Agency (Parts 200–299)

Chapter III—Public Housing Administration, Housing and Home Finance Agency (Parts 300–399)

Subtitle C—Regulations Relating to Housing Construction and Rent Control

Chapter VIII—Office of Housing Expediter (Parts 800–899)

Subtitle A—Office of the Administrator, Housing and Home Finance Agency

REVISION OF SUBTITLE

Subtitle A of Title 24 (formerly Chapter VII of that title) is amended in the following respects:

1. Codification of former Part 751—Organization Description Including Delegations of Final Authority, is discontinued. Future amendments to these provisions will be published in the Notices section of the FEDERAL REGISTER.

Former § 751.9 (12 F. R. 2558, 3243) is hereby revoked. Former §§ 751.11, 751.13, 751.19, 751.35, 751.36, 751.37, and 751.39 are hereby superseded by the following section:

SECTION 1. *To the Public Housing Commissioner.* (a) The Public Housing