

the permit premises until such date and when so removed shall be subject to tax at the rate provided by section 1.

Separability clause.

SEC. 10. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Approved, March 22, 1933.

[CHAPTER 5.]

JOINT RESOLUTION

March 23, 1933.

[S.J. Res. 14.]

[Pub. Res., No. 2.]

To authorize the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by earthquake in 1933.

Reconstruction Finance Corporation.
Vol. 47, p. 712, amended.
U.S.C. Supp. VI, p. 175.

Loans, authorized for repair of earthquake damage in 1933.
Post, pp. 99, 120, 283.

Acceptable collateral.
Private property.

Municipalities, etc.

Application for, not denied by constitutional, etc., inhibitions.

Maturities, security.

Limitations.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 (a) of the Emergency Relief and Construction Act of 1932 (U. S. C., Supp. VI, title 15, sec. 605b) is amended by adding to such subsection (a) after paragraph (5) the following:

"(6) To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful. Obligations accepted hereunder shall be collateralized (a) in the case of loans for the repair or reconstruction of private property, by the obligations of the owner of such property secured by a paramount lien except as to taxes and special assessments on the property repaired or reconstructed, and (b) in the case of municipalities or political subdivisions of States or their public agencies, by an obligation of such municipality, political subdivision, or public agency. The corporation shall not deny an otherwise acceptable application for loans for repair or reconstruction of the buildings of municipalities, political subdivisions, or their public agencies because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations may have maturities not exceeding ten years. Loans under this paragraph shall be fully and adequately secured. No loan hereunder shall be made after December 31, 1933. The aggregate of the loans made under this paragraph shall not exceed \$5,000,000."

Approved, March 23, 1933.

[CHAPTER 8.]

AN ACT

March 24, 1933.

[H.R. 3757.]

[Public, No. 4.]

To provide for direct loans by Federal reserve banks to State banks and trust companies in certain cases, and for other purposes.

National banking system.
Ante, p. 7.

Direct loans to State banks and trust companies authorized.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Title IV of the Act entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," approved March 9, 1933, is amended by adding at the end thereof the following new section:

"SEC. 404. During the existing emergency in banking, or until this section shall be declared no longer operative by proclamation of the President, but in no event beyond the period of one year from the date this section takes effect, any State bank or trust company not a member of the Federal reserve system may apply to the Federal reserve bank in the district in which it is located and

said Federal reserve bank, in its discretion and after inspection and approval of the collateral and a thorough examination of the applying bank or trust company, may make direct loans to such State bank or trust company under the terms provided in section 10 (b) of the Federal Reserve Act, as amended by section 402 of this Act: *Provided*, That loans may be made to any applying nonmember State bank or trust company upon eligible security. All applications for such loans shall be accompanied by the written approval of the State banking department or commission of the State from which the State bank or trust company has received its charter and a statement from the said State banking department or commission that in its judgment said State bank or trust company is in a sound condition. The notes representing such loans shall be eligible as security for circulating notes issued under the provisions of the sixth paragraph of section 18 of the Federal Reserve Act, as amended by section 401 of this Act, to the same extent as notes, drafts, bills of exchange, or bankers' acceptances acquired under the provisions of the Federal Reserve Act. During the time that such bank or trust company is indebted in any way to a Federal Reserve bank it shall be required to comply in all respects to the provisions of the Federal Reserve Act applicable to member State banks and the regulations of the Federal Reserve Board issued thereunder: *Provided*, That in lieu of subscribing to stock in the Federal reserve bank it shall maintain the reserve balance required by section 19 of the Federal Reserve Act during the existence of such indebtedness. As used in this section and in section 304, the term 'State bank or trust company' shall include a bank or trust company organized under the laws of any State, Territory, or possession of the United States, or the Canal Zone."

Sec. 2. (a) Section 304 of such Act of March 9, 1933, is amended by adding after the first sentence thereof the following new sentences: "Nothing in this section shall be construed to authorize the Reconstruction Finance Corporation to subscribe for preferred stock in any State bank or trust company if under the laws of the State in which said State bank or trust company is located the holders of such preferred stock are not exempt from double liability. In any case in which under the laws of the State in which it is located a State bank or trust company is not permitted to issue preferred stock exempt from double liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such State bank or trust company."

(b) The second sentence of said section 304 is amended to read as follows: "The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury, and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock, capital notes, or debentures of any national banking association, State bank or trust company acquired by the corporation pursuant to this section."

Such section 304 is further amended by adding at the end thereof the following new sentence: (c) "As used in this section, the term 'State bank or trust company' shall include other banking corporations engaged in the business of industrial banking and under the supervision of State banking departments or of the Comptroller of the Currency."

Approved, March 24, 1933.

Terms.
Vol. 47, p. 56.
Ante, p. 7.

Proviso.
Security.

Approval of applica-
tions by State.

Notes to have cir-
culating privilege.

Vol. 38, p. 269.
Ante, p. 6.

Applicability of Fed-
eral Reserve Act, etc.

Maintenance of req-
uisite reserve in lieu
of stock subscription.
Vol. 38, p. 270.
Ante, p. 6.

Reconstruction Fi-
nance Corporation.
May not hold pre-
ferred stock unless ex-
empt from double lia-
bility.
Ante, p. 6.

Capital notes, etc.,
in lieu of preferred
stock.

Sale of, permitted.
Ante, p. 6.

"State bank or trust
company" defined.
Ante, p. 6.