

Calendar No. 510

72^d CONGRESS }
1st Session }

SENATE

} REPORT
No. 488

LOANS TO VETERANS

MARCH 23 (calendar day MARCH 29), 1932.—Ordered to be printed

Mr. BARKLEY, from the Committee on Finance, submitted the following

REPORT

[To accompany S. 1251]

The Committee on Finance, to whom was referred the bill (S. 1251) providing that notwithstanding the provisions of section 502 (b) of the World War adjusted compensation act, as amended, prohibiting the making of loans to veterans upon their adjusted-service certificates prior to the expiration of two years after the date of the certificates, hereafter loans may be made upon such certificates in accordance with the loan basis provided by law at any time after the date of issuance thereof, having considered the same, report thereon with the recommendation that it do pass.

The report of the Veterans' Administration is as follows:

VETERANS' ADMINISTRATION,
Washington, January 22, 1932.

HON. REED SMOOT,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR SENATOR SMOOT: This is in reply to your communication of December 17, 1931, with which you forwarded for a report a copy of S. 1251, Seventy-second Congress, "A bill relating to the making of loans to veterans upon their adjusted-service certificates."

This bill would provide that notwithstanding the provisions of section 502 (b) of the World War adjusted compensation act, as amended, prohibiting the making of loans to veterans upon their adjusted-service certificates prior to the expiration of two years after the date of the certificates, hereafter loans may be made upon such certificates in accordance with the loan basis provided by law at any time after the date of issuance thereof.

For your information, using a \$1,000 certificate as a basis, a loan of an amount equal to 41 per cent of the face value if taken at the date of the certificate and if the principal of the loan and interest at 4½ per cent, compounded annually were left unpaid, would create a lien of \$988.80 at the time of maturity of the certificate.

Since the amount due on a 50 per cent loan, with interest compounded, would amount at the end of 20 years to more than the face value of a certificate, it is not believed that favorable consideration should be given to this proposed

LOANS TO VETERANS

measure. This administration can not recommend favorably at this time concerning any proposed legislation that has for its purpose the liberalization of the loan privileges provided by the World War adjusted compensation act. It is estimated that if this bill becomes a law there will be an additional cost of approximately \$70,000,000 over and above the amount which has been appropriated for loans to veterans on adjusted-service certificates.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES, *Administrator.*

