

Section 6. Initial expenses.—This section would authorize an appropriation not exceeding \$1 million, to remain available for three years, for the Secretary of Housing and Urban Development to pay initial organizing and operating expenses of the Bank.

Section 7. Functions.—This section would authorize the Bank to make loans, or participations in loans, to a State or local government to finance capital expenditures for public works and community facilities. Loans could not exceed the capital cost of the project, have a maturity exceeding 40 years, or an interest rate less than two-thirds the current average yield on the Bank's outstanding obligations. Projects financed by the Bank would not be inconsistent with comprehensive planning for the community, or disruptive of Federal programs assisting similar or like projects.

Section 8. Common stock.—This section would provide for three classes of common stock, class A to be issued to local governments; class B to be subscribed for the States; and class C to be subscribed for by private individuals and organizations, in a minimum of \$10,000. Each share of stock would be entitled to one vote, except that any class C stock held by one person in excess of \$1,000,000 would be non-voting. Borrowers from the Bank would be required to make non-refundable capital subscriptions in amounts of not less than 1 nor more than 2 percent of the amount of the loan. The Bank would be authorized to impose fees for its services to meet costs and expenses. Dividends declared by the Bank, limited to six percent annually, could be paid to the stockholders out of any net earnings.

Section 9. Obligations of the Bank.—This section would authorize the Bank to raise funds through the issuance of bonds or other debt instruments. The Bank's issues would be required to receive the prior approval of the Secretary of the Treasury. Obligations issued by the Bank would state that they are not guaranteed by the United States and do not constitute an obligation of the United States. The aggregate amount of outstanding obligations would be limited to \$2 billion, which amount would be increased by \$5 billion on July 1, 1970, and by \$5 billion on July 1 of each of three succeeding years. In addition to these obligations, the Bank could issue other obligations which the Secretary of the Treasury would be authorized to purchase in order to insure the financial integrity of the operations of the Bank.

Section 10. Federal payment to the Bank.—This section would authorize the Secretary of Housing and Urban Development to make, and to contract to make, annual payments to the Bank in amounts necessary to equal the amount by which the dollar amount of interest paid by the Bank on its obligations exceeds the dollar amount of interest received by the Bank on loans made by it. For this purpose, the amount of loans that could be made by the Bank would be approved in Appropriation Acts.

Section 11. General powers.—The section would provide the Bank with general corporate powers.

Section 12. Technical assistance.—This section would authorize the Bank to render technical assistance to State and local governments in the preparation and implementation of projects, and to gather and facilitate the interchange of advanced concepts relating to municipal development.

Section 13. Audit of financial transactions.—This section would require the financial transactions of the Bank to be audited by the General Accounting Office. The Bank would reimburse the Government for the cost of any audit.

Section 14. Audit report to Congress.—This section would require a report of each audit to be made by the Comptroller General to the President and the Congress, with copies of each report to the Secretary of Housing and Urban Development, the Secretary of the Treasury, and the Bank.

Section 15. Tax exemption.—This section would generally exempt the Bank and its income from all taxes. However, any real and personal property of the Bank would be subject to taxation and all obligations issued by the Bank would be subject both as to principal and interest to Federal, State, and local taxation to the same extent as obligations of private corporations.

Section 16. Obligations as lawful investments, acceptance as security.—This section would make obligations issued by the Bank lawful investments and acceptable as security for all fiduciary, trust, and public funds, and its stock exempt from SEC requirements.

Section 17. Preparation of obligations.—This section would authorize the Secretary of the Treasury to prepare, hold, and deliver obligations for the Bank on a reimbursable basis.