

Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Congress, June 22, 1944) with amendments prior to September 23, 1950 : and the Act Providing for Vocational Rehabilitation of Disabled Veterans (Public Law 16, 78th Congress, March 24, 1943) with amendments prior to August 11, 1948 and appendix of certain laws related thereto.

United States.

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Servicemen's readjustment
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HOUSE COMMITTEE PRINT NO. 371

**SERVICEMEN'S READJUSTMENT ACT
OF 1944**

(Public Law 346, 78th Congress, June 22, 1944)

WITH AMENDMENTS PRIOR TO
AUGUST 11, 1948

and

**THE ACT PROVIDING FOR VOCATIONAL
REHABILITATION OF DISABLED
VETERANS**

(Public Law 16, 78th Congress, March 24, 1943)

WITH AMENDMENTS PRIOR TO
AUGUST 11, 1948

and

APPENDIX OF CERTAIN LAWS RELATED THERETO



AUGUST 25, 1948

Printed for the use of the Committee on Veterans' Affairs

UNITED STATES
GOVERNMENT PRINTING OFFICE
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II

SERVICEMEN'S READJUSTMENT ACT OF 1944

(Public Law 346, 78th Cong., June 22, 1944) with amendments prior to August 11, 1948

SEC. 1. This Act may be cited as the "Servicemen's Readjustment Act of 1944".

Act of June 22, 1944.

TITLE I

CHAPTER I—HOSPITALIZATION, CLAIMS, AND PROCEDURES

SEC. 100. The Veterans' Administration is hereby declared to be an essential war agency and entitled to priority equal to the highest granted any department or agency of the Government in personnel, service, space, equipment, supplies, and material under any laws, Executive orders, and regulations pertaining to priorities. The Administrator is authorized, for the purpose of extending benefits to veterans and dependents, and to the extent he deems necessary, to procure the necessary space for administrative, clinical, medical, and out-patient treatment purposes by lease, purchase, or construction of buildings, or by condemnation or declaration of taking, pursuant to existing statutes.

Act of June 22, 1944, as amended by Public Law 138, 79th Cong., July 6, 1945; sec. 1, Public Law 268, 79th Cong., December 28, 1945.

Until June 30, 1949, the Administrator is authorized to enter into leases or renewals of leases of property for any of the purposes specified in this section for periods not exceeding five years. The provisions of the Act of June 30, 1932 (47 Stat. 412), as amended by section 15 of the Act of March 3, 1933 (47 Stat. 1517; 40 U. S. C. 278a), the provisions of section 3679 of the Revised Statutes, as amended by the Act of March 3, 1905 (33 Stat. 1257), and the Act of February 27, 1906 (34 Stat. 48; 31 U. S. C. 665); and the provisions of section 3732 of the Revised Statutes (41 U. S. C. 11) shall not apply to any lease entered into by the Administrator under the authority of this section. Nothing in this section shall be construed to diminish, or in any way limit any right, power, or authority granted to the Administrator under any other law.

Added by Public Law 424, 79th Cong., June 22, 1946; as amended by Public Law 94, 80th Cong., June 14, 1947; and Public Law 661, 80th Cong., June 16, 1948.

SEC. 101. The Administrator of Veterans' Affairs and the Federal Board of Hospitalization¹ are hereby au-

Act of June 22, 1944.

¹ Abolished as of June 30, 1948, by Bureau of the Budget Circular A-27, dated June 25, 1948. Bureau of Budget will henceforth review and coordinate hospital, convalescent, and domiciliary programs.

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thorized and directed to expedite and complete the construction of additional hospital facilities for war veterans, and to enter into agreements and contracts for the use by or transfer to the Veterans' Administration of suitable Army and Navy hospitals after termination of hostilities in the present war or after such institutions are no longer needed by the armed services; and the Administrator of Veterans' Affairs is hereby authorized and directed to establish necessary regional offices, suboffices, branch offices, contact units, or other subordinate offices in centers of population where there is no Veterans' Administration facility, or where such a facility is not readily available or accessible¹: *Provided*, That there is hereby authorized to be appropriated the sum of \$500,000,000 for the construction of additional hospital facilities.

Act of June 22,
1944.

SEC. 102. The Administrator of Veterans' Affairs and the Secretary of War² and Secretary of the Navy are hereby granted authority to enter into agreements and contracts for the mutual use or exchange of use of hospital and domiciliary facilities, and such supplies, equipment, and material as may be needed to operate properly such facilities, or for the transfer, without reimbursement of appropriations, of facilities, supplies, equipment, or material necessary and proper for authorized care for veterans, except that at no time shall the Administrator of Veterans' Affairs enter into any agreement which will result in a permanent reduction of Veterans' Administration hospital and domiciliary beds below the number now established or approved, plus the estimated number required to meet the load of eligibles under laws administered by the Veterans' Administration, or in any way subordinate or transfer the operation of the Veterans' Administration to any other agency of the Government.

Nothing in the Selective Training and Service Act of 1940, as amended, or any other Act, shall be construed to prevent the transfer or detail of any commissioned, appointed or enlisted personnel from the armed forces to the Veterans' Administration subject to agreements between the Secretary of War² or the Secretary of the Navy and the Administrator of Veterans' Affairs: *Provided*, That no such detail shall be made or extend beyond six months after the termination of the war.

Act of June 22,
1944.

SEC. 103. The Administrator of Veterans' Affairs shall have authority to place officials and employees designated by him in such Army and Navy installations as may be deemed advisable for the purpose of adjudicating disability claims of, and giving aid and

¹ Extended to cover office in Republic of Philippines by Public Law 91, 80th Cong., June 14, 1947; authority continued with respect to Philippines to June 30, 1950, by Public Law 474, 80th Cong., April 3, 1948. (See Appendix.)

² Now "Secretary of the Army" pursuant to sec. 205 (a), Public Law 253, 80th Cong., July 26, 1947.

advice to, members of the Army and Navy who are about to be discharged or released from active service.

SEC. 104. No person shall be discharged or released from active duty in the armed forces until his certificate of discharge or release from active duty and final pay, or a substantial portion thereof, are ready for delivery to him or to his next of kin or legal representative; and no person shall be discharged or released from active service on account of disability until and unless he has executed a claim for compensation, pension, or hospitalization, to be filed with the Veterans' Administration or has signed a statement that he has had explained to him the right to file such claim: *Provided*, That this section shall not preclude immediate transfer to a veterans' facility for necessary hospital care, nor preclude the discharge of any person who refuses to sign such claim or statement: *And provided further*, That refusal or failure to file a claim shall be without prejudice to any right the veteran may subsequently assert.

Act of June 22,
1944.

Any veteran entitled to a prosthetic appliance shall be furnished such fitting and training, including institutional training, in the use of such appliance as may be necessary, whether in a Veterans' Administration facility, other training institution, or by outpatient treatment, including such service under contract and including necessary travel expenses to and from their homes to such hospital or training institution.

As amended by
sec. 2, Public Law
268, 79th Cong.,
December 28,
1945.

The Administrator may procure any and all items mentioned herein, including necessary services required in the fitting, supplying, and training in use of such items by purchase, manufacture, contract, or in such other manner as the Administrator may determine to be proper without regard to any other provision of law.

Added by sec. 2,
Public Law 268,
79th Cong.,
December 28,
1945.

SEC. 105. No person in the armed forces shall be required to sign a statement of any nature relating to the origin, incurrence, or aggravation of any disease or injury he may have, and any such statement against his own interest signed at any time, shall be null and void and of no force and effect.

Act of June 22,
1944.

CHAPTER II—AID BY VETERANS' ORGANIZATIONS

SEC. 200 (a). That upon certification to the Secretary of War¹ or Secretary of the Navy by the Administrator of Veterans' Affairs of paid full time accredited representatives of the veterans' organizations specified in section 200 of the Act of June 29, 1936 (Public Law Numbered 844, Seventy-fourth Congress), and other such national organizations recognized by the Administrator of Veterans' Affairs thereunder in the presentation of claims under laws administered by the Veterans' Administration, the Secretary of War and the Secretary of the Navy are hereby authorized and directed to permit the functioning,

Act of June 22,
1944.

¹ See footnote 2, p. 2.

in accordance with regulations prescribed pursuant to subsection (b) of this section, of such accredited representatives in military or naval installations on shore from which persons are discharged or released from the active military or naval service: *Provided*, That nothing in this section shall operate to affect measures of military security now in effect or which may hereafter be placed in effect, nor to prejudice the right of the American Red Cross to recognition under existing statutes.

Act of June 22,
1944.

(b) The necessary regulations shall be promulgated by the Secretary of War¹ and the Secretary of the Navy jointly with the Administrator of Veterans' Affairs to accomplish the purpose of this section, and in the preparation of such regulations the national officer of each of such veterans' organizations who is responsible for claims and rehabilitation activities shall be consulted. The commanding officer of each such military or naval installation shall cooperate fully with such authorized representatives in the providing of available space and equipment for such representatives.

Added by sec. 3,
Public Law 268,
79th Cong.,
December 28,
1945.

(c) The Administrator is further authorized at his discretion and under such regulations as he may prescribe to furnish, if available, necessary space and suitable office facilities for the use of paid full-time representatives of such organizations.

CHAPTER III—REVIEWING AUTHORITY

Act of June 22,
1944.

SEC. 300. The discharge or dismissal by reason of the sentence of a general court martial of any person from the military or naval forces, or the discharge of any such person on the ground that he was a conscientious objector who refused to perform military duty or refused to wear the uniform or otherwise to comply with lawful orders of competent military authority, or as a deserter, or of an officer by the acceptance of his resignation for the good of the service, shall bar all rights of such person, based upon the period of service from which he is so discharged or dismissed, under any laws administered by the Veterans' Administration: *Provided*, That in the case of any such person, if it be established to the satisfaction of the Administrator that at the time of the commission of the offense such person was insane, he shall not be precluded from benefits to which he is otherwise entitled under the laws administered by the Veterans' Administration: *And provided further*, That this section shall not apply to any war risk, Government (converted) or national service life-insurance policy.

Act of June 22,
1944.

SEC. 301. The Secretary of War¹ and the Secretary of the Navy, after conference with the Administrator

¹ See footnote 2, p. 2.

of Veterans' Affairs, are authorized and directed to establish in the War¹ and Navy Departments, respectively, boards of review composed of five members each, whose duties shall be to review, on their own motion or upon the request of a former officer or enlisted man or woman or, if deceased, by the surviving spouse, next of kin, or legal representative, the type and nature of his discharge or dismissal, except a discharge or dismissal by reason of the sentence of a general court martial. Such review shall be based upon all available records of the service department relating to the person requesting such review, and such other evidence as may be presented by such person. Witnesses shall be permitted to present testimony either in person or by affidavit and the person requesting review shall be allowed to appear before such board in person or by counsel: *Provided*, That the term "counsel" as used in this section shall be construed to include, among others, accredited representatives of veterans' organizations recognized by the Veterans' Administration under section 200 of the Act of June 29, 1936 (Public Law Numbered 844, Seventy-fourth Congress). Such board shall have authority, except in the case of a discharge or dismissal by reason of the sentence of a general court martial, to change, correct, or modify any discharge or dismissal, and to issue a new discharge in accord with the facts presented to the board. The Articles of War and the Articles for the Government of the Navy are hereby amended to authorize the Secretary of War² and the Secretary of the Navy to establish such boards of review, the findings thereof to be final subject only to review by the Secretary of War² or the Secretary of the Navy, respectively: *Provided*, That no request for review by such board of a discharge or dismissal under the provisions of this section shall be valid unless filed within fifteen years after such discharge or dismissal or within fifteen years after the effective date of this Act whichever be the later: *And provided further*, That the authority conferred upon the Secretary of War² and the Secretary of the Navy by this section shall vest in and be exercised by the Secretary of the Treasury, at such times as the Coast Guard is operating under the Treasury Department, with respect to the discharge or dismissal of former personnel of the Coast Guard, and that the findings of boards established pursuant to such authority shall be final subject only to review by the Secretary of the Treasury.

SEC. 302. (3) The Secretary of War,² the Secretary of the Navy, and the Secretary of the Treasury are authorized and directed to establish, from time to time, boards of review composed of five commissioned

Added by Public
Law 675, 79th
Cong., August
8, 1946.

Act of June 22,
1944, as amended
by sec. 4, Public
Law 268, 79th
Cong., December
28, 1945.

¹ Now "Department of the Army" pursuant to sec. 205 (a), Public Law 253, 80th Cong., July 26, 1947.

² See footnote 2, p. 2.

officers, two of whom shall be selected from the Medical Corps of the Army or Navy, or from the Public Health Service, as the case may be. It shall be the duty of any such board to review, at the request of any officer retired or released from active service, without pay, for physical disability pursuant to the decision of a retiring board, board of medical survey, or disposition board, the findings and decisions of such board. Such review shall be based upon all available service records relating to the officer requesting such review, and such other evidence as may be presented by such officer. Witnesses shall be permitted to present testimony either in person or by affidavit, and the officer requesting review shall be allowed to appear before such board of review in person or by counsel. In carrying out its duties under this section such board of review shall have the same powers as exercised by, or vested in, the board whose findings and decision are being reviewed. The proceedings and decision of each such board of review affirming or reversing the decision of any such retiring board, board of medical survey, or disposition board shall be transmitted to the Secretary of War,¹ the Secretary of the Navy, or the Secretary of the Treasury, as the case may be, and shall be laid by him before the President for his approval or disapproval and orders in the case.

Act of June 22,
1944.

(b) No request for review under this section shall be valid unless filed within fifteen years after the date of retirement for disability or after the effective date of this Act, whichever is the later.

Act of June 22,
1944.

(c) As used in this section—

(1) the term "officer" means any officer subject to the laws granting retirement for active service in the Army, Navy, Marine Corps, or Coast Guard, or any of their respective components;

(2) the term "counsel" shall have the same meaning as when used in section 301 of this Act.

TITLE II

CHAPTER IV—EDUCATION OF VETERANS²

Act of June 22,
1944.

SEC. 400. (a) Subsection (f) of section 1, title I, Public Law Numbered 2, Seventy-third Congress, added by the Act of March 24, 1943 (Public Law Numbered 16, Seventy-eighth Congress), is hereby amended to read as follows:

"(f) Any person who served in the active military or naval forces on or after September 16, 1940, and prior to the termination of hostilities in the present

¹ See footnote 2, p. 2.

² See Public Law 697, 79th Cong., August 8, 1946, re educational facilities to institutions furnishing courses under Title II. (See Appendix.)

war¹ shall be entitled to vocational rehabilitation subject to the provisions and limitations of Veterans Regulation Numbered 1 (a), as amended, part VII,² or to education or training subject to the provisions and limitations of part VIII."

(b) Veterans Regulation Numbered 1 (a), is hereby amended by adding a new part VIII as follows:

"PART VIII³

"1. Any person who served in the active military or naval service on or after September 16, 1940, and prior to the termination of the present war,¹ and who shall have been discharged or released therefrom under conditions other than dishonorable, and who either shall have served ninety days or more, exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, or shall have been discharged or released from active service by reason of an actual service-incurred injury or disability, shall be eligible for and entitled to receive education or training under this part: *Provided*, That such course shall be initiated not later than four years after either the date of his discharge or the termination of the present war,¹ whichever is the later: *Provided further*, That no such education or training shall be afforded beyond nine years after the termination of the present war.¹

As amended by sec. 5 (a), Public Law 268, 79th Cong., December 28, 1945.

"2. Any such eligible person shall be entitled to education or training at an approved educational or training institution for a period of one year plus the time such person was in the active service on or after September 16, 1940, and before the termination of the war,¹ exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, but in no

As amended by sec. 5 (b), Public Law 268, 79th Cong., December 28, 1945.

¹ Termination of the war fixed at July 25, 1947, by Public Law 239, 80th Cong., July 25, 1947.

² Vocational rehabilitations for service-connected disability under Public Law 16, 78th Cong.

³ The following was included in the Supplemental Independent Offices Appropriation Act, 1949, Public Law 862, 80th Cong., June 30, 1948: " * * * *Provided*, That no part of this appropriation for education and training under title II of the Servicemen's Readjustment Act, as amended, shall be expended for tuition, fees, or other charges, or for subsistence allowance, for any course elected or commenced by a veteran on or subsequent to July 1, 1948, and which is determined by the Administrator to be avocational or recreational in character. For the purpose of this proviso, education or training for the purpose of teaching a veteran to fly or related aviation courses in connection with his present or contemplated business or occupation shall not be considered avocational or recreational."

event shall the total period of education or training exceed four years: *Provided*, That his work continues to be satisfactory throughout the period, according to the regularly prescribed standards and practices of the institution: *Provided further*, That wherever the period of eligibility ends during a quarter or semester and after a major part of such quarter or semester has expired, such period shall be extended to the termination of such unexpired quarter or semester.

As amended by
sec. 5 (c), Public
Law 268, 79th
Cong., December
28, 1945.

"3. (a) Such person shall be eligible for and entitled to such course of education or training, full time or the equivalent thereof in part-time training, as he may elect, and at any approved educational or training institution at which he chooses to enroll, whether or not located in the State in which he resides, which will accept or retain him as a student or trainee in any field or branch of knowledge which such institution finds him qualified to undertake or pursue: *Provided*, That, for reasons satisfactory to the Administrator, he may change a course of instruction: *And provided further*, That any such course of education or training may be discontinued at any time, if it is found by the Administrator that, according to the regularly prescribed standards and practices of the institution, the conduct or progress of such person is unsatisfactory.

Added by sec.
5 (c), Public Law
268, 79th Cong.,
December 28,
1945.

"(b) Any such eligible person may apply for a short, intensive postgraduate, or training course of less than thirty weeks: *Provided*, That the Administrator shall have the authority to contract with approved institutions for such courses if he finds that the agreed cost of such courses is reasonable and fair: *Provided further*, That (1) the limitation of paragraph 5 shall not prevent the payment of such agreed rates, but there shall be charged against the veteran's period of eligibility the proportion of an ordinary school year which the cost of the course bears to \$500, and (2) not in excess of \$500 shall be paid for any such course.

Added by sec. 5
(c), Public Law
268, 79th Cong.,
December 28,
1945.

"(c) Any such eligible person may apply for a course of instruction by correspondence without any subsistence allowance: *Provided*, That the Administrator shall have authority to contract with approved institutions for such courses if he finds that the agreed cost of such courses is reasonable and fair: *Provided further*, (1) That the provisions of paragraph 5 shall not apply to correspondence courses; (2) that one-fourth of the elapsed time in following such course shall be charged against the veteran's period of eligibility; and (3) that the total amount payable for a correspondence course or courses for any veteran shall not exceed \$500: *And provided further*, That nothing herein shall be construed to preclude the use of approved correspondence courses as a part of institutional or job training, subject to regulations prescribed by the Administrator.

"4. From time to time the Administrator shall secure from the appropriate agency of each State a list of the educational and training institutions (including industrial establishments), within such jurisdiction, which are qualified and equipped to furnish education or training (including apprenticeship, refresher or retraining and institutional on-farm training), which institutions, together with such additional ones as may be recognized and approved by the Administrator, shall be deemed qualified and approved to furnish education or training to such persons as shall enroll under this part: *Provided*, That wherever there are established State apprenticeship agencies expressly charged by State laws to administer apprentice training, whenever possible, the Administrator shall utilize such existing facilities and services in training on the job when such training is of one year's duration or more.

Act of June 22, 1944, as amended by sec. 1, Public Law 377, 80th Cong., August 6, 1947.

"5. The Administrator shall pay to the educational or training institution (including the institution offering institutional on-farm training), for each person enrolled in full time or part time course of education or training, the customary cost of tuition, and such laboratory, library, health, infirmary, and other similar fees as are customarily charged, and may pay for books, supplies, equipment, and other necessary expenses, exclusive of board, lodging, other living expenses, and travel, as are generally required for the successful pursuit and completion of the course by other students in the institution: *Provided*, That in no event shall such payments, with respect to any person, exceed \$500 for an ordinary school year unless the veteran elects to have such customary charges paid in excess of such limitation, in which event there shall be charged against his period of eligibility the proportion of an ordinary school year which such excess bears to \$500: *Provided further*, That no payments shall be made to institutions, business or other establishments furnishing apprentice training on the job: *And provided further*, That any institution may apply to the Administrator for an adjustment of tuition and the Administrator, if he finds that the customary tuition charges are insufficient to permit the institution to furnish education or training to eligible veterans, or inadequate compensation therefor, may provide for the payment of such fair and reasonable compensation as will not exceed the estimated cost of teaching personnel and supplies for instruction; and may in like manner readjust such payments from time to time.

As amended by sec. 5 (d), Public Law 268, 79th Cong., December 28, 1945; and sec. 2, Public Law 377, 80th Cong., August 6, 1947.

"6. While enrolled in and pursuing a course under this part, (including an institutional on-farm training course) such person, upon application to the Administrator, shall be paid a subsistence allowance of \$65 per month, if without a dependent or dependents, or

As amended by sec. 5 (e), Public Law 268, 79th Cong., December 28, 1945; sec. 2, Public Law 670, 79th Cong., (Con. on p. 10)

(*Con. from p. 9*)
 August 8, 1946;
 sec. 3, Public Law
 377, 80th Cong.,
 August 6, 1947;
 sec. 1, Public
 Law 411, 80th
 Cong., February
 14, 1948; and
 sec. 1, Public Law
 512, 80th Cong.,
 May 4, 1948.

\$90 per month, if he has a dependent or dependents, including regular holidays and leave not exceeding thirty days in a calendar year: Except, That (1) while so enrolled and pursuing a course of full-time institutional training, such person, shall be paid a subsistence allowance of \$75 per month, if without a dependent or dependents, or \$105 per month if he has one dependent or \$120 per month if he has more than one dependent, and (2) while so enrolled and pursuing a course of part-time institutional training, including a course of institutional on-farm training, or other combination course, such person shall be paid, subject to the limitations of this paragraph, additional subsistence allowance in an amount bearing the same relation to the difference between the basic rates and the increased rates provided in (1) hereof as the institutional training part of such course bears to a course of full-time institutional training. Such person attending a course on a part-time basis, and such person receiving compensation for productive labor whether performed as part of his apprentice or other training on the job at institutions, business or other establishments, or otherwise, shall be entitled to receive such lesser sums, if any, as subsistence or dependency allowances as may be determined by the Administrator: *Provided*, That in no event shall the rate of such allowance plus the compensation received exceed \$210 per month for a veteran without a dependent, or \$270 per month for a veteran with one dependent, or \$290 for a veteran with two or more dependents: *Provided further*, That only so much of the compensation as is derived from productive labor based on the standard workweek for the particular trade or industry, exclusive of overtime, shall be considered in computing the rate of allowances payable under this paragraph.¹

As amended by
 sec. 5 (f), Public
 Law 268, 79th
 Cong., December
 28, 1945.

"7. Any such person eligible for the benefits of this part, who is also eligible for the benefit of part VII, may elect either benefit or may be provided an approved combination of such courses: *Provided*, That the total period of any such combined courses shall not exceed the maximum period or limitations under the part affording the greater period of eligibility.

Act of June 22,
 1944.

"8. No department, agency, or officer of the United States, in carrying out the provisions of this part, shall exercise any supervision or control, whatsoever, over any State educational agency, or State apprenticeship agency, or any educational or training institution: *Provided*, That nothing in this section shall be deemed to prevent any department, agency, or officer of the United States from exercising any supervision or control which such department, agency, or officer is authorized, by existing provisions of law, to exercise over

¹ Sec. 3 of Public Law 512, 80th Cong., provides that this Act shall take effect April 1, 1948.

any Federal educational or training institution, or to prevent the furnishing of education or training under this part in any institution over which supervision or control is exercised by such other department, agency, or officer under authority of existing provisions of law.

"9. The Administrator of Veterans' Affairs is authorized and empowered to administer this title, and, insofar as he deems practicable, shall utilize existing facilities and services of Federal and State departments and agencies on the basis of mutual agreements with them. Consistent with and subject to the provisions and limitations set forth in this title, the Administrator shall, from time to time, prescribe and promulgate such rules and regulations as may be necessary to carry out its purposes and provisions.

Act of June 22,
1944.

"10. The Administrator may arrange for educational and vocational guidance to persons eligible for education and training under this part. At such intervals as he deems necessary, he shall make available information respecting the need for general education and for trained personnel in the various crafts, trades, and professions: *Provided*, That facilities of other Federal agencies collecting such information shall be utilized to the extent he deems practicable.

Act of June 22,
1944.

"11. (a) As used in this part, the term 'educational or training institutions' shall include all public or private elementary, secondary, and other schools furnishing education for adults, business schools and colleges, scientific and technical institutions, colleges, vocational schools, junior colleges, teachers colleges, normal schools, professional schools, universities, and other educational institutions, and shall also include business or other establishments providing apprentice or other training on the job, including those under the supervision of an approved college or university or any State department of education, or any State apprenticeship agency or State board of vocational education, or any State apprenticeship council or the Federal Apprentice Training Service established in accordance with Public Law Numbered 308, Seventy-fifth Congress, or any agency in the executive branch of the Federal Government authorized under other laws to supervise such training.

Act of June 22,
1944, as amended
by sec. 3, Public
Law 679, 79th
Cong., August
8, 1946.

"(b) As used in this part the term 'Other training on the job' shall include courses offered by establishments approved by the appropriate agency of the State or the Administrator whenever such courses of training on the job are furnished in accordance with the following provisions:

"1. Any establishment desiring to undertake an on-the-job training program will be required to submit to the appropriate State approving agency a written application setting forth the course of training for each job for which a veteran is to be trained. The written

application covering the training program will include the following:

"a. Title and description of the specific job objective for which the veteran is to be trained.

"b. Length of the training period.

"c. Schedule listing various operations for major kinds of work or tasks to be learned and showing for each, job operations or work, tasks to be performed, and the approximate length of time to be spent on each operation or task.

"d. Wage or salary to be paid at the beginning of the training program, at each successive step in the program, and at the completion of training.

"e. Entrance wage or salary paid by the establishment to employees already trained in the kind of work for which the veteran is to be trained.

"f. Number of hours of supplemental instructions required.

"2. The appropriate approving agency of the State or the Administrator may approve the application of the establishment when such establishment is found upon investigation to have met or made provision for meeting the following criteria:

"a. The training content of the program is adequate to qualify the veteran for appointment to the job for which he is to be trained.

"b. There is reasonable certainty that the job for which the veteran is to be trained will be available to him at the end of the training period.

"c. The job is one in which progression and appointment to the next higher classification are based upon skills learned through organized training on the job and not on such factors as length of service and normal turnover.

"d. The wages to be paid the veteran for each successive period of training are not less than those customarily paid in the establishment and the community to a learner in the same job and who is not a veteran and are in conformity with State and Federal laws and applicable bargaining agreements.

"e. The job customarily requires a period of training of not less than three months and not more than two years of full-time training.

"f. The length of the training period is no longer than that customarily required by the establishment and other establishments in the community to provide the trainee with the required skills, arrange for the acquiring of job knowledge, technical information, and other facts which the trainee will need to learn in order to become competent on the job for which he is being trained.

"g. Provision is made for related instruction for the individual veteran who may need it.

"h. There is in the establishment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job.

"i. Adequate records are kept to show the progress made by the veteran toward his job objective and a periodic report showing the conduct and progress made in the course of training on the job will be provided for the Veterans' Administration.

"j. Appropriate credit is given the veteran for previous job experience, whether in the military service or elsewhere, his beginning wage adjusted to the level to which such credit advances him and his training period shortened accordingly. No course of training will be considered bona fide if given to a veteran who is already qualified by training and experience for the job objective.

"k. A copy of the training program as approved by the State agency is provided to the veteran and to the Veterans' Administration by the employer.

"l. Upon completion of the training the veteran is given a certificate by the employer indicating the length and type of training provided and that the veteran has completed the course of training on the job satisfactorily.

"3. The Veterans' Administration is not authorized to award the benefits under this part, if it is found by the Administrator that the course of apprentice training or other training on the job fails to meet the requirements of this paragraph.

"(c) As used in this part the term 'institutional on-farm training' shall include any course of instruction approved by the appropriate agency of the State or the Administrator. Such course shall be considered a full-time course when it combines (1) organized group instruction in agricultural and related subjects of at least two hundred hours per year (and of at least eight hours each month) at an educational or training institution, with (2) supervised work experience on a farm or other agricultural establishment. To be approved, such a course shall be developed with due consideration to the size and character of the farm on which the veteran is to receive his supervised work experience and to the need of the veteran, in the type of farming for which he is training, for proficiency in planning, producing, marketing, farm mechanics, conservation of resources, food conservation, farm financing, farm management, and the keeping of farm and home accounts. Such a course shall, in addition, satisfy the requirements of either of the following:

"1. If the veteran performs part of his course on a farm under his own control—

"a. he shall receive not less than one hundred hours of individual instruction per year, not less than fifty hours of which shall be on such farm

Added by sec. 4,
Public Law 377,
80th Cong.,
August 6, 1947.

(with at least two visits by the instructor to such farm each month). Such individual instruction shall be given by the instructor responsible for the veteran's institutional instruction and shall include instruction and home-study assignments in the preparation of budgets, inventories, and statements showing the production, use on the farm, and sale of crops, livestock, and livestock products;

"b. he shall be assured of control of such farm (whether by ownership, lease, management agreement, or other tenure arrangement) until the completion of his course; and

"c. such farm shall be of a size and character which (1) together with the group instruction part of the course, will occupy the full time of the veteran, (2) will permit instruction in all aspects of the management of a farm of the type for which the veteran is being trained, and (3) if the veteran intends to continue operating such farm at the close of his course, will assure him a satisfactory income under normal conditions.

"2. If the veteran performs part of his course as the employee of another—

"a. he shall receive, on his employer's farm, not less than fifty hours of individual instruction per year (with at least one visit by the instructor to such farm each month). Such individual instruction shall be given by the instructor responsible for the veteran's institutional instruction;

"b. his employer's farm shall be of a size and character which (1) together with the group instruction part of the course, will occupy the full time of the veteran, and (2) will permit instruction in all aspects of the management of a farm of the type for which the veteran is being trained;

"c. his employer shall agree to instruct him in various aspects of farm management in accordance with the training schedule developed for the veteran by his instructor, working in cooperation with his employer. If it is found by the Administrator of Veterans' Affairs or the State approving agency that any approved course of institutional on-farm training has ceased to meet the requirements of this Act, the Veterans' Administration shall cut off all benefits under this part as of the date of such withdrawal of approval. Where it has been found that a variation in the proportion of hours of group instruction and individual instruction on the farm will better serve the conditions in a certain area, any program acceptable to the State approving agency which meets the total number of training hours called for in this Act (including assembled instruction, in-

dividual instruction, and assigned and supervised related home study and supervision in operational skills by the farmer trainer under the direction of the institution) shall be recognized as complying with the requirements of this Act; and

"d. The Administrator of Veterans' Affairs is authorized to contract with approved institutions for such courses where the Administrator finds that the agreed cost is reasonable and fair.

"12. For the purposes of this part, the present war shall not be considered as terminating, in the case of any individual, before the termination of such individual's first period of enlistment or reenlistment contracted within one year after the date of the enactment of the Armed Forces Voluntary Recruitment Act of 1945."¹

Added by sec. 11 (a), Public Law 190, 79th Cong., October 6, 1945.

SEC. 401. Section 3, Public Law Numbered 16, Seventy-eighth Congress, is hereby amended to read as follows:

Act of June 22, 1944.

"SEC. 3. The appropriation for the Veterans' Administration, 'Salaries and expenses, medical and hospital, and compensation and pensions,' shall be available for necessary expenses under part VII, as amended, or part VIII of Veterans Regulation Numbered 1 (a), and there is hereby authorized to be appropriated such additional amount or amounts as may be necessary to accomplish the purposes thereof. Such expenses may include, subject to regulations issued by the Administrator and in addition to medical care, treatment, hospitalization, and prosthesis, otherwise authorized, such care, treatment, and supplies as may be necessary to accomplish the purposes of part VII,² as amended, or part VIII of Veterans Regulation Numbered 1 (a). Any such appropriation shall also be available for use by the Administrator in reimbursing State and local agencies for reasonable expenses incurred by them in (1) rendering necessary services in ascertaining the qualifications of industrial establishments for furnishing on-the-job training to veterans under the provisions of part VIII of such regulation, and in the supervision of industrial establishments furnishing such training, or (2) furnishing, at the request of the Administrator, any other services or facilities in connection with the administration of programs for training on the job under such provisions, or (3) furnishing, at the request of the Administrator, information concerning educational opportunities available in schools and colleges."

Added by sec. 1, Public Law 679, 79th Cong., August 8, 1946.

¹ Subparagraph 12 excepted from Public Law 239, 80th Cong., July 25, 1947, establishing date of termination of the war for certain purposes.

² Public Law 660, 80th Cong., June 16, 1948, authorizes commutation of travel expenses on a mileage basis in connection with vocational rehabilitation. (See Appendix.)

Act of June 22,
1944.

SEC. 402. Public Law Numbered 16, Seventy-eighth Congress, is hereby amended by adding thereto a new section 4 to read as follows:

"SEC. 4. Any books, supplies, or equipment furnished a trainee or student under part VII or part VIII of Veterans Regulation Numbered 1 (a) shall be deemed released to him: *Provided*, That if he fail, because of fault on his part to complete the course of training or education afforded thereunder, he may be required, in the discretion of the Administrator, to return any or all of such books, supplies, or equipment not actually expended or to repay the reasonable value thereof: *Provided further*, That returned books, supplies, or equipment may be turned in to educational or training institutions for credit under such terms as may be approved by the Administrator, or disposed of in such other manner as may be approved by the Administrator."

Added by sec. 6,
Public Law 268,
79th Cong.,
December 28,
1945.

Act of June 22,
1944.

SEC. 403. Paragraph 1, part VII, Veterans Regulation Numbered 1 (a) (Public Law Numbered 16, Seventy-eighth Congress), is hereby amended by inserting after the word "time" the words "on or" and deleting the date "December 6, 1941" and substituting therefor the date "September 16, 1940".¹

TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY ^{2 3 4}

CHAPTER V—GENERAL PROVISIONS FOR LOANS

Act of June 22,
1944, as amended
by sec. 8, Public
Law 268, 79th
Cong., December
28, 1945.

SEC. 500. (a) Any person who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war⁵ and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be eligible for the benefits of this title. Any loan made by such veteran within ten years after the termination of the war⁵ for any of the purposes, and in compliance with the provisions, specified in this title, is automatically guaranteed by the Government by this title in an amount not exceeding fifty per centum of the loan: *Provided*, That the aggregate amount guaranteed shall not exceed \$2,000 in the case of non-real-estate loans,

¹ Sec. 7 (a), Public Law 268, 79th Cong., further amended par. 1, pt. VII, and sec. 7 (b) amended par. 3, pt. VII. See text of Public Law 16, 78th Cong., as amended.

² Public Law 702, 80th Cong., June 19, 1948, housing for paraplegics, see sec. 2, subpar. 4, precluding denial to such veterans of benefits of title III hereof. (See Appendix.)

³ See Public Law 349, 80th Cong., August 4, 1947, re Osage Indians. (See Appendix.)

⁴ See Public Law 372, 80th Cong., August 6, 1947, re investment of funds by Federal savings and loan associations. (See Appendix.)

⁵ See footnote 1, p. 7.

nor \$4,000 in the case of real-estate loans; or a prorated portion thereof on loans of both types or combination thereof.

(b) Loans guaranteed under this title shall be payable under such terms and conditions as may be agreed upon by the parties thereto, subject to the conditions and limitations of this title and the regulations issued pursuant to section 504: *Provided*, That the liability under the guaranty within the limitations of this title shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation: *Provided further*, That loans guaranteed under this title shall bear interest at a rate not exceeding four per centum per annum and shall be payable in full in not more than twenty-five years, or in the case of loans on farm realty in not more than forty years: *And provided further*, That (1) the maturity on a non-real-estate loan shall not exceed ten years; (2) any loan for a term in excess of five years shall be amortized in accordance with established procedure; (3) except as provided in section 505 any real-estate loan, other than for repairs, alterations or improvements, shall be secured by a first lien on the realty, and a non-real-estate loan, except as to working or other capital, merchandise, good-will and other intangible assets, shall be secured by personalty to the extent legal and practicable: *And provided further*, That the Administration, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest than otherwise prescribed in this section for loans guaranteed under this title, but not exceeding 4½ per centum per annum, if he finds that the loan market demands it.

(c) An honorable discharge shall be deemed a certificate of eligibility to apply for a guaranteed loan. Any veteran who does not have a discharge certificate, or who received a discharge other than honorable, may apply to the Administrator for a certificate of eligibility. Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a statement setting forth the full name and serial number of the veteran, amount and terms of the loan, and the legal description of the property, together with the appraisal report made by the designated appraiser. Where the loan is automatically guaranteed, the Administrator shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. He shall also endorse on the veteran's discharge, or eligibility certificate, the amount and type of guaranty used, and the amount, if any, remaining. An amount equivalent to four per centum on the amount originally guaranteed shall be paid to the lender by the Administrator out of available appropriations, to be credited upon the loan. Nothing herein shall be deemed to preclude the assign-

As amended by
sec. 8, Public Law
268, 79th Cong.,
December 28,
1945.

Added by Sec. 103,
Public Law 901,
80th Cong.,
August 10, 1948.

As amended by
sec. 8, Public
Law 268, 79th
Cong., December
28, 1945.

ment of any guaranteed loan nor the assignment of the security therefor.

Added by sec. 11 (b), Public Law 190, 79th Cong., October 6, 1945; as amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

(d) ¹ Loans guaranteed hereunder may be made by any Federal land bank, 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. Any loan at least twenty per centum of which is guaranteed under this title may be made by any national bank, or Federal savings and loan association; or by any bank, trust company, building and loan association or insurance company organized or authorized to do business in the District of Columbia; without regard to the limitations and restrictions of any other statute with respect to—

- (1) ratio of amount of loan to the value of the property;
- (2) maturity of loan;
- (3) requirement for mortgage or other security;
- (4) dignity of lien; or
- (5) percentage of assets which may be invested in real estate loans.

Added by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

(e) Any loan proposed to be made to an eligible veteran by any lender not of a class specified in subsection (d) may be guaranteed by the Administrator, if he finds that it is in accord otherwise with the provisions of this title, as amended.

PURCHASE OR CONSTRUCTION OF HOMES

Act of June 22, 1944, as amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

SEC. 501.² Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

- (1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;
- (2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost

¹ Sec. 500 (d), as added by sec. 11 (b), Public Law 190, 79th Cong., October 6, 1945, but not included in title III as amended by Public Law 268, 79th Cong., December 28, 1945, reads as follows:

"(d) For the purposes of this title, the present war shall not be considered as terminating, in the case of any individual, before the termination of such individual's first period of enlistment or reenlistment contracted within one year after the date of the enactment of the Armed Forces Voluntary Recruitment Act of 1945."

² Sec. 1, Public Law 864, 80th Cong., July 1, 1948, as amended by sec. 201, Public Law 901, 80th Cong., August 10, 1948, provides in the Federal National Mortgage Association, a subsidiary of the Reconstruction Finance Corporation, a secondary market for loans guaranteed hereunder. (See Appendix.)

bear a proper relation to the veteran's present and anticipated income and expenses; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and

(3) That the price paid or to be paid by the veteran for such property or for the cost of construction, repairs, or alterations does not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator.

PURCHASE OF FARMS AND FARM EQUIPMENT

SEC. 502.¹ Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing any lands, buildings, livestock, equipment, machinery, supplies or implements, or for repairing, altering, constructing or improving any land, equipment, or building, including the farmhouse, to be used in farming operations conducted by the veteran involving production in excess of his own needs, or for working capital requirements necessary for such operations, or to purchase stock in a cooperative association where the purchase of such stock is required by Federal statute as an incident to obtaining the loan, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

Act of June 22, 1944, as amended by sec. 16, Public Law 98, 79th Cong., June 30, 1945; sec. 8, Public Law 268, 79th Cong., December 28, 1945.

(1) That the proceeds of such loan will be used for any such purposes in connection with bona fide farming operations conducted by the applicant;

(2) That such property will be useful in and reasonably necessary for efficiently conducting such operations;

(3) That the ability and experience of the veteran, and the nature of the proposed farming operations to be conducted by him, are such that there is a reasonable likelihood that such operations will be successful; and

(4) That the purchase price paid or to be paid by the veteran for such property does not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator.

PURCHASE OF BUSINESS PROPERTY

SEC. 503. Any loan made to a veteran under this title, the proceeds of which are to be used for the purpose of engaging in business or pursuing a gainful occupation, or for the cost of acquiring for such purpose land, buildings, supplies, equipment, machinery, tools, inventory, stock in trade, or for the cost of the construction, repair, alteration or improvement of any realty or personalty used for such purpose, or to provide the funds needed for working capital, is automatically

Act of June 22, 1944, as amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

¹ See footnote 2, p. 18.

guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any of the specified purposes in connection with bona fide pursuit of gainful occupation by the veteran;

(2) That such property will be useful in and reasonably necessary for the efficient and successful pursuit of such business or occupation;

(3) That the ability and experience of the veteran, and the conditions under which he proposes to pursue such business or occupation, are such that there is a reasonable likelihood that he will be successful in the pursuit of such business or occupation; and

(4) That the purchase price paid or to be paid by the veteran for such property, or the cost of such construction, alterations, or improvements, does not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator.

REGULATIONS

Act of June 22, 1944, as amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

SEC. 504. The Administrator is authorized to promulgate such rules and regulations not inconsistent with this title, as amended, as are necessary and appropriate for carrying out the provisions of this title, and may delegate to subordinate employees authority to issue certificates, or other evidence, or guaranty of loans guaranteed under the provisions of this title, and to exercise other administrative functions hereunder.

SECONDARY LOANS

Act of June 22, 1944, as amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

SEC. 505. (a)¹ In any case wherein a principal loan, for any of the purposes stated in section 501, 502, or 503, is approved by a Federal agency to be made or guaranteed or insured by it pursuant to applicable law and regulations, and the veteran is in need of a second loan to cover the remainder of the purchase price or cost, or a part thereof, the Administrator, subject otherwise to the provisions of this title, may guarantee the full amount of the second loan: *Provided*, That such second loan shall not exceed 20 per centum of the purchase price or cost: *And provided further*, That regulations to be promulgated jointly by the Administrator and the head of such agency may provide for servicing of both loans by such agency and for refinancing of the principal loan to include any unpaid portion of the secondary loan with accrued interest, if any, after the curtailment thereon equals twice the amount of the secondary loan.

(b) Any person who is a veteran eligible for the benefits of this title, as provided in section 500 hereof, and who is found by the Secretary of Agriculture, by

As amended by sec. 8, Public Law 268, 79th Cong., December 28, 1945.

¹ See footnote 2, p. 18.

reason of his ability and experience, including training as a vocational trainee, to be likely to carry out successfully undertakings required of him under a loan which may be made under the Bankhead-Jones Farm Tenant Act, shall be eligible for the benefits of such Act to the same extent as if he were a farm tenant.

PROCEDURE ON DEFAULT

SEC. 506. In the event of default in the payment of any loan guaranteed under this title, the holder of the obligation shall notify the Administrator who shall thereupon pay to such holder the guaranty not in excess of the pro rata portion of the amount originally guaranteed, and shall be subrogated to the rights of the holder of the obligation to the extent of the amount paid on the guaranty: *Provided*, That prior to suit or foreclosure the holder of the obligation shall notify the Administrator of the default, and within thirty days thereafter the Administrator may, at his option, pay the holder of the obligation the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security: *Provided further*, That (1) nothing herein shall be construed to preclude any forbearance for the benefit of the veteran as may be agreed upon by the parties to the loan and approved by the Administrator; and (2) the Administrator may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.

Added by sec. 8,
Public Law 268,
79th Cong.,
December 28,
1945.

LOANS ON DELINQUENT INDEBTEDNESS

SEC. 507. Any loan made to a veteran, the proceeds of which are to be used to refinance any indebtedness of the veteran which is secured of record on property to be used or occupied by the veteran as a home or for farming purposes, or indebtedness incurred by him in the pursuit of a gainful occupation which he is pursuing or which he proposes in good faith to pursue, or any delinquent taxes or assessments on such property or business, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

Added by sec. 8,
Public Law 268,
79th Cong.,
December 28,
1945.

- (1) Such loan became in default or the delinquency occurred not later than ten years after the termination of the war:¹
- (2) Such refinancing will aid the veteran in his economic readjustment; and
- (3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by proper appraisal made by an appraiser designated by the Administrator.

¹ See footnote 1, p. 7.

INSURANCE OF LOANS

Added by sec. 8,
Public Law 268,
79th Cong.,
December 28,
1945.

SEC. 508. (a) Any loans which might be guaranteed under the provisions of this title, when made or purchased by any financial institution subject to examination and supervision by an agency of the United States or of any State or Territory, including the District of Columbia, may, in lieu of such guaranty, be insured by the Administrator under an agreement whereby he will reimburse any such institution for losses incurred on such loan up to 15 per centum of the aggregate of loans so made or purchased by it.

(b) Loans insured hereunder shall be made on such other terms, conditions, and restrictions as the Administrator may prescribe within the limitations set forth in this title. The Administrator may fix the maximum rate of interest payable on any class of non-real-estate loans insured hereunder at a figure not in excess of a 3 per centum discount rate or an equivalent straight interest rate on nonamortized loans.

(c) The Administrator shall pay the same amount on each loan insured hereunder as he would be required to pay under the sixth sentence of section 500 (c) hereof if the loan were guaranteed rather than insured.

POWERS OF ADMINISTRATOR

Added by sec. 8,
Public Law 268,
79th Cong.,
December 28,
1945.

SEC. 509. (a) With respect to matters arising by reason of this title as now or hereafter amended and, notwithstanding the provisions of any other law, the Administrator may—

(1) Sue and be sued in his official capacity in any court of competent jurisdiction, State or Federal;

(2) Subject to specific limitations in this Act, consent to the modification, with respect to rate of interest, time of payment of principal or interest or any portion thereof, security or other provisions of any note, contract, mortgage or other instrument securing a loan which has been guaranteed or insured hereunder;

(3) Pay, or compromise, any claim on, or arising because of, any such guaranty or insurance;

(4) Pay, compromise, waive or release any right, title, claim, lien or demand, however acquired, including any equity or any right of redemption;

(5) Purchase at any sale, public or private, upon such terms and for such prices as he determines to be reasonable, and take title to, property, real, personal or mixed; and similarly sell, at public or private sale, exchange, assign, convey, or otherwise dispose of any such property; and

(6) Complete, administer, operate, obtain and pay for insurance on, and maintain, renovate, repair, modernize, lease, or otherwise deal with any property acquired or held pursuant to this title: *Provided*, That the acquisition of any such property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction of, on, or over such property (including power to tax) or impair the rights under the State or local law of any persons on such property.

(b) The powers by this section granted may be exercised by the Administrator without regard to any other provisions of law not enacted expressly in limitation hereof, which otherwise would govern the expenditure of public funds: *Provided*, That section 3709 of the Revised Statutes shall apply to any contract for services or supplies on account of any property acquired pursuant to this section if the amount of such contract exceeds \$1,000.

(c) The financial transactions of the Administrator incident to, or arising out of, the guaranty of loans pursuant to this title, and the acquisition, management, and disposition of property, real, personal or mixed, as incident to such activities and pursuant to this section, shall be final and conclusive upon all officers of the Government.

EFFECTIVE DATE

SEC. 510. This title, as amended, shall be effective from the date of enactment: *Provided*, That any application for guaranty of a loan filed within ninety days after such date may be approved under the title as it existed prior to amendment: *And provided further*, That nothing herein shall be construed to affect any contractual right under any certificate of guaranty issued thereunder.

Added by sec. 8,
Public Law 268,
79th Cong.,
December 28,
1945.

INCONTESTABILITY

SEC. 511. Any evidence of guaranty or insurance issued by the Administrator shall be conclusive evidence of the eligibility of the loan for guaranty or insurance under the provisions of this title and of the amount of such guaranty or insurance, except that nothing in this section shall preclude the Administrator from establishing, as against the original lender, defenses based on fraud or material misrepresentation, and except that the Administrator shall not, by reason of anything contained in this section, be barred from establishing, by regulations in force at the date of such issuance or disbursement, whichever is the earlier, partial defenses to the amount payable on the guaranty or insurance.

Added by sec. 5,
Public Law 864,
80th Cong., July
1, 1948.

TITLE IV

CHAPTER VI—EMPLOYMENT OF VETERANS¹

Act of June 22,
1944, as amended
by sec. 5 (b),
Public Law 26,
80th Cong., March
31, 1947.

SEC. 600. (a) In the enactment of the provisions of this title Congress declares as its intent and purpose that there shall be an effective job counseling and employment placement service for veterans, and that, to this end, policies shall be promulgated and administered, so as to provide for them the maximum of job opportunity in the field of gainful employment. For the purpose there is hereby created to cooperate with and assist the United States Employment Service, as established by the provisions of the Act of June 6, 1933, a Veterans' Placement Service Board, which shall consist of the Administrator of Veterans' Affairs, as Chairman, the Director of the Office of Selective Service Records,² and the Administrator of the Federal Security Agency, or whoever may have the responsibility of administering the functions of the United States Employment Service. The Board shall determine all matters of policy relating to the administration of the Veterans' Employment Service of the United States Employment Service.

(b) The Chairman of the Board shall have direct authority and responsibility for carrying out its policies through the veterans' employment representatives in the several States or through persons engaged in activities authorized by subsection (g) of section 8 of the Selective Service Act of 1940 (Public Law 783, Seventy-sixth Congress, approved September 16, 1940, as amended (U. S. C., title 50, sec. 308)). The Chairman may delegate such authority to an executive secretary who shall be appointed by him and who shall thereupon be the Chief of the Veterans' Employment Service of the United States Employment Service.

As amended by
sec. 5 (c) Public
Law 26, 80th
Cong., March 31,
1947.

(c) The public records of the Office of Selective Service Records,³ and the Veterans' Employment Service of the United States Employment Service shall be available to the Board.

Act of June 22,
1944.

SEC. 601. The United States Employment Service shall assign to each of the States a veterans' employment representative, who shall be a veteran of the wars of the United States separated from active service under honorable conditions, who at the time of appointment shall have been a bona fide resident of the State for at least two years, and who shall be appointed, subject to the approval of the Board, in accordance with

¹ See Title I, Public Law 549, 79th Cong., July 26, 1946, returning United States Employment Service to State control; also

Public Law 646, 80th Cong., June 16, 1948, re transfer of United States Employment Service to the Federal Security Agency. (See appendix.)

² Now "Director of Selective Service" pursuant to sec. 10 (a) (4), Public Law 759, 80th Cong., June 24, 1948.

³ Now "Selective Service System" pursuant to sec. 10 (a) (4), Public Law 759, 80th Cong., June 24, 1948.

the civil-service laws, and whose compensation shall be fixed in accordance with the Classification Act of 1923, as amended. Each such veterans' employment representative shall be attached to the staff of the public employment service in the State to which he has been assigned. He shall be administratively responsible to the Board, through its executive secretary, for the execution of the Board's veterans' placement policies through the public employment service in the State. In cooperation with the public employment service staff in the State, he shall—

(a) be functionally responsible for the supervision of the registration of veterans in local employment offices for suitable types of employment and for placement of veterans in employment;

(b) assist in securing and maintaining current information as to the various types of available employment in public works and private industry or business;

(c) promote the interest of employers in employing veterans;

(d) maintain regular contact with employers and veterans' organizations with a view of keeping employers advised of veterans available for employment and veterans advised of opportunities for employment; and

(e) assist in every possible way in improving working conditions and the advancement of employment of veterans.

SEC. 602. Where deemed necessary by the Board there shall be assigned by the administrative head of the employment service in the State one or more employees, preferably veterans, of the staffs of local employment service offices, whose services shall be primarily devoted to discharging the duties prescribed for the veterans' employment representative. Act of June 22, 1944.

SEC. 603. All Federal agencies shall furnish the Board such records, statistics, or information as may be deemed necessary or appropriate in administering the provisions of this title, and shall otherwise cooperate with the Board in providing continuous employment opportunities for veterans. Act of June 22, 1944.

SEC. 604. The Federal agency administering the United States Employment Service shall maintain that service as an operating entity and, during the period of its administration, shall effectuate the provisions of this title. Act of June 22, 1944.

SEC. 605. (a) The Board through its executive secretary shall estimate the funds necessary for the proper and efficient administration of this title; such estimated sums shall include the annual amounts necessary for salaries, rents, printing and binding, travel, and communications. Sums thus estimated shall be Act of June 22, 1944.

included as a special item in the annual budget of the United States Employment Service. Any funds appropriated pursuant to this special item as contained in the budget of the United States Employment Service shall not be available for any purpose other than that for which they were appropriated, except with the approval of the Board.

(b) The War Manpower Commission shall from its current appropriation allocate and make available sufficient funds to carry out the provisions of this title during the current fiscal year.

Act of June 22,
1944.

SEC. 606. The term "United States Employment Service" as used in this title means that Bureau created by the provisions of the Act of June 6, 1933, or such successor agencies as from time to time shall perform its functions and duties, as now performed by the War Manpower Commission.¹

Act of June 22,
1944.

SEC. 607. The term "veteran" as used in this title shall mean a person who served in the active service of the armed forces during a period of war in which the United States has been, or is, engaged, and who has been discharged or released therefrom under conditions other than dishonorable.

TITLE V

CHAPTER VII—READJUSTMENT ALLOWANCES FOR FORMER MEMBERS OF THE ARMED FORCES WHO ARE UNEMPLOYED

Act of June 22,
1944.

SEC. 700. (a) Any person who shall have served in the active military or naval service of the United States at any time after September 16, 1940, and prior to the termination of the present war² and who shall have been discharged or released from active service under conditions other than dishonorable, after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be entitled, in accordance with the provisions of this title and regulations issued by the Administrator of Veterans' Affairs pursuant thereto, to receive a readjustment allowance as provided herein for each week of unemployment, not to exceed a total of fifty-two weeks, which (1) begins after the first Sunday of the third calendar month after the date of enactment hereof, and (2) occurs not later than two years after discharge or release or the termination of the war,² whichever is the later date: *Provided*, That no such allowance shall be paid for any period for which he receives increased pension under part VII of Veterans Regulation 1 (a) or a subsistence allowance under part VIII of such regulation: *Provided further*, That no

¹ Executive Order 9617, September 19, 1945, terminated the War Manpower Commission and transferred its functions and duties to the Department of Labor. See footnote 1, p. 24.

² See footnote 1, p. 7.

readjustment allowance shall be payable for any week commencing more than five years after the termination of hostilities in the present war.¹

(b) Such person shall be deemed eligible to receive an allowance for any week of unemployment if claim is made for such allowance and the Administrator finds with respect to such week that—

(1) the person is residing in the United States at the time of such claim;

(2) the person is completely unemployed, having performed no service and received no wages, or is partially unemployed in that services have been performed for less than a full workweek and the wages for the week are less than the allowance under this title plus \$3;

(3) the person is registered with and continues to report to a public employment office, in accordance with its regulations;

(4) the person is able to work and available for suitable work: *Provided*, That no claimant shall be considered ineligible in any period of continuous unemployment for failure to comply with the provisions of this subparagraph if such failure is due to an illness or disability which occurs after the commencement of such period.

(c) For the purposes of this title, neither the present war nor hostilities therein shall be considered as terminating, in the case of any individual, before the termination of such individual's first period of enlistment or reenlistment contracted within one year after the date of the enactment of the Armed Forces Voluntary Recruitment Act of 1945.

Added by sec. 11 (c), Public Law 190, 79th Cong., October 6, 1945.

CHAPTER VIII—DISQUALIFICATION

SEC. 800. (a) Notwithstanding the provisions of section 700, a claimant shall be disqualified from receiving an allowance if—

(1) he leaves suitable work voluntarily, without good cause, or is suspended or discharged for misconduct in the course of employment;

(2) he, without good cause, fails to apply for suitable work to which he has been referred by a public employment office, or to accept suitable work when offered him; or

(3) he, without good cause, does not attend an available free training course as required by regulations issued pursuant to the provisions of this title.

(b) Notwithstanding the provisions of section 700, a claimant shall also be disqualified from receiving an allowance for any week with respect to which it is

Act of June 22, 1944.

¹ See footnote 1, p. 7.

found that his unemployment is due to a stoppage of work which exists because of a labor dispute at the factory, establishment, or other premises at which he is or was last employed: *Provided*, That this subsection shall not apply if it is shown that—

(1) he is not participating in or directly interested in the labor dispute which causes the stoppage of work; and

(2) he does not belong to a grade or class of workers of which, immediately before the commencement of the stoppage there were members employed at the premises at which the stoppage occurs, any of whom are participating in or directly interested in the dispute: *Provided, however*, That if in any case separate branches of work, which are commonly conducted as separate business in separate premises, are conducted in separate departments of the same premises, each such department shall, for the purposes of this subsection, be deemed to be a separate factory, establishment, or other premises.

(c) (1) If a claimant is disqualified under the provisions of subsection (a) of this section, he shall be disqualified to receive any readjustment allowance for the week in which the cause of his disqualification occurred and for not more than four immediately following weeks.

(2) In addition to the disqualification prescribed in paragraph (1) above, the Administrator may, in cases of successive disqualifications under the provisions of subsection (a) of this section, extend the period of disqualification for such additional period as the Administrator may prescribe, but not to exceed eight additional weeks in the case of any one disqualification.

(d) (1) In determining under subsection (a) of this section the suitability of work or the existence of good cause with respect to a claimant, the conditions and standards prescribed by the unemployment compensation laws of the State in which he files his claim shall govern: *Provided*, That the Administrator may prescribe conditions and standards for applicants in any State having no applicable statute.

(2) In determining under subsection (a) of this section the suitability of work, no work shall be deemed suitable for an individual if—

(A) the position offered is vacant due directly to a strike, lock-out, or other labor dispute; or

(B) the wages, hours, or other conditions of the work offered are substantially less favorable to him than those prevailing for similar work in the locality.

CHAPTER IX—AMOUNT OF ALLOWANCE AND
PAYMENT

SEC. 900. (a) The allowance for a week shall be \$20 less that part of the wages payable to him for such week which is in excess of \$3: *Provided*, That where the allowance is not a multiple of \$1, it shall be computed to the next highest multiple of \$1. Act of June 22,
1944.

(b) The number of weeks of allowances to which each eligible veteran shall be entitled shall be determined as follows: For each calendar month or major fraction thereof of active service during the period stated in section 700 the veteran shall be entitled to four weeks of allowances, but in no event to exceed the maximum provided in section 700: *Provided*, That the allowance for the qualifying ninety days service shall be eight weeks for each such month.

SEC. 901. (a) Readjustment allowances shall be paid at the intervals prescribed by the unemployment compensation law of the State in which the claim was made: *Provided*, That if none are so prescribed readjustment allowances shall be paid at such reasonable intervals as may be determined by the Administrator. Act of June 22,
1944.

(b) Any allowances remaining unpaid upon the death of a claimant shall not be considered a part of the assets of the estate of the claimant, or liable for the payment of his debts, or subject to any administration of his estate, and the Administrator may make payment thereof to such person or persons he finds most equitably entitled thereto.

SEC. 902. (a) Any person qualified under subsection (a) of section 700, and residing in the United States who is self-employed for profit in an independent establishment, trade, business, profession, or other vocation shall be eligible for readjustment allowances under this title within the time periods applicable, and not in excess of the total amount provided in this title. Act of June 22,
1944.

(b) Upon application by the veteran showing, in accordance with rules prescribed by the Administrator, that he has been fully engaged in such self-employment and that his net earnings in a trade, business, profession, or vocation, have been less than \$100 in the previous calendar month, the veteran shall be entitled to receive, subject to the limitations of this title as to time and amount, the difference (adjusted to the next highest multiple of \$1), between \$100 and his net earnings for such month.

(c) Payment of such allowance shall be made by the Administrator to each eligible veteran at the time and in the manner other payments are made directly to veterans by the Administrator.

(d) Subsection (b) of section 700 and section 800 shall not apply in determining the eligibility for allowances of a claimant under this section.

CHAPTER X—ADJUSTMENT OF DUPLICATE BENEFITS

Act of June 22,
1944.

SEC. 1000. Where an allowance is payable to a claimant under this title and where, for the same period, either an allowance or benefit is received under any Federal or State unemployment or disability compensation law, the amount received or accrued from such other source shall be subtracted from the allowance payable under this title (except that this section shall not apply to pension, compensation, or retired pay paid by the Veterans' Administration); and the resulting allowances, if not a multiple of \$1, shall be readjusted to the next higher multiple of \$1.

CHAPTER XI—ADMINISTRATION

Act of June 22,
1944.

SEC. 1100. (a) The Administrator of Veterans' Affairs is authorized to administer this title and shall, insofar as possible, utilize existing facilities and services of Federal and State departments or agencies on the basis of mutual agreements with such departments or agencies. Such agreements shall provide for the filing of claims for readjustment allowances with the Administrator through established public employment offices and State unemployment-compensation agencies. Such agencies, through agreement, shall also be utilized in the processing, adjustment, and determination of such claims and the payment of such allowances. To facilitate the carrying out of agreements with State departments or agencies and to assist in the discharge of the Administrator's duties under this title, a representative of the Administrator, who shall be a war veteran separated from active service under honorable conditions and who at the time of appointment shall have been a bona fide resident of the State for at least two years, shall be located in each participating State department or agency.

(b) The Administrator, consistent with the provisions of this title, shall prescribe such rules and regulations and require such records and reports as he may find necessary to carry out its purposes: *Provided, however,* That cooperative rules and regulations relating to the performance by Federal or State departments, or agencies, of functions under agreements made therewith may be made by the Administrator after consultation and advisement with representatives of such departments or agencies.

(c) The Administrator may delegate to any officer or employee of his own or of any cooperating department or agency of any State such of his powers and duties, except that of prescribing rules and regulations, as the Administrator may consider necessary and proper to carry out the purposes of this title.

(d) Allowances paid by the cooperating State agencies shall be repaid upon certification by the Administrator. The Secretary of the Treasury, through the Division of Disbursement of the Treasury, and without the necessity of audit and settlement by the General Accounting Office, shall pay monthly to the departments, agencies, or individuals designated, the amounts so certified.

(e) The Administrator shall from time to time certify to the Secretary of the Treasury for payment in advance or otherwise such sums as he estimates to be necessary to compensate any Federal department or agency for its administrative expenses under this title. Such sums shall cover periods of no longer than six months.

(f) The Administrator shall also from time to time certify to the Social Security Board¹ such State departments or agencies as may be participating in the administration of this title, and the amount of the administrative expense incurred or to be incurred by a State under agreements made pursuant to this section. Upon such certification the Social Security Board shall certify such amount to the Secretary of the Treasury, in addition to the amount, if any, payable by said Board under the provisions of section 302 (a) of the Social Security Act, as amended, and the additional amount so certified shall be paid to each State by the Secretary of the Treasury out of the appropriation for the Veterans' Administration.

(g) Any money paid to any cooperating agency or person, which is not used for the purpose for which it was paid shall, upon termination of the period covered by such payment or the agreement with such agency or person, be returned to the Treasury and credited to the current appropriation for carrying out the purpose of this title, or, if returned after the expiration of period covered by this title, shall be covered into the Treasury as miscellaneous receipts.

SEC. 1101. (a) No person designated by the Administrator as a certifying officer shall, in the absence of gross negligence, or intent to defraud the United States, be liable with respect to the payment of any allowance certified by him under this title.

Act of June 22,
1944.

(b) No disbursing officer shall, in the absence of gross negligence, or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated by the Administrator.

SEC. 1102. Any claimant whose claim for an allowance has been denied shall be entitled to a fair hearing before an impartial tribunal of the State agency or such

Act of June 22,
1944.

¹ Duties transferred to Federal Security Administrator by sec. 4 of Reorganization Plan 2, effective July 16, 1946 (H. Doc. 595, 79th Cong.) (60 Stat. 1095).

other agency as may be designated by the Administrator. The representative of the Administrator located in each State shall be the final appellate authority in regard to contested claims arising in such State, subject to review by the Administrator.

Act of June 22,
1944.

SEC. 1103. In the case of any veteran eligible under the provisions of this title who either at the time of application for the benefits herein provided is a "qualified employee" as defined in section 3 of the Railroad Unemployment Insurance Act, as amended, or was last employed prior to such application by an employer as defined in section 1 (a) of the said Act, claim may be made through an office operated by or a facility designated as a free employment office by the Railroad Retirement Board pursuant to the provisions of said Act. In such cases, the conditions and standards as to suitability of work or existence of good cause, the intervals for making claim for and payment of benefits, and the administrative and appellate procedures prescribed by or under said Act shall govern, if not in conflict with the provisions of this title, the appellate procedures being subject to final appeal to the Administrator. In such cases, a reference in this title to a cooperating State agency shall be deemed to include the Railroad Retirement Board.

CHAPTER XII—DECISIONS AND PROCEDURES

Act of June 22,
1944.

SEC. 1200. The authority to issue subpoenas and provisions for invoking aid of the courts of the United States in case of disobedience thereto, to make investigations, and to administer oaths, as contained in title III of the Act of June 29, 1936 (49 Stat. 2033-34; U. S. C., title 38, secs. 131-133), shall be applicable in the administration of this title.

CHAPTER XIII—PENALTIES

Act of June 22,
1944.

SEC. 1300. Any claimant who knowingly accepts an allowance to which he is not entitled shall be ineligible to receive any further allowance under this title.

Act of June 22,
1944.

SEC. 1301. (a) Whoever, for the purpose of causing an increase in any allowance authorized under this title, or for the purpose of causing any allowance to be paid where none is authorized under this title, shall make or cause to be made any false statement or representation as to any wages paid or received, or whoever makes or causes to be made any false statement of a material fact in any claim for any allowance under this title, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such claim, shall be guilty of a misdemeanor and upon conviction thereof shall be fined

not more than \$1,000 or imprisoned for not more than one year, or both.

(b) Whoever shall obtain or receive any money, check, or allowance under this title, without being entitled thereto and with intent to defraud the United States, shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than one year, or both.

CHAPTER XIV—DEFINITIONS

SEC. 1400. As used in this title—

Act of June 22,
1944.

(a) The term "week" means such period or periods of seven consecutive calendar days as may be prescribed in regulations by the Administrator.

(b) The term "wages" means all remuneration for services from whatever sources, including commissions and bonuses and the cash value of all remuneration in any medium other than cash.

TITLE VI

CHAPTER XV—GENERAL ADMINISTRATIVE AND PENAL PROVISIONS

SEC. 1500. (a) Except as otherwise provided in this Act, the administrative, definitive, and penal provisions under Public, Numbered 2, Seventy-third Congress, as amended, and the provisions of Public, Numbered 262, Seventy-fourth Congress, as amended (38 U. S. C. 450, 451, 454a and 556a), shall be for application under this Act. For the purpose of carrying out any of the provisions of Public, Numbered 2, as amended, and this Act, the Administrator shall have authority to accept uncompensated services, and to enter into contracts or agreements with private or public agencies, or persons, for necessary services, including personal services, as he may deem practicable.

Act of June 22,
1944, as amended
by sec. 5, Public
Law 473, 80th
Cong., April 3,
1948.

(b) When so specified in an appropriation or other Act, the Administrator of Veterans' Affairs is authorized to make allotments and transfers to the Federal Security Agency (Public Health Service), the War,¹ Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration: *Provided*, That the amounts to be charged the Veterans' Administration for such care and treatment of patients in hospitals shall be calculated on the basis of a per diem rate approved by the Bureau of the Budget.

Added by sec. 5,
Public Law 473,
80th Cong., April
3, 1948.

SEC. 1501. Except as otherwise specified, the appropriations for the Veterans' Administration are hereby

Act of June 22,
1944.

¹ See footnote 1, p. 5.

made available for expenditures necessary to carry out the provisions of this Act and there is hereby authorized to be appropriated such additional amounts as may be necessary to accomplish the purposes of this Act.

Act of June 22,
1944.

SEC. 1502. Wherever used in this Act, unless the context otherwise requires, the singular includes the plural; the masculine includes the feminine; the term "Administrator" means the Administrator of Veterans' Affairs; the term "United States" used geographically means the several States, Territories and possessions, and the District of Columbia; the term "State" means the several States, Territories and possessions, and the District of Columbia; and the phrases "termination of hostilities in the present war", "termination of the present war", and "termination of the war", mean termination of the war as declared by Presidential proclamation or concurrent resolution of the Congress.¹

Act of June 22,
1944.

SEC. 1503. A discharge or release from active service under conditions other than dishonorable shall be a prerequisite to entitlement to veterans' benefits provided by this Act or Public Law Numbered 2, Seventy-third Congress, as amended.

Act of June 22,
1944.

SEC. 1504. The Administrator shall transmit to the Congress annually a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be.

Sec. 1505 of the
act of June 22,
1944, was re-
pealed by sec. 9,
Public Law 268,
79th Cong.,
December 28,
1945.

SEC. 1505.²

Sec. 1506 was
added by sec. 10,
Public Law 268,
79th Cong.,
December 28,
1945.

SEC. 1506. Persons who served in the active military or naval service of any government allied with the United States in World War II and who at time of entrance into such active service were citizens of the United States shall, by virtue of such service, and if otherwise qualified, be entitled to the benefits of titles II, III, IV, and V of this Act or of Public Law 16, Seventy-eighth Congress, in the same manner and to the same extent as persons who served in the active military or naval service of the United States: *Provided*, That any such benefit shall not be extended to any person who is not a resident of the United States at time of filing claim or to any person who has applied for and received the same or similar benefit from the

¹ See Public Law 239, 80th Cong., July 25, 1947, establishing date of termination of the war for certain purposes.

² The language of sec. 1505 read as follows: "In the event there shall hereafter be authorized any allowance in the nature of adjusted compensation, any benefits received by, or paid for, any veteran under this Act shall be charged against and deducted from such adjusted compensation; and in the event a veteran has obtained a loan under the terms of this Act, the agency disbursing such adjusted compensation shall first pay the unpaid balance and accrued interest due on such loan to the holder of the evidence of such indebtedness to the extent that the amount of adjusted compensation which may be payable will permit."

government of the nation in whose active military or naval service he served.

SEC. 1507. Notwithstanding the provisions of section 1503, any person while on terminal leave, or while hospitalized pending final discharge, may be afforded the benefits of titles II and III of this Act, or vocational rehabilitation training under Public Law 16, Seventy-eighth Congress, as amended, subject to all conditions thereof except actual discharge: *Provided*, That no subsistence allowance shall be paid in such cases under title II of this Act or Public Law 16, Seventy-eighth Congress. This section shall be effective from June 22, 1944.

Added by sec. 10,
Public Law 268,
79th Cong.,
December 28,
1945.

THE ACT PROVIDING FOR VOCATIONAL REHABILITATION OF DISABLED VETERANS

(Public Law 16, 78th Cong., March 24, 1943) with amendments prior to August 11, 1948

Act of March 24, 1943.

SEC. 1. That section 1, title I, Public, Numbered 2, Seventy-third Congress, approved March 20, 1933, be amended by adding at the end thereof a new subsection known as subsection (f) and to read as follows:

As amended by sec. 400 (a), Public Law 346, 78th Cong., June 22, 1944.

“(f) Any person who served in the active military or naval forces on or after September 16, 1940, and prior to the termination of hostilities in the present war,¹ shall be entitled to vocational rehabilitation subject to the provisions and limitations of Veterans Regulation Numbered 1 (a), as amended, part VII, or to education or training subject to the provisions and limitations of part VIII.”

Act of March 24, 1943.

SEC. 2. Veterans Regulation Numbered 1 (a), as amended, is hereby amended by adding at the end thereof a new part to be known as part VII and to provide as follows:

“PART VII

As amended by sec. 403, Public Law 346, 78th Cong., June 22, 1944.

“1. Any person who served in the active military or naval service² at any time on or after September 16, 1940, and prior to the termination of the present war, who is honorably³ discharged therefrom,⁴ and who has a disability incurred in or aggravated by such service for which pension is payable under laws administered by the Veterans' Administration, or would be but for receipt of retirement pay, and is in need of vocational rehabilitation to overcome the handicap of such disability, shall be entitled⁵ to such vocational rehabilitation as may be prescribed by the Administrator of Veterans' Affairs to fit him for employment consistent with the degree of disablement: *Provided*, That no course of training in excess of a period of four years shall be approved except with the approval of the Administrator, nor shall any training under this part

As amended by sec. 7 (a), Public Law 268, 79th Cong., December 28, 1945.

¹ See sec. 1502, Public Law 346, 78th Cong. See footnote 1, p. 7.
² Sec. 1506, Public Law 346, 78th Cong., added by sec. 10, Public Law 268, 79th Cong.
³ See sec. 1503, Public Law 346, 78th Cong.
⁴ See sec. 1507, Public Law 346, 78th Cong., added by sec. 10, Public Law 268, 79th Cong.
⁵ See par. 7, pt. VIII, as amended by sec. 5 (f), Public Law 268, 79th Cong.

be afforded beyond nine years after the termination of the present war.¹

"2. The Administrator shall have the power and duty to prescribe and provide suitable training to persons included in paragraph I, and for such purposes may employ such additional personnel and experts as are deemed necessary, and may utilize and extend existing Veterans' Administration facilities and utilize those of any other governmental agency as well as those maintained by joint Federal and State contribution; and, in addition, he may, by agreement or contract with public or private institutions or establishments, provide for such additional training facilities as may be suitable and necessary to accomplish the purposes of this part.

Act of March 24, 1943.

"3. While pursuing training prescribed herein and for two months after his employability is determined, each veteran pursuing a course under this part, shall be paid a subsistence allowance of \$65 per month, if without a dependent or dependents, or \$90 per month, if he has a dependent or dependents: Except, That (1) each veteran pursuing a course of full-time institutional training under this part shall be paid a subsistence allowance of \$75 per month, if without a dependent or dependents, or \$105 per month, if he has one dependent, or \$120 per month, if he has more than one dependent, and (2) each veteran enrolled in and pursuing a course of institutional on-farm training or other combination course, under this part shall be paid, subject to the limitations of this paragraph, additional subsistence allowance in an amount bearing the same relation to the difference between the basic rates and the increased rates provided in (1) hereof as the institutional training part of such course bears to a course of full-time institutional training:² *Provided*, That the minimum payment of such allowance, plus any compensation or other benefit shall be (A) where the service-connected disability is rated less than 30 per centum, for a person without a dependent, \$105 per month; and for a person with a dependent, \$115, plus the following amounts for additional dependents: (1) \$10 for one child and \$7 additional for each additional child, and (2) \$15 for a dependent parent; (B) where the service-connected disability is rated 30 per centum or more, for a person without a dependent, \$115 per month; and for a person with a dependent, \$135, plus the following amounts for additional dependents: (1) \$20 for one child and \$15 additional for each additional child, and (2) \$15 for a dependent parent:³ *Provided further*, That the rates set out here-

Act of March 24, 1943, as amended by sec. 7 (b), Public Law 268, 79th Cong., December 28, 1945; Public Law 338, 80th Cong., August 4, 1947; sec. 2, Public Law 411, 80th Cong., February 14, 1948; and sec. 2, Public Law 512, 80th Cong., May 4, 1948.

¹ See footnote 1, p. 7.

² Sec. 3, Public Law 512, 80th Cong., provides that this Act shall take effect April 1, 1948.

³ Effective September 1, 1947, Public Law 338, 80th Cong., August 4, 1947.

in shall not be subject to the increases authorized by Public Law Numbered 312, Seventy-eighth Congress, approved May 27, 1944: *And provided further*, That when the course of vocational rehabilitation furnished to any person as herein provided consists of training on the job by an employer, such employer shall be required to submit monthly to the Administrator a statement in writing showing any wage, compensation, or other income paid by him to such person during the month, directly or indirectly, and based upon such written statements, the Administrator is authorized to reduce the subsistence allowance of such person to an amount considered equitable and just.

Act of March 24,
1943.

"4. Where any person while following a course of vocational rehabilitation as provided for in this part suffers an injury or an aggravation of any injury, as a result of the pursuit of such course of vocational rehabilitation, and not the result of his or her own willful misconduct, and such injury or aggravation results in additional disability to or death of such person, the benefits under laws applicable to veterans of the present war shall be awarded in the same manner and extent as if such disability, aggravation, or death were service-connected within the meaning of such laws; except that no benefits under this paragraph shall be awarded unless application be made therefor within two years after such injury or aggravation was suffered, or such death occurred.

Act of March 24,
1943.

"5. The purpose of rehabilitation is to restore employability lost by virtue of a handicap due to service-incurred disability. The Administrator shall have the power and duty to cooperate with and employ the facilities of other governmental and State employment agencies for the purpose of placing in gainful employment persons trained under the provisions of this part.

Act of March 24,
1943.

"6. The Administrator is hereby authorized to make such rules and regulations as may be deemed necessary in order to promote good conduct and cooperation on the part of persons who are following courses of vocational rehabilitation provided by this part. Penalties for the breach of such rules and regulations may, with the approval of the Administrator, extend to a forfeiture by the offender for a period of three months of such portion of the pension herein provided as will leave him not less than the amount of the monthly pension or retirement pay to which such person is entitled for service-connected disability, and such penalties may also extend to permanent discontinuance of all further benefits of this part.

Act of March 24,
1943.

"7. The Administrator is hereby authorized to make such rules and regulations as may be deemed necessary

for the granting of leaves of absence to those following courses of vocational rehabilitation provided by this part where in his opinion such leaves do not materially interfere with the pursuit of such courses. Such leaves of absence shall not in the case of any person be granted in excess of thirty days in any consecutive twelve months except in exceptional circumstances as determined by the Administrator: *Provided*, That during leave of absence under this paragraph such person shall be considered to be pursuing his course of vocational rehabilitation under this part.

"8. There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, available immediately and until expended, the sum of \$3,000,000, to be utilized by the Veterans' Administration under such rules and regulations as the Administrator may prescribe, as a revolving fund for the purpose of making advancements, not exceeding \$100 in any case, to persons commencing or undertaking courses of vocational rehabilitation under this part, and advancement to bear no interest and to be reimbursed in such installments as may be determined by the Administrator by proper deductions from any future payments of compensation, pension, or retirement pay.

Act of March 24,
1943, as amended
by Public Law
365, 79th Cong.,
Apr. 24, 1946;
and Public Law
115, 80th Cong.,
June 25, 1947.

"9. The Administrator shall have the power to provide courses of instruction for personnel and may detail employees to attend the same and may detail any such personnel to attend courses conducted by other than Veterans' Administration agencies, including private organizations, and such employees in addition to their salaries shall be entitled to the payment of expenses incident to such detail, including transportation and tuition, as the Administrator by rules and regulations shall provide; and also in his discretion, to make, or, as by agreement with other agency or institution, cause to be made studies, investigations, and reports inquiring into the rehabilitation of disabled persons and the relative abilities, aptitudes and capacities of the several groups of the variously handicapped and as to how their potentialities can best be developed and their services best utilized in gainful and suitable employment, including the rehabilitation programs of foreign nations engaged in the present war. For this purpose he shall have the power to cooperate with such public and private agencies as he may deem advisable and to call in consultants who shall receive as compensation for their services a reasonable per diem, which the Administrator shall by rules and regulations provide, for each day actually spent in the work provided for herein and shall in addition be reimbursed for their necessary traveling and other expenses. For the purposes of this

Act of March 24,
1943.

Act of March 24,
1943, as amended
by sec. 401,
Public Law 346,
78th Cong., June
22, 1944.

Added by sec. 1,
Public Law 679,
79th Cong.,
August 8, 1946.

Added by sec.
402, Public Law
346, 78th Cong.,
June 22, 1944.

Proviso added by
sec. 6, Public
Law 268, 79th
Cong., December
28, 1945.

part, the Administrator may accept uncompensated services upon such agreement as he may deem feasible."

SEC. 3. The appropriation for the Veterans' Administration, "Salaries and expenses, medical and hospital, and compensation and pensions", shall be available for necessary expenses under part VII, as amended, or part VIII of Veterans Regulation Numbered 1 (a), and there is hereby authorized to be appropriated such additional amount or amounts as may be necessary to accomplish the purposes thereof. Such expenses may include, subject to regulations issued by the Administrator and in addition to medical care, treatment, hospitalization, and prosthesis, otherwise authorized, such care, treatment, and supplies as may be necessary to accomplish the purposes of part VII,¹ as amended, or part VIII of Veterans Regulation Numbered 1 (a). Any such appropriation shall also be available for use by the Administrator in reimbursing State and local agencies for reasonable expenses incurred by them in (1) rendering necessary services in ascertaining the qualifications of industrial establishments for furnishing on-the-job training to veterans under the provisions of part VIII of such regulation, and in the supervision of industrial establishments furnishing such training, or (2) furnishing, at the request of the Administrator, any other services or facilities in connection with the administration of programs for training on the job under such provisions, or (3) furnishing, at the request of the Administrator, information concerning educational opportunities available in schools and colleges.

SEC. 4. Any books, supplies, or equipment furnished a trainee or student under part VII or part VIII of Veterans Regulation Numbered 1 (a) shall be deemed released to him: *Provided*, That if he fail, because of fault on his part to complete the course of training or education afforded thereunder, he may be required, in the discretion of the Administrator, to return any or all of such books, supplies, or equipment not actually expended or to repay the reasonable value thereof: *Provided further*, That returned books, supplies, or equipment may be turned in to educational or training institutions for credit under such terms as may be approved by the Administrator, or disposed of in such other manner as may be approved by the Administrator.

¹ See footnote 2, p. 15.

APPENDIX

[PUBLIC LAW 549—79TH CONGRESS]

[CHAPTER 672—2D SESSION]

[H. R. 6739]

AN ACT

Making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes.

* * * * *

TITLE I—DEPARTMENT OF LABOR

* * * * *

UNITED STATES EMPLOYMENT SERVICE

* * * * *

On November 15, 1946, the Secretary of Labor shall transfer, to the State agency in each State designated under section 4 of the Act of Congress approved June 6, 1933, as amended, as the agency to administer the State-wide system of public employment offices in cooperation with the United States Employment Service under said Act, the operation of State and local public employment office facilities and properties which were transferred by such State to the Federal Government in 1942 to promote the national war effort. The Secretary of Labor shall, on request of the State agency, also provide for the transfer and assignment to such State, without reimbursement therefor, of any other public employment office facilities and properties within such State, including records, files, and office equipment: *Provided*, That as a condition to such transfer and assignment of Federal properties, the Secretary may require the recipient State to waive any claim which may then exist or thereafter arise out of the use made by the Federal Government of, or for the loss of or damage to, property and facilities transferred to the Federal Government as hereinabove described.

* * * * *

SEC. 702. This Act may be cited as the "Labor-Federal Security Appropriation Act 1947".

Approved July 26, 1946.

[PUBLIC LAW 697—79TH CONGRESS]

[CHAPTER 917—2D SESSION]

[S. 2085]

AN ACT

To amend title V of the Act entitled "An Act to expedite the provision of housing in connection with the national defense, and for other purposes", approved October 14, 1940, as amended, to authorize the Federal Works Administrator to provide needed educational facilities, other than housing, to educational institutions furnishing courses of training or education to persons under title II of the Servicemen's Readjustment Act of 1944, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 502 of the Act entitled "An Act to expedite the provision of housing in connection with the national defense, and for other purposes", approved October 14, 1940, as amended, is amended by striking out "this title V," and inserting in lieu thereof "sections 501, 502, and 503 of this title,".

(b) Subsection (b) of section 502 of such Act, as amended, is amended by inserting after the word "institutions" the words "or for members of faculties (including the families of such members) of educational institutions furnishing education and training to veterans under title II of the Servicemen's Readjustment Act of 1944, as amended,".

(c) Subsection (c) of such section is amended by inserting after the word "institutions" the words "or for members of faculties (including the families of such members) of educational institutions furnishing education and training to veterans under title II of the Servicemen's Readjustment Act of 1944, as amended".

(d) Subsection (e) of section 502 of such Act, as amended, is amended by striking out "title V," and inserting in lieu thereof "section,".

SEC. 2. Title V of such Act, as amended, is amended by adding at the end thereof the following new section:¹

"SEC. 504. (a) At any educational institution including any educational facility operated by the Indian Service where the Commissioner of Education shall find that there exists or impends an acute shortage of educational facilities, other than housing, required for persons engaged in the pursuit of courses of training or education under title II of the Servicemen's Readjustment Act of 1944, as amended, the Federal Works Administrator is authorized, upon request of such educational institution, to provide such educational facilities (1) by the use or reuse (including disassembling, transporting, and reerecting) of structures or facilities (including improvements, equipments, materials, or furnishings but not including site acquisition and preparation or the installation of streets and utility mains) under the jurisdiction or control of any Federal agency which are no longer required by such agency and which, in the determination of said Administrator

¹ Authority of Federal Works Administrator under this section terminates nine years after the present war; termination of the war fixed at July 25, 1947, by Public Law 239, 80th Cong., July 25, 1947.

can be utilized to provide the needed educational facilities and which, in the determination of the War Assets Administrator are available for such use or reuse and (2) by connecting utilities from buildings to mains. Upon request of the Federal Works Administrator any Federal agency having jurisdiction or control of any such structures or facilities may, with the approval of the War Assets Administrator, notwithstanding any other provisions of law, transfer such structures or facilities to the Federal Works Administrator, without reimbursement, for such use or reuse. Without regard to the provisions of any other law, said Administrator is authorized to transfer to any educational institution any educational facilities provided for such educational institution under this subsection.

“(b) In carrying out the provisions of this section, said Administrator is authorized to exercise all the powers contained in sections 202 (a) and (b) and title III of this Act, subject to all the limitations contained in sections 203 (a) and (b) and title III of this Act: *Provided*, That nothing herein shall exclude the Indian Service from participation in the educational benefits provided by this Act.

“(c) To carry out the provisions of this section, and for administrative expenses in connection therewith, any funds made available under title II of this Act are hereby made available, and for such purposes there is also authorized to be appropriated the sum of \$100,000,000.

“(d) Nothing in this section 504 shall affect the transfer to the National Housing Administrator of any structures or facilities requisitioned by him pursuant to section 502 (b) of this Act, for housing for veterans and distressed families of servicemen prior to any request therefor made by the Federal Works Administrator pursuant to the authority contained in said section 504.

“(e) Except with respect to contracts previously entered into and court proceedings then pending, this section shall cease to be effective on the last date on which courses of education or training may be provided under title II of the Servicemen's Readjustment Act of 1944, as amended.

“(f) As used in this Act the term 'educational institution' shall mean (a) any public educational institution or (b) any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.

“(g) Nothing in this section shall authorize the transfer of any property to the Federal Works Administrator until the preference to veterans provided by section 16 of the Surplus Property Act of 1944, as amended, has been fully satisfied in accordance with its terms; and for the purposes of such section 16 transfers to such Administrator under this section shall not be considered as transfers to a Government agency.”

Approved August 8, 1946.

[PUBLIC LAW 91—80TH CONGRESS]

[CHAPTER 103—1ST SESSION]

[S. J. Res. 115]

JOINT RESOLUTION

Authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines.

As amended by
Public Law 474,
80th Cong., April
3, 1948.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the authority in section 7 of the World War Veterans' Act, 1924 (43 Stat. 609; 38 U. S. C. 430), and section 101 of the Servicemen's Readjustment Act of 1944 (58 Stat. 284; 38 U. S. C. 693a), to establish and continue regional offices, suboffices, contact units, or other subordinate offices may continue to be exercised by the Administrator of Veterans' Affairs with respect to territory of the Republic of the Philippines on and after the date of its independence if he deems such offices necessary, but in no event after June 30, 1950.

Approved June 14, 1947.

[PUBLIC LAW 349—80TH CONGRESS]

[CHAPTER 474—1ST SESSION]

[H. R. 3325]

AN ACT

To enable Osage Indians who served in World War II to obtain loans under the Servicemen's Readjustment Act of 1944, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of section 6 of the Act approved February 27, 1925 (43 Stat. 1008), as amended by section 5 of the Act approved March 2, 1929 (45 Stat. 1478), which make invalid contracts of debt entered into by certain members of the Osage Tribe of Indians, shall not apply to any debt contracted pursuant to title III of the Servicemen's Readjustment Act of 1944 by any member of such tribe who, by reason of his service in the armed forces of the United States during World War II, is eligible for the benefits of such title III; and any other member of the Osage Tribe upon attaining the age of twenty-one years may contract a valid debt without approval of the Secretary of the Interior: *Provided*, That the Osage lands and funds and any other property which has heretofore or which may hereafter be held in trust or under supervision of the United States for such Osage Indians not having a certificate of competency shall not be subject to lien, levy, attachment, or forced sale to satisfy any debt or obligation contracted or incurred prior to the issuance of a certificate of competency.

Approved August 4, 1947.

[PUBLIC LAW 372—80TH CONGRESS]

[CHAPTER 503—1ST SESSION]

[H. R. 2800]

AN ACT

To amend section 5 of Home Owners' Loan Act of 1933, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by adding at the end thereof the following:

"Notwithstanding any other provision of this subsection except the area restriction such associations may invest their funds in loans insured under title I of the National Housing Act, as amended, loans guaranteed or insured as provided in the Servicemen's Readjustment Act of 1944, as amended (except business loans provided by section 503 thereof and not secured by a lien on real estate), or in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$1,500 except in conformity to the other provisions of this subsection, and that the total amount of loans so made without regard to the other provisions of this subsection shall not, at any time, exceed 15 per centum of the association's assets."

Approved August 6, 1947.

[PUBLIC LAW 646—80TH CONGRESS]

[CHAPTER 472—2D SESSION]

[H. R. 6355]

AN ACT

Making supplemental appropriations for the Federal Security Agency for the fiscal year ending June 30, 1949, and for other purposes.

* * * * *

TITLE I—FEDERAL SECURITY AGENCY

* * * * *

BUREAU OF EMPLOYMENT SECURITY (SOCIAL SECURITY ADMINISTRATION)

* * * * *

Effective July 1, 1948, the United States Employment Service, including its functions under title IV of the Servicemen's Readjustment Act of 1944, is transferred to the Federal Security Agency, and on and after such date the functions of the Secretary of Labor with respect to the United States Employment Service are transferred to the Federal Security Administrator and shall be performed by him or, under his direction and control, by such officers and employees of the Federal Security Agency as he may designate. There are transferred to the Federal Security Agency, for use in connection with the functions transferred by the provisions of this paragraph, the personnel, property, and records of the Department of Labor related to the United States Employment Service, and the balances of such prior appropriations, allocations, and other funds available to the United States Employment Service as the Director of the Bureau of the Budget may determine. The provisions of section 9 of the Reor-

ganization Act of 1945 (Public Law 263, Seventy-ninth Congress) shall apply to the transfer effected by this paragraph in like manner as if such transfer were a reorganization of the agencies and functions concerned under the provisions of that Act.

* * * * *

SEC. 202. This Act may be cited as "The Supplemental Federal Security Agency Appropriation Act, 1949".

* * * * *

Enacted into law June 16, 1948, notwithstanding veto by the President.

[PUBLIC LAW 660—80TH CONGRESS]

[CHAPTER 486—2D SESSION]

[H. R. 5134]

AN ACT

To amend Public Law Numbered 432, Seventy-sixth Congress, to include an allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for vocational-rehabilitation purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of Public Law Numbered 432, Seventy-sixth Congress, approved March 14, 1940 (54 Stat. 49), as amended, is hereby amended to read as follows:

"That the Administrator of Veterans' Affairs is hereby authorized, under regulations to be prescribed by the President, to pay the actual necessary expenses of travel, including lodging and subsistence, or in lieu thereof an allowance based upon the mileage traveled, of any person to or from a Veterans' Administration facility or other place in connection with vocational rehabilitation or for the purpose of examination, treatment, or care: *Provided*, That payment of mileage in connection with vocational rehabilitation or upon termination of examination, treatment, or care may be made prior to completion of such travel: *And provided further*, That when any such person requires an attendant other than an employee of the Veterans' Administration for the performance of such travel, such attendant may be allowed expenses of travel upon a similar basis."

Approved June 16, 1948.

[PUBLIC LAW 702—80TH CONGRESS]

[CHAPTER 533—2D SESSION]

[H. R. 4244]

AN ACT

To authorize assistance to certain veterans in acquiring specially adapted housing which they require by reason of the nature of their service-connected disabilities.

* * * * *

SEC. 2. Veterans Regulation Numbered 1 (a), as amended, is hereby amended by adding at the end thereof a new part to be known as part IX and to read as follows:

* * * * *

"4. Any person who accepts the benefits of this part shall not by reason thereof be denied the benefits of title III of the Servicemen's Readjustment Act of 1944, as amended.

* * * * *

Approved June 19, 1948.

[PUBLIC LAW 864—80TH CONGRESS]

[CHAPTER 784—2D SESSION]

[S. 2790]

AN ACT

To amend the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the National Housing Act, as amended, is hereby amended to read as follows:

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"CREATION AND POWERS OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

"SEC. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of a Federal National Mortgage Association (hereinafter referred to as the "Association") which shall be authorized, subject to such rules and regulations as may be prescribed by the Association—

"(1) to purchase, service, or sell any mortgages, which are insured after April 30, 1948, under title II, or title VI of this Act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended: *Provided, however, That—*

As amended by
sec. 201, Public
Law 901, 80th
Cong., Aug. 10,
1948.

"(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;

As amended by
sec. 202, Public
Law 901, 80th
Cong., Aug. 10,
1948.

"(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.

"(2) to borrow money for any of the foregoing purposes through the issuance of notes or other such obligations as hereinafter provided.

"(b) The Federal National Mortgage Association, a subsidiary of the Reconstruction Finance Corporation and established pursuant to the provisions of this title as in effect prior to June 1, 1948, shall be the Association referred to in subsection (a) of this section. The Board of Directors of the Association shall consist of not less than five persons to be appointed by the Chairman of the Board of Directors of the Reconstruction Finance Corporation, or the Acting Chairman in the case of a vacancy in the office of Chairman, from the Directors, officers, or employees of such Corporation and the officers shall be appointed by the Board of Directors from the Directors, officers, or employees of the Reconstruction Finance Corporation.

"(c) The Association created under this section shall have succession from the date of its organization unless it is dissolved by order of the Administrator as hereinafter provided, or by Act of Congress, and shall have power—

"(1) to adopt and use a corporate seal;

"(2) to make contracts;

"(3) to sue and be sued; complain and defend, in any court of law or equity, State or Federal;

"(4) to conduct its business in any State of the United States, or in the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands, and to have one or more offices in such State, or in the District of Columbia, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office;

"(5) to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(d) The Association may have a capital stock of not to exceed \$20,000,000 and paid-in surplus of \$1,000,000, subscribed by the Reconstruction Finance Corporation.

"(e) The Association, for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the place in which its principal office is located.

"(f) No individual, association, partnership, or corporation, except the association organized under this section, shall hereafter use the words 'Federal National Mortgage Association' or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding 30 days, or both, for each day during which such violation is committed or repeated. The provisions of section 5243 of the Revised Statutes shall not apply to the Association created under this title.

"OBLIGATIONS

"SEC. 302. The Association is authorized to issue and have outstanding at any time notes or other obligations in an aggregate amount not to exceed (1) 40 times the amount of its capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of titles II and VI of this Act and guaranteed under section 501, 502, or 505 (a) of the Servicemen's Readjustment Act of 1944, as amended, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

"INVESTMENT OF FUNDS

"SEC. 303. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; except that the Association shall keep and maintain such reserves as it may deem necessary.

"TAXATION PROVISIONS

"SEC. 304. The Association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"MANAGEMENT OF ACQUIRED PROPERTIES

"SEC. 305. The Association shall have power to deal with, rent, renovate, modernize, or sell for cash, with a view to assuring a maximum financial return to the Association, any property acquired by it as a result of foreclosure proceedings or otherwise.

"LIQUIDATION

"SEC. 306. The Administrator shall have power to terminate the existence of the Association and order its liquidation and the winding up of its affairs whenever the Administrator determines, in his judgment, that the need therefor no longer exists. The Association shall make a report of its activities to the Administrator in January and July of each year for the preceding 6 months' period, which report shall be transmitted to the Congress, together with the Administrator's recommendations thereon."

SEC. 2. Nothing in the amendment made by the first section of this Act shall limit the authority of the Federal National Mortgage Association to service or sell any mortgage purchased prior to the date of the enactment of this Act, or to purchase, service, or sell any mortgage with respect to which a commitment to purchase was made prior to the date of the enactment of this Act.

SEC. 3. Section 4 (c) of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking out "\$1,500,000,000" and inserting in lieu thereof "\$2,000,000,000."

SEC. 4. Section 4 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by adding at the end thereof a new subsection reading as follows:

"(h) The Corporation may subscribe for the nonassessable stock of the Federal National Mortgage Association: *Provided*, That the total face amount of stock so subscribed for and held by the Corporation shall not exceed at any one time \$20,000,000."

* * * * *

Approved July 1, 1948.

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