

MAINE STATE LEGISLATURE

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June 15, 1933

Edward H. Osgood, Manager
Reconstruction Finance Corporation
Federal Reserve Bank
Boston, Massachusetts

Dear Sir:

At the request of Harold V. Moore, Mayor of the City of Ellsworth, I am writing you relative to the City of Ellsworth obtaining a loan from the Reconstruction Finance Corporation and am pleased to call your attention to the United States Emergency Relief and Construction Act of 1932.

The provisions of this Act appear to authorize loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair and reconstruction of buildings damaged by earthquake, fire, tornado or cyclone in the year 1933, etc.. In order to enable the City of Ellsworth to secure financial aid from the Reconstruction Finance Corporation, a nonprofit corporation with capital stock was formed in Ellsworth to apply for and receive loans for reconstruction and repair of private property in accordance with the terms of the aforesaid Act; and, as security therefor, to pledge the assets of the corporation, and make such agreements with the Reconstruction Finance Corporation regarding additional security as may be necessary, including, "obligations of the owner of such property secured by a paramount lien except as to taxes and special assessment on the property repaired or reconstructed, or on other property of the borrower".

In the case of municipalities, I regret to have to inform you that the City can only incur an indebtedness up to the municipal debt limit of the Constitution of Maine, and the amount which it may borrow in anticipation of taxes for the year 1933. Any indebtedness over and above this would be only a moral obligation of the municipality.

E. E. Osgood, Mgr., June 15, 1888, Page 2.

In view of the provision contained in the Reconstruction Act" that,--

"The corporation shall not deny an otherwise acceptable application for loans for repair or reconstruction of the buildings of municipalities,***** because of constitutional or other legal inhibitions affecting the collateral,"

the constitutional limit of the power to create any debt or liability ought not to preclude the City of Ellsworth from receiving the funds necessary to reconstruct and repair the municipal buildings lost by the recent conflagration.

Very truly yours,

Deputy Attorney General

SLP-H