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32.304-1 Application for guarantee.

(a) A contractor, subcontractor, or supplier that needs operating funds to perform a contract related to *national defense* may apply to a financing institution for a loan. If the financing institution is willing to extend credit, but considers a Government guarantee necessary, the institution may apply to the Federal Reserve Bank of its district for the guarantee. Application forms and guidance are available at all Federal Reserve Banks.

(b) The Federal Reserve Bank will promptly send a copy of the application, including a list of the relevant defense contracts held by the contractor, to the *Federal Reserve Board*. The Board will transmit the application and the list of contracts to the interested *guaranteeing agency*, so that the agency can determine the eligibility of the contractor.

(c) To expedite the process, the Federal Reserve Bank may, pursuant to instructions of a *guaranteeing agency*, submit lists of the defense contracts to the interested *contracting officers*.

(d) While eligibility is being determined, the Federal Reserve Bank will make any necessary credit investigations to supplement the information furnished by the applicant financing institution in order to-

- (1) Expedite necessary defense financing; and
- (2) Protect the Government against monetary loss.

(e) The Federal Reserve Bank will send its report and recommendation to the *Federal Reserve Board*. The Board will transmit them to the interested *guaranteeing agency*.

Parent topic: [32.304 Procedures](#).