

§ 337.13

(d) *Payments.* (See § 357.26 of this chapter.) Direct deposit (electronic funds transfer) payments with respect to debentures, e.g., principal, interest and cash adjustments, will be made without prenotification messages.

§ 337.13 Payment of mortgage insurance premiums.

When book-entry debentures are being purchased prior to maturity to pay for mortgage insurance premiums, the difference between the amount of the debentures purchased and the mortgage insurance premiums shall be issued to the owner in the form of a book-entry debenture in the exact amount of such difference, provided it is one dollar (\$1.00) or more.

Subpart C—Additional Information

§ 337.14 Address for further information.

Further information regarding the issuance of, transactions in, and redemption of, FHA debentures may be obtained from the Bureau of the Public Debt, Office of Public Debt Accounting, 200 Third Street, P.O. Box 396, Parkersburg, West Virginia 26102-0396.

[66 FR 56432, Nov. 8, 2001]

§ 337.15 General provisions.

As fiscal agents of the United States, Federal Reserve Banks are authorized to perform any necessary acts under this part. The Secretary of the Treasury may at any time or from time to time prescribe supplemental and amendatory regulations governing the matters covered by this part, notice of which shall be communicated promptly to the registered owners of the debentures.

[66 FR 56432, Nov. 8, 2001]

PART 339—EXCHANGE OFFERING OF UNITED STATES SAVINGS BONDS, SERIES H

Sec.

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339.4 Exchanges without tax deferral.

339.5 Governing regulations.

339.6 Fiscal agents.

339.7 Preservation of rights.

339.8 Reservation as to terms of offer.

AUTHORITY: Secs. 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C. 301.

SOURCE: 36 FR 23856, Dec. 15, 1971, unless otherwise noted.

§ 339.0 Offering of Series H bonds in exchange for Series E bonds and savings notes.

The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, hereby offers to the people of the United States, U.S. Savings Bonds of Series H in exchange for outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares) without regard to the annual limitation on holdings for the Series H bonds. The Series H bonds offered hereunder are those described in Department Circular No. 905, current revision, except as otherwise specifically provided herein. This offering will continue until terminated by the Secretary of the Treasury.

EDITORIAL NOTE: The sale of U.S. Savings Bonds, Series H, was terminated at the close of business Dec. 31, 1979. See 44 FR 77158, Dec. 31, 1979.

§ 339.1 Definitions of words and terms as used in this circular.

Unless the context otherwise requires or indicates:

(a) *Securities* mean outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares).

(b) *Owner* means an owner of securities, except a commercial bank in its own right (as distinguished from a representative or fiduciary capacity) and a nonresident alien who is a resident of an area with respect to which the Treasury Department restricts or regulates delivery of checks drawn against funds of the United States or any agency or instrumentality thereof. The term includes a registered owner, whether or not a natural person, either coowner (but only the *principal coowner*

if Series H bonds are requested in a form of registration different from that on the securities submitted), a surviving beneficiary, or any other person who would be entitled to reissue under the regulation governing U.S. Savings Bonds,¹ such as, but not limited to, any person entitled to succeed to the estate of a deceased owner.

(c) *Commercial bank* means a bank accepting demand deposits.

(d) *Interest* means the increment in value on Series E savings bonds and on savings notes.

(e) *Principal coowner* means a coowner who purchased the securities submitted for exchange with his own funds or received them as a gift, legacy or inheritance or as a result of judicial proceedings and had them reissued in co-ownership form, provided he has received no contribution in money or money's worth from the other coowner for designating him on the securities.

§ 339.2 Denominations.

Series H bonds, available for use hereunder, are in denominations of \$500, \$1,000, \$5,000 and \$10,000.

§ 339.3 Exchanges with privilege of deferring reporting of interest for Federal income tax purposes.

(a) *Tax-deferred exchanges.* Pursuant to the provisions of section 1037(a) of the Internal Revenue Code of 1954, the Secretary of the Treasury hereby grants to owners who have not been reporting the interest on their securities on an accrual basis for Federal income tax purposes the privilege of exchanging such securities for Series H bonds and of continuing to defer reporting of the interest on the securities exchanged (except interest referred to in paragraph (b)(5) of this section) for Federal income tax purposes to the taxable year in which the Series H bonds received in exchange are disposed of, are redeemed, or have reached final maturity, whichever is earlier.²

¹Department Circular No. 530, current revision (31 CFR part 315). Copies may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20220.

²The interest paid semiannually by check on all Series H bonds, whether issued in exchange under this or any other section, or

(b) *Rules governing the exchange.* (1) Exchange subscription Form PD 3253, completed and executed in accordance with the instructions thereon, the securities, any cash difference (see paragraph (b)(3) of this section), and any supporting evidence which may be required under the governing regulations³ may be presented or forwarded to any authorized agency.⁴

(2) A Series H bond issued upon exchange will be registered in the name of the owner of the securities submitted in any authorized form of registration. However, the *principal coowner* must be named as owner or coowner.

(3) The total current redemption value of the securities submitted for exchange in any one transaction must amount to \$500 or more. If the total current redemption value is in an even multiple of \$500, Series H bonds must be requested in that exact amount. If the total current redemption value exceeds \$500, but is not in an even multiple of \$500, the owner has the option of furnishing cash necessary to obtain Series H bonds of the next higher \$500 multiple, or of receiving payment of the difference between the total current redemption value and the next lower multiple of \$500. For example, under the rules prescribed in this circular, if the securities submitted for exchange in one transaction total \$4,253.33 current redemption value, the owner may elect to:

(i) Receive \$4,000 in Series H bonds and the amount of the difference, \$253.33, or

otherwise, is subject to the Federal income tax for the taxable year in which it is received.

³For example, a beneficiary named on Series E bonds would have to submit proof of the death of the registered owner in order to exchange such bonds for Series H bonds.

⁴Agents authorized to pay Series E bonds and savings notes are authorized to accept and handle exchange subscriptions submitted by natural persons whose names are inscribed on the face of the bonds and notes as owners or coowners in their own right. However, as agents of subscribers they may forward any exchange subscription to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20226, for acceptance and handling.