



Seventy-Sixth Congress, Session III
Chapter 41 — 54 Stat. 44 — Public, No. 425 (H. R. 6505)
March 4, 1940

*AN ACT To amend an Act entitled “An Act to establish a uniform system of bankruptcy
throughout the United States”, approved July 1, 1898, and Acts amendatory thereof and
supplementary thereto.*

*Be it enacted by the Senate and House of Representatives of the United States of America in
Congress assembled,* That section 83a of chapter IX of an Act entitled “An Act to
establish a uniform system of bankruptcy throughout the United States”, approved
July 1, 1898, as amended, be, and it is hereby, amended by inserting immediately after
the first paragraph of said section 83a the following: “Wherever the petition seeks to
effect a plan for the composition of obligations represented by securities, or evidences
in any form of rights to payment, issued by the petitioner to defray the cost of local
improvements and payable out of the proceeds of special assessments or special taxes
levied by the petitioner, it shall be sufficient if the petitioner aver that the property
liable for the payment of such securities, principal, and interest, is not of sufficient
value to pay same, and that the accrued interest on such securities is past due and in
default; and the list of creditors to be filed with such petition need contain only the
known claimants of rights based on those securities evidencing the obligations sought
to be composed under this chapter, and such list shall include separately the names
and addresses of those creditors who have accepted the plan of composition. A list of
the record owners or holders of title, legal, or equitable, to any real estate involved in
the proceeding, shall also be filed with the petition, and such record owners or
holders of title shall be notified in the manner provided in this section for creditors
and be entitled to hearing by the court upon reasonable application therefor.”

SEC. 2. The provisions of the foregoing section shall be deemed to be additional and cumulative and not in diminution of any of the powers conferred by the Act hereby amended.

APPROVED, March 4, 1940.