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Honorable Thomas F. Ford, House Office Building, Washington, D. C.

My dear Congressman:

This will acknowledge your letter of March 13, 1935 inclosing a letter to you from Mr. J. S. Macdonnell, President of the First Trust and Savings Bank of Pasadena, California. I had already received a letter from Mr. Macdonnell under the same date in which he suggested an amendment to the provisions of H.R. 5357 respecting real estate loans.

cern is the proposed limitation on the aggregate amount of real estate loans to 60 per cent of time and savings deposits. In my testimony before the Committee, I recognized that many State member banks have not heretofore been limited in the aggregate amount of real estate loans which they are authorized to make and that, if the Bill is enacted in its present form, many of them which already have made loans exceeding 60 per cent of their savings deposits will have to cease making real estate loans and will have to liquidate some of those already made when they reach maturity in order to bring themselves within the 60 per cent limitation. I recognized that this is objectionable and, in order to meet the situation, I suggested a substitute section which would omit the rigid statutory

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limitations and west in the Federal Reserve Board the power to prescribe the necessary limitations by regulations which could be modified from time to time to meet changing conditions. If my proposed substitute section is adopted, the Federal Reserve Board can prescribe regulations which will meet the point raised by Mr. Macdonnell with respect to the 60 per cent limit on the aggregate amount of real estate loans that may be made by State member banks.

I trust that the foregoing answers the objection of Mr. Macdonnell and others who may be similarly situated. In accordance with your request I am returning the letter to you from Mr. Macdonnell. I also inclose a copy of my letter to Mr. Macdonnell in answer to his letter to me dated March 11, 1935. As you will note, I have inclosed a copy of this letter in my letter to him.

With best wishes, I am,

GENERAL COUNSEL'S OFFICE,

Dictated by

Revised by

Inclosure

Copy sent to Mr. J.S.Macdonnell

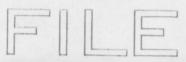
Yours sincerely,

(Signed) Marriner S. Eccles

Marriner S. Eccles, Governor.

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