

Mr. Townsend
Could you acknowledge
in behalf of
the Chairman?
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FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO 20, CALIFORNIA

December 17, 1947

Mr. Marriner S. Eccles, Chairman,
Board of Governors of the
Federal Reserve System,
Washington 25, D. C.

Dear Chairman Eccles:

My letter of December 13, 1946, gave you some information received from Chief National Bank Examiner Wright concerning the appraisal policies of the Bank of America N. T. & S. A.

Recently we had occasion to discuss existing appraisal policies with one of the real estate officers of the bank. We were informed that the bank feels it has refined its appraisal technique, and that, in recent months and for the foreseeable future, it has made and expects to make real estate loans on a selective basis. (It has come to our attention from outside sources that the bank is now considerably less liberal in its real estate loaning policies.)

We were informed by the Bank of America that prior to the war its appraisals of homes averaged approximately \$5.50 per square foot. At the present time appraisals on new construction for loans made without F.H.A. insurance average about \$6.50 per square foot. Appraisals on new homes for loans made under F.H.A. Title VI are \$7.50 to \$8.00 per square foot. In the light of existing costs of frame dwelling construction, running from \$8.00 to \$12.00 per square foot for medium-class homes, the present appraisal policy of the Bank of America seems to be more conservative than has heretofore been indicated.

Yours very truly,



C. E. Earhart,
President.

December 23, 1947.

Mr. C. E. Earhart, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Earhart:

On behalf of Mr. Eccles who, as you know, is spending the holidays in Utah, I wish to acknowledge your letter of December 17 concerning the appraisal policies of the Bank of America.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

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