

## BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

March 11, 1941

Messrs. William P. Funsten, Supervising Examiner,  
Federal Deposit Insurance Corporation;  
R. B. West, Vice President,  
Federal Reserve Bank of San Francisco; and  
Irwin D. Wright, Chief National Bank Examiner,  
San Francisco, California.

Gentlemen:

As you know, we have maintained that our asset values for bank premises should be our acquisition cost plus capital additions less depreciation allowance for ordinary wear and obsolescence from the date of acquisition. We have consistently maintained that the over-all book value of our bank premises is proper and conservative. In this contention we believe that we have been sustained by current American Appraisal Company valuations. You also know that there has been disagreement on this question.

It is my understanding that the adjustment committee appointed pursuant to the provisions of Paragraph 5 of the Comptroller's "Requirements" of March 6, 1940, is not agreed as to the use of the formula set forth in that paragraph. I understand further that the committee is prepared to give favorable consideration to the following plan, which will be regarded as fully satisfying Requirement 5 and will meet the basic ideas of the committee, and will at the same time be consistent with the policy we have followed.

We will agree to establish a new cost basis for the bank premises listed in Exhibit "A" hereto attached in such manner as will result in a charge of approximately \$1,000,000 against our profits for the period ending June 30, 1941, and a similar charge in the third quarter of 1941. The new cost basis to be established shall be determined from the American Appraisal Company appraisal, using the lowest appraisal of the American Appraisal Company as to the particular properties involved. No adjustment will be made as to properties with respect to which American Appraisal Company's most adverse appraisal exceeds book value.

Please advise us if this plan has the approval of the committee and is acceptable as meeting all of the requirements of Paragraph 5 of the Comptroller's "Requirements" dated March 6, 1940, so that we may proceed without delay to carry out the contemplated program.

Yours very truly,

(signed) R. G. Smith

Executive Vice President.