

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 11, 1943, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper  
Mr. Evans

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on May 10, 1943, were approved unanimously.

Memorandum dated May 7, 1943, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that the basic annual salaries of James F. Hamilton and Daniel F. Lane, messengers in the offices of Governors Evans and Szymczak, respectively, be increased from \$1,320 to \$1,440, effective May 16, 1943.

Approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the application of the "First State Bank of Forest Park", Forest Park, Illinois, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago. The

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telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank.

Approved unanimously, together with  
the following letter to the Federal Deposit  
Insurance Corporation:

"The Board of Governors of the Federal Reserve System today approved the application of 'First State Bank of Forest Park', Forest Park, Illinois, for membership in the Federal Reserve System, subject to compliance with certain conditions. The bank has not yet opened for business, and it is the plan to open as a member bank."

Letter to Mr. Kennel, Assistant Counsel of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of May 4, 1943, enclosing a copy of a letter dated April 29, 1943 from Mr. Lewis R. Kiernan, Attorney for the Chelsea Savings Bank in Chelsea, Massachusetts. Your inquiry is whether section 8(a) of Regulation W exempts as a 'first lien' a second mortgage loan made by the Savings Bank to the owner of the equity in realty upon which the Savings Bank also holds a first mortgage but where the present owner of the equity is not the original mortgagor.

"As you point out, the situation is not identical with W-128 since here the second mortgage loan is not made 'to the same borrower' who obtained the first mortgage loan, which happened to be the case in the inquiry giving rise to W-128. However, it is the Board's view that the principle of W-128 should apply in the case presented by you, assuming, of course, the absence of intervening liens. Thus, it would not be necessary for the Savings Bank to obtain a new mortgage which would include the amount of the original mortgage plus the amount of the second loan to the present owner of the equity in the property involved."

Approved unanimously.

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Memorandum dated May 5, 1943, addressed to Governor Evans by Mr. Smead, Chief of the Division of Bank Operations, which submitted a memorandum of the same date from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that the words "Including \$ \_\_\_\_\_ deposits accumulated for payment of personal loans" be included in parenthesis following the item "Deposits of individuals, partnerships, and corporations" in Schedule F, Time Deposits, of the member bank call report form (F.R. 105) to be used for the midyear call.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. Keeler  
Chairman.