

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, October 19, 1950.

PRESENT: Mr. McCabe, Chairman  
Mr. Szymczak  
Mr. Evans  
Mr. Norton

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 18, 1950, were approved unanimously.

Memorandum dated October 16, 1950, from Mr. Noyes, Assistant Administrator of the Office of Real Estate Credit, recommending that Miss Adele Hug, a stenographer in the Division of Administrative Services, be transferred to the Office of Real Estate Credit as Secretary to Mr. Fisher, with an increase in her salary from \$2,875 to \$3,100 per annum, effective October 29, 1950. The memorandum also stated that the Division of Administrative Services was agreeable to this transfer.

Approved unanimously.

Memorandum dated October 17, 1950, from Mr. Boothe, Assistant Director of the Division of Administrative Services, recommending an increase in the basic salary of Mrs. Louise L. Hiller, operator, key punch, in that Division, from \$2,650 to \$2,730 per annum, effective October 29, 1950.

Approved unanimously.

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Memorandum dated October 17, 1950, from Mr. Boothe, Assistant Director of the Division of Administrative Services, recommending the appointment of Mrs. Ruth H. Goodyear as a stenographer in that Division, with basic salary at the rate of \$2,875 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to a satisfactory investigation of references.

Approved unanimously.

Letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors approves the payment of salary to the following officers at the rates indicated which, according to your letter of October 11, 1950, are the rates fixed by your directors, for the period beginning with the date upon which each assumes his new responsibilities and continuing through April 30, 1951:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
R. E. Everson	Assistant Vice President, Head Office	\$9,000
E. R. Barglebaugh	Assistant Manager, Salt Lake City Branch	8,000
W. J. Thomas	Assistant Manager, Los Angeles Branch	6,300"

Approved unanimously.

Letter to Mr. Weigel, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of October 16, 1950, advising that effective January 1, 1951, Group Hospital Service, Inc. will increase its benefits and dues.

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"It is noted that the estimated annual expense to the Bank for providing both hospitalization and surgical coverage is \$21,600; \$4,800 of which represents the increase to be effective January 1, 1951.

"The Board will interpose no objection to the proposed expenditure."

Approved unanimously.

Letter to Aetna Life Insurance Company, 1511 K Street, N. W., Washington, D. C., reading as follows:

"In a recent telephone conversation with Mr. Crocker of your group life division we were informed that you would have no objection to the inclusion of members of the Board of Governors in our group insurance plan (Policy No. 8042) which is underwritten by your company.

"It has been decided that members of the Board will be included in our plan and it seems desirable that the contract be explicit on this point. It will, therefore, be appreciated if you will forward to us a rider stating that the term 'employee' whenever used in the contract includes members of the Board of Governors."

Approved unanimously.

Letter to Mr. Peyton, Chairman, Conference of Presidents, Federal Reserve Bank of Minneapolis, reading as follows:

"The Board is glad to concur in the plans outlined in the statement submitted at the September meeting of the Presidents and the Board for the wartime protection of records.

"We have been in touch from time to time in recent weeks with various representatives of the Government with respect to the protection of Government records and while no general plan has yet been released, we will keep in touch with developments as they may relate to the Board, the Treasury, and other Government agencies. The Board will be pleased to coordinate its activities in this regard with the larger program outlined in the

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"Presidents' statement covering the records of the Federal Reserve Banks and commercial banks.

"If Mr. Rounds is selected for the purpose indicated in the Presidents' statement, it will be appreciated if he will keep in touch with Mr. Evans, whom the Board has asked to handle the matter so far as the integration of the program with the activities of the Board and other departments and agencies of the Government is concerned."

Approved unanimously.

Letter to Mr. Calvin K. Snyder, Secretary, Realtors' Washington Committee, 1737 K Street, N. W., Washington 6, D. C., reading as follows:

"This will acknowledge your letter of September 19, 1950, addressed to Chairman McCabe.

"We appreciate your deep interest in the problem of real estate credit controls. During the past weeks the Housing and Home Finance Agency and the Board of Governors of the Federal Reserve System have held meetings jointly with many of the large associations that are generally representative of the building construction and mortgage finance industries for the discussion of the regulation on real estate credit, and the many constructive suggestions made by them were of great assistance in the development of the regulation.

"We are placing firm reliance on the cooperation of organizations like your own in the effective accomplishment of the purposes of the Defense Production Act of 1950 authorizing the new real estate credit regulations, objectives of which are the maintenance of sound credit conditions and the provision of urgently needed defense production.

"Your offer to make the services of the National Association of Real Estate Boards available to us in connection with the administration of the regulation is appreciated, and you may be assured that it will be kept in mind."

Approved unanimously.

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Telegram to the Presidents of all Federal Reserve Banks,  
reading as follows:

"In order to ascertain the extent to which the provisions of section 5(g) of Regulation X are being utilized the Board desires that you report the number of requests received for exemptions under section 5(g) up to the close of business Wednesday, October 18, and the number of such requests granted up to that date together with the number of dwelling units involved (if known). Please provide a similar telegraphic report as of the close of business each Wednesday until further notice. In connection with requests for exemptions under section 5(g), the applicant should state specifically in each case whether applications for insurance or guarantee have been filed with FHA or VA. If such an application has been filed, it would seem that ordinarily there would be no proper basis for the granting of an exemption by the Federal Reserve Bank. In general it is the Board's desire that section 5(g) should be strictly interpreted and that exemptions should not be granted unless there is a clear showing of substantial hardship. The mere fact that a builder or other person may have made substantial commitments or undertakings before August 3 is not sufficient basis for the granting of an exemption unless he is also able to show that he will suffer substantial hardship if he has to comply with Regulation X in obtaining credit rather than obtaining it on the basis previously contemplated by him and the Registrant. In this connection also it is the view of the Board that section 5(g) is to be interpreted as referring only to the credit to finance new construction which is extended to the builder or other person who made substantial commitments or undertakings before August 3 and the provision does not apply to credit involved in the subsequent sale of the property by such builder or other person to third parties."

Approved unanimously.

  
Secretary.