

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, October 30, 1950.

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

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 27, 1950, were approved unanimously.

Letter to Mr. Clarke, Secretary of the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of your letter of October 23, 1950, in which you advise that the directors of your Bank have approved a revised program of visits abroad by members of your Bank's staff pursuant to which Mr. Walter S. Rushmore, Special Assistant, Foreign Department, and Mr. Edwin W. Carroll, Assistant Chief, Foreign Department, will visit the Bank of Canada for two weeks early in December. This matter has been brought to the attention of the Board and has been noted without objection."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, Washington 25, D. C., reading as follows:

"Pursuant to the provisions of section 4(b) of the Federal Deposit Insurance Act, the Board of Governors of the Federal Reserve System hereby certifies that the 'Pico Citizens Bank', Pico, California, became a member of the Federal Reserve System on October 23, 1950, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby

10/30/50

-2-

"certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in section 6 of the Federal Deposit Insurance Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act."

Approved unanimously.

Telegram to Mr. DeMoss, Vice President of the Federal Reserve

Bank of Dallas, reading as follows:

"Reurtel October 24 concerning combination unit including a dishwasher. Item 6 in Group B lists 'Combination units incorporating any listed article in the foregoing classifications of this Group B'. Since in case you mention a dishwasher is incorporated in the combination unit it would be a listed article in Group B."

Approved unanimously.

Telegram to the Presidents of all Federal Reserve Banks,

reading as follows:

"Following receipt of clearance from Department of Justice on general plan of enforcement of Regulation W, letters were sent October 23 to the following heads of supervisory agencies formally requesting cooperation in checking for Regulation W compliance:

Home Loan Bank Board
 Bureau of Federal Credit Unions
 Farm Credit Administration
 Comptroller of the Currency
 Federal Deposit Insurance Corporation

10/30/50

-3-

"A similar request was also sent to Mr. Jones of National Association of State Small Loan Supervisors and previously to Mr. Sparling of National Association of Supervisors of State Banks. We will write later when acknowledgements have been received."

Approved unanimously.

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

"Board's staff has told representative from Willys-Overland Corporation informally that published interpretation summarized in Regulation W Service 916.1 applies to Willys 4X 473 station wagon. The vehicle has truck features including four-wheel drive but nevertheless is designed for passenger use."

Approved unanimously.

Telegram to Mr. Wotawa, General Auditor, Federal Reserve Bank of St. Louis, reading as follows:

"Retel October 27 inquiring whether the installation of a lateral sewer upon a surveyed plot of land is the affixing of essential materials which are to be an integral part of the structure within meaning of section 2(f) of Regulation X. The answer is 'no'."

Approved unanimously.

Telegram to Mr. DeMoss, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Retel October 23 inquiring whether an outstanding commitment issued by a mortgage broker meets the test of a firm commitment under section 6(b)(1) of Regulation X if it is issued 'subject to approval by an insurance company for purchase of the mortgage'. On the basis of these facts alone, it is not apparent to us that there is in fact an agreement under which the mortgage broker is required to extend credit upon demand by the borrower

10/30/50

-4-

"or upon compliance by the borrower with one or more conditions, as provided in section 6(b)(1)."

Approved unanimously.

Telegram to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Relet October 21 concerning extensions of real estate credit by Department of Veterans' Affairs, State of California. Section 2(a) of Regulation X provides that the term 'person' shall have the meaning given it in section 702(a) of the Defense Production Act of 1950; and 'person' is there defined to include 'the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing'. Accordingly, such State agencies as the Department of Veterans' Affairs, State of California, are 'persons' for the purposes of Regulation X, and since the regulation contains no exemption for such agencies, Regulation X is applicable to them if they are engaged in the business of extending real estate credit."

Approved unanimously.

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

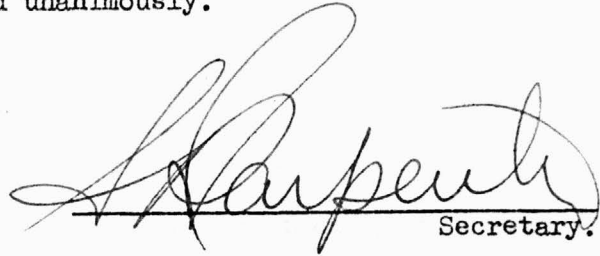
"Section 6(b) of Regulation X provides that the provisions of the regulation shall not apply to or affect any credit extended pursuant to any firm commitment to extend credit made prior to the effective date of the regulation. Questions have been raised concerning the application of this provision where firm commitments made prior to the effective date of the regulation are modified subsequent to that date by (1) substituting a new borrower for the one named in the commitment, (2) increasing the amount which the Registrant is committed to lend in order to cover increases in construction costs, or (3) extending the time within which the Registrant is committed to make the loan. It is the Board's opinion that such modifi-

10/30/50

-5-

"cations result in new commitments made subsequent to the effective date of the regulation and that, accordingly, any extension of credit pursuant to such a modification of a prior commitment would not be exempt from Regulation X."

Approved unanimously.



Secretary.