

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 24, 1951.

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 January 23, 1951, were approved unanimously.

Memorandum dated January 22, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending increases in the basic annual salaries of the following employees in that Division, effective February 4, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Kramer, F. Allison	Accounting Clerk	\$3,950	\$4,075
Oros, Susie T.	Accounting Clerk	3,725	3,850
Moon, Donald W.	Clerk	3,275	3,355
Crawford, Mary	Head Cook	3,074	3,154
Weikel, Mary A.	Telephone Operator	2,890	2,970
Crowell, Charles E.	Chauffeur	2,850	2,930
Murphy, Mary F.	Elevator Operator	2,190	2,260

Approved unanimously.

Memorandum dated January 23, 1951, from the Division of Personnel Administration recommending that the Board of Governors ratify the invitation to the Conference of Personnel Officers of the Federal Reserve System to hold its 1951 meeting at the Board's offices and that it authorize the expenditure of up to \$750 for entertainment

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of the group.

Approved unanimously.

Memorandum dated January 22, 1951, from Mr. Young, Director of the Division of Research and Statistics, stating that Miss Helen M. Vincent, a clerk in the Business Conditions Section, had filed an application for retirement under the Board Plan of the Federal Reserve Retirement System, effective February 1, 1951.

Noted.

Letter to Honorable Frederick J. Lawton, Director, Bureau of the Budget, Washington 25, D. C., reading as follows:

"In compliance with a request received from the House Committee on Banking and Currency, the Board has prepared the enclosed report on H.R. 160 to amend section 5192 of the Revised Statutes with respect to the reserves of national banks located in the Territories and possessions of the United States which are not members of the Federal Reserve System.

"Before transmitting this report, the Board would appreciate advice as to the relationship of the proposed legislation to the program of the President. During the 81st Congress the Board, after approval of the Bureau of the Budget, submitted substantially the same report on H.R. 7340, a bill identical with H.R. 160."

Approved unanimously.

Letter to Mr. Olson, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of January 17, 1951, raising a question relating to the applicability of

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"Regulation X when a builder buys an old residence, moves it intact to a new foundation constructed on another lot, reconditions it, and then sells the lot and the attached residence. You asked whether this should be regarded as a new residence begun after August 3, 1950, or as a major addition or major improvement to an existing residence.

"It is the opinion of the Board that the reconditioned residence in its new location should be regarded as a new residence begun after August 3, 1950. Accordingly, when the residential property subsequently is sold, the sale must be on terms which comply with the applicable provisions of Regulation X.

"A similar question was raised by another Federal Reserve Bank in a telegram to the Board on October 27, 1950. In its reply of November 2, 1950, the Board answered as follows:

"Your wire October 27 re computation of maximum loan value under section 2(i) of Regulation X in a transaction where a prospective borrower buys a house which is not new construction and moves the house intact to another lot and annexes it to a foundation thereon, the lot having been acquired and the foundation installed after August 3, 1950. In the Board's opinion this transaction should not be regarded as involving a major addition or major improvement to an existing structure, but instead the house in its new location should be treated as a new structure begun after August 3, 1950. Accordingly, the maximum loan value would be based upon the value of the new lot with the house annexed. The value of such property, computed in accordance with section 2(i)(2)(B) of Regulation X, would be the bona fide cost of the property to the borrower, including the cost of the lot, the cost of installing the foundation, the cost of the house, the cost of moving the house, and any other cost to be incurred by the borrower in completing the new construction."

Approved unanimously.



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Letter to the Board of Directors, "The Nashville State Bank", Nashville, Indiana, stating that, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the Board approves the Bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago.

Approved unanimously for transmittal through the Federal Reserve Bank of Chicago.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letter of January 4, 1951, and to Mr. Clark's letter of January 11, 1951, concerning the proposed purchase by your Bank of the 'Silvey Building' in Atlanta.

"The Board has considered the matter in the light of present-day prices and developments and will interpose no objection to the purchase of this property at a price not to exceed \$275,000. It is noted that the offer to be submitted by your Bank will contain a thirty-day period for acceptance."

Approved unanimously.

Letter to Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Atlanta, made as of November 6, 1950, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President McLarin.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any

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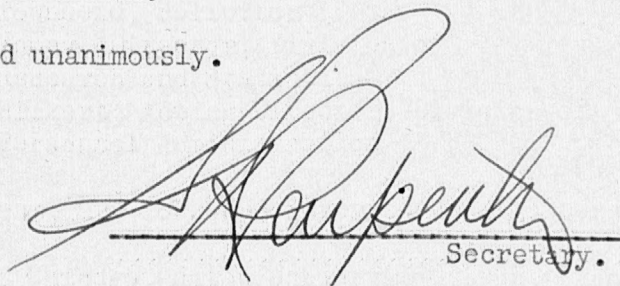
"comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington 25, D. C., reading as follows:

"In response to your letter of January 18, 1951, the Board has asked me to say that it has no comments to make with respect to the draft of Executive Order attached to your letter 'Providing for the Improvement of the Work of the Federal Executive Agencies With Respect to Statistical Information.'"

Approved unanimously.

  
Secretary.