

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 14, 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 March 13, 1951, were approved unanimously.

Memorandum dated March 8, 1951, from Mr. Sloan, Assistant Director of the Division of Examinations, recommending an increase in the basic salary of the following employees in that Division, effective March 18, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Glenn M. Goodman	Federal Reserve Examiner	\$8,800	\$9,000
Robt. C. Masters	Federal Reserve Examiner	8,800	9,000

Approved unanimously.

Memorandum dated March 8, 1951, from Mr. Marget, Director of the Division of International Finance, recommending an increase in the basic salary of Miss Eleanor M. Ballinger, a clerk in that Division, from \$2,730 to \$2,810 per annum, effective March 18, 1951.

Approved unanimously.

Memorandum dated March 9, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the

3/14/51

-2-

resignation of Thomas R. Turner, a laborer in that Division, be accepted to be effective, in accordance with his request, at the close of business March 9, 1951.

Approved unanimously.

Memorandum dated March 9, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the resignation of Mrs. Peggy W. Morgan, a clerk-stenographer in that Division, be accepted to be effective, in accordance with her request, at the close of business March 1, 1951.

Approved unanimously.

Memorandum dated March 9, 1951, from Mr. Vest, General Counsel, recommending the appointment of Mrs. Eunice M. Boyd as a stenographer in the Legal Division, on a temporary indefinite basis, with basic salary at the rate of \$3,035 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 the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated March 12, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Saul Clanton as a laborer in that Division on a temporary basis for a period of two months, with basic salary at the rate of \$2,252 per annum, effective as of the date upon which he enters upon

3/14/51

-3-

the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Telegram to Mr. Weigel, Assistant Vice President and Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Reurtel March 8. Board interposes no objection to your Bank granting Vice President Stead additional leave of absence of 60 days from March 12 on same terms and conditions as original leave of absence."

Approved unanimously.

Letter to Mr. Sanford, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"This will acknowledge your letter of March 6, 1951, with enclosures, all relating to the completion of arrangements for the establishment of a joint account with respect to the funds and other property, presently in the account of De Nederlandsche Bank N.V., in order that, in the event of a possible invasion of the Netherlands, the then existing authorities with respect to such joint account may be suspended and new authorities created.

"It is noted that you will advise the Board of the response of the Department of State and that if a meeting with representatives of the Department is held to discuss this matter you would expect that representatives of the Board would participate. Should such a meeting eventuate the Board would be glad to have representatives present."

Approved unanimously.

Letter for the signature of the Chairman, to Honorable Jack Z. Anderson, House of Representatives, Washington, D. C., reading as follows:

3/14/51

-4-

"Thank you for referring to the Board of Governors the letter from Mr. J. Lester Miller concerning the application of Regulation X to credit for the construction of farm residences.

"As you know, Regulation X was issued under the authority of the Defense Production Act, and is designed to carry out the intent of the Act in restraining inflation and conserving materials for the defense effort. It is unfortunately true that to achieve these ends the regulation must prevent the construction of some houses which would have been built under easier credit terms. If this were not the case, the regulation would not be effective.

"However, the Board has been anxious to make the regulation as equitable as possible. We believed that it would not be fair to make the terms more restrictive for the financing of urban residences than for farm residences. It was necessary, therefore, to make some allowance for the value of the land upon which the farm residence is built, but it would obviously not have been equitable to include the value of the entire farm. After consultation with agricultural representatives, both in and out of government, the five per cent allowance was made, and we believe that it is fair.

"From the brief outline of the facts in Mr. Miller's letter it appears that possibly both of the loans he mentions might be made under the terms of Regulation X. The first question concerns a construction loan, and construction loans, with a maturity not exceeding 18 months are exempt under section 5(b). In the case of the second loan mentioned, the value of the property used in computing the maximum permissible loan value is made up of the value of the lot plus the cost of the house, including a reasonable bona fide estimate of the value of the labor to be performed by Mr. Lear. Under these circumstances perhaps the loan could be made, for the value of the property would need to be only \$5000 for a \$4500 loan to come within the maximum loan value specified by Regulation X.

"If Mr. Miller would like specific information on these questions, we suggest that he write the Federal Reserve Bank of San Francisco. On the other hand, if we can be of further assistance, please do not hesitate to call upon us."

Approved unanimously.

3/14/51

-5-

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

"We acknowledge your letter of March 7, 1951, respecting the construction of a store operation known as Evergreen Park Shopping Plaza, Inc., the construction of which was begun in early December, 1950. According to your letter, arrangements have been made for a permanent first mortgage on this property. However, the property will not be completed before February, 1952, and during the construction period a temporary advance money mortgage will provide the financing.

You state that it is your understanding that Section 5(k) of Regulation X contemplates that the credit under a mortgage shall have been disbursed prior to May 1, 1951. It has come to our attention that a considerable number of nonresidential projects begun prior to February 15 can not be completed by May 1. It is probable that we would have extended the date in Section 5(k) to a considerably later time for nonresidential construction, if such a course had not been precluded by the expiration date of June 30, 1951, contained in the Defense Production Act respecting real estate construction credit.

"We believe, however, that the provisions of our telegram S-1274 (X-33) adequately cover most extensions of credit and, while this particular telegram was interpretative of Section 6(i), its provisions may also be applied to Section 5(k). Hence, if the prospective mortgage will observe the provisions of this interpretation he will have complied with Regulation X."

Approved unanimously.

Memorandum dated March 8, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the Board authorize distribution of the memorandum covering settlement of accounts of deceased employees to all members of the staff and to persons hereafter employed by the Board.

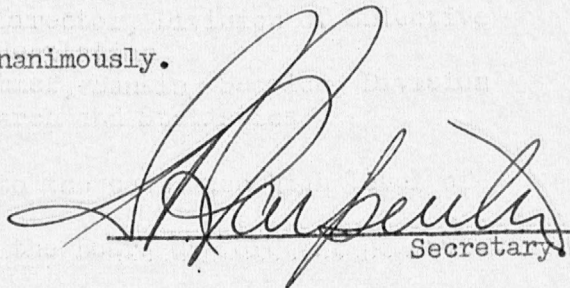
Approved unanimously.

3/14/51

-6-

Memorandum dated March 9, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the Board authorize the purchase of 375 special ring binders of the same type as those now in use with the necessary additional index guide tabs (4 per set) to be used in connection with the Federal Reserve Loose-Leaf Service, and that the appropriate classification in the budget of the Division of Administrative Services be increased to cover the necessary costs, which will be approximately \$950.

Approved unanimously.


Secretary