

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, July 6, 1951.

PRESENT: Mr. Szymczak, Chairman pro tem.  
Mr. Powell

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

Telegrams to the Federal Reserve Banks of New York, Philadelphia and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on July 3, and by the Federal Reserve Banks of New York and Philadelphia on July 5, 1951, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memoranda dated July 2, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending increases in the basic annual salaries of the following employees in that Division, effective July 8, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Miss Elsie T. Nelson	Statistical Assistant	\$4,075	\$4,325
Mrs. Evelyn L. Hempstead	Secretary to Mr. Garfield	3,600	3,850

Approved unanimously.

Letter to Mr. Parten, Federal Reserve Agent of the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in Mr. Gilbert's letter of June 29, 1951, the Board of Governors approves, effective July 1, 1951, the payment of salary to Mr. E. G. Hudel, Assistant Federal Reserve Agent, at the rate of \$6,572.00 per annum.

Approved unanimously.

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

"Reurtel July 3. Board approves appointment of Ralph S. Gibson as an assistant examiner for Federal Reserve Bank of Atlanta. If appointment is not made effective August 1, please advise us."

Approved unanimously.

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

"In accordance with the request contained in your letter of June 29, 1951, the Board approves the appointment of Richard Avery Sanders as an examiner for the Federal Reserve Bank of Atlanta.

"If the appointment is not made effective August 16, as planned, please advise us."

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letter of July 3, 1951, the Board approves the appointment of E. L. Screechfield, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Kansas City.

"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

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"In accordance with the request contained in your letter of July 3, 1951, the Board approves the appointment of Brenton C. Leavitt, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Kansas City.

"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"In accordance with the request contained in your letter of July 3, 1951, the Board of Governors extends to January 7, 1952, the time within which the Union Trust Company of Maryland, Baltimore, Maryland, may establish a branch in the Dundalk area, Baltimore County, Maryland, under the authority granted in the Board's letter of July 6, 1950.

"It is noted that extended but apparently unavoidable delays have been experienced in providing quarters for the proposed branch but construction is now under way."

Approved unanimously.

Letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of June 8, 1951, to Chairman Martin pointing out the difficulties involved because of certain restrictions on bank service charges imposed by regulations of the Office of Price Stabilization when nonpar banks in your district are added to the par list or become members of the Federal Reserve System.

"We have taken this matter up informally with representatives of the Office of Price Stabilization with a view to working out some automatic procedure so that banks would not be required to obtain the specific approval of OPS for

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"a new system of service charges upon being added to the par list or upon admission to membership in the System. We were advised that there is no intention on the part of OPS to have their regulations act as a deterrent to banks' being added to the par list or to membership in the System, but in the absence of a specific case for their consideration they were not prepared at this time to issue a general ruling in the matter.

"Accordingly, it is suggested that if and when a State nonmember bank not on the par list indicates its intention to become a member of the System or to be added to the par list, the situation be explained to the bank and that the Reserve Bank offer and provide whatever assistance it may in the preparation of the necessary information to present a concrete case for the consideration of the Office of Price Stabilization. The facts in connection with the exchange charges which it will be required to eliminate should be set forth fully, as well as the facts in connection with any service charges which it intends to establish upon admission to membership or its addition to the par list. If you would then forward such information to the Board, we would be very glad to present the matter to the Office of Price Stabilization and do what we can to persuade OPS to regard such case as a typical one and set up a procedure which might possibly take care of all similar future cases.

"The Board sees no objection to your communicating the substance of the above information to interested banks if you so desire, and you may be assured that we here in Washington will do whatever we can with a view to facilitating the addition of banks to the par list or their membership in the Federal Reserve System."

Approved unanimously.

Letter to Mr. Scheffer, Manager, Real Estate and Consumer Credit

Department of the Federal Reserve Bank of New York, reading as follows:

"This is in response to your letter of June 26, 1951, requesting the views of the Board on the question, arising as a result of the inquiry from the New Jersey Savings and Loan League, as to whether 'sinking fund mortgage' loans

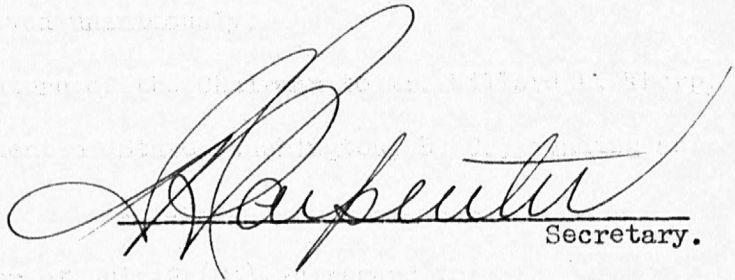
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"comply with the maturity and amortization provisions of Regulation X. We are also in receipt of certain correspondence concerning such loans transmitted to us by Mr. David C. Melnicoff of the Federal Reserve Bank of Philadelphia.

"On the basis of the information supplied by you and Mr. Melnicoff, the Board agrees with your view that 'sinking fund mortgage' loans meet the requirements of Regulation X provided the monthly payments, if applied to the mortgage rather than the shares secured by the loan, fully liquidate the original principal amount of the credit in accordance with the amortization provisions of the regulation and provided the maximum maturity would be no greater than that permitted by the regulation. However, any future 'resetting' of the loan should not cause the maturity to exceed that permitted by the regulation."

Approved unanimously.



Secretary.