

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, August 23, 1951. The Board met in the Board Room at 10:30 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Evans

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Vest, General Counsel  
Mr. Noyes, Director, Division of Selective Credit Regulation  
Mr. Garfield, Adviser on Economic Research, Division of Research and Statistics

At Mr. Evans' request, there was a discussion of developments in connection with enrolled bill S. 349, the Defense Housing and Community Facilities and Services Act of 1951, currently awaiting the President's signature, and the effects of its enactment upon the control of real estate credit and upon the credit situation generally.

Mr. Riefler said that at a meeting yesterday of the National Advisory Board on Mobilization Policy, Mr. Clark, a member of the Council of Economic Advisers, expressed concern at the situation which would be created credit-wise by the relaxation of controls in the real estate credit field which would result from the enactment of the legislation and suggested that it might be necessary to expand the program of direct controls including the allocation of materials and the issuance of permits. Mr. Riefler also stated that in another discussion yesterday members of the

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staff of the Treasury Department expressed the belief that the problem of deficit financing this fall would be adversely affected by a greater diversion of available funds to the housing field. He said that in the circumstances he had suggested to Mr. Noyes that he discuss with Mr. Hardy, Assistant Administrator of the Housing and Home Finance Agency, the possibility of a joint recommendation to the President by the Housing and Home Finance Agency, the Council of Economic Advisers, the Treasury Department, the Office of Defense Mobilization, and the Board that he veto the bill.

At the request of Mr. Evans, Mr. Noyes then discussed the degree of relaxation of the terms of Regulation X and its counterpart FHA and VA regulations which would be necessitated by enactment of the legislation and stated that, according to opinions received from the trade, the restrictive effect of the regulations would be practically eliminated under the relaxed terms, particularly in the case of sales to veterans. Mr. Noyes also said that he had just talked by telephone with Mr. Hardy who stated that while Mr. Foley, Housing and Home Finance Administrator, was not entirely unreceptive to the idea of suggesting a Presidential veto and would be willing to discuss the matter with the Board or others, Mr. Foley was anxious, because of his Agency's responsibilities in the housing field, to proceed with certain programs authorized in the bill to provide adequate housing in defense areas and would want to consider carefully the effect of a veto on the housing program.

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Following a discussion of the steps which the Board might take in the circumstances, during which the members of the Board present indicated that they were sympathetic with Mr. Foley's hesitancy in urging a veto, Chairman Martin referred to the letter sent by the Board to the Chairmen of the Senate and House Banking and Currency Committees under date of July 9, outlining its position with respect to the regulation of consumer credit, and suggested that a statement be drafted by Mr. Thurston with respect to the inflationary impact of a relaxation of the terms of Regulation X to the extent which would be necessitated by the pending legislation, with the thought that with the concurrence of Mr. Foley, the statement might be presented to the President for use in making a statement regarding bill S. 349.

After discussion it was understood that Mr. Thurston would draft such a statement.

At the request of Mr. Evans, Mr. Noyes then reviewed alternative methods of revising the terms of Regulation X to bring them into conformity with the bill, if signed by the President. He pointed out in this connection that the legislation provided limitations on down payments by price brackets and stated that this raised a question whether some effort should be made to smooth out the schedules.

After discussion, it was the consensus that the revised terms should adhere closely to those of the legislation since that appeared



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to be the intent of the Congress, and it was understood that Mr. Noyes would continue to work with Mr. Hardy in order to have a revised schedule of terms prepared so that the Board might take prompt action should the President sign the bill.

Reference was made to a request received from the Bureau of the Budget for the Board's views on the enrolled bill and to a draft of reply which had been prepared by the staff, and it was agreed unanimously that if concurred in by Mr. Foley and approved by Mr. Norton by telephone, the reply would be sent in the following form:

"This is in response to your communication of August 22, 1951, for an expression of our views on the Enrolled Bill S. 349, the 'Defense Housing and Community Facilities and Services Act of 1951.'

"The bill amends the Defense Production Act of 1950, as amended, by providing that no more than a 4 per centum down payment may be required in connection with home loans made or guaranteed by the Veterans Administration where the sales price does not exceed \$7,000; no more than 6 per centum where the sales price exceeds \$7,000 but does not exceed \$10,000; and no more than 8 per centum where the sales price exceeds \$10,000 but does not exceed \$12,000. The bill also provides that no more than 10 per centum down payment may be required in connection with home loans not made or guaranteed by the Veterans Administration where the transaction price does not exceed \$7,000; no more than 15 per centum where the transaction price exceeds \$7,000 but does not exceed \$10,000; and no more than 20 per centum where the transaction price exceeds \$10,000 but does not exceed \$12,000. The maturity of any such loans may not be required to be less than 25 years.

"The Board regards these provisions of the bill as inadvisable and as being inconsistent with the efforts which the Government has been making to control inflationary pressures in the residential credit field. Moreover, even assuming that some relaxation of residential credit restrictions were advisable, it is the Board's view that the question of



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"what down payments and maturities are necessary in order to constitute effective credit control might more appropriately be left to administrative determination in the light of existing economic conditions."

Secretary's note: The concurrence of Mr. Foley and approval by Mr. Norton having been received, the reply was sent on August 24, 1951.

Mr. Vest then referred to other amendments to Regulation X currently under consideration, first, with regard to the exemption from the regulation in exceptional circumstances of proposed nonresidential construction certified by an appropriate agency of the United States Government to be essential to the national defense and, second, with regard to certain exemptions in the flood-stricken areas of the mid-West as suggested by President Leedy, of the Federal Reserve Bank of Kansas City, and it was understood that the staff would have these amendments prepared so that they might be considered by the Board at the same time as the modifications relating to the defense housing bill.

At this point all of the members of the staff with the exception of Messrs. Carpenter and Kenyon withdrew, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Memorandum dated August 21, 1951, from Mr. Marget, Director, Division of International Finance, recommending the appointment of Miss Amanda Patricia Brown as a Clerk-Typist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,530

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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 August 21, 1951, from Mr. Kelleher, Assistant Director, Division of Administrative Services, recommending that the resignation of Mrs. Dessie A. Collison, Page in that Division, be accepted to be effective, in accordance with her request, at the close of business August 17, 1951.

Approved unanimously.

Memorandum dated August 22, 1951, from Mr. Johnson, Assistant Director, Division of Administrative Services, recommending that the resignation of Miss Margaret J. Henn, Page in that Division, be accepted to be effective, in accordance with her request, at the close of business August 31, 1951.

Approved unanimously.

Memorandum dated August 16, 1951, from Mr. Young, Director, Division of Research and Statistics, recommending that Roy L. Reiersen be employed as a Consultant in that Division to assist in connection with the Voluntary Credit Restraint Program for a period not to extend beyond December 31, 1951, with compensation at the rate of \$50 for each day of work for the Board, either in Washington or outside the city,

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and that he be allowed actual necessary transportation expenses in accordance with the Board's travel regulations applicable to the heads or assistant heads of divisions and a per diem in lieu of subsistence of \$15 while away from his home on Board business. The memorandum recommended that since Mr. Reiersen would retain his present home and would have occasion to travel frequently between his home and Washington, D. C., such travel be regarded as reimbursable official travel. The memorandum also stated that it was understood that Mr. Reiersen wished to waive receipt of his compensation.

Approved unanimously.

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

"This refers to your letter of August 17, 1951, advising the Board that you have opened on your books a joint account for De Nederlandsche Bank N.V. and Trustfonds Nederlandsche Bank, designated 'Nederlandsche Bank', and enclosing a draft of letter which you propose to send to the other Federal Reserve Banks in connection with offering participation in such account.

"We thank you for keeping the Board advised regarding this matter and we have no comments or suggestions to make concerning the draft of letter to the other Federal Reserve Banks."

Approved unanimously.

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

"Reference is made to your letter of August 7, 1951, submitting the request of the Commerce Union Bank, Nashville,



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"Tennessee, for permission to establish a branch in the Woodbine community, which is within the metropolitan area of Nashville but just outside the city's corporate limits.

"It is understood that the proposed branch is to be established primarily for the purpose of retaining the business of the present customers of the bank and its affiliate, the Broadway National Bank of Nashville, and that the proposal does not involve, essentially, an expansion of its business. In the circumstances and in view of your recommendation, the Board of Governors approves the establishment and operation of a branch in the Woodbine community, outside the corporate limits of Nashville, Tennessee, by the Commerce Union Bank, Nashville, Tennessee, provided the branch is established within six months from the date of this letter.

"It is understood that formal approval of the appropriate State authorities is to be obtained prior to the establishment of the branch and that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to establish the branch."

Approved unanimously.

Letter to Mr. Peterson, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This refers to your letter of August 13, 1951, requesting the Board's opinion as to whether formation of Mercantile Trust Company, St. Louis, Missouri, by consolidation of Mercantile-Commerce Bank & Trust Company with Mississippi Valley Trust Company will necessitate an application for membership in the Federal Reserve System by the consolidated institution. The Board's opinion is also requested with respect to the conditions of membership which would be applicable to Mercantile Trust Company.

"The Board understands that the laws of Missouri, under which this consolidation will be effected, continue the corporate existence of the consolidating trust companies and transfer all rights, privileges, obligations, etc., to the consolidated institution. As the constituent trust companies are members of the Federal Reserve System,

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"the consolidated institution, the Mercantile Trust Company, will in these circumstances be a member of the System without any application or formal action on its part. The consolidated institution will be subject to the conditions of membership to which the Mercantile-Commerce Bank & Trust Company is now subject, as set forth in your letter of September 1, 1948, to this institution, and will also be subject to the condition of membership to which the Mississippi Valley Trust Company is now subject, as set forth in your letter of September 1, 1948, to the latter institution.

"It would seem desirable to transmit this information in writing to the interested parties."

Approved, Mr. Vardaman not voting.

Letter to the Honorable Hubert H. Humphrey, United States Senate, Washington, D. C., reading as follows:

"Receipt is acknowledged of your letter of August 9, requesting a report on comments contained in a letter you received from Mr. Benjamin Segal attributing the current shortage of mortgage funds to the recent change in the Federal Reserve System's open market policy.

"Since the outbreak of war in Korea, the demand for long-term credit has been exceptionally great, and in total has considerably outstripped the supply of savings and pay-offs becoming available for investment in mortgages and corporate securities. In order to obtain funds to meet this exceptional demand, some holders of Government bonds, such as insurance companies and savings banks, sold Government bonds from their portfolios. The volume of such sales was in excess of buying by other investors. The Federal Reserve, in order to maintain a reasonable degree of stability in the market for Government securities, has followed the practice since the period of war finance of buying such securities in periods of heavy selling by other holders and selling them when demand exceeds the supply. Purchases by the Federal Reserve, however, increase the available supply of money and the reserves of banks and can be highly inflationary if continued in large amounts during periods of excessive borrowing demands.

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"In view of the fact that the growing defense needs would limit the supply of goods available for purchase by consumers and particularly the supply of materials available for private building and capital expenditures, it was obvious that unlimited purchases of Government bonds to supply investment institutions with funds, in excess of current savings, to lend on mortgages or to buy new corporate securities would add to inflationary pressures. For this reason, the Federal Reserve curtailed its purchases of Government bonds. In response to existing selling pressures, prices of bonds declined until they reached a point at which selling ceased. The decline was relatively moderate-- to a little over 3 points below par for the longest bonds-- and recently a part of this loss has been regained. The recent rise has resulted entirely from market demands without any Federal Reserve support.

"The effect of this change in policy has been entirely salutary under existing conditions. The monetization of the public debt has ceased. Lending institutions are now more reluctant to sell their Government securities to make mortgage loans. This has tended to reduce the supply of mortgage funds to some extent and, by diminishing the flow of funds from a highly inflationary source, has restored a more normal situation in which the demand for mortgage loans is met more completely from the natural flow of savings and pay-offs into lending institutions. Moreover, the limitation on availability of mortgage funds has, supplementing other regulations on real estate credit, helped to reduce the demand for housing to a level more nearly in conformity with the supply of houses that can be provided with the limited amounts of materials and labor available. This level of demand is also closer to a level that can be sustained over a period of time and thus contributes to the maintenance of a stable growth for the building industry and for the economy in general.

"As a result of the disproportionately large volume of houses constructed in the past year and of the inflationary rise in building costs and prices, the recent demand for mortgage funds has been much greater than could or should be sustained over an extended period. During 1950, housing starts aggregated about 1,400,000 units, the greatest total on record. A substantial number of units started in 1950



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"could not be completed before the spring and perhaps even the summer of 1951 because of the delays incident to a volume of building larger than the resources of the construction industry could accommodate. In addition to the substantial carry-over of uncompleted construction from 1950, about 669,000 housing units were started during the first seven months of 1951. The mortgage financing required for this record volume is unprecedented in its proportion, for, during the first five months of 1951, non-farm mortgage recordings of \$20,000 or less totaled \$6.7 billion of mortgage loans, a 16 per cent increase over the same period last year and more than any full year before 1946.

"The supply of credit available for residential finance, while large, is not inexhaustible, and many lending institutions have temporarily reached the limit of their lending capacity and must await the receipt of new savings or pay-offs of old mortgages before making commitments for new loans. The mortgage market should improve in the relatively near future as new building is curtailed and institutions use up the large backlog of mortgage commitments. The limitation of new housing starts will do much to bring about such an adjustment in the mortgage market.

"Mr. Segal suggests that small businessmen are now selling Government bonds at a loss in the fear that bond prices may drop sharply further. There is little indication in the market of any significant amount of such selling. Long-term marketable Government bonds are not typically held by businesses, either large or small. Business concerns that invest surplus funds in Government securities usually buy short-term marketable securities, which are not subject to severe price fluctuations, or nonmarketable savings notes and savings bonds with fixed redemption values. For those businessmen who may hold long-term bonds, no widespread expectation of a severe break in Government bond prices has been evident in the bond market, and we have not observed an unusual amount of selling by such investors. Corporations in general now seem to be increasing very substantially their holdings of Treasury bills and other short-term Government securities.

"We hope this will explain the Board's views on the matter. If we can be of further assistance, please to not hesitate to call upon us. You might wish to suggest to Mr. Segal that if the above statements are not clear to him

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"he might wish to call on Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, who will be glad to discuss the matter with him."

Approved unanimously,  
with a copy to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis.

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

"Although several Banks in reply to our telegram of August 10 regarding a system conference on Regulations W and X reported conflicts on the suggested dates of September 12, 13 and 14, the Board believes that the conference can best be held on those days in view of conflicts on other dates.

"Board is accordingly calling a system conference on Regulations W and X to be held in the Board's offices September 12, 13 and 14 with Regulation W matters to be discussed during the first two days and the third day devoted to Regulation X.

"To make the conference most effective it probably would be desirable to have in attendance from each Bank wherever practicable officers directly responsible for the administration of each regulation and a senior assistant. Please let us know who will attend from your Bank and whether or not you wish us to make hotel reservations. If so, please indicate preference as to hotels.

"A tentative agenda will be forwarded to you in the near future for comments and suggestions."

Approved unanimously.

Memorandum dated August 22, 1951, from Mr. Townsend, Solicitor, recommending for reasons set forth therein that the Board adopt orders for investigation of Aldon Construction Company, Inc., 15 Washington Ave., Belleville, New Jersey, and Contractors Roofing and Siding

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Corporation, 44 Park Ave., Nutley, New Jersey, registrants under Regulation W, Consumer Credit, as follows:

"UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
At a meeting of the Board of Governors of the Federal Reserve System held in its offices in the City of Washington D. C., on the 23d day of August, A. D., 1951.

In the Matter of

ALDON CONSTRUCTION COMPANY, INC.

ORDER DIRECTING INVESTIGATION  
AND DESIGNATING OFFICERS TO  
TAKE TESTIMONY

I

Members of the staff of the Federal Reserve Bank of New York have reported information to that Bank, which that Bank has transmitted to the Board, which tends to show that:

Aldon Construction Company, Inc., with offices at 15 Washington Ave., Belleville, New Jersey, has made instalment sales of household repairs subject to Regulation W, consumer credit:

1. Without obtaining the down payment required by Regulation W;
2. Without maintaining and preserving such books of account, records and other papers as are relevant to establishing whether or not credit extended by it is in conformity with the requirements of said Regulation.

II

The Board having considered the aforesaid report by members of the staff of the Federal Reserve Bank of New York and for the purpose of (1) determining whether Aldon Construction Company, Inc., has violated the provisions of Regulation W and (2) aiding in the enforcement of said Regulation, deems it necessary and appropriate that an investigation be made to determine whether Aldon Construction Company, Inc., has engaged in the acts and practices set forth in paragraph I hereof, or any acts and practices of similar purport or object.

III

IT IS ORDERED, pursuant to Section 604 of the Defense Production Act of 1950, as amended, that an investigation be made to determine the matters set forth in paragraph II hereof.

IT IS FURTHER ORDERED, pursuant to the provisions of Section 604 of the Defense Production Act of 1950, as amended, that for the



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"purpose of such investigation Harding Cowan and Ralph W. Scheffer, and each of them, is hereby designated an officer of the Board and empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith as authorized by law.

By the Board.

(signed) S. R. Carpenter,  
Secretary."

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"UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
At a meeting of the Board of Governors of the Federal Reserve System held at its offices in the City of Washington D. C., on the 23d day of August, A. D., 1951.

In the Matter of  
CONTRACTORS ROOFING AND  
SIDING CORPORATION

ORDER DIRECTING INVESTIGATION  
AND DESIGNATING OFFICERS TO  
TAKE TESTIMONY

I

Members of the staff of the Federal Reserve Bank of New York have reported information to that Bank, which that Bank has transmitted to the Board, which tends to show that:

Contractors Roofing and Siding Corporation with offices at 44 Park Avenue, Nutley, New Jersey, has made installment sales of household repairs subject to Regulation W, consumer credit:

1. Without obtaining the down payment required by Regulation W;
2. Without maintaining and preserving such books of account, records and other papers as are relevant to establishing whether or not credit extended by it is in conformity with the requirements of said Regulation.

II

The Board having considered the aforesaid report by members of the staff of the Federal Reserve Bank of New York and for the purpose of (1) determining whether Contractors Roofing and Siding Corporation has violated the provisions of Regulation W and (2) aiding in the enforcement of said Regulation, deems it necessary and appropriate that an investigation be made to determine whether Contractors Roofing

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"and Siding Corporation has engaged in the acts and practices set forth in paragraph I hereof, or any acts and practices of similar purport or object.

## III

IT IS ORDERED, pursuant to Section 604 of the Defense Production Act of 1950, as amended, that an investigation be made to determine the matters set forth in paragraph II hereof.

IT IS FURTHER ORDERED, pursuant to the provisions of Section 604 of the Defense Production Act of 1950, as amended, that for the purpose of such investigation Harding Cowan and Ralph W. Scheffer, and each of them, is hereby designated an officer of the Board and empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith as authorized by law.

By the Board.

(signed) S. R. Carpenter,  
Secretary."

Approved unanimously.

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

"This refers to your letter of August 17, 1951, with which you enclosed copies of correspondence between your Bank and Mr. John P. Clark, Attorney at Law, Winslow, Arizona, concerning a proposed building to be leased in part to Governmental agencies.

"Inasmuch as it appears that the proposed building will include stores and other space which will not be used by Governmental agencies, we concur in your opinion that the building will not be excluded from the definition of 'non-residential structure' by section 2(r)(4)(ii) of Regulation X and that credit extended in connection with the proposed construction will have to comply with the requirements of the regulation."

Approved unanimously.

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Letter to Mr. Thomas W. Doig, Managing Director, Credit Union National Association, Inc., P. O. Box 431, Madison, Wisconsin, reading as follows:

"This refers to your letter to Mr. Benner of July 23, 1951, stating that your credit union people feel that Regulations W and X should be relaxed in accordance with a resolution of the East Bay Chapter of the California Credit Union League pertaining to Regulation X, to the effect that pledging of a member's shares as collateral for a loan to be used for purposes of construction should be permitted where such shares are covered by an equivalent amount of life savings insurance and requesting the Board of Governors to give consideration to this proposal.

"Since the resolution contained in your letter does not refer to Regulation W and inasmuch as the statements contained hereafter are, in general, applicable to both regulations, we are confining this letter mainly to Regulation X.

"With reference to the first paragraph of the resolution, Regulation X does not prohibit the pledging of credit union shares, or any other satisfactory assets as collateral security for an extension of credit to be used for the purpose of new construction so long as the total amount borrowed with respect to the new construction does not exceed the maximum loan value calculated in accordance with the regulation. However, the difference between the value of property and the maximum loan value, i.e., the minimum down payment, must be met with the borrower's own unborrowed funds.

"As you are of course aware, there are a number of savings plans and arrangements whereby the shareholder, depositor, member of the retirement plan, etc., receives life savings insurance, life insurance, or death benefits, as the case may be, the proceeds of which are payable upon the death of the shareholder, depositor, or contributor in addition to his savings. While the Board recognizes that shareholders in credit unions whose shares are insured with life savings insurance may lose their favorable thrift positions, it could not, consistently with the purposes of the Defense Production Act of 1950 under the authority of which Regulation X was issued and Regulation W was reestablished, nor in fairness



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"to other individuals owning savings coupled with other similar premium arrangements, permit such holdings to be pledged as collateral for a loan to be used as part of a down payment which thereby results in the total extensions of credit exceeding the maximum loan value of the new construction. Such an exemption would weaken the effectiveness of the regulation as an instrument assisting in the restraining of inflation through the curbing of the expansion of real estate credit--which has grown to record levels in recent years.

"The Board of Governors is always glad to have the views of your credit union organizations."

Approved unanimously.

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

Bank of San Francisco, reading as follows:

"Reurtel August 20. Principle of S. 1176 (X-8) may be applied in connection with major improvement. Accordingly, value of labor to be performed by prospective borrower may be included in estimated cost of major improvement for purposes of determining 'value' under section 2(i)(1) of Regulation X."

Approved unanimously.

Letter to Mr. Millard, Vice President of the Federal Reserve

Bank of San Francisco, reading as follows:

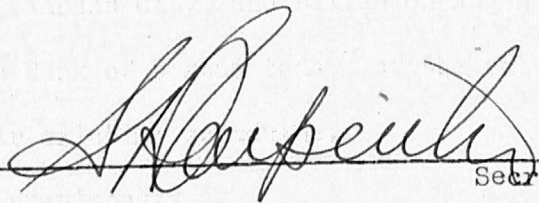
"In your letter of July 24, 1951, you enclosed correspondence with Mr. Adrien J. Falk who protests that section 5(c) of Regulation X is inequitable. This section pertains to short-term construction credits for the purpose of financing the construction of a multi-unit residence or a nonresidential structure. Mr. Falk objects to the fact that while short-term construction credits extended to the owner of the nonresidential property may not exceed the maximum loan value provided in the Supplement to the regulation no such restriction applies to any person other than the owner of the property.

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"It was initially our intention to require that all short-term credits advanced for nonresidential construction should comply with the terms of the Supplement. However, when we consulted with representatives of trade associations in both the construction and the mortgage finance industries, they were most emphatic in their contention that such a provision would make such building a practical impossibility, since contractors and subcontractors would have to be left free to make necessary short-term loans, and it would be most difficult to make the total of such loans conform to the regulation. Consequently, as a result of the urgent representations of the trade organizations, we conceded this obvious advantage to the construction industry in order to facilitate construction operations. Far from being an inequitable provision as Mr. Falk contends, it would seem to be a prudent, fair, and effective measure for accomplishing what might otherwise be a singularly difficult operation."

Approved unanimously.



Secretary.