Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, May 26, 1952. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Powell
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Governor Szymczak reported that in accordance with action taken by the Board on May 8, 1952, a memorandum submitted by Governors Powell and Mills under date of April 29, 1952, concerning policy and procedure with respect to investment of funds of the Retirement System of the Federal Reserve Banks was submitted to Counsel for the Retirement System, and under date of May 20, 1952, Mr. John V. Duncan, of Counsel, submitted a letter in which he expressed the opinion that the report "is sound and that there is adequate legal basis for the committee's conclusions and recommendations."

Governor Szymczak recommended that in the circumstances the Board approve the conclusions and recommendations contained in the report and that President Williams, Chairman of the Executive Committee of the Retirement System, President Earhart, Chairman of the Board of Trustees of the Retirement System, President Young, Chairman of the Investment Committee of the Retirement System, and President Leach, Chairman of the Conference of Reserve Bank Presidents, consider what, if any, steps should be taken to convey to members of the Retirement System the conclusion contained in the report that the Board of Governors and the Federal Reserve Banks are not legally bound to make good any substantial deficits that might occur in the reserves of the Retirement System.

Governor Szymczak's recommendations were approved unanimously.

Upon motion by Governor Powell, unanimous approval was given to the following recommendations contained in a memorandum dated May 23, 1952, from Mr. Bethea, Director, Division of Administrative Services:

1. That the Division of Administrative Services be authorized to hold an air raid drill in the Federal Reserve Building on June 12, 1952, at 9:30 a.m.

2. That the Division be authorized to show three films sponsored and loaned by the Federal Civil Defense Administration in the Board's cafeteria on June 6, 1952, at 3:45 and 4:30 p.m.

3. That the Division be authorized to spend approximately $600 to cover the cost of necessary equipment and supplies ordered and to be ordered to complete the civil defense program at the Board for which no provision was made in the 1952 budget of the Division.

Governor Mills referred to a memorandum submitted to the Board by Mr. Myrick, Assistant Director, Division of Bank Operations, under date of May 7, 1952, regarding Federal Reserve Bank plans for continuing essential operations in the event of an enemy attack or similar emergency, and stated that it appeared from the memorandum and the attached summary of reports from the Reserve Banks that arrangements of some of the Banks for the duplication of vital records and the establishment of security files were much further advanced than those of other Reserve Banks.

Following a brief discussion, Governor Evans suggested that within a reasonable time, perhaps six weeks, the Division of Bank Operations review the situation at the various Reserve Banks and make a further report to the Board.

This suggestion was approved unanimously.

At this point Mr. Allen, Director, Division of Personnel Administration, joined the meeting.

Consideration was given to the request contained in a letter dated May 16, 1952, from Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, that the Board approve additional expenditures by that Bank in the amount of approximately $3,575 a year on account of rate increases in connection with the group surgical and hospitalization contracts covering employees of the Bank.

In response to a question by Governor Powell as to whether it might be advantageous for the Reserve Banks to shift from participation in group surgical and hospitalization contracts to coverage under contracts with insurance companies, Mr. Allen said that a committee consisting of four Reserve Bank personnel directors which had studied the matter recently concluded that the benefits available under the group surgical and hospitalization contracts appeared to be greater than would be available otherwise at the same cost. He added, however, that the additional benefits incident to the increased cost of the plan in effect in Kansas City were not substantial, the increase reflecting principally the general tendency throughout the country toward higher charges for the services involved. He recalled that the Board had approved additional expenditures by several of the other Reserve Banks to cover rate increases in the group contracts.

Thereupon, unanimous approval was given to a letter to Mr. Koppang reading as follows:

"In accordance with the request contained in your letter of May 16, 1952, the Board of Governors approves the additional expenditure of approximately $3,575 a year in connection with the hospital and surgical program as described in your letter."

Reference was made to proposed salaries of officers of the Federal Reserve Banks of Richmond and Atlanta for the year beginning June 1, 1952, which were the subject of memoranda submitted by the Division of Personnel Administration to the Board under date of May 20, 1952.

At the request of the Board, Mr. Allen commented on the salaries proposed for officers of the Richmond Bank, stating that all of the increases could be made within the provisions of the Board's letter of February 26, 1952, and the salary stabilization regulations, and that he would recommend approval of the salaries as submitted.

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Thereupon, unanimous approval was given to a letter to Mr. Woodward, Deputy Chairman, Federal Reserve Bank of Richmond, reading as follows:

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond and its Branches for the period June 1, 1952, through May 31, 1953, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of May 8, 1952.

Name	Title	Annual Salary
Hugh Leach	President	$ 25,000
J. S. Walden, Jr.	First Vice Pres.	18,000
Edward A. Wayne	Vice President	17,000
Roger W. Mercer	Vice President & Cashier	13,500
Clair B. Strathy	Vice President & Secretary	13,500
K. Brantley Watson	Vice President	13,500
Chas. W. Williams	Vice President	13,000
Nathaniel L. Armistead	Vice President	13,000
Upton S. Martin	Assistant Vice President	9,600
Edw. Waller, Jr.	Assistant Cashier	8,700
Joseph M. Nowlan	Assistant Cashier	9,500
Wythe B. Wakeham	Assistant Cashier	8,500
James W. Dodd, Jr.	Assistant Cashier	9,000
John L. Nosker	Assistant Cashier	9,000
Aubrey N. Heflin	Counsel	12,000
G. Harold Snead	Chief Examiner	9,000
	Baltimore Branch	
Donald F. Hagner	Vice President	13,500
Adolph C. Wienert	Assistant Cashier	8,200
Bernard F. Armstrong	Assistant Cashier	7,800
Alfred A. Stewart, Jr.	Assistant Cashier	7,600
	Charlotte Branch	
Robert L. Cherry	Vice President	13,500
Stanhope A. Ligon	Cashier	10,000
Robert L. Honeycutt	Assistant Cashier	8,100
E. Clinton Mondy	Assistant Cashier	7,600

"In view of the action taken by the Board of Directors with respect to Mr. R. S. Brock, Jr., as indicated in Mr. Leach's letter of May 23, the Board of Governors approves the payment of "salary to him as General Auditor, for the period May 8, 1952, through May 31, 1953, at the rate of $10,500 per annum, which is the rate also fixed by the Board of Directors."

With respect to the increases proposed for officers of the Atlanta Bank, Mr. Allen stated that the salaries of Vice President Paris, in charge of the New Orleans Branch, Assistant Manager Shaw, of the same branch, and Assistant Manager Frazer, of the Birmingham Branch, already were in excess of the maximums established for their positions and accordingly the increases proposed by the Bank for these officers would not be in accordance with existing salary stabilization regulations. He said that the Reserve Bank was aware of this fact and had included the recommendations at this time merely to indicate a desire to make the adjustments whenever it became possible. Mr. Allen recommended that the other salaries proposed by the Reserve Bank be approved as submitted.

Thereupon, unanimous approval was given to a letter to Mr. Patterson, Secretary, Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta and its Branches for the period June 1, 1952, through May 31, 1953, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of May 12, 1952.

Name	Title	Annual Salary
Malcolm Bryan	President	$ 25,000
L. M. Clark	First Vice President	18,000
V. K. Bowman	Vice President	13,500
J. E. Denmark	Vice President	11,500

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"Name	Title	Annual Salary
Harold T. Patterson	Vice President and General Counsel	$14,000
L. B. Raisty	Vice President	11,100
Earle L. Rauber	Vice President and Director of Research	11,600
S. P. Schuessler	Vice President	11,500
E. C. Rainey	Cashier	8,500
J. H. Bowden	Assistant Vice President	9,500
C. R. Camp	Assistant Vice President	8,500
F. H. Martin	Assistant Vice President	8,000
I. H. Martin	Assistant Vice President	7,500
J. E. McCorvey	Assistant Vice President	7,750
R. E. Milling	Assistant Vice President	7,750
Chas. T. Taylor	Assistant Vice President	9,000
Fred Breck	Assistant Cashier	6,500
R. M. Stephenson	Chief Examiner	8,500
Dowdell Brown, Jr.	Assistant Counsel	6,500
DeWitt Adams	General Auditor	8,000
	Birmingham Branch	
P. L. T. Beavers	Vice President	10,000*
H. J. Urquhart	Cashier	7,500
Melvin McIlwain	Assistant Cashier	6,500
	Jacksonville Branch	
T. A. Lanford	Vice President	13,500
T. C. Clark	Assistant Manager	9,500
J. W. Snyder	Cashier	8,500
C. Mason Ford	Assistant Cashier	7,500
	Nashville Branch	
R. E. Moody, Jr.	Vice President	9,500
E. R. Harrison	Assistant Manager	9,000
L. W. Starr	Cashier	8,000
Stuart H. Magee	Assistant Cashier	5,700
	New Orleans Branch	
W. H. Sewell	Cashier	8,000
L. Y. Chapman	Assistant Cashier	6,500

* Approved through June 30, 1952.

"The Board of Governors also approves the payment of salary to Mr. John L. Liles, Jr., Vice President, for the period June 1, 1952, through June 30, 1952, at the rate of $9,000 per annum, and for the period July 1, 1952, through May 31, 1953, at the rate of $9,500 per annum, which are the rates fixed by the Board of Directors as indicated in your letter.

"The salaries for Mr. Frazer, at the Birmingham Branch, and for Messrs. Paris and Shaw, at the New Orleans Branch, are already above the maximums for the positions they occupy, and, accordingly, the increases proposed in your letter of May 12, would carry them further beyond these maximums and would not be in accordance with the regulations of the Salary Stabilization Board. As indicated in the Board's letter of February 26, the Board is not prepared to approve such increases at this time. However, the Board approves the payment of salary to Mr. H. C. Frazer, as Assistant Manager at the Birmingham Branch, at the rate of $9,000 per annum, to Mr. E. P. Paris, as Vice President in charge of the New Orleans Branch, at the rate of $15,000 per annum, and to Mr. M. L. Shaw, as Assistant Manager at the New Orleans Branch at the rate of $9,500 per annum, for the period June 1, 1952, through May 31, 1953, if these salaries are fixed by your Board of Directors at such rates."

There ensued a general discussion of the policy that should be followed by the Board with respect to approval of officers' salaries at the Federal Reserve Banks and also as to whether the Board should submit to the Salary Stabilization Board for consideration increases proposed for the three Atlanta Bank officers mentioned above and for officers of certain of the other Reserve Banks which had been disapproved because they contravened the existing regulations. There appeared to be general agreement that the long-range policy of the Board should be in the direction of approving maximum salaries for the various official positions at the Reserve Banks, except the president and first vice president, and that the Reserve Bank directors should be permitted thereafter to adjust salaries within these ranges at their discretion. It was suggested, however, that the preparation of such salary schedules by the Reserve Banks and their consideration by the Board might involve some time and that in the circumstances it might be well to consider taking up with the Salary Stabilization Board immediately certain of the adjustments for individual officers which had been proposed by the Reserve Banks and disapproved. The opinion was expressed that if such proposed adjustments were submitted to the Salary Stabilization Board it would be well as a matter of equity to inform all of the Reserve Banks of the procedure which was to be followed since it appeared that certain of the Banks had adhered strictly to the Board's letter of February 26, 1952, and had refrained from submitting proposed increases which could not be approved under the provisions of that letter.

In the course of the discussion Governor Evans stated that he was particularly concerned with improving the level of salaries of junior officers at the Reserve Banks. He also expressed the opinion that salaries of Reserve Bank employees should be adjusted to fall within the fourth quarter of community wage brackets rather than within the third quarter bracket as at present.

Governor Robertson then proposed: (1) that the Board continue for the time being to adhere to the provisions of its letter to the Reserve Banks of February 26, 1952; (2) that a letter be sent to all of the Banks stating that the Board was prepared to take up with the Salary Stabilization Board proposals for increases of salaries of Reserve Bank officials where necessary to correct inequities, and requesting the Banks to submit cases of that nature which they wished to have considered; (3) that on receipt of replies from all of the Reserve Banks, the Board consider the cases submitted by the Banks and take up with the Salary Stabilization Board the cases which in the opinion of the Board should be approved; and (4) that the letter to the Reserve Banks make it clear that the submission of the individual cases represented merely an interim step and that the Board would proceed with its study of an over-all salary plan for officers of the Federal Reserve Banks.

The procedure suggested by Governor Robertson was approved unanimously.

At the meeting of the Board on May 22, 1952, there was discussion of a draft of letter to President Erickson, of the Federal Reserve Bank of Boston, relative to proposals by that Bank as to means by which greater protection might be afforded to currency and coin shipments within the district and the volume of shipments to and from the Reserve Bank might be reduced. The draft was referred to Governors Powell and Mills for recommendation to the Board, and the following revised draft of letter had been prepared and copies sent to the other members of the Board prior to this meeting:

"Your letter of April 21 regarding your review following the Danvers larceny of means of increasing the "protection of currency both within the Reserve Bank and during shipment, and also means of reducing exposure to risk of loss, has been read with much interest.

"It is unfortunate that the Federal Bureau of Investigation is so busy as to be unable to advise with you at this time on security measures. It is noted, however, that the Bureau expects to be able to assist you sometime in the future.

"As one means of reducing the volume of shipments of currency between the Federal Reserve Bank and member banks, which would reduce the expense of the Reserve Bank in handling currency as well as the exposure to risk, you suggest that the Board consider a recommendation to Congress for legislation at the earliest feasible opportunity which would permit vault cash to be counted as reserves.

"The Board favors such a change at the appropriate time. It does not believe that it would be appropriate at this time, however, to open up the subject of changes in reserve requirements with this one proposal.

"Another means of reducing the volume of shipments to and from the Federal Reserve Bank referred to in your letter would be the reduction in the amount of cross-hauling of currency which could be accomplished if banks could be induced to exchange currency with each other without going through the Federal Reserve Bank. Such a program, you state, is already partially in effect in two or three areas in your district, but you point out an obstacle to such arrangements is the obligation of the Reserve Bank to remove unfit notes from circulation. You suggest that, if in addition to paying the costs of shipping currency from one member bank to another in the same area the Reserve Bank paid to member banks the cost of sorting out unfit notes, the volume of shipments to and from the Federal Reserve Bank would be materially reduced.

"The Committee on Free Services recommended in its report of February 25, 1946, to the Presidents' Conference that each Reserve Bank continue to urge member banks to make interchanges of currency and coin. The operating circulars of a number of Federal Reserve Banks, including your own, contain a provision requesting the cooperation of banks in such interchanges of currency and coin. It seems evident that such interchanges would reduce the number of shipments to and from the Reserve Bank and thus not only reduce shipping costs but also reduce the expense of handling currency within the Reserve Bank.

"The possibility of paying member banks for sorting out unfit currency is a new approach. This proposal, as well as the extent to which the Reserve Banks should absorb costs of shipment of currency and coin between member banks and the conditions under which that should be done, involves System policies and practices.

"It is suggested, therefore, that both matters be placed on the agenda for discussion at the forthcoming Conference of Presidents."

The revised draft was approved unanimously.

Chairman Martin referred to a draft of memorandum which Mr. Allen had suggested be sent to the head of each division by the Director of the Division of Personnel Administration requesting that appropriate steps be taken within the respective divisions to correct any laxity with regard to observance of the regular working hours.

In response to a question by Governor Szymczak, Mr. Allen said that the matter had been discussed with the Committee of Employees and that Committee favored the contemplated procedure. He also commented on reasons why he deemed it desirable to ask the division heads to review the matter at this time.

While the members of the Board agreed that any necessary steps should be taken to insure a reasonable degree of compliance, it was felt that some latitude was desirable in those cases where employees voluntarily devoted a considerable amount of overtime on special assignments without compensation. It was suggested, therefore, that before any action was taken by the Board, the matter be discussed at a meeting of the senior staff.

This suggestion was approved unanimously.

Mr. Allen then withdrew from the meeting.

Before this meeting there had been circulated to the members of the Board a draft of letter to the Presidents of all Federal Reserve Banks regarding reductions of capital in cases where a State member bank was at the same time issuing preferred stock or capital notes or debentures.

Certain revisions in the draft had been proposed by Governor Powell and circulated to the other members of the Board prior to this meeting, and the letter was approved unanimously in the revised form, as follows:

"As you know, standard condition of membership number 2, as set forth in the Board's Regulation H, requires the Board's consent to the reduction of capital by State member banks subject to such condition. The Board is presently reviewing its policy in granting or withholding its consent to reductions of capital in cases in which the member bank is at the same time issuing preferred stock or capital notes or debentures.

"Notes and debentures, of course, normally represent borrowed money. During the banking emergency of the early 1930's there were no adequate sources for new common stock and, in most States preferred stock could not be sold except subject to the same double liability as was then generally applicable to common stock. Accordingly, banks were allowed to replenish their capital funds by the issuance of capital notes and debentures sold to the RFC; and, by a statute enacted in 1934, notes and debentures so purchased by the RFC were permitted to be considered capital for purposes of eligibility for membership in the Federal Reserve System. However, all such notes and debentures purchased by the RFC have now been retired or are in process of retirement. Similarly, all preferred stock sold by banks to the RFC in the early 1930's has now been retired or is being offered for sale to other holders.

"Since conditions today are very different from those which gave rise to the legislation referred to above, it is requested that for the time being in any case in which a State member bank applying for approval of a reduction in its capital pursuant to the condition of membership contemplates a program involving the issuance of preferred stock or capital notes or debentures, such application be submitted to the Board of Governors for its consideration. The Board's letters of December 15, 1934 (F.R.L.S.#3451) and May 1, 1937 (F.R.L.S.#3454), delegating authority to the Federal Reserve Banks in approving reductions of capital, are modified accordingly."

At this point Mr. Vest, General Counsel, joined the meeting.

Reference was made to a memorandum addressed to Chairman Martin by Mr. Vest under date of May 23, 1952, regarding a letter dated May 12, 1952, from Senator Lyndon Johnson, Chairman of the Committee on Interstate and Foreign Commerce, which stated that the Committee would be pleased to receive any comments the Board might care to offer with regard to H.R. 5767, a bill to amend the Federal Trade Commission Act with respect to certain contracts and agreements which establish minimum or stipulated resale prices and which are extended by State law to persons who are not parties to such contracts and agreements. Mr. Vest's memorandum suggested that the Board might make a report expressing its views in whatever way it desired, that it might advise Senator Johnson that it had no comments to offer, or that it might make no response to the letter.

Following a discussion by Mr. Vest of the purposes of the proposed legislation, it was agreed unanimously that inasmuch as it did not concern a matter of direct interest to the

Board, no reply need be made at this time, and that if a further request were received, it should be stated in reply that the Board had no comments to offer.

Mr. Vest reported receipt of a telephone call on May 23, 1952, from a member of the staff of the House Judiciary Committee who inquired concerning the number of cases of bank mergers and consolidations approved by the Board under the provisions of Section 18(c) of the Federal Deposit Insurance Act and indicated that the Committee was considering the drafting of legislation to restrict bank mergers and consolidations as a matter of antitrust policy. Mr. Vest went on to say that the staff member stated he would probably call again if such legislation were drafted.

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:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on May 23, 1952, were approved unanimously.

Letter to Mr. Stevens, Federal Reserve Agent, Federal Reserve Bank of New York, reading as follows:

"In accordance with the telephone request of May 26, from Mr. Small, the Board of Governors approves the payment of salary to Mr. Richard E. Hunke, Alternate Assistant Federal Reserve Agent, at the rate of $7,000 "per annum, effective May 29, 1952."

Approved unanimously.

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

"In your letter of May 15, 1952, transmitting the report of examination of the Chrisney State Bank, Chrisney, Indiana, at close of business March 25, 1952, you called attention to the fact that the bank is now operating an insurance department and is exercising a charter, or statutory, power that was dormant at the time of the bank's admission to membership in the System. You stated that in view of the small volume of business transacted by the department and the approval obtained from the Supervisor of Banks, Indiana Department of Financial Institutions, no serious question was raised by your examiner concerning the bank's decision to commence exercising a heretofore dormant charter power. Accordingly, you have recommended that the Board interpose no objection to the bank's operation of this small insurance department under condition of membership numbered one relating to broadening in functions.

"In the Board's letter X-9780 of January 6, 1937 (F.R.L.S. #3515) it was stated that, in the absence of any abuse or unsound practices in the transaction of such business by a bank, no condition of membership prohibiting a bank from acting directly or indirectly as agents or brokers in the sale of insurance would be prescribed.

"In the circumstances the Board will interpose no objection to the operation of an insurance department by the member bank. It is assumed, of course, that any such business will be conducted in accordance with the applicable provisions of State law and the rulings of the appropriate State authorities."

Approved unanimously.

Letter for the signature of the Chairman to the Honorable Preston Delano, Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

"In accordance with the informal arrangement existing between your organization and ours with respect to the interchange of information relative to applications to establish branches, representatives of your office have notified us of the pending application of the First National Bank of Arizona, Phoenix, Phoenix, Arizona, to establish a branch in Glendale, Arizona.

"Neither this Board nor the Federal Reserve Bank of San Francisco is in possession of any facts, other than facts presumably in your possession, which would seem to have a bearing on the need for such additional banking facilities, the ability of the applicant to provide such facilities on a sound basis, or the extent to which other banks would be adversely affected by the additional competition involved, or which for any other reason we believe should be brought to your attention for consideration in formulating your decision on this application.

"As you know, matters of this kind are ordinarily handled by telephone, but in this case we are responding by letter because the bank involved is related to Transamerica Corporation, which, as you know, has been made the subject of the Board's Order in proceedings instituted under the Clayton Act. We appreciate that the authority and responsibility for making a decision on branch applications of national banks rests with your office; and this letter should not be regarded as indicating in any way the views or opinion of the Board of Governors as to the action which should be taken by you with respect to this application."

Approved unanimously.

Letter to Mr. Jerrold Walden, House Judiciary Committee, Washington, D. C., reading as follows:

"In response to the request made by you in your telephone conversation with Mr. Hackley of the Board's staff on May 16, 1952, there is enclosed a reprint of the Board's Findings as to the Facts, Conclusion, and Order adopted on March 27, 1952, in connection with the Transamerica Clayton Act proceedings. The transcript of the proceedings in this case is a matter of public record and is available for inspection at the Board's "offices. However, since the transcript is quite voluminous, comprising some 11,000 pages, we have no extra copies of the transcript available.

"Section 12B(v)(4) of the Federal Reserve Act, as added by Act of August 17, 1950, provided that the consent of the appropriate bank supervisory agency should be obtained in any case in which an insured bank merges or consolidates with, or assumes the deposit liabilities of, another insured bank if the continuing bank will not have capital stock or surplus equal to the aggregate capital stock or aggregate surplus, respectively, of the merging institutions. That section was superseded by similar provisions contained in section 18(c) of the Federal Deposit Insurance Act of September 21, 1950. The consent of the Board of Governors is required where the continuing bank will be a State member bank; and, as requested by you, there is enclosed a list of those cases in which the Board's consent has been requested and obtained under these provisions of the law."

Approved unanimously.

Letter to Mr. Gordon S. Chase, 1715 Millard Street, Bethlehem Pennsylvania, reading as follows:

"This refers to your letter to the President, dated May 2, 1952, which has been referred to the Board of Governors, inasmuch as it relates to Regulation X--Real Estate Credit, as it pertains to a new house you are endeavoring to sell.

"In the event that your new house is sold at a bona fide sale price of $12,500 with the purchaser availing himself of conventional financing under Regulation X, or a Federal Housing Administration insured mortgage, the maximum loan value would be $9,800, necessitating a down payment of $2,700, whereas a veteran purchasing the property at the same price with a Veterans Administration guaranteed mortgage would be required to make a down payment of only $1,375. However, if the house were sold for $11,000, the required down payment under Regulation X and FHA regulation would be $2,200, and to a veteran utilizing a VA guaranteed mortgage the down payment would be only $880. Possibly you have had some misunderstanding in this regard, since the minimum down payment in all of these instances is considerably less than the $4,000 figure mentioned in your letter. We hope this information concerning down-payment requirements under real estate credit restrictions will be of assistance to you in selling your house.

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"We appreciate receiving your letter, especially since you are a builder in the residential field. Views of persons such as yourself and information relative to unsold housing remaining on the market form an important part of the Board's continuing consideration and review of the effects of Regulation X in relation to developments in the national economy as a whole."

Approved unanimously, with a copy to the Federal Reserve Bank of Philadelphia.

Secretary.