

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, September 4, 1952.

PRESENT: Mr. Szymczak, Acting Chairman  
 Mr. Evans  
 Mr. Vardaman  
 Mr. Mills  
 Mr. Robertson

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 3, 1952, were approved unanimously.

Letter to Mr. Young, President, Federal Reserve Bank of Chicago, reading as follows:

"The Board is in receipt of a letter dated August 19, 1952 from Mrs. Valerie R. Frank, Secretary of the Retirement System of the Federal Reserve Banks, regarding the approval of a proposed rider to be incorporated in the group life insurance policy carried with the Connecticut General Life Insurance Company. The Board assumes that each of the Federal Reserve Banks, including your own, has received a similar letter.

"The effect of the proposed rider would be to permit certain payments to be made on behalf of minor beneficiaries to the person caring for and supporting the minor without the necessity of appointing a guardian.

"This letter is to inform you that the Board has approved the rider, in the form of the photostat which is enclosed, and your Bank is hereby authorized to execute it on behalf of the Board of Governors after you have received a like authorization from each of the Federal Reserve Banks. The Board understands that the insurance company will submit the rider for approval of the State of Illinois."

9/4/52

-2-

Approved unanimously,  
with a copy to Mrs. Frank,  
Secretary, Retirement System  
of the Federal Reserve Banks,  
New York, New York.

Letter to the Board of Directors, Princeton Bank and  
Trust Company, Princeton, New Jersey, reading as follows:

"Pursuant to your request submitted through  
the Federal Reserve Bank of Philadelphia, the Board  
of Governors approves the establishment and opera-  
tion of a branch at the Princeton Shopping Center,  
to be located in Princeton Township, New Jersey,  
by Princeton Bank and Trust Company, upon condition  
that formal approval is obtained from the appropriate  
State authorities and the branch is established within  
eighteen months from the date of this letter."

Approved unanimously,  
for transmittal through the  
Federal Reserve Bank of Phila-  
delphia.

Telegram to Mr. Cowan, Assistant Counsel, Federal Reserve  
Bank of New York, reading as follows:

"Reurlet August 28, 1952, with enclosures, to  
Benner concerning the determination under section 2(i)  
of Regulation X of the maximum loan which may be made  
to a lessee of land on which he proposes to construct  
a multi-unit residence. In case presented, lessee (1)  
has option to purchase land and (2) would be obligated  
to pay as compensation a sum substantially equivalent  
to or in excess of the value of the land on which the  
multi-unit residence is to be constructed. Lessor,  
the owner of the fee, proposes to join in the mortgage  
and to pledge the fee as part of the security for loan.

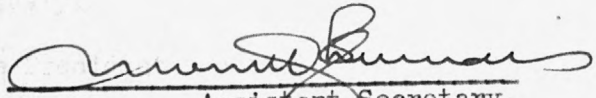
"The Board concurs in your view and that of the  
Jacksonville Branch of the Federal Reserve Bank of  
Atlanta that the appraised value of the land should

9/4/52 -3-

"be considered, by reason of the lease, as credit outstanding. Accordingly, in determining the maximum loan permitted to be made to the lessee, the maximum loan on land and improvements permitted under Regulation X must be reduced by an amount equal to the appraised value of the land.

"With respect to the clause '\* \* \* obligates himself to pay as compensation a sum substantially equal to or in excess of the value thereof \* \* \*' in footnote 2 on page 2 of Regulation X, the Board concurs in your view that in order for the clause to be applicable, it is not required that the lessee have the right to become the owner of the property."

Approved unanimously,  
with a copy to Mr. Clark,  
Assistant Manager, Jackson-  
ville Branch, Federal Reserve  
Bank of Atlanta.

  
Assistant Secretary.