

Minutes for September 1, 1966

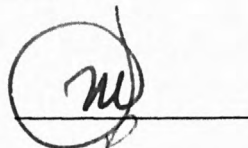
To: Members of the Board
From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

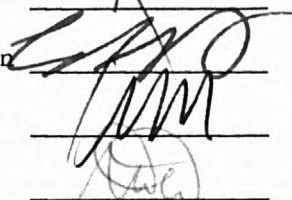
Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin



Gov. Robertson

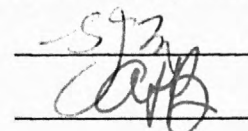
Gov. Shepardson



Gov. Mitchell

Gov. Daane

Gov. Maisel



Gov. Brimmer

Minutes of the Board of Governors of the Federal Reserve
System on Thursday, September 1, 1966. The Board met in the Board
Room at 10:00 a.m.

PRESENT: Mr. Robertson, Vice Chairman
Mr. Shepardson
Mr. Mitchell
Mr. Maisel
Mr. Brimmer

Mr. Kenyon, Assistant Secretary
Mr. Holland, Adviser to the Board
Mr. Solomon, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Brill, Director, Division of Research and
Statistics
Mr. Hexter, Associate General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. Smith, Assistant Director, Division of
Examinations
Messrs. Robinson, Sanders, and Smith of the
Legal Division
Messrs. Egertson, Lyon, and Sundberg of the
Division of Examinations
Mr. Fisher and Miss Ormsby of the Division of
Research and Statistics

Approved items. The following letters were approved unanimously
after consideration of background information that had been made avail-
able to the members of the Board. Copies are attached under the respec-
tive item numbers indicated.

Item No.

Letter to Nevada Bank of Commerce, Reno, Nevada,
approving the establishment of a branch in
Gardnerville.

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Item No.

Letter to Bank of Waynesboro, Waynesboro, Georgia, approving an investment in bank premises.

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Application of First Virginia Corporation (Items 3-5). There had been distributed drafts of an order and statement reflecting approval by the Board on August 19, 1966, of the application of The First Virginia Corporation, Arlington, Virginia, for permission to acquire 80 per cent or more of the voting shares of The Staunton Industrial Bank, Staunton, Virginia.

After a technical correction in the draft order had been noted, the issuance of the order and statement was authorized. Copies of the documents as issued are attached as Items 3 and 4, respectively. Unanimous approval also was given to a letter to The First Virginia Corporation in the form attached as Item No. 5.

Mr. O'Connell pointed out that the statement in this case contained an abbreviated paragraph reciting statutory considerations, which paragraph would be used henceforth if the abbreviation was sufficiently responsive to an earlier Board suggestion. No objection to the use of such a paragraph was indicated by the members of the Board.

Housing legislation (Item No. 6). The Bureau of the Budget had requested a report on enrolled bill S. 3688, "to stimulate the flow of mortgage credit for Federal Housing Administration and Veterans Administration assisted residential construction." The Board had not previously

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been requested to report on this bill, the first section of which would increase the borrowing authority of the Federal National Mortgage Association under its secondary market operations from 10 to 15 times its capital account. Another section would enlarge the Association's lending ability through an increase of \$110 million in the amount of preferred stock that it could sell to the Secretary of the Treasury. Another section authorized the Association to purchase up to \$1 billion in Federal Housing Administration and Veterans Administration mortgages secured by new residential units if the original principal obligation on each unit did not exceed \$15,000. However, the Association was authorized to increase the \$15,000 limit to \$17,500 for single-family dwellings in areas where the Secretary of Housing and Urban Development found that cost levels so required. Of the \$1 billion authorized under this section, \$500 million would be transferred from the Association's outstanding special assistance authority. Total funds available to the Association under the proposal would amount to \$4.76 billion.

There had been distributed a memorandum from the Legal Division dated August 31, 1966, submitting a draft of reply to the Budget Bureau stating that the Board favored approval of the bill. There had also been distributed a memorandum from Mr. Brill dated September 1, 1966, submitting for the Board's information an analysis of the legislation by Mr. Fisher.

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The letter to the Budget Bureau was approved unanimously; a copy is attached as Item No. 6.

Messrs. Robinson, Smith (Legal), Egertson, Lyon, and Fisher then withdrew.

Proposed study of banking structure. There had been distributed a memorandum from the Division of Examinations dated August 26, 1966, submitting, pursuant to an earlier Board request, a condensed format of available information pertaining to the banking structure of a given State (California) for the years 1961-1965. It was suggested that this or a similar format could be utilized as a ready reference on matters coming before the Board such as bank merger and bank holding company cases and competitive factor reports. The views of the Board were sought as to the adequacy of the information presented. The Division proposed to modify the format in accordance with such suggestions as might be made and then proceed to prepare similar compilations of data for the States of Virginia, New York, and Florida. Existing compilations would be updated each year and other States would be added when applications before the Board indicated a need, or upon request by members of the Board.

Governor Mitchell stated that he had been working with the Banking Markets Section of the Division of Research and Statistics on a computer program regarding the banking structure of individual areas. The program, which was not yet entirely complete, could produce all of

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the information that had been distributed with the memorandum for any area that the Board was prepared to define as often as there was a call for it. He suggested, therefore, that the Division of Examinations enter into discussion with the Banking Markets Section.

After further discussion it was agreed that the Division of Examinations would discuss the subject with the Banking Markets Section before proceeding further.

Messrs. O'Connell, Hooff, Sanders, and Sundberg then withdrew from the meeting.

Discount administration. There had been distributed under date of August 31, 1966, (1) a revised draft of program for discount administration in the current economic environment, intended for internal System use only, and (2) a draft of letter to member banks concerning the need to restrain business lending. The draft letter also discussed the operation of the discount window in light of the objective of a slower rate of expansion of bank loans to business, particularly if member bank adjustments should take the form of moderation in the rate of expansion of loans, especially business loans, in lieu of liquidation of municipal securities or other investments.

The Vice Chairman referred to an article in today's edition of the New York Times indicating that a Federal Reserve official had confirmed a plan to use the credit-granting power of the discount window as a weapon of selective control to force a slowdown in the expansion

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of loans to business. In consequence of the press story, he felt that it was advisable to move promptly. He suggested that the Board edit the two draft documents that had been distributed and send them to the Reserve Bank Presidents by wire, with indication that the Board would like to hold a telephone conference with the Presidents at 2:30 this afternoon to receive their comments or suggestions. He also proposed that a letter to member banks then be issued and released to the press.

It was suggested and agreed that the wire to the Reserve Bank Presidents should refer to the press story as a development that led the Board to feel that the letter to member banks should be released to the press this afternoon if possible.

The Board then turned to consideration of the draft statement of a program for discount administration in the current environment, and it developed that the draft was regarded as generally satisfactory. Accordingly, it was sent by wire to the Reserve Bank Presidents with notation that in view of the story in today's Times the Board felt that a letter to all member banks should be released to the press this afternoon, that a draft of such a letter would be sent to the Presidents by wire shortly, that the Board would like to have a telephone meeting with the Presidents at 2:30 this afternoon, and that it would appreciate the Presidents' comments on the program and on the draft letter.

Consideration next was given by the Board to the draft letter and a number of editorial suggestions were made, principally for purposes

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of emphasis and clarification. The draft letter, as revised by the Board, was then sent by wire to the Reserve Bank Presidents.

It was understood that prior to the telephone meeting this afternoon the Vice Chairman would get in touch with Mr. Wayne, Chairman of the Presidents' Conference, and Mr. Hayes, President of the New York Reserve Bank, to specify in more detail the procedure that the Board felt should be followed and the reasons therefor.

Question was raised as to who would sign the letter to the member banks, and one point of view presented was that it should go from the Board over the Vice Chairman's signature. Another view was that it would be more nearly in line with normal procedures for such a letter to be sent to member banks in each District over the signature of the President of the Reserve Bank in that District. It was understood that this question would be raised specifically with the Presidents during the telephone meeting this afternoon. It was also understood, however, that a press statement giving the text of the letter would be released from the Board's offices. As to the timing of the press release, it was suggested that it should be issued to the press as soon after 3:30 this afternoon as proved feasible.


In further discussion Mr. Molony outlined the text of a press release that might be issued. Several suggestions were made by members of the Board, including the suggestion that the press release should emphasize that the issuance of the letter to member banks reflected a System decision.

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The meeting then adjourned.

Secretary's Note: The minutes of this afternoon's telephone conference meeting of the Board and the Presidents have been prepared as a separate document.


Assistant Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 1
9/1/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 1, 1966

Board of Directors,
Nevada Bank of Commerce,
Reno, Nevada.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Nevada Bank of Commerce, Reno, Nevada, of a branch on U. S. Highway 395 between Bell Street and Circle Drive, Gardnerville, Nevada, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 2
9/1/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 1, 1966

Board of Directors,
Bank of Waynesboro,
Waynesboro, Georgia.

Gentlemen:

Pursuant to the provisions of Section 24A of the Federal Reserve Act, the Board of Governors of the Federal Reserve System approves an indirect investment in bank premises of not to exceed \$325,000 by Bank of Waynesboro, Waynesboro, Georgia, for the construction of a new main office building. It is understood that \$100,000 of this investment (which includes \$31,000 already expended for land) will represent stock of the bank's wholly-owned affiliate and the remaining amount (\$225,000) is to be funds borrowed by the affiliate from a source other than subject bank.

It is the Board's understanding that your bank's capital structure is to be strengthened in the early part of 1967 through the sale of new capital stock.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

UNITED STATES OF AMERICA

Item No. 3
9/1/66

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of

THE FIRST VIRGINIA CORPORATION,
ARLINGTON, VIRGINIA,

for approval of the acquisition of
voting shares of The Staunton
Industrial Bank, Staunton, Virginia.

ORDER APPROVING APPLICATION UNDER
BANK HOLDING COMPANY ACT

There has come before the Board of Governors, pursuant to section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a), as amended by Public Law 89-485), and section 222.4(a) of Federal Reserve Regulation Y (12 CFR 222.4(a)), an application by The First Virginia Corporation, Arlington, Virginia, a registered bank holding company, for the Board's prior approval of the acquisition of 80 per cent or more of the voting shares of The Staunton Industrial Bank, Staunton, Virginia.

As required by section 3(b) of the Act, the Board notified the Virginia Commissioner of Banking of receipt of the application and requested his views and recommendation. The Commissioner expressed no objection to approval of the application.

Notice of receipt of the application was published in the Federal Register on July 19, 1966 (31 Federal Register 9763), which provided an opportunity for submission of comments and views regarding the proposed transaction. Time for filing such views and comments has expired and all those filed with the Board have been considered by it.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the acquisition so approved shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after said date.

Dated at Washington, D. C., this 1st day of September, 1966.

By order of the Board of Governors.

Voting for this action: Vice Chairman Robertson, and Governors Shepardson, Mitchell, Daane, and Brimmer.

Absent and not voting: Chairman Martin and Governor Maisel.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 4
9/1/66

APPLICATION BY THE FIRST VIRGINIA CORPORATION, ARLINGTON,
VIRGINIA, FOR APPROVAL OF ACQUISITION OF SHARES OF THE
STAUNTON INDUSTRIAL BANK, STAUNTON, VIRGINIA

STATEMENT

The First Virginia Corporation, Arlington, Virginia ("Applicant"), a registered bank holding company, has filed with the Board, pursuant to section 3(a) of the Bank Holding Company Act of 1956, as amended ("the Act"), an application for approval of the acquisition of 80 per cent or more of the voting shares of The Staunton Industrial Bank, Staunton, Virginia ("Bank").

Applicant, one of four bank holding company groups operating in Virginia, had ten subsidiary banks at December 31, 1965,^{1/} and it obtained permission to acquire control of First Valley National Bank, Rich Creek, Virginia, on July 11, 1966. The eleven banks had total deposits of about \$271 million and operated 62 offices in the State. Applicant also controls two insurance agencies, a bank premises company, a bank servicing corporation, and an advertising agency.

Bank, which was organized in 1930 as an industrial loan corporation, converted to a State-chartered commercial bank in

^{1/} Unless otherwise indicated, all banking data noted are as of this date.

January 1963. Bank, with deposits of nearly \$6 million, has obtained authority from the State Corporation Commission to establish its first branch in a new shopping area located about four miles south of its main office. Bank's primary service area, with an estimated population of 31,200, encompasses the independent City of Staunton (the county seat of Augusta County) and the surrounding agricultural area extending approximately four and one-half miles to the north and south and approximately two miles to the east and west. Approximately 75 per cent of the amount of Bank's deposits of individuals, partnerships, and corporations ("IPC deposits") originate in its primary service area, while about 97 per cent of such deposits are derived from Augusta County and the independent cities of Staunton and Waynesboro.

Views and recommendation of supervisory authority. - As required by section 3(b) of the Act, notice of receipt of the application was given to, and views and recommendation requested of, the State Commissioner of Banking. The Commissioner expressed no objection to approval of the application.

Statutory considerations. - The Act prohibits Board approval of any proposed acquisition which would result in a monopoly, or further any combination, conspiracy, or attempt to monopolize the business of banking in any relevant area. Nor may approval be given where the Board finds that the effect of a proposal may be substantially to lessen competition, or in any other manner be in restraint of trade, unless such anti-competitive effects are clearly outweighed by the probable effect of the

transaction in meeting the convenience and needs of the area to be served. In every case, the Board considers the latter factor, as well as the financial and managerial resources and future prospects of the bank holding company and the banks concerned.

Competitive effects of proposed acquisition. - Applicant controls about 5 per cent of the deposits of all banks in Virginia, and is the third largest bank holding company group and the sixth largest banking organization in the State. In terms of deposits controlled, the two largest banking organizations in the State are more than twice the size of Applicant, and the third largest such organization is nearly twice Applicant's size. Acquisition of Bank would increase Applicant's control over all deposits in the State by only about one-tenth of 1 per cent.

At June 30, 1964 (the latest date for which a compilation of deposits by counties is available), 10 banks operated a total of 17 banking offices in Augusta County and the independent cities of Staunton and Waynesboro. Those 17 offices held, in the aggregate, deposits of about \$75 million, with Bank's deposits of about \$5 million representing 7 per cent of such total. Bank's time IPC deposits and demand IPC deposits represented, respectively, 13 per cent and 1 per cent of such deposits of the 17 offices in the county. At the same date, six banks operated a total of nine banking offices within Bank's designated primary service area. Bank controlled about 11 per cent of the total deposits in this area, and was fifth largest in terms of area deposits held by each of the six banks.

Inasmuch as consummation of the proposed acquisition would represent the initial entry of a bank holding company into Augusta County, and in view of the relatively small concentration of banking deposits under Bank's control in the areas earlier mentioned, it is the Board's judgment that the transaction proposed would not result in a monopoly, nor does it appear to be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any relevant area.

Applicant's present subsidiary bank located nearest to Bank is in Mount Jackson, approximately 50 miles northeast of Staunton. Applicant states its Mount Jackson subsidiary, with less than \$5 million of deposits, does not presently compete in Bank's primary service area, and the Mount Jackson bank's size and distance from Staunton reasonably support this statement. These facts also make unlikely any meaningful future competition between these banks were Applicant's proposal not to be consummated. Applicant states further that Bank does not derive any business from the service areas of Applicant's other subsidiary banks, and that they derive no business from Bank's service area. There appearing nothing to the contrary in the record before the Board, it is concluded that consummation of Applicant's proposal will neither eliminate existing competition between Bank and Applicant's subsidiary banks nor foreclose significant potential competition between them.

Located in Bank's primary service area are two offices of First & Merchants National Bank, Richmond (deposits, \$500 million),

and two offices of Virginia National Bank, Norfolk (deposits, \$489 million), the two largest banks in Virginia; two offices of Planters Bank and Trust Company, Staunton, a \$7.5 million institution; the sole office of National Valley Bank, Staunton, with deposits of about \$19 million; and one office of Rockingham National Bank, Harrisonburg, a \$28 million institution. The Board concludes that the competitive force and position of these competing banks will not be adversely affected as a result of Bank's acquisition by Applicant. On the contrary, it may reasonably be assumed that Bank's affiliation with Applicant will better position Bank to compete with the banks operating in its trade area. Consummation of the proposed acquisition will not affect the number of alternative banking sources available in the area and, since Applicant does not control a major correspondent bank in Virginia, the proposal is not likely to have any measurable effect on the use by Bank's competitors of correspondent banks.

It is the Board's judgment, based on the foregoing considerations, that Applicant's acquisition of Bank will not create a monopoly, will not tend substantially to lessen competition, nor will it be in any other manner in restraint of trade.

Financial and managerial resources and future prospects. -

Applicant's financial resources and prospects, and those of its subsidiary banks, are regarded as satisfactory. Although Applicant has a substantial long-term debt, it appears reasonably susceptible of

being serviced without undue burden on its subsidiaries. Applicant's banks have sound operating and deposit growth records, and its nonbanking subsidiaries, favorable earnings records. Applicant has followed a rather conservative policy with respect to dividend withdrawals from subsidiaries. Assuming, as the Board believes is warranted, the continuation of sound and profitable subsidiary operations and Applicant's readiness, as proposed, to issue convertible preferred stock or a mixture of common and preferred stock to meet any necessary debt and capital requirements of its system, the Board views the prospects of Applicant and its subsidiary banks as such to be consistent with approval of the application.

Bank's financial condition, and its prospects either as an independent institution or as a subsidiary of Applicant's holding company system, are also considered to be satisfactory. Its deposit growth in the past fifteen years - from about \$3 million at year-end 1950 to its present \$6 million - has been relatively slow and reflects the operational limitations to which it was subject as an industrial loan corporation. Bank's loan portfolio is weighted substantially toward consumer loans, with but minor attention given to obtaining a reasonable share of available commercial and industrial loans. The imbalance reflected in Bank's deposit and loan structures stems primarily from a lack of experience in full-scale commercial bank operations. Applicant's experience in commercial bank operations offers, in the Board's judgment, a source of guidance and assistance

reasonably calculated to enhance Bank's ability to offer more immediately a broader range of services, thus enhancing its growth and competitive potential.

Present managements of Applicant, its subsidiaries, and Bank are considered satisfactory. Applicant states that it does not contemplate making any changes within Bank's officer staff following its acquisition of control, but it does propose to assist Bank in staffing its proposed new branch office at the time that office opens for business. In addition, since Bank's management has gained most of its experience in operating Bank as an industrial loan corporation, the Board finds reasonable Applicant's assertion that it will provide beneficial assistance to Bank's management in expanding the operations of Bank, and thus make available to Bank's customers a broader range of commercial bank services.

Considerations relating to the financial and managerial resources and prospects of Applicant and Bank are, in the Board's judgment, consistent with approval of the acquisition and provide some support therefor.

Convenience and needs of the area to be served. - Augusta County, located at the northern end of the Shenandoah Valley, is one of Virginia's most prosperous agricultural counties, with more than half of its total land area devoted to farming. However, the principal income-producing activities within the county are industry oriented, with manufacturing accounting for over 30 per cent of the total employment

in the Staunton-Waynesboro area. Waynesboro is located about 12 miles east of Staunton. Principal industries in the area include plants of E. I. du Pont de Nemours & Company, Inc., General Electric Company, Westinghouse Electric Corporation, and Genesco, Inc. Also important to the economy are the numerous retail, wholesale, and service trade outlets centered in the Staunton-Waynesboro area. The Shenandoah National Park and the Blue Ridge Parkway draw a substantial number of tourists to the area, as do the Staunton Military Academy and Mary Baldwin College for Women, both located in Staunton.

The record indicates that the principal banking needs within Bank's service area are being satisfied by the nine banking offices presently located there. Inasmuch as the area's available banking outlets include branches of the State's two largest commercial banks, Applicant's acquisition of Bank cannot be expected to improve measurably the scope or nature of the banking services now available. However, assuming the establishment of Bank's proposed suburban office, Applicant's proposal to make available at Bank's main and branch offices additional types of credit such as inventory and accounts receivable financing, floor plan loans and construction loans, and its proposed expansion of Bank's demand deposit structure represent for certain of Bank's customers a sufficiently more convenient source of full banking service over that presently being offered as to support approval of Applicant's acquisition of Bank.

Summary and conclusion. - For the reasons aforestated, the Board concludes that consummation of Applicant's proposal will not have significantly adverse competitive consequences, and that considerations relating to the financial and managerial resources and prospects of Applicant and Bank, and to the convenience and needs of the area to be served, are consistent with, and in certain respects affirmatively support, approval of the application.

In the light of the factors set forth in the Bank Holding Company Act, and on the basis of the relevant facts of record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

September 1, 1966.

Item No. 5
9/1/66BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 1, 1966.



REGISTERED
RETURN RECEIPT REQUESTED

The First Virginia Corporation,
2924 Columbia Pike,
Arlington, Virginia. 22204

Gentlemen:

The Board of Governors of the Federal Reserve System has approved the application of The First Virginia Corporation to acquire 80 per cent or more of the voting shares of The Staunton Industrial Bank, Staunton, Virginia. The Board's Order, accompanying Statement, and press release in this matter are enclosed.

In the Board's letter of July 11, 1966, notifying your Corporation of the approval of the acquisition of shares of First Valley National Bank, Rich Creek, Virginia, it was noted that your Corporation had projected that some \$4.3 million of additional capital in excess of retained earnings would be needed for your subsidiary banks through 1967. You were advised that with respect to any program undertaken by your Corporation to provide additional capital the Board would look with disfavor on any increase in your existing debt to net worth ratio, and would prefer that such ratio be reduced. While the Board notes that some reduction has been effected and that further reduction will result from the Corporation's acquisition of shares of The Staunton Industrial Bank, the Board continues in its view that there should be no increase in your Corporation's resulting debt to net worth ratio and that efforts should be made to reduce further such ratio.

In connection with the provision of the Board's Order requiring that the acquisition be consummated no later than three months from the date of the Order, advice of the fact of consummation should be given in writing to the Federal Reserve Bank of Richmond.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 6

9/1/66

OFFICE OF THE VICE CHAIRMAN

September 1, 1966



Mr. Wilfred H. Rommel,
Assistant Director for
Legislative Reference,
Bureau of the Budget,
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

This is to advise, in response to your communication of August 29, 1966, that the Board of Governors favors Presidential approval of the enrolled bill S. 3688, "To stimulate the flow of mortgage credit for Federal Housing Administration and Veterans' Administration assisted residential construction."

Sincerely,

(Signed) J. L. Robertson

J. L. Robertson.