

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7491]
October 30, 1974

Extensions of Credit by Federal Reserve Banks

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has adopted an amendment, effective October 25, 1974, to its Regulation A, "Extensions of Credit by Federal Reserve Banks," to provide that the interest rate charged by Federal Reserve Banks on advances to member banks that are secured by mortgages on one-family to four-family residences shall be the same as the basic discount rate.

In submitting the amendment for publication in the *Federal Register*, the Board of Governors made the following statement:

The Board of Governors has amended section 201.3(b) of its Regulation A (12 CFR 201.3(b)) to modify the authority of Federal Reserve Banks to make advances to member banks on the security of residential mortgages. This action was taken pursuant to the Board's authority to prescribe rules and regulations under section 10(b) of the Federal Reserve Act (12 U.S.C. 347(b)) and P.L. 93-449, the Emergency Home Purchase Act of 1974, which recently amended that section of the Act.

The effect of the regulatory amendment is to make the rate on advances secured by one-to-four family mortgages the same as the basic discount rate applicable to loans secured by eligible collateral as defined in the Federal Reserve Act. Advances secured by such mortgages were formerly made at a rate at least one-half of one percentage point above the basic discount rate.

There was no notice, public participation, and deferred effective date with respect to this amendment because the Board determined that such procedure would result in delay that would be contrary to the public interest and serve no useful purpose. See §262.2(e) of the Board's Rules of Procedure (12 CFR §262.2(e)).

Enclosed is a copy of the amendment to Regulation A and a copy of this Bank's Operating Circular No. 13 on discount rates. Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,
President.

Board of Governors of the Federal Reserve System

EXTENSIONS OF CREDIT BY
FEDERAL RESERVE BANKS

AMENDMENT TO REGULATION A

Effective October 25, 1974, section 201.3(b)
is amended to read as follows:

SECTION 201.3—ADVANCES TO
MEMBER BANKS

* * *

(b) **Advances on other security.** A Reserve Bank may make advances to a member bank for not more than four months if secured to the satisfaction of the Reserve Bank, whether or not secured in conformity with §201.3(a), but the rate on such advances shall be at least one-half of one per cent per annum higher than the rate applicable to advances under §201.3(a). *Provided, however,* advances under this paragraph, when secured by mortgages on one-to-four family residential property, shall be at a rate equal to the rate applicable to advances made under §201.3(a).

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**FEDERAL RESERVE BANK
OF NEW YORK**

[Operating Circular No. 13
Revised effective October 25, 1974]

DISCOUNT RATES

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

1. Effective October 25, 1974, the Board of Governors of the Federal Reserve System amended section 201.3(b) of its Regulation A, "Extensions of Credit by Federal Reserve Banks," to provide that the interest rate charged by Federal Reserve Banks on advances to member banks that are secured by mortgages on one-family to four-family residences shall be the same as the basic discount rate. In order to reflect this change in our Operating Circular No. 13, the schedule of rates in effect at this Bank on advances and discounts made under the Federal Reserve Act has been amended, effective October 25, 1974, as shown below.

2. This circular supersedes our Operating Circular No. 13, Revised September 27, 1974.

Rate Schedule, Effective October 25, 1974

	<i>Percent Per Annum</i>
<i>Advances to and discounts for member banks:</i>	
(a) Advances and discounts under sections 13 and 13a of the Federal Reserve Act, and under section 10(b) of the Act if secured by mortgages on one-family to four-family residences	8
(b) Advances under section 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule	8½
(c) Advances for prolonged periods and in significant amounts under section 10(b) of the Federal Reserve Act	10
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	10

ALFRED HAYES,
President.