

STATE BANK MEMBERSHIP.Preliminary Investigations.

Referring to memorandum submitted under date of April 27, 1917 - in connection with - Atascosa County State Bank, Jourdanton, Texas.

Friendly cooperation with State Bank Commissioner is essential. It would be well to have an applying bank request the Bank Commissioner to furnish to the Reserve Bank copies of examination reports. Requests should be made only for necessary information. In some states joint examinations have not met with the approval of the Bank Commissioner, as the presence of the Reserve Bank Examiner was apparently considered as a reflection upon the State Examiner. In many of the states, however, the assistance is welcomed. A report of an examination made within a few months prior to the filing of an application should give the Reserve Bank Committee reliable data.

In some states the standard of examinations is not such as to warrant the Reserve Bank Committee in accepting a report as a proper basis for a favorable recommendation. In such instances a special investigation by a representative of the Reserve Bank will be necessary. Again, in at least one state while the Bank Commissioner is authorized by law to furnish copies of reports of examinations of member banks, he has ruled that he is not permitted to furnish any information prior to a bank becoming a stockholder of the Federal Reserve Bank.

In those states where the examinations by State authorities are of a standard satisfactory to the Board and it is not possible to obtain from the Bank Commissioner a copy of the report of the last previous examination, and where in view of the reputation of the applying bank it is not considered by the officers of the Reserve Bank necessary or desirable to have a special investigation made by an examiner of the Reserve Bank, the applying bank should be requested to furnish over the signatures of the president or vice-president and the cashier or an assistant cashier additional data as to loans and investments to enable the Reserve Bank Committee to determine its condition. Memorandum of information desired is attached.

Where an investigation is made by a representative of the Reserve Bank it should cover a detailed examination and report of the investments, loans and discounts with particular attention paid to the credit standing of borrowers and the valuation of investments and collaterals.

Respectfully submitted,

J. A. BRODERICK.

STATE BANK MEMBERSHIP.

GENERAL INFORMATION DESIRED.

- 1. Copy of the last periodical report filed with the State Bank Commissioner.
- 2. Copies of all letters of criticisms (if any) received from the Bank Commissioner or State Examiner in connection with the last two examinations. State what action has been taken.
- 3. General character of business in the community served by the institution.
- 4. A memorandum as to present status of all law suits in which the applying institution is interested.
- 5. Memorandum - Business corporations or other concerns owned or controlled by or operated in the interest of the applying institution.
- 6. List of officers and directors - giving post-office address - number of shares owned and also their business, firm or other outside affiliations.

List of loans to officers, directors and employees. Arrange loans in groups showing indebtedness of each official as maker, endorser or guarantor; loans to firms and corporations in which he is interested either as member, officer or director; loans to relatives and business associates of officers and directors; loans collateralized by securities issued by corporations in which directors are interested.

Give:

Borrower -	Amount -	Director interested.
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- 7. General information as to loans - Detailed list past due loans.
 - a. Demand loans - upon which no interest has been paid for one year or more.
 - b. Notes and other loans in default six months or more and which are not secured or in process of collection.

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- c. Other past due notes and loans. Include overdrafts.
Exclusive of loans secured by agricultural com-
modities and live stock.
- d. Notes renewed from time to time, with interest added.
- a. b. c. d. Give name - Borrower - Amount - Maturity.
Security, if any. Estimated loss.

Other loan information. Except R. E. loans.

- e. Loans to officers of - Other banks - name - amount -
bank identified with. Security, if any.
- f. Loans on own bank stock. Amount of loan - shares
held.
- g. Large lines - (not previously listed) In excess of
3% of capital. Give name of Borrower - Business -
postoffice address - amount of liability -
Remarks.
8. Real Estate Loans. List of loans equal to 3% of capital.
Give name of borrower - amount of loan - maturity -
prior liens - location of property - valuation - when
and by whom appraised.
9. Real Estate Owned. Give location of property - book value -
original cost - prior lien if any - estimated value -
when and by whom appraised - how and for what purpose
acquired.
10. Investments. List in detail, giving name of issuing cor-
poration - par value - book value - rate of interest
or dividend - (date of last payment) - estimated
present value.
- Please give latest information as to securities upon which
interest is in default. If bank owns securities of
small private or local corporations, inclose with this
memorandum a copy of the latest financial statement
issued by such corporations.
11. Notes and Bills rediscounted. Bills payable and certifi-
cates of deposit representing borrowed money.
Give a memorandum of present indebtedness - From whom bor-
rowed - rate - maturity - assets pledged as security for in-
debtedness, totals only.

- 12. Assets pledged as security for deposits or other purposes (except money borrowed) - give particulars.
- 13. Assets and liabilities which are not entered as such upon the books of the banking institution.
- 14. Moneys borrowed by officers and directors in the interest of the bank under examination.
- 15. Contingent liabilities. Nature and extent - On bills endorsed and sold - guarantees - notes and securities pledged or sold with agreement to repurchase - all other.
- 16. Estimated losses or deductions from assets:

	<u>Estimated losses</u>	<u>Doubtful.</u>
Loans		
Investments		
Real Estate		
Furniture and fixtures		
Cash items		
Total.		

- 17. List of balances due from and to other banks.

5/5/17