

## FEDERAL RESERVE BOARD

WASHINGTON

November 23, 1927,  
St. 5579ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARDSUBJECT: Weekly Member Bank Condition  
Reports.

Dear Sir:

During the recent conference of Federal reserve agents the subject of member bank condition reports, both the call report, form 105, and the weekly reports, form St. 51, was discussed in some detail and the fact was brought out that a number of state bank members are reporting mortgages and mortgage loans among investments in the weekly reports and among loans and discounts in the quarterly call reports.

From information obtained from the March 23, 1927 condition reports and the weekly reports of the same date, it appears that about 40 state banks are reporting approximately \$350,000,000 of mortgages and mortgage loans in investments in the weekly reports and in loans and discounts in the quarterly call reports. Available information does not show to what extent, if any, the same practice is followed by national banks or whether any banks are reporting mortgages and mortgage loans in investments in both reports. In accordance with the terms of the McFadden Act and the Comptroller's regulations thereunder, all real estate mortgages and mortgage loans will be reported by national banks in loans and discounts in their quarterly call reports, and consequently it is proposed to request all weekly reporting member banks to include mortgages and mortgage loans in loans and discounts. While it would be desirable to have all banks report on this basis beginning with January 1928, to do so would sacrifice the comparability of both the loan and discount and the investment figures with those now being reported. As it is especially desirable to avoid this it will be appreciated if in accordance with the plan outlined to you at the recent conference, you will some time between now and December 10 ascertain from each reporting member bank in your district where it is reporting mortgages and mortgage loans, and if it is found that they are being reported in investments, please obtain the amount of such mortgages and mortgage loans so included as of one of the current report dates, preferably November 30.

It is our thought that there will not be more than 50 or 60 banks which are carrying any appreciable amount of mortgages and mortgage loans in investments, and if that proves to be the case we will probably want to have these 50 or 60 banks subdivide the item "Other bonds, stocks and securities" in the weekly reports, to be submitted during 1928, so as to show mortgages and mortgage loans separately from other bonds, stocks and securities. The two items would be combined and shown in our weekly press statements during the year 1928 against the caption "Other bonds, stocks, and securities" as is the present practice. Beginning with January 1, 1929, however, all reporting member banks would be asked to include mortgages and mortgage loans in loans and discounts and the figures for the calendar year 1928 would be revised in order to make them comparable with

the current figures in the 1929 weekly statements. This procedure would enable us to have comparable figures over a period of a year and would afford a basis for estimates for earlier years.

In order that the gathering of the above information may be done with as little disturbance as possible to the reporting member banks, it is believed that each weekly reporting bank in Federal reserve bank and branch cities and in other cities within a reasonable distance of Federal reserve bank and branch cities should be visited by a representative of the Federal reserve bank and information obtained as to how they have been reporting their mortgages and mortgage loans. In the case of towns located some distance from a Federal reserve bank or branch city, it will probably be necessary for you to write the banks a short letter to the effect that you have been making a comparison of the figures in the weekly reports with those in the call reports and would appreciate advice as to whether they have included any mortgages or mortgage loans with investments in the weekly reports, and if so, the amounts included on November 30.

It is essential that this information be available at the Board's offices not later than December 20 in order that the banks from which we may wish to obtain special reports during the forthcoming year may be determined upon and provision made to have such banks furnished with a special form of report so far as the item "Other bonds, stocks and securities" is concerned.

In the above, no reference has been made to investment securities in the form of mortgage bonds or participation certificates issued against mortgages either by mortgage-bond houses or by banks doing a mortgage-bond business. When your representative calls upon the local banks to ascertain how they have been reporting mortgages and mortgage loans, we shall appreciate it if you will also find out whether such banks do purchase mortgage bonds or participation certificates, and if so, how they have been reporting them in their weekly and quarterly condition reports. It will not be necessary, however, to make this inquiry of any of the banks located some distance from the head office, to which you write with reference to their method of reporting mortgages and mortgage loans. Regardless of whether or not the banks in your locality may be holding mortgage bonds and participation certificates, we should like to have your recommendation as to where they should be included in condition reports.

Your kind cooperation in the gathering of the above information will be greatly appreciated.

Very truly yours,

Walter L. Eddy,  
Secretary.

**TO ALL FEDERAL RESERVE AGENTS\***