

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7427

May 3, 1933.

SUBJECT: Cost of Examinations Under
Section 404 of the Act of
March 9, 1933, as Amended.

Dear Sir:

There is inclosed herewith, for your information, a copy of a letter addressed to the Assistant Federal Reserve Agent at Chicago in response to his inquiry as to whether a bank applying for a loan under Section 404 of the Act of March 9, 1933, as amended, should be assessed the expense of an examination made by a representative of the Federal reserve bank in connection with the application.

Very truly yours,

Chester Morrill,
Secretary.

Inclosure.

TO ALL F. R. AGENTS EXCEPT CHICAGO.

C O P Y

May 1, 1933.

Mr. C. S. Young,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Chicago,
Chicago, Illinois.

Dear Mr. Young:

Mr. Paulger has brought to the attention of the Board your letter of April 13 in which you refer to section 404 of the Act of March 24, 1933, and ask whether a bank applying for a loan under this section should be assessed the expense of an examination by a representative of the Federal reserve bank.

It is the view of the Board that an applicant for a loan under section 404 of the Act of March 24, 1933, should reimburse the Federal reserve bank for the actual expenses of an examination made by its representatives for the purpose of enabling it to pass upon such an application unless the cost to the Federal reserve bank of such an examination be relatively insignificant.

In this connection, it is understood that the Reconstruction Finance Corporation has adopted the policy of requiring that applicants reimburse the corporation for the actual expenses of examinations necessitated by their application for loans.

Very truly yours,

(S) Chester Morrill
Secretary.