



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

302

R-260

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 17, 1938

SUBJECT: Call Reports of State Bank
Members and their Affiliates

Dear Sir:

There have been forwarded to you today under separate cover the indicated number of copies of the seven forms attached hereto, for the use of State bank members and their affiliates in submitting reports as of the next call date:

Number of
copies

Form

Form FR 105, Report of condition of State bank member.

Form FR 105b (Schedule "O"), Loans and advances to affiliates and investments in and loans secured by obligations of affiliates.

Form FR 105e, Publisher's copy of report of condition of State bank member.

Form 105g, Alternate Schedule E, Loans and Discounts.

Form FR 220, Report of affiliate or holding company affiliate.

Form FR 220a, Publisher's copy of report of affiliate or holding company affiliate.

Form FR 220b, Instructions for preparation of reports of affiliates and holding company affiliates.

Form FR 105 has been amended by providing a new item, 2(d), in Schedule F for reporting holdings of "Commodity Credit Corporation notes" and "Federal Housing Administration mutual mortgage insurance fund debentures", guaranteed by the United States Government as to interest and

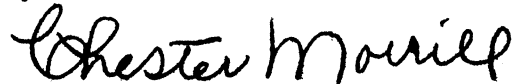
principal. Notes of the Federal National Mortgage Association, \$29,000,000 of which were sold last month by the Reconstruction Finance Corporation, should not be included in item 2(d) of Schedule F but in item 2(d) of Schedule G.

The memorandum items at the bottom of page 4, "Total agricultural loans and loans on farm land" and "Farm real estate owned", have been reported regularly on other recent mid-year and end-of-year calls. In view of the difficulty experienced in the past in obtaining substantially accurate figures for these items, the attached definitions have been prepared for the guidance of State bank members. The same definitions have been included in the Comptroller of the Currency's call report letter to national banks dated May 26, 1938.

Form FR 105e has been amended by inserting instructions at the top thereof to the effect that item numbers and blank items need not be published, and by eliminating the words "on a date fixed by the Board of Governors of the Federal Reserve System" from the reference to publication requirements appearing immediately following the call date. A review of published statements submitted as of March 7, 1938 disclosed many errors that could have been avoided if the member banks had prepared the publisher's copy from the official report and carefully compared it therewith. Please, therefore, ask the member banks to carefully compare the printer's copy with the official report before the copy is sent to the printer. Please also furnish the Board with copies of any letters sent to State bank members calling attention to errors in their published statements and of any replies thereto, so that such correspondence together with the published statement may serve as the basis of determining whether or not republication should be required. You will be advised if the Board considers it necessary to require any State bank member to republish its statement.

The same procedure should be followed as on the last call for condition reports in mailing blank forms to State bank members, examining the reports, and forwarding copies thereof to the Board. The usual summary statement should be mailed to the Board showing the classifications of loans and investments, by classes of banks, in time to reach the Board within three weeks after the date on which the call is made, if practicable.

Very truly yours,



Chester Morrill,
Secretary.

Inclosures.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

R-260a

DEFINITIONS OF "AGRICULTURAL LOANS AND LOANS ON FARM LAND" AND
"FARM REAL ESTATE OWNED", MEMORANDUM ITEMS AT BOTTOM OF
PAGE 4 OF FORM FR 105, CALL REPORT OF STATE BANK MEMBERS

By "Agricultural loans and loans on farm land" is meant (1) all loans on farm land and (2) all other loans to farm or ranch owners and operators, including tenants, except where it is known the funds were borrowed for purposes clearly unrelated to the purchase, maintenance, improvement, or operation of farms or ranches. The term "Agricultural loans" will, therefore, include (a) loans and advances made for agricultural production, including the growing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock; and (b) loans and advances made for all other purposes associated with the purchase, maintenance, improvement, or operation of the farm as a business or a home, including provisions for the living expenses of farmers or ranchers and their families. In determining whether or not a given loan is an "agricultural loan" for the purpose of the condition report, the bank may rely on such information as it has available. Loans on cotton or other commodities, owned by the bank but guaranteed by the Commodity Credit Corporation, should be classified as "Agricultural loans", but notes of the Commodity Credit Corporation fully guaranteed as to interest and principal by the United States Government should be reported as investments against item 2(d) of Schedule F.

By "Farm real estate" is meant not only improved farm land, including the improvements thereon, but also all other land known to be used or usable for agricultural purposes, such as crop and livestock production, including grazing or pasture land, whether plowable or not plowable, and whether wooded or not wooded.