

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

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S-224

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 15, 1940.



Dear Sir:

It has been the general practice of the Board for several years to prescribe a condition of membership requiring the bank to make adequate provision for depreciation in banking house and furniture and fixtures. At first the condition specified the minimum rates to be taken annually, but some time ago the more general form now in use was adopted.

The Board still feels that, as a matter of sound banking practice, all banks should make adequate provision for depreciation in their banking houses and furniture and fixtures, but has decided to leave it to the Federal Reserve Banks to see to it, in the regular course of supervision, that proper provision is made for such depreciation. Accordingly, the general practice of prescribing a condition of membership with respect to depreciation in banking house and furniture and fixtures will no longer be followed.

Since the elimination of classified losses is followed by the Reserve Banks as an administrative matter, the condition is not essential for the accomplishment of the end sought and discontinuance of the practice of prescribing the condition does not represent any departure from the position that banks should make adequate provision for depreciation in their fixed assets.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS