

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-437

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



February 6, 1942

Dear Sir:

Enclosed for your information and files are copies of a letter and a telegram which were addressed to two Federal Reserve Banks regarding the question whether certain items were included in Group E in the Supplement to Regulation W.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

Enclosures 2

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS

February 6, 1942

Mr. _____, Vice President and Secretary,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

Reference is made to your letters of December 31 and January 12 asking certain questions regarding Group E in Regulation W.

Your first question relates to screens, awnings and storm windows. You state that you believe that these articles should be included in Group E, and the Board agrees, because, although they are readily removable without damage to the building, they are made to fit a particular building and, as a general proposition, would not be suitable for use elsewhere without alteration. They are, in effect, part of the building.

Your second question relates to electric signs, shelving, counters, and special lighting equipment used for business purposes. You state that you believe these items should not be included, and the Board agrees, because they may be removed without substantial damage and are usable elsewhere without material alteration. Needless to say, any such items which require structural changes for their installation, or which can not be removed without materially weakening or damaging the structure, would have to be classed as materials used in connection with "alterations or improvements" under Group E.

In addition, you inquire as to prefabricated marquees, and express the opinion that they should be included under Group E. This, as you state, is a rather difficult question. Normally, of course, a marquee is a part of the building to the same extent as the cornice or gutter, but if the marquees in question are designed and intended, like signs, to be installed and removed by the tenant, it would seem to be proper to classify them in the same manner as signs for the purpose of Regulation W. It is probably not possible to lay down any general rule regarding prefabricated marquees, since there are probably some which are no less substantial or permanent than those in front of large hotels.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

S-437-b

January 30, 1942

TELEGRAM

(Addressed to a Federal Reserve Bank)

Re your telegram January 23, it is not necessary under Group E that the contract relate to both materials and services. The contract may be for materials alone or for services alone or for both combined.

Regarding the second paragraph of your wire, the status of equipment as an "alteration or improvement" under Group E would not be affected by any agreement between the landlord and the tenant as to the right of the tenant to remove it at the expiration of the lease but would depend upon the nature of the equipment.

(Signed) Chester Morrill

Morrill