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RELOCATION OF THE FOURTH DISTRICT FEDERAL HOME LOAN BANK FROM GREENSBORO TO ATLANTA

GOVERNMENT

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HEARINGS

BEFORE A

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SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

SUBCOMMITTEE ON HUD-SPACE-SCIENCE-VETERANS

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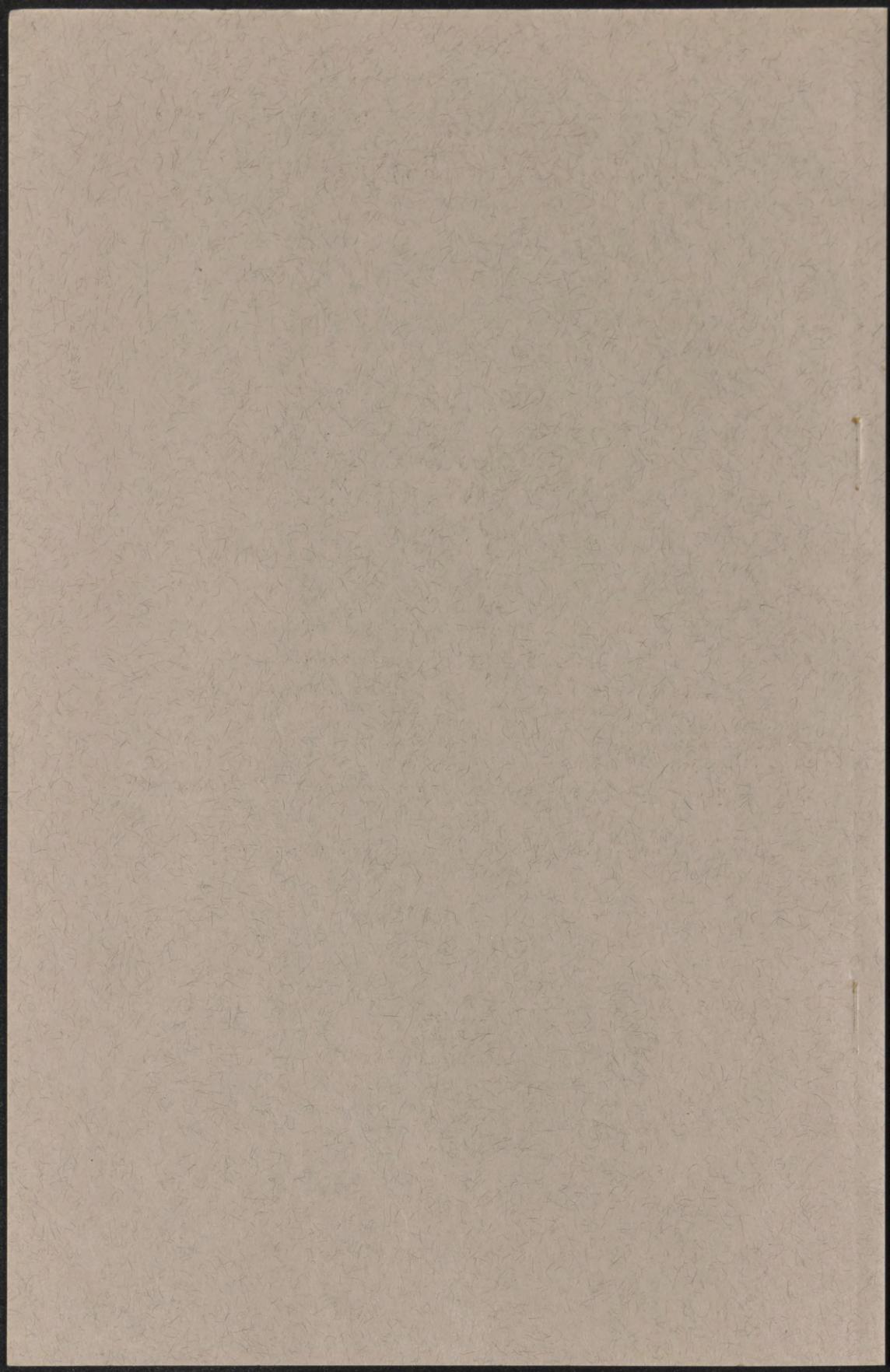
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RELOCATION OF THE FOURTH DISTRICT FEDERAL HOME LOAN BANK FROM GREENSBORO TO ATLANTA

WEDNESDAY, DECEMBER 15, 1971.

FEDERAL HOME LOAN BANK BOARD

WITNESSES

PRESTON MARTIN, CHAIRMAN
THOMAS H. CLARKE, BOARD MEMBER
RICHARD TROTTER, ADMINISTRATIVE ASSISTANT TO MR. CLARKE
GRADY PERRY, Jr., DIRECTOR, CONGRESSIONAL LIAISON
CHARLES KEELY, DIRECTOR, OFFICE OF COMMUNICATIONS
R. BRUCE RICKS, DIRECTOR, OFFICE OF ECONOMIC RESEARCH

Mr. BOLAND. The committee will come to order.

Mr. Chairman, we invited you here to wish you a Merry Christmas and a Happy New Year and to discuss a matter that the committee is concerned about. It concerns the removal of your Fourth District Bank from Greensboro, N.C., to Atlanta, Ga.

By way of introduction I might say the Congress has expressed itself many, many times on the removal of Government agencies from one location to another. During the course of this session on at least three, if not more, occasions, one of the Members of Congress tried to write restrictions on the building of additional buildings in the District of Columbia and relocating Government agencies from other areas into the District or establishing new buildings in the District of Columbia.

CONGRESSIONAL CONCERN

The concern of the Congress is that we have been impacting particular areas in the United States with Government agencies and taking Government agencies from one area into areas that are already impacted by Government agencies.

The concern of all of us in the Congress is that this can be overdone. There is an expression of concern on the part of the members of this committee and of other Members who are vitally interested in the transfer of your district bank in Greensboro to Atlanta.

We understand that the Greensboro Bank was established in 1950 and it has been there ever since. A new building for the Federal Home Loan Bank Board in Greensboro was constructed and you have been in the new building about a year and a half as I understand. The cost of the building was about \$1,800,000.

The committee also understands one of many reasons that the Bank Board is using for the transfer of this District Bank to Atlanta is the relatively, as compared to Atlanta, inaccessibility of Greensboro for persons who do business with the Greensboro district.

We have had an opportunity to look at the report of the Federal Home Loan Bank Board. The last one we have is 1969. May I ask at this point why we don't have one for 1970.

Mr. MARTIN. Mr. Keely, do you know the answer?

Mr. KEELY. We do have one at the Government Printing Office.

Mr. JONAS. Is that run on a calendar or fiscal-year basis?

Mr. MARTIN. Calendar year.

CONGRESSIONAL RESPONSIBILITY

Mr. BOLAND. Congress has the responsibility of some oversight as you know under the Government Corporation Control Act with respect to the Federal Home Loan Bank Board. The Government Corporation Control Act gives the Congress some specific authority, particularly with reference to the administrative operation. This is the only control that the Congress has. I know a lot of the Government corporations would like to get out from under the administrative limitations written into appropriations bills. My guess is that will never occur. It is the only oversight we have and it is essential that we have it.

One of the reasons we have the debacle of the Penn Central Railroad is because of the very bad oversight on the part of management. We have a responsibility, as you do, to the people who are depositors in these banks since these banks are established by an act of Congress. We have a direct responsibility in seeing to that. Probably the only exercise we have is the exercise of the power of the purse.

Because of that we think that we ought to look into the reasons why particular Government agencies and specifically why the Federal Home Loan Bank Board in this instance is interested in moving from Greensboro, a brand new building, to Atlanta, Ga., which is now impacted considerably by Government agencies. I don't know how many Federal employees are there. It may be easy to fly to Atlanta, but once you get to the airport you have considerable problems.

We have noticed in the statistics in this report that the Greensboro bank does do a considerable amount of business. There were more loans actually made by the Greensboro, N.C., bank than any other Federal Home Loan Bank in the United States. The Greensboro bank is not as large as some others, but the Greensboro bank rates awfully high. If that is so, business must be awfully good there. Since it is good we would not want you to move and cause it to deteriorate.

Mr. Chairman, we have a Member here from North Carolina who is well versed in this matter. If you have a statement, we will be glad to hear it.

Mr. JONAS. May I make a statement?

Mr. BOLAND. Certainly.

CONCERN OF PEOPLE IN NORTH CAROLINA

Mr. JONAS. My attention was directed to this problem by telegrams and telephone calls from interested people in North Carolina, including one from the Governor of our State who is vigorously protesting this move and has asked me to do everything I can to persuade you people to change your decision.

The chairman has already mentioned one of the principal arguments against this move, namely that the Greensboro bank just recently spent \$1,800,000 erecting a brand new building that is less than 2 years old. Now you propose to abandon that, transfer the headquarters to Atlanta where the bank does not own a building, where space would have to be rented until another new building can be constructed.

I understand your position is that the facilities at Greensboro, although brand new, are already overtaxed and must be expanded to take care of growing workload. But I understand there is a vacant lot adjoining this building that is available for the purpose of expanding.

I also understand that the building was constructed originally and designed with the idea that additional stories could be added to it if and when the need developed.

Those who oppose this move make the point to me that if there is an immediate necessity for additional space you would have to rent it either in Atlanta or Greensboro. Why not rent it in Greensboro where your people are. There are over 100 employees in this bank who have been living in Greensboro with their families, many of them, for 20 years and more. This bank has been in North Carolina since 1932. It was established in Winston-Salem in 1932 and transferred to Greensboro in 1949-50. Many of the employees perhaps have resided either in Winston-Salem or Greensboro for from 20 to 40 years. I just can't justify in my own mind the expense of moving 100 families and all of their belongings to Atlanta, disrupting their home lives, the school activities of their children, paying the expenses of any losses they sustain on the sale of homes owned in North Carolina, and all of the other incidental expenses that would be involved.

The chairman mentioned some statistics. We don't have a current report as he pointed out but I notice from page 55 of the United States Savings and Loan League Fact Book for 1971, that by far the most business generated in the Greensboro bank comes from North Carolina and States north of North Carolina—547 associations are in North Carolina, Virginia, the District of Columbia, and Maryland, as against only 373 in all of South Carolina, Georgia, Florida, and Alabama. It doesn't look to me from those figures, if they are accurate, that you are moving toward the center of your operation but that if you move the bank to Atlanta you will be moving it into the area where you have fewer associations.

With respect to the 100 families whose lives will have to be disrupted if this transfer takes place, I understand that Atlanta is already congested and that the transfer of another 100 families to that city would add to the impacted situation already existing there. Everybody I know of is unhappy about it. I just can't understand the reason for this move. That is the reason for this hearing. We consider that we have some responsibility in supervising the expenditure of your own funds and your associations funds. We realize and recognize this is not Government money but it is money that belongs to thousands and perhaps millions of depositors, stockholders, and savers. We want to exercise our responsibility and be sure you are not doing an unreasonable and extravagant thing.

With those preliminary statements out of the way, we would be glad to hear from you and then I will have some specific questions to ask.

SUMMARY STATEMENT OF CHAIRMAN MARTIN

Mr. MARTIN. Chairman Boland and Mr. Jonas, the Federal Home Loan Bank Board appreciates very much your courtesy in giving us this hearing. We recognize that the calendar is late and the holidays approach, that the workload of this committee is unbelievably large. It is a great courtesy to us and to the good relationship which exists between our agency and this committee that you give us this opportunity, first of all to hear the case that has been made from North Carolina, which we understand and appreciate, and second that we could make ourselves available to this committee first in what I promise the chairman and Mr. Jonas will be a very brief summary statement, and in the appearance of those individuals who are in Washington at this time whom we thought would be useful to respond to your questions.

If I could indicate who is here, it may be you will want to direct your questions to them rather than going through me.

On my right is Mr. Richard Trotter, Administrative Assistant to Board member Thomas Hal Clarke. Also on my right is Board member Clarke from Atlanta, Ga. I apologize for not being able to bring Board member Carl Kamp with me today, who is in San Francisco. I talked with him again about this matter a few minutes ago and he indicates his apologies for not being present.

On my left is Mr. Grady Perry who is our legislative representative and whom you have known for a multiple of the time you have known of me. On his left is Mr. Charles Keely, the Director of our Office of Communications, who along with the Chairman of the Federal Home Loan Bank Board hasn't been able to answer the first question very properly directed at us.

The latecomer in our group is Dr. Bruce Ricks, our Director of Research and who had commitments in another part of the town and therefore was a little late. I tender his apologies to you.

Our Board, after consulting with officers, the Chairman, and the Vice Chairman of the Greensboro Bank Board of Directors and very many industry people, voted to move the Greensboro Bank to Atlanta for a number of reasons.

Each of these reasons goes to the operational efficiency and effectiveness of the bank serving the fourth district. I won't cite a lot of figures I have here but only say of our approximately 700 members of this bank district some 530 of them are outside of the State of North Carolina. This is indeed as Mr. Jonas and the Chairman have pointed out a heavy volume district.

It is a heavy volume district in loans made by members, it is a heavy volume district in borrowings by members from the bank, it is a heavy volume district in transactions with the Federal Home Loan Mortgage Corporation.

PERSONNEL IN FOURTH DISTRICT

The numerous savings and loan association members within that district require examiners to be stationed at various points within this eight-State area, counting the District of Columbia as a State if the

committee will permit. There are 76 examiner personnel in the Fourth District. Nine professional examiners reside in Greensboro. Of the bank personnel there are some 27 or 29 most of whom are resident in Greensboro.

Mr. TROTTER. There are 74 persons in Greensboro associated with the bank.

Mr. JONAS. Does that include the auditors?

Mr. TROTTER. No, sir; it does not.

Mr. JONAS. You would add 16 to that?

Mr. MARTIN. Yes, sir.

Mr. JONAS. That would be 90; is that right?

Mr. TROTTER. Plus 11 examiner-clerical personnel.

Mr. MARTIN. That is approximately 100.

Furthermore this volume of loans, Mortgage Corporation and borrowing transactions is rising. It is rising in part because of the decentralization of the Federal Home Loan Bank System in which more and more decisions are made by bank personnel and more and more of the decisions of the examinations process which takes place is done in the field. The reviews necessary for the banks, for bank officers, and for supervisory examiner personnel to do is accelerating and will continue to do so.

This Federal Home Loan Bank Board did not approve the investment in the building located in Greensboro. We accept this, it was done by a predecessor Board. This Board was, however, subjected to a great many comments, complaints, and suggestions from various member institutions pursuant to the location of the bank, the need for personal contact with bank officers, particularly in many of the new programs which the system is now providing, and the cost and difficulties to these member institution managers of getting to the bank. We have observed certain backlogs of work there which I won't take the committee's time to go into. These backlogs, however, pertinent to the institution's managements required them to have personal contact with either the supervisors, examiner personnel, or the officers of the bank, and the members indicate to us that the costs are substantial in this operation.

Operating costs come to our attention, particularly examiner personnel and the review of the examinations costs, when the approximately 60 examiner personnel who are stationed outside of Greensboro come in for their reviews. They are stationed, I think I am safe in saying, in each of the States within the Fourth District.

ADEQUACY OF PRESENT BUILDING

As to the building and its adequacy, this Board accepts the decision of a predecessor Board to build that building. It is attractive architecturally and it is inadequate in space to handle the current volume of business being done at the Bank. We know of this inadequacy because of a resolution of the Board of the Greensboro Bank indicating this inadequacy in calling upon our Board for approval of additional space either there or elsewhere.

Furthermore, we know the stepped-up programs in the Federal Home Loan Mortgage Corporation that are planned for 1972—and

which this committee has been good enough to review in past sessions we have had here with you—such as its new conventional loan purchase and sale program for 1972, require member institutions to deal personally in many more instances with the Mortgage Corporation personnel.

There is no place to put the Mortgage Corporation personnel unless we rent space in Greensboro or elsewhere.

Why do we tie the mortgages to the examiners? Well, this committee was very influential in structuring our Federal Home Loan Mortgage Corporation, to wit, that that Corporation can deal only with federally insured institutions. It relies upon examiner reports for its underwriting of the seller's financial condition and past record and therefore the Mortgage Corporation personnel have to interact with the examiners. It is really not a very complicated technical requirement.

There are other operational reasons for this, but once again, I promised to be brief and although I used to be an academician years ago, I will try to honor my commitment to you.

I am sorry that Jim Coles, our director of Bank Operations, is not here. He, too, is in another city and couldn't be present as Mr. Kamp is not here. Mr. Liebold, our General Counsel, has been contacted and is sick today and isn't in the office. We brought everybody we could think of and are open for questions.

Mr. JONAS. May I ask you a few questions?

Mr. MARTIN. Yes, sir.

DATE OF DECISION

Mr. JONAS. When was the decision to move the bank made by your board?

Mr. MARTIN. Mr. Clarke, can you help with a specific date?

Mr. CLARKE. The final decision was made on December 8 at our board meeting.

RESOLUTION TO RELOCATE

Mr. JONAS. Do you have a copy of your resolution?

Mr. CLARKE. Yes, sir.

Mr. JONAS. Would you mind putting that in the record?

Mr. CLARKE. Certainly not.

(The resolution follows:)

FEDERAL HOME LOAN BANK BOARD

No. 71-1304

Date: December 8, 1971

WHEREAS, the Federal Home Loan Bank Board has carefully considered relocating the Fourth District Federal Home Loan Bank from Greensboro, North Carolina, to Atlanta, Georgia; and

WHEREAS, individual members of the Bank and their local industry groups have continued to express their desire to have the Bank relocated to a city in which the Bank can better serve the District and the Bank's member institutions and where communication and transportation facilities permit frequent personal discussion and visitations between Bank officers and members on a routine basis; and

WHEREAS, it is also desirable that the Bank be situated where its staff has full access to other government agencies performing related functions within the area; and

WHEREAS, the Atlanta metropolitan area is the largest in the Southeast, and offers superior accessibility both to member associations and to related governmental activities, being the communications center of the South, and having the nation's second ranking airport in passenger enplanements, with non-stop service or through-plane connections to numerous cities within said district and throughout the nation, and being in addition the site of a Federal Reserve Bank and of regional headquarters of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Department of Housing and Urban Development, the Government National Mortgage Association, and the Federal National Mortgage Association; and

WHEREAS, it has been determined that the present facilities of the Bank require expansion to accommodate the current level of member activity, and that adequate facilities are not available for the newly established Federal Home Loan Mortgage Corporation, so that it is timely to change the location of the Bank; and

WHEREAS, it appears that the relocation will promote the best interests of the Bank and of its member institutions and will be in the public interest;

NOW, THEREFORE, BE IT RESOLVED, that, effective immediately, the Fourth District Federal Home Loan Bank, located at Greensboro, North Carolina, is hereby moved to and relocated at the City of Atlanta, Georgia, and its name is hereby changed from Federal Home Loan Bank of Greensboro to Federal Home Loan Bank of Atlanta.

FEDERAL HOME LOAN BANK BOARD

No. 71-1304

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BE IT FURTHER RESOLVED, that, subject to Section 524.6 of the Regulations for the Federal Home Loan Bank System, said Federal Home Loan Bank is hereby authorized and directed, and invested with the required powers, to accomplish the transfer to Atlanta of the facilities and personnel of said Bank now at Greensboro as rapidly as possible, making allowance for the equitable and fair treatment of all employees of the Bank.

BE IT FURTHER RESOLVED, that Articles 1, 2, and 3 of the Organization Certificate of the Federal Home Loan Bank of Greensboro, only insofar as said Articles refer to the name, location, and establishment of said Bank, are hereby amended by changing the name, location of the principal office of the Bank, and the place where the Bank is to be established, from Greensboro to Atlanta.

By the Federal Home Loan Bank Board

Eugene M. Herrin
Eugene M. Herrin
Assistant Secretary

Mr. JONAS. I believe you issued a news release about that same time?

Mr. CLARKE. Subsequent to that time.

Mr. JONAS. When was it?

Mr. PERRY. Last Friday, December 10.

Mr. JONAS. The day the district board was meeting in Palm Beach?

Mr. CLARKE. Yes. It was released after we had gotten the results of the Greensboro Board meeting.

Mr. JONAS. But you had it prepared in advance?

Mr. CLARKE. I am sure we had some of the press release prepared.

ALLEGED PREDETERMINATION

Mr. JONAS. One of the allegations, Mr. Clarke, is that all of this was predetermined, it was a fait accompli, and all of this maneuver in Palm Beach was merely to rubberstamp the decision you had already made and the resolution had been adopted. The effective date of the change was December 8, and the district board didn't even meet until December 10. I understand you took the resolution down to Greensboro and went over it with Mr. Fogarty on Sunday.

Mr. CLARKE. On the 5th, I discussed this matter with Mr. Fogarty, but did not discuss a resolution.

Mr. JONAS. Why did you go down on Sunday? I didn't know you worked on Sunday.

Mr. CLARKE. I don't usually but I was on my way to Atlanta for another reason and I called Mr. Fogarty and asked to see him Monday morning and he said he was going to be in New York. I said, can we get together Sunday afternoon? He said I would be delighted to see you.

Mr. JONAS. That was on the 5th?

Mr. CLARKE. That is right.

Mr. JONAS. You told him about the decision?

Mr. CLARKE. I told him the way the board was thinking. The decision hadn't been made at that point. But after the study made here we had pretty well come to a conclusion. I told him we wanted him to be the first one to really know the board's plans.

Mr. JONAS. I have been told, and you correct me if I am wrong and let the record speak the truth—I have been told the resolution the district board adopted on the 10th had been prepared in advance and you delivered it to Mr. Fogarty on the fifth?

Mr. CLARKE. That is incorrect, sir; wholly incorrect.

Mr. JONAS. Who prepared the resolution the district board adopted?

Mr. CLARKE. I do not know, sir.

Mr. JONAS. Did they have a copy of your resolution?

Mr. CLARKE. They had a copy of our resolution at the board meeting. Who actually prepared—

Mr. JONAS. Was the written resolution prepared for the district board or did they merely ratify and approve the resolution you had previously adopted?

Mr. CLARKE. The district board prepared and adopted a separate resolution, which "concurred" with and "accepted" our board's action. They were concerned because our resolution didn't discuss the cost involved. We have no final figures on cost because a committee of the bank's board is to study and implement the relocation.

ALLEGED PERFUNCTORY ACTION

Mr. JONAS. Another of the allegations that has been made to me is that this really was a perfunctory action on the part of the district board. You appoint four members of that board yourself and therefore theoretically you control at least a third of the board. And I have been told by a member of that board he understood all they had to do was rubber stamp what you had already decided and that they had no authority to actually reverse this decision if they wanted to.

Mr. CLARKE. The Greensboro board did not have the authority to reverse this decision, but the district boards are not rubber stamps. I don't know any of these boards that are rubber stamps to what we do. As a matter of fact we get considerable opposition from them by way of things they are not in agreement with.

Mr. MARTIN. On some matters, we get turned down, Congressman Jonas, by those boards when they don't think it is in the interest of their district.

Mr. JONAS. You haven't proposed to move a district bank from one State to another in my memory.

Mr. MARTIN. Perhaps there is someone here who has a better recollection than I. The FHLB Administration closed the Federal Home Loan Bank of Los Angeles by merging it into the FHLB of Portland, Oreg., and the resulting bank was located in San Francisco where it still is located. The board has relocated or restructured one or another of the banks on seven different occasions.

Mr. JONAS. I understand you moved the bank from Spokane to Seattle but that was within the State of Washington.

Mr. MARTIN. Yes, sir.

Mr. JONAS. And the Los Angeles board was not moved out of the State, but up to San Francisco.

Mr. MARTIN. What actually occurred was that the Los Angeles bank was liquidated and dissolved, its assets, liabilities, and members being transferred to the Portland bank, which was moved to San Francisco.

Mr. RICKS. And New Jersey to New York.

Mr. BOLAND. Where was the bank in New Jersey?

Mr. RICKS. Newark.

Mr. BOLAND. That is not much of a move for the employees.

OPINION OF EMPLOYEES

Mr. JONAS. What do you say about the employees? Don't you owe an obligation to them? Why didn't you give somebody an opportunity for a hearing on this? This is such a fundamental change, such a drastic upheaval for 101 people and their families, that I believe their interests did not receive sufficient consideration. You may have talked to the Chairman of the Board but he is from Florida, and I assume he would like to have the bank located as close to Florida as possible. I am told that nobody in the bank knew anything about this until the announcement was made except maybe Mr. Fogarty. He is only one of 101 people. Didn't you think you had an obligation to give these people, as well as the members, an opportunity to be heard?

Mr. MARTIN. Let me get this on the record Congressman, because that is the fairest of questions. The information, complaints, and com-

ments that this board and many of the bank management people and our staff office here had received from the industry and from examiner personnel and from Mortgage Corporation personnel were so unanimous in favor of the move that we were not prepared for either the width or the depth of the response we received from North Carolina. Seriously.

Mr. JONAS. May I interrupt?

Mr. MARTIN. Yes.

Mr. JONAS. I can tell you why. Few people in North Carolina knew anything about it. How could the member associations file objections when this decision was made in your own office without any consultation with anybody except the Chairman of the Board and a few officers of the bank?

Mr. BOLAND. Was this decision made on December 10?

Mr. JONAS. The Board made its decision on December 8, and the District Bank Board met in Florida on the 10th.

Mr. BOLAND. That was only a week ago.

Mr. MARTIN. Yes.

Mr. BOLAND. How would the people involved, the employees, know this was going to happen?

Mr. CLARKE. They wouldn't except through the general talk that has been going on I know since last March. That talk, of course, was completely unofficial. But I would be asked on many occasions. The Board's plans were not discussed with the bank until I saw Mr. Fogarty on the 5th.

Mr. JONAS. I am prepared to admit that the bank's facilities in Greensboro are crowded. And I am prepared to admit that the District Board felt that expansion was necessary. What I can't understand is why you don't expand in Greensboro where you are already located in a brand new building? I think most of the people complaining have been complaining because of lack of facilities but not necessarily recommending that you move the whole operation across two States and into a section of the district that doesn't produce nearly as much business as the area of the district you are moving out of.

Mr. CLARKE. Mr. Chairman, may I make a statement there?

Mr. BOLAND. Yes.

NUMBER VERSUS WORKLOAD

Mr. CLARKE. You are correct that the number of individual associations in the North is greater, but the assets are greater in the South. The northern associations are generally smaller.

Mr. JONAS. Therefore, the work load is heavier from the States north from South Carolina because the number of association members is greater.

Mr. CLARKE. They have to be examined but the examiners are usually resident in the area where they examine. For instance, many are residents in Greensboro, Atlanta, and Fort Lauderdale, Fla.

Mr. JONAS. What is wrong with continuing that? You wouldn't put all of the examiners in Atlanta.

Mr. CLARKE. No. I guess our Chairman has expressed the real reason we are firmly convinced that the convenience for the whole district would be enhanced. If the move had to be made, if there had to be an

expansion, we thought we ought to look into the whole situation before we authorized any further expenditure on the present building.

Mr. JONAS. This sounds argumentative. I don't mean it that way but I say it to get it on the record. I personally think it is more important to consider the number of associations that do business with you than the volume of the business because you can add up the volume in dollars and that doesn't add to your workload. But the number of associations and the number of applications I would think would be more pertinent to consider than the dollar volume of the business.

Mr. BOLAND. The number of people who visit the Greensboro bank is larger than the number of people who visit the San Francisco bank. The volume of business of the San Francisco bank is by far the highest, but the number of loans is a little less than half of what it is in Greensboro.

What sort of communication have you had with the 700 members of this bank? Do I understand this bank serves about 700 members?

Mr. MARTIN. 698 insured savings and loan associations in the Fourth District; yes, sir.

Mr. BOLAND. Does that mean a number of times during the year some personnel from these member associations visit the Greensboro Bank?

Mr. MARTIN. Those who have experienced difficulty in getting branch decisions like to talk to the supervisory agent about the application, and say "what is wrong with this, can I give you some more information?"

Mr. BOLAND. Can the Economics Research Director give us any idea of the number of people who have requested this type of personal communication, face-to-face communication?

Mr. RICKS. No, sir, we don't keep records on that.

Mr. BOLAND. How do you arrive at whether or not a particular member of this bank is inconvenienced because the district bank is in Greensboro rather than Atlanta?

Mr. MARTIN. When we go to the meetings they let us know in no uncertain terms. I can't walk down the hall to the dining room without five individuals saying, "I can't get this decided, can't get an answer on credit, applications, et cetera."

Mr. BOLAND. Won't you be in the same position in Atlanta? They aren't going to get a quicker decision. The convenience of getting to Atlanta might be better, I don't know about getting out of the airport, but certainly the face-to-face confrontation with the district bank in Greensboro is not going to be any different than it would be in Atlanta.

Mr. MARTIN. That is the argument we have used with the members but I haven't had a great deal of acceptance.

Mr. BOLAND. You haven't been very persuasive with them. With your personality and persuasion there should be no problem.

PERSONNEL CONTACTED PRIOR TO DECISION

Mr. JONAS. I didn't get the names of the people you discussed this with in the industry before you made the decision. You said the Chairman of the Board, somebody from Florida.

Mr. MARTIN. Yes, sir.

Mr. JONAS. And the Vice Chairman, Mr. Stadler.

Mr. MARTIN. From Washington.

Mr. JONAS. Those are two members of the Board. There are 12 members on the Board. How many others did you consult in advance?

Mr. CLARKE. From time to time Mr. Jonas the the matter has been discussed with most of the members of the Board—I know the director from Georgia, Mr. Reese, and some of the directors from South Carolina and Florida. When we would be in attendance at meetings we would discuss it. I don't recall any other direct conversations that I had with any of the other members of the Board.

As far as the industry goes, I couldn't possibly remember the number.

HOUSING PEOPLE IN ATLANTA

Mr. JONAS. How are you going to house these people in Atlanta?

Mr. CLARKE. I know from my own knowledge of the situation in Atlanta there will be no problem for the employees to find suitable housing in Atlanta.

In addition to that I know that the chamber of commerce, for instance, and other agencies will actually undertake to see that all of the vacant places and available apartments and houses in every category are made known to the employees moving to Atlanta. Certainly as far as apartments go there is no scarcity. As far as the individual dwellings, there is a steady stream.

Mr. JONAS. What does a three-bedroom apartment rent for in Atlanta? How much more than Greensboro?

Mr. CLARKE. I couldn't tell you that.

Mr. JONAS. If you permit me to say so, that is one of the things I think you ought to have investigated before you made this decision.

Mr. MARTIN. Mr. Jonas, I think Mr. Perry has information on how we handle actual moves of personnel. Do you have something on the cost and so forth?

Mr. PERRY. Congressman, we don't have the actual figures on the comparison with rentals in the Atlanta-Greensboro area but it is our understanding from discussions with those people that they are very comparable. The cost of apartment units in Greensboro compares very closely with those available in Atlanta.

Mr. JONAS. You are told by whom?

Mr. PERRY. By some of our personnel in the Greensboro bank familiar with the area.

Mr. JONAS. Can you get any comparable figures and put them in the record?

Mr. PERRY. We will be happy to get those figures.
(The information follows:)

Comparable housing costs for Greensboro and Atlanta may be found on pages 83-88 of the Federal Home Loan Bank Board's report to the subcommittee.

Mr. JONAS. Do you know how many of your employees in Greensboro own their own homes?

Mr. PERRY. No, sir; we have never compiled that data.

COMMUNICATION WITH MEMBERSHIP

Mr. PRYOR. I got in late but prior to this decision did you communicate with the individual people in the associations in the district to be affected? Was there communication there with all the membership or did you just make the decision on your own?

Mr. MARTIN. There was no communication with the whole membership, sir. We had many conversations with industry members or member institutions most of whom of course in a big area like this are located outside of North Carolina—it was not just that we proposed an idea and received acceptance of it, it was that we were implored, urged, and complained to, to move and provide more convenient facilities for the membership. We therefore undertook no statistical sample because as I indicated into this record we were very much surprised there was any substantial opposition to the move. All of our information had been on the other side.

Mr. PRYOR. You may have been just talking to one side.

Mr. MARTIN. We talked to members from Florida, Georgia and Alabama and South Carolina. It has been a continuous—

Mr. JONAS. You didn't mention Maryland, Virginia, or North Carolina.

Mr. MARTIN. Or the District of Columbia.

Mr. JONAS. That is where the majority of your members are.

Mr. MARTIN. Our Vice Chairman of that Board is a leader in the industry nationally and certainly in the District and northern Virginia industry, and he is very much in favor of the move. One or another of us had talked with him.

Mr. JONAS. How is he appointed to the Board?

Mr. MARTIN. He is elected by the members to serve on the Board and appointed by this Board to be Vice Chairman.

Mr. JONAS. You have 12 members on this Board?

Mr. MARTIN. Yes.

Mr. JONAS. What States do they come from? You have one from the District of Columbia and one in South Carolina and one in North Carolina. I am excluding Mr. Fogarty who is ex officio on the Board because he is president. You have one in Florida.

Mr. CLARKE. You have two from Florida including the public interest and the industry directors.

Mr. JONAS. You appointed one of the Florida members?

Mr. CLARKE. That is right.

Mr. JONAS. And the industry appointed the other?

Mr. CLARKE. Yes, the industry elected the other.

Mr. BOLAND. Do we have a list of the members for the record?

Mr. JONAS. Indicate which four were appointed by your Board.

Mr. MARTIN. There could not be four appointed by our Board, because we have only been in office 3 years.

Mr. JONAS. I mean by the Home Loan Bank Board.

Mr. MARTIN. Yes.

Mr. JONAS. You do select four of the 12?

Mr. CLARKE. We have the right to, but we have selected only three. There was a vacancy and still is.

Mr. JONAS. Under the regulations or the law the National Board has the power to appoint four members of the District Board and the industry through various processes recommends and nominates and you approve those memberships. Is that not true?

Mr. MARTIN. The industry elects certain directors and we certify the election. We don't pass on them at all.

BOARD OF DIRECTORS MEMBERSHIP

Mr. JONAS. We would like to have in the record a listing of the entire Board's membership with an asterisk or something beside those considered to be your members, appointed by you and the others who are elected.

Mr. MARTIN. Yes, sir.
(The information follows:)

BOARD OF DIRECTORS OF THE FOURTH DISTRICT BANK

Clyde Perry, Chairman, Florida.¹
John W. Stadtler, Vice Chairman, District of Columbia.
Forrest K. Abbott, South Carolina.¹
David Anderson, Virginia.
Sam W. Borden, Maryland.
E. W. Dickey, Jr., Alabama.
Robert W. Hester, Florida.
Jack Lawrence, South Carolina.
J. Grayson Luttrell, Maryland.¹
J. Malcolm Reese, Georgia.
J. Mel Thompson, North Carolina.

Mr. JONAS. Following up what Mr. Pryor said, I would like for the record somewhere to show how many of these Board members you had any prior discussions with about the move before you made the decision.

Mr. MARTIN. Yes, sir. The only point I wanted to make in that area is that of the persons making up this Board today, it is my recollection we may have appointed one director as distinct from reappointing a carryover director. We have nothing to do, neither approval nor nomination nor processing, with any of the industry elected directors. We simply and solely certify that the election has taken place and the votes all add up. Nothing to do with it. So this is not "our Board" by any stretch of the imagination. We may have appointed one director.

Mr. JONAS. May I ask this question and I don't get this from your publication but took it from the Savings and Loan Fact Book.

Mr. MARTIN. I don't know we have that. What page is that?

Mr. JONAS. Page 143 which shows the regions. That is not the district but the regions.

Mr. MARTIN. I think that is different.

Mr. JONAS. There is a south region which includes more than this district, it includes Delaware and some others.

Mr. MARTIN. Yes, because that is the trade association district, not ours.

¹ Appointed by the FHLBB. All other directors were elected by the stockholders from the States which they represent.

LOCATION OF OTHER BANKS

Mr. JONAS. I notice, for example, on page 91 of this fact book you seem to have district offices located in less than what I would call the metropolitan centers of those districts. For example, you have one in Cincinnati, of course an outstanding city but it is not in the center of Ohio. You have Little Rock in Mr. Pryor's home State. It seems to me that Greensboro is as close to being a metropolitan center as some of the other cities where banks are located.

I don't go along with the idea you have to concentrate everything in impacted areas. We are suffering right now in the District of Columbia from this. HUD, for example, found it necessary to establish area offices in order to get their work accomplished. They found they couldn't do it in Atlanta. They have now created a number of area offices with plenary power to process and handle their work. They are in Greensboro because FHA is in Greensboro and that office serves parts of two States. I just don't see how you hope to accommodate more people by moving to Atlanta when the majority of your customers and association members are in the States this side of Atlanta or from the North. Your members are nearly twice as many in North Carolina and Virginia and the District of Columbia and Maryland than in the other States combined.

Mr. CLARKE. As far as the number of associations go, if you count Virginia, Maryland, the District, North Carolina, and South Carolina, you have 403. If you count Florida, Alabama, Georgia, and South Carolina again there are 362 in the Southern area. The assets of the 403 associations in the northern half counting South Carolina are \$14 billion. In the southern half including South Carolina the assets amount to \$19 billion.

Mr. JONAS. That goes to the question I raised before, whether you should consider this on the basis of dollar volume or member associations. You have to do as much work with a small association who is doing business with you as one that generates fewer but larger mortgages. Isn't that right?

Mr. CLARKE. It is usually the big associations that are very active in borrowing, filing applications for branches, Mortgage Corporation activities, and the other reasons that would bring them to the district office.

Mr. MARTIN. We may have some numbers on the nonborrowing members. A great many of the smallest institutions including those in the fourth district do not borrow.

Mr. RICKS. We have a State-by-State breakdown.

ASSETS OF SAVINGS AND LOAN ASSOCIATIONS

Mr. JONAS. I don't have your latest figures but, referring to the League Fact Book, I notice that total assets of the savings and loan associations in the State of Georgia is \$2.6 billion and in North Carolina it is \$3.012 billion.

Mr. MARTIN. I think the assets in Georgia as of October 1971 were \$3.7 billion. North Carolina was \$3.8 billion. In Florida, where we have received a number of comments concerning the location of the Bank, the assets are \$11.8 billion.

Mr. JONAS. Out of how many associations?

Mr. MARTIN. 133 in Florida. They are just branching all over that State.

Mr. JONAS. How many in North Carolina?

Mr. MARTIN. We have more than that in North Carolina, 168, but much fewer branch applications in North Carolina. I would say it is a factor of five in Florida to one in North Carolina.

ACQUIRING SPACE IN ATLANTA

Mr. JONAS. May I turn the inquiry in another direction now.

If you make this move, what do you plan to do for facilities. You can't acquire them overnight?

Mr. CLARKE. It will be up to the Greensboro-Atlanta Board to make that decision with our approval up here finally. But I would suspect they would find the most desirable way immediately would be to rent space in some central area in Atlanta until the activities in Greensboro have been phased out. It can't be done just like that, and ultimately, if and when the Greensboro building is sold, the board might see fit to build in Atlanta. Many of our banks continue to lease and stay in large buildings.

Mr. JONAS. You don't approve of that, do you? You want to build an \$8 million building for yourselves in Washington.

Mr. CLARKE. We continue to approve annually the leasing of many of the banks.

Mr. JONAS. I know you or your predecessors came in and sought authorization for \$8,400,000 to build a headquarters building in the District of Columbia. I am reminded that is in addition to \$13 million provided earlier. That is about \$21 million that your Board or predecessor Board wanted to spend on a headquarters building here.

Mr. MARTIN. Yes, sir. Our employees now in Washington are located in six different buildings. One of our divisions is even located downtown.

Mr. JONAS. How long have you had this approval piled up? Three or 4 years? Maybe we ought to consider rescinding it.

Mr. MARTIN. The GSA indicates they are going to meet with us this week or next with what we hope is an OK for a site, and if they do so, there should be no further delay.

Mr. JONAS. I thought you had a site assigned and you rejected it?

Mr. MARTIN. We had a site which would no longer accommodate the Federal Home Loan Mortgage Corporation and the other activities of the Board; yes, sir. The Mortgage Corporation has about 100 employees.

Mr. JONAS. Do you think it is necessary to have a mortgage operation in each of the regions?

Mr. MARTIN. Yes, sir.

Mr. JONAS. That is contrary to Fannie Mae's policy. They are consolidating instead of expanding, and computerizing their operation.

Mr. MARTIN. They have the advantage in that regard in having an operation in which they are not dependent upon the examination reports of the sellers. In our operation on the other hand we are dealing only with federally insured institutions who are portfolio lenders

and we therefore rely on examination ratings and reports for the quality of the credit. Fannie Mae simply buys from a mortgage bank or someone else and that is the end of it.

FACILITY IN GREENSBORO

Mr. JONAS. Have the District people told you what they plan, if this move takes place, to do with their present building?

Mr. MARTIN. The disposition of the present building will be considered by a committee appointed by the Bank's board of directors.

Mr. JONAS. You mean you haven't discussed that with them? It looks as if that would have been a key point to have disposed of before you made the decision to move. Here you have a \$1.8 million building down there they have been in only a year and a half and now you propose to abandon it.

Mr. MARTIN. No, sir; we propose to phase out the use of the building and sublet or sell if that is what the Board of Directors of the Greensboro Bank wants to do with it. It is really their decision, not ours. We are awaiting Mr. Fogarty to tell us his preliminary plans. I haven't any preview of that.

Mr. CLARKE. That Board has appointed a committee to study the other implementation matters, as well as the possibilities in Atlanta.

Mr. JONAS. But that study was not completed before you made the decision?

Mr. CLARKE. No, sir.

Mr. JONAS. You are either going to abandon it or going to have a split operation. I can't conceive of a board of directors just wasting \$1.8 million of their members' assets and abandoning a facility that is that new. So I suspect you are going to eventually have a split operation. If that is so, why can't you have a split one right now?

Mr. CLARKE. We certainly wouldn't expect to abandon it.

Mr. JONAS. If you are not going to abandon it and move everything, everything you have said in justification of the move falls, doesn't it?

Mr. CLARKE. We wouldn't abandon it and leave it wasted. It hopefully can be sold at a great profit.

Mr. JONAS. I am surprised at that. I have been told that is a special purpose building and not suitable for commercial operation. This building, I am told, was designed for your special purposes and not as an office building.

Mr. CLARKE. I think that could be best answered by entering into the record Mr. Fogarty's statement on that.

Mr. PERRY. Here is a letter of August 14, 1967.

Mr. JONAS. What did he say?

Mr. PERRY. Let me read the key paragraph for you.

Discussion with the architect focused attention on the desirability, if not the need, for a thorough understanding of the concept of the proposed building as it pertains to meeting the current and future needs of the bank, proper public projection of the bank's image, the utilization of the building for other purposes should at some date it be placed on the market for sale, maximum utilization of land, high percentage of usable to gross square footage, flexibility to meet changing requirements of the bank, and ability for substantial expansion at minimum cost.

Mr. JONAS. He is talking about a proposed building?

Mr. PERRY. This letter, dated August 14, 1967, discusses the building that was actually constructed in Greensboro. The letter discusses the architect's plans and drawings for the bank.

Mr. JONAS. He admits it was built and designed with the idea that it could be expanded?

Mr. PERRY. Yes, sir, but also indicating that it would be designed in such a way that it would make it desirable for other tenants.

Mr. BOLAND. I have never seen it. Have you seen it?

Mr. PERRY. The Greensboro bank?

Mr. BOLAND. Yes.

Mr. PERRY. No, sir, I have never been to Greensboro.

Mr. MARTIN. Yes, sir, I have.

Mr. BOLAND. As Mr. Jonas said, banks are usually a one-purpose building. The marketability of that type of building is oftentimes difficult. I am not familiar with the physical makeup of the plant, but is it built that way, high ceilings?

Mr. MARTIN. No, it is built as a very contemporary office building which any of us would be proud to have an office in or have as our headquarters.

Mr. JONAS. Sure, but describe the first floor.

Mr. MARTIN. I can't do that. I can submit for the record this picture.

Mr. RICKS. You are thinking of a bank like tellers' windows. It isn't a typical commercial banking facility.

Mr. JONAS. Has anybody here been in this building?

Mr. CLARKE. Yes, sir. (Mr. Martin, Mr. Keely, and Dr. Ricks raised their hands to indicate that they had been there.)

Mr. JONAS. Tell us what is on the first floor.

Mr. CLARKE. The entrance floor is open as the picture shows. There is a basement below the floor where you enter. Then the second floor is where all of the business is carried on.

Mr. JONAS. I am interested in what is on the first floor. Nothing, isn't it; all open space?

Mr. CLARKE. Except for an entrance and availability to parking.

Mr. JONAS. Parking. You park on the ground floor?

Mr. CLARKE. Yes, sir, as the picture shows, and around the building. The parking surrounds the building, too. It is a beautiful building.

Mr. JONAS. I have heard that. I acknowledge that, from all I know about it.

I understand they put on a tremendous show, open to the public, cocktail party, reception—were very proud of it. That is what is so amazing to me, that you would even consider getting rid of it now. They haven't been in it but a little over a year, a year and a half. They went in in May of 1970; is that right?

Mr. CLARKE. It was dedicated in May of 1970, and it is already inadequate. That is really what triggered this final decision. You have to spend a considerable amount of money on it.

Mr. BOLAND. You will have to do that in Atlanta, you will have to get a new building. That is not really much of an argument for moving. I would be more impressed with the "whereases" in the resolution if there was some indication of what the inconvenience is. I am not particularly moved by the fact that there are related Government

activities in Atlanta and that it is the Nation's second ranking airport in passenger enplanements. Those "whereases" aren't significant, I do not think. You can get in and out of Greensboro without too much difficulty.

Mr. JONAS. I have been to Atlanta, too.

RELATIONSHIP WITH OTHER FEDERAL AGENCIES

Mr. BOLAND. What sort of relations do you have with the Federal Reserve Bank, the regional headquarters of the FDIC, the Comptroller of the Currency, the Department of Housing and Urban Development, GNMA, and FNMA? How much business do they do with these Government agencies?

Mr. MARTIN. Congressman Boland, the business we do with the Fed, FDIC, and the Comptroller of the Currency is in those instances, such as the Sharpstown bank, in which relationships between commercial banks and savings and loans or joint ownerships or volume of transactions, have caused one or another side of this business relationship to get into difficulty.

With HUD we have a lot of business because the upswing in FHA savings and loans originations, particularly in the fourth district, has been phenomenal. The buying and selling of mortgages from commercial banks, with all that entails with regard to their supervisory agencies, has upswung a great deal.

I think the chairman is very right, that we need to give you additional demonstration of the business volume at the credit window.

Dr. Ricks has some information on that.

Could you read that very brief piece that you showed me into the record?

Mr. RICKS. Certainly. We have some information with us on activity by SMSA, and the members located in the Greensboro-Winston Salem-High Point SMSA had total savings in October 1971 of \$628 million. They had advances outstanding at that time from the district bank of only \$4 million. That was .645 percent, six-tenths of 1 percent of savings.

In the Atlanta SMSA the total savings at that time were \$1.547 billion. The advances outstanding were \$123.7 million or 7.99 percent of savings.

The Greensboro SMSA was such that only 49 SMSA's in the country had a smaller ratio of advances to savings.

The Atlanta SMSA was such that 205 SMSA's in the country had a smaller ratio of advances to savings. The ratio of advances in associations headquartered in the Atlanta SMSA to advances headquartered in the Greensboro SMSA is \$124 million to \$4 million, or 31 times as much.

Mr. BOLAND. One of the problems that bothers me with respect to this whole matter is that it seems to have been done within a relatively short period of time. Meetings on the 8th and 10th of December, then this resolution and notice that the employees have apparently been notified. Have they been notified already?

Mr. MARTIN. They were notified by Mr. Fogarty.

Mr. BOLAND. That has been relatively recent. There is a lot of conversation, but nothing definite. You have no particular plans for the

disposal of the building. It seems to me the thing has been done too quickly. Why can we not get another look at this?

Mr. TALCOTT. There is no answer, Mr. Chairman.

May I ask a question?

Mr. BOLAND. Yes.

Mr. TALCOTT. The thing that—

Mr. JONAS. Wait a minute. I would like to get an answer to that.

Mr. TALCOTT. They did not have one.

Mr. JONAS. They just have not thought up one yet.

Mr. MARTIN. We do not have all of our board members here for one thing.

Mr. JONAS. You have a majority?

Mr. MARTIN. Sir?

Mr. JONAS. You have a majority here.

Mr. MARTIN. Yes; we favor unanimous votes on matters like this, Mr. Jonas.

Mr. BOLAND. This has been a unanimous vote of Fourth District Board of Directors; is that right?

Mr. MARTIN. And the unanimous vote of our management. If we were to put it to a plebescite in that district, those States urging the move would be very helpful—

Mr. TALCOTT. Sure, if you did that, everything would go to New York.

Mr. BOLAND. That is to be expected.

LETTING MEMBERS DECIDE LOCATION

Mr. JONAS. Wait a minute. I am not sure that might not be a good idea.

Have you considered that, letting your members vote on this?

Mr. MARTIN. No, sir. The procedure which has been set down by the Congress for us, in the determination and redetermination of relocation of the banks is quite clear in the statute.

Mr. JONAS. Yes.

Mr. MARTIN. We observed each of the statutory requirements.

Mr. JONAS. Therefore, I have a right to disagree with you. I believe the vote will go against you, if you took a plebescite. You used that word first.

Mr. MARTIN. I used that word first; yes, sir. I am not proposing it, however.

Mr. CLARKE. Mr. Chairman, I believe the bulk of the members have thought this was inevitable for a number of years.

Mr. MARTIN. Yes.

Mr. CLARKE. To prolong the thing further just wouldn't serve any good purpose, for the industry in the fourth district as a whole.

Mr. JONAS. Mr. Clarke, you did not hear me say that the president of the North Carolina Savings and Loan League tells me they never had any advance notice this move would be made and he represents 168 associations. How can you say that they have been expecting it?

Mr. CLARKE. It is inconceivable to me that the gentleman had not heard about it. I have read the telegram there, but—

Mr. JONAS. Not only do they say they did not have any opportunity to express objections, but the people that work in the bank did not

know anything about it, until it was already done. They had no opportunity to be heard. That is sort of contrary to my idea about the way things ought to be run.

DELAY FINAL DECISION

Mr. BOLAND. That leads to the credibility gap in government. We have enough problems without developing one of those. So I might ask again, it would appear to me that because of the testimony that has been adduced here today that maybe the board ought to take another look at this, or at least give it a little more time and a little more attention and find out whether or not this is really the thing to do.

Mr. MARTIN. Mr. Chairman, I confess that our presentation today apparently did not sufficiently communicate the long consideration and study we have given this matter of the move. In stressing that we were continuing to delegate to the board of directors of the Fourth District Bank the implementation of the decision and in our frank recitation to you of those events which were proximate to the unanimous vote of the Greensboro Bank, I believe that we did not sufficiently indicate that this move has been talked about and thought about and studied and, in the industry, speculated about and gossiped about for many years. We did not do this in 3 or 4 days in the sense of determining the pros and cons and the advantages and disadvantages. We took action within a short period of time, but I think that is quite normal in circumstances like this.

We did not poll the employees because, frankly, our experience in the Spokane-to-Seattle move, which is fresh in our mind, was that many of the employees, although initially not overjoyed with the idea, really found this move to a new, more urban area, in that case—and I am not drawing any comparisons here—

Mr. TALCOTT. You almost did.

Mr. MARTIN. In that other case, Mr. Chairman, they rather found it was a stimulating and desirable experience. Their moving costs were paid, any loss on the sale of their house is taken care of. We take all the time they want. We certainly do not intend to make it difficult on the employees.

Mr. JONAS. Mr. Martin, that is an amazing statement to me.

Mr. MARTIN. Which part?

Mr. JONAS. The one you have just made. My experience is absolutely contrary to that. I find people in every metropolitan area I go into just begging to get out into a smaller community. Greensboro is metropolitan enough for them. They do not want to move. People are falling all over themselves trying to get out of New York City.

Mr. MARTIN. I was talking of Spokane and Seattle.

Mr. JONAS. Washington, D.C., the same thing.

FACILITY AT GREENSBORO

Mr. TALCOTT. Mr. Chairman?

One thing that bothers me a little bit about the decision is the shortness of time. I like the idea of doing things expeditiously if you do it openly and take into consideration all of the factors that ought to be taken into consideration. But, the shortness of time in

making the decision does not bother me nearly so much as the very bad judgment you had in building a building like this, a brand new modern building, just completed and just barely moved in, and then you want to move. It is the shortness of time that gives me some pause about the decision of the board.

Mr. MARTIN. Congressman Talcott, what we have here is a Federal Home Loan Bank System which has expanded its services to members very significantly in the last 3 years as this committee knows, which has decentralized the decisionmaking and much of the supervisorial aspect of examination in order to get a better product, which has multiplied the number of member contacts with the officials of the System in the field and therefore, that building which was designed a number of years ago, as that letter indicates—1967—

Mr. TALCOTT. It is still a very modern building.

Mr. MARTIN. Beautiful, but completely inadequate to the needs of today.

Mr. TALCOTT. But it looks to me, from looking at the picture, that it could be very easily doubled in size, either by going up a story or by covering over the adjoining part, and that this would be the most economical thing to do. It also appears to me that you have not given us enough information about the comparative cost of building a new place in Atlanta and expanding the Greensboro facility, which I would think would cost much less.

Then there are several other factors that worry me. It seems one impression you are creating here is that you are too rich, that you can just move from one place to another and abandon a beautiful modern facility. This is one impression that you are creating.

I have as much respect for you as any other public employee.

Mr. MARTIN. Well, sir, in terms of the costs, I know we have been inadequate in this presentation. Let me only try it this way: In terms of miles, per-mile costs of travel of the examination crews whose work is reviewed at or near the Fourth District Federal Home Loan Bank, the overwhelming analyses will show, I believe, that it is operational cost-wise more economic to locate in Atlanta than in Greensboro.

Mr. TALCOTT. Then your previous Board made a horrendous mistake.

Mr. MARTIN. Well, I do not think so, Congressman Talcott, if I may respectfully dissent from that. I believe, considering the relatively low volume of total operations of that time and the relatively centralized way in which things were done, and not anticipating the huge economic growth of the southeastern part of the United States, that building was OK. But, as it turned out, it is not today. Nobody can be blamed for that.

POSSIBLE FURTHER RELOCATIONS

Mr. TALCOTT. What if we have another shift in the next 2 or 3 years of business moving toward North Carolina, instead of Georgia, are we going to move back to this building and abandon the one in Atlanta?

Mr. MARTIN. We are confident we are responding to the needs of the members in the Fourth District. Those are the needs that are extant today and which we foresee in the future. We honestly foresee them in the future. We could be wrong, sure, just as perhaps it could

be argued that the building in Greensboro was a mistake. I am not saying it was a mistake. I think it was appropriate to the setup at that time, 1967, and a person always looks back a few years, let's say they they were looking at 1960 to 1966, it looked OK to them. I do not second-guess them.

Mr. TALCOTT. That is a generous statement.

Mr. JONAS. Getting back to the question propounded by the Chairman, what will you lose—it ought to be worth a lot; you people are public relations minded, you do not want a lot of unhappy people working for you, you should want to do what you think is best for the industry, the people you serve. I cannot get over the fact that while you may have deliberated about this in your own meetings over a period of weeks, even months, and you may have discussed it with a few people—you have not named anybody you discussed it with, except the Chairman, the Vice Chairman, and the President.

I have told you that the industry spokesmen in my State were taken by surprise. They tell me they had no intimation in advance that this move was in contemplation. You have not canvassed your employees. You do not know how many will leave, refuse to move. You do not know how many have families that will have to move. You do not know what it will cost to make the move. You do not have any space in Atlanta. You do not know what space will cost there.

You have a general idea that it will not cost any more than in Greensboro. I would like to gamble with you a little on that. It ought to be easy to find what the square-foot cost of comparable building space is in Atlanta versus Greensboro.

I suspect you will find that it is cheaper in Greensboro. Those are investigations and things that you should, I think, have determined before you made this move.

Why were you not making all those studies during this 3 months that you have been thinking about this, so you would know a little bit more about what you are getting into, instead of jumping blindly into a move of this importance, disrupting the lives of people who have been placed in one location for 20 years or more? That is worth something. How many of these experienced people will you lose?

What if you have to recruit half of your bank force in Atlanta? You start off with inexperienced people. All of those things ought to have been thought about before you made this decision, in my opinion.

I have great respect—I respect you. I have cited you to several people as an example of what I call a very honest, honorable bureaucrat. I have defended you—

Mr. MARTIN. I was doing pretty well.

Mr. JONAS. You have been accused of using all sorts of tactics and I have defended you and the Board against those accusations, because I did not believe you were moved to make this decision by any outside influence. However, I rather suspect Mr. Clarke may have a little firsthand information, more than I would. It would be unnatural if he would not like to see this in Atlanta, but after all, he does not control the Board. He has only one vote, I assume. I am not surprised that the Chairman of the district board of directors, who is from Florida—I am sure the Florida people would rather have it in Atlanta. While they have more dollar volume, they do not have any

more associations and they are not worth any more consideration than the people in North Carolina or Maryland.

I do not see what you will lose by putting this on the back burner for a while and just stopping in your tracks until we can develop some more information.

It is not anything that happened suddenly overnight. This has been building up for some time, you say. Why do you not go along with us on that?

I think you will find all this committee—although I have not polled them—think that would be the thing to do, because this is a serious matter for a lot of people. I do not see what would be lost by just leaving things as they are a while. We will be back here in January. We will be having a hearing with you people early next year. By that time you may have all the answers to these questions.

During that interim you can make these studies.

Mr. BOLAND. I think that is a good suggestion, and I would hope that the Board would see it as a good suggestion, too, because there are some real problems here.

As I indicated when this hearing opened, there is a great concern on the part of the members about impacting particular areas with additional governmental agencies. This committee is not about to tell the Board how to run its business. We appreciate the fact that you want to run it as efficiently as you possibly can.

We are aware of the fact that you have to convenience those who are members of the bank of that area, but I am not really impressed by the fact that you are conveniencing them more by going to Atlanta.

As a matter of fact, I am less impressed by it. I am concerned, as all of us are, as I am sure the Board should be and is, with the employees. I think these are matters that ought to be looked at a little more.

We will be coming back in January. You are going to come up here again. You are not going to lose any business because you are not moving to Atlanta in January. You are going to go down to Atlanta and look for space for people after the first of the year. As I said, that district is not going to lose any more business because you are not in Atlanta immediately after the first of the year. You will be doing the same business. People will be still going to Greensboro.

You have 64 examiners that are not directly attached with the Greensboro bank who apparently live somewhere else. I would say, without knowing for sure, that the examiners are perfectly willing to be where they are, and that it does not matter to them whether the Fourth District Bank is in Greensboro or in Atlanta.

I may be totally wrong in that, but my guess is that they are probably happy doing what they are doing, living where they are and reporting to the Greensboro district every once in a while. I just think that perhaps the decision to move appears to be done too quickly.

You have indicated this has been looked at over a long period of time, but from the facts that have been developed here, it would appear to me that it may have been looked at over a long period of time but suddenly you came to a decision within a relatively short period of time; so the opposition and the concern develops in the area, in the State, in the members of the associations themselves, and also on the part of members of this subcommittee.

I think this ought to be a concern of the Board: I am sure it is. We understand you can go ahead and do what you want, but it is always nice to live a happy life with those with whom you communicate because if you have a good ship, and a happy ship, you have no problem.

Mr. MARTIN. Yes, sir.

Could we just caucus for a minute?

Mr. JONAS. Do you want to go in the other room?

Mr. MARTIN. If you can give us 2 or 3 minutes.

Mr. BOLAND. Yes.

(Recess.)

SUMMARY BY CHAIRMAN MARTIN

Mr. MARTIN. Mr. Chairman and Mr. Jonas, let me start off by saying that we think it is most appropriate that you reviewed this decision of ours and of the Greensboro Board with regard to the move of this bank.

Second, that we have a number of gaps in the record which we are aware of, and we understand the chairman's instructions and direction to make additional information available for the record and to this committee.

The chairman is aware that, necessarily—and there is no onus connected with this “necessarily”—the notice time for this meeting was very short, a couple of hours plus or minus, and that the particular day on which the meeting takes place—and we again thank you for the meeting at all—finds us with our general counsel ill, with one board member out of town, and with a staff member whose responsibility this primarily is on the other side of the continent. Therefore, we will be happy, if we are accorded the privilege, to make whole the record and supply those missing kinds of information and analysis which the chairman and Mr. Jonas have very correctly called for.

With regard to the recommendation of the committee, we stand in need of counsel.

We appreciate the right and function of the legislative branch as expressed through this committee to counsel with the departments of the executive branch, of which we are a very small one. We appreciate the recommendation. We feel that the decision we would reach after a delay and after securing the information to which you allude in quantitative form, as to those matters which we have in qualitative form, to-wit: The need for a careful and equitable program of employee relocation, and the locally based cost analysis by the people in Greensboro operating in Atlanta to determine the relative cost, are all matters which will be considered in the implementation of the decision. However, we are willing and are quite ready to serve the committee in the sense of reviewing the transcript, including the suggestions made here, involving our third board member (who is not familiar, because of his absence from Washington for the last few days, with the matters that have come up in North Carolina, which we did not anticipate), and respond to the committee in the fullest and most sincere way possible, and in the shortest possible time period.

Mr. BOLAND. I want to express our appreciation to you, Chairman Martin, and to Mr. Clarke, the other member of the board who is here. We understand Mr. Kamp could not be here. I know I express the

appreciation of this committee to you and all of your associates who are here today for your willingness to discuss this matter with the committee, and also the general attitude of you, as Chairman of the Board, and your associates who are here today with you. We appreciate your decision to, or your willingness to look at this again, with no commitment being made to the committee on what the board will do, and looking at the total picture, and some of the facets of the picture which the committee has brought out, particularly Mr. Jonas' questioning with respect to all areas relating to this move.

Mr. JONAS?

Mr. JONAS. Yes, thank you, Mr. Martin; you have never been in my position.

Mr. MARTIN. No, sir. I am not likely to be, I do not think. I am not that popular in California any more.

Mr. JONAS. I do not walk in my office but I get 10 calls from people wanting to talk about this very thing. As soon as I get there this afternoon, somebody is going to ask me what, if anything, has happened here, what, if anything has been done. I have not told anybody we are having this hearing, but I will have to.

Mr. MARTIN. Yes, sir.

Mr. JONAS. Is it all right with you for me to say that the chairman at my request convened the committee and we had a hearing this afternoon and reduced to writing the testimony, and that there are gaps in it that will be filled in later and that, in the meantime, you have assured us that without making any commitment as to what the final result will be, that you have agreed to, after you fill in the gaps and take into consideration the things that were brought out here, you will reconsider this decision?

Mr. MARTIN. Mr. Jonas, you indicated that I do not sit where you sit. Let me underline that. I think that your career and your record in this Congress is one that all of us who have had working relationships or other relationships with you hold you in the highest esteem. Let me say, speaking only for myself, that the manner in which you have attempted to understand our board's reasons for the decision we made and the manner in which you have given us, along with Chairman Boland, an opportunity to present this side, is quite in keeping with that long record and I am most grateful for it.

I was several times today reminded by you and by Chairman Boland that we must maintain in this immediate, rather crisis atmosphere, a concern for the employees, both examiner and bank personnel, in the Greensboro Bank. I would not want to cause any further personal difficulties to those employees by injecting an undue element of uncertainty as to their future place of employment.

I know the chairman and you, sir, will be indicating that this hearing has taken place. That is proper.

In terms of our review of our decision, I think in my own mind, what we are doing is reviewing the recommendations of this committee and the questions and dialog which took place here, with the aid of the transcript, so that we can report back to the committee and fill in the gaps in the record. But I would very respectfully ask that the phraseology of the "reconsideration of our decision" be avoided so that we would not cause this amount of confusion in the employee population.

REPORT CONCERNING RELOCATION

Mr. JONAS. Let's discuss this a minute.

Would the Federal Home Loan Bank Board agree to provide answers to questions the committee has raised and, until such answers are provided, that no further significant physical relocation of the bank or personnel will take place?

Mr. MARTIN. The Board agrees.

(The following report concerning the relocation of the Fourth District Federal Home Loan Bank was submitted:)

A REPORT TO THE U.S. HOUSE APPROPRIATIONS SUBCOMMITTEE FOR THE DEPARTMENT OF HUD, SPACE, AND SCIENCE CONCERNING THE RELOCATION OF THE FOURTH DISTRICT FEDERAL HOME LOAN BANK FROM GREENSBORO TO ATLANTA

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INTRODUCTION

The report that follows has been prepared in response to questions raised by the U.S. House Appropriations Subcommittee for the Department of HUD, Space, and Science in a hearing with members of the Federal Home Loan Bank Board and staff on December 15, 1971, regarding the relocation of the Fourth District Bank. The report will reply to those questions and to others which have arisen in relation to the relocation. In addition, it will set forth in depth the reasons for the Board's decision to establish the Fourth District Bank in Atlanta, Georgia.

Evaluation of these reasons requires an understanding of the fundamental purpose of the Federal Home Loan Bank Board and System, and some knowledge of the specific activities which will be affected by the relocation. Each District contains, in addition to its Federal Home Loan Bank, the district office of the Federal Home Loan Mortgage Corporation (FHLMC) and the district examination staff. In the Fourth District, these three distinct functional entities are all located at the District Bank, and all will be transferred to Atlanta. The action is actually, therefore, the relocation of the Fourth District Office.

The report will begin by providing the general foundation for the Board's action. Section I, The Board's Authority to Act, discusses the fundamental purpose of the Board and its responsibilities in relation to the performance of the Bank System. It will establish the Board's authority to relocate a Bank. This section furnishes the general reasons for the Board's involvement in maximizing the performance of the District Offices.

Section II, The Fourth Federal Home Loan Bank District, clarifies the reasons for the Board's concern being directed specifically toward the Fourth District. Comparison with the other FHLB Districts and with the regions of related Federal financial organizations demonstrates the large scope of the Fourth District and the importance of its District Office.

Having established the general basis for the Board's relocation of the Fourth District Office, the report will detail the activities which are usually performed at a District Office and the ways in which these activities are affected by the office's location. Section III, The Federal Home Loan Bank District Office, describes the purpose and activities of the Bank, the district FHLMC, and the district examination staff, respectively, and explains the precise ways in which the effective performance of these activities depends upon location.

Sections IV, V, and VI provide the specific basis for the Board's action by comparing Greensboro and Atlanta as locations for the Fourth District Office. Section IV, Resources, discusses the personnel, facilities, and special services which are available in each of the two cities. Section V, Accessibility, describes each city in terms of centrality and in terms of the transportation and communication facilities which can make the District Office accessible to its members and to other business and governmental organizations. Section VI, Coordination with Other Government Agencies, describes President Nixon's program for establishing Federal regional service centers, explains the importance of extensive interaction between the District Office and related housing and financial agencies in the District, and discusses Atlanta as a center for Federal field activities.

All of these factors -- the Board's responsibilities, the uniqueness of the Fourth District, the importance of the location of the District Office, and the advantages of Atlanta as a District Office location -- must be considered in the light of two crucial, underlying conditions:

1. The urgency of the nation's housing needs.
2. The leading role which the savings and loan industry now plays in meeting those needs, providing over 60% of the country's housing funds.

When these two conditions are taken together they form a clear imperative: the Federal Home Loan Banks must function with maximum possible effectiveness.

The relocation of the Fourth District Federal Home Loan Bank is a direct response to that imperative.

I. THE BOARD'S AUTHORITY TO ACT

A. LEGAL AUTHORITY FOR RELOCATION - THE FEDERAL HOME LOAN BANK ACT

1. Purpose of the Act

Prior to the establishment of the Federal Home Loan Banks, the absence of a dependable source of credit greatly limited the possibilities for widespread home finance lending. The seasonal nature of the home construction industry, the cyclical nature of the economy and the differing demands for mortgage financing in different parts of the country all required the establishment of a nationwide credit system for home-financing institutions.

The Congressional debates on the Federal Home Loan Bank Act made it clear that the Act was designed to establish a system comparable to the Federal Reserve System. According to Representative Hancock of the House Banking and Currency Committee, this legislation would meet the need for a system to provide for the long-term credit needs of the home-financing industry in order to "complement and supplement" the Federal Reserve System.

Opponents of the bill objected to the establishment of a system and preferred instead to authorize the Reconstruction Finance Corporation to make loans on a commercial basis to institutions needing them. Supporters of the bill made it clear that such a proposal would defeat the purpose of this legislation, which was, in their view, to assure not only that home-financing institutions have better credit facilities, but also that the needs of the public be met. In their opinion, this could best be accomplished by establishing the Banks within a system under the control of a single policymaking body, the Federal Home Loan Bank Board.

Thus, the Federal Home Loan Bank Board's function within the System is to direct and supervise the Banks so as to coordinate their activities and provide a common policy and mode of operations.

2. Legal Basis for Establishment, Relocation, and Dissolution of Federal Home Loan Banks

Section 3 of the Federal Home Loan Bank Act authorized the Federal Home Loan Bank Board to divide the United States into not less than eight nor more than twelve districts and establish in each such district a Federal Home Loan Bank at such city as the Board may designate. Section 3 also provides that the Board may from time to time readjust the districts thus created and create new districts, not to exceed twelve in all.

Section 25 of the Act provides that each Federal Home Loan Bank shall have succession until dissolved by the Board or by Congress, and § 26 of the Act authorizes the Board, whenever it finds that efficient and economical accomplishment of the purposes of the Act will be aided by such action, to liquidate or reorganize any Bank and provide for its stock to be paid off and retired, in whole or in part, after its liabilities have been paid or provision for such payment has been made. Section 26 also provides that in the case of any such liquidation or reorganization of a Bank, any other Bank may, with the approval of the Board, acquire assets of the liquidated or reorganized Bank and assume its liabilities, in whole or in part.

During the nearly forty years of the Bank System's existence, the Board has moved an existing Bank to a new location six times. In 1933, the Bank at Cambridge, Massachusetts, was moved to Boston and the Bank at Evanston, Illinois, was moved to Chicago. In 1935, the Bank at Newark, New Jersey, was moved to New York City. In 1946, the Bank at Los Angeles was liquidated and its assets transferred to the Bank at Portland, which was contemporaneously moved to San Francisco. In 1949, the Bank at Winston-Salem, North Carolina, was moved to Greensboro, North Carolina, and in 1969, the Bank at Spokane, Washington, was moved to Seattle. In all of these cases the name of the Bank was changed to include the name of the city of its new location.

Of the six relocations which have occurred, only one involved litigation: the relocation in 1946 of the Portland Bank to San Francisco. The ultimate issue in Fahey v. O'Melveny and Myers, 200 F.2d 420 (1952), cert. denied 345 U. S. 952, was the propriety of a lower court's award of attorney's fees from funds in the custody of the new Bank at San Francisco. The court found it necessary to examine in detail the nature of the Bank System and the authority of the Federal Home Loan Bank Board over the District Banks.

With respect to the Federal Home Loan Bank Act, the court noted that "it is sufficient to say that the regulatory provisions of this Act reveal an intention on the part of Congress to retain the broadest kind of federal control over the number, powers and existence of these purely legislative creatures [the Banks]." As to the exercise of this power, the court stated, "we are convinced that Congress on any consideration it deemed advisable could have readjusted the Eleventh and Twelfth Districts in the Home Loan Bank System, could have liquidated and dissolved the Los Angeles Bank, and could have transferred its assets to the San Francisco Bank, all without notice and hearing, and based upon information obtained in any manner it saw fit . . . [and] Congress delegated that power [emphasis by the court] to the Board; see Sections 3, 25 and 26 of the Home Loan Bank Act [sic]."

In view of the above, it is clear that the authority granted the Board by §§ 3, 25, and 26 of the Bank Act over the existence of the District Banks includes the authority to relocate existing Banks in order to effectuate the purposes of the Act.

II. THE FOURTH FEDERAL HOME LOAN BANK DISTRICT

A. COMPARISON WITH OTHER FHLB DISTRICTS

The Board was authorized and directed by the Federal Home Loan Bank Act to establish and supervise a nationwide system comprising at least eight but not more than twelve Federal Home Loan Banks "in districts to be apportioned with due regard to the convenience and course of business of the institutions eligible to and likely to subscribe for stock of a Bank to be formed under the Act, but no district to contain a fractional part of any state."

Under Section 3 of the Act, the Federal Home Loan Bank Board has divided the United States into twelve Federal Home Loan Bank Districts. The Board has designated the following cities as the locations of the Federal Home Loan Banks: Boston, New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago, Des Moines, Little Rock, Topeka, San Francisco, and Seattle. In addition, branch offices of the Pittsburgh and San Francisco Banks have been established in Philadelphia and Los Angeles, respectively.

Exhibit (1) describes the states, population and land area, of each Federal Home Loan Bank District.

This table suggests the large scope which characterizes the Fourth Federal Home Loan Bank District. It has the greatest population of all of the twelve districts, a full 15% of the nation's total.

Exhibit (2) reveals the same southeastern concentration as reflected in the two primary measures of the FHLB activity -- number of associations and assets. As of September 30, 1971, there were 4,301 insured savings and loan associations in the United States. Six hundred ninety-eight or 16.2% of the total number of insured institutions were located in the Fourth Federal Home Loan Bank District. On the same date, the net assets of insured institutions throughout the United States totaled \$193 billion. Approximately \$31 billion or 16% of the total assets were on deposit in the Fourth District. The following exhibit describes the number of member institutions and the assets of each Federal Home Loan Bank District:

EXHIBIT (1)

DESCRIPTION OF FEDERAL HOME LOAN BANK DISTRICTS

<u>Federal Home Loan Bank District</u>	<u>States</u>	<u>Population (1970 Census)</u>	<u>Land Area (Sq. Miles)</u>
District 1 - Boston	Conn., Me., Mass., N.H., R.I., Vt.	11.7	66,608
District 2 - New York	N.J., N.Y., P.R., V.I.	27.6	60,965
District 3 - Pittsburgh	Del., Pa., W.Va.,	13.9	71,571
District 4 - Atlanta	N.C., S.C., Ala., Fla., Ga., Md., Va., D.C.	31.2	304,147
District 5 - Cincinnati	Ky., Ohio, Tenn.	17.5	123,863
District 6 - Indianapolis	Ind., Mich.	13.9	94,507
District 7 - Chicago	Ill., Wis.	15.3	112,554
District 8 - Des Moines	Iowa, Minn., Mo., N.D., S.D.	12.5	357,756
District 9 - Little Rock	Ark., La., Miss., N.M., Texas	19.6	538,348
District 10 - Topeka	Colo., Kan., Neb., Okla.	8.4	333,657
District 11 - San Francisco	Nev., Calif., Ariz.	21.9	383,142
District 12 - Seattle	Alaska, Hawaii, Guam, Idaho, Mont., Ore., Utah, Wash., Wyo.	9.3	1,171,769
Totals		202.8.	3,618,887

Exhibit (2)

Number of Insured Associations
and Net Assets of Each
Federal Home Loan Bank District
September 30, 1971

<u>District</u>	<u>No. of Ins. Assns.</u>	<u>% of Total</u>	<u>Net Assets (Millions)</u>	<u>% of Total</u>
1-Boston	127	3.0	\$ 5,086	2.6
2-New York	399	9.3	20,406	10.6
3-Pittsburgh	338	7.9	9,521	4.9
4-Atlanta	698	16.2	30,672	15.9
5-Cincinnati	505	11.7	17,827	9.2
6-Indianapolis	232	5.4	9,688	5.0
7-Chicago	588	13.7	20,292	10.5
8-Des Moines	294	6.8	11,827	6.2
9-Little Rock	509	11.8	13,944	7.2
10-Topeka	232	5.4	8,358	4.3
11-San Francisco	228	5.3	38,016	19.7
12-Seattle	151	3.5	7,643	4.0

Examination of the specific activities which comprise a Federal Home Loan Bank's primary operations will reveal the same pattern throughout. Exhibits (3), (4), (5), and (6) show the distribution of advances, net savings inflow, net new savings, and mortgage loans closed by savings and loans for each of the 12 districts. In each area the Fourth District contains a substantially above average share of activity.

Exhibit (3) indicates the amount of advances outstanding by Bank district. This is the most critical function of a Federal Home Loan Bank in terms of the objective of providing housing credit to moderate cyclical swings in housing and to fulfill the nation's housing goals. More funds are borrowed by savings and loan associations from the Federal Home Loan Bank of San Francisco than from any other Bank. The exhibit also indicates that, except for San Francisco, the Fourth District Federal Home Loan Bank has consistently loaned more money during the past five years to savings and loan associations than has any other Bank. During the past year, however, the New York and Chicago Banks have established a lending pattern nearly equivalent to the Fourth District.

Exhibit (4) points out that during the past five years the greatest net savings inflow into savings and loan associations has been occurring in the Fourth District. During the first eleven months of 1971 the San Francisco Bank ran slightly ahead of the Fourth District in net savings inflow.

Exhibit (5), indicates that during the past five years the Fourth District Federal Home Loan Bank has been unsurpassed by any district in attracting new savings.

Finally, exhibit (6) shows during the past four years savings and loan associations in the Fourth District have closed a higher dollar volume of mortgage loans than any other Bank District except for San Francisco. During the past year the Fourth District has led San Francisco in this category of lending.

EXHIBIT (3)

FEDERAL HOME LOAN BANK ADVANCES OUTSTANDING, BY BANK
(in millions of dollars)

End of Period	All Districts	Federal Home Loan Bank											
		Boston	New York	Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco	Seattle
1965. . . .	5,997	255	471	238	619	236	169	547	320	350	220	2,311	261
1966. . . .	6,934	197	581	240	749	237	197	530	330	407	230	2,980	256
1967. . . .	4,386	147	335	318	420	153	126	327	229	259	143	1,970	138
1968. . . .	5,259	201	375	148	426	221	149	423	222	353	193	2,367	179
1969. . . .	9,289	343	624	267	875	478	277	756	484	597	414	3,833	341
1970. . . .	10,615	367	837	325	912	600	257	822	565	676	546	4,297	410
1971 ¹	7,709	316	749	292	713	395	202	642	441	440	537	2,678	303

(Note: FHLBB data. Detail may not add to total because of rounding)

^{1/} Data based on November rather than December.

EXHIBIT (4)

NET SAVINGS INFLOW AT SAVINGS AND LOAN ASSOCIATIONS
(In millions of dollars)

Period	All Oper. Assn's.	FSLIC-Insured Associations													
		Federal Home Loan Bank District											Topeka	San Francisco	Seattle
		U.S.		Boston	New York	Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock			
1967	10,724	10,467	222	1,198	455	1,565	871	518	1,059	552	768	462	2,339	458	
1968	7,478	7,256	187	1,038	362	1,387	694	315	713	493	514	361	856	335	
1969	4,079 ²	3,884	44	793	249	953	510	282	319	380	324	186	- 366	210	
1970	11,018 ²	10,843	214	1,336	595	2,361	1,009	718	923	813	719	439	1,278	438	
1971 ¹	25,147	24,323	558	2,367	1,070	4,746	1,985	1,089	2,235	1,479	1,834	1,030	4,957	1,025	

Note: FHLBB data. All operating association data are estimates. Detail may not add total because of rounding.

^{1/} Data incomplete. Based on period January - November.

^{2/} Revised.

EXHIBIT (5)

NET NEW SAVINGS RECEIVED BY FSLIC-INSURED SAVINGS AND LOAN ASSOCIATIONS
(In millions of dollars)

Period	United States	Federal Home Loan Bank District											
		Boston	New York	Pittsburgh	Atlanta	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco	Seattle
1967	6,129	103	699	249	922	464	283	610	333	492	312	1,402	260
1968	2,738	57	494	148	707	270	74	253	270	247	206	- 121	133
1969	- 1,001	- 97	204	17	203	63	28	- 188	134	33	23	-1,410	- 11
1970	5,294	55	668	327	1,490	483	418	354	513	367	242	193	185
1971 ¹	19,496	362	1,776	771	3,942	1,566	832	1,720	1,212	1,529	868	4,007	811

Note: FHLBB data. Net new savings received equal new savings (exclusive of interest/dividends credited) less withdrawals. Detail may not add to total because of rounding.

¹/ Data incomplete. Based on period January - November.

EXHIBIT (6)

MORTGAGE LOANS CLOSED BY SAVINGS AND LOAN ASSOCIATIONS
(In millions of dollars)

Period	FSLIC-Insured Associations													
	All Oper. Assn's.	Federal Home Loan Bank District											Seattle	
		U.S.	Boston	New York	Pitts- burgh	Atlanta	Cincin- nati	Indian- apolis	Chicago	Des Moines	Little Rock	Topeka		San Francisco
1968	21,983	21,298	539	1,543	1,042	3,316	2,432	1,049	2,619	1,248	1,611	867	4,102	930
1969	21,847	21,169	501	1,674	1,009	3,494	2,333	1,105	2,341	1,292	1,597	880	4,057	886
1970	21,386 ²	20,760	527	1,586	1,018	3,530	2,443	1,113	2,088	1,322	1,558	907	3,762	905
1971 ¹	35,860	34,817	888	2,361	1,662	6,556	3,678	1,771	3,640	1,890	2,823	1,576	6,263	1,712

Note: FHLBB data. All operating association data are estimates. Detail may not add to total because of rounding.

1/ Data incomplete. Based on period January - November

2/ Revised.

B. COMPARISON WITH DISTRICTING OF OTHER FEDERAL FINANCIAL ORGANIZATIONS

The uniqueness of the Fourth District becomes evident when the Federal Home Loan Bank District structure is compared with the eastern regional break-downs of other major Federal financial organizations.

The Federal Reserve System, the Federal Deposit Insurance Corporation and the Comptroller of the Currency each have five regional centers (Boston, New York, Philadelphia, Richmond and Atlanta) in virtually the same area served by only four Federal Home Loan Banks (Boston, New York, Pittsburgh and Greensboro). The result is a huge Federal Home Loan Bank District stretching from Maryland in the North to Alabama and Florida in the South. No other major Federal financial organization attempts to serve a region of the size and scope of the Fourth Federal Home Loan Bank District.

1. The Federal Reserve System

At the present time, Federal Reserve Banks are located at the following cities: Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Exhibit (7) describes states comprising these districts, population under the 1960 census, and the land area in square miles.

The Federal Home Loan Bank System has regional banks at five of the same cities (Boston, New York, Atlanta, Chicago, and San Francisco) as the Federal Reserve System. The two systems, however, differ in two major respects in that the Federal Reserve Banks have a total of 24 branch offices in addition to their principal offices and some of the states within the Federal Reserve System are divided along county lines rather than maintaining state integrity. Recently (October 28, 1971), it was announced in the Wall Street Journal that the Federal Reserve Board had approved its first change in boundaries of its twelve districts since 1926. The Board authorized the transfer of 24 counties in western Missouri to the Kansas City District from St. Louis District. The Board indicated that the western Missouri area is economically aligned with metropolitan Kansas City and that the change will result in shorter distances for check and cash delivery rates.

EXHIBIT (7)

DESCRIPTION OF FEDERAL RESERVE DISTRICTS

Federal Reserve District	States ^{1/}	Population ^{2/} 1960 Census	Land Area (square miles)
District No. 1 - Boston	Me., Mass., N.H., R.I., Vt., Conn.	9.9	62,493
District No. 2 - New York	N.J., N.Y., Conn.	22.0	52,162
District No. 3 - Philadelphia	Del., N.J., Pa.	9.6	37,007
District No. 4 - Cleveland	Ohio, Ky., Pa., W.Va.	15.0	73,007
District No. 5 - Richmond	D.C., N.C., S.C. Va., W.Va., Md.	16.4	151,989
District No. 6 - Atlanta	Ga., Tenn., Ala., Fla., La., Miss.	18.3	247,304
District No. 7 - Chicago	Ill., Ind., Mich. Wis.	26.3	190,487
District No. 8 - St. Louis	Ark., Ill., Mo., Tenn., Ky., Miss.	10.9	195,126
District No. 9 - Minneapolis	Mich., Minn., N.D., S.D., Wis., Mont.	6.3	410,967
District No. 10 - Kansas City	Kan., Mo., Colo., N.M., Okla., Neb., Wyo.	9.6	480,023
District No. 11 - Dallas	La., Okla., Tex., Ariz., N.M.	11.3	385,430
District No. 12 - San Francisco	Calif., Hawaii, Ore., Wash., Utah, Alaska	24.0	262,193
Total		179.3	3,548,974

^{1/} Some states are served by more than one district since Federal Reserve Districts are divided along county lines.

^{2/} Latest population figures are unavailable from the Federal Reserve Board.

2. The Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation has fourteen regions with regional offices located in the following cities: Atlanta, Boston, Chicago, Columbus, Dallas, Madison, Memphis, Minneapolis, New York, Omaha, Philadelphia, Richmond, St. Louis, and San Francisco.

Federal Home Loan Banks are located at five of the cities which have regional offices of the Federal Deposit Insurance Corporation (Atlanta, Boston, Chicago, New York and San Francisco). Regional office jurisdiction of both Systems conform to state lines.

3. Comptroller of the Currency

The Comptroller of the Currency maintains regional offices in the following fourteen cities: Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Memphis, Minneapolis, Kansas City, Dallas, Denver, Portland and San Francisco.

Federal Home Loan Banks are located at five of the cities which have regional offices of the Comptroller of the Currency (Boston, New York, Atlanta, Chicago, and San Francisco). Regional boundaries of both organizations conform to state lines.

4. Summary

Of the entire 52 regions comprising these four Federal financial organizations, the most populous is the Fourth Federal Home Loan Bank District. On the basis of square miles, the Fourth Federal Home Loan Bank District is the largest of any regional east of the Mississippi River and is larger than all but four regions in the Federal Reserve System, two FDIC regions, and three regions of the Comptroller of the Currency. Clearly the size and scope of the District present a tremendous responsibility to the Fourth District FHLBank. There is no doubt that the Bank must be located in the city where it can most easily and effectively perform its purpose.

EXHIBIT (8)

DESCRIPTION OF FEDERAL DEPOSIT INSURANCE
CORPORATION REGIONS

<u>Region</u>	<u>States</u>	<u>Population</u> <u>1970 Census</u>	<u>Land Area</u> <u>(sq. miles)</u>
Atlanta	Ala., Fla., Ga.	14.5	169,045
Boston	Conn., Me., Mass., N.H., R.I., Vt.	11.7	66,608
Chicago	Ill., Ind.	16.1	92,691
Columbus	Ky., Ohio, W.Va.	15.4	105,798
Dallas	Colo., N.M., Okla., Texas	16.7	563,171
Madison	Mich., Wis.	13.1	114,370
Memphis	Ark., La., Miss., Tenn.	11.4	191,589
Minneapolis	Minn., Mont., N.D., S.D., Wyoming	6.1	476,832
New York	N.J., N.Y., Puerto Rico, Virgin Islands	27.6	60,965
Omaha	Iowa, Neb.	4.3	133,517
Philadelphia	Del., Pa.	12.2	47,390
Richmond	D.C., Md., N.C., S.C., Va.	16.6	135,102
St. Louis	Kan., Mo.	6.9	151,950
San Francisco	Alaska, Ariz., Calif., Guam, Hawaii, Idaho, Nev., Oregon, Utah, Wash.	30.2	1,309,859
Totals		202.8	3,618,887

EXHIBIT (9)

REGIONAL OFFICESCOMPROLLER OF THE CURRENCY

<u>Region</u>	<u>States</u>	<u>Population 1970 Census</u>	<u>Land Area (sq. miles)</u>
1 Boston	Conn., Me., Mass., N.H., R.I., Vt.	11.7	66,608
2 New York	N.Y., N.J.,	25.1	57,412
3 Philadelphia	Pa., Del.	12.2	50,342
4 Cleveland	Ind., Ky., Ohio	18.8	117,908
5 Richmond	D.C., Md., Va., N.C., W.Va.	15.9	128,228
6 Atlanta	Fla., Ga., S.C.	13.7	148,491
7 Chicago	Ill., Mich.	19.8	114,616
8 Memphis	Ala., Ark., La., Miss., Tenn.,	14.8	243,196
9 Minneapolis	Minn., N.D., S.D., Wis.	9.3	287,934
10 Kansas City	Iowa, Kan., Mo., Neb.,	11.1	285,467
11 Dallas	Okla., Tex.	13.5	337,258
12 Denver	Ariz., Colo., N.M., Utah, Wyo.	6.3	552,652
13 Portland	Alaska, Idaho, Mont., Ore., Wash.	7.1	982,280
14 San Francisco	Calif., Hawaii, Nev.	21.0	275,683

III. THE FEDERAL HOME LOAN BANK DISTRICT OFFICE

The Federal Home Loan Bank District Office contains the activities of three distinct organizations and staffs.

- (1) The Federal Home Loan Bank -- Subsection A will discuss the purpose and activities of the FHLB, and the effects which its location have upon its performance of those activities.
- (2) The District Federal Home Loan Mortgage Corporation -- Subsection B. will describe the purpose, and activities of the Mortgage Corporation, and the ways in which its activities are affected by location.
- (3) The District Examination Staff -- Subsection C. will explain the purpose and activities of the District examination staff, and the importance of location to the functions of the examiners.

These three subsections will demonstrate the need for optimum location of the District Office.

A. PURPOSE AND ACTIVITIES OF A FEDERAL HOME LOAN BANK

The basic purpose of a Federal Home Loan Bank is to strengthen the capacity of its member institutions to serve the public as savings media and mortgage lenders in their communities. This purpose has been enhanced as a result of exceptionally large swings in housing credit availability in recent years and as a result of responsibilities flowing from national housing goals established in the Housing and Urban Development Act of 1968. In accomplishing these ends, the Federal Home Loan Bank provides a variety of services that are specifically geared to increase the competitiveness and viability of its member associations.

The nonhousekeeping activities of the Banks can be divided into two separate categories: the provision of advances and services to members and the acquisition of capital.

1. Provision of Advances and Services

a. Advances. The major activity of FHLBanks is the lending of funds to member associations. Funds are typically advanced to cover savings withdrawals, mortgage expansion, and funding for HUD approved programs. Advances can be both short or long term, unamortized or amortized, secured or unsecured, so long as they meet the requirements of the Bank Regulations, which prescribe a range of interest rates, collateral, terms and other particulars.

With the recent emphasis given to decentralizing many powers to the Banks, each Bank has expanded its credit programs, and now offers a greater variety of terms and rates than were previously available. Advances policy of the Federal Home Loan Bank System has become more aggressive in recent years and has assumed a major function in filling credit gaps that impede fulfillment of the Nation's housing goals.

b. Deposits. To facilitate the credit programs, Federal Home Loan Banks offer a demand deposit service. When an advance is granted to a member, funds are immediately credited to the member's demand account, thus enabling quicker access to the needed funds. Federal Home Loan Banks are authorized to establish a procedure whereby their members may write drafts, checks and money orders against their demand deposits so long as those instruments are presented for collection through certain types of commercial banks.

In addition to their demand accounts, members are generally encouraged to deposit their excess funds in their Bank's time deposit facilities. This has a dual purpose of providing a convenient investment outlet for members with excess liquidity and obtaining a less expensive source of funds which a Bank may lend out in the form of an advance.

c. Miscellaneous Services. To safeguard many of their members' securities, Banks offer free security custodial service. Instead of maintaining their investment securities at their own facility, members can rely on their Bank to keep their investments in safekeeping. Among the major benefits accruing to the members through the use of this service are the elimination of transportation costs, the removal of the hazard of loss or theft in transit, and availability of securities in the major markets for sale on short notice.

An expanding activity in several of the FHLBanks but not at the Greensboro facility, is the offering of on-line data processing service. Members process their savings and mortgage account transactions on computer terminals that are connected to a major computer facility in the Bank. While most records of the transactions are maintained at the Bank's computer center, the member associations are provided with daily, weekly, monthly and sometimes quarterly summaries of their savings and mortgage activity.

2. Acquisition of Capital

In order to meet the large capital requirement demanded of Federal Home Loan Banks, the FHLB Act provides for three mechanisms with which Banks may secure capital funds: deposits from members, issuance of capital stock, and borrowings from the country's capital markets. The largest single source of funds for a Federal Home Loan Bank is capital market borrowings.

a. Borrowing. Three types of borrowing are authorized by the Bank Act, but only two have ever been used by the Banks.

(1) The Board is authorized to issue consolidated debentures or consolidated bonds which are the joint and several obligations of all the Banks. In addition, the Board has authorized a Bank or Banks to issue severally or jointly obligations guaranteed by GNMA under

section 306(g) of the National Housing Act. These obligations shall be backed by a pool or trust of insured or guaranteed home mortgages acquired for this purpose.

(2) Each Bank individually has the power to issue debentures and other obligations with Board approval. These debentures and other obligations, however, have never been issued.

(3) Inter-Bank borrowing is authorized when approved by the Board. This type of borrowing is carried on by means of unsecured deposits on which interest is paid at rates established by the Board but determined on the basis of the recent rates charged on consolidated Bank obligations. The Board may even require Banks to make such deposits, but that authority has never been used. Inter-Bank borrowing is used "to make short term adjustments between the demand for advances from members and the available supply of funds in the periods between offerings of consolidated obligations."

b. Investments. Capital funds secured by the FHLB's are not used the instant they are secured. For example, in periods of credit stringency it is extremely difficult to predict when and by what amount funds will be needed by member associations to meet savings withdrawals. In addition, Banks are required to maintain reserves against the amount of deposits received by members. Consequently, in order to reduce the cost of warehousing funds and to insure funds are readily available, FHLB's invest most of the funds that are not currently needed into highly liquid, and generally lower yielding, securities. The type and maturity of investments that are allowed are in accordance with section 11(g), 11(h) and 16 of the Bank Act.

3. Supervision of Members

The regulations under the Home Owners' Loan Act and the National Housing Act authorize the Board to designate certain Bank Officers as agents of the Board and Federal Savings and Loan Insurance Corporation to supervise Federal and insured state-chartered associations. The Supervisory Agent in each Bank is the Bank President. In addition, other members of the Bank's staff are designated as Supervisory Agents by the Board.

The Supervisory Agent makes recommendations on applications for organization of Federals, conversions, insurance of accounts, bylaw and charter amendments, branch offices, consolidations, dissolutions, mergers and other matters requiring Board or FSLIC approval. Recently the Board in Washington has delegated additional analytical responsibilities with the processing of these applications. As a result, the bulk of analysis that was formerly performed at the Board level is now with the Banks. As these additional responsibilities develop, the Banks will undoubtedly have to increase the size of their staffs to accommodate this additional workload.

B. PURPOSE AND ACTIVITIES OF THE DISTRICT FEDERAL HOME LOAN MORTGAGE CORPORATION

The Federal Home Loan Mortgage Corporation was created to develop a secondary market for conventional mortgage loans and to assist in strengthening the existing market in FHA/VA insured loans. A principal objective of the FHLMC is to increase and stabilize the flow of money into residential financing; and, like the FHLB advances mechanism, it has become a major tool of national housing credit policy.

In order to finance its operation, the FHLMC borrows funds from FHLBs and sells mortgages, participations in mortgages, or money market instruments supported by the cash flow from the mortgage loans it holds. The mortgage loans FHLMC purchases are those originated by savings and loan associations and commercial banks in their lending territory. These sellers continue to act as the servicer of the loan in all cases as an agent for FHLMC. Purchases may only be made from members of the Federal Home Loan Bank System and from other financial institutions whose deposits or accounts are insured by agencies of the U.S. Government.

The FHLMC is a buyer and seller of mortgages, and currently has three mortgage purchase programs in operation:

- (1) The purchase of single family and multi-family conventional mortgages on an immediate delivery basis, and the issuance of 24 month commitments to purchase multi-family conventional mortgages on new construction,
- (2) the purchase of up to an 85 percent undivided interest in a pool of conventional mortgages for homes and apartments, and

(3) the purchase of, and issuance of forward commitments to purchase, certain FHA and VA loans.

The FHLMC sells participation sale certificates which represent ownership interests in mortgage holdings acquired by the Corporation. In addition, it sells bonds and mortgages directly, and through underwriters. (FHLMC prefers to sell mortgages directly to financial institutions whenever this option is available.) A majority of FHLMC's total buy and sell transactions have been with savings and loan associations.

C. PURPOSE AND ACTIVITIES OF THE OFFICE OF EXAMINATIONS AND SUPERVISION (OES)

The Federal Home Loan Bank Board's Office of Examinations and Supervision (OES) is responsible for the examination and supervision of some 4,300 associations over which the Federal Home Loan Bank Board has regulatory jurisdiction. The primary function of the Office is to discover and correct violations of applicable laws, rules, and regulations, and to prevent the development and/or continuance of unsafe and unsound financial practices in these institutions.

OES includes 779 employees, 87 of which are assigned to the Washington Office to administer examination and supervisory activities nation-wide. The field staff of 692 employees is allocated among 12 field examination districts. Each district office is managed by a Chief Examiner who is accountable to the Director of Office of Examinations and Supervision for accomplishing the objectives and implementing the programs of the Federal Home Loan Bank Board and the Office of Examinations and Supervision. Each Chief Examiner utilizes an office staff of professional and clerical personnel to direct the activities of a larger staff of examiners who are located throughout the states comprising each district.

Activities of the examination staff require that they travel to associations in various locations within the district. The professional examiners of OES are involved in a variety of both repetitive and non-repetitive activities. These activities are summarized below:

Repetitive Activities:

- (1) performance of supervisory examinations, including regular, special, and limited supervisory examinations,
- (2) performance of insurance eligibility examinations,
- (3) performance of examinations of holding companies, service corporations, and affiliates, and
- (4) participation in training and development programs.

Performance of the above examinations includes, as a minimum, a review and evaluation of the following: lending activities (including loans sold to the FHLMC, and HOAP loans granted); systems of internal control; savings solicitation practices; compliance with civil rights laws; real estate owned by the association; operating results; potential conflicts of interests; compliance with truth-in-lending regulations; compliance with the Bank Protection Act; and the accuracy of quarterly and monthly reports filed with the FHLBB.

Non-Repetitive Activities:

- (1) Provide assistance in the preparation of cease and desist actions,
- (2) perform special investigations involving the use of subpoenas or subpoenas duces tecum, and the administration of oaths and affirmations,
- (3) cooperate with other Federal agencies in the performance of investigations, as requested,
- (4) prepare simulations (forecasts) of association performance, and
- (5) provide assistance in analysis of small area markets.

D. RESOURCES REQUIRED OF A DISTRICT OFFICE LOCATION

1. Federal Home Loan Bank

In determining an appropriate location for the activities of the Federal Home Loan Bank, consideration must be given to the various resources available. Primarily, this means personnel and facilities.

In the area of personnel, the location must be able to provide a pool of appropriately trained personnel, and should be able to attract highly qualified employees from other areas of the country. Consideration should also be given to geographical variations in labor costs.

The location must contain appropriate facilities, at a reasonable cost. As the activities of these organizations grow and expand, there must be space available to accommodate increases in staff and equipment, at the lowest possible cost and with minimal effect on operating efficiency.

As indicated earlier, many FHLBanks have expanded their member service to include on-line data processing. This service requires the following: (1) the recruitment of personnel with data processing training; (2) the computer manufacturer's support in terms of software, hardware and maintenance; (3) communications facilities and engineering support. These facilities must be available in the area where the computer operation was located.

Another service required by a Federal Home Loan Bank is an adequate supply of court reporters. In processing protested applications for branches, insurance of accounts, permission to organize, and mobile facilities, Banks require accurate transcripts of the oral argument proceedings. When the volume of these oral arguments increase and the supply of court reporters to record proceedings is insufficient, large backlogs result, inhibiting growth of the savings and loan industry in the Bank District and bringing about poor relations with member institutions.

Finally, it is important to the proper development of these organizations to have access to broadly based educational facilities. As activities become more advanced and complex, knowledge of new skills and techniques will be required of management. Supplemental education in nearby colleges and universities can assist in developing managerial talent. Moreover, the presence of higher educational institutions in the area can enhance the economic and housing research efforts of the District Banks.

2. Federal Home Loan Mortgage Corporation

The FHLMC requires the same general resources as does a FHLBank -- i.e., availability of personnel and ability to recruit personnel from a wide geographical area; appropriate facilities with expansion capability; data processing and other technical facilities. In particular, the Mortgage Corporation must be able to obtain staff with a background in finance, mortgage lending, appraisal, real estate, and insurance.

3. District Examination Office

Like the Bank and the FHLMC, the District examination staff must have a present and a potential supply of appropriate personnel and facilities. However, the examiners and their clerical personnel differ from the Bank and Mortgage Corporation staffs in that they are employees of the Federal Home Loan Bank Board, and therefore of the Federal Government. As a Federal activity, the District examination office fills its personnel requirements through the Civil Service Commission, and obtains its operating materials through the General Services Administration. The District Office's operation would be enhanced if it were located where it has access to the regional offices of these two agencies.

E. THE IMPORTANCE OF AN ACCESSIBLE LOCATION

1. Federal Home Loan Bank

In order to serve its members a Federal Home Loan Bank must be accessible to them. Interaction with members is, after all, at the basis of the Bank's reason for being. Regular contact is invaluable in helping the Bank to understand and respond to the problems faced by the savings and loan associations.

Some of the specific items that are the subjects of meetings with members include:

- (1) The Bank's advances program and the Bank's willingness or reluctance to make advances to members. These talks involve discussions of

special lending programs, commitment fees, prepayment penalties, credit worthiness of the member, funding with advances or selling mortgages on the market, terms, rates, etc.

(2) Applications of various types, such as permission to organize, branches, insurance of accounts, mobile facilities, mergers, conversions, security forms, bylaw and charter amendments, etc.

(3) Interpretation of regulations.

(4) Supervisory matters.

(5) On-line data processing services. Should the member subscribe? What will it cost? What advantages accrue to him? If he is a subscriber, how can his problems be solved?

Other activities that require access between staff and member savings and loans include:

(1) Minority employment, e.g. Operation Vanguard

(2) Low income housing programs

(3) FHA programs

(4) GNMA programs, especially guaranteed pass-through securities

(5) Service corporations

(6) Accounting and reporting procedures

(7) Innerscity lending programs

(8) Federal Home Loan Bank Board surveys and questionnaires

- (9) Economic research (savings flows, rate movements, mortgage activity, etc.)
- (10) Securities transactions
- (11) Demand deposit services
- (12) Time deposit services
- (13) Directors meetings, special projects, and committee meetings.

In order to accommodate smoothly and efficiently the flow of cash transactions that occur daily among these financial intermediaries, it is important that the area contain a strong commercial banking system. The operations of the Federal Home Loan Bank and the Federal Home Loan Mortgage Corporation require many of the services offered by commercial banks, and as the cost of these services can run quite high, it is desirable from a cost standpoint to operate in a diversified financial community where the competition among banks is strong.

Since the policies and regulations that are developed at the Board level often affect almost every operation of the Federal Home Loan Bank, there is frequent contact between the offices and functional entities of a Bank and the Federal Home Loan Bank Board. On a daily basis, there is communication relating to various administrative matters. For example, the final processing of applications must flow through the Office of Industry Development. Security transactions, cash flow forecasts and requests for participation in Federal Home Loan Bank consolidated obligation issues are handled through the Office of System Finance. Questions relating to various governmental housing programs, minority employment programs, discrimination in lending are answered by the Office of Housing and Urban Affairs. Most Bank policy matters that require Board action such as budgets, personnel, advances, dividends are processed through the Office of Bank Management. Matters connected with supervision are handled by the Office of Examinations and Supervision. On a broader scale, all of these offices frequently conduct regional staff conferences to introduce new policies and procedures that dramatically effect the operations of a Bank.

2. Federal Home Loan Mortgage Corporation

The FHLMC has attempted to establish its twelve regional offices in facilities close to the District Banks. This enables FHLMC personnel to utilize the District Bank's physical equipment, records, reports, and information on regional housing and financing, and to utilize the expertise represented by District Bank employees. The FHLMC has five employees in the Fourth District, who comprise about five percent of all the personnel located at the District Bank headquarters.

The essential business of the District FHLMC is interaction. As a secondary mortgage market it interacts with the buyers and sellers of mortgages. As the field activity of a corporation created by the laws of the United States, it mediates between the regional situation and the broad policies directed from Washington.

The sellers of mortgages to the FHLMC are savings and loan associations and commercial banks which engage in mortgage lending in the Bank District. Continual contact is of course required with the officers of these institutions. The FHLMC invites corporate representatives to meetings which it sponsors, and its staff members attend the meetings of organizations with which they deal. The location of the district FHLMC office greatly affects the convenience with which these relationships can be formed and utilized.

In addition to the need for personal contacts, the purchase of mortgages necessitates convenient access to the District for inspection purposes. Appraisers travel constantly throughout the region assessing the values of prospective purchases. Furthermore, properties with conventional mortgages must be inspected on a continuous basis. This is important because conventional mortgages comprise an increasing proportion of the FHLMC's business.

Access to the buyers of mortgages is, of course, just as vital as access to sellers. FHLMC mortgages are generally purchased by those sectors of the secondary market which prefer secure, long-term, low-maintenance investments. Thus the Mortgage Corporation staff must have ready means of communication with the investment managers of such organizations as insurance companies, trusts, and pension funds.

Finally, the effectiveness of the national goals of the FHLMC's programs depends upon effective communication and coordination between the district staffs and the Washington office. Field staff attend training programs and planning conferences in Washington. Frequent visits are made to the district by FHLMC Washington personnel, and vice-versa. Many problems are dealt with by telephone, and written reports are submitted to Washington on virtually all district activities.

3. District Examination Office

At the examination district office, the Chief Examiner and his professional staff are responsible for managing the performance of all examinations, including regular, special, and limited supervisory examinations, insurance eligibility examinations, and holding company, service corporation, and affiliate examinations. In managing the examination function, the Chief Examiner and his staff must have access to all field examiners located throughout the district, to management personnel of the savings and loan associations, to the Supervisory Agent of the district bank and his staff, and to the Director, OES and other FHLBB offices. The need for such access will be evident from the following discussion of the relationships maintained by the Chief Examiner and his staff.

The management relationship between the Chief Examiner and his staff of professional field examiners may be viewed from several different perspectives. Insured savings and loan associations are generally examined on an annual basis; the scheduling of all examinations and the assignment of examinations to field personnel is performed at the district office. Scheduling and assignment of examinations involves matching examiner capabilities and assignments on the basis of an association's size and recent history of financial and operating performance. Scheduling and assignment involves a significant amount of telephone and mail communication and may require, in the case of problem associations, personal consultations between the Chief Examiner and the field examiner selected to manage the assignment. Prior to the start of each examination, pre-examination analyses are performed to determine whether the standard minimum scope of examination should be expanded on the basis of association problems disclosed subsequent to the preceding examination. These analyses are most frequently performed in the district office where the examination files are maintained.

Once an examination has been initiated, there is almost daily communication between the examination team and the Chief Examiner's staff. The examiner in charge of an assignment must submit periodic time reports. The Chief Examiner and Supervisory Agent often contact the examiner-in-charge concerning details of past examinations. Examiners-in-charge often initiate contacts with the Chief Examiner's staff to resolve questions concerning unique association practices and operations, and to request advice on such matters as expansion of the scope of the examination and disposition of examination findings. In accordance with examination objectives and procedures recently established, the potential exists for substantial travel by the Chief Examiner (or his staff) to associations being examined. For example, if the examiner-in-charge determines that a low rating is appropriate for given association practices, he is required to request a field review of the situation by a district office examiner. As a second example, when the examination discloses that the association must be given a low overall rating, the Supervisory Agent and the Chief Examiner must be requested to participate, at the association, in the closing conference with association management personnel.

The availability of prompt mail service is essential to the examination process and to the coordination of a field staff. All examination working papers must be mailed to the district office for review and typing. The resulting typewritten examination reports must then be mailed to the Washington Office of OES for review and supervisory follow-up, as appropriate. Each examiner must be mailed the latest amendments to FHLBB Regulations and to the Manual of Examination Objectives and Procedures, as well as personal correspondence such as memorandums concerning travel expenses, salary, and training assignments.

Another important type of contact between the Chief Examiner and his field staff are the staff meetings held annually and the group meetings held periodically in each district. Staff meetings are attended by the entire professional staff of the district. For the last five years, staff meetings have been held in Washington, D.C.; Tampa, Florida; Greensboro, North Carolina; Miami, Florida; and Atlanta, Georgia respectively. During the last five years group meetings have been held as follows: eight in Miami or Ft. Lauderdale; eight in Washington or Baltimore; five in Atlanta; and 11 in Greensboro.

The relationship between the Chief Examiner (and his staff) and the Director of OES, and other offices of the FHLBB, includes all the activities normal to a line management function. The flow of information from Washington to the District offices includes: fundamental operating objectives; policy decisions and policy modifications; changes in regulatory provisions; planning guidelines for utilizing manpower resources; requests for clarification of examination report findings; and requests for assistance on special projects and on unique problem cases encountered by other district offices.

F. INTERACTION WITH OTHER GOVERNMENTAL ACTIVITIES

1. Federal Home Loan Bank

The operations of a Federal Home Loan Bank require extensive interaction with related governmental activities. Many of these contacts are in the supervisory area. Savings and loan associations frequently have complex relationships with financial institutions which are regulated by other organizations. In these cases, the Board's Supervisory Agent in the Bank works with representatives of the appropriate financial organization to clarify the relationship and resolve the problems which arise. For instance, the Supervisory Agent will cooperate with the Region's Federal Reserve Bank when a savings and loan is engaged in activities relating to a member bank. He may work with the FDIC to resolve difficulties between a savings and loan and an FSLIC-insured institution. Certain problems arising between a savings and loan association and a national bank must be worked out between the Supervisory Agent and the Regional Administrator of National Banks. Interaction with the Securities and Exchange Commission is necessary when a savings and loan or a savings and loan holding company engages in activities subject to the laws administered by that Commission.

In addition to the activities of the Supervisory Agent, certain functional entities of the Bank are involved with virtually all agencies concerned with housing. Each Bank has a Housing Coordinator, whose office is often involved in the following types of interagency contact:

- (1) Work with HUD and FHA personnel to coordinate savings and loan financing of FHA-insured projects and to discuss details and procedures of HUD/FHA programs.
- (2) Work with HUD in connection with fair housing requirements, as HUD is the agency with compliance responsibility in this area.
- (3) Work with HUD to furnish technical assistance to service corporations which finance or partially finance HUD subsidized projects.
- (4) Share libraries, data processing facilities, research information (such as FHA market analyses), etc. with related agencies.
- (5) Participate with related housing agencies in training and educational programs.

2. Federal Home Loan Mortgage Corporation

As indicated above, the FHLMC was created in part for the purpose of strengthening the previously existing market for FHA and VA loans. Necessarily, the mortgage corporation maintains contacts with these agencies. The FHLMC purchases mortgages which are insured by FHA and the Veteran's Administration, and which are therefore subject to FHA and VA regulations and policy. The direct influence of these regulations and policies upon FHLMC activities necessitates contact. Similarly, the business of the Mortgage Corporation is affected by the activities of GNMA, which guarantees FHA and VA loans and which provides funds through which interest rates on FHA and VA mortgages are maintained below regular market levels. In addition, the legal requirement that the FHLMC purchase only from institutions with deposits or accounts insured by U.S. Government agencies creates a tie between the Mortgage Corporation and the FDIC.

The FHLMC has a very close relationship with FNMA. Both organizations act as secondary mortgage markets, purchasing and selling mortgages. The FHLMC was in fact created to supplement the market activities of FNMA, which was originally restricted to purchasing FHA and VA mortgages. When the FHLMC was created in 1970 with authority to participate in both FHA/VA and conventional markets, FNMA's area of activity was broadened to include the latter. FNMA is expected to continue to specialize in insured mortgages,

which are primarily originated by mortgage bankers, while the FHLMC will concentrate on conventional mortgages, emphasized by savings and loan associations. In order to act in a complementary, rather than a competitive fashion, it is important that the FHLMC and FNMA cooperate to shape this balance to market needs at particular times and particular locations. An example of this kind of interaction was the coordinated development of the recently issued standard mortgage document forms for conventional mortgages. These forms will be utilized by the regional offices of both organizations on a daily basis.

The operations of the FHLMC are directly or indirectly affected by the programs of all district agencies which have an impact on the area housing situation. There is need for communication with HUD, the Veteran's Administration, the Farmer's Home Administration, etc.

3. District Examination Staff

The operations of the District examiners also necessitate interaction with other government activities involved in matters relating to housing and finance. The FHLB and the Chief Examiner's Office have had considerable interaction with various Federal agencies concerning the implementation and clarification of legislation and the furtherance of Federal programs involving the housing, consumer protection, and security of financial institutions. In the area of consumer protection, the Fourth District Office staff and the examination staff of the FHLBB have worked closely with the Federal Reserve Bank of Atlanta in implementing of Regulation Z. Where there has been evidence of control of both an insured association and a national bank, the FHLBB staff has conducted joint examinations with representatives of the Office of the Regional Administrator of National Banks. In the Fourth District there has been a long standing relationship between the Chief Examiner's Office and the Office of the Regional Administrator of National Banks and FDIC, through which early notice of impending failure of a bank or savings and loan association can prevent loss to the financial institutions with deposits therein and to the insuring agency.

As an important link between insured associations and the various regulatory authorities, the examination staff of the FHLBB can be influential in demonstrating to insured associations the ways in which they can further the FHLBB's commitment to National housing goals through the implementation of the various governmental programs.

Currently, the Washington Staff of the Office of Examinations and Supervision accounts for most of the communication between the FHLBB and other Federal regulators of financial institutions. In this regard, the Office of Examinations and Supervision is often called upon to resolve complaints and inquiries concerning institutions insured by the FDIC. The Office of Examinations and Supervision responds to these inquiries by submitting the complaints or inquiries to the appropriate agency which in turn, must forward them to the district office. If the District Offices of the Office of Examinations and Supervision were located in cities where the other Federal financial organizations were located, many of the problems and inquiries could be handled on a district level, thereby furthering the President's goal of decentralization by eliminating delay and the diseconomies of duplication.

The need for interrelation of the FHLBB and its counterparts has long been recognized. Increased interaction of this kind would greatly facilitate the achievement of the national goals of housing and thrift through concentration of effort and economy of operation.

IV. RESOURCES

A. PERSONNEL

The two basic factors which must be considered in evaluating the effects of the Bank's location on its personnel resources are availability and cost. The availability of appropriate personnel in Greensboro and Atlanta will be discussed here, and cost will be addressed in a separate section below.

1. Availability

The discussion of personnel needs in Section III pointed out that the Bank requires both a supply of suitably trained personnel in its immediate vicinity, and an ability to attract personnel from a wide geographical area. The latter is important because the mobility of our society today makes it possible to identify and recruit highly qualified individuals from all over the country, and this practice can add a great deal to the experience and talents of the staff as a whole.

Greensboro had, in March, 1970, 2,000 people engaged in banking, and 10,500 involved in the related fields of finance, real estate, and insurance.¹ While this supply in conjunction with Greensboro's ability to recruit people from outside the city, appears to be adequate to meet the Bank's present needs, it must be recognized that recruitment would be facilitated by access to the larger pool of personnel available in Atlanta. 10,000 people are engaged in banking in Atlanta, and an additional 33,000 are employed in finance, real estate, and insurance.² These personnel constitute a vast potential resource for the Bank, examiners, and FHLMC.

As most of the professional staff of the Bank apparently intends to relocate, the Bank's immediate personnel needs in Atlanta will be primarily clerical. The availability of clerical

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1. County Business Patterns 1970, North Carolina, U. S. Department of Commerce, Bureau of the Census, page 153.
 2. County Business Patterns 1970, Georgia, U. S. Department of Commerce, Bureau of the Census, page 140.

employees in Atlanta was somewhat restricted several years ago when the city's unemployment rate dropped to 1.4%. Today, however, there is an extensive supply of personnel in secretarial and clerical fields.

In addition to the personnel resources in its own area, Atlanta has a well-developed capacity for attracting people from other parts of the country. The Atlanta area has been adding new job availability at the rate of 25,000 per year for the past ten years -- testimony to the influx of people into the Atlanta labor market. Discussions with the personnel managers of major Atlanta employers have indicated, without exception, that personnel are readily recruited to the area from other parts of the nation.

Special consideration must also be given to the District examination staff, which must follow personnel procedures established by the Civil Service Commission. Relocation to Atlanta would give the Chief Examiner access to the many personnel management services available from the regional Civil Service Commission Office located in that city.

2. Costs

Personnel costs of the relocation must be evaluated in terms of both immediate and long-term expenses. The immediate expenditures include such items as severance benefits for employees who do not relocate, moving expenses for those who do relocate, and recruitment and training of new personnel in Atlanta. Long-term costs will be based on differences in the salary levels of the two cities.

a. Immediate Costs. Immediate costs are not as significant as long-term costs, as they will be gradually absorbed by the increased efficiency with which the Bank is expected to operate in Atlanta. However, the immediate financial impact of the relocation must be examined.

At this point the immediate costs of relocating personnel are indefinite. The planning and execution of the move are the responsibility of a committee established by the Bank's Board of Directors, and their plans are not final. In addition, many factors may change before the relocation actually occurs. For instance, employees may alter their decisions on whether to move with the Bank or remain in Greensboro. Severance benefits will decline as Bank personnel find other employment. Nevertheless, tentative plans and estimates may be presented.

At the time the relocation was announced, a total of 98 professional and clerical employees were located at the facilities of the Fourth District Bank. The numerical and percentage distribution of these personnel, by function, is summarized below:

<u>Activities</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
District Bank	73	74.5
Examinations	20	20.4
FHLMC	<u>5</u>	<u>5.1</u>
	98	100.0

These personnel fall into two categories -- those who are not relocating to Atlanta, and those who are.

(1) Personnel Who Will Not Relocate. Exhibit (10) contains the titles and dates of entry of the 36 Bank employees who do not intend to relocate. Each of these employees will receive either retirement benefits or severance pay. It is possible, of course, that this list may become either longer or shorter as various staff members alter their plans.

Of the 36 Bank employees who probably will not relocate, 25 had worked for the Greensboro Bank for less than three years as of January 1, 1972; five for more than three but less than five years; two for more than five but less than ten years; and four for more than ten years, the longest being 17 years. The average length of service for these employees is 3.61 years.

It should be noted, however, that none of these personnel were employed in anticipation of the physical expansion of the Bank building. This is evident from exhibit (11), which shows that the final quarter of 1971 saw a net loss of one person. The decision to relocate the Bank was not announced until December 10, and would therefore not have had a significant effect on these figures.

Exhibit (10)

Bank Employees Who Do Not
Intend to Relocate
(by date of entry)

<u>Title</u>	<u>Date of Entry</u>
Analyst/Secretary	11-15-71
Statistical Clerk	10-18-71
Secretary/Clerk	9-27-71
Statistical Clerk	9-27-71
Demand Control Clerk	9-13-71
Secretary/Receptionist	9-13-71
Programmer	9-13-71
Input Control Clerk	9-01-71
Clerk/Secretary	9-01-71
Secretary	8-16-71
Mail and Supply Coordinator	7-19-71
Analyst Secretary	7-12-71
Clerk/Typist	2-16-71
Senior Accountant	2-08-71
Clerk/Secretary	1-13-71
Audit Control Assistant	1-12-71
Secretary	12-16-70
I/O Control Clerk	11-01-70
Input Control Assistant	8-26-70
Programmer Analyst	7-17-70
Chartist	6-25-70
Intermediate Control Clerk	5-11-70
Clerk/Typist	10-20-69
Secretary	10-01-69
Secretary/Librarian	10-01-69
Transit Clerk	10-14-68
Senior Clerk	10-07-68
Telephone Operator/ Receptionist	3-01-68
Intermediate Transit Clerk	10-23-67
Clerk/Secretary	3-29-67
Administrative Assistant/ Secretary	6-14-65
Clerk/Secretary	3-01-65
File and Records Clerk	5-23-60
Administrative Assistant/ Secretary	1-12-59
Senior Secretary/ Coordinator	12-16-57
Administrative Assistant/ Secretary	1-01-55

 Exhibit (11)

Personnel Change During 1971

<u>CY 1971</u>	<u>Number Hired</u>	<u>Number Lost</u>	<u>Net Change</u>
1st Quarter	10	3	+7
2nd Quarter	3	2	+1
3rd Quarter	13	6	+7
4th Quarter	<u>2</u>	<u>3</u>	<u>-1</u>
TOTALS	28	14	+14 Net Gain

Twenty-nine of the employees who will not relocate were under the age of 40 at the beginning of this year, five were between 40 and 50, and two were over 50 years of age. Of these two, one was 54; the other 56. Employees of the Bank are covered by the comprehensive retirement program of the Savings Association Retirement Fund. In addition to the normal retirement provisions, the program also provides for early retirement in a reduced amount after the completion of ten years or more of eligible service and the attainment of age 45. It contains an exception provision whereby those who enrolled prior to January 1, 1964, are eligible for early retirement even if they have not attained age 45. There is a six-month waiting period for initial eligibility and there is a provision for the continuation of employer contributions during a leave of absence not in excess of one year.

The annual normal retirement allowance is calculated as an amount equal to 2% of the member's average salary of the five consecutive years of highest salary during eligible service multiplied by the number of years of such service. In the case of early retirement, the employee receives a percentage of the amount that would be payable to him on his normal retirement date at age 65.

There is one employee who does not plan to relocate to Atlanta who has ten years or more of service and is over the age of 45 and, therefore, eligible for retirement benefits. Three additional people are over the age of 45, but they do not have the required ten years of covered service. One of these, however, reaches her ninth anniversary on

March 11 of this year and it may be possible to qualify her for retirement benefits under the leave of absence provision mentioned above. In addition, three employees appear eligible for early retirement under the exception provision because they were employed by the Bank prior to January 1, 1964. Further, an additional employee who was employed prior to January 1964 will complete ten years of service in December 1972, so she could be eligible for retirement benefits if the leave of absence provision were utilized and if her termination of employment were deferred.

It therefore appears that all of those employees who have been with the Bank eight years or longer either are or could be made eligible for retirement benefits. Four employees over age 40 do not appear eligible for retirement benefits, primarily because they have been employed by the Bank for only a short period of time.

Under the Bank relocation implementation committee's tentative plans, the other employees who do not intend to relocate and who remain with the Bank until the move is accomplished will receive a minimum of 90 days notice, aid in securing comparable employment, and cancellation of any amount due under the Bank's "placement cost" agreement. In addition, they will receive terminal pay equal to one week's salary for each year of service, with a maximum of eight weeks and, for all personnel employed as of December 10, 1971, a minimum of two weeks.

Accordingly, the severance costs for Bank employees would be as indicated in exhibit (12).

It must be kept in mind that this total cost will decline steadily as these employees find alternative employment. Only personnel who are employed by the Bank on the date of termination will receive severance benefits. As it will be at least several months before the actual relocation can occur, it is reasonable to expect that many of these employees will secure new positions and resign. These figures are, therefore, probably well above the actual cost.

Exhibit (12)

SCHEDULE OF SEVERANCE BENEFITS

	<u>TOTAL</u>
1. Minimum of two weeks severance for all Bank personnel not electing to relocate to Atlanta. Total payroll of \$203,250 equals \$3,908.65 per week times two weeks equals	\$ 7,817.30
2. One additional week severance for three employees with three years service. Total payroll of \$16,310 equals \$313.65 per week times one week equals	313.65
3. Two additional weeks severance for three employees with four years service. Total payroll of \$15,750 equals \$302.89 per week times two weeks equals	605.78
4. Three additional weeks severance for two employees with five years service. Total payroll of \$11,030 equals \$212.12 per week times three weeks equals	636.36
5. Five additional weeks severance for two employees with seven years service. Total payroll of \$11,340 equals \$218.08 per week times five weeks equals	1,090.40
6. Six additional weeks severance (maximum allowed under proposal) for four employees with eight years or more of service. Total payroll of \$29,330 equals \$564.04 per week times six weeks equals	<u>3,384.24</u>
TOTAL SEVERANCE PLAN COST	<u>\$13,847.73</u>

Two members of the FHLMC staff will not relocate with the Bank. The FHLMC will probably utilize the Bank's benefits system, under which these employees will receive the following severance pay:

Exhibit (13)

FHLMC SEVERANCE SCHEDULE

	<u>TOTAL</u>
1. Two weeks severance for an individual whose annual salary is \$5,700, \$109.62 times two equals	\$219.24
2. Two weeks severance for an individual whose annual salary is \$4,620, \$88.85 times two equals	<u>177.70</u>
(Less than two years with FHLMC)	
Total	<u>\$396.94</u>

The District examination staff is subject to the Civil Service regulations for severance benefits. Those who do not remain with the examination office will be eligible to participate in a Displaced Employee Program, which attempts to locate employment opportunities for employees who are involuntarily separated from Federal service. Assistance may be obtained from any one regional office of the Civil Service Commission, and such assistance is available as soon as an employee receives notice of displacement. The eligibility for assistance continues for a minimum of one year and a maximum of two years, depending upon the employee's tenure. It terminates upon request, or when the employee either accepts non-temporary, full-time Civil Service employment, or declines such an appointment at a level at or above his former grade.

Examination staff employees who have one year of qualifying service are eligible for severance pay. This will be one week's basic pay for each year of civilian service up to and including ten years, and two weeks pay for each year of civilian service beyond ten years for which severance pay has not been received. In addition, 10% of the total basic severance allowance will be paid for each year by which the recipient's age exceeds 40 years. Military service is counted only when it interrupts otherwise creditable civilian service. Total severance pay cannot exceed one year's pay at the rate received immediately before separation.

When the relocation was announced, the District examination staff consisted of nine professional examiners and eleven clerical employees. Since that time, three of the latter have found other Civil Service employment. One is eligible for immediate annuity. If all of the remaining seven were unable to find alternate Civil Service positions, their combined severance pay would total \$39,074.20. This sum, of course, would not be paid by the Bank, but by the Board in accordance with applicable Civil Service regulations. It is the Chief Examiner's feeling that the clerical staff can be reduced upon the move to Atlanta from the 11 present employees to eight; thereby a long-range cost savings of \$21,000 can be realized. (Three Grade GS4 positions at approximately \$7,000 per annum each.)

Three of the professional examiners will not accompany the Bank to Atlanta. One of these will remain on the examination staff as a field examiner for the Greensboro area. One had made plans to retire on March 4, 1972. The other apparently will resign; and if she does not accept another Civil Service appointment, her severance pay will be \$805.36.

(2) Personnel Who Will Relocate. Exhibit (14) lists the titles and dates of entry for the Bank personnel who will relocate with the Bank to Atlanta. Note that all of the officers and most of the employees

Exhibit (14)

BANK EMPLOYEES WHO PLAN TO
RELOCATE WITH BANK

<u>Title</u>	<u>Date of Entry</u>
President	1-01-53
Vice President	11-01-53
Vice President	1-01-58
Vice President	10-15-62
Vice President	7-13-54
Treasurer	7-23-56
Secretary	7-01-63
Assistant Vice President/ Controller	4-14-58
Assistant Vice President	6-26-61
Assistant Secretary	6-01-64
Supervisory Trainee	9-07-71
Administrator	3-22-71
Administrator	7-01-71
Accounting Supervisor	11-01-70
Administrative Assistant/ Secretary	6-09-58
Clerk/Typist	6-12-61
Director of Data Processing	11-16-70
Supervisory Associate/ Supervisory Agent	1-01-70
Internal Auditor	10-26-70
Senior Audit Control Clerk	6-16-53
Administrative Assistant	7-12-71
Administrator	8-19-64
Assistant Economist	6-07-71
Supervisory Associate	7-29-70
Senior Administrator	12-01-62
Supervisory Associate	2-01-71
Administrative Assistant	4-01-57
Lead Programmer/Coordinator	2-10-64
Senior Input Control Clerk	12-01-70
EDP Librarian/Operator	11-01-69
Audit Control Assistant	6-01-70
Clerk/Secretary	12-27-62
Systems Analyst	9-01-70
Computer Operator	7-16-68
Administrative Assistant/Secretary	9-01-66
Senior Accountant/ Assistant Accounting Associate	3-11-63
Maintenance/Mail Clerk	3-01-70

who have served with the Bank for a long period of time are included in this group. As a result of this factor most of the specialized training possessed by the Bank's staff will be retained and transferred to Atlanta.

Exhibits (15) and (16) show similar data for the examiners and FHLMC, respectively. All of the professional FHLMC personnel and six of the nine examiners are relocating. As one of the other examiners will remain on the staff in Greensboro and another had already decided to retire, there is again no substantial loss of talent or training.

The employees who relocate to Atlanta will receive differing benefits under the Bank/FHLMC plan and under the Civil Service System. Furthermore, homeowners will receive relocation benefits not paid to non-homeowners.

Most of the Bank personnel and all of the FHLMC and Examiner employees who will relocate own homes. Exhibit (17) indicates the benefits that would be paid to homeowners Bank employees under a plan which the Bank relocation implementation committee is now considering. Exhibit (18) shows the proposed benefits for the FHLMC staff under the same plan.

Exhibit (19) indicates the benefits which the examiners will receive under Civil Service regulations, and in exhibit (20) these benefits are compared with the proposed Bank plan. Note that the average payment under the Civil Service schedule is \$5,770 per person, in contrast to \$7,544 per person under the proposed Bank plan. It is expected that the Bank's implementation committee will set the final benefits plan at a rate between the proposed Bank schedule and the Civil Service System. Thus the actual costs for both Bank and FHLMC homeowner employees will be less than the \$191,470 indicated herein.

Exhibit (15)

Examiner Personnel Who Will Relocate to Atlanta

<u>Title</u>	<u>Date of Entry</u>
(Chief Examiner -- will retire on March 4, 1972)	
Assistant Chief Examiner	12-13-54
Assistant Chief Examiner	9-06-55
Examiner	7-05-61
Examiner	11-07-56
Examiner	5-14-54
Examiner	9-17-56

Exhibit (16)

FHLMC Personnel Who Will Relocate to Atlanta

<u>Title</u>	<u>Date of Entry</u>
Regional Vice President	10-01-71*
Regional Accountant	10-01-71
Assistant Regional Director	9-15-71

* The FHLMC was created in July 1970, and field offices were organized in 1971. Thus none of the personnel will have had long tenures.

Exhibit (17)

Proposed Benefits for Bank Personnel Homeowners

Sale of House (Commissions) 6% x \$30,000 (average sale price) x 23 + 200 miscellaneous expense =	\$ 46,000
Appraisals--\$35 x 2 x 23	1,610
Loan Equalization--15 x \$2,000	30,000
Relocation allowance--10% of probable total salary	20,000
Purchase Expense--23 x \$1,000	23,000
Moving Costs--23 x \$1,200	27,600
Cost of finding new home (transportation, sub, etc.) \$500 x 23	11,500
Transportation--\$100/family x 23	2,300
Other (subsistence, temporary quarters, etc.)	<u>11,500</u>
Total	<u>\$173,510</u>
or estimate of \$7,544/person	

Exhibit (18)

Proposed Benefits for FHLMC Personnel

Sale of House (Commissions)	
6% x \$30,000 (average sale price) x 2 + \$200	
miscellaneous expense =	\$ 4,000
\$200.00 miscellaneous expense for 1 non-homeowner	200
Appraisals--\$35 x 2 x 2	140
Loan equalization (1 non-homeowner and 2 recent purchases)	N/A
Relocation Allowance--10% of probable total salary	4,720
Purchase expense--\$1,000 x 2	2,000
Moving Costs--\$1,200 x 3	3,600
Cost of finding new home (transportation, sub, etc.)	
\$500 x 3	1,500
Transportation--\$100/family x 3	300
Other (subsistence, temporary quarters, etc.)--\$500 x 3	<u>1,500</u>
Total	<u>\$ 17,960</u>

or estimate of \$5,987/ person

Exhibit (19)

Moving Expenses for Examiner PersonnelUnder Provisions of Circular No. A-56

Sale of House (Commissions) 6% x \$30,000 (average sale price) x 6 + \$200 miscellaneous expense =	\$12,000
Appraisals--\$35 x 2 x 6	420
Loan Equalization (Not allowable under A-56)	N/A
Relocation Allowance (Not allowable under A-56)	N/A
Purchase expense--\$1,500 x 6	8,000
Moving costs--\$1,200 x 6	7,200
Cost of finding new home (transportation, sub, etc.) \$350 x 6	\$2,100
(Or other miscellaneous subsistence for 30 days if above cost of finding new home is not utilized) \$900 x 6	\$5,400
Transportation--\$100/family x 6	<u>600</u>
Total	<u>\$33,620</u>

or estimate of \$5,604/person

Exhibit (20)

Comparison of Homeowner Benefits, BankProposal vs. Civil Service (A-56)

	<u>Bank Proposal</u>	<u>CSC A-56</u>
Sale of House (Commission) 6% x \$30,000 (average sale price) x 23 + \$200 miscellaneous expense	\$ 46,000	\$ 46,000
Appraisals--\$35 x 2 x 23	1,610	1,610
Loan Equalization--15 x \$2,000	30,000	N/A
Relocation allowance--10% of probable total salary	20,000	N/A
Purchase expense--23 x \$1,000 (A-56 \$1,500 x 23)	23,000	34,500
Moving Costs--23 x \$1,200	27,600	27,600
Cost of finding new home (transportation, sub, etc.) \$500 x 23 (A-56 \$350 x 23)	11,500	8,050
Other (subsistence, temporary quarters, etc.) \$500 x 23 (A-56 \$900 x 23)	11,500	20,700
Transportation--\$100/family x 23	<u>2,300</u>	<u>2,300</u>
Totals	\$173,510	\$132,710

or estimates of \$7,544/person or \$5,770/person

As all of the examiner personnel who are relocating own their homes and the FHLMC non-homeowner cost has already been included with the FHLMC homeowner costs, benefits for Bank non-homeowners only are indicated in Exhibit (21). As this plan represents a maximum, the benefits for the fourteen non-homeowning Bank personnel will probably be less than the \$45,000, or \$3,215 per person which is shown.

The cost of recruiting 36 new personnel to replace those who do not now plan to move to Atlanta is estimated to be \$12,000. This figure is the blanket fee which the Bank would pay to engage an Atlanta personnel agency which would fill all of the vacancies. Training costs are expected to be minimal, as personnel with appropriate skills and experience are available in Atlanta, and it is expected that most training can be performed within the Bank.

b. Long-term Costs of Relocation. Long-term expenses for personnel basically depend upon the comparative costs of labor in Atlanta and Greensboro. Exhibit (22) compares the present salaries of the 36 employees who will not relocate with the median wage for persons of similar job classifications in Atlanta, according to U. S. Department of Labor/Bureau of Labor Statistics Bulletin 1685-69 Area Survey for the Atlanta, Georgia, Metropolitan Area of May 1971. The yearly salaries for these people in Greensboro total \$203,250. In Atlanta the total would come to \$206,804. This is a difference of only 1.02%.

Another indicator of the variation between expenses in Greensboro and Atlanta is relative living costs. It is somewhat difficult to draw conclusions in this area, as Bureau of Labor Statistics cost-of-living indices that are readily available include only Durham, North Carolina, rather than Greensboro.

Data compiled by the American Chamber of Commerce Researchers Association does include Greensboro and Winston-Salem in its cost-of-living comparisons. Based on the ACCRA's index, it appears that the cost-of-living for the average citizen is higher in Atlanta than it is in Greensboro. Designed to rank cities according to living cost differential, the ACCRA index is keyed to the concept of a middle management executive, family of four, with an annual income of \$15,000-\$16,000. The index is based

Exhibit (21)

Proposed Benefits for Bank Non-Homeowners

Sale of House (Commission) (Not applicable)	N/A
\$200 miscellaneous expense x 14	\$ 2,800
Appraisals (Not applicable)	N/A
Loan Equalization (Not applicable)	N/A
Relocation allowance--10% of probable total salary	10,000
Purchase expense (Not applicable)	N/A
Moving Costs--\$1,200 x 14	16,800
Cost of finding new home (Transportation, sub, etc.) \$500 x 14	7,000
Transportation--\$100/family x 14	1,400
Other (Subsistence, temporary quarters, etc.)	<u>7,000</u>
Total	<u>\$45,000</u>

or estimate of \$3,215/person

Exhibit (22)

COMPARATIVE LABOR COSTS
ATLANTA/GREENSBORO

<u>Title</u>	<u>Approximate Present Salary</u>	<u>Approximate Median Salary in Atlanta</u>
Clerk/Secretary (2)	\$4,500	\$5,304
Transit Clerk	4,600	5,070
Input Control Assistant	4,700	5,304
Clerk/Typist	4,800	4,498
Demand Control Clerk	4,800	5,070
Statistical Clerk (2)	4,800	5,070
Secretary/Clerk (2)	4,800	5,200
Secretary	4,800	5,720
Analyst/Secretary (2)	4,800	5,720
Clerk/Typist	4,900	4,498
Mail and Supply Coordinator	5,100	4,784
PBX Operator/Receptionist	5,100	4,992
I/O Control Assistant	5,100	5,304
Secretary	5,100	5,720
Clerk/Secretary (3)	5,100	5,100
Secretary (2)	5,400	5,720
File and Records Clerk	5,500	5,200
Intermediate Control Clerk (2)	5,600	5,070
Clerk/Secretary	5,800	5,200
Secretary/Librarian/Clerk (2)	6,000	5,720
Administrative Secretary	6,300	7,722
Senior Secretary/Coordinator (2)	7,500	7,722
Chartist	7,900	6,500
Programmer/Analyst (2)	9,000	8,996
Administrative Secretary	9,100	7,722

on prices gathered according to explicit specifications and procedural instructions furnished to each reporting city (usually by the Chamber of Commerce). The following figures are the ACCRA cost-of-living indices for Atlanta, Greensboro and the nearby city, Winston-Salem.

<u>Component Weights</u>	<u>Category</u>	<u>Atlanta</u>	<u>Greensboro</u>	<u>Winston-Salem</u>
20	Food	103.5	93.4	94.6
35	Housing	115.7	99.5	101.8
15	Utilities	99.1	96.8	133.3
12	Transportation	101.4	101.4	95.5
8	Health	94.8	92.0	103.6
10	Miscellaneous	94.7	108.0	115.3
100	City Index (all items)	105.3	98.4	105.8

As can be seen, the two cost categories that contain substantial differences between the two cities are food and housing. Due to the heavy weighting of these two categories, the overall composite index for Atlanta is approximately 7% higher than that of Greensboro.

The cost-of-living index for Winston-Salem was compared with the other cities because that city along with Greensboro is included in the standard metropolitan statistical area. While only 25 miles away, Winston-Salem appears to have a higher cost of living than does Greensboro. The major differences in cost-of-living are in the categories of utilities, health and miscellaneous services. As far as food and housing are concerned, both cities compare favorably with Atlanta.

The U. S. Department of Labor/Bureau of Labor Statistics does not cover Greensboro, but does measure cost-of-living levels in Durham, North Carolina, which is a short distance away. Durham, of course, is a university community and may therefore be subject to unusually inflated prices. However, Greensboro is also the site of several higher educational institutions.

Exhibit (23)

THREE STANDARDS OF LIVING FOR AN URBAN FAMILY
OF FOUR PERSONS, SPRING 1970*

City	Total Budget	Total	Food	Housing	Transportation	Clothing and Personal Care	Medical Care	Other Family Consumption	Personal Income Tax
<u>Lower</u>									
Atlanta	92	94	92	94	90	96	92	105	80
Durham	97	97	91	105	85	97	102	102	102
<u>Intermediate</u>									
Atlanta	89	90	93	79	92	97	93	102	80
Durham	96	94	92	92	94	97	102	101	100
<u>Higher</u>									
Atlanta	89	90	94	78	94	98	92	99	82
Durham	84	93	93	88	92	98	101	100	99

* Bureau of Labor Statistics

The data presented in Exhibit (23) are taken from the Three Standards of Living for an Urban Family of Four Persons - Spring 1970. The three sets of figures listed are budgets that describe a specific manner of living at three levels for an urban family of four persons -- a 38 year old husband employed full time, his nonworking wife, a boy of 13, and a girl of eight. The figures were developed by applying the consumer price index for 1970 to actual figures compiled in 1969.

While cost-of-living indices are somewhat contradictory, the fact that Atlanta's median cost of labor for the positions that will be required by the Bank is only 1.02% higher than Greensboro's suggests that overall levels are fairly comparable.

3. Personnel Summary

a. Availability. Greensboro has 12,500 people engaged in banking and the related fields of finance, real estate and insurance while Atlanta has 43,000 people engaged in the same fields and has the ability to recruit from a wide base as indicated by the fact that the city is adding new jobs at the rate of 25,000 per year.

b. Costs. Costs are broken down to those costs attributable to those individuals who will relocate and to those costs related to those individuals who will not relocate. These are as follows:

(1) Individuals who will relocate:

<u>Activity</u>	<u>Number</u>	<u>Total Cost</u>
FHLBank (Homeowner)	23	\$173,510
FHLBank (Non-homeowner)	14	45,000
FHLMC	3	17,960
Examiner Staff	6	<u>33,620</u>
TOTAL		\$270,090

(2) Individuals who will not relocate:

<u>Activity</u>	<u>Number</u>	<u>Total Cost</u>
FHLBank	36	\$13,847.73
FHLMC	2	396.94
Examiner Staff	9	<u>39,879.56</u>
TOTAL		\$54,124.23

The 37 Bank personnel who have elected to relocate with the Bank represent a large majority of those individuals with the most critical skills and with the most longevity with the Bank. The 36 Bank employees who have elected not to relocate with the Bank represent with certain exceptions those individuals with the least critical skills and with the least longevity with the Bank. There will be some long range costs involved in replacing these 36 individuals, however. These long range costs are shown below:

Long Range Costs of Replacing 36 Employees

<u>Items</u>	<u>Appropriate Cost</u>
Salaries (In excess of current salaries)	\$ 3,554
Recruiting Costs (Fees, etc.)	12,000
Training	<u>Minimal</u>
TOTAL	\$15,554

The grand total of all estimated costs involved is \$339,768.23.

B. FACILITIES

In order to provide quarters for the Bank upon the expiration of its lease on December 31, 1967, the Board of Directors of the Greensboro Bank approved and sent to the FHLBB in November 1966 a proposal for a building to be constructed and ready for occupancy on November 30, 1967, and leased to the Bank. The Board, which was then composed of Chairman Horne, Mr. Rand, and Mr. Greenebaum, requested the Directors to reconsider in view of the October 1966 law permitting the Bank to own its own quarters. The Board of Directors then appointed a special committee to investigate the concept of the Bank constructing and owning its own facility.

In the months that followed, the committee developed a number of proposals and presented them for approval to the Federal Home Loan Bank Board. After investigating several site possibilities, the Bank received permission from the Board on March 2, 1967, to secure options on three tracts of land comprising approximately 66,700 square feet located four blocks from the center of the business district. The following June, approval was given to enter into a contract with the architects, Cameron-Little and Associates of Charlotte, North Carolina, to develop the initial plans of the structure. On September 8, 1967, the Board approved the basic concept of the new building and the site on which the structure would stand, and gave the Bank full authorization to exercise land purchase options and proceed with the bidding of the construction contract. Finally, on April 15, 1968, the Board gave formal approval of the contractor, George W. Kane Construction Company of Greensboro, North Carolina, to build the new facility at a cost of \$1,381,664 or \$34.89 per square foot, but with a total project cost, including land, of no more than \$1,750,000.

The resulting facility is a two-story contemporary office building with basement. It contains an open courtyard that extends from the roof level into the basement. The upper level, which overhangs the main level and the basement is finished in white stone with ten foot window sections. The exterior of the main or ground level is covered with field stone to blend into the land. The structure has the capacity to accommodate the construction of a third floor which would look exactly like the current upper level and would provide an additional 14,400 square feet of useable office space. From an architectural point of view it is expected that the structure will look new for at least twenty years with a minimum of outside maintenance.

The land on which the building was constructed is considered to be in a prime location in Greensboro. As stated earlier, it is situated just a few blocks from the main business district and is in a major arterial traffic flow. The accessibility has been described as being superior from all areas of the city and from all major highways leading into the city. In the words of the original Building Committee who selected the site, "With the expansion and growth of the city and continuing improvements of the central business districts, the value of the property will increase accordingly."

1. Availability

It would first appear that the Greensboro facility could easily furnish the space requirements of the Bank. However, after reviewing the Bank's anticipated needs, and their related costs, the present structure even with the additional floor might well prove to be inadequate to meet the Bank's expected growth.

When the Building Committee was determining the Bank's future space needs in 1967, they forecast that the 25,000 square feet of space provided by the new building would be adequate to accommodate the Bank's needs over the next ten years. The Bank then was operating in leased quarters containing 10,778 square feet, of which 7,862 square feet were being utilized by the Bank employees (numbering 39 at the time). The old quarters did not have space available for a data processing facility, conference room or a Board of Directors' room. The new building promised 25,000 square feet plus an additional 14,400 (from the construction of a third level) when the need became necessary.

The growth of the Bank since that time has exceeded the original expectations. On September 29, 1971, roughly 1-3/4 years after the completion of the building (and four years since the building was first proposed), the President reported to his Board of Directors that additional space was needed. He stated that because of the growth in the Bank's activities, the introduction of new programs and the housing of the FHLMC, consideration should immediately be given to constructing the additional level to the building. The Bank had increased its staff by that time to 73 employees. The Bank's Board, acting unanimously, authorized the President to prepare plans upon which costs could be determined for building the third and final floor of the present facility.

In December 1971, the Bank took an inventory of its current and future space needs, the results of which are included in Exhibit (24). The Bank estimates that its operations will require an additional 15,275 square feet of space by the end of 1976. Of this amount, over 9,150 square feet is needed immediately to accommodate the imminent demand for additional library space, storage and filing area, and conference rooms and to house comfortably 16 new employees that are projected for 1972. According to the architects' original design, the construction of the third level will provide an additional 14,400 square feet of useable office space. Further expansion, in the form of a wing or addition, would not be feasible since it would conflict with both the functional design and esthetic integrity of the building.

However, it appears that as soon as the third floor would be ready for occupancy, 64%, or almost 2/3 of the space that the floor is expected to provide would be fully utilized. This leaves 5,250 square feet of space (assuming that by the time the third floor is completed, no new needs have developed) for the future expansion that was originally anticipated for some period after 1977.

The eventual inadequacy of the proposed third floor is a crucial consideration, because the current level of Bank activity has already outpaced the capacities of the present facility, and it must be expanded immediately in order to accommodate District needs. The inability of even an expanded Greensboro building to meet the eventual space needs of the Bank virtually neutralizes the question of availability.

2. Cost

The total cost of the Greensboro building was \$1,736,694.72. This sum included the following:

Land	\$ 298,485.92
Office Building	<u>1,438,208.80</u>
TOTAL	\$1,736,694.72

The figure for the building itself represents \$34.89 per square foot.

EXHIBIT (24)
CURRENT AND PROJECTED USE OF SPACE
(In Square Feet)

	Current Use, Greensboro				Projected Use-5 Years		
	Lower Level	Main Level	Top Level	Total	Use	Sq. Ft. Change	Percent
I. Space use similar to amounts included in rental quotations							
A. Office space							
1. OES	1,125	3,300	---	4,425	5,000	+ 575	13.0
2. FHLMC	1,275	---	---	1,275	2,500	+ 1,225	96.1
3. FHLB	1,950	3,300	12,500	17,750	27,025	+ 9,275	52.3
4. Subtotal	4,350	6,600	12,500	23,450	34,525	+11,075	47.2
B. Corridor, General	1,075	1,150	1,550	3,775	4,000	+ 225	8.0
C. Storage, General	875	---	---	875	3,000	+ 2,125	242.9
D. Lounge & Kitchen	750	---	---	750	1,200	+ 450	60.0
E. Meeting Space, General	---	---	---	---	1,400	+ 1,400	---
F. Subtotal	7,050	7,750	14,050	28,850	44,125	+15,275	52.9
II. Service area we own that would be provided with rented space*	3,550	1,250	1,250	6,050	6,050	0	---
III. Court Area	2,400	3,000	1,500	6,900	0	- 6,900	---
IV. Total Area (IF + II + III)	13,000	12,000	16,800	41,800	50,175	+ 8,375	---
V. FHLB Space							
A. Total	4,550	4,450	14,050	23,150	35,225	+12,075	52.2
B. General (IB + IC + ID)	2,700	1,150	1,550	5,400	8,200	+ 2,800	51.9
C. Office Total	1,950	3,300	12,500	17,750	27,025	+ 9,275	52.3
1. Accounting	750	---	---	750	1,275	+ 525	70.0
2. Applications, etc.	---	---	3,100	3,100	5,100	+ 2,000	64.5
3. Auditing & other**	---	---	700	700	700	0	0.0
4. Control & Data Processing	---	3,300	---	3,300	5,400	+ 2,100	63.6
5. Executive***	---	---	2,200	2,200	3,000	+ 800	36.4
6. Mem. Rel. & Mail	1,200	---	200	1,400	2,000	+ 600	42.9
7. Research & Files	---	---	1,400	1,400	2,650	+ 1,250	89.3
8. Supervision	---	---	2,800	2,800	3,800	+ 1,000	35.7
9. Treasury	---	---	2,100	2,100	3,100	+ 1,000	47.6

* Includes 3,500 sq. ft. on 3 levels in core containing elevators, stairs, closets, and restrooms; remainder in space for mechanical equipment.

** Includes 400 sq. ft. of unused space adjacent to auditing.

*** Includes directors space (currently 1,200 sq. ft., projected at 2,000 sq. ft.).

The cost per square foot for construction of a third level has been, by most estimates, greater than that of the original structure. The architects of the building have estimated the cost of adding the third floor at approximately \$36.50 per square foot, roughly between \$500,000 and \$550,000. However, the North Carolina Savings and Loan League stated recently in a letter released to the Greensboro Daily News (January 13, 1972) that the original construction firm has estimated the cost at between \$50 and \$60 per square foot based upon the current cost of labor and material. This would come to between \$720,000 and \$864,000.

The expansion would make additional parking area necessary. The Bank has not purchased nearby land, and holds no purchase options, so that the required parking space would have to be either acquired or constructed as a second level over the existing outdoor lot. This would cost between \$125,000 and \$150,000.

The total expense of adding a third level to the building would thus range from a minimum of \$625,000 to a probable maximum of \$1,014,000, or in other words, between 36% and 58% of the original investment in the site. In view of the fact that the resulting facility could well be obsolete for the Bank's purposes in the near future, an expenditure of this magnitude appears to be unjustified.

The Bank should encounter no difficulty in selling the present facility. Its planners foresaw that the future might require disposal of the building, as well as expansion, and it was designed with the express intention of making it highly saleable. It is not a conventional bank-style building, but an all-purpose office facility. It is well located and unusually attractive -- clearly an asset to any organization. Greensboro's commercial life is growing rapidly, and should provide many potential purchasers.

a. Continuing Space Costs. The tentative approach of the Bank's relocation implementation committee is initially to rent quarters in either downtown Atlanta or in one of the office parks that surround the city. Information provided by the Atlanta Chamber of Commerce indicates that office facilities are readily available in Atlanta and at relatively low rents. The Chamber of Commerce has stated, "Like housing units, the tremendous quantity of office space built in recent years in Atlanta has tended to provide sufficient competitive pressure to keep rates low." The Chamber points out that rental rates on first class office space range from about \$5.50 per square foot to \$7.50 per square foot depending upon the length of the lease, location, number and finish of offices, etc.

At the present time, the Bank's relocation implementation committee has received a tentative lease proposal from a commercial developer in Atlanta. At an approximate cost of \$5.70 per square foot, the Bank could lease space amounting to 34,300 square feet that would include all utilities, maintenance, janitorial service, air conditioning, 175 parking spaces, options for expansion and even provisions for naming the building the FHLB of Atlanta.

Similar leasing facilities exist in Greensboro for a cost of between \$5.00 and \$6.25 per square foot. The Wachovia National Bank, has similar space available for \$6.25 per square foot.

In any case, the differential in the cost of leasing quarters would have but a modest impact on the Bank's annual operating expenses, as seen in the figures listed below. The Bank's operating budget for 1972 is estimated to be \$1,672,846. The current estimated cost of quarters is \$145,128 which includes \$28,764 in depreciation, \$106,100 in maintenance and insurance expenses relating to the building and \$10,264 in miscellaneous expenses and costs relating to the Bank's Emergency Relocation Center. Retaining the \$10,264 and adding the costs of various square foot proposals, whether they be in Greensboro or Atlanta, enables us to calculate the percentage increase in the base budget. The total cost of leasing in either city would be:

<u>Leasing Costs</u>		<u>% Increase In Budget</u>
<u>Rate/Sq. Ft.</u>	<u>Total Cost*</u>	
\$5.50	\$209,000	4.4
5.75	218,500	5.0
6.00	228,000	5.6
6.25	237,500	6.1
6.50	247,000	6.7
6.75	256,500	7.2
7.00	266,000	7.8

* Based on the Bank's estimated immediate needs of 38,000 square feet of useable space.

Even at a cost of \$7.00 per square foot, the increase in the total budget is less than 8%.

C. SPECIAL SERVICES

1. Data Processing

As one of the major Southeast metropolitan areas the personnel, equipment, and services available in Atlanta are difficult to match. This is especially true of computer systems. There are currently over five hundred installed computing systems in Atlanta. This results in a very competent systems support and maintenance force being available virtually on site. Every major computing equipment manufacturer is represented in Atlanta. The major suppliers to the financial industry have large staffs in Atlanta. This manufacturer support is not available in Greensboro.

Due to the large number of computing system installations in Atlanta, a well trained and experienced labor force exists. Greensboro, with less than one hundred computing system installations, cannot offer this kind of support.

The American Telephone and Telegraph Company is in the final design stages of the Digital Data Network. This system, which the Network ATT feels will be the national communications backbone in the 70's, is slated for initial site testing in 1973. Atlanta will serve as the southeast center for the Digital Data Network. This facility, which is scheduled for completion in 1974, will make available to computing facilities in the Atlanta area the most advanced data communications system ever designed. The use of this system in the provision of on-line teller transaction processing services will result in superior services being provided at a reduced cost.

2. Transfer of Funds

At present the transfers of funds for the Bank and its members are processed through the Wachovia National Bank, which in turn uses ten banks throughout the District as collecting Banks. It is possible that Wachovia could continue in this function with no serious operational inconvenience. The same service, however, can be performed by an Atlanta Bank. The Atlanta area is very competitive in the pricing of such services, and the presence of the Federal Reserve Bank of Atlanta may enhance or improve the service rendered to the Federal Home Loan Bank of that city.

3. Court Reporting

Some difficulty has arisen in Greensboro because that city apparently contains only one court reporting firm which is available to the Bank. A court reporter is required to record the proceedings of all oral arguments. Branch applications, in particular, are frequently protested, and oral argument is requested. As of February 1, 1972 the Fourth District Bank had 59 applications pending.

6 Permission to Organize

- 1 Received 9/7/71 - Oral Argument 11/29/71
- 1 Received 10/18/71 - Oral Argument 12/16/71
- 2 Filed in December
- 2 Filed in January

51 Branch Applications

- 1 Received 6/ 4/71 - Oral Argument 11/16/71.
- 1 Received 8/ 9/71 - Oral Argument 11/12/71.
- 1 Received 9/ 7/71 - Oral Argument 11/30/71.
- 1 Received 9/10/71 - Oral Argument 12/14/71.
- 1 Received 9/17/71 - Oral Argument 12/ 9/71.
- 1 Received 9/16/71 - Oral Argument 12/ 8/71.
- 1 Received 9/29/71 - Oral Argument 12/10/71.
- 1 Received 10/12/71 - Oral Argument 1/ 5/72.
- 1 Received 10/19/71 - Oral Argument 1/ 4/72.
- 1 Received 10/27/71 - Oral Argument 2/ 1/72.
- 1 Received 10/28/71 - Oral Argument 1/ 6/72.
- 1 Received 10/28/71 - Oral Argument 2/ 2/72.

The remaining branch applications were filed in November, December and January.

2 Merger Applications

Regulations require that these applications be transmitted to the Board within 60 days of public notice if oral argument is not involved, and within 90 days if oral argument is necessary. These deadlines are difficult to meet with a scarcity of court reporters. The greater number of reporters in Atlanta should be able to reduce the time required for the applications received by the Bank.

4. Higher Educational Facilities

The location of several major universities in the immediate Atlanta area should assist the Bank in developing its managerial skills and enhance its economic and housing research efforts. While there are a number of major universities located in North Carolina, those colleges and universities in the immediate area of Greensboro are not conducting in-depth research in the fields of economics, finance, housing and real estate.

At the present time the Business Research Department of Georgia State University is conducting the following research projects which could relate to the Bank's operations:

- "Real Bills, Doctrine & Theory of Money Supply"
- "Low-Cost Housing in Atlanta SMSA 1970-1983"
- "Commercial Bank Behavior: Non-member Bank Operations Relative to Reserve City and Country Member Banks"
- "Commercial Bank Response to Changing Liquidity Needs"
- "Commercial Bank Response to Reduce Liquidity Requirements"

In addition to these research efforts the Urban Life School of Georgia State University is holding a conference in March for training of managers of FHA insured projects in eight Southeastern States. Beginning in February there will be 12 weeks of workshops between members of the Urban Life School and the community. These workshops will focus on various urban problems including equal employment opportunities and fair housing legislation.

Some of the related research activities in process at the Emory University School of Business Administration are as follows:

- "Effect of the Financing Package on the Costs of Residential Real Estate "
- "Real Estate Investment Analysis and Taxation "
- "Urban Economics "

Emory University also sponsors several predominantly socially-oriented projects, including the Center for Research in Social Change, which conducts economic and attitude surveys of different neighborhoods throughout the city. It is principally directed to low income areas.

The Georgia Institute of Technology Engineering Experiment Station conducts fundamental and applied research with a staff of over 400 full-time personnel and an annual budget of \$6-1/2 million. Research projects include working with communities in developing housing programs, research in construction technology, feasibility studies, and market analysis. One project currently underway is a study of payment mechanisms, under the sponsorship of the Federal Reserve Bank of Atlanta. This project is particularly important to the FHLBB and the FHLB System since all Federal financial organizations are currently considering and studying various proposals to change payment mechanisms.

V. ACCESSIBILITYA. CENTRALITY

The Fourth District is very roughly triangular in shape, stretching to extremities in three directions -- northeast, southeast, and southwest. Both Greensboro and Atlanta are situated near the center of this area. Examination of the map contained in exhibit (25) makes it apparent that Atlanta is more accessible than is Greensboro to both the southeastern and the southwestern legs, and is slightly nearer to the heart of the District. This centrality can be illustrated by comparing the airport to airport mileage from Greensboro and Atlanta to cities located in the three corners of the District -- Baltimore, Miami, and Mobile.

From	Miles to Baltimore	Miles to Miami	Miles to Mobile
Atlanta	577	598	303
Greensboro	244	712	609

Greensboro is closer to Baltimore, and farther from Miami and Mobile. Comparison of the total distances reveals a small advantage for Atlanta.

The question of centrality, however, involves much more than simple geography. As an activity engaged in matters of housing and thrift, a Federal Home Loan Bank must be sensitive to many demographic characteristics. The distribution of population, for example, is of vital consequence to the Bank, since housing and thrift problems are where people are. Furthermore, housing shortages tend to be concentrated where population is most dense. While the Bank must deal with many serious needs in rural areas, the most crushing and complex housing problems are generally centered in the cities.

In order to compare the accessibility of Greensboro and Atlanta by standards other than geography, the District can be divided into two sections. The "southern" section will be comprised of Florida, Alabama, Georgia, and South Carolina. The "northern" area will contain Maryland, the District of Columbia, Virginia, North Carolina, and South Carolina. South Carolina is counted in both areas since it borders both North Carolina and Georgia and is therefore almost equally convenient to Greensboro and to Atlanta.

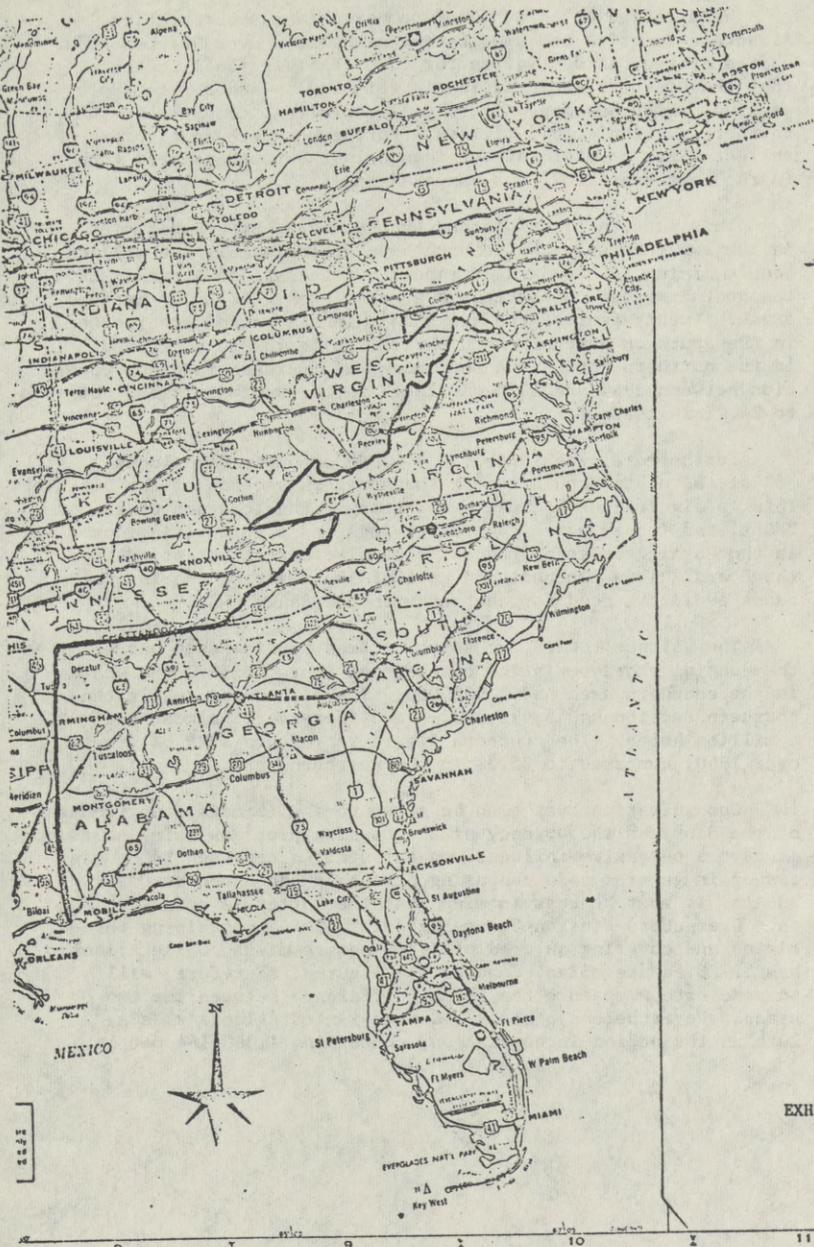


EXHIBIT (25)

When looked at in terms of demographic characteristics, Atlanta's location has significant advantages over Greensboro's. United States Census figures for 1970 (Exhibit (26)) indicate that the District's population is weighted toward the southern section, which has approximately 17.1 million, compared to the northern section's 16.6 million. Furthermore, these figures reflect a far greater rate of change in the southern area than in the northern 19.7%, as compared to 15.1%.

This pattern is reinforced by the degree of urbanization in the two sections. While both have approximately 9.6 million people living in Standard Metropolitan Statistical Areas (SMSA's), the southern section contains a greater number of major metropolitan areas. Twenty-four of the 243 SMSA's in the nation are located in the southern part of the District, while 18 are contained in the northern part. The percentage of increase in urban population between 1960 and 1970 was 25.7% in the southern area, compared to 24.2% in the north.

Furthermore, Washington, D.C. SMSA accounts for almost 36% of the urban population in the northern section of the District. This is significant because Washington is the location of the FHLBB, and issues which concern savings and loan associations in the Washington area frequently receive direct attention from the Board. Thus the northern part of the District can in some cases avoid the need for contact with the Bank.

The balance toward the south becomes heavier when one examines the housing characteristics of each section. In 1970 the states in the southern area had 5,925,000 units of housing, while the northern section had 5,472,000 -- a difference of almost half a million homes. The southern figure represents a 29.0% growth over 1960, compared to 25.3% in the northern part.

Consideration must also be given to the immediate environment of the Bank, as the urgency of the housing problems which surround it have a pervasive influence on the staff's approach to housing issues in general. In comparing Atlanta's and Greensboro's SMSA's, it must be kept in mind that the latter is actually the "Greensboro-Winston-Salem-Highpoint" SMSA, containing three cities and covering an area of 2,208 square miles, while Atlanta has 1,728 square miles. Comparative figures, therefore, will to some extent obscure the actual difference between the two areas. Nevertheless, the 1970 Census ranked Atlanta's SMSA 20th in the nation in population, containing 1,390,164 people.

EXHIBIT (26)

DEMOGRAPHIC FACTORS -- LOCATION IN DISTRICT

State & SMSA	Total Pop. 1970 in 000's	Change in Pop. 1960-70 (per.)	Total Housing Units-1970 in 000's	Change in Housing Units 1960-1970 (per.)	Personal Income 1969 (millions)	Change in Personal Income 1959-1969 (percent)
Maryland	3,922	26.5	1,249	33.6	15,405	121.4
Baltimore	2,071	14.8	657	21.2	8,019	95.7
Washington	1,183	71.7	362	83.8	12,352 ^{2/}	2 ^{1/}
Wilmington	53	10.1	16	11.5	2,274 ^{5/}	90.6 ^{2/}
All Metro	3,307	29.7	1,035	37.3	22,645 ^{2/}	94.6 ^{2/5/}
North Carolina	5,082	11.5	1,638	23.8	15,113	124.5
Asheville	145	11.5	51	20.7	447	99.6
Charlotte	409	29.2	132	38.3	1,608	138.9
Durham	190	22.9	60	35.2	585	130.3
Fayetteville	212	42.9	57	55.4	663	187.0
Greensboro	604	16.1	195	25.2	2,298	115.4
Raleigh	228	35.1	71	45.5	737	147.3
Wilmington	107	16.5	43	38.1	308	133.3
All Metro	1,896	23.8	609	34.0	6,646	130.8
South Carolina	2,591	8.7	815	20.2	7,025	124.3
Augusta	91	12.3	29	15.9	3 ^{1/}	3 ^{1/}
Charleston	304	19.4	93	30.2	864	140.0
Columbia	323	23.8	95	37.9	973	126.3
Greenville	300	17.1	93	26.3	255 ^{3/}	127.4 ^{3/}
All Metro	1,017	19.4	316	29.6	2,792 ^{3/}	130.7 ^{3/}
Virginia	4,648	17.2	1,492	27.6	15,446	120.8
Lynchburg	123	11.5	39	22.0	425	113.6
Newport News, etc.	292	30.1	88	35.7	1,040	121.3
Norfolk-Portsmouth	681	17.6	201	20.7	2,274	112.5
Richmond	513	18.9	170	29.3	2,156	114.3
Roanoke	181	14.3	62	23.3	672	108.0
Washington	921	53.1	298	65.9	2 ^{1/}	2 ^{1/}
All Metro	2,717	28.4	857	36.8	6,567 ^{2/}	114.0 ^{2/}
District of Columbia (Washington)	757	- 1.0	278	6.0	12,352 ^{2/}	125.7 ^{2/}
Subtotal	17,000	15.1	5,472	25.3	65,341	123.1
Subtotal Metro	9,694	24.2	3,095	32.3	51,002	110.2

DEMOGRAPHIC FACTORS -- LOCATION IN DISTRICT (Continued)

State & SMSA	Total Pop. 1970 in 000's	Change in Pop. 1960-70 (per.)	Total Housing Units-1970 in 000's	Change in Housing Units 1960-1970 (per.)	Personal Income 1969 (millions)	Change in Personal Income 1959-1969 (percent)
Alabama	3,444	5.4	1,119	15.7	9,142	94.8
Birmingham	739	2.5	244	10.7	2,425	74.0
Columbus	45	- 2.1	14	12.6	<u>1/</u>	<u>1/</u>
Gadsden	94	- 2.9	32	6.1	274	67.1
Huntsville	228	48.3	69	57.8	658	136.7
Mobile	377	3.7	121	12.0	1,088	81.0
Montgomery	201	.8	68	15.2	596	82.3
Tuscaloosa	116	6.4	35	18.8	283	73.6
All Metro	1,801	6.5	584	15.8	5,324 ^{1/}	81.9 ^{1/}
Florida	6,789	37.1	2,522	41.9	22,500	141.7
Ft. Lauderdale- Hollywood	620	85.7	253	97.0	1,910	224.3
Jacksonville	529	16.1	174	23.4	1,903	102.9
Miami	1,268	35.6	454	30.1	5,160	143.4
Orlando	428	34.4	146	36.7	1,365	112.0
Pensacola	243	19.5	77	26.8	799	113.1
Tallahassee	103	38.8	33	54.4	315	143.0
Tampa-St. Petersburg	1,013	31.1	397	31.9	3,227	124.1
West Palm Beach	349	52.9	141	58.0	1,208	167.3
All Metro	4,552	37.2	1,676	40.1	15,887	137.7
Georgia	4,590	16.4	1,469	25.5	14,350	130.6
Albany	90	18.4	27	28.9	244	100.0
Atlanta	1,390	36.7	450	46.0	5,662	143.6
Augusta	162	19.8	48	24.7	946 ^{3/}	155.7 ^{2/}
Chattanooga	51	12.0	16	21.0	1,111 ^{4/}	101.3 ^{4/}
Columbus	193	12.6	59	26.4	828 ^{1/}	128.1 ^{1/}
Macon	206	14.4	66	23.3	672	122.5
Savannah	188	- .3	62	43.3	651	85.5
All Metro	2,280	25.7	728	34.7	10,114 ^{1/3/4/}	134.9 ^{1/3/4/}
South Carolina	2,591	8.7	815	20.2	7,025	124.3
Augusta	91	12.3	29	15.9	3/	3/
Charleston	304	19.4	93	30.2	864	140.0
Columbia	323	23.8	95	37.9	973	126.3
Greenville	300	17.1	93	26.3	955	127.4
All Metro	1,017	19.4	316	29.6	2,792 ^{2/}	130.7 ^{2/}
Subtotal	17,414	19.7	5,925	29.0	53,017	127.0
Subtotal Metro	9,650	25.7	3,304	32.9	34,117	125.5

DEMOGRAPHIC FACTORS -- LOCATION IN DISTRICT (Continued)

State & SMSA	Total Pop. 1970 in 000's	Change in Pop. 1960-70 (per.)	Total Housing Units-1970 in 000's	Change in Housing Units 1960-1970 (per.)	Personal Income 1969 (millions)	Change in Personal Income 1959-1969 (percent)
Total District	31,823	18.2	10,582	27.8	111,333	124.8
Total District Metro	18,327	25.2	6,083	32.8	82,327	119.2

1/ Data for Alabama portion of SMSA included in Georgia data.

2/ Data for Maryland and Virginia portions of SMSA included in District of Columbia data.

3/ Data for South Carolina portion on SMSA included in Georgia data.

4/ Data for Tennessee portion of SMSA included in Georgia data.

5/ Data for Delaware and New Jersey portion of SMSA included in Maryland data.

Note: District of Columbia data included in Total District and Total District Metro.

The Greensboro-Winston-Salem-Highpoint SMSA ranked 56th, with a total population of 603,895. Between 1960 and 1970 Atlanta experienced (as shown in Exhibit (27)) an overall population growth of 36.7%, while Greensboro grew 16.1%. 36.7% of Atlanta's total growth was accounted for by non-white population, while the non-white figure for Greensboro was 16.5%. This is significant, because non-white Americans as a group are more poorly housed than is the white population, and Federal Home Loan Bank personnel benefit from familiarity with the specific nature of minority housing problems.

The number of housing units in Atlanta increased 46.0% between 1960 and 1970, in comparison with a 25.8% rise in Greensboro.

Exhibit (27)

Population and Housing Changes

1960-1970

	Atlanta (SMSA)	Greensboro (SMSA)
Population Change, 1960-1970, (%)	36.7%	16.1%
White	28.3%	15.0%
Non-white	36.7%	16.5%
Change in Housing Units, 1960-1970, (%)	46.0%	25.2%

Source: 1970 Census of Population and Housing, Bureau of the Census, PHC(2)-12 and PHC(2)-35. July 1971

1. FUNCTIONAL CENTRALITY

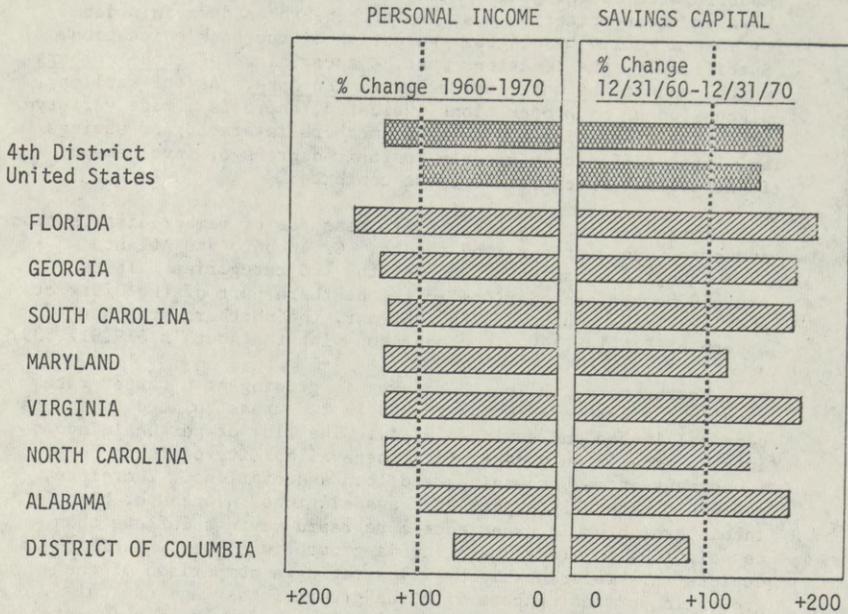
While regional demographic characteristics occupy an important place in the evaluation of a Federal Home Loan Bank's accessibility, it is even more important to assess the Bank's location in terms of the specific activities in which it engages. The most obvious measure here is the geographical distribution of its members. However, that criterion must be further broken down in order to make a really meaningful evaluation of the Bank's location. Specifically, the locations must be ascertained of those members which conduct the most business with the Bank. As the earlier discussion of Bank operations indicated, there is a wide variety of contexts in which the Bank and members interact, and savings and loans differ very greatly in their degrees of involvement in activities which create these contexts.

There are two basic aggregate measures of member distribution -- number of associations, and assets. Greensboro and Atlanta each have the advantage in one of the two categories. There are 403 member associations in the northern part of the District, and 362 in the southern. In contrast, the northern area has assets of \$14,198,749, in comparison with the south's \$19,017,539.

Furthermore, the southern area is growing at a faster rate than is the northern in assets and in two areas related to assets -- personal income and savings inflow. The flow of personal income into an area largely determines the availability of funds for investment at member savings and loan associations. Therefore, one would naturally expect that associations in areas of high income growth would experience more rapid savings inflows than associations in areas where income growth is slower. Exhibit (28) depicts this relationship by illustrating a comparison of the growth in personal income with the growth in savings capital for the nation, the Fourth FHLB District, and each of the District states from 1960 to 1970. The states are arrayed from highest to lowest in terms of income growth. As is indicated in this chart, income growth was more rapid in the District than in the nation, reflecting the continued economic expansion of the Southeast, and this growth produced a correspondingly faster rate of growth of savings capital. However, there was a more marked difference between the District and the nation in income growth than in savings growth. Among the states, there were considerable variations in the rates of income and savings growth. Income in Florida expanded much faster than in any of the other District states, and this growth was accompanied by the largest

Exhibit (28)

GROWTH IN PERSONAL INCOME & IN SAVINGS CAPITAL
AT FEDERALLY-INSURED S & L ASSOCIATIONS, 1960-1970



SOURCE: Calculations based on Personal Income from U. S. Department of Commerce. SURVEY OF CURRENT BUSINESS, May 1971 & August 1971, & Savings Capital from FHLB Board.

increase in savings capital among the states. At the other extreme, the District of Columbia, which had the lowest rate of income growth, also had the lowest savings growth. Furthermore, as measured by personal income, the economy of each of the District states expanded at a more rapid rate than did the national economy, and in every state except Maryland and North Carolina this produced a growth in savings capital in excess of the national rate.

While states with the higher income growth generally experienced the more rapid savings growth, a major deviation from this pattern occurred in Alabama and a smaller one in Virginia. Though experiencing slower income growth than most district states, both states rank near the top in terms of savings growth. But this divergence from the expected pattern can largely be explained by special circumstances. In both areas savings capital in 1960 was abnormally low in relation to population, as a result of which a given dollar amount of growth, being related to a low base, appears unusually large in percentage terms. A comparison of the level of savings per person among areas in 1960 is particularly illustrative here. In this instance, it should be emphasized that we are referring to the level of savings capital at FSLIC-insured savings and loan associations in each state, divided by the population of the state from the 1960 census. The resulting figures indicate that per-capita savings in Alabama approximated only \$129 in 1960, while the figure for Virginia, at \$154, was slightly higher, the ratios for both states being less than half the District average of \$328. In all the other District states the ratio was well in excess of \$200. Given this, it seems reasonable to conclude that part of savings growth in these states constituted an upward movement toward a level of savings more typical of similar sized states.

These patterns of personal income growth and savings inflow are of course reflected in the distribution of increases in assets. Exhibit (29) indicates that the assets of associations in the southern part of the District increased by 55.5% between the end of 1965 and the end of 1970. During the same period the assets in the northern area rose 33.5%.

a. Bank Activity. Another example of functional centrality is illustrated in Exhibit (30). This table indicates the geographical locations of state- and Federally-chartered members. Note that the southern section contains 325 Federal charters compared with 188 in the northern section. In contrast, the northern area has 216 state charters to the southern section's 39. If South Carolina is discounted, the south contains only 16 state-chartered member savings and loans.

EXHIBIT (29)

GROWTH OF ASSETS OF MEMBER
SAVINGS AND LOAN ASSOCIATIONS
1964 - 1970

	Assets in Millions			
	<u>12-31-65</u>	<u>12-31-70</u>	<u>Increase</u>	<u>% of Increase</u>
Alabama	877.8	1,294.7	416.9	47.5%
District of Columbia	2,120.8	2,476.8	356.0	16.8%
Florida	5,784.7	9,363.7	3,579.1	61.9%
Georgia	2,035.9	2,996.6	960.7	47.2%
Maryland	2,170.0	2,837.5	667.5	30.8%
North Carolina	2,383.1	3,257.4	874.3	36.7%
South Carolina	1,172.1	1,689.6	517.5	44.2%
Virginia	<u>1,259.5</u>	<u>1,891.0</u>	<u>631.5</u>	<u>50.1%</u>
<u>Average Growth</u>				
District of Columbia				
Maryland				
Virginia				
North Carolina				
South Carolina	9,105.5	12,152.3	3,046.88	33.5%
<u>Average Growth</u>				
South Carolina				
Georgia				
Alabama				
Florida	9,870.5	15,344.6	5,474.1	55.5%

Exhibit (30)

Comparison of Federal and State
Chartered Insured Savings and Loans

State	No. of Assns.	Total Offices (Aug., '71)	Net Assets (\$ in Mill.)	Advances Outstanding (\$ in mill.)	No. of Insured S&LA's with 5% & over of FHLB Advances to Savings Capital
Maryland					
Federal Chartered	59	121	2,507	56	15
Ins. State Chartered	22	54	698	18	3
North Carolina					
Federal Chartered	39	86	1,416	16	7
Ins. State Chartered	129	209	2,321	30	17
South Carolina					
Federal Chartered	47	86	1,441	37	13
Ins. State Chartered	23	45	514	4	2
Virginia					
Federal Chartered	32	91	1,476	19	6
Ins. State Chartered	33	94	803	22	8
District of Columbia					
Federal Chartered	11	33	1,482	79	7
Ins. State Chartered	9	28	1,365	30	3
<u>Subtotal</u>					
Federal Chartered	188	417	8,322	207	48
Ins. State Chartered	216	430	5,701	104	33
Alabama					
Federal Chartered	52	96	1,319	42	15
Ins. State Chartered	7	20	204	9	3
Florida					
Federal Chartered	128	332	11,304	100	15
Ins. State Chartered	5	7	214	1	0
Georgia					
Federal Chartered	98	196	3,594	178	43
Ins. State Chartered	4	4	16	*	1
South Carolina					
Federal Chartered	47	86	1,441	37	13
Ins. State Chartered	23	45	514	4	2
<u>Subtotal</u>					
Federal Chartered	325	710	17,658	357	86
Ins. State Chartered	39	76	948	14	6
Actual Total District (Counting South Carolina only one time)					
Federal Chartered	466	1,041	24,539	527	121
Ins. State Chartered	232	461	6,135	114	37

* Less than \$500,000.

The distinction between state- and Federally-chartered associations takes on great significance when one examines the individual operations conducted by the Bank. Federally-chartered members have a greater need for contact with the district Bank, for both de jure and de facto reasons.

In the first instance, all Federal associations are part of the Federal Savings and Loan System. As such, they are subject to Federal regulations in many areas where state-chartered associations fall under the jurisdiction of the state savings and loan supervisor. For instance, when Federal savings and loans want to organize, merge, establish branches or mobile facilities, change office locations, form service corporations, or any of a wide range of other activities, they must make application to the Federal Home Loan Bank Board, through the District Bank. State associations have very few occasions for filing an application with the Board. Exhibit (31) reveals that the southern section submits approximately twice as many applications as does the northern. Over the three year period from 1969 through 1971, 64% of the applications processed came from three states of Florida, Georgia, and Alabama. Florida alone accounted for 43.2% of the total. Each of these applications is processed at the District Bank, where Bank personnel evaluate the factors involved and make recommendations for action to the Board. In the case of a branch application, Bank personnel frequently visit the proposed site to determine its suitability.

There are certain situations in which state-chartered associations are required to apply to the Board for permission to act, such as when they want to become members of the Bank, or to obtain insurance of their savings accounts. As the table indicates, however, these applications by state-chartered members do not outweigh the greater activity by Federals, and by the southern members in general. There is one category of applications which is required only of state-chartered members. This area deals with changes in their bylaws, and requires only routine attention by the staff. The authority to act on these applications and on applications to issue certificates was delegated by the Board to the District Banks in July, 1971, as part of the Board's decentralization program. Prior to that time, only six people were required on the Board's staff to process both bylaw and securities applications for the entire country. Clearly, then, the vast majority of the Bank's application activity is centered in the southern portion of the District.

Exhibit (32) shows that this regional breakdown is constant through all of the major activities in which the Bank engages. Provision for borrowing by members is probably its most important

Exhibit (31)

Summary of Applications Processed in the Fourth District

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Three-year Total</u>	
				<u>Number</u>	<u>% of Total</u>
Maryland	8	7	20	35	8.1
North Carolina	5	3	19	27	6.3
South Carolina	8	1	14	23	5.4
Virginia	7	6	31	44	10.3
District of Columbia	2	9	14	25	5.8
Subtotal	30	26	98	154	35.9
Alabama	9	5	17	31	7.2
Florida	40	49	96	185	43.2
Georgia	13	10	35	58	13.6
South Carolina	8	1	14	23	5.4
Subtotal	70	65	162	297	69.4
Actual Total (Counting South Carolina only one time)	92	90	246	428	99.9

Exhibit (32)

Location of Bank Activity

	Total		Metro		SMSA	
	SC+Ga Ala+Fla	Md+DC Va+NC+SC	SC+Ga Ala+Fla	Md+DC Va+NC+SC	Atlanta	Greensboro
			<u>August 31, 1971</u>			
Total Offices	786	716	476	472	79	37
			<u>September 30, 1971</u>			
No. Assns.	364	404	156	201	18	14
Net Assets (\$ mill.)	18,606	14,022	13,873	10,381	1,915	710
Advances Outstanding (\$ mill.)	371	310	299	250	110	3
Net Loans made and acquired year-to- date (\$ mill.)	3,669	2,625	2,800	1,980	494	147
Total Savings Capital (\$ mill.)	15,989	12,002	11,846	8,815	1,526	623
Advances Outstanding as % of Net Loans	10.1%	11.8%	10.7%	12.6%	22.3%	2.0%
Advances as % of Savings Capital	2.3%	2.6%	2.5%	2.8%	7.2%	.5%
Mortgage Loans Outstanding (\$ mill.)	15,443	10,392	11,540	8,062	1,669	621
			<u>December 31, 1970</u>			
Cash and Demand Deposits at Dist. 4 Bank (\$ mill.)	292	249	176	160	24	8

service. As of September 30, 1971, southern members had borrowed \$61 million more than northern. They had made and acquired \$1.044 billion more in net loans in their lending areas. As of December 31, 1970, the southern states had cash and demand deposits at the District Bank totaling \$291 million, compared to \$249 million from the northern section.

Comparison of the Atlanta and Greensboro metropolitan areas reveals the same pattern. Atlanta metropolitan savings and loan associations have about \$1.5 billion in savings compared to \$623 million for Greensboro associations. In terms of lending the discrepancy is even greater. Atlanta associations made \$495 million in loans during the first eight months of 1971 compared with \$147 million for Greensboro associations. Atlanta metropolitan associations had advances outstanding of \$110 million as of September, 1971, compared to only \$3 million for Greensboro. As these figures indicate, a much higher percentage of loans outstanding at Atlanta associations are financed by advances from the Federal Home Loan Bank than is the case for Greensboro associations. Advances constituted 22.3% of loans by Atlanta associations compared to only 2.0% of loans by Greensboro associations. Atlanta associations utilize the Federal Home Loan Bank much more intensively for deposits as well as for advances. Atlanta associations held \$24 million in cash and demand deposits at the Federal Home Loan Bank at the end of 1970 as compared with \$8 million from Greensboro associations.

Although the activities of the Bank itself are the most important consideration in evaluating the location of the District's regional office, attention must also be given to the operations of the FHLMC and the District examiners.

b. FHLMC Activity. The FHLMC's operations can be summarized in terms of two fundamental activities -- commitments issued and mortgages purchased and sold. Commitment activity in 1971 totaled \$77 million, as indicated by Exhibit (33). It is apparent from this table that a large share of total commitment activity was centered in North Carolina and Virginia. There are two related reasons for this result: first, most of the commitments in these states were issued to bank holding companies with mortgage banking subsidiaries (see the table); and second, most of the 1971 commitment activity dealt with FHA and VA mortgages and the active sellers in this market are bank holding companies located in North Carolina and Virginia. As indicated earlier, however, the FHLMC was created primarily to deal in conventional mortgage markets. In 1972 and subsequent years, commitment

Exhibit (33)

1971 FHLMC Commitment Activity in the Fourth District
(millions of dollars)

<u>State</u>	<u>Total Commitments</u>	<u>Share of Total Commitments Issued to Commercial Banks</u>
Maryland	\$ 5	
North Carolina	19	\$15.1
South Carolina	3	
Virginia	20	19.0
District of Columbia	<u>4</u>	<u> </u>
Subtotal	\$51	\$34.1
Alabama	\$ 2	
Florida	9	
Georgia	15	\$ 7.5
South Carolina	<u>3</u>	<u> </u>
Subtotal	<u>\$29</u>	<u>\$ 7.5</u>
Actual Total (Counting South Carolina only one time)	\$77	\$41.6

activity will be concentrated in conventional mortgage market and most commitments will be issued to savings and loan associations throughout the District. Because the majority of total District association assets are owned by associations in the southern portion of the District, an increasing percentage of commitments will be issued in the southern portion.

In contrast to commitments issued, the majority of mortgage purchases and sales made by the FHLMC have involved savings and loan associations. As the FHLMC's participation in the conventional mortgage market increases, appraisal activity to meet the needs of continuous property inspections is also expected to increase, necessitating more and more travel to the southern part of the District.

A recent study conducted by the Board's Office of Economic Research indicated that within the Fourth District, secondary market activity of savings and loan associations is heavily concentrated in Florida, Georgia, and the District of Columbia, with Georgia being one of the more active areas. One of the primary reasons for this is the prominence of Atlanta as a financial center. Some of the largest associations and commercial banks (one-fourth of all Fourth District commercial banks approved to do business with the FHLMC are located in Atlanta) within the Fourth District are located in the Atlanta SMSA. Atlanta also is a center for institutional investors. Among these probably the most important are insurance companies. Almost all of the nation's major insurance companies have southeastern regional offices in Atlanta.

c. Examiner Activity. The activities of the District examination staff are also concentrated in the southern region. This is because the southern area contains 60.1% of the District's assets, and most of the large associations. Even the routine examination of a large association requires far more time and effort than is necessary for a small institution, since its activities tend to be both more extensive and more diverse than those of smaller members. This tendency was illustrated earlier by the data showing the distribution of various bank activities. The southern associations borrow more funds, deposit more funds, loan more funds, make more applications, and generally engage in a wider range of activities, on a larger scale.

For the same reasons, the southern associations also require more examinations of a non-routine nature. This is both because of the broader scope of their activities, and because their assets are growing at a rate approximately 15% faster than northern members. Rapid growth is very frequently accompanied by complications and problems which require examiner attention.

Exhibit (34) indicates the locations of Fourth District problem associations from July 1967 through 1971. In recent years general economic conditions have caused such a dramatic inflow of savings deposits that most associations have been able to resolve their difficulties. Thus there were only three problem cases at the close of 1971. As the economy recovers, however, savings levels will drop once more, making it difficult for some savings and loans to meet all of their requirements under the regulations. When this occurs, the chart makes it clear that a preponderance of these problem associations can be expected in the southern region, where the faster savings and loan growth rate is responsible for many more operating difficulties than are experienced by institutions with more stable growth patterns. Until the end of 1970, when total problem associations dropped to only four, the southern area accounted for an average of 76% of these cases.

As a consequence of examination requirements, the District examination office has determined that during the fiscal year 1972 it will (as shown in Exhibit (35)) employ 30 examiners and 6,232 man days (45.8% of the total examination time) examining savings and loan associations in the northern region. During the same period, 38 examiners and 8,340 man days 61.5% of the total) will be utilized examining savings and loan associations in the southern portion of the District.

It is clear, that the activities of the Bank, the FHLMC, and the District examiners all require more extensive interaction with the southern part of the District. It is therefore in the interests of the District as a whole to establish the Bank in Atlanta, the functional center of the area.

B. TRANSPORTATION

Location, however, is not the only factor that affects accessibility. It is also important to consider the various facilities which enhance the ease with which the Bank staff and members can travel to and from the Bank and communicate with each other.

Some of the traveling that takes place between the Bank and the District is done by car. The centrality of Atlanta which was discussed above of course makes it convenient to reach by road. This convenience is heightened by the highway system

LOCATION OF
FOURTH DISTRICT PROBLEM ASSOCIATIONS

EXHIBIT (34)

<u>DATE</u>	<u>STATES</u>	<u>NUMBER PER STATE</u>	<u>% OF ALABAMA, FLORIDA, GEORGIA & SOUTH CAROLINA ASSOCIATIONS TO TOTAL</u>
6-30-67	Alabama	1	78%
	Florida	11	
	Georgia	1	
	Maryland	3	
	North Carolina	1	
	South Carolina	1	
		18	
12-31-67	Alabama	1	75%
	Florida	10	
	Maryland	3	
	North Carolina	1	
	South Carolina	1	
		16	
12-31-68	Alabama	1	73%
	District of Columbia	1	
	Florida	10	
	Maryland	2	
		15	
12-31-68	Alabama	1	77%
	District of Columbia	1	
	Florida	9	
	Maryland	2	
		13	
12-31-69	Alabama	1	75%
	Florida	5	
	Maryland	2	
		8	
6-30-70	Alabama	1	75%
	Florida	5	
	Maryland	2	
		8	
12-31-70	Alabama	1	75%
	Florida	5	
	Maryland	2	
		8	
6-30-71	Florida	2	50%
	Maryland	2	
		4	
12-31-71	Florida	1	33%
	Maryland	2	
		3	

Exhibit (35)

Summary of Examiner Activity
for Fiscal 1972

<u>State</u>	<u>Man Day Requirement</u>	<u>% of Total</u>	<u>No. of Field Examiners by Hdgts.</u>	<u>% of Total</u>
Maryland	1,910	14.0	5	6.7
North Carolina	1,882	13.9	13	17.3
South Carolina	997	7.3	3	4.0
Virginia	832	6.1	0	--
District of Columbia	<u>611</u>	<u>4.5</u>	<u>9</u>	<u>12.0</u>
Subtotal	6,232	45.8	30	40.0
Alabama	1,074	8.0	3	4.0
Florida	4,492	33.1	20	26.7
Georgia	1,777	13.1	12	16.0
South Carolina	<u>997</u>	<u>7.3</u>	<u>3</u>	<u>4.0</u>
Subtotal	8,340	61.5	38	50.7
Examiners assigned to District Office			10	13.3
Actual Total (Counting South Carolina only one time)	<u>13,575</u>	<u>100.0</u>	<u>75</u>	<u>100.0</u>

surrounding the city. Six legs of three interstate highways converge within Atlanta's borders, making its network superior even to the fine road system of Greensboro, which lies at the crossroads of two major interstates. The degree to which the two cities are accessible by southeastern highways is demonstrated in Exhibit (36). According to American Automobile Association figures, Atlanta is a shorter overall drive from the three cities in the corners of the District than is Greensboro.

	Baltimore	Miami	Mobile
Atlanta	651	662	345
Greensboro	326	832	670

However, the very fact that the District extends so far in these three directions causes most District traveling to be made by air. Atlanta possesses the world's fourth-ranking airport in passenger service. In total scheduled airline operations it rates third in the nation, with non-stop flights available to 94 cities, and direct through-plane service to 51 additional cities. The nine major airlines serving Atlanta are Braniff International Airways, Delta Airlines, Eastern Airlines, National Airlines, Northwest Airlines, Piedmont Airlines, Southern Airways, Trans-World Airlines, and United Airlines.

The airport is located eight miles from downtown Atlanta, and can be reached from there by car in approximately 15 minutes. While an airport of this size tends to become congested at certain peak hours of the day, a third parallel runway is now under construction, and will be completed in the autumn of this year.

The difference in the convenience of air service for Atlanta and for Greensboro is revealed in Exhibit (37). There is no SMSA to which Greensboro has nearly as many non-stop and through-plane flights as does Atlanta. Note that Atlanta's airport serves North Carolina SMSA's with more than twice as many flights as does Greensboro's. Note also that Greensboro has only two flights to all of Alabama, and two to South Carolina SMSA's. It also has only two to Florida, the most active State in the District in many key areas of Bank activity. Atlanta has 55 daily flights to Alabama and 118 to Florida SMSA's. Atlanta is, furthermore, more convenient to members in the northern part of the District, with 28 flights to Virginia (in comparison

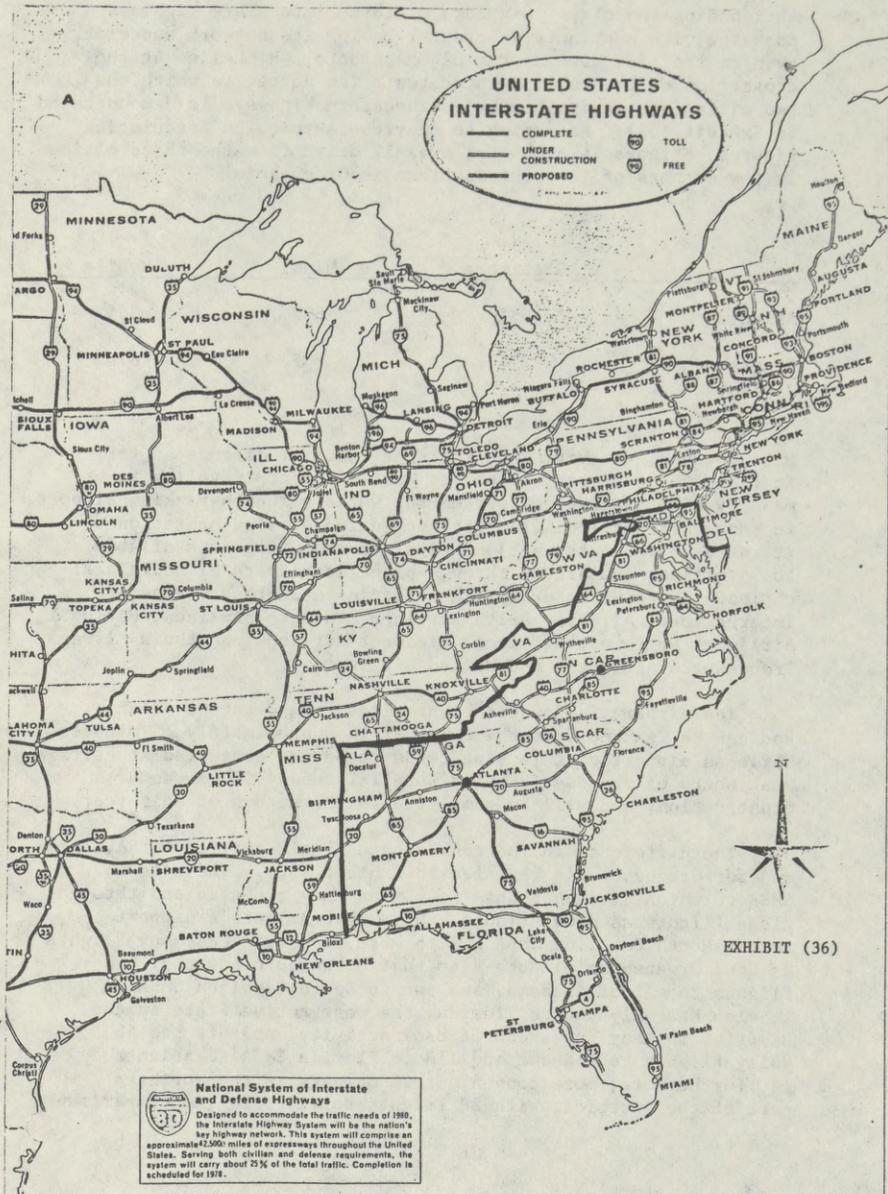


EXHIBIT (36)

EXHIBIT (37)

NUMBER OF DAILY FLIGHTS¹ AND
 ROUND TRIP FIRST CLASS AIR FARE²
 To Atlanta and Greensboro from
 Standard Metropolitan Statistical Areas
 in the Fourth District

	Flights				Fares	
	Atlanta		Greensboro		Atlanta	Greensboro
	Nonstop	Thru Plane	Nonstop	Thru Plane		
<u>ALABAMA</u>						
Birmingham	20	0	0	0	\$ 50	\$104
Gadsden	2	2	0	0	38	104
Huntsville	7	0	1	0	50	98
Mobile	4	5	0	0	80	134
Montgomery	8	3	0	1	54	108
Tuscaloosa	3	1	0	0	54	128
	36	12	1	1		
<u>FLORIDA</u>						
Ft. Lauderdale-						
Hollywood	12	1	0	0	132	148
Gainesville	2	0	0	0	90	110
Jacksonville	16	1	0	0	78	98
Miami	15	19	0	2	132	148
Orlando	10	7	0	0	98	128
Pensacola	6	0	0	0	74	128
Tallahassee	5	3	0	0	66	122
Tampa-						
St. Petersburg	17	4	0	0	98	128
	83	35	0	2		
<u>GEORGIA</u>						
Albany	9	2	0	0	54	128
Atlanta	-	-	5	2	-	80
Augusta	12	0	0	0	54	66
Columbus	13	0	0	0	42	96
Macon	8	0	0	0	42	96
Savannah	6	2	0	0	66	112
	48	4	5	2		
<u>MARYLAND</u>						
Baltimore	7	2	0	0	126	90
<u>NORTH CAROLINA</u>						
Asheville	6	0	1	0	58	48
Charlotte	12	3	6	1	68	42
Fayetteville	2	4	0	1	80	40

Greensboro-Winston-Salem-Highpoint	7	1	-	-	80	-
Raleigh-Durham	7	2	6	0	90	38
Wilmington	2	2	0	1	80	50
	<u>36</u>	<u>12</u>	<u>12</u>	<u>1</u> <u>3</u>		
<u>SOUTH CAROLINA</u>						
Charleston	1	11	0	0	74	92
Columbia	11	4	0	0	62	76
Greenville	9	0	1	1	54	54
	<u>21</u>	<u>15</u>	<u>1</u>	<u>1</u>		
<u>VIRGINIA</u>						
Lynchburg	0	2	0	0	84	40
Newport News-Hampton	1	1	0	0	118	58
Norfolk-Portsmouth	2	5	1	1	118	58
Petersburg-Colonial Heights ³	3	3	1	0	112	60
Richmond	3	3	1	0	112	60
Roanoke	0	5	2	0	80	42
	<u>9</u>	<u>19</u>	<u>5</u>	<u>1</u>		
WASHINGTON, D. C. ⁴	16	13	3	1	126	72
Avg. Fares					\$ 79.83	\$ 88.78

1. Weekday service only shown
2. Where available
3. Richmond closest airport
4. Excluding Baltimore

Source: Official Airline Guide, Quick Reference North American Edition, January 1, 1972

to Greensboro's six), and nine to Maryland. Greensboro has no non-stop or through-plane flights to Maryland SMSA's. Air service to Washington is of course important, since that city is generally the most active in the northern part of the District, and is the location of the Board. There are 29 daily flights to Washington from Atlanta, and there are four from Greensboro.

The frequency of these flights is very important to both members and Bank staff, because business traveling today is done on tight schedules, and one trip is often used to serve several missions. An association executive will fly to Greensboro to work out a problem or to expedite the processing of an application. This might require an hour or two, after which he may want to proceed to another appointment in the District, or perhaps to a meeting or convention elsewhere in the country. A schedule like this clearly cannot be maintained without extensive and frequent air service. If such service is not available, an association may have to plan several trips in place of one, or may have to have several staff members traveling at one time. Furthermore, trips to the District Bank will be longer, often overnight, causing unnecessary delay and expense. These problems are even greater for Bank and examiner personnel traveling throughout the District and requiring air service in and out of the District office at all hours of the day.

Exhibit (37) also shows the round trip, first class air fare from Atlanta and Greensboro to the District's SMSA's. The average from Greensboro is approximately \$9.00 higher than the average from Atlanta. In practice, the margin is much greater, since the Bank interacts more with the southern associations, and therefore more flights take place to southern SMSA's than to northern ones. Relocating the Bank to Atlanta will thus save money for the District's members, as a group, and for the Bank itself.

C. COMMUNICATION

While personal conferences are indispensable to both the Bank staff and member associations, most of the communication in the District is conducted over long distances, through telephone, telegraph, and mail.

1. Telephone

Telephone contact, like in-person discussion, has many advantages over less direct forms of communication. First, it is faster than the mail, and this time factor is often very important. Second, the give and take of informal conversation permits immediate questioning and clarification, enabling the parties involved to reach an immediate understanding, rather than having to wait for responses through the mail. Third, personal relationships between individuals can be formed and maintained over the telephone. These relationships create goodwill in the industry and facilitate the Bank's operations.

EXHIBIT (38)
TELEPHONE RATES*
between Atlanta and Greensboro and
Standard Metropolitan Statistical Areas
of the Fourth District

	<u>Atlanta</u>	<u>Greensboro</u>
<u>ALABAMA</u>		
Birmingham	\$.70	\$1.00
Gadsden	.55	.95
Huntsville	.70	.95
Mobile	.90	1.00
Montgomery	.70	1.00
Tuscaloosa	.75	1.00
<u>FLORIDA</u>		
Ft. Lauderdale-Hollywood	1.00	1.05
Gainesville	.90	1.00
Jacksonville	.85	.95
Miami	1.00	1.00
Orlando	.95	1.00
Pensacola	.85	1.00
Tallahassee	.80	.95
Tampa-St. Petersburg	.95	1.00
<u>GEORGIA</u>		
Albany	.70	.95
Atlanta	-	.90
Augusta	.70	.80
Columbus	.60	.95
Macon	.55	.90
Savannah	.75	.85

	<u>Atlanta</u>	<u>Greensboro</u>
<u>MARYLAND</u>		
Baltimore	1.00	.85
<u>NORTH CAROLINA</u>		
Asheville	.75	.80
Charlotte	.80	.60
Fayetteville	.90	.65
Greensboro-Winston-Salem-		
Highpoint	.90/.85	-
Raleigh-Durham	.95/.90	.55/.50
Wilmington	.95	.80
<u>SOUTH CAROLINA</u>		
Charleston	.85	.80
Columbia	.80	.80
Greenville	.70	.75
<u>VIRGINIA</u>		
Lynchburg	.95	.60
Newport News-Hampton	1.00	.75
Norfolk-Portsmouth	1.00	.80
Petersburg-Colonial Heights	1.00	.75
Richmond	1.00	.80
Roanoke	.90	.55
WASHINGTON, D. C.	1.00	.85
Avg.	\$.8431	\$.8597

* Direct dial day rates, three minutes.
 Rates supplied by Southern Bell Telephone Company

Atlanta has the world's largest Bell System toll-free dialing area. Exhibit (38) lists the telephone rates from Greensboro and Atlanta to all of the SMSA's in the District. The average cost from Atlanta is lower than from Greensboro by an insignificant margin. This difference is magnified, however, by the fact that the Bank conducts more business with the southern part of the District than with the northern, and therefore more calls take place to and from the SMSA's nearer to Atlanta.

The Atlanta Regional Center has direct cable and radio connection with the other ATT regional centers. Greensboro telephone patrons must communicate first through the Atlanta Center to gain access to the other major ATT centers.

Although it comprises a relatively small proportion of Bank and member communication with one another, telegraph services are frequently utilized. The telegraph combines the speed of the telephone with the precision of written communication, and therefore meets the requirements of certain special situations.

2. Telegraph

Western Union rates are the same for all of the continental United States, except within a state, so that cost is not a factor here. However, the availability of telegraph facilities is important. Atlanta has one of the world's largest telegraph installations, with direct trunk circuits to all major cities, and to all cities with one, and never more than two relays. Branch telegraph offices are located at three strategic points in the city. There are also direct teleprinter and way-wire lines to hundreds of cities and towns in the South. Greensboro has a Western Union area office for overseas cable communications, but its domestic telegraph facilities are far less extensive than Atlanta's.

3. Mail

Despite the delay and impersonality of mail, it has definite advantages in many situations, and is probably the means through which the greatest quantity of District communication is carried on. One reason for this is that it is the least expensive of the several methods of communication. Another is that it is the most practical and convenient method for transmitting lengthy and detailed material, such as the reports, records, and complex letters which characterize FHLB System correspondence.

While high priority or crisis issues are often handled by more rapid media, it is important that mail to and from the Bank travel quickly. Often the disposition of a high priority item will be determined by telephone, but cannot be implemented until certain records or papers are transmitted. Furthermore, routine processing and problems which cannot justify the cost of extensive telephone conversation, often require a great deal of correspondence. Applications may be incomplete or improperly filed or unclear, and several exchanges of letters may take place between the Bank and the member involved. The efficiency of the Bank's basic operations depends upon prompt mail service.

Atlanta is one of 33 cities in the nation which receive special overnight postal service. At present the city achieves next day delivery of airmail to 97% of the 600 cities on the Postmaster General's designated list, which includes all of the SMSA's in the District. Atlanta ranks sixth in the nation in tons of mail originated.

4. Mass Media

In addition to these forms of direct communication with individuals or associations, the Bank must also have access to mass media through which it can communicate with the public. This is extremely important because the savings and loan industry has emerged only in recent years as the major source of home-financing, and public awareness has not kept pace with that development. The FHLBanks initiate most of the publicity concerning the industry in their Districts, and must therefore have access to and good relations with the news media.

Atlanta's own mass media are very extensive. The city has seven television stations and 30 AM and FM, F.C.C. licensed radio stations. Television and radio each have two stations devoted to educational programming, and Atlanta broadcasters represent all of the national network affiliations. Three daily newspapers operate in Atlanta. The Atlanta Constitution (morning) and The Atlanta Journal (evening) have daily circulations of 208,401 and 257,061, respectively, and they publish a combined Sunday edition with a circulation of 554,874. The Atlanta Daily World is one of the two predominately Negro dailies in the United States.

In addition to the media serving its immediate area, Atlanta has central media facilities for the entire Southeast. It is one of five television and radio control centers in the nation. It has news bureaus for CBS and ABC (NBC relies upon its Atlanta affiliate, WSB). While the Associated Press and the United Press International have "stringers" in Greensboro (individuals who cover an occasional news item), both the AP and UPI maintain their regional bureaus in Atlanta. FHLBank press releases will thus be transmitted immediately to the entire District.

Two papers which follow FHLB System news very closely are the Wall Street Journal and the New York Times. Both have their regional offices in Atlanta. Neither has a reporter in Greensboro. Atlanta has reporting staffs for the following newspapers and periodicals:

The Christian Science Monitor
 Dow Jones & Co., including the
 Wall Street Journal
 Los Angeles Times
 New York Times
 McGraw-Hill Publications,
 including Business Week
 Newsweek Magazine
 Time
 U.S. News & World Report

The close proximity of these media centers is very beneficial to the Bank. The press releases of a FHLBank tend to be of a complex and statistical nature, requiring explanation and interpretation. If the Bank's spokesmen can furnish releases to a meeting of reporters, and then respond to questions and comments, the articles which result will be far more informative and extensive than they are when press releases are merely transmitted to each newspaper. If the Bank is located where reporters can easily congregate, its officers can hold press conferences whenever they are appropriate.

Furthermore, press conferences and other newsworthy occasions can receive much more thorough coverage if the Bank is located near the reporting facilities. For instance, the camera crew of one of the major television networks can easily cover an event at the FHLBank if they are located in the city where it occurs. On the contrary, only a major news item warrants the transportation of elaborate television equipment to another part of the region.

Finally, if the Bank shares the same city with most of the region's public information personnel, good relations can be formed and maintained with the media, and through them with the public.

VI. COORDINATION WITH OTHER GOVERNMENT AGENCIES

On March 27, 1969, President Nixon announced a series of actions which were being taken to streamline the structure and processes of the field activities of Federal agencies involved in social and economic services. The first of these steps was the establishment of a common pattern of regional boundaries and headquarters for the Department of Labor, the Department of Health, Education and Welfare, the Department of Housing and Urban Development, the Office of Economic Opportunity, and the Small Business Administration.

The President's plan, as revised on May 21, 1969, created ten regions, and within them ten regional centers in the following cities: Boston (Region I), New York (Region II), Philadelphia (Region III), Atlanta (Region IV), Chicago (Region V), Dallas-Ft. Worth (Region VI), Kansas City (Region VII), Denver (Region VIII), San Francisco (Region IX), and Seattle (Region X).

In his statement the President expressed his confidence that these changes would greatly improve the effectiveness of the Federal social and economic services. He said:

"The organization of federal services has often grown up piece-meal--creating gaps in some areas, duplications in others, and general inefficiencies across the country. Each agency, for example, has its own set of regional offices and regional boundaries; if a director of one operation is to meet with his counterpart in another branch of the government, he often must make an airplane trip to see him. Or consider two federal officials who work together on poverty problems in the same neighborhood, but who work for different Departments and, therefore, find themselves in two different administrative regions, reporting to headquarters in two widely separated cities.

"Coordination cannot flourish under conditions such as that. Yet without real coordination, intelligent and efficient government is impossible; money and time are wasted and important goals are compromised.

"This is why I said in the campaign last fall that 'the need is not to dismantle government but to modernize it.' The systematic reforms I announce today are designed to help in that modernization process."

With regard to the agencies which were not directly affected by the reorganization plan, President Nixon said, "I am asking all Federal agencies to take note of these instructions, and I am requesting that any changes in their field organization structure be made consistent with our ultimate goal: uniform boundaries and field office locations for all social or economic programs requiring interagency or intergovernmental coordination."

The President's reorganization was not the basic reason for the relocation of the Fourth District Bank. The FHLB Board determined, for reasons which have been presented in this report, that the Bank could function more effectively in Atlanta than in Greensboro. In implementing its decision, however, the Board complied with the language and the intent of the President's request. It took note of his 1969 instructions and made the intended change consistent with the ultimate goal of uniform field office locations.

It is clear from the discussion in Section III of this report that Federal Home Loan Banks engage in a great many "social or economic programs requiring interagency or intergovernmental coordination." In fact, this kind of coordination is particularly important for the FHLB System, because its activities overlap in many areas with the functions of other agencies. These similarities are obvious with the Federal Reserve, the FDIC, FNMA, and many others. The tie with the Department of HUD, however, deserves specific attention.

The closeness of the relationship between the FHLBB and HUD is illustrated by the fact that the Appropriations Subcommittee for HUD, Space, and Science also has jurisdiction over the FHLBB. This arrangement is logical and beneficial. The Department of HUD is the primary source of Federal housing programs. Savings and loans are the primary source of housing funds. If the two agencies do not coordinate their activities and work in a complementary fashion, maximum fulfillment of the nation's housing goals will be almost impossible. President Nixon's designation of HUD as one of the five agencies that should work from common regional centers confirms the fact that housing needs will be best met through strategic location and coordination.

Savings and loans have been expanding their dominant role as a supplier of housing funds. In many ways the industry only reached its maturity in the last decade. Essentially, its major contributions to the national housing goals still lie ahead. The present level of coordination between the FHLB System and other agencies is, therefore, merely a fraction of what will be required in the 1970's.

The potential for interaction is reflected to some degree in the activities that are already taking place in Washington. Recently, the Board and HUD sponsored a meeting in Washington to discuss common housing problems and relationships involving the Regional Administrators of HUD and FHLBank Housing Coordinators. The FHLBB's Office of Housing and Urban Affairs has entered upon a study with HUD concerning the abandonment of urban housing. The Board and HUD are currently engaged in coordinating some of their academic research efforts. Data collection and exchange are also shared by the FHLBB, the Federal Reserve System, the FDIC, and the Comptroller of the Currency. Extensive interaction is also required for interagency committees, such as the Coordinating Committee for Rate Control (Regulation Q), the Committee on Interest and Dividends, and the Housing Subcommittee of the Domestic Council, a cabinet-level group also requiring coordinated staff support. The FDIC and the FSLIC are often involved in the same proceedings. Coordination is also required with the Farmers Home Administration.

Another example of the potential for interaction is provided by the practice among many Federal Home Loan Banks of inviting the representatives of the Federal Reserve, HUD, and FNMA to annual meetings. The President of the Pittsburgh Bank has stated,

"We deliberately cultivate these relationships because they enable us to become personally acquainted with the persons in other Agencies who we think may thereby be more accessible to us on the occasions when their help and advice can better enable us to serve our members."

Bearing in mind the FHLB System's inherent need for interaction with other agencies, and the degree to which this need will be increasing due to its expanding role in housing finance, the presence of other financial organizations and agencies in the city of the Federal Home Loan Bank must be examined.

Atlanta is the site of regional and field offices for the U. S. Government agencies which are listed below. Activities which relate to the Federal Home Loan Bank System are indicated with an asterisk.

Department of Agriculture
 Forest Service
 Office of the Inspector General
 Southeast Consumer Protection

*Civil Service Commission

Coastal Plains Regional Commission

Department of Commerce
 Bureau of the Census

Department of Defense
 Defense Contract Audit Agency

Environmental Protection Agency

*Equal Employment Opportunity Commission

Executive Office of the President
 *Office of Economic Opportunity (for Region IV)

*Farmer's Home Administration--State Office (the Farmer's
 Home Administration has no regional structure)

Federal Communications Commission
 Field Engineering Bureau

*Federal Deposit Insurance Corporation

Federal Mediation & Conciliation Service

*Federal Reserve Bank

Federal Trade Commission

*General Services Administration

*Department of Health, Education & Welfare (for Region IV)
 Office of Education
 Public Health Service
 Social & Rehabilitation Service
 Social Security Administration

*Department of Housing and Urban Development

*Regional Office (for Region IV)
 *HUD Area Office
 *Federal Housing Administration
 FHA Insuring Office
 *Federal National Mortgage Association
 *Government National Mortgage Association

Department of the Interior
 Bureau of Sport Fisheries & Wildlife
 Bureau of Outdoor Recreation
 Geological Survey Water Resources Division

Interstate Commerce Commission

Department of Justice
 *Federal Bureau of Investigation

Department of Labor (for Region IV)
 The Solicitor of Labor
 Labor-Management Services Administration
 Employment Standards Administration
 Manpower Administration
 Women's Bureau
 Occupational Safety & Health Administration
 Bureau of Labor Statistics

Legislative Branch
 *General Accounting Office
 Government Printing Office

National Labor Relations Board

National Park Service

Railroad Retirement Board

*Securities & Exchange Commission

Small Business Administration (for Region IV)

Department of Transportation
 Regional Representative of the Secretary
 Federal Aviation Administration
 Federal Highway Administration
 Federal Railroad Administration
 National Highway Traffic Safety Administration

Department of the Treasury
 Internal Revenue Service
 U. S. Savings Bond Division
 U. S. Secret Service
 *Regional Administrator of National Banks

*Veterans Administration

As the list indicates, Atlanta contains the southeastern regional offices of most Federal field activities. This is in part because it is a designated regional service center. For example, the National Park Service announced on January 13 of this year that it is moving its southeastern regional headquarters of 115 people to Atlanta, as a result of the administration's reorganization. In addition, many agencies established their offices in Atlanta prior to the 1969 reorganization, because it is the hub of the southeast. These activities have not impacted Atlanta, since they account for only 3.7% of the city's total employment, and 4.1% of its total wage and salary figure. However, they do constitute a concentration of regional government.

This situation greatly enhances any efforts to decentralize government from Washington. President Nixon made this clear when he announced the creation of the ten regional service centers. He said, "The systematic reforms I announced today are designed to help in that modernization process. I would discuss those reforms under three headings: rationalization, coordination and decentralization. It should be recognized, of course, that the three elements are interdependent. Without one the others would be meaningless." In other words, decentralization is impossible without coordination and rationalization of field structures. Our society is so complex that no single social need can be isolated and treated alone. Each problem exists in a matrix of other problems and usually in a wide geographical context as well. The response to it, therefore, requires interaction with other social services, and with other affected geographical locations. This need for coordination was a major reason for the increasing concentration of government in Washington. Responsibility can be redistributed to the local levels only if they are equipped to meet the need for coordination, which is stronger than ever before. The only way to equip them is to create a degree of regional centralization -- government that is both coordinated and close to the people.

The Board believes that the decision to place government field offices in common locations is a major advance towards meeting the social and economic challenges which face the country. The establishment of the Fourth District Bank in Atlanta is a step in that advance. This report has shown that the requirements of the Fourth District are unique in the FHLB System. It is fortunate that the District has access to Atlanta, which is also unique among the sites of FHLBanks. In the entire country, only Chicago and Atlanta contain the primary regional activities

of all of the following housing and financial organizations: HUD, FHA, FNMA, GNMA, the FDIC, the Comptroller of the Currency (Regional Administrator of National Banks), and the Federal Reserve. The presence of these activities, combined with the other characteristics that have been examined in this report, represent the tremendous contribution which Atlanta will make to the Fourth Federal Home Loan Bank District.

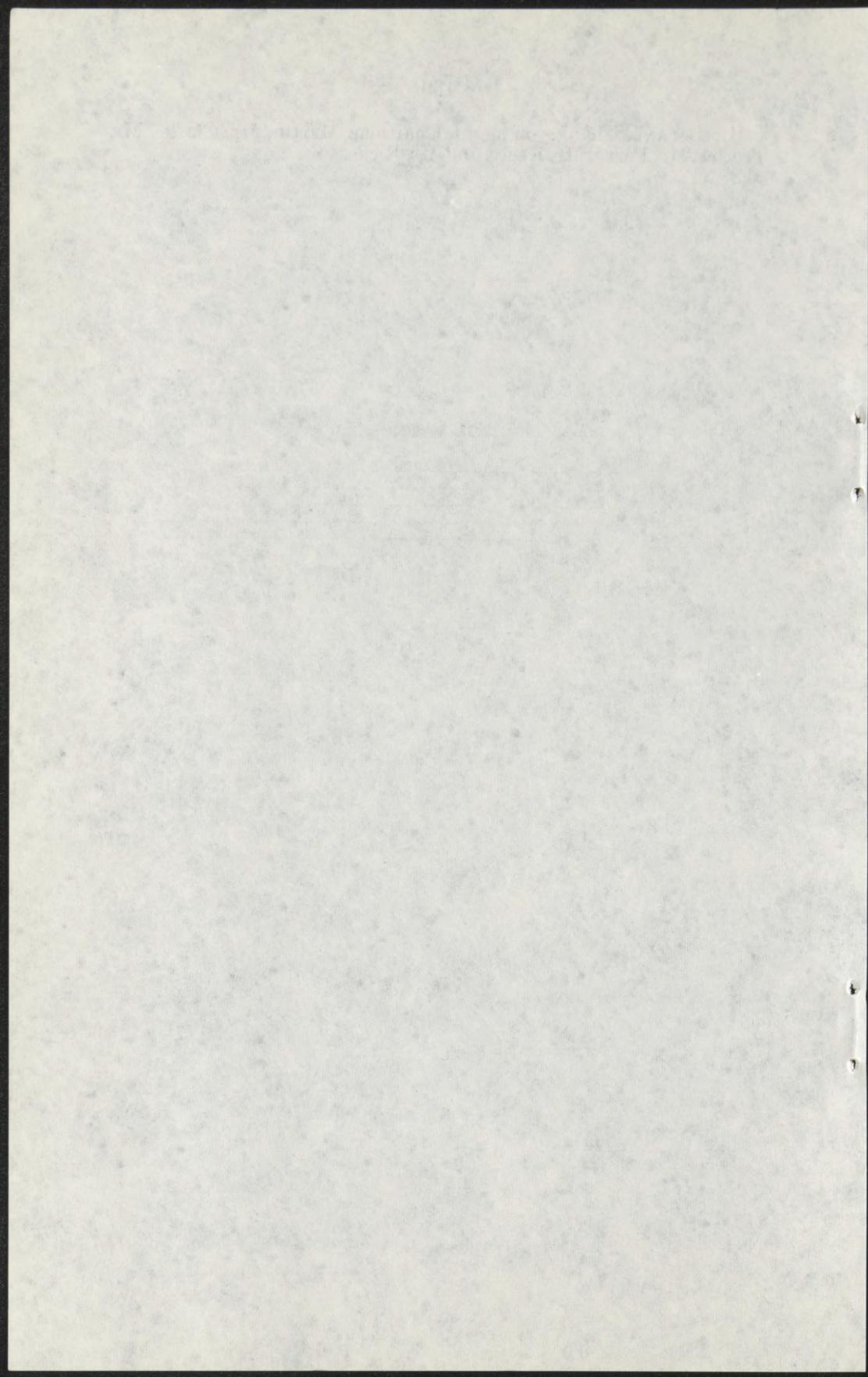
CONCLUSION

Interaction is the basis of a Federal Home Loan Bank's reason for existence. The Fourth District Bank, the District examiners, and the regional office of the Mortgage Corporation are Federal field activities whose role is to coordinate and facilitate the operations of member savings and loans with each other and with a wide range of other participants in finance and housing markets. This coordination is the basis of the Federal Home Loan Bank System's effectiveness.

The basis of coordination is communication. The establishment of the Fourth District Bank in Atlanta will strengthen the various means of communication between the District office and all of the organizations with which it interacts by making communication to and from the Bank easier, faster and less costly than it has been in the past. As a result, more communication will occur. Through these lines of interaction, the District may be drawn into a cohesive network that is increasingly effective in meeting the financial and housing challenges of the area.

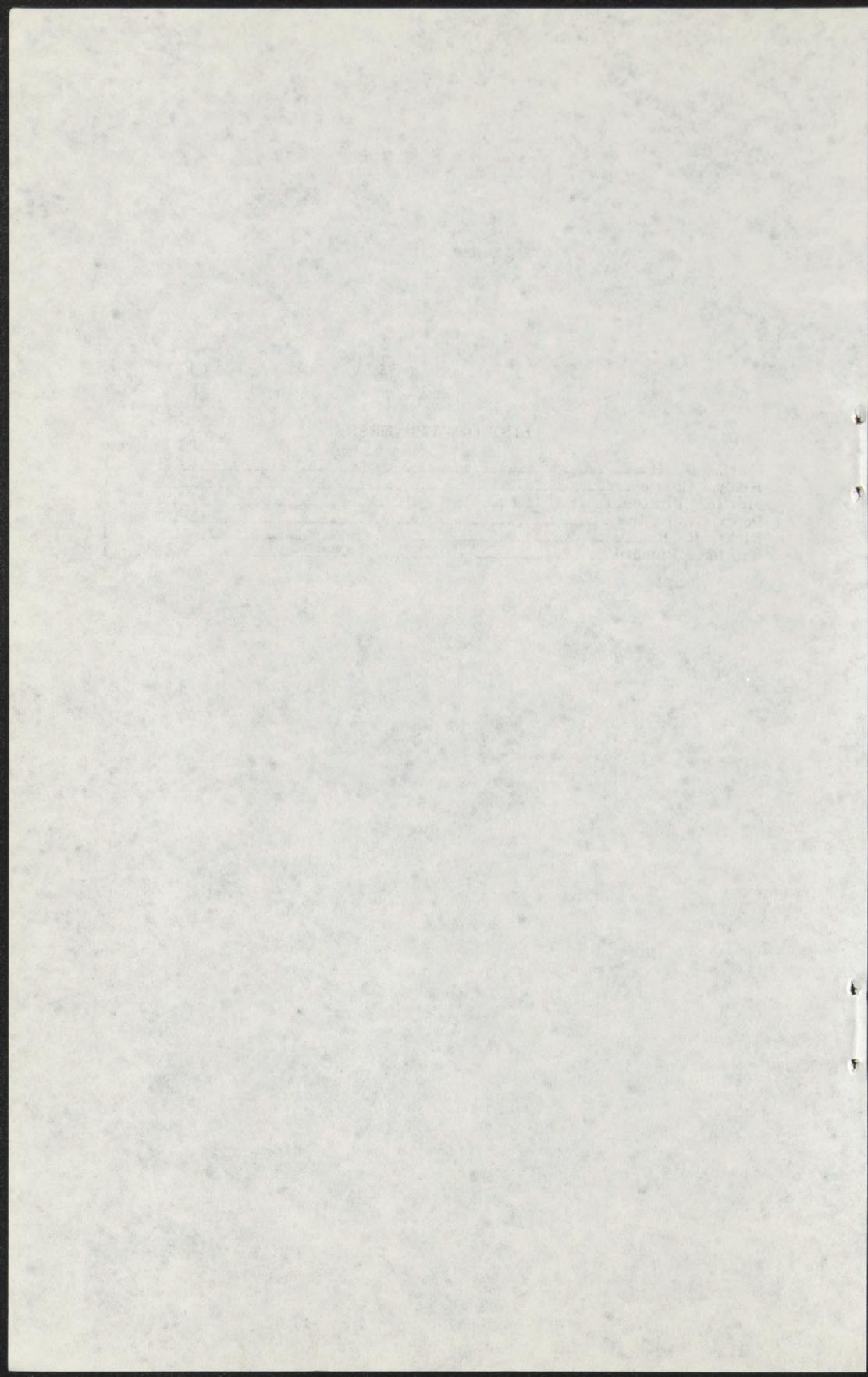
The report has demonstrated the ways in which Atlanta can more effectively achieve interaction. It has also shown that the Board had the authority to relocate the Fourth District Bank, and that the relocation will not result in unreasonable costs. On the basis of these factors, the decision to relocate the Bank was made by the Board.

Mr. BOLAND. Thank you again, Chairman Martin, Mr. Clarke, Mr. Trotter, Mr. Perry, Mr. Keely, and Mr. Ricks.



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