

FEDERAL RESERVE BANK  
OF DALLAS

Dallas, Texas, October 21, 1950

REGULATION X—REAL ESTATE CONSTRUCTION CREDIT

Statement of Borrower with respect  
to credit which is not  
“Real Estate Construction Credit”

To the Addressee:

In a circular letter dated October 17, 1950, sample copies of statement of borrower forms, designed to meet the requirements of Regulation X, were enclosed.

Subsequently, a number of inquiries have been received as to what constitutes compliance with the provisions of the first sentence of Section 4 (c) of Regulation X. It provides that no registrant shall extend any credit unless he is satisfied, and maintains records which reasonably demonstrate on their face whether such credit is or is not real estate construction credit. If the registrant is satisfied that the credit is not real estate construction credit, the provisions of this sentence may be met by the retention by the registrant of any of the following:

(1) A statement of the borrower, on the short form (X-1) enclosed in our letter of October 17, 1950, or contained in a loan application or any letter or other writing, which is signed by the borrower and states the facts indicated in the second sentence of Section 4 (c);

(2) Any correspondence, memoranda, loan applications or other documents of any kind, whether or not originating in connection with the credit in question, which on the basis of a reasonable interpretation show that the credit is not real estate construction credit; or

(3) A written endorsement or rubber stamp legend, placed upon the credit instrument or upon other papers in connection with the credit and signed by the registrant or a responsible officer of the registrant, stating that he is satisfied that the credit in question is not real estate construction credit.

Yours very truly,

R. R. GILBERT

President