

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, September 4, 1951

REAL ESTATE CREDIT
AMENDMENT TO REGULATION X

*To All Persons Engaged in the Business of Extending Real Estate
Credit in the Eleventh Federal Reserve District:*

There is quoted below a statement issued September 1, 1951, jointly by the Board of Governors of the Federal Reserve System and the Housing and Home Finance Administrator relating to an amendment to Regulation X.

Joint Release
of the
Board of Governors of the Federal Reserve System
and
Housing and Home Finance Agency

“The Board of Governors of the Federal Reserve System and the Housing and Home Finance Agency today announced the revision of Regulation X and related restrictions on housing credit affecting 1- to 4-family housing to bring the regulation into conformity with the provisions of the new Defense Housing and Community Facilities and Services Act of 1951.

“The Act provides that with respect to veterans’ home loans guaranteed under the GI Bill of Rights, where the sales price does not exceed \$7,000, the down payment shall not exceed 4%; where the sales price does not exceed \$10,000, the down payment shall not exceed 6%; and where the sales price does not exceed \$12,000, the down payment shall not exceed 8%.

“With respect to other home loans (conventional and FHA-insured), the Act provides that no more than 10% down payment shall be required where the transaction price does not exceed \$7,000; no more than 15% where the transaction price does not exceed \$10,000; and no more than 20% where the transaction price does not exceed \$12,000.

“The Act also provides that credit restrictions shall not require the term or maturity of any loan on housing up to \$12,000 to be less than 25 years. Under the previous regulations the maximum maturity was 20 years for housing priced at more than \$7,000, except for hardship cases under GI loans.

“Similar terms—both as to down payment and maturity—also apply to farm housing loans made by the Farmers Home Administration.

“The new schedule of maximum loans and minimum down payments follows the requirements of the Act up to \$12,000 and then, as rapidly as practical, returns to the schedule of down payments required under the credit controls instituted last October. Except for fractional changes made in the interest of simplifying calculations, the level of the previous regulations is reached at \$15,000 and from that point on the mortgage limits are substantially the same as before.

“Following is the new schedule of credit terms for 1- 4-family housing that is financed through conventional loans or FHA-insured mortgages :

Maximum Mortgage Amounts

<u><i>If the “Value Per Family Unit” is</i></u>	<u><i>The “Maximum Loan Value Per Family Unit” is</i></u>
Not more than \$7,000	90% of “value per family unit”
More than \$7,000 but not more than \$10,000	85% of “value per family unit”
More than \$10,000 but not more than \$12,000	80% of “value per family unit”
More than \$12,000 but not more than \$15,000	\$9,600 plus 40% of excess of “value per family unit” over \$12,000
More than \$15,000 but not more than \$20,000	\$10,800 plus 20% of excess of “value per family unit” over \$15,000
More than \$20,000 but not more than \$24,500	\$11,800 plus 10% of excess of “value per family unit” over \$20,000
Over \$24,500	50% of “value per family unit”

Minimum Downpayments

<u><i>If the “Value Per Family Unit” is</i></u>	<u><i>The “Minimum Down Payment Per Family Unit” is</i></u>
Not more than \$7,000	10% of “value per family unit”
More than \$7,000 but not more than \$10,000	15% of “value per family unit”
More than \$10,000 but not more than \$12,000	20% of “value per family unit”
More than \$12,000 but not more than \$15,000	\$2,400 plus 60% of excess of “value per family unit” over \$12,000
More than \$15,000 but not more than \$20,000	\$4,200 plus 80% of excess of “value per family unit” over \$15,000
More than \$20,000 but not more than \$24,500	\$8,200 plus 90% of excess of “value per family unit” over \$20,000
Over \$24,500	50% of “value per family unit”

“Following is the new schedule of credit terms for 1- 4-family housing financed with the assistance of VA-guaranteed loans :

Maximum Mortgage Amounts

<u><i>If the Price Per Family Unit is</i></u>	<u><i>The Maximum Mortgage Loan Per Family Unit is</i></u>
Not more than \$7,000	96% of price
More than \$7,000 but not more than \$10,000	94% of price
More than \$10,000 but not more than \$12,000	92% of price
More than \$12,000 but not more than \$15,000	\$11,040 plus 17% of excess of price over \$12,000
More than \$15,000 but not more than \$20,000	\$11,550 plus 25% of excess of price over \$15,000
More than \$20,000 but not more than \$24,500	\$12,800 plus 15% of excess of price over \$20,000
Over \$24,500	55% of price

Minimum Downpayments

<u>If the Price Per Family Unit is</u>	<u>The Minimum Down Payment Per Family Unit is</u>
Not more than \$7,000	4% of price
More than \$7,000 but not more than \$10,000	6% of price
More than \$10,000 but not more than \$12,000	8% of price
More than \$12,000 but not more than \$15,000	\$960 plus 83% of excess of price over \$12,000
More than \$15,000 but not more than \$20,000	\$3,450 plus 75% of excess of price over \$15,000
More than \$20,000 but not more than \$24,500	\$7,200 plus 85% of excess of price over \$20,000
Over \$24,500	45% of price

“The new Act also provides for the suspension of credit restrictions in critical defense housing areas for housing programmed for defense workers and military personnel and selling for not more than \$12,000 or renting for not more than \$85 a month. Regulation X and related restrictions have been amended accordingly, to bring the provisions with respect to defense areas into conformity with the new law. At the same time, it was announced that credit terms are also suspended for defense housing programmed in areas previously designated as critical defense areas.

“Regulation X has been further amended to provide for the exemption from the regulation of certain essential nonresidential defense construction.”

Down Payment Schedule by \$1,000 Intervals

New Minimum Downpayments and Maximum Mortgage Amounts Under Regulation X and Related Residential Credit Restrictions

Minimum Down Payments

<u>Value or Price Per Family Unit</u>	<u>FHA AND CONVENTIONAL LOANS</u>		<u>VA LOANS</u>	
	<u>Percent of Value</u>	<u>Dollar Amount</u>	<u>Percent of Price</u>	<u>Dollar Amount</u>
\$ 5,000	10.0%	\$ 500	4.0%	\$ 200
6,000	10.0	600	4.0	240
7,000	10.0	700	4.0	280
8,000	15.0	1,200	6.0	480
9,000	15.0	1,350	6.0	540
10,000	15.0	1,500	6.0	600
11,000	20.0	2,200	8.0	880
12,000	20.0	2,400	8.0	960
13,000	23.1	3,000	13.8	1,790
14,000	25.7	3,600	18.7	2,620
15,000	28.0	4,200	23.0	3,450
16,000	31.2	5,000	26.2	4,200
17,000	34.1	5,800	29.1	4,950
18,000	36.7	6,600	31.7	5,700
19,000	38.9	7,400	33.9	6,450
20,000	41.0	8,200	36.0	7,200
21,000	43.3	9,100	38.3	8,050
22,000	45.5	10,000	40.5	8,900
23,000	47.4	10,900	42.4	9,750
24,000	49.2	11,800	44.2	10,600
24,500	50.0	12,250	45.0	11,025
25,000	50.0	12,500	45.0	11,250

Maximum Mortgage Loans

<u>Value or Price Per Family Unit</u>	<u>FHA AND CONVENTIONAL LOANS</u>		<u>VA LOANS</u>	
	<u>Percent of Value</u>	<u>Dollar Amount</u>	<u>Percent of Price</u>	<u>Dollar Amount</u>
\$ 5,000	90.0%	\$ 4,500	96.0%	\$ 4,800
6,000	90.0	5,400	96.0	5,760
7,000	90.0	6,300	96.0	6,720
8,000	85.0	6,800	94.0	7,520
9,000	85.0	7,650	94.0	8,460
10,000	85.0	8,500	94.0	9,400
11,000	80.0	8,800	92.0	10,120
12,000	80.0	9,600	92.0	11,040
13,000	76.9	10,000	86.2	11,210
14,000	74.3	10,400	81.3	11,380
15,000	72.0	10,800	77.0	11,550
16,000	68.8	11,000	73.8	11,800
17,000	65.9	11,200	70.9	12,050
18,000	63.3	11,400	68.3	12,300
19,000	61.1	11,600	66.1	12,550
20,000	59.0	11,800	64.0	12,800
21,000	56.7	11,900	61.7	12,950
22,000	54.5	12,000	59.5	13,100
23,000	52.6	12,100	57.6	13,250
24,000	50.8	12,200	55.8	13,400
24,500	50.0	12,250	55.0	13,475
25,000	50.0	12,500	55.0	13,750

NOTE: Dollar amounts may vary slightly from amounts derived by use of percentages due to rounding.

The text of the amendment is enclosed.

It is planned that Regulation X will be reprinted in full and a copy of such reprint will be sent to all registrants on our mailing list as soon as available.

Any information which may be desired concerning the Regulation will be gladly furnished by this bank and its branches in El Paso, Houston and San Antonio, Texas.

Yours very truly,

R. R. GILBERT

President