

REAL ESTATE CREDIT
AMENDMENT NO. 7 TO REGULATION X

Issued by the Board of Governors
of the Federal Reserve System
with the concurrence of the
Housing and Home Finance Administrator

Regulation X is hereby amended in the following respects, effective November 19, 1951:

1. Add the following new subsection (*n*) to Section 5:

(*n*) **Unavoidable Sales Delay.**—If a Registrant desires to extend credit to a person (1) who is moving from one municipality or county to another, and (2) who is purchasing residential property in the new location, which will be used in substitution for residential property presently held by such person in the old location as an owner-occupant, and (3) who has sold or is to sell the property presently held and apply the proceeds of the sale to the new purchase, the Registrant may apply to a Federal Reserve Bank for an exemption from this Regulation, stating in the application all the relevant facts and that the Registrant is satisfied in good faith that the making or completion of the sale of the presently held property has been delayed for an unavoidable reason and that the proceeds from the sale will, therefore, be temporarily unavailable to apply to the new purchase. If the Federal Reserve Bank is satisfied that the delay is unavoidable, it will issue a certificate of exemption to the Registrant and thereupon the Registrant may extend credit with respect to the property being purchased without regard to the secondary borrowing prohibition in subsection (*b*) of Section 4 of this Regulation; provided, however, any credit extended which exceeds the maximum loan value of the property being purchased shall meet such requirements as may be specified in the certificate issued by the Federal Reserve Bank and shall not in any event have a maturity of more than six months from the date the certificate was issued.

2. Strike out “30 months” in subsection (*l*) of Section 5 and insert “36 months” in lieu thereof.

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, November 16, 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 the text of a statement issued today by the Board of Governors of the Federal Reserve System relating to an amendment to Regulation X (as amended September 1, 1951).

“The Board of Governors of the Federal Reserve System announced today an amendment to Regulation X—Real Estate Credit—which will assist persons moving from one part of the country to another in the purchase of a new home when there is a delay in obtaining the proceeds from the sale of their old home. Secondary borrowing in connection with the purchase of a new house under such circumstances will be exempt from the Regulation provided the credit is limited to a period not exceeding six months. The exemption can be obtained on the basis of an appropriate application to a Federal Reserve Bank.

“The Amendment also changed the maximum period specified in connection with exempt loans for materials, articles, and services used in new construction from 30 to 36 months. This parallels recent changes in Regulation W—Consumer Credit.”

The text of the Amendment is set forth on the reverse side of this letter.

This bank and its branches at El Paso, Houston, and San Antonio will be glad to furnish any information which may be desired concerning the Regulation.

Yours very truly,

R. R. GILBERT

President