

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, December 24, 1951

CONSUMER CREDIT
AMENDMENT NO. 5 TO REGULATION W

To the Registrant Addressed and Others Concerned:

There is quoted below the text of a statement issued by the Board of Governors of the Federal Reserve System in connection with amendment No. 5 to Regulation W, effective December 31, 1951:

"The Board of Governors has adopted effective December 31, 1951, a technical amendment to Regulation W, Consumer Credit, designed to conform the provisions of the regulation to certain regulations of the Office of Price Stabilization, including Ceiling Price Regulation 94, which establishes maximum retail prices for used automobiles.

"The amendment provides in substance that the maximum amount of money that can be loaned for the purchase of a listed article subject to Regulation W shall be not more than the specified percentage of the cash price but in no event more than that percentage of the maximum retail price established by Federal authorities. The specified maximum loan value percentages are unchanged: for automobiles, 66 $\frac{2}{3}$ per cent; household appliances, radios and television, and furniture, 85 per cent; home improvements, 90 per cent. This restores the form of the provisions applying to maximum loan values that were in effect during the latter part of World War II."

The text of the amendment is reproduced on the reverse 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

CONSUMER CREDIT

AMENDMENT NO. 5 TO REGULATION W

Issued by the Board of Governors
of the Federal Reserve System

Regulation W is hereby amended in the following respects, effective December 31, 1951:

1. By amending Part 4 of the Supplement to the regulation to read as follows:

Part 4. Calculation of Down Payment and Maximum Loan Value for Listed Articles. The required down payment and maximum loan value for a listed article shall be the specified percentage of the cash price of the article.

The amount of credit extended in connection with any article for which a maximum retail price is prescribed by Federal price authorities shall in no event exceed the amount which would have been permitted if the article had been sold at the maximum retail price. Such required down payment may be obtained in the form of cash, trade-in, or both.

If the cash price of an article listed in Group D cannot be determined at the time the required down payment must be obtained or at the time of the loan, (1) the Registrant may substitute for the cash price in calculating such down payment a *bona fide* estimated cash price, or (2) the borrower may substitute for the cash price, and in calculating the maximum loan value the Registrant may rely in good faith on, a *bona fide* estimated cash price as so stated in the Statement of the Borrower.

2. By deleting in its entirety Part 5 of the Supplement to the regulation.

3. By substituting "Part 4" for "Part 5" in footnote 5 to section 4(d) of the regulation.

4. By substituting "Part 4" for "Parts 4 and 5" in the language in parenthesis in the first sentence of Part 1 of the Supplement to the regulation.