

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 69-269
October 31, 1969

SUPPLEMENT TO REGULATION V

To All Banking Institutions and Others Concerned
in the Eleventh Federal Reserve District:

Effective October 27, 1969, the Board of Governors of the Federal Reserve System has amended Section 7(a) of its Supplement to Regulation V, which pertains to the maximum rate of interest on Loan Guarantees for Defense Production.

A copy of the amendment is enclosed for insertion in the ring binder containing the Regulations of the Board of Governors and the Bulletins of this Bank.

Yours very truly,

P. E. Coldwell

President

Enclosure (1)

SUPPLEMENT TO REGULATION V

Section 7 — Maximum Rates of Interest, Guarantee Fees, and Commitment Fees

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective October 27, 1969

Pursuant to the provisions of the Defense Production Act of 1950 and Executive Order No. 10480, dated August 14, 1953, as amended, the Board of Governors of the Federal Reserve System hereby prescribes the maximum rate of interest, guarantee fees, and commitment fees which may be charged with respect to guaranteed loans executed through the agency of any Federal Reserve Bank:

(a) **Maximum rate of interest.** — The maximum interest rate charged a borrower by a financing institution with respect to a guaranteed loan shall not exceed $7\frac{1}{2}$ per cent per annum, except that the agency guaranteeing a particular loan may from time to time prescribe a higher rate if it determines the loan to be necessary in financing an essential defense production contract.

(b) **Guarantee fees.** — The schedule of fees with respect to guaranteed loans is as follows:

<i>Per cent of loan guaranteed</i>	<i>Guarantee Fee (Per cent of interest payable by borrower on guaranteed portion of loan)</i>
70 or less	10
75	15
80	20
85	25
90	30
95	35
Over 95	40-50

In any case in which the rate of interest on the loan is in excess of 6 per cent, the guarantee fee shall be computed as though the interest rate were 6 per cent.

(c) **Commitment fees.** — In any case in which a commitment fee is charged a borrower with respect to a guaranteed loan, such fee shall not exceed $\frac{1}{2}$ of 1 per cent per annum. In any such case, the financing institution will pay to the guaranteeing agency a percentage of such commitment fee, based on the guaranteed portion of the credit, equal to the same percentage of the interest payable on the loan which is required to be paid by the financing institution to the guarantor as a guarantee fee.