

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 80-73

April 16, 1980

AMENDMENTS TO CREDIT RESTRAINT REGULATIONS

TO ALL BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed are amendments to the consumer credit regulations announced March 14 providing an alternative base period calculation for creditors subject to the Consumer Credit Restraint Program.

In addition, the Federal Register document regarding Subpart D of the Credit Restraint regulations is enclosed.

Also enclosed is the third in a series of sets of answers to questions concerning the Board's anti-inflation programs. These questions and answers may be added to those previously supplied under the headings previously used and continuing previous numbering of pages and questions.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosures

THE SPECIAL CREDIT RESTRAINT PROGRAM -- Page 3*

9. Are any classes of bank loans (such as loans to small business) to U.S. residents "exempt" or excluded from the 6 to 9 percent quantitative guideline for growth in bank loans in the Special Credit Restraint Program?

Answer: No. The qualitative objectives of the program call upon banks and other lenders to ensure that flows of credit to small business, farmers, homebuyers, smaller correspondent banks and others as stipulated in the Program are maintained. However, growth in these loan categories are included in the overall quantitative guidelines relating to lending. Consequently, where necessary, individual banks are expected to exercise special restraint on loans to large business customers or others that have access to other sources of funds so that credit to groups requiring special attention can be maintained. The guidelines thus apply to overall loan growth; the special categories are not "exempt" in judging overall growth, but the restraint should fall on other sectors.

10. How can a bank that is already high in or above the 6 to 9 range cope with takedowns of legally binding commitments that would push the bank's overall loans over or further beyond the 9 percent limit?

Answer: As a first step, banks should review existing commitments carefully to determine which are, in fact, legally binding. Also, banks in such a position should attempt aggressively to encourage prospective borrowers to postpone such takedowns where possible and/or to consider alternate sources of funding. If these options are not realistic and the loans are made, the Federal Reserve would fully expect that such a bank would be extraordinarily careful about making new commitments, and that it would not accommodate such loans by reducing credit to small business, homebuyers, farmers and other similar customers. Moreover, in these circumstances, the Federal Reserve's attitude toward the bank's performance will be importantly influenced by the bank's liquidity and capital position relative to that of its peers.

11. How firm is the 6 to 9 percent limit on loan growth? Under what circumstances will faster growth be acceptable?

Answer: In the current economic and market circumstances, the 6 to 9 percent range is a firm guideline for the December 1979-December 1980 period. Banks should judge current trends in the light of that yearly target. It is recognized that loans or commitments made during the first two months of the year, seasonal peaks in lending (as, for example, around tax dates), exceptionally strong local growth, or other particular factors might cause some banks temporarily to exceed a path consistent with the guideline. In such cases, special consultations will be held with the regional Federal Reserve Bank in which the bank(s) should be prepared to explain and justify the

*Questions and answers were last previously supplied under this heading in the set of questions and answers dated March 26.

THE SPECIAL CREDIT RESTRAINT PROGRAM -- Page 4

circumstances surrounding the departure and to discuss plans for slowing the pace of lending, particularly in areas not subject to special treatment, so as to move back within the range. One important element in such special consultations will be the lending pattern of the bank in relation to its capital and liquidity position.

12. Does the 6 to 9 percent growth limit apply equally to the credit extended by nonbank subsidiaries of bank holding companies?

Answer: Yes, the general limitation on loan growth does apply to the bank and nonbank subsidiaries of bank holding companies. The Federal Reserve is mindful of the possibility that each unit in a bank holding company may not experience the same rate of credit expansion. In these circumstances the Federal Reserve will look at the aggregate rate of credit expansion by the overall holding company as well as the performance of individual reporting units within the holding company structure.

13. Does the 6 to 9 percent growth limit apply to the credit extended by finance companies that are not affiliated with bank holding companies?

Answer: Finance companies are expected to respect the overall intent of the program. Consistent with the framework of the program, no special restraint is suggested for consumers and small business lending, which would include auto dealers with credit lines of \$1.5 million or less. Lending to larger businesses should be reduced to accommodate any increases in consumer and automobile paper so that the overall growth can stay within the guideline. The Federal Reserve recognizes that in some instances the firm's customer base and/or seasonal or cyclical patterns of lending by such finance companies may require evaluation on a case by case basis. In such instances, finance companies should, in their subsequent reporting to their respective Federal Reserve Banks, provide appropriate information bearing on such circumstances.

14. Page 1 of the Fed press release states that special efforts will be made to maintain credit for farmers and small businessmen, including accommodation of the needs of correspondent banks serving such customers. What is the nature of these special efforts?

Answer: The Federal Reserve expects that individual banks without special lending and credit availability programs will design appropriate programs to maintain the flow of such credit and promptly put them into effect. These programs should reflect the nature of that bank's business, its existing customer base, and other appropriate circumstances. While the nature and substance of such programs must and should be determined by the individual banks, the banks are asked to inform their Federal Reserve Bank of their programs. Moreover, bank examiners will monitor the implementation of these special programs as part of the usual examination process.

15. The program states that account will be taken of a bank's capacity to finance its loan portfolio without straining capital or liquidity. How will this be done?

THE SPECIAL CREDIT RESTRAINT PROGRAM -- Page 5

Answer: The Federal Reserve is mindful of the fact that both the capital and liquidity positions of some banks are lower than may be desirable over time and that some banks are therefore not as well equipped as others to absorb increases in lending. In view of this, and in the light of the continuing interest of the Federal Reserve and the other federal bank regulatory agencies in promoting stronger capital and liquidity positions in the banking industry, the Federal Reserve will be especially sensitive to those banks with loan growth in the upper area of, or temporarily above, the guideline range at the expense of further declines in already relatively low capital and liquidity positions. In some instances, capital and liquidity considerations may require special consultations even when a bank's loan growth is well within the specified range.

Q & A - 4/10/80

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16. Are export loans included in the total of loans subject to the 6 to 9 percent growth limitation?

Answer: They are. But the Board would not want banks to reduce the availability of export loans in order to make less desirable types of loans. Any bank that exceeds the growth limit because of export loans should note that fact in Section D of its report.

17. Are extensions of credit by Edge Act subsidiaries included in the 6-9 percent guideline?

Answer: Loans by Edge Act subsidiaries to U.S. addressees are to be included in total loans and leases to U.S. addressees by banks, branches and agencies, and bank holding companies. The 6-9 percent growth limitation applies to this measure of bank lending. Thus, Edge Corporations are not exempt from the growth limit on bank loans.

CONSUMER CREDITRegulations B and Z -- Page 2*

3. An earlier question asked about the application of Regulation B (Equal Credit Opportunity) to creditor actions to restrain consumer credit growth as contemplated by Subpart A. Are any modifications in Regulation B contemplated?

Answer: No. The regulation continues to apply in the same manner as before. No modification in Regulation B is considered necessary to take account of creditor actions prompted by Subpart A.

With regard to new accounts, if a creditor rejects all new applications because of the credit restraint program, that would not be viewed as an "adverse action" under Regulation B. However, if the creditor rejects particular applicants because of tighter creditworthiness standards prompted by the credit restraint program, the creditor must give specific reasons for the denial.

With regard to existing accounts, if any adverse change applies to all accounts, no "adverse action," within the meaning of Regulation B, is considered to have occurred. If the change is imposed on a more selective basis, the creditor may be required to treat the change as an adverse action and provide an adverse action notice.

It must be emphasized that any actions taken by a creditor that may have the effect of denying credit to a class of persons on a prohibited basis will be measured by the same standards as now apply to determine whether those actions violate Regulation B.

*The last previous questions and answers under this heading were in the first set of Q&As, dated March 26.

CONSUMER CREDIT

Covered Credit -- Page 7

21. Creditor B buys Federally-guaranteed loans from creditor A. Does creditor B reflect these loans in its covered credit?

Answer: No. The loans were originally exempt and remain so after the transfer.

22. Is a loan for the purchase of a commercial property such as a store or warehouse to be considered business credit, even where the borrower intends to use it as a residence as well as for commercial purposes?

Answer: Yes. A loan whose purpose is the acquisition, construction or maintenance of a commercial property is business credit, so long as the structure continues to serve a commercial function.

23. A customer who currently owns a home and a vacant lot obtains a loan from a creditor to finance construction of a new residence on the lot. The loan is secured by the customer's current home. Is this covered credit?

Answer: No. The loan is exempt.

FEDERAL RESERVE SYSTEM

12 CFR Part 229

[Docket No. R-0283]

Credit Restraint; Reports Under Special Credit Restraint Program

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: Pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, as part of its Special Credit Restraint Program issued on March 14, 1980, the Board has adopted provisions requiring monthly reports by large U.S. commercial banks, U.S. branches and agencies of foreign banks, finance companies, U.S. bank holding companies and certain selected corporations. In addition, small banks will be required to file similar reports on a quarterly basis. The purpose of this action is to enable the Board to monitor developments in the credit markets and compliance with the Program.

EFFECTIVE DATE: March 28, 1980.

FOR FURTHER INFORMATION CONTACT: Gilbert T. Schwartz, Assistant General Counsel (202/452-3625), Bronwen Mason, Senior Attorney (202/452-3564) Legal Division, or Eleanor J. Stockwell, Senior Deputy Associate Director (202/452-3651), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On March 14, 1980, the Board announced a Special Credit Restraint Program designed to encourage lenders and borrowers, in their individual credit decisions, to take specific account of the overall aims and quantitative objectives of the Federal Reserve in restraining growth in money and credit generally. The Program calls on domestic commercial banks and U.S. offices of

foreign banks to maintain the growth of loans, particularly to U.S. residents, within specified guidelines. Finance companies, bank holding company affiliates and other lenders are asked to follow the general guidelines.

While compliance with the Program guidelines currently is on a voluntary basis, the Board indicated that it would monitor developments in the credit markets and compliance with the Program by instituting a reporting program, as authorized by section 1-104 of Executive Order 12201. Under this reporting program the affected lenders will be required to provide data periodically concerning types and amounts of outstanding loans and selected corporations will be required to provide data on certain types of borrowing. These reports must be furnished on forms prescribed by the Board, which may be obtained from the Federal Reserve Banks.

These actions are being taken in order to assist the Board to curb inflationary pressures. The Board believes that it is in the national interest to achieve this objective as quickly as possible, and that publication of this rule for comment or any delay in its effective date would prevent effective surveillance of domestic borrowing subject to the Special Credit Restraint Program, and that delay would frustrate the purpose of this regulation. The Board therefore finds for good cause that further notice, public procedure, and deferral of effective date provisions of 5 U.S.C. § 553(b) with regard to these actions are impracticable and contrary to the public interest.

Pursuant to its authority under the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201 the Board hereby adopts Subpart D of its Credit Restraint Regulation (12 CFR § 229) effective March 28, 1980, as follows:

Subpart D—Reports under Special Credit Restraint Program

Sec.	Authority, Purpose and Scope.
229.31	Authority, Purpose and Scope.
229.32	Definitions.
229.33	Monthly Reports.
229.34	Quarterly Reports By Small Commercial Banks.
229.35	Penalties.

Subpart D—Reports under Special Credit Restraint Program

§ 229.31 Authority, purpose and scope.

(a) *Authority.* This Subpart is issued by the Board of Governors of the Federal Reserve System pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive

Order 12201, dated March 14, 1980.

(b) *Purpose and scope.* This subpart implements the reporting provisions of the Board's Special Credit Restraint Program, announced on March 14, 1980, to enable the Board to monitor compliance with the Program, as well as developments in the credit markets.

§ 229.32 Definitions.

For the purposes of this Subpart, the terms "Board," and "loan" shall have the meanings given them in the Credit Control Act. In addition the following definitions apply:

(a) "Commercial bank" means any commercial bank chartered under the laws of the United States, including its overseas offices, branches, agencies and subsidiaries.

(b) "Family of offices of a foreign bank" means all branches and agencies located in the United States of a bank not chartered in the United States and its majority-owned bank subsidiaries not chartered in the United States.

(c) "Financial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans or which is registered as a broker-dealer under the Securities and Exchange Act of 1934. A financial corporation does not include a commercial bank or bank holding company.

(d) "Nonfinancial corporation" means any company chartered in the U.S. or having its principal place of business in the U.S. that is not a financial corporation, commercial bank or bank holding company.

(e) "United States" means the United States, any of the 50 States of the United States and the District of Columbia.

(f) "U.S." means the United States, and its territories and possessions.

(g) "U.S. finance company" means a company chartered in the U.S. or having its principal place of business in the U.S., whose primary business is making loans for personal or business purposes. For the purposes of this definition, a finance company that is owned by a nonfinance company parent (including a bank holding company) is regarded as a separate entity together with its finance company subsidiaries. A finance company does not include commercial banks, credit unions, savings and loan associations, cooperative banks, mutual savings banks or mortgage companies.

229.33 Monthly reports.

(a) *Large Commercial banks.* Each U.S. commercial bank having U.S. consolidated assets of \$1 billion or more

shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(b) *U.S. agencies and branches of foreign banks.* Each family of U.S. offices of a foreign bank having worldwide banking assets of more than \$1 billion monthly shall file with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(c) *U.S. bank holding companies.* Each U.S. bank holding company with U.S. consolidated financial assets of \$1 billion or more shall file monthly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

(d) *U.S. finance companies.* Each U.S. finance company with total business receivables outstanding (that is, all loans excluding those made for personal, family or household uses) of \$1 billion or more shall file monthly with the Board a report of its activities on forms prescribed by the Board in accordance with the instructions thereto.

(e) *Selected corporations.* Each financial corporation that has commercial paper outstanding of \$1 billion or more and each nonfinancial corporation having commercial paper outstanding of \$30 million or more or having annual worldwide revenues of \$2 billion or more shall file with the Board a monthly report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

229.34 Quarterly reports by small commercial banks.

Each U.S. commercial bank with U.S. consolidated assets of \$300 million or more but less than \$1 billion shall file quarterly with the Board a report on its activities on forms prescribed by the Board in accordance with the instructions thereto.

229.35 Penalties.

For each willful violation of this Subpart, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of \$1,000. In addition, a maximum criminal penalty of \$1,000 or imprisonment of one year may be imposed for willful violation of this Subpart.

Board of Governors of the Federal Reserve System, effective March 28, 1980.

Griffith L. Garwood,
Deputy Secretary of the Board.

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TITLE 12--BANKS AND BANKING

CHAPTER II--FEDERAL RESERVE SYSTEM

SUBCHAPTER A--BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(Docket No. R-0286)

Part 229--CREDIT RESTRAINT

[Subpart A]

Consumer Credit

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Rule.

SUMMARY: On March 14, 1980, the Board adopted provisions to restrain the extension of certain types of consumer credit (12 C.F.R. Part 229, Subpart A), pursuant to the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201. The provisions require a covered creditor to maintain a special non-interest bearing deposit with the Federal Reserve on the outstanding covered credit during a month that exceeds the creditor's base amount of covered credit. As originally promulgated, the regulation fixed the base as the amount of covered credit outstanding on March 14, 1980 (or the last day or other period immediately prior to March 14, 1980 for which data are available). For many creditors, that base date coincided with a seasonal low point in the amount of covered credit outstanding over a year. Consequently, they would be penalized for normal seasonal increases in credit that are not the result of underlying credit growth. In order to prevent undue hardship to creditors that experience seasonal fluctuation, the Board has amended Subpart A of its credit restraint regulation. The amendment provides a creditor an alternate method to determine its base according to a formula that accommodates seasonal variation in outstanding covered credit. Furthermore, the amendment imposes an additional reporting requirement on creditors that select the alternate method for determining the base.

EFFECTIVE DATE: April 2, 1980.

FOR FURTHER INFORMATION CONTACT: Barbara D. Ranagan, Attorney, Division of Consumer and Community Affairs; Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202/452-3000).

SUPPLEMENTARY INFORMATION: On March 14, 1980, the Board adopted a consumer credit restraint program that is designed to curb growth in certain types of consumer credit. As a deterrent to credit expansion, the regulation requires a creditor to maintain a special deposit with the Federal Reserve equal to 15 per cent of the growth in the creditor's outstanding covered credit over the base. Members of the Federal Home Loan Banks and all other savings and loan associations maintain the special deposit with the Federal Home Loan Banks. Credit unions, whether or not members of the National Credit Union Administration's Central Liquidity Facility, maintain the special deposit with the Central Liquidity Facility. Under the regulation the base is the fixed amount of covered outstanding on the base date, which is March 14, 1980 (or the last day or other period immediately prior to March 14, 1980 for which data are available).

The base, as currently defined, does not make any provision for seasonal variation in amounts of credit outstanding which many creditors experience. Those creditors, particularly in the retail and oil industry, would be penalized for increases in credit that are attributable solely to seasonal factors. In order to align the regulatory requirements with the program objective of curbing growth, and in order to prevent an inequitable burden on covered creditors that cannot avoid large seasonal increases in outstanding covered credit, the Board has amended the consumer credit restraint regulation (12 C.F.R. Part 229, Subpart A) to provide all creditors, including those that already filed a base report, an alternative method of determining the base that accommodates seasonal variation and allows for a modicum of growth as well.

The amended definition of "base" gives a creditor the option of using a constant base, as the regulation currently provides, or a variable base. The variable base is calculated according to a formula that accommodates seasonal variations reflected by the creditor's own credit data. A creditor must make an initial selection of one method or the other of determining its base and be bound by its choice for the duration of the program. A creditor that chooses the variable base must file a base report by April 29, 1980 that provides the amount of covered credit outstanding in each of the twelve months from April, 1979 to March, 1980. The formula is based on those monthly figures and a factor that provides a diminishing allowance monthly for year-to-year growth. The formula thus yields a base that is directly related to the creditor's pattern of lending over the past twelve months. The formula for the base in any month "i" is:

$$\text{Base for any month "i", 1980} = \left[\left(\frac{\text{Credit outstanding on base date}}{\text{Credit outstanding on same date, 1979}} - 1 \right) \times \left(\frac{12-n}{12} \right) + 1 \right] \times \text{Credit outstanding in same month "i", 1979}$$

The letter "n" equals the number of months after March; for example, in calculating the base for May, 1980, "n" would be 2.

The following is a step-by-step explanation of how the variable base formula described above works for the month of May, 1980. First the amount of covered credit outstanding on the base date (March 14, 1980 or other period in March, 1980) and the amount of covered credit outstanding for the same date or period in March 1979 are determined. Second, the percent increase (or decrease) in covered credit outstanding, expressed as a proportion, is computed by subtracting the number one from a ratio with the March 1980 figure as the numerator and the March 1979 figure as the denominator. Third, this increase is multiplied by another fraction in which the numerator is twelve less the number of months from March, 1980 -- in this case two, since May is the second month after March -- and in which the denominator is twelve. The number one is then added to the product computed in the third step, and the resulting figure is multiplied by the total amount of covered credit outstanding in May, 1979.

Covered creditors that select the variable base are required, under the amended regulation, to file a base report by April 29, 1980. Covered creditors that have already filed the April 1 base report may still select the variable base alternative and file the new base report. The base report forms will be available from the Reserve Banks. The base report shall contain the creditor's monthly data on outstanding covered credit for the twelve months prior to April, 1980, as well as the amount of covered credit outstanding on the base date and on the same date or period in March, 1979. In addition, the base report shall state the base for each month from April, 1980, through March, 1981, calculated according to the formula. The computational process has been simplified on the base report forms to ease the reporting requirement. A sample form has been completed with the name and outstanding covered credit figures of a fictitious creditor and is included as an appendix.

The Board has also amended the regulation to clarify the reporting requirements in §§ 229.3(a) and 4(a) of its consumer credit restraint regulation. The purpose of this technical amendment is to facilitate compliance with the regulation by creditors that keep records on an other-than-calendar month basis -- e.g., those whose books are kept on the basis of a four-week month, followed by a five-week month, followed by a four-week month, and so forth. The Board wishes to make clear that creditors may compile data and report according to whatever type of "month" they customarily employ, and that the regulation does not require modification of recordkeeping done on an other-than-calendar month basis. However, creditors must still file reports by the second Monday of the calendar month following their reporting "month" and maintain the special deposit beginning on the fourth Thursday of the calendar month following their reporting "month."

These actions are being taken to facilitate implementation by certain creditors of the Board's credit restraint measures. Because those measures are already in effect and specifically because creditors must comply with the approaching reporting and special deposit maintenance deadlines, the Board believes that publication of this rule for comment or any delay in its effective date would frustrate its purpose. The Board, therefore, for good cause finds that further notice, public procedure, and deferral of effective date provisions of 5 U.S.C. § 553(b) with regard to these actions are impracticable and contrary to the public interest.

Pursuant to its authority under the Credit Control Act (12 U.S.C. §§ 1901-1909) as implemented by Executive Order 12201, the Board hereby amends 12 C.F.R. Part 229, Subpart A, effective March 14, 1980 as follows:

SECTION 229.2 - DEFINITIONS

* * *

(b) "Base" means either

(1) a constant amount, which is the larger of \$2 million or the amount of covered credit outstanding as of the close of business on the base date; or

(2) a variable amount, which is the larger of \$2 million or a seasonally projected amount determined by application of a factor each month to the amount of covered credit outstanding in the same month in the preceding year. This factor is based on a comparison of the covered credit outstanding on the base date and the covered credit outstanding in the same date in March 1979, expressed as a ratio, which is progressively diminished by one-twelfth each month. The base for each month after March 14, 1980 equals the factor described above, multiplied by the amount of covered credit outstanding in the corresponding month in the year before. The formula for the base in any month "i" is:

$$\text{Base for any month "i", 1980} = \left[\left(\frac{\text{Credit outstanding on base date}}{\text{Credit outstanding on same date, 1979}} - 1 \right) \times \left(\frac{12-n}{12} \right) + 1 \right] \times \text{Credit outstanding in same month "i", 1979}$$

where "n" is a variable representing the number of months after March, 1980. (Therefore, "n" equals one in April, "n" equals two in May, and it increases progressively in each succeeding month up to 12 in March, 1981.)

For purposes of filing base and monthly reports as required by § 229.3, a creditor must choose either the constant amount base or the variable amount base and may not vary that choice.

* * *

SECTION 229.3 - REPORTS

(a) (1) Each covered creditor with \$2 million or more of covered credit outstanding as of the base date that selects the constant amount base described in § 229.2(b) (1), and certain covered creditors as may be required by the Board, shall file a base report by April 1, 1980. The base report shall state the amount of the covered creditor's base.

(a) (2) Each covered creditor with \$2 million or more of covered credit outstanding as of the base date that selects the variable amount base described in § 229.2(b) (2) shall file a base report by April 29, 1980. Each covered creditor with covered credit outstanding in excess of \$2 million on a average basis during any month after the base date that selects the variable amount base shall file a base report together with the monthly report required in paragraph (a) (3) of this subsection. The base report shall state the following: (i) the amount of covered credit outstanding on the base date; (ii) the amount of covered credit outstanding on the same date (or other period) in 1979; (iii) the average amount of covered credit outstanding during each of the twelve months (on a daily average basis if such data are available) beginning April, 1979 and ending March, 1980; (iv) the variable amount base for each of the twelve months beginning April, 1980 and ending March, 1981.

(a) (3) A creditor with a base of \$2 million or more as indicated on its base report or with covered credit outstanding in excess of \$2 million on an average basis during any calendar month, shall submit monthly reports. The initial monthly report shall be filed by May 12, 1980, for the period March 15 through April 30, 1980; thereafter, the monthly report shall be filed for each full month by the second Monday of the following calendar month. The monthly report shall include the average amount of covered credit outstanding during the month (on a daily average basis if such data are available) and the amount by which that number exceeds the creditor's base.

* * *

SECTION 229.4 - MAINTENANCE OF SPECIAL DEPOSIT

(a) Each covered creditor shall hold a non-interest bearing special deposit equal to 15 per cent of the amount by which the average amount of its covered credit outstanding during the month exceeds its base. The corresponding period during which the special deposit shall be maintained begins on the fourth Thursday of the calendar month

following the month for which the report was filed and continues through the Wednesday before the fourth Thursday of the next calendar month. The special deposit shall be maintained in collected funds in the form of U.S. dollars.

By order of the Board of Governors of the Federal Reserve System, effective April 2, 1980.

(Signed) Griffith L. Garwood

Griffith L. Garwood
Deputy Secretary of the Board

[SEAL]

APPENDIX

Section 5: To be Completed by Creditors That Elect a Variable Base

Subsection A

	Bils.	Mils.	Thous.
Line 1: Amount of covered consumer credit outstanding on March 14, 1980 ¹		55	650
Line 2: Amount of covered consumer credit outstanding one year prior to the date or period used for Line 1		45	725
Line 3: Line 1 divided by Line 2 (calculate to four decimal places rounded)		1.1421	
Line 4: Line 3 minus 1.0000 (if negative, enter negative amount)1421	
Line 5: Date or period for which base data (Lines 1 and 2 above) are submitted	Line 1:	March 14, 1980	
	Line 2:	March 14, 1979	

1. For a creditor that has daily credit data available, report the data as of March 14, 1980, or the last day immediately before March 14, 1980 for which such data are available. For a creditor that does not have daily credit data available, report data as of the period immediately before March 14, 1980 for which credit data are available.

Subsection B

Month	Average Amount of Covered Consumer Credit Outstanding		
	Bils.	Mils.	Thous.
1. April 1979		49	532
2. May 1979		49	500
3. June 1979		50	155
4. July 1979		50	770
5. August 1979		51	459
6. September 1979		52	455
7. October 1979		52	434
8. November 1979		54	665
9. December 1979		59	925
10. January 1980		57	381
11. February 1980		56	124
12. March 1980		55	455

PENALTIES For each willful violation of 12 C.F.R. 229 Subpart A, the Board may assess against any creditor, or officer, director or employee thereof who willfully participates in the violation, a maximum civil penalty of \$1,000. In addition, a maximum criminal penalty of \$1,000 and imprisonment of up to one year may be imposed for willful violation of this subpart.

Subsection C

1 Ratio: enter on each line the ratio computed above in Subsection A, Line 4; if negative, enter negative amount.	2 Adjustment ($\frac{12-n}{12}$) ¹	3 Col. 1 x Col. 2 (if negative, enter negative amount)	4 Constant	5 Algebraic sum of Col. 3 + Col. 4 (result will always be positive)	6 Amount of covered consumer credit outstanding during the corresponding period one year ago			7 Base (Col. 5 x Col. 6)				
					Enter the amount from Subsection B	Bills	Mills	Thous.	Computation Month	Base ²		
										Bills	Mills	Thous.
1.4,2,1	0.91667	1.3,0,3	1 0000	1.1,3,0,3	Line 1		48	532	April 1980 ³		54	856
1.4,2,1	0.83333	1.1,5,1	1 0000	1.1,1,8,4	Line 2		49	500	May 1980		55	361
1.4,2,1	0.75000	1.0,6,6	1 0000	1.1,0,6,6	Line 3		50	185	June 1980		55	635
1.4,2,1	0.66667	0.9,4,7	1 0000	1.0,9,4,7	Line 4		50	770	July 1980		55	578
1.4,2,1	0.58333	0.8,2,9	1 0000	1.0,8,2,9	Line 5		51	459	August 1980		55	725
1.4,2,1	0.50000	0.7,1,1	1 0000	1.0,7,1,1	Line 6		52	488	September 1980		56	220
1.4,2,1	0.41667	0.5,9,2	1 0000	1.0,5,9,2	Line 7		52	934	October 1980		56	065
1.4,2,1	0.33333	0.4,7,4	1 0000	1.0,4,7,4	Line 8		54	668	November 1980		57	259
1.4,2,1	0.25000	0.3,5,5	1 0000	1.0,3,5,5	Line 9		54	925	December 1980		63	052
1.4,2,1	0.16667	0.2,3,7	1 0000	1.0,2,3,7	Line 10		57	381	January 1981		58	741
1.4,2,1	0.08333	0.1,1,8	1 0000	1.0,1,1,8	Line 11		56	124	February 1981		56	786
1.4,2,1	0.00000	0.0,0,0,0	1 0000	1.0,0,0,0	Line 12		55	485	March 1981		55	485

¹ The letter "n" equals the number of months after March; for example, in calculating the base for May 1980, "n" would be 2.

² For creditors that elect a variable base, the base for the special deposit requirement for each computation month is either (1) the amount shown in Column 7 above for the respective computation month or (2) \$2 million, whichever is larger.

³ The first computation period covers March 15, 1980 through April 30, 1980. Thereafter, each computation period begins on the first day of each month and ends on the last day of that month.

I certify that the information shown on this report is correct.

Authorized Signature

Title

Area Code and Telephone Number

This report must be filed no later than April 29 with the institution designated below.

All savings and loan associations and cooperative banks should return this report to the Federal Home Loan Bank.

All credit unions should return this report to the Central Liquidity Facility of the National Credit Union Administration.

All other creditors should return this report to the Federal Reserve Bank in whose district the respondent company is located.