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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 12, 1941, at 12:50 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 11, 1941, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. Sanford, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Bowman, Assistant Vice President of the Federal Reserve Bank of Atlanta, Messrs. Dillard, Stewart, and Powell, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, and Minneapolis, respectively, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of Kansas City and San Francisco on December 9, by the

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Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and Dallas on December 11, 1941, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to the Presidents of all Federal Reserve Banks, reading as follows:

"Reg. W-115. Board has been asked the following question:

'Registrant is asked to consolidate three outstanding obligations repayable \$10 each on 10th, 15th and 20th of current month respectively with an additional advance of \$90 repayable \$5 per month. In consolidating these obligations may Registrant, under section 8(b) "Option One", schedule first payment of \$35 one month from date of such consolidation even though this may result in extending credit on outstanding obligations beyond the maximum 18 months maturity.'

"Option 1 requires that the terms of the consolidated obligation shall be such as would have been necessary to meet the requirements of the Regulation if no consolidation had taken place, and therefore the consolidated obligation can not have a schedule of payments which would have the effect of omitting a payment which would have been due on the outstanding obligations during the month when the consolidation took place, or which would have the effect of extending the maturity of any of the outstanding obligations beyond the terms permitted by the Regulation, namely, 18 months plus the 15-day adjustment permitted by section 9(b).

"Under Option 1 the consolidated obligation can provide for one payment each month, and in order to accomplish this result the date of payment may be earlier in the month than the dates on which the instalments on any of the outstanding obligations were payable, or it may be later to the extent permitted by section 9(b) with respect to the outstanding obligations. For example, in the case described in the question, if the outstanding obligation which was repayable on the 10th of each month had been originally made on the

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"5th so that only 5 days out of the 15 days permitted by section 9(b) had been used, the consolidated obligation could call for instalments payable on the 20th.

"Furthermore, the \$5 payable on account of the new \$90 advance would not have to be included in the first instalment but could be included in the instalment falling due in the month after the consolidation took place. In other words, the consolidated loan could have a \$30 instalment in the current month, and \$35 instalments in the next months."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"Enclosed are 25 copies of a specimen form of the STATEMENT OF THE BORROWER which the Board has prescribed for use on and after January 1, 1942, pursuant to the provisions of section 5(d) of Regulation W. This specimen form has been designated as Form F.R. 564.

"The forms for actual use by Registrants will not be printed by the Board or by the Reserve Banks, but specimen forms are to be distributed by the Federal Reserve Banks to the lending trade so that Registrants may secure a supply either by printing or otherwise reproducing them or by obtaining them from stationery or supply houses. The notice at the top of the form indicates the restrictions on reproduction.

"It is suggested that your bank should print a supply of the specimen form in such number as will permit a distribution of one copy to each Registrant in your district who appears to be engaged to any extent in the business of extending instalment loan credit. Such additional specimen copies as you deem necessary may be distributed to Registrants and others for sample purposes. The Board requests that the Reserve Banks, in preparing sample copies, adhere strictly to the size of the sheet and the style of type used for the specimen copy.

"You will also find herewith a suggested form of 'Notice Regarding Use of Statement of Borrower in Connection with Regulation W'. This form is designed to serve only as a suggestion to the Reserve Banks and, of course, you are at liberty to compose your own appropriate form of notice or to modify

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"or alter the suggested form in any particular.

"Use by Registrants of this form of Statement of Borrower will demonstrate whether the form accomplishes its obvious objective. The Reserve Banks are invited to comment from time to time on reactions from the trade and the public.

"The Board and its staff gratefully acknowledge the helpful suggestions of the Reserve Banks."

By unanimous vote, the letter was approved and the form of Statement of Borrower referred to therein, a copy of which has been attached to these minutes, was prescribed for use on and after January 1, 1942, in accordance with the provisions of section 5(d) of Regulation W.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"Enclosed are 25 copies of a specimen form of the STATEMENT OF NECESSITY TO PREVENT UNDUE HARDSHIP which the Board has prescribed for use pursuant to the provisions of section 8(d) of Regulation W. This specimen form has been designated as Form F.R. 565.

"The forms for actual use by Registrants will not be printed by the Board or by the Reserve Banks, but specimen forms are to be distributed by the Federal Reserve Banks to the instalment selling and lending trade so that Registrants may secure a supply either by printing or otherwise reproducing them or by obtaining them from stationery or supply houses. The notice at the top of the form indicates the restrictions on reproduction.

"It is suggested that your bank print a supply of the specimen form in such number as will permit a distribution of one copy to each Registrant in your district. Such additional specimen copies as you deem necessary may be distributed to Registrants and others for sample purposes. The Board requests that the Reserve Banks, in preparing sample copies, adhere strictly to the size of the sheet and the style of type used for the specimen copy.

"Section 8(d) of Regulation W reads in part as follows:

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"Until the Board has prescribed the form and content of the Statement of Necessity the Registrant may in good faith accept a written statement in any form, provided such statement otherwise conforms to the requirements of this section."

The Board has set January 15, 1942 as the date on and after which the use of a form in accordance with Form F.R. 565 will be required. Until that date, a Registrant may accept a statement in any form meeting the other requirements of section 8(d).

"The enclosed form of notice to Registrants to accompany the specimen forms is designed to serve only as a suggestion to Reserve Banks and, of course, you are at liberty to compose your own appropriate form of notice or to modify or alter the suggested form in any particular.

"Use by Registrants of this form of Statement of Necessity will demonstrate whether the form accomplishes its obvious objective. The Reserve Banks are invited to comment from time to time on reactions from the trade and the public.

"The Board and its staff gratefully acknowledge the helpful suggestions of the Reserve Banks."

By unanimous vote, the letter was approved and the form of Statement of Necessity referred to therein, a copy of which has been attached to these minutes, was prescribed for use on and after January 15, 1942, in accordance with the provisions of section 8(d) of Regulation W.

Letter to Mr. W. A. Goddard, Secretary of The H. A. Hillmer Co., Freeport, Illinois, prepared for the signature of Mr. Ransom and reading as follows:

"This will acknowledge your letter of December 3 relating to the Registration of The H. A. Hillmer Company in connection with Regulation W.

"It was not intended that the filling out of Form F.R. 563 would require any undue amount of labor on the part of any Registrant; for this reason the circulars of

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"the Federal Reserve Banks to prospective Registrants included, at our request, a suggestion that a Registrant should communicate with the Federal Reserve Bank in case he found that following the instructions exactly would cause him undue expense or inconvenience. In cases like that which you outline in your letter, where it would involve undue inconvenience or expense to provide exact figures in answer to question 4, 6 or 7 under group III-B on the form, the Reserve Banks have been telling Registrants that estimated figures will be acceptable. Against question 5 under group III-B, which calls for the percentages of instalment and other sales, it was not expected that very many Registrants would be able to furnish exact figures and the form therefore authorizes estimates from all Registrants.

"I am sending a copy of this letter to the Federal Reserve Bank of Chicago and, as the administration of Regulation W is decentralized among the twelve Federal Reserve Banks, I would suggest that you communicate with that bank if you have any further questions or suggestions relating to Regulation W or to the Registration Statement."

Approved unanimously.

Letter to Mr. Hugo Werber, Manager of Broad Street Taxi Owners' Association, Inc., New York, New York, reading as follows:

"Your letter of December 4 requesting that taxicabs be exempted from the Board's Regulation W has been received and will be given consideration.

"The statement in your letter that the Packard Federal Corporation has been exempted from Regulation W is incorrect. It was found that certain extensions of credit arising out of the sale of taxicabs by this corporation were not subject to the provisions of Regulation W because of a contract entered into by the corporation prior to September 1, 1941, when Regulation W became effective."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. Cooley
Chairman.

SPECIMEN FORM

FOR INFORMATION OF REGISTRANT OR PRINTER ONLY—NOT TO BE PRINTED AS PART OF FORM: In reproducing this form, the Registrant or printer shall follow exactly the wording and arrangement of the front and back of the form, but may vary the spacing as desired. Additions to the form, such as an acknowledgment by the borrower that he has received a copy, are permitted provided they do not call for the obtaining of any additional information from the borrower. Since the form may be changed from time to time, it is suggested that Registrants do not stock large supplies of the form.

STATEMENT OF BORROWER

Prescribed by the Board of Governors of the Federal Reserve System under its Regulation W, issued pursuant to Executive Order No. 8843 of the President of the United States.

(Name of Registrant)

TO BE FILLED IN BY REGISTRANT

(Date of Loan)

\$

(Amount of Loan)

- 1. Is any of the money from this loan to be used to buy a Listed Article? (See statement on back of this sheet)
2. Is any part of this loan to be secured by any Listed Article which you have bought within the last 45 days or which you intend to buy?
3. Is any of the money from this loan to be used to pay all or part of any instalment debt?
4. Is any of the money from this loan to be used as a down payment on the purchase of a Listed Article?

In determining whether any article involved in this loan is a Listed Article, I have been guided by information furnished by the lender. I certify that, to the best of my knowledge, the information given by me on this sheet is true and complete.

(Date)

(Borrower's Signature)

5. IF EITHER QUESTION 1 OR 2 HAS BEEN ANSWERED "YES", the following information must be obtained from borrower:

Table with 5 columns: Listed Article Bought or To Be Bought or Used as Security, Purchase Price, Date Purchased (If before loan), Trade-in Allowance, Amount To Be Borrowed.

Have you borrowed any money elsewhere, or do you intend to borrow any, to be used in buying any of the Listed Articles specified above? (Answer "Yes" or "No") If "Yes", how much? \$

6. IF QUESTION 3 HAS BEEN ANSWERED "YES", the following information must be obtained from borrower:

Table with 4 columns: Name of Person Holding Debt, Total Unpaid Balance, Instalment Terms, Amount To Be Paid Off.

NOTICE TO LENDER.—The lender, acting in good faith, may rely upon the above statements of the borrower. However, this form does not provide all of the information that it may be necessary for the lender to have if he intends to avail himself of certain provisions of Regulation W. In any case as to which the lender must obtain additional information in order to be protected in making the particular loan under consideration, the facts themselves will govern. This, however, does not affect the right of the lender to rely upon statements of fact obtained from the borrower pursuant to applicable provisions of the Regulation.

THE REGISTRANT RECEIVING THIS STATEMENT MUST KEEP IT ON FILE

LISTED ARTICLES

The instalment purchase of classes of consumers' durable goods using materials, labor, and equipment needed for national defense is regulated under the President's Executive Order No. 8843. Regulation W covers the extension of credit to buy these articles, whether bought directly on instalment payments or with money borrowed on an instalment basis. The following are the classes of "Listed Articles" based upon the Supplement of Regulation W in effect December 1, 1941, but articles may be added to or taken from the list at any time. IN DETERMINING WHETHER AN ARTICLE INVOLVED IN A LOAN IS A "LISTED ARTICLE" A BORROWER MAY BE GUIDED BY INFORMATION FURNISHED BY THE LENDER, AND REGISTRANTS MUST KEEP THEMSELVES INFORMED AS TO CHANGES IN THESE "LISTED ARTICLES".

PASSENGER AUTOMOBILES
AIRCRAFT
MOTOR BOATS AND BOAT MOTORS
MOTORCYCLES AND MOTOR BICYCLES
REFRIGERATORS AND ICEBOXES
WASHING OR IRONING MACHINES
VACUUM CLEANERS
COOKING STOVES
HEATING STOVES AND HEATERS
ELECTRIC DISHWASHERS
AIR CONDITIONING EQUIPMENT
SEWING MACHINES

RADIOS AND PHONOGRAPHS
METAL MUSICAL INSTRUMENTS
FURNACES, OIL OR GAS BURNERS, AND STOKERS
WATER HEATERS AND PUMPS
PLUMBING AND SANITARY FIXTURES
ATTIC VENTILATING FANS
NEW HOUSEHOLD FURNITURE, BED SPRINGS AND
MATTRESSES
PIANOS AND ELECTRIC ORGANS
MATERIALS AND SERVICES USED IN CONNECTION
WITH REPAIRS, ALTERATIONS, OR IMPROVE-
MENTS OF BUILDINGS

WARNING

Regulation W provides that no borrower shall willfully make any material misstatement or omission in his Statement. The law under which the President's Executive Order was issued reads in part: "Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both."

SPECIMEN FORM

FOR INFORMATION OF REGISTRANT OR PRINTER ONLY—NOT TO BE PRINTED AS PART OF FORM: In reproducing this form, the Registrant or printer shall follow exactly the wording and arrangement of the front and back of the form, but may vary the spacing as desired; may make additions to the form, such as an acknowledgment by the Borrower that he has received a copy, provided they do not call for the obtaining of any additional information from the Borrower; may, in a form to be used by a Registrant who contemplates using it only in connection with credits already held by him, change the opening sentence of the statement to read "I am requesting a change in the terms of payment of the following instalment indebtedness payable to you" and omit the column "Name of Creditor"; or may change "Signature of Customer" to "Signature of Borrower". Since the form may be changed from time to time, it is suggested that Registrants do not stock large supplies of the form.

STATEMENT OF NECESSITY TO PREVENT UNDUE HARDSHIP

Prescribed by the Board of Governors of the Federal Reserve System under its Regulation W, issued pursuant to Executive Order No. 8843 of the President of the United States.

This form is to be used only in connection with credits subject to Regulation W, in exceptional cases in accordance with the terms of that Regulation. See other side of this sheet for further explanation.

To: _____
(Name of Registrant)

I am requesting a change in the terms of payment, or a refinancing, of the following instalment indebtedness:

<u>Name of Creditor</u>	<u>Unpaid Balance</u>	<u>Present terms of payment</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

The desired change is necessary in order to avoid undue hardship to me or my dependents resulting from contingencies unforeseen by me at the time of obtaining the above credit or which were beyond my control. Following is a brief statement of the principal facts and circumstances with respect to such contingencies:

I make this statement in good faith and certify (a) that the information contained in this statement is true and correct, and (b) that the requested change is not to be made in connection with any plan or intention to evade or circumvent the requirements of Regulation W.

(Date) _____
(Signature of Customer)

Record of action taken: See reverse side for notation to be made by the Registrant if the request is granted.

THE REGISTRANT RECEIVING THIS STATEMENT MUST KEEP IT ON FILE

EXPLANATION

Executive Order No. 8843 issued by the President of the United States relates to consumer credit. Regulation W, which was issued by the Board of Governors of the Federal Reserve System pursuant to that Order, limits the terms of payment of certain instalment credits.

It would tend to defeat the purposes of the order if, after an instalment credit subject to Regulation W had been granted, the terms could later be changed or the credit refinanced to provide terms of payment that would not originally have been permitted by the Regulation. However, in order to prevent undue hardship, provision has been made for flexibility in exceptional circumstances.

The Regulation provides that in such circumstances a creditor may, within certain limits, renew, revise, consolidate, or refinance an instalment credit already outstanding so as to provide a rate of payment below that which would originally have been permitted by the Regulation. A creditor may take such action upon acceptance in good faith of a written statement signed by the obligor that the contemplated action is necessary to avoid undue hardship upon the obligor or his dependents resulting from contingencies that were unforeseen by him at the time of obtaining the original extension of instalment credit or which were beyond his control. In order to be acceptable such written statement must set forth, briefly but specifically, the principal facts and circumstances with respect to such contingencies and upon which the request for modification is based. It must also contain the specific statement that the desired renewal, revision, or other action is not pursuant to a preconceived plan or an intention to evade or circumvent the requirements of the Regulation.

RECORD OF ACTION TAKEN

(To be filled in and signed by the Registrant if a renewal, revision, consolidation, or refinancing is granted on the basis of this Statement of Necessity.)

This Statement of Necessity has been accepted in good faith by the undersigned.

Terms of credit as renewed, revised, consolidated, or refinanced

Amount

Terms of payment

(Name of Registrant)

(Date)

(Signature of individual signing for Registrant)