

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Wednesday, April 6, 1949.

PRESENT: Mr. McCabe, Chairman
Mr. Draper
Mr. Vardaman
Mr. Clayton

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on April 5, 1949, were approved unanimously.

Letter to Mr. DeMoss, Vice President of the Federal Reserve
Bank of Dallas, reading as follows:

"In accordance with the requests contained in
your letters of March 29 and 30, 1949, the Board ap-
proves the appointments of Robert William Manley and
John Chandos Blake as assistant examiners for the
Federal Reserve Bank of Dallas. Please advise us of
the dates upon which the appointments become effective
and as to the salary rates."

Approved unanimously.

Letter to Mr. Phelan, Vice President of the Federal Reserve
Bank of New York, reading as follows:

"Reference is made to your letter of March 8 and
related correspondence therein referred to, on the
subject of Regulation W.

"The suggestion is made by a Registrant, a national
bank in your district, that Regulation W be amended to
exempt any loan to purchase any article not listed in
the Supplement to the regulation when the loan is secured
by a chattel mortgage on the article purchased. The same
bank had previously proposed an amendment to exempt any
loan to purchase any article not listed in the Supplement,

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"and the present proposal is intended to overcome the objections to that suggestion.

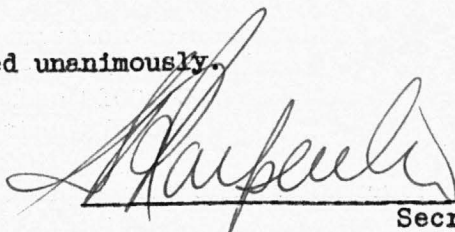
"The original proposal was made because, while a loan to purchase an article not listed in the Supplement to Regulation W is subject to section 4(b) of the regulation as an unclassified instalment loan, a financial Registrant can purchase, from dealers or others, sales contracts arising from the sale of such articles without regard for the provisions of the regulation. As mentioned in our letter of February 16, the elimination of the condition would require either that all articles sold on instalments be listed in Part 1 of the Supplement or that all unclassified instalment loans be exempted.

"As we pointed out at that time, unclassified instalment loans represent an important segment of consumer instalment credit which must be regulated if Regulation W is to accomplish its purpose. On the other hand, enlargement of the regulation to include articles not now listed would place a heavy burden on many registrants for a relatively small measure of equalization in control of sale credit and loan credit.

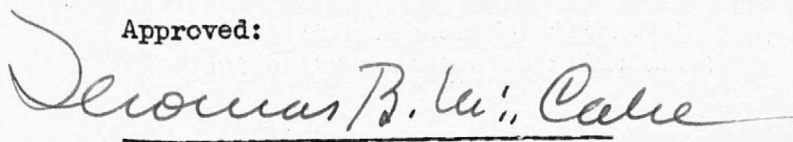
"The financing of house trailers has been most frequently involved in discussions of this nature. Amendment No. 3, which became effective March 7 and which exempts all credit for the purchase of such residential units, has provided some adjustments in the competitive positions of sellers and lenders.

"While we appreciate the bank's point of view in making the current proposal, its adoption would result in a considerable amount of administrative difficulty for both the registrants and those administering the regulation in the field. In our opinion the benefits which would result from adoption of the proposal would not justify the disadvantages involved."

Approved unanimously.


Secretary.

Approved:


Chairman.