

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2337]
December 18, 1941]

CONSUMER CREDIT
REGULATION W
OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

*To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

PLEASE GIVE THIS YOUR IMMEDIATE ATTENTION

Regulation W relating to Consumer Credit, issued pursuant to Executive Order No. 8843 of the President of the United States, and concerning which we have kept you currently informed since the issuance of the regulation in August, 1941, provides that the *general license* granted to all persons engaged on or before December 31, 1941 in the types of business subject to the regulation *terminates at the close of business December 31, 1941*. The regulation requires that every person who is so engaged must file a Registration Statement (Form F.R. 563) on or before December 31, 1941 in order to be licensed to continue in any of such types of business after December 31. If you are engaged in the business of financing instalment credit and you have not already registered, *please do so promptly* by filing a Registration Statement with this bank.

Who Must Register

A registration statement should be filed by any person or organization which is:

- (1) engaged in the business of making instalment sales of any of the articles listed in the Supplement to Regulation W, or
- (2) engaged in the business of making instalment loans in amounts of \$1,500 or less, or instalment loans in any amount secured by articles listed in the Supplement, or
- (3) engaged in the business of discounting or purchasing (or lending on the security of) instalment obligations arising from transactions described in (1) or (2).

Many banks throughout the District have obtained a supply of the forms of Registration Statement in order to have them available for interested persons in their respective communities. Additional copies may be obtained directly from us.

*Statement of Borrower Required to
Be Used on and after January 1, 1942.*

Regulation W provides that on and after January 1, 1942 no Registrant shall make any extension of instalment loan credit (with certain exceptions) unless, at or before the

execution of the loan contract, he obtains and accepts in good faith a signed Statement of the Borrower as to the purposes of the loan in form prescribed by the Board.

A specimen of the prescribed form of Statement of the Borrower (Form F.R. 564) is enclosed.

*Statement of Necessity to Prevent Undue Hardship
Required to Be Used on and after January 15, 1942.*

It would tend to defeat the purposes of Regulation W if, after an instalment credit subject thereto had been granted, the terms could ordinarily be changed at a later time or the credit refinanced to provide a rate of payment not regularly 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 regularly permitted by the regulation. Section 8(d) of the regulation provides that a creditor may take such action upon acceptance in good faith of a "Statement of Necessity to Prevent Undue Hardship" signed by the obligor. Until January 15, 1942, such a statement may be in any form which meets the requirements set forth in section 8(d) of the regulation, but a statement received on or after January 15, in order to be acceptable under the regulation, must follow the form prescribed by the Board of Governors of the Federal Reserve System.

A specimen of the prescribed form of Statement of Necessity (Form F.R. 565) is enclosed.

Reproduction of Prescribed Forms

Forms F.R. 564 and F.R. 565 will not be supplied by this bank but should be printed or otherwise reproduced by the Registrant or obtained by him from stationery or supply houses. Please note that the forms should be reproduced only in accordance with the instructions at the top of the specimen forms. Form F.R. 564 is only required to be used by cash lenders whereas Form F.R. 565 is to be used by all persons subject to the regulation. Your attention is also called to the fact that Registrants are instructed to keep all such statements on file.

We shall be pleased to be of assistance in connection with questions regarding these forms or arising under Regulation W. Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.

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)

- (Answer "Yes" or "No")
1. Is any of the money from this loan to be used to buy a Listed Article?
(See statement on back of this sheet) _____
(Answer)
 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? _____
(Answer)
 3. Is any of the money from this loan to be used to pay all or part of any instalment debt? _____
(Answer)
 4. Is any of the money from this loan to be used as a down payment on the purchase of a Listed Article? _____
(Answer)

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:

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? _____ If "Yes", how much? \$ _____
(Answer "Yes" or "No")

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

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."

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

(Over)

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)

**FEDERAL RESERVE BANK
OF NEW YORK**

FISCAL AGENT OF THE UNITED STATES

December 19, 1941

UNITED STATES DEFENSE SAVINGS BONDS OF SERIES E
Temporary Shortage in \$25, \$50 and \$100 Denominations

To Issuing Agents in the Second Federal Reserve District
Qualified for Sale of Defense Savings Bonds of Series E:

In view of the unprecedented demand for Defense Savings Bonds of Series E in the denominations of \$25, \$50 and \$100, our supply on hand in these denominations becomes exhausted each day and, for that reason, we are unable for the present to fill all requisitions received from issuing agents.

Shipments of the bonds in these denominations are received by us from Washington daily, but the quantities received are not sufficient to meet the demand. Accordingly, during this temporary shortage, we are making a reduced distribution of the bonds to issuing agents. The Treasury is endeavoring to have an adequate supply of the bonds in our hands at the earliest possible moment, and to meet the demands upon it the Bureau of Engraving and Printing in Washington is working 24 hours every day.

May we suggest that, while this temporary shortage of bonds of Series E exists, orders be taken and held until an adequate supply of the bonds has been received by you for issuance. As issuing agents you are of course authorized to issue these bonds as of the first of the month in which payment is received and recorded by you; and, therefore, your subscribers will experience only a brief delay because of your inability to deliver the bonds to them at the time of payment.

Your cooperation will be appreciated.

Allan Sproul,
President.