

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2388]
March 6, 1942

CONSUMER CREDIT

AMENDMENT NO. 3 TO REGULATION W OF THE BOARD OF
GOVERNORS OF THE FEDERAL RESERVE SYSTEM

*To all Registrants under Regulation W, and
Others Concerned, in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has adopted Amendment No. 3 to Regulation W dealing with instalment credit, a copy of which is enclosed. The amendment becomes effective March 23, 1942, except that the change in Part 3(b) of the Supplement does not become effective until April 1, 1942.

The following is a summary of the principal provisions of the amendment:

The standard maturity is reduced from 18 to 15 months for all credits subject to the regulation, except credits for building modernization, plumbing, furnaces, water heaters, water pumps, and pianos, all of which may still be for 18 months.

The down payments are increased from 20 per cent to 33 $\frac{1}{3}$ per cent on refrigerators, washing machines, ironers, vacuum cleaners, electric dishwashers, room unit air conditioners, sewing machines, radios and phonographs, and musical instruments. On home air conditioning systems and attic ventilating fans, the down payments are increased from 15 per cent to 33 $\frac{1}{3}$ per cent, and on furnaces, water heaters, water pumps and plumbing, from 15 per cent to 20 per cent.

The following articles are added to the list, with 33 $\frac{1}{3}$ per cent down payment required: bicycles, lawn mowers, silverware (flatware and hollow-ware, whether solid or plated) and photographic equipment. The following are added to the list, with 20 per cent down payment required: Clocks, watches and floor coverings. Persons who become subject to the regulation on and after March 23 because of the addition of articles to the list are given until June 1 to register. Prior to June 1 they are granted a general license.

On and after April 1 the credit value of a used automobile, instead of being based solely upon the purchase price, is to be based upon the purchase price or the average retail value as stated in such automobile appraisal guides as may be designated by the Board, whichever is lower. The Board of Governors has not yet designated any automobile appraisal guide under Part 3 of the Supplement. When such designation has been made for this District, we will notify all Registrants.

It will be appreciated if each banking institution will bring this amendment to the attention of persons who it has reason to believe may become subject to the regulation because of the additions to the list of articles enumerated in the Supplement. Such persons are required, among other things, to register in the manner provided in the regulation. Registration may be accomplished by filing Form F.R. 563-a with this bank.

Copies of Form F.R. 563-a and additional copies of this circular and Amendment No. 3 will be forwarded to you upon receipt of your request on the enclosed card.

ALLAN SPROUL,
President.

FEDERAL RESERVE BANK
OF NEW YORK

March 6, 1942

CONSUMER CREDIT

**AMENDMENT NO. 3 TO REGULATION W OF THE BOARD OF
GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

*To Whom It May Concern, in
the Second Federal Reserve District:*

Under authority of Executive Order No. 8843 issued by the President of the United States, dated August 9, 1941, the Board of Governors of the Federal Reserve System on August 21, 1941, issued Regulation W dealing with consumer credit.

The regulation, which is one of several Governmental measures designed to combat inflationary developments, applies to all who are engaged in the extension of instalment credit either as cash lenders or as merchants of certain types of consumers' durable goods listed in the Supplement to the regulation.

Regulation W has been amended effective March 23, 1942 in several respects, including the addition to the Supplement of the following types of consumers' durable goods:

- (1) Bicycles;
- (2) Lawn mowers, mower-type edgers and trimmers (whether or not power-driven);
- (3) Silverware (flatware and hollow ware, whether solid or plated);
- (4) Clocks, electric or other, designed for household or personal use, and watches;
- (5) Motion picture cameras, projectors, and lenses, designed for film gauges less than 35 mm.; still cameras, projectors, lenses and shutters, and enlargers;
- (6) Floor coverings (including fabric and linoleum type rugs, carpets, mats, and other floor covering materials, whether or not designed to be affixed to the floor).

Section 3 of the regulation provides that all those who are subject to the regulation (including merchants who extend instalment credit arising out of the sale of the above described articles) are required to file a registration statement on a prescribed form and thereby become licensed. Sections 4 and 5 of the regulation provide that instalment credit transactions by persons subject to the regulation must comply with certain minimum requirements prescribed in those sections.

For your information there are enclosed copies of the following:

- (1) Regulation W as adopted August 21, 1941;
- (2) Amendment No. 1, effective September 20, 1941;
- (3) Amendment No. 2, effective December 1, 1941;
- (4) Amendment No. 3, effective March 23, 1942, except for the change in Part 3(b) of the Supplement which becomes effective April 1, 1942; and
- (5) Registration Statement designated as Form F.R. 563-a, in duplicate.

The following information and instructions are intended primarily for (a) those persons who first engaged in business subject to Regulation W on or after January 1, 1942 and have not already filed a registration statement, and (b) those persons, not previously subject to the regulation, who become subject thereto as a result of the addition of listed articles under Amendment No. 3. Accordingly, such instructions may be disregarded by any person who has already filed a registration statement.

Who Must Register

A Registration Statement should be filed on Form F.R. 563-a by any person or organization (other than one which has already filed a Registration Statement) engaged in the business of:

- (1) making *instalment sales* of any of the articles listed in the Supplement to Regulation W (which list, as of March 23, 1942, is printed on the following two pages), or
- (2) 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) *discounting or purchasing* (or lending on the security of) instalment obligations arising from transactions described in (1) or (2).

The types of concerns which should register on Form F.R. 563-a include newly-organized concerns (and concerns succeeding to established businesses) engaged in any of the types of business mentioned in clauses (1), (2) or (3) above, and also any other concerns (not already registered) which are about to engage in any such types of business, or those who become subject to the Regulation as a result of Amendment No. 3.

How to Register

Registration is to be accomplished by filling out Form F.R. 563-a and filing it with the Federal Reserve Bank of New York provided the Registrant's main office is located in the Second Federal Reserve District, which includes the entire State of New York, Fairfield County, Connecticut, and the counties of Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, and Warren, in the State of New Jersey. Only one copy of the Registration Statement need be filed; the second copy is provided for the files of the Registrant.

Only one Registration Statement is required for any one person or corporation, which will cover the main office and all branches, but each subsidiary, if it is a separate corporate entity and is engaged in the business outlined above, is required to file a separate Registration Statement.

Instructions for filling in Form F.R. 563-a are given on the back of the form, and these are intended to enable the Registrant to fill in the form quite readily. If in completing the statement, however, any Registrant has questions which are not answered by these instructions, or finds that following the instructions exactly would cause undue expense or inconvenience, the Registrant should take up such questions with the Federal Reserve Bank.

Additional copies of this circular and of any of the enclosures will be furnished upon request.

ALLAN SPROUL,
President.

ARTICLES OF CONSUMERS' DURABLE GOODS LISTED IN
SUPPLEMENT TO REGULATION W
(Whether new or used)

Group A

1. Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs)
2. Motorcycles (two or three-wheel motor vehicles, including motor bicycles)

Group B

1. Aircraft (including gliders)
2. Power driven boats, and motors designed for use therein, other than boats or motors designed specifically for commercial use
3. Outboard boat motors
- *4. Bicycles

Group C

1. Mechanical refrigerators of less than 12 cubic feet rated capacity
2. Washing machines designed for household use
3. Ironers designed for household use
4. Suction cleaners designed for household use
5. Cooking stoves and ranges designed for household use
6. Heating stoves and space heaters designed for household use
7. Electric dishwashers designed for household use
8. Room-unit air conditioners
9. Sewing machines designed for household use
10. Radio receiving sets, phonographs, or combinations
11. Musical instruments composed principally of metals
- *12. Lawn mowers, mower-type edgers and trimmers (whether or not power-driven)
- *13. Silverware (flatware and hollow ware, whether solid or plated)
- *14. Clocks, electric or other, designed for household or personal use, and watches
- *15. Motion picture cameras, projectors, and lenses, designed for film gauges less than 35 mm.; still cameras, projectors, lenses and shutters, and enlargers

Group D

1. Household furnaces and heating units for furnaces (including oil burners, gas conversion burners, and stokers)
2. Water heaters designed for household use
3. Water pumps designed for household use
4. Plumbing and sanitary fixtures designed for household use
5. Home air conditioning systems
6. Attic ventilating fans

* Added by Amendment No. 3, effective March 23, 1942.

(continued on next page)

7. New household furniture (including ice refrigerators, bed springs, and mattresses but excluding floor coverings, wall coverings, draperies, and bed coverings)¹
8. Pianos and household electric organs
- *9. Floor coverings (including fabric and linoleum type rugs, carpets, mats, and other floor covering materials, whether or not designed to be affixed to the floor)

Group E

1. Materials and services (other than materials, whether or not designed for household use, which are of the kinds listed in Group C or D) in connection with repairs, alterations, or improvements upon urban, suburban or rural real property in connection with existing structures (other than a structure, or a distinct part thereof, which, as so repaired, altered or improved, is designed exclusively for *non-residential* use), provided the deferred balance does not exceed \$1,000

¹ An article is not new if it has been used by a consumer.

* Added by Amendment No. 3, effective March 23, 1942.

**BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEM**

CONSUMER CREDIT



REGULATION W

As Adopted August 21, 1941



INQUIRIES REGARDING THIS REGULATION

**Any inquiry relating to this regulation should be addressed
to the Federal Reserve Bank or Federal
Reserve branch bank of the district
in which the inquiry arises.**

FOREWORD

(Not a part of the regulation)

Regulation W has been adopted by the Board of Governors in order to carry out the President's Executive Order of August 9, 1941, which sets forth the necessity for and purpose of regulation of consumer credit, as follows:

1. A large volume of credit is being devoted to financing and refinancing purchases of consumers' goods and services through extensions of credit that usually are made to individuals and to a large extent are on an instalment payment basis.

2. The conditions under which such credit is available have an important influence upon the volume and timing of demand, not only for the particular goods and services purchased on credit but also for goods and services in general.

3. Liberal terms for such credit tend to stimulate demand for consumers' durable goods the production of which requires materials, skills, and equipment needed for national defense.

4. The extension of such credit in excessive volume tends to generate inflationary developments of increasing consequence as the limits of productive capacity are approached in more and more fields and to hinder the accumulation of savings available for financing the defense program.

5. The public interest requires control of the use of instalment credit for financing and refinancing purchases of consumers' durable goods the production of which absorbs resources needed for national defense, in order (a) to facilitate the transfer of productive resources to defense industries, (b) to assist in curbing unwarranted price advances and profiteering which tend to result when the supply of such goods is curtailed without corresponding curtailment of demand, (c) to assist in restraining general inflationary tendencies, to support or supplement taxation imposed to restrain such tendencies, and to promote the accumulation of savings available for financing the defense program, (d) to aid in creating a backlog of demand for consumers' durable goods, and (e) to restrain the development of a consumer debt structure that would repress effective demand for goods and services in the post-defense period.

6. In order to prevent evasion or avoidance of this order and such regulations as may be prescribed to effectuate its purposes, means should also be available for regulating the use of other instalment credit and other forms of credit usually extended to consumers or on consumers' durable goods.

7. It is appropriate that such credit be controlled and regulated through an existing governmental agency which has primary responsibilities with respect to the determination and administration of national credit policies.

Regulation W is issued in the light of the foregoing considerations and as a step supplementing more fundamental governmental measures designed to combat inflationary developments.

There will be changes from time to time in this regulation, particularly in the list of consumers' durable goods covered by the regulation, in the size of the minimum down payments required, and in the maximum length permitted for instalment contracts.

Any inquiry relating to this regulation should be addressed to the Federal Reserve Bank or the Federal Reserve branch bank of the district in which the inquiry arises.

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CONSUMER CREDIT
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REGULATION W

CONSUMER CREDIT

SECTION 1. SCOPE OF REGULATION

This regulation is issued by the Board of Governors of the Federal Reserve System (hereinafter called the "Board") under authority of section 5(b) of the Act of October 6, 1917, as amended, and Executive Order No. 8843, dated August 9, 1941 (hereinafter called the "Executive Order").¹

The regulation applies, in general, to any person who is engaged in the business of making extensions of instalment credit, or of discounting or purchasing obligations arising out of extensions of instalment credit. It applies whether the person so engaged is acting as principal, agent, broker or otherwise, and whether the person is a bank, loan company, or finance company, or a person who is so engaged in connection with any other business, such as by making such extensions of credit as a dealer, retailer, or other person in connection with the selling of consumers' durable goods.²

SECTION 2. DEFINITIONS

For the purposes of this regulation, unless the context otherwise requires:

(a) "**Person**" means an individual, partnership, association, or corporation.

(b) "**Extension of Credit**" means any loan or mortgage; any instalment purchase contract, any conditional sales contract, or any sale or contract of sale under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment or leasing of property under which the bailee or lessee either has the option of becoming the owner thereof or obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof; any contract creating any lien or similar claim on property to be discharged by the payment of money; any purchase, discount, or other acquisition of, or any extension of credit upon the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

¹ The Executive Order is printed in the Appendix. However, it has been the purpose to couch this regulation in such terms as will eliminate the need of cross reference to the Order.

² The Supplement to this regulation lists the consumers' durable goods within the scope of the regulation.

(c) "**Extension of Instalment Credit**" means an extension of credit which the obligor undertakes to repay in two or more scheduled payments or as to which the obligor undertakes to make two or more scheduled payments or deposits usable to liquidate the credit, or which has a similar purpose or effect.

(d) "**Extension of Instalment Sale Credit**" means an extension of instalment credit which is made, as principal, agent or broker, by any seller of any consumers' durable good specified in the Supplement to this regulation (hereinafter called a "listed article") and arises out of the sale of such listed article. For the purposes of this section 2(d) a lease or bailment which is similar in purpose or effect to a sale shall be deemed to be a sale.

(e) "**Extension of Instalment Loan Credit**" means an extension of instalment credit, other than instalment sale credit, which is a loan (as distinguished from other types of extensions of credit) and which (1) is in a principal amount of \$1,000 or less, or (2) regardless of amount, is wholly or partly secured, or according to any oral or written agreement of the parties is to become so secured, by any listed article which has been purchased within 45 days prior to, or is to be purchased at any time after, such extension of instalment credit; but the definition does not include any *loan upon the security of any obligation or claim* which arises out of any extension (A) of instalment sale credit or (B) of instalment loan credit as defined above in this section 2(e).

SECTION 3. REGISTRATION AND GENERAL REQUIREMENTS

(a) **General Requirements.**—No person engaged in the business of making extensions of instalment sale credit³ or instalment loan credit, or engaged in the business of lending on the security of or discounting or purchasing obligations or claims arising out of such extensions of credit, shall make any payment or receive any payment which constitutes or arises directly or indirectly out of any such extension of credit made by such person or out of any such obligation or claim lent on or discounted or purchased by such person, except on the following conditions:

(1) Such person shall be licensed pursuant to this section (any person so licensed being hereinafter called a "Registrant"); and

(2) The Registrant shall not make any such payment or receive any such payment (A) if, when the Registrant made the extension of instalment credit, the Registrant knew or had reason

³ It is to be noted that the term "instalment sale credit" includes only credit connected with the sale of listed articles.

to know any fact by reason of which such extension of instalment credit failed to comply with any of the requirements of this regulation applicable thereto, or (B) if, when the Registrant purchased or discounted the obligation or claim or accepted the obligation or claim as collateral, the obligation or claim showed on its face some failure to comply with such requirements, or the Registrant knew any fact by reason of which the extension of instalment credit giving rise to the obligation or claim failed to comply with such requirements, or (C) if, when the Registrant renewed, revised, or consolidated the obligation or claim arising out of an extension of instalment credit, the Registrant knew or had reason to know any fact by reason of which such renewal, revision or consolidation resulted in a failure to comply with such requirements.

(b) General License.—A general license is hereby granted to all persons engaged on or before December 31, 1941 in the type of business described in section 3(a); *Provided, however,* That such general license terminates at the close of December 31, 1941 for every person who has not registered on or before that date in the manner provided in section 3(c). After December 31, 1941, any person, whose license is not suspended, may become licensed by registering in the manner provided in section 3(c).

(c) Registration.—Registration as required by this section 3 may be accomplished by filing, with the Federal Reserve Bank of the district in which the main office of the Registrant is located, a registration statement on forms obtainable from any Federal Reserve Bank or branch.

(d) Suspension of License.—The license of any Registrant may, after reasonable notice and opportunity for hearing, be suspended by the Board, either in its entirety or as to particular activities or particular offices or for specified periods, on any of the following grounds:

- (1) Any material misstatement or omission willfully or negligently made in the registration statement;
- (2) Any willful or negligent failure to comply with any provision of this regulation or any requirement of the Board pursuant thereto.

A license which is suspended for a specified period will again become effective upon the expiration of such period. A license which is suspended indefinitely may be restored by the Board, in its discretion, if the Board is satisfied that its restoration would not lead to further violations of this regulation and would not be otherwise incompatible with the public interest.

SECTION 4. INSTALMENT SALE CREDIT

Except as otherwise permitted by section 6, any extension of instalment sale credit shall comply with the following requirements:

(a) **Maximum Amount of Credit.**—The deferred balance shall not exceed the maximum credit value of the listed article specified in the Supplement to this regulation (hereinafter called the "Supplement");

(b) **Maximum Maturity.**—The maturity shall not exceed that specified for the listed article in the Supplement;

(c) **Amounts of Payments.**—Except as permitted by section 4(d), the instalments in which the time balance is repayable shall be substantially equal in amount or be so arranged that no instalment is substantially greater in amount than any preceding instalment;

(d) **Intervals of Payments.**—The instalments shall be payable at approximately equal intervals not exceeding one month, except that, when appropriate for the purpose of facilitating repayment in accordance with the seasonal nature of the obligor's main source of income or to encourage off-seasonal purchases of seasonal goods, the payment schedule may reduce or omit payments over any period or periods totaling not more than 4 months during the life of such extension of instalment sale credit if the schedule increases the scheduled payments in such manner as to meet all the other requirements of this section 4;

* (e) **Minimum Monthly Payment.**—Except as permitted by section 4(d), the schedule of payments shall call for instalments aggregating not less than \$5.00 per month;

** (f) **Statement of Transaction.**—The extension of instalment sale credit shall be evidenced by a written instrument or record, and there shall be incorporated therein or attached thereto a written statement, of which a copy shall be given to the obligor as promptly as circumstances will permit, and which shall set forth (in any order) the following information:

- (1) A brief description identifying the article purchased;
- (2) The *bona fide* cash purchase price of the article and accessories purchased (including any sales taxes thereon) and of any services (excluding any interest or finance charge and the cost of any insurance) rendered in connection with the acquisition thereof, itemized;
- (3) The amount of the purchaser's down payment (A) in cash and (B) in goods accepted in trade, together with a brief

* Effective January 1, 1942.

** Effective October 1, 1941.

description identifying such goods and stating the monetary value assigned thereto in good faith;

(4) The deferred balance, which is the difference between items (2) and (3);

(5) The amount of any insurance premium for which credit is extended and of any finance charges or interest by way of discount included in the principal amount of the obligation, or the sum of these amounts;

(6) The time balance owed by the purchaser, which is the sum total of items (4) and (5); and

(7) The terms of payment.

(g) Credit of Which a Part Arises Out of Sale of a Listed Article.—

In case an extension of instalment sale credit arises partly out of a sale of an article listed in the Supplement and partly out of another sale, the amount and the terms of such extension of credit shall be such as would result if the credit were divided into two parts, the part relating to the listed article being treated in accordance with the provisions of this regulation relating to such article and the remainder being treated in the manner in which the Registrant would in good faith treat a similar extension of credit if standing alone.

SECTION 5. INSTALMENT LOAN CREDIT

Except as otherwise permitted by section 6, any extension of instalment loan credit shall comply with the following requirements:

(a) Loans Secured by Listed Article.—If the extension of instalment loan credit is wholly or partly secured, or according to any oral or written agreement of the parties is to become so secured, by any listed article which has been purchased within 45 days prior to, or is to be purchased at any time after, such extension of instalment loan credit:

(1) The principal amount lent to the obligor (excluding any interest or finance charges, and the cost of any insurance) shall not exceed the maximum credit value of the listed article specified in the Supplement; and, in determining such maximum credit value, the Registrant may accept in good faith a written statement signed by the obligor setting forth the *bona fide* cash purchase price of the article and of any accessories and of any services, except insurance, rendered in connection with the acquisition thereof, which statement so accepted shall, for purposes of this regulation, be deemed to be correct; and

(2) The maturity shall not exceed that specified for the listed article in the Supplement, and such maximum maturity shall

be calculated from the date of purchase of such listed article or from the date of such extension of instalment loan credit, whichever is earlier.

(b) **Miscellaneous Loans of \$1,000 or Less.**—If the extension of instalment loan credit is not subject to section 5(a) but is in a principal amount of \$1,000 or less, the maximum maturity shall not exceed that specified in the Supplement for extensions of instalment loan credit subject to this section 5(b).

(c) **General Requirements.**—Whether subject to section 5(a) or section 5(b), the extension of instalment loan credit shall comply with the following additional requirements:

* (1) The extension of instalment loan credit shall be evidenced by a written instrument or record, and there shall be incorporated therein or attached thereto a written statement, of which a copy shall be given to the obligor as promptly as circumstances will permit, and which shall set forth the terms of payment and, if the loan is subject to section 5(a), the *bona fide* cash purchase price used for determining the maximum credit value of the listed article involved;

(2) Except as permitted by section 5(c) (3), the total of the principal and any interest or finance charges shall be payable in instalments which shall be substantially equal in amount or be so arranged that no instalment is substantially greater in amount than any preceding instalment;

(3) Instalments shall be payable at approximately equal intervals not exceeding one month, except that, when appropriate in order to facilitate repayment in accordance with the seasonal nature of the obligor's main source of income or to encourage off-seasonal purchases of seasonal goods, the payment schedule may reduce or omit payments over any period or periods totaling not more than 4 months during the life of such extension of credit if the schedule increases the scheduled payments in such manner as to meet the other requirements of this section 5; and

** (4) Except as permitted by section 5(c) (3), the schedule of payments shall call for instalments aggregating not less than \$5.00 per month.

(d) **Determining When Listed Article Purchased.**—In case the Registrant accepts in good faith a written statement signed by the obligor that any listed article which secures an extension of instalment loan credit has not been purchased within 45 days prior to

* Effective October 1, 1941.

** Effective January 1, 1942.

such extension of credit such statement shall, for the purposes of this regulation, be deemed to be correct.

SECTION 6. CERTAIN EXCEPTIONS

Notwithstanding the provisions of sections 4 and 5, the requirements of such sections shall not apply to any of the following:

(a) Any extension of credit which is secured by a *bona fide* first lien on improved real estate duly recorded.

(b) Any extension of credit over \$1,000 which is made for materials and services in connection with repairs, alterations, or improvements upon urban, suburban, or rural real property in connection with existing structures, even though such materials include articles listed in Group C or D in the Supplement, provided the *bona fide* cash purchase price of such articles so listed does not exceed 50 per cent of the total over-all deferred balance.

(c) Any extension of instalment loan credit which is made to or for a student for *bona fide* educational purposes.

(d) Any extension of instalment loan credit if (1) the proceeds are to be used for *bona fide* medical, hospital, dental, or funeral expenses and (2) the income of the obligor available for the purpose is such that he could not reasonably meet the requirements of this regulation otherwise applicable, and failure to obtain the extension of credit would cause undue hardship to him; *Provided*, That if the Registrant accepts in good faith a written statement signed by the obligor and setting forth the facts relied upon to bring the loan within the exception of this section 6(d) the facts set forth in such statement shall, for the purposes of this regulation, be deemed to be correct.

(e) Any extension of credit (1) to finance the purchase of aircraft in order to facilitate participation in the Civilian Pilot Training Program of the Civil Aeronautics Authority; or (2) to remodel or rehabilitate any dwelling or residence which the Defense Housing Coordinator, or his authorized agent, shall designate as being for "defense housing" as defined by the Coordinator. Information regarding the procedure for obtaining such a designation may be obtained through any Federal Reserve Bank or branch.

(f) Any extension of instalment sale credit which is to be repaid at approximately equal intervals and in approximately equal instalments, the last of which matures within three months after the first day of the calendar month next following such extension.

(g) Any extension of credit to a dealer in any listed article, whether a wholesaler or retailer, to finance the purchase of any such article for resale.

(h) Any extension of credit which is to be repaid within not more

than twelve months and is made to a *bona fide* salesman of automobiles in order to finance the purchase of a new automobile to be used by him principally as a demonstrator.

(i) Any extension of credit which is for the purpose of financing a premium in excess of one year on a fire or casualty insurance policy if the proceeds are paid directly to the insurance agent, broker, or company issuing or underwriting the insurance and the extension of credit is fully secured by the unearned portion of the premium so financed.

(j) Any extension of instalment sale credit made on or before December 31, 1941, which (1) does not bring above \$50 the total of the obligor's outstanding indebtedness to the Registrant arising out of extensions of instalment sale credit made on or after September 1, 1941, and (2) is to be repaid at approximately equal intervals and in approximately equal instalments the last of which matures within 9 months after the first day of the calendar month next following such extension.

(k) Any extension of instalment loan credit which is made to a person engaged in agriculture, or to a cooperative association of such persons, provided that the extension of instalment loan credit (1) is approved by the Farm Security Administrator, or his authorized agent, as being necessary for the rehabilitation of a needy farm family, or (2) is for general agricultural purposes and is not for the purpose of purchasing any listed article and not secured by any listed article purchased within 45 days before the extension of credit. In determining whether a loan meets the description of clause (2) above, a Registrant may accept in good faith a written statement signed by the obligor setting forth the facts relied upon to bring the loan within the description, and the facts set forth in such statement shall, for the purposes of this regulation, be deemed to be correct.

SECTION 7. ENFORCEABILITY OF CONTRACTS

Pending an opportunity for the Board to observe this regulation in operation and except as may subsequently be otherwise provided, all of the provisions of this regulation are designated, pursuant to section 2(d) of the Executive Order, as being for administrative purposes within the meaning of said section 2(d) which provides that non-compliance with provisions of the regulation so designated shall not affect the right to enforce contracts.

SECTION 8. RENEWALS, REVISIONS, AND ADDITIONS

***(a) Renewals or Revisions.**—If any obligation or claim evidencing any extension of instalment sale credit or instalment loan credit

* Effective November 1, 1941.

is renewed or revised by a Registrant, the extension of instalment credit does not comply with the requirements of this regulation if such renewal or revision has the effect of changing the terms of repayment to terms which this regulation would not have permitted in the first instance for such credit; *Provided, however*, That this shall not prevent the Registrant from taking any such action if the Registrant accepts in good faith a statement of necessity as provided in section 8(d) and the extension of instalment credit provides for a schedule of repayment in conformity with this regulation as though it were a new extension of instalment credit; and *Provided further*, That nothing in this regulation shall be construed to prevent any Registrant from making any renewal or revision, or taking any action that it shall deem necessary in good faith, (1) with respect to any obligation of any member of the armed forces of the United States incurred prior to his induction into such service, or (2) for the Registrant's own protection in connection with any obligation which is in default and is the subject of *bona fide* collection effort by the Registrant.

*** (b) Additions to Outstanding Credit.**—If any Registrant makes any extension of instalment sale credit or instalment loan credit and such extension of instalment credit is consolidated with any obligation held by the Registrant evidencing any prior extension of instalment sale credit or instalment loan credit to the same obligor, neither extension of instalment credit complies with the requirements of this regulation unless the terms of the consolidated obligation are such as would have been necessary to meet the requirements of this regulation if the two extensions had not been so consolidated; *Provided, however*, That if the Registrant accepts in good faith a statement of necessity as provided in section 8(d), the combined obligation may provide for a schedule of repayment in conformity with this regulation as though it were a new extension of instalment credit.

*** (c) Credit to Retire Obligations Held Elsewhere.**—Any extension of instalment credit, the proceeds of which a Registrant knows or has reason to know will be used in whole or in part to reduce or retire any extension of instalment sale credit or instalment loan credit not held by such Registrant, shall be subject to the requirements of section 8(a) or 8(b), including the provisos thereof, to the same extent as if the obligation being reduced or retired were held by the Registrant. In determining whether the proceeds of any extension of instalment credit will be so used, if the Registrant accepts in good faith a written statement with respect thereto signed by the obligor, such statement shall, for the purposes of this regulation, be deemed to be correct.

* Effective November 1, 1941.

***(d) Statement of Necessity to Prevent Undue Hardship.**—The requirements of a statement of necessity, as provided for in sections 8(a), 8(b), and 8(c), will be complied with only if the Registrant accepts in good faith a written statement on a form prescribed by the Board and signed by the obligor that the contemplated renewal, revision, or other action is necessary in order to avoid undue hardship upon the obligor resulting from contingencies which were unforeseen by the obligor at the time of obtaining the original extension of instalment credit or which were beyond the control of the obligor, which statement also sets forth briefly the principal facts and circumstances with respect to such contingencies and specifically states that the renewal, revision, or other action is not pursuant to any preconceived plan, arrangement, or intention to evade or circumvent any requirement of this regulation.

(e) Obligations Outstanding on September 1, 1941.—The requirements of sections 8(a), 8(b), and 8(c), do not apply to any renewal or revision of any obligation arising out of any extension of instalment sale credit or instalment loan credit made prior to September 1, 1941; but when any such outstanding obligation has been combined with any extension of instalment sale credit or instalment loan credit made on or after September 1, 1941, or has been the subject of any renewal or revision made on or after such date, such extension of instalment credit shall thereafter be treated for the purposes of this regulation as having been made on or after such date.

(f) Side Loan to Make Down-Payment on Listed Article.—An extension of instalment credit which is limited in amount by this regulation to the maximum credit value of any listed article, does not comply with the requirements of this regulation if the Registrant making such extension of instalment credit knows or has reason to know that there is, or that there is to be, any other extension of credit in connection with the purchase of the listed article which would bring the total amount of credit extended in connection with such purchase beyond the maximum credit value of such article as specified in the Supplement; *Provided*, That, if the Registrant accepts in good faith a written statement signed by the obligor that no such other extension exists or is to be made, such statement shall, for the purposes of this regulation, be deemed to be correct.

(g) Evasive Side Agreements.—No extension of instalment credit complies with the requirements of this regulation if at the time it is made there is any agreement, arrangement, or understanding by which the obligor is to be enabled to make repayment on conditions inconsistent with those required by this regulation, or which would other-

* Effective November 1, 1941.

wise evade or circumvent, or conceal any evasion or circumvention of, any requirement of this regulation.

SECTION 9. MISCELLANEOUS PROVISIONS

(a) **Clerical Errors.**—Any failure to comply with this regulation resulting from a mistake in determining, calculating, or recording any price, credit value, or extension of credit, or other similar matter, shall not be construed to be a violation of this regulation if the Registrant establishes that such failure to comply was the result of excusable error and was not occasioned by a regular course of dealing.

(b) **Calculating Maximum Maturity of Contract.**—In calculating the maximum maturity of a contract from the date on which any listed article was purchased or any loan was made, depending upon which such date is required by this regulation to be used for such calculation, a Registrant may, at his option, use as such date of purchase or loan any date not more than 15 days subsequent to the actual date thereof.

(c) **“Lay-away” Plans.**—With respect to any extension of instalment sale credit involving a *bona fide* “lay-away” plan, or other similar plan by which a purchaser makes one or more payments on an article before receiving delivery thereof, the Registrant may, for the purposes of this regulation, treat the extension of instalment sale credit as not having been made until the date of the delivery of the article to the purchaser.

(d) **Outstanding Contracts.**—Except as provided in section 8(e) with respect to contracts made prior to September 1, 1941, which have been renewed, revised, or consolidated on or after such date, nothing in this regulation shall apply with respect to any valid contract made prior to such date.

(e) **Payments Arising out of Loans on Instalment Obligations.**—With respect to any loan on the security of an obligation or claim which arises out of an extension of instalment credit, the prohibitions of this regulation shall be deemed to apply only to payments arising out of the obligation or claim rather than to payments arising out of the loan.

(f) **Determining Security for Instalment Loan Credit.**—In determining whether an extension of instalment loan credit is secured by any recently acquired listed article, as described in section 5(a), the Registrant acting in good faith may disregard any such listed article which specifically secures some other extension of credit and secures the loan in question merely by reason of an “overlap agreement,” “spreader clause,” or other form of general over-all lien.

(g) **Records and Reports.**—Every Registrant shall keep such records and make such reports as the Board may from time to time require as necessary or appropriate for enabling it to perform its functions under the Executive Order.

(h) **Production of Records.**—Every Registrant, as and when required by the Board, shall furnish complete information relative to any transaction within the scope of the Executive Order, including the production of any books of account, contracts, letters, or other papers in connection therewith.

(i) **Transactions Outside United States.**—Nothing in this regulation shall apply with respect to any extension of credit made in Alaska, the Panama Canal Zone, or any territory or possession outside the continental United States.

(j) **Right of Registrant to Impose Stricter Requirements.**—Nothing in this regulation shall be construed to modify the right of any Registrant to refuse to extend credit, or to extend less credit than the amount permitted by this regulation, or to require that repayment be made within a shorter period than the maximum permitted by this regulation.

SECTION 10. EFFECTIVE DATE OF REGULATION

This regulation shall become effective September 1, 1941, except that sections 4(f) and 5(c) (1) shall not become effective until October 1, 1941, sections 8(a), 8(b), 8(c), and 8(d) shall not become effective until November 1, 1941, and sections 4(e) and 5(c) (4) shall not become effective until January 1, 1942.

SUPPLEMENT TO REGULATION W

Part 1. Listed Articles, Maximum Maturities, and Maximum Credit Values.—For the purposes of the regulation the following maximum maturities and maximum credit values shall apply to the following list of articles:

<i>Articles of Consumers' Durable Goods (Whether new or used)</i>	<i>Maximum Maturity in Months</i>	<i>Maximum Credit Value in per cent of Basis Price</i>
Group A		
1. Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs).....	18	(See Part 3 of this Supplement.)
Group B		
1. Aircraft (including gliders).....	18	66-2/3
2. Power driven boats, and motors designed for use therein, other than boats or motors designed specifically for commercial use.	18	66-2/3
3. Outboard boat motors.....	18	66-2/3
4. Motorcycles (two or three-wheel motor vehicles, including motor bicycles).....	18	66-2/3
Group C		
1. Mechanical refrigerators of less than 12 cubic feet rated capacity.....	18	80
2. Washing machines designed for household use.....	18	80
3. Ironers designed for household use.....	18	80
4. Suction cleaners designed for household use.	18	80
5. Cooking stoves and ranges with less than seven heating surfaces.....	18	80
6. Heating stoves and space heaters designed for household use.....	18	80
7. Electric dishwashers designed for household use.....	18	80
8. Room-unit air conditioners.....	18	80
9. Sewing machines designed for household use	18	80
10. Radio receiving sets, phonographs, or combinations.....	18	80
11. Musical instruments composed principally of metals.....	18	80
Group D		
1. Household furnaces and heating units for furnaces (including oil burners, gas conversion burners, and stokers).....	18	85
2. Water heaters designed for household use..	18	85
3. Water pumps designed for household use..	18	85
4. Plumbing and sanitary fixtures designed for household use.....	18	85
5. Home air conditioning systems.....	18	85
6. Attic ventilating fans.....	18	85
7. New household furniture (including ice refrigerators, bed springs, and mattresses but excluding floor coverings, wall coverings, draperies, and bed coverings) ¹	18	90
8. Pianos and household electric organs.....	18	90

¹An article is not new if it has been used by a consumer.

<i>Articles of Consumers' Durable Goods</i> (Whether new or used)	<i>Maximum Maturity in Months</i>	<i>Maximum Credit Value in per cent of Basis Price</i>
<i>Group E</i>		
1. Materials and services (other than materials listed in Group C or D) in connection with repairs, alterations, or improvements upon urban, suburban, or rural real property in connection with existing structures, provided the deferred balance does not exceed \$1,000.....	18	No limitation

Part 2. Basis Price of Listed Articles Other Than Automobiles.—

The *basis price* of any listed article other than an automobile shall be the *bona fide* cash purchase price of the article and accessories purchased, including any sales taxes thereon and any *bona fide* delivery and installation charges, *minus* the amount of any allowance made by the seller for any article traded-in by the purchaser (including as such a trade-in anything which the seller buys or arranges to have bought from the purchaser at or about the time of the purchase of the listed article).

Part 3. Maximum Credit Value of Automobiles.—For the purposes of section 4 and section 5(a) of the regulation:

(a) The maximum credit value of a new automobile shall be 66 $\frac{2}{3}$ per cent of the *bona fide* cash purchase price of the automobile and accessories (including any sales taxes thereon and any *bona fide* delivery charges) but in no event to exceed 66 $\frac{2}{3}$ per cent of the sum of the following items:

- (1) The advertised delivered price of the automobile (with standard equipment) at the factory;
- (2) Transportation charges established by the manufacturer from factory to point of delivery;
- (3) Any Federal, State, or local taxes not included in the foregoing; and
- (4) Any *bona fide* charges for delivery or accessories not included in the foregoing items.

In case the automobile is sold for delivery at the factory, by a dealer in a given place to a resident of such place or its vicinity who actually intends to bring the automobile to such place or vicinity and use it there, an amount equal to the freight from the factory to such place may be included.

(b) For any used automobile the maximum credit value, until otherwise provided, shall be 66 $\frac{2}{3}$ per cent of the *bona fide* cash purchase price (including any sales taxes thereon).

Part 4. Instalment Loan Credit Subject to Section 5(b) of the Regulation.—The maximum maturity of any extension of instalment loan credit of \$1,000 or less subject to section 5(b) of the regulation shall be 18 months.

APPENDIX TO REGULATION W

EXECUTIVE ORDER

REGULATION OF CONSUMER CREDIT

DECLARATION OF NECESSITY AND PURPOSE

WHEREAS a large volume of credit is being devoted to financing and refinancing purchases of consumers' goods and services through extensions of credit that usually are made to individuals and to a large extent are on an instalment payment basis; and

WHEREAS the conditions under which such credit is available have an important influence upon the volume and timing of demand, not only for the particular goods and services purchased on credit but also for goods and services in general; and

WHEREAS liberal terms for such credit tend to stimulate demand for consumers' durable goods the production of which requires materials, skills, and equipment needed for national defense; and

WHEREAS the extension of such credit in excessive volume tends to generate inflationary developments of increasing consequence as the limits of productive capacity are approached in more and more fields and to hinder the accumulation of savings available for financing the defense program; and

WHEREAS the public interest requires control of the use of instalment credit for financing and refinancing purchases of consumers' durable goods the production of which absorbs resources needed for national defense, in order (a) to facilitate the transfer of productive resources to defense industries, (b) to assist in curbing unwarranted price advances and profiteering which tend to result when the supply of such goods is curtailed without corresponding curtailment of demand, (c) to assist in restraining general inflationary tendencies, to support or supplement taxation imposed to restrain such tendencies, and to promote the accumulation of savings available for financing the defense program, (d) to aid in creating a backlog of demand for consumers' durable goods, and (e) to restrain the development of a consumer debt structure that would repress effective demand for goods and services in the post-defense period; and

WHEREAS in order to prevent evasion or avoidance of this order and such regulations as may be prescribed to effectuate its purposes, means should also be available for regulating the use of other instalment credit and other forms of credit usually extended to consumers or on consumers' durable goods; and

WHEREAS it is appropriate that such credit be controlled and regulated through an existing governmental agency which has primary responsibilities with respect to the determination and administration of national credit policies:

Now, THEREFORE, by virtue of the authority vested in me by section 5(b) of the act of October 6, 1917, as amended, and by virtue of

all other authority vested in me, and in order, in the national emergency declared by me on May 27, 1941, to promote the national defense and protect the national economy, it is hereby ordered as follows:

ADMINISTRATION

Section 1. (a) The Board of Governors of the Federal Reserve System (hereinafter called the Board) is hereby designated as the agency through which transfers of credit between and payments by or to banking institutions (as defined herein pursuant to section 5(b) of the aforesaid Act) which constitute, or arise directly or indirectly out of, any extension of credit of a type set out in section 2(a) of this order shall be investigated, regulated and prohibited.

(b) The Board shall, whenever it deems such action to be necessary or appropriate, take any lawful steps herein authorized and such other lawful steps as are within its power to carry out the purposes of this order, and may, in administering this order, utilize the services of the Federal Reserve Banks and any other agencies, Federal or State, which are available and appropriate.

(c) In order to facilitate the coordination of the Board's functions under this order with other phases of the program for national defense and for protecting the national economy, there shall be a committee consisting of the Secretary of the Treasury, the Federal Loan Administrator, and the Administrator of the Office of Price Administration and Civilian Supply, or such alternate as each shall designate, and such other members as the President shall subsequently appoint. The Board shall maintain liaison with the committee, and in formulating policies with respect to down-payments, maturities, terms of repayment, and other such questions of general policy shall consult with the committee and take into consideration any suggestions or recommendations it may make.

REGULATIONS

Section 2. (a) Whenever the Board shall determine that such action is necessary or appropriate for carrying out the purposes of this order, the Board shall prescribe regulations with respect to transfers and payments which constitute, or arise directly or indirectly out of, any extension of instalment credit for the purpose of purchasing or carrying any consumers' durable good except a residential building in its entirety; and the Board may in addition, to the extent deemed by it to be desirable and feasible in order to prevent evasion of such regulations as may be so prescribed or in order to control forms of credit the use of which might defeat the purposes of this order and such regulations, prescribe regulations with respect to transfers and payments which constitute, or arise directly or indirectly out of, (1) any other extension of instalment credit, or (2) any other extension of credit for the purpose of purchasing or carrying any consumers' durable good, or (3) any other extension of credit in the form of a loan other than a loan made for business purposes to a business enterprise or for agricultural purposes to a person engaged in agriculture. Such regulations may be prescribed by the Board at such times and with such effective dates as the Board shall deem to be in accordance with the purposes of this order.

(b) Such regulations may from time to time, originally or by amendment, regulate or prohibit such transfers and payments or exempt them from regulation or prohibition and may classify them according to the nature of the transactions or goods or persons involved or upon such other basis as may reasonably differentiate such transfers and payments for the purposes of regulations under this order, and may be made applicable to one or more of the classes so established; and, without limiting the generality of the foregoing, such regulations may require transactions or persons or classes thereof to be registered or licensed; may prescribe appropriate limitations, terms, and conditions for such registrations or licenses; may provide for suspension of any such registration or license for violation of any provision thereof or of any regulation, rule, or order prescribed hereunder, may prescribe appropriate requirements as to the keeping of records and as to the form, contents, or substantive provisions of contracts, liens, or any relevant documents; may prohibit solicitations by banking institutions which would encourage evasion or avoidance of the requirements of any regulation, license, or registration under this order; and may from time to time make appropriate provisions with respect to—

(1) The maximum amount of credit which may be extended on, or in connection with any purchase of, any consumers' durable good;

(2) The maximum maturity, minimum periodic payments, and maximum periods between payments, which may be stipulated in connection with extensions of credit;

(3) The methods of determining purchase prices or market values or other bases for computing permissible extensions of credit or required down-payments; and

(4) Special or different terms, conditions, or exemptions with respect to new or used goods, minimum original cash payments, temporary credits which are merely incidental to cash purchases, payment or deposits usable to liquidate credits, and other adjustments or special situations.

(c) On and after the effective date of any regulation prescribed by the Board with respect to any extension of credit of a type set out in section 2(a), and notwithstanding the provisions of any other proclamation, order, regulation, or license under the aforesaid Act, all transfers and payments which are in violation of such regulation shall be and hereby are prohibited to the extent specified in such regulation.

(d) Neither this order nor any regulation issued thereunder shall affect the right of any person to enforce any contract, except that after the effective date of any such regulation every contract which is made in connection with any extension of credit and which violates, or the performance of which would violate, any provision of such regulation (other than a provision designated therein as being for administrative purposes), and every lien, pledge, seller's interest in a conditional sale, or other property interest, subject to the provisions of such contract or created in connection therewith, shall be unenforceable by the person who extends such credit or by any person who acquires any right of such person in such contract; provided that such

disability shall not apply to any person who extends such credit, or acquires such right for value, in good faith and without knowing or having reason to know the facts by reason of which the making or performance of such contract was or would be such a violation.

REPORTS

Section 3. Reports concerning the kinds, amounts, and characteristics of any extensions of credit subject to this order, concerning transfers and payments which arise out of any such extensions of credit, or concerning circumstances related to such extensions of credit or such transfers or payments or to the regulation thereof, shall be filed on such forms, under oath or otherwise, at such times and from time to time, and by such persons, as the Board may prescribe by rule, regulation, or order as necessary or appropriate for enabling the Board to perform its functions under this order. The Board may require any person to furnish, under oath or otherwise, complete information relative to any transaction within the scope of this order, including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person.

DEFINITIONS

Section 4. For the purposes of this order, unless the context otherwise requires, the following terms shall have the following meanings, provided that the Board may in its regulations give such terms more restricted meanings:

(a) "Person" has the meaning set forth in section 5(b) of the act of October 6, 1917, as amended.

(b) "Transfers and payments" means "transfers of credit between and payments by or to banking institutions".

(c) "Banking institution" means any person engaged as principal, agent, broker, or otherwise, in the business of making or holding extensions of credit and includes, without limitation, any bank, any loan company, and finance company, or any other person engaged in the business of making or holding extensions of credit whether as a vendor of consumers' durable goods or otherwise.

(d) "Consumers' durable good" includes any good, whether new or used, which is durable or semi-durable and is used or usable for personal, family or household purposes, and any service connected with the acquisition of any such good or of any interest therein.

(e) "Extension of credit" means any loan or mortgage; any installment purchase contract, any conditional sales contract, or any sale or contract of sale under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment or leasing of property under which the bailee or lessee either has the option of becoming the owner thereof or obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof; any contract creating any lien or similar claim or property to be discharged by the payment of money; any purchase, discount, or other acquisition of, or any extension of credit upon the security of, any obligation or claim arising

out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(f) An extension of credit is an extension of "instalment credit" if the obligor undertakes to repay the credit in two or more scheduled payments or undertakes to make two or more scheduled payments or deposits usable to liquidate the credit, or if the extension of credit has a similar purpose or effect, or if it is for the purpose of financing a business enterprise which makes such extensions of credit.

(g) An extension of credit is "for the purpose of purchasing or carrying any consumers' durable good" if it is directly or indirectly for the purpose of financing or refinancing the purchase of any consumers' durable good or is directly or indirectly secured by any consumers' durable good, or if the extension of credit has a similar purpose or effect, or if it is for the purpose of financing a business enterprise which makes such extensions of credit.

PENALTIES

Section 5. Whoever willfully violates or knowingly participates in the violation of this order or of any regulation prescribed hereunder, shall be subject to the penalties applicable with respect to violations of section 5(b) of the said act of October 6, 1917, as amended.*

(Signed) FRANKLIN D. ROOSEVELT.

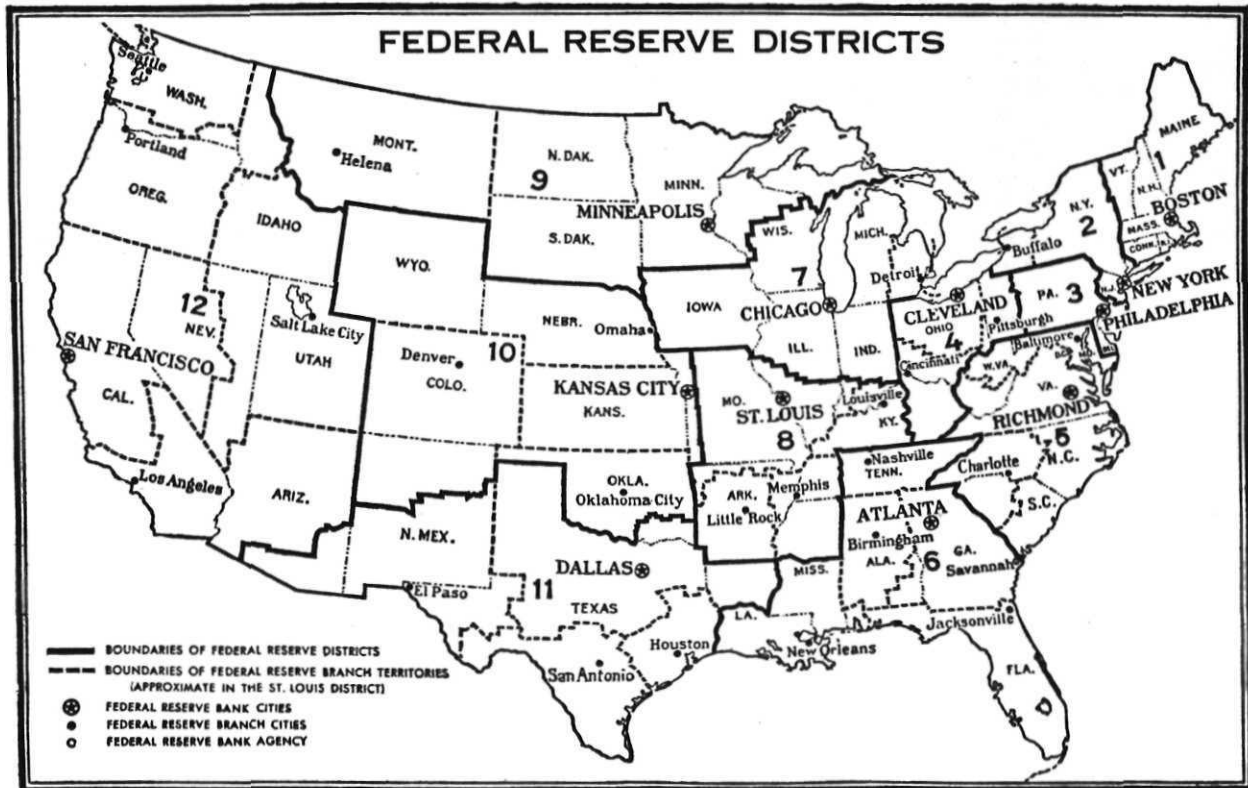
The White House,
August 9, 1941.

* The section 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."

LIST OF FEDERAL RESERVE BANKS AND BRANCHES

<i>Federal Reserve Bank of</i>	<i>Address</i>
BOSTON	30 Pearl Street, Boston, Massachusetts
NEW YORK	33 Liberty Street, New York, New York
Buffalo Branch	270-276 Main Street, Buffalo, New York
PHILADELPHIA	925 Chestnut Street, Philadelphia, Pennsylvania
CLEVELAND	East Sixth Street and Superior Avenue, Cleveland, Ohio
Cincinnati Branch	Fourth and Race Streets, Cincinnati, Ohio
Pittsburgh Branch	Grant Street and Ogle Way, Pittsburgh, Pennsylvania
RICHMOND	9th and Franklin Streets, Richmond, Virginia
Baltimore Branch	Lexington and Calvert Streets, Baltimore, Maryland
Charlotte Branch	110 South Tryon Street, Charlotte, North Carolina
ATLANTA	104 Marietta Street, Atlanta, Georgia
Birmingham Branch	18th Street and 5th Avenue, North, Birmingham, Alabama
Jacksonville Branch	Church and Hogan Streets, Jacksonville, Florida
Nashville Branch	228 3rd Avenue, North, Nashville, Tennessee
New Orleans	Corondelet Street and Common, New Orleans, Louisiana
CHICAGO	230 South LaSalle Street, Chicago, Illinois
Detroit Branch	160 Fort Street, West, Detroit, Michigan
ST. LOUIS	411 Locust Street, St. Louis, Missouri
Little Rock Branch	3rd and Louisiana Streets, Little Rock, Arkansas
Louisville Branch	5th and Market Streets, Louisville, Kentucky
Memphis Branch	3rd and Jefferson Streets, Memphis, Tennessee
MINNEAPOLIS	73 South Fifth Street, Minneapolis, Minnesota
Helena Branch	Park and Edwards Streets, Helena, Montana
KANSAS CITY	10th Street and Grand Avenue, Kansas City, Missouri
Denver Branch	17th and Arapahoe, Denver, Colorado
Oklahoma City Branch	226 West Third Street, Oklahoma City, Oklahoma
Omaha Branch	1701-5 Dodge Street, Omaha, Nebraska
DALLAS	Wood and Akard Streets, Dallas, Texas
El Paso Branch	351 Myrtle Avenue, El Paso, Texas
Houston Branch	Texas Avenue and Caroline Street, Houston, Texas
San Antonio Branch	Jardin and Villita Streets, San Antonio, Texas
SAN FRANCISCO	Sansome and Sacramento Streets, San Francisco, California
Los Angeles Branch	10th and Olive Streets, Los Angeles, California
Portland Branch	6th and Oak Streets, Portland, Oregon
Salt Lake City Branch	Corner South Temple and East State Streets, Salt Lake City, Utah
Seattle Branch	2nd Avenue and Spring Street, Seattle, Washington

FEDERAL RESERVE DISTRICTS



AMENDMENT NO. 1 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective September 20, 1941

Effective September 20, 1941, Part 3(a) of the Supplement to Regulation W is amended to read as follows:

SUPPLEMENT, PART 3(a)

(a) The maximum credit value of a new automobile shall be $66\frac{2}{3}$ per cent of the *bona fide* cash purchase price of the automobile and accessories (including any sales taxes thereon and any *bona fide* delivery charges) but such maximum credit value shall in no event exceed $66\frac{2}{3}$ per cent of the sum of the following items:

(1) The manufacturer's retail quotation at factory, or the equivalent of such quotation. (For the purposes of this regulation, this means the retail delivered price of the automobile with standard equipment at the factory, as advertised, or as suggested or recommended to dealers, by the manufacturer; or, in the case of a 1942 model for which such a price has not been so advertised or suggested or recommended, it means the price last so advertised or suggested or recommended for the corresponding 1941 model, increased or decreased by the percentage by which the manufacturer's wholesale price of the 1942 model is increased or decreased from the manufacturer's wholesale price of such 1941 model.)

(2) Transportation charges from factory to point of delivery as suggested or recommended by the manufacturer for inclusion in the retail delivered price at that point, or in the absence of any such suggestion or recommendation then an amount substantially equal to the freight by rail from factory to that point;

(3) Any Federal, State or local taxes not included in the foregoing; and

(4) Any *bona fide* charges for delivery or accessories not included in the foregoing items.

In case the automobile is sold for delivery at the factory, by a dealer in a given place to a resident of such place or its vicinity who actually intends to bring the automobile to such place or vicinity and use it there, an amount equal to the freight from the factory to such place may be included.

AMENDMENT NO. 2 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

Effective December 1, 1941

Effective December 1, 1941, Regulation W is amended in the following respects:

SECTION 2(e)

In section 2(e) the figure \$1,000 is changed to \$1,500.

SECTION 4(e)

Section 4(e) is stricken out and a new section 4(e), which reads as follows, is substituted:

(e) **Small Down Payments.**—In any case in which the down payment required by section 4(a) would be \$2.00 or less, the Registrant may disregard such requirement.

SECTION 5

Section 5 is changed to read as follows:

SECTION 5. INSTALMENT LOAN CREDIT

Except as otherwise permitted by section 6, any extension of instalment loan credit shall comply with the following requirements:

(a) **Loans Secured by or to Purchase Listed Articles.**—If the extension of instalment loan credit is secured, or according to any oral or written agreement of the parties is to become secured, by any listed article which has been purchased within 45 days prior to, or is to be purchased at any time after, such extension of instalment loan credit; or if the extension of instalment loan credit, even though not so secured, is in a principal amount of \$1,500 or less and the Registrant knows or has reason to know that the proceeds are to be used to purchase any listed article:

(1) The principal amount lent to the obligor (excluding any interest or finance charges, and the cost of any insurance) shall not exceed the maximum credit value of the listed article specified in the Supplement; and, in determining such maximum credit value, the Registrant may accept in good faith a written

statement signed by the obligor setting forth the *bona fide* cash purchase price of the article and of any accessories and of any services, except insurance, rendered in connection with the acquisition thereof, which statement so accepted shall, for purposes of this regulation, be deemed to be correct; and

(2) The maturity shall not exceed that specified for the listed article in the Supplement, and such maximum maturity shall be calculated from the date of purchase of such listed article or from the date of such extension of instalment loan credit, whichever is earlier.

(b) **Miscellaneous Loans of \$1,500 or Less.**—If the extension of instalment loan credit is not subject to section 5(a) but is in a principal amount of \$1,500 or less, the maximum maturity shall not exceed that specified in the Supplement for extensions of instalment loan credit subject to this section 5(b).

(c) **General Requirements.**—Whether subject to section 5(a) or section 5(b), the extension of instalment loan credit shall comply with the following additional requirements:

(1) The extension of instalment loan credit shall be evidenced by a written instrument or record, and there shall be incorporated therein or attached thereto a written statement, of which a copy shall be given to the obligor as promptly as circumstances will permit, and which shall set forth the terms of payment and, if the loan is subject to section 5(a), the *bona fide* cash purchase price used for determining the maximum credit value of the listed article involved;

(2) Except as permitted by section 5(c)(3), the total of the principal and any interest or finance charges shall be payable in instalments which shall be substantially equal in amount or be so arranged that no instalment is substantially greater in amount than any preceding instalment; and

(3) Instalments shall be payable at approximately equal intervals not exceeding one month, except that, when appropriate in order to facilitate repayment in accordance with the seasonal nature of the obligor's main source of income or to encourage off-seasonal purchases of seasonal goods, the payment schedule may reduce or omit payments over any period or periods totaling not more than 4 months during the life of such extension of credit if the schedule increases the scheduled payments in such manner as to meet the other requirements of this section 5.

(d) **Statement of the Borrower.**—On and after January 1, 1942, no Registrant shall make any extension of instalment loan credit (except under the provisions of section 8(a)) unless, at or before the execution of the loan contract, he shall have obtained and accepted in good faith a signed Statement of the Borrower as to the purposes of the loan in form prescribed by the Board. No obligor shall willfully make any material misstatement or omission in such Statement. The Registrant, acting in good faith, may rely upon the facts set out by the obligor in such Statement and, when the Registrant is so acting, such facts shall be deemed to be correct for the purposes of the Registrant. Until January 1, 1942 (after which date a Statement of the Borrower must be obtained) the Registrant, in ascertaining the purposes of the loan or the maximum credit value of any listed article, may, in good faith, accept and rely upon a written statement in any form signed by the obligor and such statement shall, for the purposes of this regulation, be deemed to be correct. In case the Registrant accepts in good faith a written statement signed by the obligor that any listed article which secures an extension of instalment loan credit has not been purchased within 45 days prior to such extension of credit, such statement shall, for the purposes of this regulation, be deemed to be correct.

(e) **Credit Subject to Section 5(a) Only in Part.**—In case an extension of instalment loan credit consists only in part of an extension of credit subject to section 5(a), the amount and terms of such extension of credit shall be such as would result if the credit were divided and each part treated in good faith as if it stood alone.

A loan or part thereof which is secured by a listed article only because of an "overlap agreement", "spreader clause", or other form of general over-all lien or only because the Registrant is prevented by a State law or regulation from having in effect more than one contract of loan from the same borrower at the same time, but which otherwise would not be subject to section 5(a), shall not be deemed to be so secured within the meaning of such section.

(f) **Loans to Make Down Payments Prohibited.**—An extension of instalment loan credit does not comply with the requirements of this regulation if the Registrant making such extension knows or has reason to know that any part of the proceeds thereof is to be used to make a down payment on the purchase price of any listed article: *Provided*, That, if the Registrant accepts in good faith a written statement signed by the obligor that no part of the proceeds is to be so used, such statement shall, for the purposes of this regulation, be deemed to be correct.

SECTION 6(a)

Section 6(a) is changed to read as follows:

(a) Any extension of credit which is secured by a *bona fide* first lien on improved real estate duly recorded or which is for the purpose of financing or refinancing the construction or purchase of an entire residential building or other entire structure.

SECTION 6(l)

A new subsection reading as follows is added at the end of section 6:

(l) Any extension of instalment loan credit which is made to a person whose income is derived principally from the operation of a business enterprise of which such person is the owner or proprietor, provided the extension of credit is for the purpose of financing such business enterprise and is not for the purpose of purchasing any listed article or secured by any listed article purchased within 45 days before the extension of credit.

SECTIONS 8(a), 8(b), 8(c) AND 8(d)

The effective date of sections 8(a), 8(b), 8(c) and 8(d) has been postponed from November 1, 1941, to December 1, 1941, and they have been changed to read as follows:

(a) **Renewals or Revisions.**—If any obligation or claim evidencing any extension of instalment sale credit or instalment loan credit is renewed or revised by a Registrant, the extension of instalment credit does not comply with the requirements of this regulation if such renewal or revision has the effect of changing the terms of repayment to terms which this regulation would not have permitted in the first instance for such credit; *Provided*, That nothing in this regulation shall be construed to prevent any Registrant from making any renewal or revision, or taking any action that it shall deem necessary in good faith, (1) with respect to any obligation of any member of the armed forces of the United States incurred prior to his induction into such service, or (2) for the Registrant's own protection in connection with any obligation which is in default and is the subject of *bona fide* collection effort by the Registrant.

(b) **Additions to Outstanding Credit Held by Registrant.**—An extension of instalment sale credit or instalment loan credit does not comply with the requirements of this regulation if it is consolidated with any obligation or obligations held by the Registrant evidencing any prior extension or extensions of instalment credit to the same

obligor, unless the additional extension of credit complies with the maximum credit value limitations applicable thereto (if any) and, in addition, the consolidated obligation complies with one of the following options:

Option 1. The terms of the consolidated obligation shall be such as would have been necessary to meet the requirements of this regulation if the two obligations had not been consolidated; or

Option 2. The consolidated obligation shall provide for a rate of payment, throughout its term, which is (A) at least as large per month as the rate of payment or payments on the outstanding obligation or obligations being consolidated would have been for the month commencing on the date of consolidation, and (B) is larger to whatever extent may be necessary in order to repay the consolidated obligation within 15 months.

(c) **Credit to Retire Obligations Held Elsewhere.**—Any extension of instalment loan credit, the proceeds of which a Registrant knows or has reason to know will be used in whole or in part to retire any extension of instalment credit not held by such Registrant, shall be subject to the provisions of this regulation to the same extent as if the obligation being retired were held by the Registrant.

(d) **Statement of Necessity to Prevent Undue Hardship.**—Notwithstanding the provisions of sections 8(a), 8(b) and 8(c), if a Registrant accepts in good faith a statement of necessity as provided in the following paragraph, the renewed, revised or consolidated obligation may provide for a schedule of repayment as though it were a new extension of instalment loan credit subject to section 5(b), even though such action results in the reduction of the rate of repayment thereon.

The requirements of a statement of necessity will be complied with only if the Registrant accepts in good faith a written statement in form and content prescribed by the Board and signed by the obligor that the contemplated renewal, revision or other action is necessary in order 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, which statement also sets forth briefly the principal facts and circumstances with respect to such contingencies and specifically states that the renewal, revision, or other action is not pursuant to a preconceived plan or an intention to evade or cir-

cumvent the requirements of this regulation. 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.

SECTION 9(f)

Old section 9(f), which is superseded by language in the amended section 5(e), is stricken out and a new section 9(f), which reads as follows, has been substituted:

(f) "Farmer Plans".—When appropriate for the purpose of facilitating repayment in accordance with the seasonal nature of the obligor's main source of income, an extension of instalment credit which is made to a person who is engaged in agriculture and derives income principally therefrom may be payable in any amounts and at any intervals, notwithstanding sections 4(c), 4(d) and 5(c): *Provided*, That (1) the extension of credit complies with the applicable provisions concerning the amount and maximum maturity of the credit and (2) at least one-half of the credit is to be repaid within the first half of the applicable maximum maturity.

SECTION 10

Section 10 is changed to read as follows:

SECTION 10. EFFECTIVE DATE OF REGULATION

This regulation shall become effective September 1, 1941, except that sections 8(a), 8(b), 8(c) and 8(d) and the amendments made by Amendment No. 2 shall not become effective until December 1, 1941.

SUPPLEMENT, PART 4

In part 4 of the Supplement, the figure \$1,000 is changed to \$1,500.

AMENDMENT NO. 3 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, and these changes shall become effective March 23, 1942, except that the change in Part 3(b) of the Supplement shall not become effective until April 1, 1942.

1. Section 3(b) is amended to read as follows:

(b) **General License.**—Whenever this regulation is amended so that any person who was not formerly subject to section 3(a) becomes subject thereto, such person is hereby granted a general license; but such general license shall terminate at the end of the second full calendar month after the month in which the amendment becomes effective unless such person has registered, in the manner provided in section 3(c), before such termination. Any person whose license is not suspended may become licensed by registering in the manner provided in section 3(c).

2. Section 4(f) is amended by adding the following new paragraph at the end thereof:

The Registrant may disregard the requirements of this section 4(f) in the case of any article listed in Group A, B, C or D on which the down payment required by section 4(a) would be \$2.00 or less, or in the case of any article included in Group E of which the *bona fide* cash purchase price, as defined in the Supplement, does not exceed \$20.00.

3. Section 5(d) is amended by changing the words "On and after January 1, 1942, no Registrant" at the beginning of the section to "No Registrant", and by striking out the next to last sentence of the section.

4. Section 6(e) is amended so that clause (1) thereof will read as follows:

(1) to finance the purchase of aircraft for use in any activity in respect of which a preference rating of A-10 or higher is in force for deliveries of civil aircraft;

5. Section 6(j) is stricken out and the following new provision is substituted therefor:

(j) Any extension of instalment loan credit made by the Disaster Loan Corporation.

6. The first sentence of section 6(k) is amended to read as follows, and the number (2) in the second sentence of the section is changed to (3):

Any extension of instalment loan credit which is made to a person engaged in agriculture, or to a cooperative association of such persons, provided that the extension of instalment loan credit (1) is made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation and is found, pursuant to regulations issued by the Commissioner, to be necessary to maintain or increase production of essential agricultural commodities, or (2) is approved by the Farm Security Administrator, or his authorized agent, as being necessary for the rehabilitation of a needy farm family, or (3) is for general agricultural purposes and is not for the purpose of purchasing any listed article and not secured by any listed article purchased within 45 days before the extension of credit.

7. The following footnote is added to section 8(a), and the footnote reference⁴ is inserted after the word "credit" immediately before the proviso of the section:

⁴If there should be any arrearage which does not arise out of any prearrangement or plan to evade this regulation, the arrearage may be divided equally among and added to the remaining payments scheduled for the liquidation of the credit to which such arrearage relates. This applies to any renewal, revision or consolidation effected in accordance with any provision of Section 8.

8. Option 1 in section 8(b) is amended to read as follows:

Option 1. The terms of the consolidated obligation shall be such as would have been necessary to meet the requirements of this regulation if the several obligations had not been consolidated: *Provided*, That, in order to schedule payments at approximately equal intervals, the consolidated obligation may combine payments that would otherwise have fallen due at different times within any monthly period, but the first of such combined payments shall fall due within one month after such consolidation; or

9. Section 8(d) is amended by striking out the last sentence thereof.

10. Section 9(d) is amended by adding the following new paragraph at the end thereof:

Whenever this regulation is amended to add any article to the listed articles specified in the Supplement, the amendment shall not apply with respect to the carrying out of any valid contract made prior to the effective date of the amendment; but any renewal, revision or consolidation of any such obligation shall be subject to the requirements of section 8, and for the purposes of section 8(a) the terms of repayment "permitted in the first instance" for such an obligation shall be deemed to be those applicable to such an extension of credit under such amendment.

11. The part of section 10 after the heading is amended to read as follows:

This regulation became effective in its original form September 1, 1941; Amendment No. 1 became effective September 20, 1941; Amendment No. 2 became effective December 1, 1941; and Amendment No. 3 shall become effective March 23, 1942, except that the change made in Part 3 of the Supplement by Amendment No. 3 shall not become effective until April 1, 1942.

12. The Supplement is amended to read as follows:

SUPPLEMENT TO REGULATION W

Part 1. Listed Articles, Maximum Maturities, and Maximum Credit Values.—For the purposes of the regulation the following maximum maturities and maximum credit values shall apply to the following list of articles:

<i>Articles of Consumers' Durable Goods (Whether New or Used)</i>	<i>Maximum Maturity in Months</i>	<i>Maximum Credit Value in per cent of Basis Price</i>
<i>Group A</i>		
1. Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs).....	15	(See Part 3 of this Supplement)
2. Motorcycles (two or three-wheel motor vehicles, including motor bicycles).....	15	

<i>Articles of Consumers' Durable Goods (Whether New or Used)</i>	<i>Maximum Maturity in Months</i>	<i>Maximum Credit Value in per cent of Basis Price</i>
<i>Group B</i>		
1. Aircraft (including gliders).....	15	66-2/3
2. Power driven boats, and motors designed for use therein, other than boats or motors designed specifically for commercial use.....	15	66-2/3
3. Outboard boat motors.....	15	66-2/3
*4. Bicycles.....	15	66-2/3
<i>Group C</i>		
1. Mechanical refrigerators of less than 12 cubic feet rated capacity.....	15	66-2/3
2. Washing machines designed for household use.....	15	66-2/3
3. Ironers designed for household use.....	15	66-2/3
4. Suction cleaners designed for household use.....	15	66-2/3
5. Cooking stoves and ranges designed for household use.....	15	80
6. Heating stoves and space heaters designed for household use.....	15	80
7. Electric dishwashers designed for household use.....	15	66-2/3
8. Room-unit air conditioners.....	15	66-2/3
9. Sewing machines designed for household use.....	15	66-2/3
10. Radio receiving sets, phonographs, or combinations.....	15	66-2/3
11. Musical instruments composed principally of metals.....	15	66-2/3
*12. Lawn mowers, mower-type edgers and trimmers (whether or not power-driven).....	15	66-2/3
*13. Silverware (flatware and hollow ware, whether solid or plated).....	15	66-2/3
*14. Clocks, electric or other, designed for household or personal use, and watches.....	15	80
*15. Motion picture cameras, projectors, and lenses, designed for film gauges less than 35 mm.; still cameras, projectors, lenses and shutters, and enlargers.....	15	66-2/3
<i>Group D</i>		
1. Household furnaces and heating units for furnaces (including oil burners, gas conversion burners, and stokers).....	18	80
2. Water heaters designed for household use.....	18	80
3. Water pumps designed for household use.....	18	80
4. Plumbing and sanitary fixtures designed for household use.....	18	80
5. Home air conditioning systems.....	15	66-2/3
6. Attic ventilating fans.....	15	66-2/3
7. New household furniture (including ice refrigerators, bed springs, and mattresses but excluding floor coverings, wall coverings, draperies, and bed coverings) ¹	15	90
8. Pianos and household electric organs.....	18	90
*9. Floor coverings (including fabric and linoleum type rugs, carpets, mats, and other floor covering materials, whether or not designed to be affixed to the floor).....	15	80

¹ An article is not new if it has been used by a consumer.

* Added by Amendment No. 3, effective March 23, 1942.

<i>Articles of Consumers' Durable Goods (Whether New or Used)</i>	<i>Maximum Maturity in Months</i>	<i>Maximum Credit Value in per cent of Basis Price</i>
<i>Group E</i>		
1. Materials and services (other than materials, whether or not designed for household use, which are of the kinds listed in Group C or D) in connection with repairs, alterations, or improvements upon urban, suburban or rural real property in connection with existing structures (other than a structure, or a distinct part thereof, which, as so repaired, altered or improved, is designed exclusively for non-residential use), provided the deferred balance does not exceed \$1,000.....	18	No limitation

Part 2. Basis Price of Listed Articles Other Than Those in Group A.—The *basis price* of any listed article, other than an automobile or other article listed in Group A, shall be the *bona fide* cash purchase price of the article and accessories purchased *minus* the amount of any allowance made by the seller for any article traded in by the purchaser (including as such a trade-in anything which the seller buys or arranges to have bought from the purchaser at or about the time of the purchase of the listed article).

Part 3. Maximum Credit Value of Automobiles and Motorcycles.—For the purpose of the regulation:

(a) The maximum credit value of a new automobile or a new or used motorcycle shall be 66⅔ per cent of the *bona fide* cash purchase price.

(b) † The maximum credit value of a used automobile shall be 66⅔ per cent of whichever is the lower of the following two figures:

- (1) the *bona fide* cash purchase price; or
- (2) the “appraisal guide value” plus any applicable sales taxes.

“Appraisal guide value” means the estimated average retail value as stated in such edition of any regularly published automobile appraisal guide as the Board may designate for this purpose for use in the territory in which such used automobile is sold. Information as to the guide or guides designated for any given territory may be obtained from any Federal Reserve Bank or branch.

Part 4. Cash Purchase Price.—For the purposes of the Supplement:

(a) The *bona fide* cash purchase price of an article includes that of any accessories, and it also includes any applicable sales taxes and any *bona fide* delivery and installation charges; and

(b) In the case of any article or accessory for which the Federal price authorities have prescribed a maximum retail price, the maximum credit value shall in no event exceed that resulting from a *bona fide* cash purchase price equal to the total of such maximum retail price and any applicable sales taxes not included therein.

Part 5. Instalment Loan Credit Subject to Section 5(b) of the Regulation.—The maximum maturity of any extension of instalment loan credit of \$1,500 or less subject to section 5(b) of the Regulation shall be 15 months.

† This provision is effective on and after April 1, 1942. Prior to that date the maximum credit value of a used automobile shall be 66% per cent of the *bona fide* cash purchase price.

This statement is to be filed with the Federal Reserve Bank (main office or branch) of the district in which the main office of the Registrant is located. In case you are registering because of an amendment listing additional articles under Regulation W, the statement should be sent before the end of the second calendar month after the month during which the amendment becomes effective. In case you are registering for any other reason, the statement should be sent on or before the date of commencing business which is subject to Regulation W. The Registrant is automatically licensed upon filing of this statement; *it is not necessary to wait for acknowledgment from the Federal Reserve Bank before commencing business under Regulation W.*

Please leave
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Before answering the questions, please read the instructions on the back of this form. If you have any question about this form which is not covered by the instructions on the back, please communicate with the Reserve Bank or branch.

REGISTRATION STATEMENT

Date of filing.....

This statement is filed in accordance with the provisions of Regulation W issued by the Board of Governors of the Federal Reserve System pursuant to Executive Order No. 8843 issued by the President of the United States relating to consumer credit.

Name of Registrant (print or type); state also trade name if different from legal name

Street address City County State

I. Indicate by check mark whether Registrant is (or is to be) in business as an individual....., partnership....., corporation....., or other form (specify).....

II. Principal Business of Registrant

(Check one)

A. Financial business

- 1. Sales finance company
- 2. Commercial bank or trust company
- 3. Industrial loan company or bank
- 4. State-licensed small loan company
- 5. Credit union
- 6. Other financial business (specify).....

B. Dealer, contractor, or other business

- 7. Department or general store
- 8. Automobile dealer
- 9. Furniture or house furnishings store
- 10. Household appliance or radio store
- 11. Electric or gas utility company
- 12. Hardware or automotive accessory store
- 13. Dealer or contractor in heating, plumbing or air-conditioning equipment
- 14. Dealer or contractor in other construction or repair materials
- 15. Manufacturer (specify type of product).....
- 16. Other (specify).....

III. Credit outstanding and sales

(Whether or not subject to Regulation W)

(Note—In case Registrant is a new business or successor to an existing business, Registrant should note the fact under Question VI and need not answer any part of Question III.)

A. Registrants in classes 1 to 6 please report the **unpaid balance** of retail and personal *instalment paper held* at close of business on a date within two months prior to date of filing of this Statement: Date used..... (In even dollars, cents omitted; where amount is none, write "none")

- 1. Retail instalment paper purchased..... \$ []
- 2. Retail instalment credit (loans) extended directly..... \$ []
- 3. Personal instalment cash loans..... \$ []

B. Registrants in classes 7 to 16 please report the following data using a date within two months prior to date of filing of this Statement:

Date used.....

Retail sales—12 months ending on date used (including all retail sales of listed and unlisted articles and of services):

- 4. Total net sales..... \$ []
- 5. The sales reported in item 4 were **approximately**:
 - a. Instalment sales (incl. down-payments).....%
 - b. Other credit sales.....%
 - c. Cash sales.....%

Retail receivables held—unpaid balance at close of business on date used:

- 6. Instalment receivables..... \$ []
- 7. Other receivables..... \$ []

IV. Does Registrant have any branches?..... If so, how many?..... (Please attach a list of branches and their addresses)

V. Is 50 per cent or more of Registrant's voting stock owned or controlled directly or indirectly by any other company?..... If so, please fill in under Question VI the name and address of the controlling company and state the nature of its business.

VI. Any explanatory matter which Registrant may wish to add (in case Registrant is successor to an existing business, see General Instruction VI on back of form):.....

VII. This is to certify that to the best of my knowledge and belief the foregoing statement is correct (except as to any items marked "est." which are estimated in good faith).

INSTRUCTIONS FOR REGISTRATION STATEMENT
(Numbered to correspond with questions on Registration Statement)

GENERAL INSTRUCTIONS:

III.—Instalment credit should include credit for which the agreed repayment is in two or more parts. Instalment sales should include sales made on instalment credit.

A business not yet in operation will have nothing to report under Question III.

IV.—Branches should include stores or offices at which the Registrant is engaged in making instalment sales or otherwise extending instalment credit, or purchasing or discounting or making loans on instalment obligations.

If Registrant's business is not yet in operation, please indicate whether Registrant *will have* branches after commencing operations.

VI.—In case Registrant is succeeding to all or part of the business of one or more existing concerns, the names of the predecessors should be noted under Question VI. If only part of an old business is being taken over, the part taken over should be indicated.

Where there is doubt whether the successor is covered by the registration of a predecessor or whether a new registration is required, it is suggested that a new form be filed; this may be accompanied, if the Registrant desires, by a statement of the circumstances and a request that the new form be returned if not required.

VII.—This statement may be signed by any official ordinarily authorized to sign statements for the Registrant.

QUESTION III—SPECIAL INSTRUCTIONS FOR FINANCIAL BUSINESSES:

(Sales finance company, bank, loan company, credit union, or other financial business).

III-A.—Any hypothecated payments or deposits which are for the purpose of retiring loans should be deducted before reporting the unpaid balances of such loans. In case a Registrant cannot readily secure an exact division of its outstandings between items III-A-1, 2 and 3, the division may be estimated.

III-A-1 and 2.—Include the unpaid balances of all instalment credits arising from the retail sale of and secured by articles, whether or not listed in Regulation W, such as automobiles, trucks, household appliances, furniture, clothing, jewelry, etc., including also loans for building repair or modernization (whether or not insured under FHA Title I and whether or not secured). Any retail instalment paper purchased from or rediscounted for dealers or others

should be reported in item III-A-1 and loans made directly to consumers for the purchase of and secured by such articles should be reported in III-A-2. Do not include loans made to dealers and finance companies on their own promissory notes, even if secured by the pledge of instalment paper.

III-A-3.—Report the unpaid balances of all secured and unsecured instalment loans which were made to individuals, including those used for such purposes as consolidation of debts, medical attention, general personal expenditures, etc. (but do not include any loans reported in item III-A-2, nor loans to business concerns for business purposes, nor loans secured by mortgages or other liens on real estate, nor agricultural loans).

QUESTION III—SPECIAL INSTRUCTIONS FOR DEALERS, CONTRACTORS, AND OTHERS:

III-B-4.—Give net retail sales figure (gross sales less returns and discounts), but do not deduct trade-ins. In the event that the Registrant is not able to furnish an exact figure without undue inconvenience or expense, the figure may be estimated. A store should include sales of leased departments for which it arranges and holds retail credit. A Registrant which is engaged in manufacturing or other business should report only the sales which it makes at retail. A Registrant who is a contractor should include receipts from repair work and the like. There should be excluded from item III-B-4, however, sales of electricity or gas by a Registrant who is a utility company and sales of real estate (and receivables arising from such sales should also be excluded from items III-B-6 and 7).

A concern which has not been in operation for 12 months should report sales for the period for which it has operated, indicating clearly the length of such period.

III-B-5.—“Instalment sales” should include all sales on instalment credit, regardless of whether the paper is sold or discounted or held by the Registrant, and should include the down payment (whether cash or trade-in) as well as the amount deferred. “Other credit sales” should include those on open credit, charge account, or similar basis.

III-B-6 and 7.—Retail receivables should represent the unpaid balances of all receivables, whether represented by note, book accounts, or otherwise, arising from retail sales by the Registrant, including sales of automobiles, trucks, household appliances, furniture, clothing, jewelry, building repair and modernization (whether or not insured under FHA Title I), etc. Retail receivables should include such credits even if pledged as security for loans to the Registrant, but should not include credits sold to (or discounted with) a bank or finance or other company with or without recourse.

In case a Registrant, in addition to holding receivables arising out of its own retail sales (reportable against items III-B-6 and 7), also holds receivables which were purchased or which arose from lending by the Registrant, the receivables of the latter types should be reported against the appropriate items in group III-A. (Some Registrants—such as some manufacturers or public utility companies—may have no retail sales or retail credit to report under group III-B but should report their purchased paper or loans under group III-A.)

In case the Registrant is unable to determine exactly, without undue inconvenience or expense, the division of its receivables between instalment and other credit, this division may be estimated.

NOTE:—Section 3(d) of Regulation W provides in part as follows:

“The license of any Registrant may, after reasonable notice and opportunity for hearing, be suspended by the Board, either in its entirety or as to particular activities or particular offices or for specified periods, on any of the following grounds:

- (1) Any material misstatement or omission willfully or negligently made in the registration statement;
- (2) Any willful or negligent failure to comply with any provision of this regulation or any requirement of the Board pursuant thereto.”

This statement is to be filed with the Federal Reserve Bank (main office or branch) of the district in which the main office of the Registrant is located. In case you are registering because of an amendment listing additional articles under Regulation W, the statement should be sent before the end of the second calendar month after the month during which the amendment becomes effective. In case you are registering for any other reason, the statement should be sent on or before the date of commencing business which is subject to Regulation W. The Registrant is automatically licensed upon filing of this statement; it is not necessary to wait for acknowledgment from the Federal Reserve Bank before commencing business under Regulation W.

Please leave
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this space blank

Before answering the questions, please read the instructions on the back of this form. If you have any question about this form which is not covered by the instructions on the back, please communicate with the Reserve Bank or branch.

REGISTRATION STATEMENT

Date of filing.....

This statement is filed in accordance with the provisions of Regulation W issued by the Board of Governors of the Federal Reserve System pursuant to Executive Order No. 8843 issued by the President of the United States relating to consumer credit.

Name of Registrant (print or type); state also trade name if different from legal name

Street address

City

County

State

I. Indicate by check mark whether Registrant is (or is to be) in business as an individual....., partnership....., corporation.....,

or other form (specify).....

II. Principal Business of Registrant

(Check one)

A. Financial business

- 1. Sales finance company
2. Commercial bank or trust company
3. Industrial loan company or bank
4. State-licensed small loan company
5. Credit union
6. Other financial business (specify).....

B. Dealer, contractor, or other business

- 7. Department or general store
8. Automobile dealer
9. Furniture or house furnishings store
10. Household appliance or radio store
11. Electric or gas utility company
12. Hardware or automotive accessory store
13. Dealer or contractor in heating, plumbing or air-conditioning equipment
14. Dealer or contractor in other construction or repair materials
15. Manufacturer (specify type of product).....
16. Other (specify).....

III. Credit outstanding and sales

(Whether or not subject to Regulation W)

(Note—In case Registrant is a new business or successor to an existing business, Registrant should note the fact under Question VI and need not answer any part of Question III.)

A. Registrants in classes 1 to 6 please report the unpaid balance of retail and personal installment paper held at close of business on a date within two months prior to date of filing of this Statement: Date used.....

- 1. Retail instalment paper purchased..... \$ []
2. Retail instalment credit (loans) extended directly..... \$ []
3. Personal instalment cash loans..... \$ []

B. Registrants in classes 7 to 16 please report the following data using a date within two months prior to date of filing of this Statement:

Date used.....
Retail sales—12 months ending on date used (including all retail sales of listed and unlisted articles and of services):

- 4. Total net sales..... \$ []
5. The sales reported in item 4 were approximately:
a. Instalment sales (incl. down-payments)..... %
b. Other credit sales..... %
c. Cash sales..... %

Retail receivables held—unpaid balance at close of business on date used:

- 6. Instalment receivables..... \$ []
7. Other receivables..... \$ []

IV. Does Registrant have any branches?..... If so, how many?..... (Please attach a list of branches and their addresses)

V. Is 50 per cent or more of Registrant's voting stock owned or controlled directly or indirectly by any other company?..... If so, please fill in under Question VI the name and address of the controlling company and state the nature of its business.

VII. Any explanatory matter which Registrant may wish to add (in case Registrant is successor to an existing business, see General Instruction VI on back of form):.....

VIII. This is to certify that to the best of my knowledge and belief the foregoing statement is correct (except as to any items marked "est." which are estimated in good faith).

Please print or type here the name and official title of the person whose signature appears at the right

Authorized signature

INSTRUCTIONS FOR REGISTRATION STATEMENT
(Numbered to correspond with questions on Registration Statement)

GENERAL INSTRUCTIONS:

III.—Instalment credit should include credit for which the agreed repayment is in two or more parts. Instalment sales should include sales made on instalment credit.

A business not yet in operation will have nothing to report under Question III.

IV.—Branches should include stores or offices at which the Registrant is engaged in making instalment sales or otherwise extending instalment credit, or purchasing or discounting or making loans on instalment obligations.

If Registrant's business is not yet in operation, please indicate whether Registrant *will have* branches after commencing operations.

VI.—In case Registrant is succeeding to all or part of the business of one or more existing concerns, the names of the predecessors should be noted under Question VI. If only part of an old business is being taken over, the part taken over should be indicated.

Where there is doubt whether the successor is covered by the registration of a predecessor or whether a new registration is required, it is suggested that a new form be filed; this may be accompanied, if the Registrant desires, by a statement of the circumstances and a request that the new form be returned if not required.

VII.—This statement may be signed by any official ordinarily authorized to sign statements for the Registrant.

QUESTION III—SPECIAL INSTRUCTIONS FOR FINANCIAL BUSINESSES:

(Sales finance company, bank, loan company, credit union, or other financial business).

III-A.—Any hypothecated payments or deposits which are for the purpose of retiring loans should be deducted before reporting the unpaid balances of such loans. In case a Registrant cannot readily secure an exact division of its outstandings between items III-A-1, 2 and 3, the division may be estimated.

III-A-1 and 2.—Include the unpaid balances of all instalment credits arising from the retail sale of and secured by articles, whether or not listed in Regulation W, such as automobiles, trucks, household appliances, furniture, clothing, jewelry, etc., including also loans for building repair or modernization (whether or not insured under FHA Title I and whether or not secured). Any retail instalment paper purchased from or rediscounted for dealers or others

should be reported in item III-A-1 and loans made directly to consumers for the purchase of and secured by such articles should be reported in III-A-2. Do not include loans made to dealers and finance companies on their own promissory notes, even if secured by the pledge of instalment paper.

III-A-3.—Report the unpaid balances of all secured and unsecured instalment loans which were made to individuals, including those used for such purposes as consolidation of debts, medical attention, general personal expenditures, etc. (but do not include any loans reported in item III-A-2, nor loans to business concerns for business purposes, nor loans secured by mortgages or other liens on real estate, nor agricultural loans).

QUESTION III—SPECIAL INSTRUCTIONS FOR DEALERS, CONTRACTORS, AND OTHERS:

III-B-4.—Give net retail sales figure (gross sales less returns and discounts), but do not deduct trade-ins. In the event that the Registrant is not able to furnish an exact figure without undue inconvenience or expense, the figure may be estimated. A store should include sales of leased departments for which it arranges and holds retail credit. A Registrant which is engaged in manufacturing or other business should report only the sales which it makes at retail. A Registrant who is a contractor should include receipts from repair work and the like. There should be excluded from item III-B-4, however, sales of electricity or gas by a Registrant who is a utility company and sales of real estate (and receivables arising from such sales should also be excluded from items III-B-6 and 7).

A concern which has not been in operation for 12 months should report sales for the period for which it has operated, indicating clearly the length of such period.

III-B-5.—“Instalment sales” should include all sales on instalment credit, regardless of whether the paper is sold or discounted or held by the Registrant, and should include the down payment (whether cash or trade-in) as well as the amount deferred. “Other credit sales” should include those on open credit, charge account, or similar basis.

III-B-6 and 7.—Retail receivables should represent the unpaid balances of all receivables, whether represented by note, book accounts, or otherwise, arising from retail sales by the Registrant, including sales of automobiles, trucks, household appliances, furniture, clothing, jewelry, building repair and modernization (whether or not insured under FHA Title I), etc. Retail receivables should include such credits even if pledged as security for loans to the Registrant, but should not include credits sold to (or discounted with) a bank or finance or other company with or without recourse.

In case a Registrant, in addition to holding receivables arising out of its own retail sales (reportable against items III-B-6 and 7), also holds receivables which were purchased or which arose from lending by the Registrant, the receivables of the latter types should be reported against the appropriate items in group III-A. (Some Registrants—such as some manufacturers or public utility companies—may have no retail sales or retail credit to report under group III-B but should report their purchased paper or loans under group III-A.)

In case the Registrant is unable to determine exactly, without undue inconvenience or expense, the division of its receivables between instalment and other credit, this division may be estimated.

NOTE:—Section 3(d) of Regulation W provides in part as follows:

“The license of any Registrant may, after reasonable notice and opportunity for hearing, be suspended by the Board, either in its entirety or as to particular activities or particular offices or for specified periods, on any of the following grounds:

- (1) Any material misstatement or omission willfully or negligently made in the registration statement;
- (2) Any willful or negligent failure to comply with any provision of this regulation or any requirement of the Board pursuant thereto.”