

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2467]
July 29, 1942

CONSUMER CREDIT

AMENDMENTS NOS. 5, 6 AND 7 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 recently adopted three amendments, Nos. 5, 6 and 7, to Regulation W dealing with consumer credit. The following is a brief description of the amendments:

Amendment No. 5, effective July 2, 1942, adds at the end of section 12, a new subsection (*m*) entitled "Cycle Billing." The provisions of this subsection modify, in part, section 5(*c*) and apply to any Registrant who on May 6, 1942 was using a system of recording and billing charge accounts whereby such accounts were divided into several groups and a different monthly closing date and monthly billing period was used for each such group.

Amendment No. 6, effective July 27, 1942, adds at the end of section 8, a new subsection (*m*) entitled "Fuel Conservation Credits." Section 8 as so amended provides that the regulation shall not apply to an extension of credit to finance (1) the conversion of heating equipment from one type of fuel to another, (2) the installation of certain types of insulation within existing structures, and (3) the installation of storm doors, storm windows or weather stripping. The amendment is intended to facilitate the conservation of fuel because of the current difficulties of transportation.

Amendment No. 7, effective July 27, 1942, substitutes for old subsection (*h*) of section 8 a new subsection (*h*) entitled "Disaster Credits." Section 8 as so amended provides that the regulation shall not apply to an extension of credit to finance the repair or replacement of real or personal property damaged or lost as a result of a flood or other similar disaster which the Federal Reserve Bank of the district in which the disaster occurs finds has created an emergency affecting a substantial number of the inhabitants of the stricken area.

Copies of the amendments are enclosed. Additional copies may be obtained upon request.

ALLAN SPROUL,
President.

AMENDMENTS TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

AMENDMENT NO. 5

Effective July 2, 1942, Regulation W is amended by adding the following new subsection at the end of section 12:

(m) Cycle Billing.—The provisions of the following paragraph shall be applicable, instead of the provisions of the opening paragraph of section 5(c), to any registrant who (1) on May 6, 1942 was using a system of recording and billing his charge accounts whereby such accounts were divided into several groups and a different monthly closing date and monthly billing period was used for each such group, and (2) has received from the Federal Reserve Bank of his district a notification which is still in force stating that the Federal Reserve Bank is satisfied (a) that such billing system makes it impracticable for him to operate under section 5 (c) and (b) that it would be impracticable for him, in view of orders of the War Production Board restricting deliveries of office machinery, to change his system over to one that uses the calendar month as the billing period.

A charge account maintained by such registrant shall be deemed to be in default if any article (whether listed or unlisted) for which credit was extended in such account has not been paid for in full on or before the 40th day following the last day of the applicable monthly billing period during which such article was sold, except as provided in the three numbered paragraphs in section 5(c).

With respect to any article sold in such a charge account, the maximum maturity shall be the period provided in the preceding paragraph instead of that provided in section 5(a).

AMENDMENT NO. 6

Effective July 27, 1942, Regulation W is amended by adding the following new subsection at the end of section 8:

(m) Fuel Conservation Credits.—Any extension of credit to finance (1) the conversion of heating equipment to the use of any other fuel, (2) the installation of loose-fill, blanket, or batt-type insulation, or insulating board, within existing structures, (3) the installation of storm doors, storm windows, or weather stripping, or (4) the purchase of materials for any of the above purposes.

AMENDMENT NO. 7

Effective July 27, 1942, Regulation W is amended by striking out subsection (h) of section 8 and substituting the following:

(h) Disaster Credits.—Any extension of credit (1) made by the Disaster Loan Corporation, or (2) to finance the repair or replacement of real or personal property damaged or lost as a result of a flood or other similar disaster which the Federal Reserve Bank of the district in which the disaster occurs finds has created an emergency affecting a substantial number of the inhabitants of the stricken area.