

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2731]
December 2, 1943]

REGULATION W
CONSUMER CREDIT

DEFENSE HOUSING

*To all Financial Institutions, Contractors Subject to Regulation W,
and Others Concerned, in the Second Federal Reserve District:*

For your information, copies of the following are enclosed:

(1) General Order No. 60-4B, effective November 15, 1943, issued by the Administrator of the National Housing Agency, delegating to any creditor or lender qualified as a registrant in accordance with the provisions of Regulation W of the Board of Governors of the Federal Reserve System, authority to designate any project for the remodeling or rehabilitation of an existing structure as "defense housing" under certain circumstances specified in such order; and

(2) Form NHA 60-5 (Rev. 11/15/43) entitled "Application for Exemption from Regulation W", for use in submitting information to enable the registrant to determine whether the remodeling or rehabilitation project qualifies as "defense housing" under section 8(e) of Regulation W.

Section 8(e) of Regulation W provides that the regulation shall not apply to any extension of credit to remodel or rehabilitate any structure which the Administrator of the National Housing Agency, or his authorized agent, shall designate as being for "defense housing" as defined by the Administrator. Accordingly, Regulation W does not apply to any extension of credit to remodel or rehabilitate any structure which shall have been designated as being for "defense housing" in accordance with General Order No. 60-4B of the Administrator of the National Housing Agency.

It will be appreciated if financial institutions will bring this matter to the attention of persons making extensions of credit to remodel or rehabilitate existing structures.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.

NHA GENERAL ORDER NO. 60-4B

Note: Major changes in NHA General Order No. 60-4A made by this amendment are indicated below.

- (1) Section 3.02 has been deleted. Effective November 15, 1943, registrants may not authorize long term credit for any project designed to maintain the habitability of an occupied dwelling unit unless: (a) The project has been approved by WPB following the submission of an application on Form WPB 2896, PD-105 or PD-200; or (b) the project is necessary to repair damage caused by an act of God.
- (2) Subsection 3.03 has been renumbered Subsection 3.02 and the areas in which exemptions of disaster cases may be made have been extended to include localities in which priority assistance has been made available to publicly financed war housing. Such projects were formerly exemptible only in localities where priority assistance had been authorized for privately financed war housing.
- (3) Form NHA 60-5 has been revised. After November 15, 1943, registrants will no longer be required to furnish a copy of the application form to the owner, hence only 3 copies need be executed where 4 copies were previously required.

(Supersedes NHA General Order 60-4A, which should be destroyed)

Operating Manual
NATIONAL HOUSING AGENCY
Office of the Administrator

Approved
10/25/43

Effective
11/15/43

John B. Blandford Jr.
Administrator

ORIGINAL FILED IN OFFICE OF DIRECTOR, ADMINISTRATIVE RELATIONS DIVISION

SUBJECT: PUBLIC REGULATIONS - Delegating Authority to Creditors and Lenders to Except Remodeling and Rehabilitation Credits from the Provisions of Regulation W.

(Applies to all persons designated as "registrants" under the provisions of Regulation W who exercise the authority delegated herein)

SECTION 1 General

.01 Section 8 (e) of Regulation W (Revised May 6, 1942) issued by the Board of Governors of the Federal Reserve System, vests authority in the Administrator of the National Housing Agency, or his authorized agent, to exempt "any extension of credit to remodel or rehabilitate any structure" from the provisions of Regulation W by designating projects as "defense housing". The Administrator's authority to make such designation was delegated to qualified "registrants" in National Housing Administrator's Order No. 8, dated June 19, 1942, subject to various conditions set forth in such Order. The purpose of the original General Order No. 60-4 was to supersede National Housing Administrator's Order No. 8 with respect to all applications submitted to registrants on and after February 10, 1943. The original Order was amended by General Order No. 60-4A, effective June 4, 1943 to permit the exemption of heating system repair projects during spring and summer, the purpose being to avoid overloading the heating repair industry in the fall months.

SECTION 2 Delegation of Authority

.01 Any application filed on or after November 15, 1943 with a registrant for the purpose of designating any project as "defense housing" shall be governed by the provisions set forth in this General Order.

.02 Pursuant to the authority vested in me by Section 8 (e) of Regulation W (Revised May 6, 1942) issued by the Board of Governors of the Federal Reserve System, I do hereby delegate to any creditor or lender who is qualified as a "registrant" in accordance with the provisions of Regulation W, authority to designate any project for the remodeling or rehabilitation of an existing structure as "defense housing" when, after obtaining a signed statement on Form NHA 60-5 (Rev.), the registrant finds that the proposed project satisfies the criteria set forth in either Subsection 3.01 or 3.02 below.

SECTION 3 Projects Which May be Designated "Defense Housing"

.01 Registrants may designate as "defense housing" any housing projects which have been allotted materials under the Controlled Materials Plan, or have been granted priority assistance or authority to begin construction by the War Production Board, for which allotment, assistance, or authority an application was made on Form WPB 2896, PD-105, or PD-200.

.02 Registrants may designate as "defense housing" any housing projects which will help maintain the local housing supply through the reconstruction or restoration of housing accommodations damaged or destroyed after December 31, 1941, by fire, flood, tornado, earthquake, act of God or the public enemy, but only where such housing accommodations are located in a Private War Housing Priority Locality, or a locality in which priority assistance has been granted to publicly-financed war housing. (Information concerning such localities and their boundaries can be obtained from local offices of the Federal Housing Administration.) Registrants may not designate projects as "defense housing" under the authority granted in this Subsection where the purpose is to repair damage resulting from age, abuse, or wear and tear.

SECTION 4 Responsibilities of Initial Creditors

.01 The initial creditor (the registrant who extends credit directly to the owner) is responsible for determining that each proposed project falls fairly within the criteria set forth in Subsections 3.01 and 3.02 above.

.02 The initial creditor shall retain a copy of each application (Form 60-5 (Rev.)) covering a project which he designates as "defense housing" in accordance with this Order and shall transmit: One legible duplicate copy of each such application to the Regional Office of the National Housing Agency for the area in which the property covered by the application is located (jurisdiction and address of such offices can be obtained from the nearest office of the Federal Housing Administration); and, if the paper or debt is transferred to a secondary creditor, one such copy to the secondary creditor.

SECTION 5 Responsibilities of Succeeding Creditors

.01 The secondary creditor, (any transferee who purchases or receives the paper or debt) and each succeeding creditor, is entitled to rely upon the statements appearing on the application form. No succeeding creditor shall purchase or receive the paper or debt when he knows that such statements are untrue, or when the statements show on their face that the application should not have been approved by a previous creditor.

.02 The secondary creditor and each succeeding creditor shall release the application form to transferees who purchase or receive the paper or debt from him.

SECTION 6 Forms

.01 All properly executed applications on Form NHA 60-5 received by registrants prior to November 15, 1943 may be processed in accordance with NHA General Order No. 60-4A. On and after November 15, 1943 no applications shall be accepted by registrants except on Form NHA 60-5 (Rev.).

FORM NHA 60-5
(Rev. 11/16/43)

APPLICATION FOR EXEMPTION FROM REGULATION W

Form Approved Budget
Bureau No. 63-R205.1
Approval expires
June 30, 1944

UNITED STATES OF AMERICA
National Housing Agency

Remodeling or Rehabilitation Which Will
Supply Housing in Private War Housing
Priority Localities

This form may be repro-
duced by any process

SUBMIT THREE EXECUTED COPIES OF THIS FORM TO CREDITOR OR LENDER

The information requested on this form will enable the creditor or lender to determine whether the remodeling or rehabilitation project qualifies as "defense housing" under Section 8 (e) of Regulation W. If the project covered by this application will require the applicant to obtain one of the types of assistance from the War Production Board mentioned in Question IV below, the order should be secured before filing this form with the creditor or lender.

I. Name of Applicant _____

II. Address of Applicant _____
Street and Number Town or City State

III. Location of Structure:

Street and Number Town or City

County State

IV. Previous approval by WPB:

a. Has an application on Form WPB 2896, PD-105, or PD-200 been approved for a preference rating order, a Controlled Materials Plan allotment, or for authority to commence construction? Yes No

b. If the answer to Question IVa was "Yes", indicate the type of government order which has been received for use in connection with the remodeling or rehabilitation for which the credit involved in this application is desired:

- 1. A preference rating order bearing serial number _____
- 2. An allotment bearing serial number _____ under the Controlled Materials Plan.
- 3. Authority to begin construction where the purchase of no critical material is involved.

If the answer to Question IVa is "Yes", the applicant need not answer the remaining questions on this form, but MUST sign below.

V. Describe in detail the proposed work to be done, listing each item separately, and giving an itemized statement of the total cost. Attach copies of any written estimates or contracts that have been prepared. Use additional sheets of 8" x 10 1/2 paper if more space is required:

VI. Work Proposed to Restore Damage or Loss From Fire or Disaster:

a. Does the project involve the reconstruction of accommodations damaged or destroyed by fire or other disaster occurring after December 31, 1941? Yes No

b. If the answer is "Yes" check the cause of the damage below:

Fire Tornado Other Act of God

Flood Earthquake The Public Enemy

c. Is each item of repair listed under Question V necessary to repair the damage or destruction? Yes No

Note: A willfully false statement on this form may constitute a crime against the United States, punishable by a fine of not more than \$10,000 or not more than 10 years imprisonment, or both.

I certify that the above statements are true; that the credit applied for in connection with this application for exemption from Regulation W will be used only for the purpose of financing the project described in this application.

(Date)

(Applicant)

Approved under Sub-section 3.01 or 3.02 of NHA General Order No. 60-4B, which I have read.

(Initial Registrant)

by -----

Registrant's Federal Reserve Certificate No. -----

(Address)

Date -----