

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 3097]
June 7, 1946

Public Notice of Offering of \$1,300,000,000, or thereabouts, of 91-Day Treasury Bills

Dated June 13, 1946

Maturing September 12, 1946

To all Incorporated Banks and Trust Companies in the
Second Federal Reserve District and Others Concerned:

Following is the text of a notice today made public by the Treasury Department with respect to a new offering of Treasury bills payable at maturity without interest to be sold on a discount basis under competitive and fixed-price bidding.

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 7, 1946.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated June 13, 1946, and will mature September 12, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, June 10, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 13, 1946.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

In accordance with the above announcement tenders will be received at the Securities Department of this bank (9th floor, 33 Liberty Street) New York 7, N. Y., or at the Buffalo Branch of this bank (270 Main Street) Buffalo 5, N. Y., up to two o'clock p.m., Eastern Standard time (three o'clock p.m., "Daylight Saving time"), on Monday, June 10, 1946. It is requested that tenders be submitted on special form printed on reverse side and returned in special envelope enclosed herewith. *Payment for the Treasury bills cannot be made by credit through the War Loan Deposit Account. Payment must be made in cash or other immediately available funds.*

ALLAN SPROUL, *President.*

(Extract from Treasury Department statement released for publication June 4, 1946, announcing results after tenders were opened for Treasury bills dated June 6, 1946 maturing September 5, 1946)

Total applied for\$1,922,386,000			
Total accepted\$1,312,537,000 (includes \$35,317,000 entered on a fixed-price basis at 99.905 and accepted in full)	<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Average price 99.905+ Equivalent rate of discount approx. 0.375% per annum	Boston	\$ 20,638,000	\$ 13,804,000
Range of accepted competitive bids (excepting one tender of \$500,000) :	New York	1,456,502,000	977,774,000
High 99.908 Equivalent rate of discount approx. 0.364% per annum	Philadelphia	34,070,000	23,870,000
Low 99.905 Equivalent rate of discount approx. 0.376% per annum	Cleveland	19,790,000	18,090,000
(66 percent of the amount bid for at the low price was accepted)	Richmond	18,475,000	15,755,000
	Atlanta	1,795,000	1,545,000
	Chicago	269,209,000	181,824,000
	St. Louis	7,590,000	5,720,000
	Minneapolis	11,910,000	8,510,000
	Kansas City	18,342,000	15,656,000
	Dallas	13,375,000	12,899,000
	San Francisco	50,690,000	37,090,000
	TOTAL	\$1,922,386,000	\$1,312,537,000

IMPORTANT—If it is desired to bid on a competitive basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid". If it is desired to bid on a fixed-price basis, fill in only the maturity value in paragraph headed "Fixed-Price Bid". **DO NOT fill in both paragraphs on one form. A separate tender must be used for each bid.**

No.

TENDER FOR 91-DAY TREASURY BILLS

Dated June 13, 1946.

Maturing September 12, 1946.

Dated at

.....1946

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on June 7, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay

.....* for a total amount of
(Rate per 100)

\$..... (maturity value)
of the Treasury bills therein described, or for any less amount that may be awarded, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

FIXED-PRICE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on June 7, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay a fixed-price of 99.905 (rate per 100) for a total amount of

\$..... (maturity value)
(Not to exceed \$200,000)

of the Treasury bills therein described, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

The Treasury bills for which tender is hereby made are to be dated June 13, 1946, and are to mature on September 12, 1946.

This tender will be inserted in special envelope entitled "Tender for Treasury bills."

Name of Bidder.....
(Please print)

By
(Official signature required) (Title)

Street Address
.....
(City, Town or Village, P.O. No., and State)

If this tender is submitted for the account of a customer, indicate the customer's name on line below:

.....
(Name of Customer) (City, Town or Village, P.O. No., and State)

Use a separate tender for each customer's bid.

IMPORTANT INSTRUCTIONS:

1. No tender for less than \$1,000 will be considered, and each tender must be for an even multiple of \$1,000 (maturity value). A separate tender must be executed for each bid.

2. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form "....., a copartnership, by, a member of the firm."

3. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

4. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Payment by credit through War Loan Deposit Account will not be permitted.

* Price must be expressed on the basis of 100, with not more than three decimal places. Fractions may not be used.

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

CONSUMER CREDIT



REGULATION W

As Amended Effective December 1, 1945



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)

This reprint of the regulation incorporates all amendments to and including Amendment No. 19, effective December 1, 1945.

Regulation W, issued under authority of the President's Executive Order of August 9, 1941, was revised, effective May 6, 1942, in compliance with that part of the President's Special Message to Congress on April 27, 1942, which reads:

"To keep the cost of living from spiraling upward we must discourage credit and instalment buying, and encourage the paying off of debts, mortgages, and other obligations, for this promotes savings, retards excessive buying and adds to the amount available to the creditors for the purchase of war bonds."

As revised, Regulation W applies to a comprehensive list of durable and semi-durable goods for civilian consumption. The Regulation extends to all types of consumer credit whether in the form of instalment sales and instalment loans or in the form of charge accounts and single-payment loans.

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.

REGULATION W

CONSUMER CREDIT

CONTENTS

	Page
SEC. 1. SCOPE OF REGULATION	5
SEC. 2. DEFINITIONS	5
(a) Person	5
(b) Extension of credit	5
(c) Instalment credit	6
(d) Sale	6
(e) Instalment sale	6
(f) Charge sale	6
(g) Charge account	6
(h) Instalment loan	6
(i) Single-payment loan	6
(j) Cash price	6
(k) Registrant	6
SEC. 3. GENERAL REQUIREMENTS AND REGISTRATION	7
(a) General requirements	7
(b) General license	7
(c) Registration	8
(d) Suspension of license	8
SEC. 4. INSTALMENT SALES	8
(a) Down payment	8
(b) Maximum maturity	9
(c) Amounts and intervals of instalments	9
(d) Statement of transaction	9
(e) "Approvals," "Demonstrators," etc	9
SEC. 5. CHARGE ACCOUNTS	10
(a) Maximum maturity	10
(b) Restriction	10
(c) Default	10
(d) Curing defaults	10
(e) Conversion of charge account into instalment credit prior to default	11
(f) "Authorization" of small items	11
(g) Small defaults	11
(h) "Approvals," "Demonstrators," etc	11
SEC. 6. INSTALMENT LOANS	12
(a) Instalment loans to purchase listed articles	12
(b) Instalment loans not to purchase listed articles	12
(c) Additional requirements	12
(d) Statement of the borrower	13
SEC. 7. SINGLE-PAYMENT LOANS	13
(a) Single-payment loans to purchase listed articles	13
(b) Single-payment loans not to purchase listed articles	14
(c) Renewals and extensions	14
(d) Statement of the borrower	14
(e) Loans payable on demand	15
(f) Credit to retire obligations held elsewhere	15
SEC. 8. EXCEPTIONS	15
(a) Real estate and home improvement loans	15
(b) Security loans and credits	15
(c) Educational, hospital, medical, dental, and funeral expenses	15
(d) Military aircraft credits	16
(e) Credit to dealers	16
(f) Fire and casualty insurance premiums	16
(g) Disaster credits	16
(h) Agricultural loans	16

CONTENTS

	Page
(i) Business loans	17
(j) Insurance policy loans	17
(k) Credit to Governmental agencies and religious, educational or charitable institutions	17
(l) Railroad watches	17
(m) Commodity Credit Corporation	17
(n) Loans to Indians	17
(o) Servicemen's guaranteed loans	17
(p) Demonstrators	18
SEC. 9. SEASONAL ADJUSTMENTS	18
(a) Intervals of payments	18
(b) Farmers and stock raisers	18
(c) Other persons with seasonal incomes	18
SEC. 10. RENEWALS, REVISIONS, AND ADDITIONS OF INSTALMENT CREDIT	19
(a) Renewals or revisions	19
(b) Additions to outstanding credit held by Registrant	19
(c) Credit to retire instalment obligations held elsewhere	20
(d) Statement of necessity to prevent undue hardship	20
SEC. 11. EVASIVE DEVICES PROHIBITED	21
(a) Evasive side agreements	21
(b) Loans to make down payments	21
(c) Side loan to make down payment on listed article	21
(d) Purchase of article in lieu of trade-in	21
(e) Coupon plans	21
SEC. 12. MISCELLANEOUS PROVISIONS	21
(a) Clerical errors	21
(b) Extension of credit for mixed purposes	22
(c) Calculating maximum maturity of instalment contract	22
(d) "Lay-away" plans	22
(e) Contracts and obligations outstanding on September 1, 1941	22
(f) Transactions subjected to regulation by amendment	22
(g) Payments arising out of loans on pledged obligations	23
(h) Preservation of records	23
(i) Inspections and production of records	23
(j) Transactions outside United States	23
(k) Right of Registrant to impose stricter requirements	23
(l) Sets and groups of articles	24
(m) "Cycle billing"	24
(n) Mail orders	24
SEC. 13. LISTED ARTICLES, DOWN PAYMENTS AND MAXIMUM CREDIT VALUES	25
(a) Listed articles	25
Group A	25
Group B	25
Group C	26
Group D	26
(b) Trade-in	26
(c) Down payment on automobiles and motorcycles	26
(d) Down payment where price is fixed by Federal authorities	26
(e) Maximum amount of loan	26
SEC. 14. ENFORCEABILITY OF CONTRACTS	26

REGULATION W

As amended effective December 1, 1945

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").

The regulation applies, in general, to any person who is engaged in the business of making extensions of instalment credit, extending credit in charge accounts, making single-payment loans in amounts of \$1,500 or less, or discounting or purchasing obligations arising out of such extensions of 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 or semi-durable goods.¹

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 equal 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 or its equivalent; any purchase, discount, or other acquisition of, or any extension of credit upon the security of, any obligation

¹The Executive Order defines "consumers' durable good" as including "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." Section 13(a) lists the consumers' durable and semi-durable goods within the scope of the regulation.

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

(c) **"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) **"Sale"** means a transfer of property for a price in money or its equivalent which the buyer pays or promises to pay to the seller for the thing bought or sold. It includes a lease, bailment, or other transaction which is similar in purpose or effect to a sale.

(e) **"Instalment Sale"** means an instalment credit which is made, as principal, agent or broker, by any seller of any consumers' durable or semi-durable good listed in section 13(a) (hereinafter called a "listed article") and which arises out of a sale of such listed article.

(f) **"Charge Sale"** means an extension of credit (other than instalment credit) which is made, as principal, agent or broker, by any seller and which arises out of a sale of any article, whether listed or unlisted.

(g) **"Charge Account"** means the indebtedness arising from charge sales between the same seller and purchaser.

(h) **"Instalment Loan"** means an instalment credit, other than an instalment sale, in the form of a loan which is in a principal amount of \$1,500 or less; but the definition does not include any loan *upon the security of* any obligation which arises out of any instalment sale or instalment loan.

(i) **"Single-payment Loan"** means an extension of credit in the form of a loan to one or more individuals (other than a partnership), which is repayable in a single payment whether on demand or on a fixed or determinable future date, and which is in a principal amount of \$1,500 or less; but the definition does not include (1) a loan made for business purposes to a business enterprise which is not for the purpose of purchasing a listed article, (2) a loan for agricultural purposes to a person engaged in agriculture which is not for the purpose of purchasing a listed article or (3) any loan *upon the security of* any obligation which arises out of any instalment sale, instalment loan, charge account or single-payment loan.

(j) **"Cash Price"** means the *bona fide* cash purchase price of an article, including the *bona fide* cash purchase price of any accessories, any *bona fide* delivery, installation and service charges (other than interest, finance or insurance charges), and any applicable sales taxes.

(k) **"Registrant"** means a person who is licensed pursuant to section 3.

SECTION 3. GENERAL REQUIREMENTS AND REGISTRATION

(a) **General Requirements.**—No person engaged in the business of making instalment sales,² charge sales of listed articles, instalment loans, or single-payment loans, or engaged in the business of lending on the security of or discounting or purchasing obligations arising out of such extensions of credit, shall make or receive any payment which constitutes or arises directly or indirectly out of any such extension of credit made by him or out of any such obligation lent on or discounted or purchased by him, except on the following conditions:

(1) He must be licensed pursuant to this section;

(2) He must not make or receive any such payment in connection with an extension of credit made by him if he knew or had reason to know when he made such extension of credit any fact by reason of which it failed to comply with any requirement of this regulation applicable thereto;

(3) He must not make or receive any such payment in connection with any obligation which he has purchased or discounted or has accepted as collateral if, at the time he purchased or discounted such obligation or accepted it as collateral, it showed on its face a failure to comply with such requirements or if he knew any fact by reason of which the extension of credit giving rise to the obligation failed to comply with such requirements; and

(4) He must not make or receive any such payment in connection with an obligation arising out of an extension of credit which he has renewed, revised or consolidated, if he knew or had reason to know when he renewed, revised or consolidated it any fact by reason of which such renewal, revision or consolidation resulted in a failure to comply with such requirements.

(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, except that the general license of a person who is required to be licensed solely because he makes charge sales of listed articles or makes single-payment loans shall not terminate until the expiration of the time within which the Board shall, by public announcement, require such person to register.

Any person whose license is not suspended may become licensed by registering in the manner provided in section 3(c).

² It is to be noted that the term "instalment sale" includes only instalment credit arising out of the sale of listed articles.

(c) **Registration.**—Registration may be accomplished by filing, with the Federal Reserve Bank or any branch thereof in 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.**³—The license of any Registrant may, after reasonable notice and opportunity for hearing, be suspended by the Board, 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 SALES

Except as otherwise permitted by this regulation, each instalment sale shall comply with the following requirements:

(a) **Down Payment.**—The down payment shall not be less than one-third of the cash price of the listed article, except that:

(1) In the case of pianos and furniture as defined in *Group B* of section 13(a), the down payment need not be more than one-fifth of the cash price;

(2) In the case of articles listed in *Group C* of section 13(a), no down payment is required; and

(3) In the case of articles the cash price of which is \$10.00 or less, no down payment is required.

In any case involving a used automobile, any article for which the Federal price authorities have prescribed a maximum retail price, or any article on which there is a trade-in by the purchaser, the amount of the down payment must be computed in accordance with the applicable provisions of section 13.

³ In addition, any Registrant who willfully violates or knowingly participates in a violation of this regulation is subject to the penalties prescribed in section 5(b) of the Act of October 6, 1917, as amended, which reads in part as follows: "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."

(b) **Maximum Maturity.**—The maturity shall not exceed the maximum maturity specified for the listed article in section 13(a).

(c) **Amounts and Intervals of Instalments.**—Except as permitted by section 9, the instalments in which the time balance is payable (1) shall not be less than \$5.00 per month or \$1.25 per week on the aggregate instalment indebtedness of one debtor to the same creditor; (2) shall be substantially equal in amount or so arranged that no instalment is substantially greater in amount than any preceding instalment; and (3) shall be payable at approximately equal intervals not exceeding one month.

(d) **Statement of Transaction.**—Unless the cash price of the article sold is \$6.00 or less, the instalment sale 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 cash price of the article;
- (3) The amount of the purchaser's down payment (i) in cash and (ii) in goods accepted in trade, together with a brief 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.

The Statement of Transaction need not include a *description of the article* if it is purchased by means of a coupon book or similar medium of instalment credit upon which a cash down payment of at least one-third of its purchase value has been made.

(e) **"Approvals," "Demonstrators," etc.**—In case a listed article is delivered in anticipation of an instalment sale of that article or a similar article (such as a delivery "on approval," "on trial," or as a "demonstrator"), the Registrant shall require, at or before the time of such delivery, a deposit equal to the down payment that would be required on such an instalment sale.

SECTION 5. CHARGE ACCOUNTS

Except as otherwise permitted by this regulation, each charge sale and charge account shall comply with the following requirements:

(a) **Maximum Maturity.**—Except as permitted by section 9, no listed article shall be sold in a charge account with an agreement that payment therefor may be deferred beyond the 10th day of the second calendar month following the calendar month during which such article was sold.

(b) **Restriction.**—When a charge account is in default, the Registrant shall not extend credit to the obligor for any charge sale or instalment sale of any listed article until the default has been cured by one of the methods described below.

(c) **Default.**—A charge account 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 10th day of the second calendar month following the calendar month during which such article was sold, except that:

(1) A charge account shall not be deemed to be in default because of a failure to make payment for any article purchased therein prior to May 1, 1942, unless such article shall not have been paid for in full by July 10, 1942;

(2) If an article was sold in a charge account prior to May 1, 1942, under a definite agreement between the seller and purchaser (evidenced in writing) that such article need not be paid for until a specified date, the account shall not be deemed to be in default with respect to such article unless such article shall not have been paid for in full by the date so agreed upon; and

(3) For persons with seasonal incomes, adjustments are permitted in accordance with section 9.

(d) **Curing Defaults.**—When a charge account is in default, the default may be cured either:

(1) By payment in full of the amount in default;

(2) By the purchaser entering into a written agreement in good faith to pay the amount in default within a period of 6 months or less from the date of such agreement by substantially equal instalment payments of not less than \$5.00 per month or \$1.25 per week at substantially equal intervals not exceeding one

month;⁴ or

(3) By the purchaser filing with the creditor a Statement of Necessity in accordance with section 10(d) and entering into a written agreement in good faith to pay the amount in default within a period of 12 months from the date of such agreement by substantially equal instalment payments at substantially equal intervals not exceeding one month.⁴

In the case of any charge account obligation of any member or former member of the armed forces of the United States incurred prior to his induction into such service, a default may be cured by the purchaser entering into a written agreement in good faith to make payment according to such terms as the Registrant shall deem it appropriate to require.

(e) **Conversion of Charge Account into Instalment Credit Prior to Default.**—If the seller and purchaser agree to convert into an instalment credit⁴ the whole or any part of a charge account arising from the sale of a listed article the charge for which is not in default, the agreement shall be in writing and shall provide that the instalment credit shall be retired within 6 months from the date of the agreement by substantially equal payments of not less than \$5.00 per month or \$1.25 per week, at substantially equal intervals not exceeding one month.

(f) **“Authorization” of Small Items.**—In case a Registrant makes a charge sale of a listed article the cash price of which is \$10.00 or less, he shall not be deemed to have violated section 5(b) if the person authorizing such sale on behalf of the Registrant acts in good faith without knowledge that the customer's charge account is in default, provided the Registrant, promptly upon discovery that such charge account is in default and in any event within 30 days from the date of sale, makes a request of the customer that he either return the article or else pay for it in full immediately.

(g) **Small Defaults.**—A charge account shall not be deemed to be “in default” within the meaning of sections 5(c) or 12(m) if the amount in default is less than \$10.00.

(h) **“Approvals,” “Demonstrators,” etc.**—When a charge account is in default, the Registrant shall not deliver any listed article to the obligor in anticipation of a sale of that article or a similar article (such as a delivery “on approval,” “on trial,” or as a “demonstrator”). When a charge account is not in default and the Registrant makes such a delivery of any article, the delivery (unless it is in anticipation of an instalment sale) shall be treated for the purposes of this regulation as a charge sale made on the date of the delivery.

⁴ Renewals, revisions, and additions of instalment credits growing out of charge accounts are subject to the provisions of section 10.

SECTION 6. INSTALMENT LOANS

Except as otherwise permitted by this regulation, each instalment loan shall comply with the following requirements:

(a) **Instalment Loans to Purchase Listed Articles.**—If the Registrant knows or has reason to know that the proceeds of an instalment loan (defined to exclude loans of more than \$1,500) are to be used to purchase any listed article having a cash price of \$15.00 or more:

(1) The principal amount lent (excluding any interest or finance charges and the cost of any insurance) shall not exceed two-thirds of the cash price of the listed article except that:

(i) This requirement does not apply in the case of articles listed in *Group C* of section 13(a); and

(ii) The principal amount lent may be not more than four-fifths of the cash price of a piano or furniture as defined in *Group B* of section 13(a).

In any case involving a used automobile, or any article on which there is a trade-in by the purchaser, the maximum amount which may be lent shall be computed in accordance with the applicable provisions of section 13; and

(2) The maturity shall not exceed the maximum maturity specified for the listed article in section 13(a).

(b) **Instalment Loans Not to Purchase Listed Articles.**—In the case of an instalment loan (defined to exclude loans of more than \$1,500) which is not subject to section 6(a), the maximum maturity shall not exceed 18 months; except that, if the Registrant knows or has reason to know that the proceeds are to be used to reduce or retire a charge account arising in whole or in part from the sale of a listed article, or to reduce or retire a single-payment loan which is subject to this regulation, the maximum maturity shall not exceed 6 months.

(c) **Additional Requirements.**—Whether subject to section 6(a) or section 6(b), the instalment loan shall comply with the following additional requirements:

(1) It 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;

(2) Except as permitted by section 9, the obligation shall be payable in instalments which (i) shall not be less than \$5.00 per month or \$1.25 per week, on the aggregate instalment indebtedness

of the debtor to the creditor, (ii) shall be substantially equal in amount or be so arranged that no instalment is substantially greater in amount than any preceding instalment, and (iii) shall be payable at approximately equal intervals not exceeding one month.

(d) **Statement of the Borrower.**—No Registrant shall make any instalment loan, except under the provisions of section 10(a), unless he shall have accepted in good faith a signed Statement of the Borrower as to the purposes of the loan. Such Statement shall state whether or not any of the proceeds of the loan are to be used to make a down payment on the purchase of a listed article or to be used to purchase any listed article having a cash price of \$15.00 or more, and, if any of the proceeds of the loan are to be so used, such Statement shall identify such listed article and shall state the cash price thereof and the value of any trade-in. Such Statement shall state also whether or not any of the proceeds of the loan are to be used to reduce or retire any instalment sale or instalment loan, or any single-payment loan which is subject to this regulation, or any charge account arising in whole or in part from the sale of a listed article, and, if any of the proceeds are to be so used, shall state the amount of such obligation and the terms of payment. If a Registrant relies in good faith on the facts set out by the obligor in such Statement, it shall be deemed to be correct for the purposes of the Registrant. (The Registrant, at his option, may use either his own form or the most recent Statement of Borrower form prescribed by the Board.)

SECTION 7. SINGLE-PAYMENT LOANS

Except as otherwise permitted by this regulation, each single-payment loan shall comply with the following requirements:

(a) **Single-payment Loans to Purchase Listed Articles.**—If the Registrant knows or has reason to know that the proceeds of a single-payment loan (defined to exclude loans of more than \$1,500) are to be used to purchase any listed article having a cash price of \$15.00 or more:

(1) The principal amount lent (excluding any interest or finance charges and the cost of any insurance) shall not exceed two-thirds of the cash price of the listed article, except that:

(i) This requirement does not apply in the case of articles listed in *Group C* of section 13(a); and

(ii) The principal amount lent may be not more than four-fifths of the cash price of a piano or furniture as defined in *Group B* of section 13(a).

In any case involving a used automobile or any article on which there is a trade-in by the purchaser, the maximum amount which may be lent shall be computed in accordance with the applicable provisions of section 13; and

(2) The maturity shall not exceed 90 days, except as permitted by section 9.

(b) **Single-payment Loans Not to Purchase Listed Articles.**—In the case of a single-payment loan (defined to exclude loans of more than \$1,500) not subject to section 7(a), the maximum maturity shall not exceed 90 days, except as permitted by section 9.

(c) **Renewals and Extensions.**—A single-payment loan (defined to exclude loans of more than \$1,500) made originally on or after May 6, 1942, may not be renewed or extended except as follows:

(1) A single-payment loan made on or after May 6, 1942 may be renewed or extended by means of an instalment loan complying with the requirements of sections 6(a) or 6(b) and 6(c) (2) with the maturity⁵ calculated from the date on which the original single-payment loan was made;

(2) A single-payment loan made on or after May 6, 1942 may be renewed or extended by a series of obligations each of which has a maturity of not in excess of 90 days if the last of such obligations matures not later than the date on which an instalment loan made for a similar purpose would have matured⁵ and the borrower pays at the time of each such renewal or extension enough to reduce the unpaid balance to an amount not greater than would have been permitted if the loan had been an instalment loan subject to the provisions of section 6(a) or 6(b); and

(3) Nothing in this regulation shall be construed to prevent the Registrant from making any renewal or revision or taking any action that he shall deem necessary in good faith (i) with respect to any obligation of any member or former member of the armed forces of the United States incurred prior to his induction into such service, or (ii) 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.

(d) **Statement of the Borrower.**⁶—No Registrant shall make any

⁵ The maximum maturity is 6, 12, 15, or 18 months from the date of the original loan as determined by its purpose, except that 18 months from the date of renewal or extension is permissible with a Statement of Necessity pursuant to section 10(d).

⁶ This requirement does not apply to a single-payment loan made for business purposes to a business enterprise or for agricultural purposes to a person engaged in agriculture, unless the proceeds are to be used to purchase a listed article.

single-payment loan, except under the provisions of section 7(c), unless he shall have accepted in good faith a signed Statement of the Borrower as to the purposes of the loan. Such Statement shall state whether or not any of the proceeds of the loan are to be used to make a down payment on the purchase of a listed article or to be used to purchase any listed article having a cash price of \$15.00 or more, and, if any of the proceeds of the loan are to be so used, such Statement shall identify such listed article and shall state the cash price thereof and the value of any trade-in. If a Registrant relies in good faith on the facts set out by the obligor in such Statement, it shall be deemed to be correct for the purposes of the Registrant. (The Registrant, at his option, may use either his own form or the most recent Statement of Borrower form prescribed by the Board.)

(e) **Loans Payable on Demand.**—A single-payment loan made on or after May 6, 1942, which is payable on demand shall be treated for the purposes of this regulation as if it matured 90 days after the date on which it was made.

(f) **Credit to Retire Obligations Held Elsewhere.**—Any single-payment loan, the proceeds of which a Registrant knows or has reason to know will be used in whole or in part to retire any single-payment loan 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.

SECTION 8. EXCEPTIONS

This regulation shall not apply to any of the following:

(a) **Real Estate and Home Improvement Loans.**— Any extension of credit which is for the purpose of financing or refinancing (1) the construction or purchase of an entire residential building or other entire structure or (2) repairs, alterations, or improvements upon urban, suburban or rural real property in connection with existing structures.

(b) **Security Loans and Credits.**—Any extension of credit on securities which is subject to the Board's Regulation T (relating to Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges), or subject to the Board's Regulation U (relating to Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange), or any other extension of credit for the purpose of purchasing or carrying stocks, bonds or other investment securities.

(c) **Educational, Hospital, Medical, Dental, and Funeral Expenses.**—Any loan as to which the Registrant accepts in good faith a written statement signed by the borrower certifying:

(1) That the proceeds are to be used for *bona fide* educational,

medical, hospital, dental, or funeral expenses, or to pay debts incurred for such expenses;

(2) That his income available for the purpose is such that he could not reasonably meet the requirements of this regulation otherwise applicable; and

(3) That failure to obtain the extension of credit would cause undue hardship to him or his dependents.

Such a statement by the borrower must set forth specifically the facts relied upon to bring the loan within this exception; and the facts recited therein shall be deemed to be correct for the purposes of this regulation if the statement is accepted by the Registrant in good faith.

(d) **Military Aircraft Credits.**— Any extension of credit to finance the purchase of military aircraft other than a primary trainer.

(e) **Credit to Dealers.**— Any extension of credit to a dealer (including a wholesaler, retailer, and a plumbing, electrical, heating or other contractor) to finance the purchase of any article for resale or installation.

(f) **Fire and Casualty Insurance Premiums.**— Any loan which is made 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.

(g) **Disaster Credits.**— Any extension of credit made by the Disaster Loan Corporation; or any 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, provided such extension is made prior to the end of the sixth calendar month following the month in which the disaster is found to have occurred and a statement describing the damage or loss is preserved in the Registrant's files.

(h) **Agricultural Loans.**— Any loan to a person engaged in agriculture, or to a cooperative association of such persons, if it (1) is made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation or by any Federal land bank 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. In determining whether an extension of credit

meets the description of clause (3) above, a Registrant may accept in good faith a written statement signed by the obligor setting forth the facts relied upon to bring it within the description, and the facts set forth in such statement shall be deemed to be correct for the purposes of this regulation.

(i) **Business Loans.**—Any loan for business purposes to a business enterprise which is not for the purpose of purchasing a listed article.

(j) **Insurance Policy Loans.**—Any loan made by a life insurance company which is fully secured by the loan value or cash surrender value of a life insurance policy issued by such company; any loan made by any Registrant on the security of the loan value or cash surrender value of a life insurance policy for the purpose of enabling the borrower to pay off a policy loan made by the insurer prior to May 6, 1942; and any renewal or extension of any such loan which does not involve an increase in the amount of the loan.

(k) **Credit to Governmental Agencies and Religious, Educational or Charitable Institutions.**—Any extension of credit to the Federal Government, any State government, any political subdivision, or any department, agency or establishment thereof, or to any church, hospital, clinic, sanitarium, school, college, or other religious, educational, charitable, or eleemosynary institution.

(l) **Railroad Watches.**— Any extension of credit to finance the purchase of a railroad standard watch (whether new or used) by a railroad time service employee, provided the Registrant obtains a statement signed by the division superintendent of the railroad by which the purchaser is employed certifying that the purchaser is required to carry such a watch in the performance of his duties and has no watch suitable for the purpose.

(m) **Commodity Credit Corporation.**—Any extension of credit made by the Commodity Credit Corporation or made by a Registrant in accordance with a loan program formulated and administered by the Commodity Credit Corporation.

(n) **Loans to Indians.**—Any extension of credit made in accordance with regulations of the Secretary of the Interior for the economic development or rehabilitation of Indians.

(o) **Servicemen's Guaranteed Loans.**—Any extension of credit guaranteed in whole or in part by the Administrator of Veterans' Affairs pursuant to the provisions of Title III of the Servicemen's Readjustment Act of 1944, or by any State agency pursuant to similar State legislation.

(p) **Demonstrators.**— Any extension of credit which is to be repaid within not more than 12 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.

SECTION 9. SEASONAL ADJUSTMENTS

Notwithstanding any other provision of this regulation, appropriate seasonal adjustments may be made in connection with the contractual time of payment of any extension of credit, in accordance with the following provisions:

(a) **Intervals of Payments.**—When appropriate for the purpose of facilitating payment in accordance with the obligor's main source of income, the payment schedule in connection with any instalment credit may reduce or omit payments over any period or periods totaling not more than 4 months, if the other payments are increased in such manner as to meet all the other requirements of this regulation applicable to such instalment credit.

(b) **Farmers and Stock Raisers.**—When appropriate for the purpose of facilitating payment in accordance with the seasonal nature of the obligor's main source of income, *any instalment credit* which is made to a person who is engaged in agriculture or stock raising and derives his income principally therefrom may be payable in any amounts and at any intervals, if: (1) The instalment credit complies with the applicable provisions of this regulation 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.

If the purchaser or borrower be known to the Registrant customarily to receive 75 per cent or more of his income during one or two seasons of the year from farming or stock raising, (1) his *charge account* shall not be deemed to be in default unless the articles previously purchased in the account shall not have been paid for in full within 10 days after the end of the next calendar month during which most of his annual or semi-annual income is customarily received, (2) *any single-payment loan* made to him may be made to mature during the next calendar month in which most of his annual or semi-annual income is customarily received, and (3) the schedule of payments in connection with *any instalment credit* extended to him may be arranged so that the instalment payments will fall due during the calendar months in which most of his annual or semi-annual income is customarily received; but each such extension of credit shall mature not later than 12 months from the date on which it was originally extended.

(c) **Other Persons with Seasonal Incomes.**—If the Registrant has accepted from the purchaser or borrower in good faith a written state-

ment to the effect that such purchaser or borrower customarily receives 75 per cent or more of his income during one or two specified seasons of the year from seasonal labor, investments, trust funds, or other seasonal sources, (1) his *charge account* shall not be deemed to be in default unless the articles previously purchased in the account shall not have been paid for in full within 10 days after the end of the next calendar month during which most of his annual or semi-annual income is customarily received, (2) *any single-payment loan* made to him may be made to mature during the next calendar month in which most of his annual or semi-annual income is customarily received, and (3) the schedule of payments in connection with *any instalment credit* extended to him may be arranged so that the instalment payments will fall due during the calendar months in which most of his annual or semi-annual income is customarily received; but each such extension of credit shall mature not later than 12 months from the date on which it was originally extended.

SECTION 10. RENEWALS, REVISIONS, AND ADDITIONS OF INSTALMENT CREDIT

(a) **Renewals or Revisions.**—If any obligation evidencing any instalment sale or instalment loan is renewed or revised by a Registrant, such renewal or revision must not have the effect of changing the terms of repayment to terms which this regulation would not have permitted in the first instance for such credit;⁷ but nothing in this regulation shall be construed to prevent any Registrant from making any renewal or revision, or taking any action that he shall deem necessary in good faith, (1) with respect to any obligation of any member or former 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 obligation evidencing any instalment sale⁸ or instalment loan shall not be consolidated with any obligation or obligations held by the Registrant evidencing any prior instalment sale or instalment loan to the same obligor, unless the additional credit complies with the down payment or maximum credit limitations applicable thereto (if any) and, in addition, the consolidated obligation complies with one of the following options:

⁷ If there should be any arrearage under an instalment contract 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 10. Whenever the regulation is amended to increase the maximum maturity for any class of transactions, the terms of repayment "permitted in the first instance" in so far as they relate to the maximum maturity for such class of transactions shall be deemed to be the terms applicable under the provisions of the amendment.

⁸ The term "instalment sale" as here used includes an instalment credit resulting from the conversion of a charge account to an instalment basis.

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, except 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

Option 2. The consolidated obligation shall provide for a rate of payment (not less than \$5.00 per month or \$1.25 per week) throughout its term, which is (i) 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,⁹ and (ii) is larger to whatever extent may be necessary in order to repay the consolidated obligation within 12 months, or within 18 months in case the consolidated obligation is an instalment loan and no part of the proceeds of the additional credit is to be used to purchase any listed article having a cash price of \$15.00 or more.

(c) **Credit to Retire Instalment Obligations Held Elsewhere.**—Any instalment loan, the proceeds of which a Registrant knows or has reason to know will be used in whole or in part to retire any instalment sale¹⁰ or instalment loan 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 any other provision of this regulation, 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 instalment loan subject to section 6(b), except that the payments need not be as large as \$5.00 per month or \$1.25 per week, 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 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 credit or which were beyond his control, which statement also sets forth briefly

⁹ If any part of the consolidated obligation is used to reduce or retire a charge account or single-payment loan, under the provisions of section 6(b) or 7(c)(1), such part shall be treated for the purpose of this Option as if the charge account or single-payment loan were payable in six equal monthly instalments.

¹⁰ The term "instalment sale" as here used includes an instalment credit resulting from the conversion of a charge account to an instalment basis.

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 circumvent the requirements of this regulation.

SECTION 11. EVASIVE DEVICES PROHIBITED

(a) **Evasive Side Agreements.**—No extension of 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 otherwise evade or circumvent, or conceal any evasion or circumvention of, any requirement of this regulation.

(b) **Loans to Make Down Payments.**—A Registrant shall not make any instalment loan or single-payment loan if he 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.

(c) **Side Loan to Make Down Payment on Listed Article.**—A Registrant shall not make an extension of credit to finance the purchase of any listed article if he 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 amount permitted by this regulation; but, 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 be deemed to be correct for the purposes of this regulation.

(d) **Purchase of Article in Lieu of Trade-in.**—Anything which the seller of a listed article buys, or arranges to have bought, from the purchaser at or about the time of the purchase of the listed article shall be regarded as a trade-in for purposes of this regulation.

(e) **Coupon Plans.**—No coupon, ticket or similar medium of credit, whether paid for in instalments or otherwise, shall be accepted by any Registrant in payment, in whole or in part, for any listed article if such acceptance, in effect, would permit the article, to be sold on terms not complying with the requirements of this regulation.

SECTION 12. MISCELLANEOUS PROVISIONS

(a) **Clerical Errors.**—Any failure to comply with this regulation resulting from a mistake in determining, calculating, or recording any price, down payment, 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) **Extension of Credit for Mixed Purposes.**—In case an extension of credit is partly subject to one section of this regulation and partly subject to another section, the amount and terms of such extension of credit shall be such as would result if the credit were divided into two or more parts and each part were treated as if it stood alone. In case an extension of credit is partly subject to this regulation and partly not subject to the regulation, the amount and terms of such extension of credit shall be such as would result if the credit were divided and the part subject to the regulation were treated according to the applicable provisions of the regulation; the part not subject to the regulation may be treated as if the regulation did not exist.

(c) **Calculating Maximum Maturity of Instalment Contract.**—In calculating the maximum maturity of an instalment sale or instalment loan, a Registrant may, at his option, use any date not more than 15 days subsequent to the actual date of the sale or loan.

(d) **"Lay-away" Plans.**—With respect to any extension of 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 credit as not having been made until the date of the delivery of the article to the purchaser.

(e) **Contracts and Obligations Outstanding on September 1, 1941.**—Nothing in this regulation shall prevent the performance of any valid contract or obligation entered into prior to September 1, 1941; but, when any obligation arising out of any extension of credit made prior to September 1, 1941, has been combined with any extension of 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 credit shall thereafter be treated for the purposes of this regulation as having been made on the date of such consolidation, renewal or revision.

(f) **Transactions Subjected to Regulation by Amendment.**—Whenever this regulation is amended to add any article to the list of articles specified in section 13(a) or so as to apply to any additional class of transactions, the amendment shall not prevent the performance of any valid contract made prior to the effective date of the amendment; but any renewal, revision or consolidation of any obligation growing out of an extension of credit covering such newly added article or class of transactions shall be subject to the applicable requirements of this regulation, and, for the purposes of the applicable

provisions regarding renewals, revisions and consolidations, 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.

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

(h) Preservation of Records.—Every Registrant shall preserve, for the life of the obligation to which they relate, such books of account, records, and other papers (including any statements required by or obtained pursuant to this regulation) as are relevant to establishing whether or not an extension of credit within the scope of this regulation was in conformity with the requirements thereof, provided, however, that the Statement of the Borrower obtained pursuant to section 6(d) or 7(d) shall be preserved for the life of the obligation to which it relates or for one year, whichever period is longer, and provided further that the Registrant may preserve photographic reproductions in lieu of such books of account, records or papers.

(i) Inspections and Production of Records.—For the purpose of determining whether or not there has been compliance with the requirements of this regulation, every person required to be licensed under section 3 shall permit the Board or any Federal Reserve Bank, by its duly authorized representatives, to make such inspections of his business operations as the Board or Federal Reserve Bank may deem necessary or appropriate, including inspections of books of account, contracts, letters or other relevant papers wherever located, and, for such purpose, shall furnish such reports as the Board or the Federal Reserve Bank may require. When ordered to do so by the Board, every such person shall furnish, under oath or otherwise, such information relative to any transaction within the scope of the Executive Order as the Board may deem necessary or appropriate for such purpose, including the production of books of account, contracts, letters or other papers in the custody or control of such person.

(j) 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.

(k) Right of Registrant to Impose Stricter Requirements.—Any Registrant has the right 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.

(l) **Sets and Groups of Articles.**—For the purposes of this regulation, the word “article” shall be deemed to include any set, group or assembly commonly considered, sold or used as a single unit, if the component parts thereof are sold or delivered at substantially the same time.

(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. Such provisions shall be applicable also to any Registrant who shall have established such a system after having received from the Federal Reserve Bank of his district a notification which is still in force stating that the Federal Reserve Bank is satisfied (1) that the system is intended to effectuate operating economies with respect to manpower or office machinery and (2) that its adoption is not for the purpose of circumventing this regulation.

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).

(n) **Mail Orders.**—An instalment sale shall not be deemed to be in violation of section 4(a) if the sale is made upon the receipt of a mail order for one or more articles and the cash deposit received with the order fails by less than \$1.00 to equal the sum of the down payments required by this regulation for all of the articles included in the order.

SECTION 13. LISTED ARTICLES, DOWN PAYMENTS AND MAXIMUM CREDIT VALUES

(a) **Listed Articles.**—The following are the articles which are “listed articles” within the meaning of this regulation:

Group A—One-third down and 12 months' maximum maturity:

1. Air conditioners, room unit.
2. (Deleted—see *Group C*)
3. Aircraft (including gliders) designed for a useful load of 1,000 pounds or less.
4. Attic ventilating fans.
5. Automobile batteries and accessories.
6. Automobile tires and inner tubes, for passenger automobiles.
7. Bedding, blankets, curtains, draperies, and household linens and towels.
8. Bicycles.
9. Binoculars, field glasses, opera glasses, and hand telescopes.
10. Boats, and inboard and outboard motors designed for use therewith, other than boats or motors designed specifically for commercial use.
11. Clocks, electric or other, designed for household or personal use.
12. Cooking stoves and ranges, designed for household use.
13. Dishwashers, electric, designed for household use.
14. Electric appliances, not elsewhere listed, designed for household or personal use.
15. 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).
16. (Deleted—see *Group C*)
17. Heating stoves and space heaters, designed for household use.
18. Ironers designed for household use.
19. Jewelry (including precious stones and costume jewelry).
20. Lamps designed for household use.
21. Lawn mowers, edgers, and trimmers (whether or not power-driven).
22. (Deleted—see *Group C*)
23. Luggage, purses, handbags, toilet cases, and umbrellas.
24. Motion picture cameras, projectors, and lenses, designed for film gauges less than 35 mm.; still cameras, projectors, lenses and shutters, and enlargers.
25. Musical instruments not elsewhere listed.
26. Organs, household electric.
27. (Deleted—see *Group C*)
28. Portable lights, and portable or stationary flood-lighting equipment, designed for household use.
29. Radio receiving sets, phonographs, or combinations.
30. Refrigerators, mechanical, of less than 12 cubic feet rated capacity.
31. Sewing machines designed for household use.
32. Silverware (including flatware and hollow ware, whether solid or plated).
33. Sports', athletic, outing, and games' equipment.
34. Suction cleaners and mechanical carpet sweepers, designed for household use.
35. Tableware and kitchen ware, equipment, and utensils, designed for household use (including pottery, porcelain, chinaware, glassware, and cutlery).
36. Washing machines designed for household use.
37. Watches.
38. (Deleted—see *Group C*)
39. (Deleted—see *Group C*)
40. Wearing apparel and furs, non-military, (including footwear, headwear, and haberdashery).
41. Yard goods designed for making garments or for making articles of household use.

Group B—20 per cent down and 12 months' maximum maturity:

1. Furniture, household (including ice refrigerators, bed springs, mattresses, and materials and services employed in reupholstering).
2. Pianos.

Group C—18 months' maximum maturity:

1. (Deleted — see section 8(a)).

Group D—Maximum maturity 15 months; for down payment requirement see section 13(c):

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).

(b) **Trade-in.**—If any article is traded in by the purchaser on an article listed in *Group A*, the cash down payment shall be one-third of the net price of the article after deducting from the cash price the amount allowed for the trade-in, and such cash down payment shall be obtained in addition to the trade-in. In the case of an article listed in *Group B*, the cash down payment shall be one-fifth of such net price. In the case of automobiles and other articles listed in *Group D*, the down payment required by the regulation may be made in the form of cash or in the form of a trade-in, or both.

(c) **Down Payment on Automobiles and Motorcycles.**—For a new or used automobile or a new or used motorcycle, the down payment (which may be in cash or in the form of a trade-in or in both forms) shall be one-third of the cash price.

(d) **Down Payment Where Price is Fixed by Federal Authorities.**—In the case of any article for which the Federal price authorities have prescribed a maximum retail price, the amount of credit extended pursuant to the provisions of section 4 shall in no event exceed the amount which would have been permitted if the article had been sold at the maximum retail price.

(e) **Maximum Amount of Loan.**—A loan to purchase an article listed in *Group A* in connection with which the seller has accepted a trade-in shall not exceed two-thirds of the net price of the listed article after deducting from the cash price the amount allowed for the trade-in, and, in the case of an article listed in *Group B*, the loan shall not exceed four-fifths of such net price.

A loan to purchase a new or used automobile or a new or used motorcycle shall not exceed two-thirds of the cash price.

SECTION 14. ENFORCEABILITY OF CONTRACTS

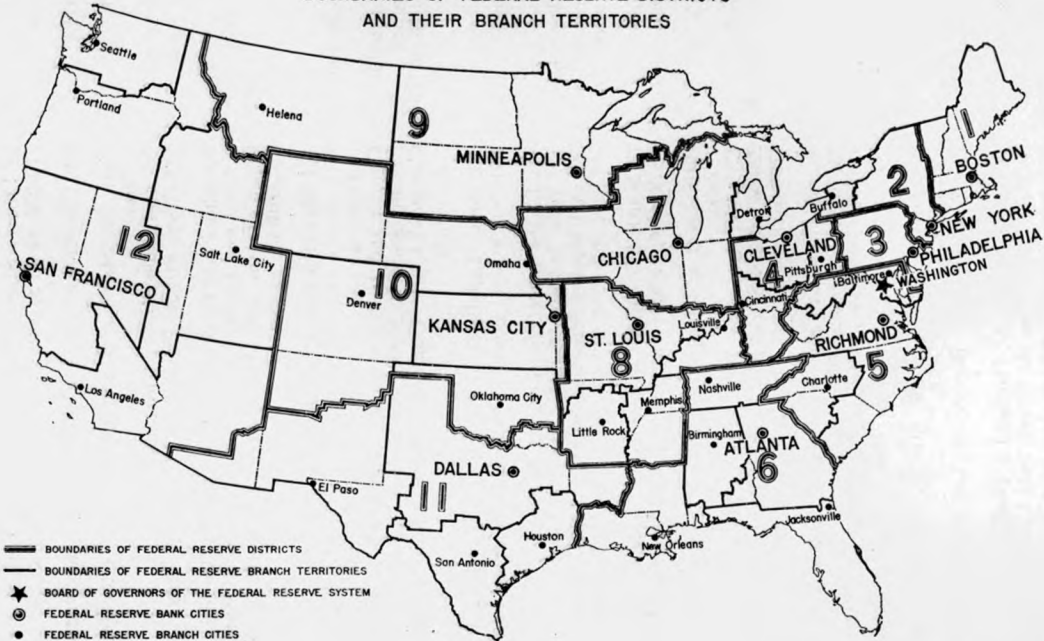
Except as may subsequently be otherwise provided, all provisions of this regulation are designated, pursuant to section 2(d) of the Executive Order, as being “for administrative purposes” within the meaning of said section 2(d), which provides that noncompliance with provisions of the regulation so designated shall not affect the right to enforce contracts.

LIST OF FEDERAL RESERVE BANKS AND BRANCHES

<i>Federal Reserve Bank of</i>	<i>Address</i>
BOSTON	30 Pearl Street, Boston 6, Massachusetts
NEW YORK	33 Liberty Street, New York 7, New York
Buffalo Branch	270-276 Main Street, Buffalo 5, New York
PHILADELPHIA	925 Chestnut Street, Philadelphia 1, Pennsylvania
CLEVELAND	East 6th Street and Superior Avenue, Cleveland 1, Ohio
Cincinnati Branch	4th and Race Streets, Cincinnati 1, Ohio
Pittsburgh Branch	717 Grant Street, Pittsburgh 19, Pennsylvania
RICHMOND	9th and Franklin Streets, Richmond 13, Virginia
Baltimore Branch	Calvert and Lexington Streets, Baltimore 3, Maryland
Charlotte Branch	South Tryon and 2nd Streets, Charlotte 1, North Carolina
ATLANTA	104 Marietta Street, Atlanta 3, Georgia
Birmingham Branch	18th Street and 5th Avenue, North, Birmingham 2, Alabama
Jacksonville Branch	Church and Hogan Streets, Jacksonville 1, Florida
Nashville Branch	228 3rd Avenue, North, Nashville 3, Tennessee
New Orleans Branch	Carondelet and Common Streets, New Orleans 11, Louisiana
CHICAGO	230 South LaSalle Street, Chicago 90, Illinois
Detroit Branch	160 Fort Street, West, Detroit 31, Michigan
ST. LOUIS	411 Locust Street, St. Louis 2, Missouri
Little Rock Branch	121 West 3rd Street, Little Rock, Arkansas
Louisville Branch	5th and Market Streets, Louisville 1, Kentucky
Memphis Branch	3rd and Jefferson Streets, Memphis 1, Tennessee
MINNEAPOLIS	73 South 5th Street, Minneapolis 2, Minnesota
Helena Branch	Park Avenue and Lawrence Street, Helena, Montana
KANSAS CITY	10th Street and Grand Avenue, Kansas City 18, Missouri
Denver Branch	17th and Arapahoe, Denver 17, Colorado
Oklahoma City Branch	226 West 3rd Street, Oklahoma City 1, Oklahoma
Omaha Branch	1701-5 Dodge Street, Omaha 2, Nebraska
DALLAS	Wood and Akard Streets, Dallas 13, Texas
El Paso Branch	351 Myrtle Avenue, El Paso, Texas
Houston Branch	1301 Texas Avenue, Houston 1, Texas
San Antonio Branch	Navarro and Villita Streets, San Antonio 6, Texas
SAN FRANCISCO	Sacramento and Sansome Streets, San Francisco 20, California
Los Angeles Branch	409 West Olympic Boulevard, Los Angeles 54, California
Portland Branch	6th and Oak Streets, Portland 8, Oregon
Salt Lake City Branch	70 East South Temple Street, Salt Lake City 9, Utah
Seattle Branch	2nd Avenue and Spring Street, Seattle 14, Washington

FEDERAL RESERVE SYSTEM

BOUNDARIES OF FEDERAL RESERVE DISTRICTS
AND THEIR BRANCH TERRITORIES



- BOUNDARIES OF FEDERAL RESERVE DISTRICTS
- - - BOUNDARIES OF FEDERAL RESERVE BRANCH TERRITORIES
- ★ BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
- ⊙ FEDERAL RESERVE BANK CITIES
- FEDERAL RESERVE BRANCH CITIES

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEDERAL RESERVE BANK
OF NEW YORK

June 11, 1946.

REGULATION W

Disaster Credits

*To all Registrants under Regulation W in
Chemung and Steuben Counties, New York, and Others Concerned:*

Under the authority of section 8(g) of Regulation W, as amended, this bank finds that the flood occurring on or about May 29, 1946, has created an emergency affecting a substantial number of inhabitants in Chemung and Steuben Counties, New York. Accordingly, any extension of credit (not otherwise excepted) to finance the repair or replacement of real or personal property damaged or lost as a result of the flood in the aforementioned Counties is exempt from compliance with the provisions of the Regulation. This exemption does not apply to any extension of credit other than that which may be attributed directly to damage or loss as a result of the flood.

This exemption applies to all extensions of credit made in accordance with the aforementioned conditions and made prior to the end of November, 1946, provided a statement describing the damage or loss which gave rise to the extension of credit is preserved in the files of the Registrant making such extension of credit.

ALLAN SPROUL,
President.

at 3097

**FEDERAL RESERVE BANK
OF NEW YORK**

June 28, 1946.

Semiannual Dividend

GENTLEMEN :

The board of directors of Federal Reserve Bank of New York has declared a dividend for the six-month period ending June 30, 1946, at the rate of six per centum per annum on the paid-in capital stock of the bank, payable June 28, 1946, to stockholders as shown by the books of the bank at the close of business on that date.

Payment of \$....., the amount of such dividend due you, is being made at the close of business today by credit to your reserve account.

Very truly yours,


President.