

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 3107]
July 3, 1946.]

REGULATION W
CONSUMER CREDIT

RULINGS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE
SYSTEM RESPECTING AMENDMENT NO. 20 TO REGULATION W

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

Since the issuance of our Circular No. 3102 dated June 21, 1946, setting forth Amendment No. 20 to Regulation W of the Board of Governors of the Federal Reserve System, effective July 5, 1946, the Board of Governors has issued the following rulings with respect to the amended regulation.

Section 2(e)

1. The term "principal amount" as used in section 2(e), as amended, has the same meaning as the term "deferred balance" as used in clause (4) of section 4(d) which, for instalment selling, is the counterpart of the term "principal amount lent" as used in clause (1) of section 6(a).

2. Under section 2(e), as amended, when an instalment sale credit arising from an "add-on sale" is combined with the unpaid deferred balance [as used in clause (4) of section 4(d)] of a prior instalment sale credit resulting in a consolidated unpaid deferred balance in excess of \$1,500, the consolidated credit is exempt from the Regulation regardless of whether or not the original instalment sale or the "add-on sale" included listed or unlisted articles.

For example, an obligation of \$700 evidencing a prior instalment sale is to be consolidated, in consequence of an "add-on sale" of one or more listed articles having a cash price of \$900, with an additional instalment obligation arising from that sale. If the latter sale were standing alone, the down payment required by the Regulation would not permit the deferred balance arising from that sale to be as large as \$800. In the case presented, however, the deferred balance arising from the "add-on sale" is permitted to exceed \$800 with the consequence that the consolidated credit could amount to more than \$1,500 and thus become exempt from the Regulation.

Section 8(a)

3. The proviso added to section 8(a) does not make section 12(b) inapplicable. Consequently, a credit to repair a house and, in addition, to install a listed article cannot exceed the cost of repairs plus an amount equal to the cost of the listed article minus the down payment required under the Regulation. The instalments in which the credit is payable must be sufficiently large to repay the balance of the cost of the listed article within twelve months. The cost of the listed article would include installation charges, if any.

Additional copies of this circular will be forwarded upon request.

ALLAN SPROUL,
President.

at 3107

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

July 15, 1946

REDEMPTION OF UNITED STATES SAVINGS BONDS

Important Changes in Procedure for Handling Bonds
Paid by Banks and Other Financial Institutions

*To Incorporated Banks and Trust Companies and
Other Financial Institutions in the Buffalo
Branch Territory of the Second Federal Reserve
District which are Qualified to Make Payments
in Connection with the Redemption of United
States Savings Bonds:*

The present procedure relating to payment of United States Savings Bonds of Series A, B, C, D, and E by qualified paying agents in the Buffalo Branch Territory of the Second Federal Reserve District will be modified effective August 1, 1946. The changes in procedure, which should be observed carefully by each paying agent, are summarized below:

New Form of Transmittal Letter

A new form of transmittal letter (Form Sav. B. 37) should be used in connection with all shipments of paid Savings Bonds made to us on or after August 1, 1946. Supplies of the present transmittal letter (Form Sav. B. 28.1) in your possession on that date should be destroyed.

A completed specimen copy of the new form of transmittal letter is enclosed. A supply of blank forms for your use is being forwarded under separate cover. The following important features of the new form should be carefully observed:

1. Not more than 200 pieces should be listed on a single letter. It is permissible, however, to include more than one letter in a single shipment when more than 200 paid bonds are on hand. When a shipment contains more than one letter, each letter should be totaled separately.
2. Bonds paid by you in one month should not be intermingled, or scheduled on the same letter, with the bonds paid in a different month. We reserve the right to return to the paying agent for correction any transmittal letter on which bonds paid in different months are scheduled.
3. Paid bonds should be listed on the transmittal letter in the order of the redemption value paid by you, in the manner indicated on the enclosed specimen form.
4. The section entitled "Recapitulation" should be completed and totaled.
5. The manner in which you wish to receive payment from us should be indicated under the caption "Payment Instructions".
6. For the purpose of identification, you should impress your payment stamp in the two spaces provided.
7. Although the new form of transmittal letter makes no provision for listing the serial numbers of paid bonds forwarded for redemption, you should continue to maintain a microfilm or other record of the serial numbers of bonds included in each letter for use in event of loss or destruction of the shipment.

Paid bonds may be shipped by ordinary first class mail or by express, or in any other manner substantially similar to that used by banks in sending checks for collection; and should be addressed to the Savings Bond Redemption Division, Buffalo Branch of the Federal Reserve Bank of New York, Buffalo 5, New York.

ALLAN SPROUL,
President.

TRANSMITTAL LETTER PAID SAVINGS BONDS OF SERIES A, B, C, D AND E

INSTRUCTIONS TO PAYING AGENTS

Do not schedule on this form bonds paid in different months. Use a separate form for each month. Do not schedule more than 200 bonds on one transmittal letter.
 It is extremely important that paying agents maintain in their files a record of the serial numbers of the savings bonds included in each shipment.
 Forward the bonds together with the original copy of this transmittal letter to the Buffalo Branch of the Federal Reserve Bank of New York, Savings Bond Redemption Division, Buffalo 5, New York. No other matter should be included in such shipment.

BUFFALO BRANCH OF THE
 FEDERAL RESERVE BANK OF NEW YORK,
 Savings Bond Redemption Division,
 Buffalo 5, New York.

Date..... August 5, 1946.....

We are forwarding herewith for settlement..... 144..... United States Savings Bonds paid by us during the month of..... August 1946..... in the amount of \$..... 9,428.48..... as scheduled below.
(Number of Pieces)
(Total Amount Paid)

SCHEDULE OF PAID BONDS FORWARDED HEREWITH

(Do Not Schedule more than 200 Bonds on One Transmittal Letter)

\$10 Bonds			\$25 Bonds			\$50 Bonds			\$100 Bonds		
Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment
2	7.50	15.00	25	18.75	468.75	22	37.50	825.00	4	75.00	300.00
			15	18.87	283.05	18	37.75	679.50	3	75.50	226.50
			18	19.00	342.00	12	38.00	456.00			
			14	19.12	267.68						
2	Totals	15.00	72	Totals	1361.48	52	Totals	1960.50	7	Totals	526.50

\$200 Bonds			\$500 Bonds			\$1,000 Bonds			RECAPITULATION		
Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Denominations Only		
									Pieces		Mat. Value
2	150.00	300.00	2	375.00	750.00	3	750.00	2250.00	2	\$ 10	20
			2	377.50	755.00	2	755.00	1510.00	72	25	1800
									52	50	2600
									7	100	700
									2	200	400
									4	500	2000
									5	1,000	5000
2	Totals	300.00	4	Totals	1505.00	5	Totals	3760.00	144	Totals	12520

These Spaces for the Use of the Federal Reserve Bank

Sequence Total (x).....	Batch Number.....
U/C Charge Date.....	Code Number.....
Amount Paid.....	Payment Month.....
Sequence Code.....	Date of Letter.....
Total Pieces.....(x)	County Number.....
Sequence Range.....

**IMPRESS PAYMENT STAMP
 IN THIS SPACE**

PAID \$.....
 1125
 First Nat. Bank
 U.S.A. 69
 Aug. 5 1946
 BY.....

The above impression is made for the purpose of identification only. It does not constitute an acknowledgment of payment for bonds.

PAYMENT INSTRUCTIONS

Issue check to our order in the amount of - - - \$.....

Credit our Reserve Account in the amount of - - - \$ 9,428.48

Credit:

..... for our account the amount of \$.....

Name of Bank

**IMPRESS PAYMENT STAMP
 IN THIS SPACE**

PAID \$.....
 1125
 First Nat. Bank
 U.S.A. 69
 Aug. 5 1946
 BY.....

The above impression is made for the purpose of identification only. It does not constitute an acknowledgment of payment for bonds.

**BUFFALO BRANCH OF THE
FEDERAL RESERVE BANK
OF NEW YORK**

TRANSMITTAL LETTER PAID SAVINGS BONDS OF SERIES A, B, C, D AND E

INSTRUCTIONS TO PAYING AGENTS

Do not schedule on this form bonds paid in different months. Use a separate form for each month. Do not schedule more than 200 bonds on one transmittal letter.

It is extremely important that paying agents maintain in their files a record of the serial numbers of the savings bonds included in each shipment.

Forward the bonds together with the original copy of this transmittal letter to the Buffalo Branch of the Federal Reserve Bank of New York, Savings Bond Redemption Division, Buffalo 5, New York. No other matter should be included in such shipment.

**BUFFALO BRANCH OF THE
FEDERAL RESERVE BANK OF NEW YORK,
Savings Bond Redemption Division,
Buffalo 5, New York.**

Date.....

We are forwarding herewith for settlement..... United States Savings Bonds paid by us during the month of..... in the amount of \$..... as scheduled below.
(Number of Pieces)
(Total Amount Paid)

SCHEDULE OF PAID BONDS FORWARDED HEREWITH

(Do Not Schedule more than 200 Bonds on One Transmittal Letter)

\$10 Bonds			\$25 Bonds			\$50 Bonds			\$100 Bonds		
Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment
Totals			Totals			Totals			Totals		

\$200 Bonds			\$500 Bonds			\$1,000 Bonds			RECAPITULATION Denominations Only		
Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Units	Unit Payment	Total Payment	Pieces	Mat. Value	
									\$ 10		
									25		
									50		
									100		
									200		
									500		
									1,000		
Totals			Totals			Totals			Totals		

These Spaces for the Use of the Federal Reserve Bank

Sequence Total (x).....	Batch Number.....
U/C Charge Date.....	Code Number.....
Amount Paid.....	Payment Month.....
Sequence Code.....	Date of Letter.....
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Issue check to our order in the amount of - - - \$.....

Credit our Reserve Account in the amount of - - - \$.....

Credit:

..... for our account the amount of \$.....

Name of Bank

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