

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 3429]
March 28, 1949]

REGULATION W
CONSUMER INSTALMENT CREDIT CONTROL

Automobile Appraisal Guides

*To Lenders, Automobile Dealers and Certain Others in the
Second Federal Reserve District Concerned with Regulation W:*

There is set forth below the text of a statement issued by the Board of Governors of the Federal Reserve System regarding the use by lenders and others of automobile appraisal guides in determining the minimum down payment and maximum loan value in connection with extensions of instalment credit arising out of the sale of certain models of automobiles. The statement appeared in the February 1949 issue of the Federal Reserve Bulletin.

The Board has been asked when the provisions of Part 4 of the Supplement to Regulation W will require reference to an automobile appraisal guide in determining the minimum down payment to be obtained on used 1949 model automobiles. Certain of the appraisal guides have not yet included estimated retail prices for any 1949 models. Although certain 1949 car models have been introduced, others are scheduled for later introduction.

The Board has ruled that it will not be necessary to refer to appraisal guides with respect to used 1949 automobiles until the Board has published in the Federal Register a notice that such reference is required. The Board does not plan to place such a requirement in effect with respect to used 1949 automobiles until all designated appraisal guides publish retail values for such models, and it is also planned that by that time the designated appraisal guides will contain information as to the date on which the requirement comes into effect. The maximum amount of credit that can be extended for used 1949 automobiles until the Board publishes the notice referred to above will, of course, be two-thirds of the cash price.

In anticipation of the inclusion of 1949 used car prices in certain of the appraisal guides that have particular problems of limited space, the Board has ruled that, effective April 1, 1949, the appraisal guide provisions of Part 4 of the Supplement to Regulation W will no longer apply to used 1938 automobile models. Starting on that date, therefore, the maximum amount of credit which can be extended for used 1938 and older models will be two-thirds of the cash price.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.