

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 3604]  
October 16, 1950]

REGULATION X

RESIDENTIAL REAL ESTATE CREDIT

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Forms of Statement of Borrower

*To all Persons Engaged in the Business of Extending Real Estate Credit  
in the Second Federal Reserve District:*

Enclosed are specimen copies of forms of borrower's statements suggested by the Board of Governors of the Federal Reserve System for use in showing compliance with section 4(c) of the Board's Regulation X affecting residential real estate credit.

The first paragraph of section 4(c) of the regulation provides that no Registrant shall extend any credit unless he is satisfied, and maintains records which reasonably demonstrate on their face, that the credit is or is not real estate construction credit. One method of showing compliance with this provision where no real estate construction credit is involved is a statement made by the borrower to that effect. The statement should certify that the credit in question is not wholly or partly secured by, or for the purpose of purchasing or carrying, or for the purpose of financing, or one which involves the right to acquire or use new construction on real property or real property on which there is new construction (or that such new construction, if any, is not a residence or major addition or major improvement to a residence). The shorter of the enclosed forms is designed for this purpose; however, any substantially similar statement when made by the borrower in a letter or application form or in any other written form will be acceptable.

The other longer form may be used, if desired, for obtaining the information required by the second paragraph of section 4(c) of the regulation with respect to residential real estate construction credit.

The Board of Governors of the Federal Reserve System pointed out that it is not the intention of the last sentence of section 4(c) that Federal Reserve Banks would supply Registrants' needs for these forms, but only that samples would be furnished upon request of a Registrant, and he would make his own arrangements for printing a supply meeting his needs.

ALLAN SPROUL,  
*President.*

**STATEMENT OF BORROWER WITH RESPECT TO  
RESIDENTIAL "REAL ESTATE CONSTRUCTION CREDIT"**

(To be filed by the Borrower with the Registrant in connection with credits subject to Regulation X of the Board of Governors of the Federal Reserve System)

(1) The credit in the amount of \$....., for which the borrower is applying to ....., is with respect to new construction, or property on which there is new construction, involving:

(Name of Registrant)

- ..... (a) Residential property
- (Please check) ..... (b) Residence on farm property
- ..... (c) Major addition or major improvement to a residence.

As used here, "new construction" means any structure, or major addition or major improvement to a structure, which is or has been begun after August 3, 1950.

(2) If the Registrant, relying on information furnished by the borrower, claims that this credit is exempt from Regulation X, the reason for such exemption is: .....

.....  
.....  
.....

**NOTE: If the credit is exempt from Regulation X, the information called for in the remainder of this statement need not be furnished.**

(3) If the credit is in connection with a sale, what is the bona fide sale price? \$.....

(4) If the credit is not in connection with a sale, what is the bona fide cost or estimated cost to the borrower? (If, under section 2 (i) of Regulation X, "value" is determined by an appraisal, this question should not be answered.) \$.....

(5) If the credit is in connection with a sale, was any property accepted in part payment? ..... ("Yes" or "No") If so, attach a statement as to value and a description of such property.

(6) If the credit is in connection with a sale, is the vendor of the property to have any financial interest in the property after the sale or in the proceeds of any subsequent disposition thereof? ..... ("Yes" or "No") If the answer is "Yes", state amount and nature of such interest.

.....  
.....  
.....

(7) Apart from the credit now applied for with respect to the property, what is the total amount of any credit previously extended and now outstanding, and any credit expected at this time to be extended, with respect to the same property? \$.....

I certify under the penalties of Regulation X of the Board of Governors of the Federal Reserve System that to the best of my knowledge and belief the facts stated above, and those in any statement supplied by me and attached hereto, are correct.

.....  
.....  
.....  
(Date) (Borrower's Signature)

.....  
(Borrower's Address)

**NOTE TO REGISTRANT:** Where the borrower's statement shows other credit to be outstanding or to be contemplated in connection with the property, the Registrant must obtain further information with respect to such credit in order to determine whether the applicable loan value, maturity, and amortization requirements of Regulation X and the Supplement thereto are met.

A copy of this statement should be retained by the Registrant. A copy may be attached to the credit instrument so that if another Registrant should subsequently purchase, discount or lend on the credit instrument, he will have evidence that the Registrant who first extended the credit obtained a borrower's statement in accordance with section 4(c) of Regulation X.

**STATEMENT OF BORROWER WITH RESPECT TO CREDIT WHICH IS NOT "REAL ESTATE CONSTRUCTION CREDIT"**

(This form may be used where the Registrant does not have other records which reasonably demonstrate on their face that the credit is not "real estate construction credit" under Regulation X of Board of Governors of the Federal Reserve System. Credit extended, insured or guaranteed by the United States or any agency thereof is not "real estate construction credit" under Regulation X.)

With respect to the credit in the amount of \$.....  
for which I am applying to .....

(Name of Registrant)

I certify under the penalties of Regulation X of the Board of Governors of the Federal Reserve System that the credit is not and will not be either wholly or partly secured by, or for the purpose of purchasing or carrying, or for the purpose of financing, or one which involves the right to acquire or use, new construction\* on real property or real property on which there is new construction (or that such new construction, if any, is not a residence or a major addition or major improvement to a residence).

.....  
(Date)

.....  
(Borrower's Signature)

.....  
(Borrower's Address)

\* As used here, "new construction" means any structure, or major addition or major improvement to a structure, which is or has been begun after August 3, 1950.