

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 3611]
November 9, 1950]

REGULATION X
RESIDENTIAL REAL ESTATE CREDIT

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

The Board of Governors of the Federal Reserve System has extended until December 31, 1950, the time within which letters or other statements, regarding firm commitments made prior to the effective date of Regulation X, may be sent to Federal Reserve Banks pursuant to clause (2) of the second sentence of section 6(b) of the regulation. Notwithstanding this extension, Registrants contemplating sending letters or statements to this Bank pursuant to clause (2) of the second sentence of section 6(b) of the regulation are urged to do so at the earliest possible date.

We quote below, for your information, an interpretation of Regulation X made by the Board of Governors:

It is the view of the Board that exemptions under section 5(g) of Regulation X should not be granted unless there is a clear showing of substantial hardship. The mere fact that a builder or other person may have made substantial commitments or undertakings before August 3 is not sufficient basis for the granting of an exemption unless he is also able to show that he will suffer substantial hardship if he has to comply with Regulation X in obtaining credit rather than obtaining it on the basis previously contemplated by him and the Registrant. The builder or other person must also be able to show that he had contacts or negotiations with a Registrant prior to August 3, 1950, with a view to possible subsequent agreement for extension of credit to such builder or other person. Section 5(g) relates only to the credit to finance new construction which is extended to the builder or other person who made substantial commitments or undertakings before August 3 and the provision does not apply to credit involved in a subsequent sale of the property by such builder or other person.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.