

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 3674 ]  
March 20, 1951

**REAL ESTATE CREDIT**

**Amendment No. 2 to Regulation X of the Board of Governors of the  
Federal Reserve System, Effective March 21, 1951**

*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 adopted Amendment No. 2 to Regulation X, effective March 21, 1951. We quote below from the text of the statement issued by the Board relating to the amendment and released for publication March 21, 1951:

An amendment affecting two sections of Regulation X was announced by the Board of Governors of the Federal Reserve System with the concurrence of the Housing and Home Finance Administrator, to become effective March 21, 1951.

The new section 5(g) provides that a limited number of builders or other persons who had made substantial commitments or undertakings with respect to certain contemplated multi-unit residential and nonresidential construction may apply, before April 15, 1951, to a Federal Reserve Bank for an exemption for the construction if they can show that inability to obtain credit to finance the construction on a basis previously contemplated with a lender would cause a clear and substantial financial hardship.

Section 5(k) of the regulation formerly provided that credit extended with respect to certain new construction would be exempt from the regulation if extended prior to May 1, 1951. The amendment, however, will exempt such credit if it is extended prior to a date 32 days after the construction is completed.

A printed copy of Amendment No. 2 to Regulation X is enclosed; additional copies will be furnished upon request.

ALLAN SPROUL,  
*President.*

## REAL ESTATE CREDIT

### AMENDMENT NO. 2 TO REGULATION X

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WITH THE CONCURRENCE OF THE HOUSING AND  
HOME FINANCE ADMINISTRATOR

Regulation X is hereby amended in the following respects, effective March 21, 1951:

1. By substituting the following subsection (*g*) in section 5:

(*g*) **Contemplated Construction.**—Any builder or other person who had made substantial commitments or undertakings before (A) January 12, 1951, with a view to the building of new construction which is a multi-unit residence or a major addition or major improvement to a multi-unit residence, or (B) February 15, 1951, with a view to the building of new construction which is a nonresidential structure or a major addition or a major improvement to a nonresidential structure, and who asserts that his inability to obtain credit to finance such new construction on the basis contemplated by him and by a Registrant prior to January 12, 1951, or February 15, 1951, as the case may be, would cause him a clear and substantial financial hardship, may apply to the Federal Reserve Bank of the district in which the new construction is contemplated for an exemption from this regulation for such new construction, showing all the facts and submitting all necessary supporting documents with respect to his commitments or undertakings and why compliance with the regulation would cause him a clear and substantial financial hardship. If such Federal Reserve Bank after consideration of the application and supporting documents determines that substantial commitments or undertakings were made prior to January 12, 1951, or February 15, 1951, as the case may be, and that a clear and substantial financial hardship would result from the application of this regulation in such case, it may issue to such builder or such other person a certificate approving such application and thereupon any extension of credit to such builder or such other person by the Registrant named in such certificate with respect to the new construction that may be specified in such certificate shall be exempt from the prohibitions of subsections (*a*) and (*b*) of section 4 of this regulation. Applications under this subsection must be sent to the Federal Reserve Bank prior to April 15, 1951.

2. By deleting "May 1, 1951," in subsection (*k*) of section 5 and inserting therefor "a date 32 days after construction is completed".