

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 3695]  
April 27, 1951]

REGULATION X  
REAL ESTATE CREDIT

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

*Amendment No. 4 to Regulation X*

The Board of Governors of the Federal Reserve System has adopted Amendment No. 4 to Regulation X, effective April 16, 1951, so as to exempt any extension of real estate credit from the regulation as to which the Registrant accepts in good faith a signed Statement of the Borrower certifying that the proceeds thereof are to be used solely to finance the purchase or construction of a residence, multi-unit residence, or nonresidential structure to be used in substitution for a similar structure of which the borrower has been deprived through or by reason of eminent domain or condemnation proceedings. To allow persons deprived of their properties through condemnation to obtain a similar replacement thereof, the amendment permits the financing on more liberal terms than those provided by Regulation X of properties acquired in lieu of those taken through condemnation proceedings.

A printed copy of Amendment No. 4 is enclosed.

*Loan to purchase a participating share in a cooperative development*

Following is the text of a ruling issued by the Board of Governors:

Inquiries have been received asking whether borrowing by a prospective tenant in a cooperative development is subject to Regulation X if the loan is for the purpose of purchasing a participating share in the cooperative development which will entitle the owner thereof to acquire or use a family unit in the cooperative development.

Cooperative developments ordinarily are built and operated by a nonprofit corporation organized for that specific purpose. Credit secured by a blanket mortgage covering the development is extended to the corporation. The corporation's equity or capital investment is raised by the sale of shares of capital stock to the individual cooperators. Ownership of a share carries with it the right to acquire a long-term lease upon a family unit in the cooperative development.

It is the opinion of the Board that borrowing is subject to Regulation X when it is for the purpose of purchasing a share in a cooperative development. The total amounts borrowed by the corporation and the individual shareholders may not exceed the maximum loan value of the cooperative development.

Additional copies of this circular and of the enclosed amendment will be furnished upon request.

ALLAN SPROUL,  
*President.*

**REAL ESTATE CREDIT**  
**AMENDMENT NO. 4 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 April 16, 1951:

In subsection (*e*) of section 5, strike out the period at the end of the section and add the following: "or solely to finance the purchase or construction of a residence, multi-unit residence, or nonresidential structure to be used in substitution for a similar structure of which the borrower has been deprived through or by reason of eminent domain or condemnation proceedings."

PRINTED IN NEW YORK

at 3695-A

**EASTERN INSURANCE  
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

April 27, 1951.

*To the Chief Executive Officer of the  
Life Insurance Company Addressed:*

The national Voluntary Credit Restraint Committee, created pursuant to the Program for Voluntary Credit Restraint authorized by the Defense Production Act of 1950, has appointed twenty regional committees to which inquiries by financial institutions may be addressed regarding financing activities under the Program—four committees for the life insurance companies, four for the investment banking houses, and twelve for the commercial banks. The insurance committees have their respective headquarters in New York, Chicago, Dallas and San Francisco.

The Eastern Insurance Voluntary Credit Restraint Committee is the regional committee designated to handle inquiries from life insurance companies located in the following states:

Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi

The members of the Committee are as follows:

**FRAZAR B. WILDE, *Chairman***

President, Connecticut General Life Insurance Company, Hartford, Connecticut

**JULIAN D. ANTHONY, President, Columbian National Life Insurance Company, Boston, Massachusetts**

**W. W. BODINE, Chairman of the Board, Penn Mutual Life Insurance Company, Philadelphia, Pennsylvania**

**E. A. CAMP, Jr., Vice President and Treasurer, Liberty National Life Insurance Company, Birmingham, Alabama**

**FREDERICK W. ECKER, Executive Vice President, Metropolitan Life Insurance Company, New York, New York**

**ROBERT E. HENLEY, President, Life Insurance Company of Virginia, Richmond, Virginia**

**WILLIAM F. TREIBER, Vice President, Federal Reserve Bank of New York, New York, New York**

The Program for Voluntary Credit Restraint was sent to you under date of March 9, 1951 by the Chairman of the Board of Governors of the Federal Reserve System. We expect to furnish you with additional material from time to time. The basic purpose of the Program is to provide credit necessary to sustain essential production and services, and at the same time to restrain financing which will add to inflationary pressures.

As the Program is entirely voluntary, the primary function of this Committee will be to serve the life insurance companies within its area in an advisory capacity to aid them in their

(OVER)

EASTERN INSURANCE  
VOLUNTARY CREDIT RESTRAINT COMMITTEE

efforts to observe the principles set forth in the Program governing the extension of credit. To facilitate the work of the Committee, please submit your request for consideration of a specific loan or investment in accordance with the form which is enclosed. Forms should be prepared in triplicate and sent to G. MORGAN BROWNE, Secretary of the Committee, 33 Liberty Street, New York 45, N. Y. Additional copies of the form and of the Program will be furnished by the Secretary upon request.

The country's financial institutions have been given an opportunity to band together under legal sanction to strengthen the nation's defenses and to restrain the course of inflation. If we can make this voluntary effort work, we can avoid mandatory controls. The Committee is confident that all life insurance companies will cooperate in the Program to the fullest extent.

FRAZAR B. WILDE,  
*Chairman.*

(Please Submit in Triplicate)

To EASTERN INSURANCE VOLUNTARY  
CREDIT RESTRAINT COMMITTEE,  
33 Liberty Street, New York 45, N. Y.

.....  
(Date)

GENTLEMEN:

The following information refers to a proposed loan or investment which we are considering. This information is submitted to you in confidence but with the understanding that you may forward it to the national Voluntary Credit Restraint Committee. In your opinion, will the proposed loan or investment be in harmony with the principles of the Voluntary Credit Restraint Program?

Very truly yours,

.....  
By....., .....,  
(Title)

**INFORMATION REGARDING LOAN OR INVESTMENT\***  
(Do not give name of person or company involved)

Industry or other general classification:

Nature of business: (Describe briefly)

Relationship of person or company to the Defense Program or other essential production or services:

Amount \$.....

Maturity.....

Purpose: (Check and describe)

To augment working capital..... To refinance debt..... To acquire or retire equity.....

To finance purchase of real estate..... To acquire other fixed assets..... Other.....

Plan of repayment:

\* If a participation, information given should cover entire loan or investment.

We are informed that our rejection of the proposed loan or investment would have the following result in respect of the person or company involved:

If the proposed loan or investment is not made, the Defense Program or the essential needs of agriculture, industry or commerce would, in our opinion, be affected as follows:

Other pertinent comments:

**(The spaces below for Committee use only)**

The loan or investment appears to be in harmony with the principles of the Voluntary Credit Restraint Program .....

The loan or investment does not appear to be in harmony with the principles of the Voluntary Credit Restraint Program .....

Additional Committee comments:

.....  
(Date)

EASTERN INSURANCE  
VOLUNTARY CREDIT RESTRAINT COMMITTEE

By .....  
Secretary

at 3695B

**EASTERN INVESTMENT BANKING  
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

May 1, 1951.

*(Addressed to members of eastern investment banking firms)*

The national Voluntary Credit Restraint Committee, created pursuant to the Program for Voluntary Credit Restraint authorized by the Defense Production Act of 1950, has appointed twenty regional committees to which inquiries by financial institutions may be addressed regarding financing activities under the Program—four committees for the investment banking houses, four for the insurance companies, and twelve for the commercial banks. The investment banking committees have their respective headquarters in New York, Chicago, Dallas and San Francisco.

The Eastern Investment Banking Voluntary Credit Restraint Committee is the regional committee designated to handle inquiries from investment banking houses located in the following states and the District of Columbia:

Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Ohio, Delaware, Maryland, Virginia, West Virginia, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama.

The members of the Committee are as follows:

PERCY M. STEWART, *Chairman*

Kuhn, Loeb & Co., 52 William Street, New York, N. Y.

T. JERROLD BRYCE, Clark Dodge & Co., 61 Wall Street, New York, N. Y.

ARTHUR PHELAN, Vice President, Federal Reserve Bank of New York, New York, N. Y.

CLARENCE E. UNTERBERG, C. E. Unterberg & Company, 61 Broadway, New York, N. Y.

FRANK A. WILLARD, Reynolds & Company, 120 Broadway, New York, N. Y.

The Program for Voluntary Credit Restraint was sent to your firm under date of March 9, 1951 by the Chairman of the Board of Governors of the Federal Reserve System. We expect to furnish you with additional material from time to time. The basic purpose of the Program is to provide credit necessary to sustain essential production and services, and at the same time to restrain financing which will add to inflationary pressures.

As the Program is entirely voluntary, the primary function of this Committee will be to serve the investment banking houses within its area in an advisory capacity to aid them in their

(OVER)

efforts to observe the principles set forth in the Program governing the underwriting and distribution of securities. *To facilitate the work of the Committee*, in case you are not fully satisfied as to the appropriateness of a proposed transaction, please use the enclosed form in submitting your request for our consideration of the transaction. Forms should be prepared in triplicate and sent to G. MORGAN BROWNE, Secretary of the Committee, 33 Liberty Street, New York 45, N. Y. Additional copies of the form and of the Program will be furnished by the Secretary upon request.

The country's financial institutions have been given an opportunity to band together under legal sanction to strengthen the nation's defenses and to restrain the course of inflation. If we can make this voluntary effort work, we can avoid mandatory controls. The Committee is confident that all investment banking houses will cooperate in the Program to the fullest extent.

PERCY M. STEWART,  
*Chairman.*

(Please Submit in Triplicate)

To EASTERN INVESTMENT BANKING  
VOLUNTARY CREDIT RESTRAINT COMMITTEE,  
33 Liberty Street, New York 45, N. Y.

.....  
(Date)

GENTLEMEN:

The following information refers to a proposed security transaction which we are considering. This information is submitted to you in confidence but with the understanding that you may forward it to the national Voluntary Credit Restraint Committee. In your opinion, will the proposed transaction be in harmony with the principles of the Voluntary Credit Restraint Program?

Very truly yours,

.....  
By....., .....,  
(Title)

INFORMATION REGARDING ISSUER

(Do not give name)

Industry or other general classification:

Nature of business: (Describe briefly)

Relationship of issuer to the Defense Program or other essential production or services:

INFORMATION REGARDING PROPOSED TRANSACTION

Total dollar amount or number of shares:.....

Purpose: (Check and describe)

To augment working capital..... To refinance debt..... To acquire or retire equity.....

To finance purchase of real estate..... To acquire other fixed assets..... Other.....

If the transaction involves debt securities, give details as to maturity, sinking fund, conversion rights, etc.; if stock issue, give details as to class of stock, conversion rights, etc.

(OVER)

We are informed that rejection or postponement of the proposed issue would have the following result in respect of the issuer:

If the proposed issue is rejected or postponed, the Defense Program or the essential needs of agriculture, industry or commerce would, in our opinion, be affected as follows:

Other pertinent comments: (Please furnish additional necessary information to enable the Committee to give this application prompt consideration)

**(The spaces below for Committee use only)**

The proposed transaction appears to be in harmony with the principles of the Voluntary Credit Restraint Program .....

The proposed transaction does not appear to be in harmony with the principles of the Voluntary Credit Restraint Program .....

Additional Committee comments:

.....  
(Date)

EASTERN INVESTMENT BANKING  
VOLUNTARY CREDIT RESTRAINT COMMITTEE

By .....  
Secretary