

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 3863]
June 9, 1952

REAL ESTATE CREDIT

Amendment No. 10 to Regulation X, Effective June 11, 1952

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

With the concurrence of the Housing and Home Finance Administrator, the Board of Governors of the Federal Reserve System has issued Amendment No. 10 to Regulation X, effective June 11, 1952. Following is the text of a statement, issued jointly by the Board and the Housing and Home Finance Administrator, released for publication today:

The Board of Governors of the Federal Reserve System and the Housing and Home Finance Administrator today announced revisions of Regulation X and related restrictions on housing credit affecting 1- to 4-family houses and multi-unit residences, effective June 11, 1952. No change was made in terms affecting nonresidential properties, although the Board indicated that a change in this area was still under consideration.

The revision in Regulation X will permit more liberal credit terms for conventionally financed 1- to 4-family housing built after August 3, 1950. At the same time the Federal Housing Administration and the Veterans' Administration have been authorized by the Housing and Home Finance Administrator to change their related regulations covering FHA-insured mortgages and VA-guaranteed loans to bring them generally in line with the revised Regulation X. FHA and VA regulations apply to both old and new housing. A similar revision is authorized for the terms applicable to farm housing loans made by the Farmers Home Administration.

The lowered down payments apply in varying degrees from the lowest to the highest priced homes. In the case of FHA and conventional loans on 1- to 4-family residences, the down payment has been reduced from 10% to 5% on houses costing \$7,000 or less. At the other end of the scale, the down payment has been reduced from 50% to 40% for houses costing \$25,000 or more. In the range of \$7,000 to \$25,000, the new down payment schedule represents a gradual curve rising from 10% to the 40% maximum.

The schedule of down payments for VA-guaranteed mortgages has been proportionately adjusted to maintain a preference for veterans as required by the Defense Production Act. No down payment is required on veterans housing costing up to \$7,000, although closing costs must be paid in cash. The down payment required for houses costing \$25,000 or more financed with a VA mortgage is 35%, compared with the previous maximum of 45%.

The minimum down payment requirements for multi-unit housing (residential structures containing more than 4-family units) have also been revised downward. The range is from 10% to 40% for such housing, as compared with a range of from 17% to 50% under the previous schedule.

No change was made in the time allowed for paying off mortgage credit subject to any of these restrictions. The maximum amortization period on properties valued at \$12,000 or less is 25 years and for higher priced properties 20 years, except that veterans may be allowed a longer period if there is a finding by the Veterans' Administration that a shorter amortization would cause hardship.

The Board of Governors also announced two technical amendments to Regulation X. The first of these provides special assistance for tenants and home owners whose homes have been destroyed or damaged in areas where major disasters have occurred. In addition, Regulation X has been amended to provide for longer term sale agreements where properties being purchased will not be occupied or used by prospective owners until the financing terms comply with Regulation X.

On the following pages are schedules which were attached to the statement. They show the down payments and maximum loans: (1) under Regulation X and for FHA-insured loans on 1- to 4-family houses, (2) under VA-insured or guaranteed credit on 1- to 4-family houses, and (3) under Regulation X and FHA-insured loans on multi-unit residences.

A copy of Amendment No. 10 to Regulation X is enclosed; additional copies of this circular and of the amendment will be furnished upon request.

ALLAN SPROUL,
President.

REAL ESTATE CREDIT TERMS EFFECTIVE JUNE 11, 1952
UNDER REGULATION X AND FOR LOANS INSURED BY THE FEDERAL HOUSING ADMINISTRATION

One- to Four-Family Residences

If the "Value Per Family Unit" is	The "Maximum Loan Value Per Family Unit" is	The "Minimum Down Payment Per Family Unit" is	Value	Maximum Loan Value		Minimum Down Payment	
			(Transaction Price) Per Family Unit	Dollar Amount	Per Cent of Value	Dollar Amount	Per Cent of Value
Not more than \$7,000	95% of "value per family unit"	5% of "value per family unit"	\$ 5,000	\$ 4,750	95.0%	\$ 250	5.0%
			6,000	5,700	95.0	300	5.0
			7,000	6,650	95.0	350	5.0
More than \$7,000 but not more than \$10,000	\$6,300 (i.e. 90% of \$7,000) plus 75% of excess of "value per family unit" over \$7,000	\$700 (i.e. 10% of \$7,000) plus 25% of excess of "value per family unit" over \$7,000	8,000	7,050	88.1	950	11.9
			9,000	7,800	86.7	1,200	13.3
			10,000	8,550	85.5	1,450	14.5
More than \$10,000 but not more than \$15,000	\$8,550 plus 55% of excess of "value per family unit" over \$10,000	\$1,450 plus 45% of excess of "value per family unit" over \$10,000	11,000	9,100	82.7	1,900	17.3
			12,000	9,650	80.4	2,350	19.6
			13,000	10,200	78.5	2,800	21.5
			14,000	10,750	76.8	3,250	23.2
			15,000	11,300	75.3	3,700	24.7
More than \$15,000 but not more than \$21,000	\$11,300 plus 45% of excess of "value per family unit" over \$15,000	\$3,700 plus 55% of excess of "value per family unit" over \$15,000	16,000	11,750	73.4	4,250	26.6
			17,000	12,200	71.8	4,800	28.2
			18,000	12,650	70.3	5,350	29.7
			19,000	13,100	68.9	5,900	31.1
			20,000	13,550	67.8	6,450	32.2
More than \$21,000 but not more than \$25,000	\$14,000 plus 25% of excess of "value per family unit" over \$21,000	\$7,000 plus 75% of excess of "value per family unit" over \$21,000	21,000	14,000	66.7	7,000	33.3
			22,000	14,250	64.8	7,750	35.2
			23,000	14,500	63.0	8,500	37.0
			24,000	14,750	61.5	9,250	38.5
Over \$25,000	60% of "value per family unit"	40% of "value per family unit"	25,000	15,000	60.0	10,000	40.0
			Over \$25,000	—	60.0	—	40.0

**REAL ESTATE CREDIT TERMS EFFECTIVE JUNE 11, 1952, FOR
HOME LOANS GUARANTEED BY THE VETERANS ADMINISTRATION**

One- to Four-Family Residences

<u>If the Price Per Family Unit is</u>	<u>The Minimum Down Payment* Per Family Unit is</u>	<u>Price Per Family Unit</u>	<u>Minimum Down Payment*</u>	
			<u>Dollar Amount</u>	<u>Per Cent of Value</u>
Not more than \$7,000	Closing costs	\$ 5,000	\$ 0	0.0%
		6,000	0	0.0
		7,000	0	0.0
More than \$7,000 but not more than \$10,000	\$280 plus 10% of excess of sales price over \$7,000	8,000	380	4.8
		9,000	480	5.3
		10,000	580	5.8
More than \$10,000 but not more than \$12,000	\$580 plus 16% of excess of sales price over \$10,000	11,000	740	6.7
		12,000	900	7.5
More than \$12,000 but not more than \$16,000	\$900 plus 55% of excess of transaction price over \$12,000	13,000	1,450	11.2
		14,000	2,000	14.3
		15,000	2,550	17.0
		16,000	3,100	19.4
More than \$16,000 but not more than \$21,000	\$3,100 plus 57% of excess of transaction price over \$16,000	17,000	3,670	21.6
		18,000	4,240	23.6
		19,000	4,810	25.3
		20,000	5,380	26.9
		21,000	5,950	28.3
More than \$21,000 but not more than \$25,000	\$5,950 plus 70% of excess of transaction price over \$21,000	22,000	6,650	30.2
		23,000	7,350	32.0
		24,000	8,050	33.5
		25,000	8,750	35.0
Over \$25,000	35% of transaction price	Over \$25,000	—	35.0

* If the sales price (which excludes closing costs) is \$7,000 or less, closing costs must be paid in cash. If the sales price is more than \$7,000 but not more than \$12,000, the minimum down payment is computed on the basis of sales price. The maximum loan is the difference between such down payment and the transaction price (which includes closing costs). If the sales price is more than \$12,000, both the minimum down payment and the maximum loan value are computed on the basis of the transaction price.

REAL ESTATE CREDIT TERMS EFFECTIVE JUNE 11, 1952
UNDER REGULATION X AND FOR LOANS INSURED BY THE FEDERAL HOUSING ADMINISTRATION
Multi-Unit Residences

If the "Value Per Family Unit" is	The "Maximum Loan Value Per Family Unit" is	The "Minimum Down Payment Per Family Unit" is	Value (Transaction Price) Per Family Unit	Maximum Loan Value		Minimum Down Payment	
				Dollar Amount	Per Cent of Value	Dollar Amount	Per Cent of Value
Not more than \$7,000	90% of "value per family unit"	10% of "value per family unit"	\$ 5,000	\$ 4,500	90.0%	\$ 500	10.0%
			6,000	5,400	90.0	600	10.0
			7,000	6,300	90.0	700	10.0
More than \$7,000 but not more than \$10,000	\$6,300 plus 55% of excess of "value per family unit" over \$7,000	\$700 plus 45% of excess of "value per family unit" over \$7,000	8,000	6,850	85.6	1,150	14.4
			9,000	7,400	82.2	1,600	17.8
			10,000	7,950	79.5	2,050	20.5
More than \$10,000 but not more than \$15,000	\$7,950 plus 54% of excess of "value per family unit" over \$10,000	\$2,050 plus 46% of excess of "value per family unit" over \$10,000	11,000	8,490	77.2	2,510	22.8
			12,000	9,030	75.2	2,970	24.8
			13,000	9,570	73.6	3,430	26.4
			14,000	10,110	72.2	3,890	27.8
			15,000	10,650	71.0	4,350	29.0
More than \$15,000 but not more than \$20,000	\$10,650 plus 50% of excess of "value per family unit" over \$15,000	\$4,350 plus 50% of excess of "value per family unit" over \$15,000	16,000	11,150	69.7	4,850	30.3
			17,000	11,650	68.5	5,350	31.5
			18,000	12,150	67.5	5,850	32.5
			19,000	12,650	66.6	6,350	33.4
			20,000	13,150	65.8	6,850	34.2
More than \$20,000 but not more than \$25,000	\$13,150 plus 37% of excess of "value per family unit" over \$20,000	\$6,850 plus 63% of excess of "value per family unit" over \$20,000	21,000	13,520	64.4	7,480	35.6
			22,000	13,890	63.1	8,110	36.9
			23,000	14,260	62.0	8,740	38.0
			24,000	14,630	61.0	9,370	39.0
			25,000	15,000	60.0	10,000	40.0
Over \$25,000	60% of "value per family unit"	40% of "value per family unit"	Over \$25,000	—	60.0	—	40.0

REAL ESTATE CREDIT

AMENDMENT NO. 10 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 June 11, 1952:

1. In paragraph (e) of section 5 strike out the words "real estate construction credit as to which" and insert therefor the following:

real estate construction credit (1) which is extended pursuant to a program established by the Housing and Home Finance Administrator to relieve distress caused by flood, fire or other similar disaster, or (2) as to which

2. Add the following sentence at the end of paragraph (f) of section 5:

None of the provisions of this regulation shall apply to any contract to sell real property under which the purchaser is not to receive title, and not to have any occupancy or other use of the property, until the terms of the credit conform to the applicable provisions of this regulation and the Supplement thereto in effect on the date the contract was entered into.

3. In the maximum loan value provision of Schedule I of the Supplement delete the table and insert therefor the following:

If the "value per family unit" is	The "maximum loan value per family unit" is
Not more than \$7,000	95% of "value per family unit"
More than \$7,000 but not more than \$10,000	\$6,300 (i.e., 90% of \$7,000) plus 75% of excess of "value per family unit" over \$7,000
More than \$10,000 but not more than \$15,000	\$8,550 plus 55% of excess of "value per family unit" over \$10,000
More than \$15,000 but not more than \$21,000	\$11,300 plus 45% of excess of "value per family unit" over \$15,000
More than \$21,000 but not more than \$25,000	\$14,000 plus 25% of excess of "value per family unit" over \$21,000
Over \$25,000	60% of "value per family unit"

(OVER)

4. In the maximum loan value provision of Schedule II of the Supplement delete the table and insert therefor the following:

<u>If the "value per family unit" is</u>	<u>The "maximum loan value per family unit" is</u>
Not more than \$7,000	90% of "value per family unit"
More than \$7,000 but not more than \$10,000	\$6,300 plus 55% of "value per family unit" in excess of \$7,000
More than \$10,000 but not more than \$15,000	\$7,950 plus 54% of "value per family unit" in excess of \$10,000
More than \$15,000 but not more than \$20,000	\$10,650 plus 50% of "value per family unit" in excess of \$15,000
More than \$20,000 but not more than \$25,000	\$13,150 plus 37% of "value per family unit" in excess of \$20,000
Over \$25,000	60% of "value per family unit"

PRINTED IN NEW YORK