

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 3894]
[September 15, 1952]

REAL ESTATE CREDIT

Suspension of Regulation X

*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, with the concurrence of the Housing and Home Finance Administrator, suspended Regulation X, effective September 16, 1952. Following is the text of the press statement announcing the suspension, released for publication today.

The Board of Governors of the Federal Reserve System today suspended Regulation X—Real Estate Credit—in connection with its announcement of a period of real estate credit control relaxation prescribed by the 1952 amendments to the Defense Production Act. The suspension of Regulation X, effective September 16, 1952, applies to credit terms on both residential and non-residential properties. Conventional mortgage loans are, of course, still subject to basic State and Federal statutes governing real estate loans by financial institutions.

The Board's action today relates only to real estate credit not insured or guaranteed by the Government. A statement on terms that will apply to Government-aided real estate credit is being issued separately by the Housing and Home Finance Administrator, Raymond E. Foley, who concurred in the Board's announcement.

Regulation X was first issued in October 1950, under authority of the Defense Production Act of 1950 and Executive Order 10161 providing for regulation of real estate credit terms to restrain inflation and conserve defense-needed materials. It was suspended in view of mandatory provisions in the 1952 amendments to the Defense Production Act. These amendments required that a period of residential credit control relaxation be announced if estimated residential construction starts for three consecutive months were below a seasonally adjusted annual rate of 1,200,000 units. Information has been received from the Secretary of Labor that the seasonally adjusted annual rate of housing starts, as estimated for this purpose, was less than 1,200,000 units in each of the months of June, July, and August 1952.

A copy of the Notice of Suspension of Regulation X is enclosed; additional copies of this circular and of the enclosure will be furnished upon request.

ALLAN SPROUL,
President.

REGULATION X—REAL ESTATE CREDIT

NOTICE OF SUSPENSION

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

1. a. The Secretary of Labor has transmitted to the Board of Governors of the Federal Reserve System the estimates required to be made by section 607 of the Defense Production Act of 1950, as amended, and section 503 of Executive Order No. 10161, as amended.

b. The Secretary of Labor, on the basis of his estimates of the number of permanent, nonfarm, family dwelling units, the construction of which has been started during each of the three calendar months June, July, and August 1952, has estimated the annual rate of construction starts during each such months, after making reasonable allowance for seasonal variations in the rate of construction.

c. The annual rate of construction starts so estimated by the Secretary of Labor for each of the said three months was at a level below an annual rate of 1,200,000 starts per year.

2. In view of the foregoing, as required by section 607 of the Defense Production Act, as amended, and section 503 of Executive Order No. 10161, as amended, the Board of Governors of the Federal Reserve System, with the concurrence of the Housing and Home Finance Administrator, hereby announces the beginning of a "period of residential credit control relaxation" which period shall begin on September 16, 1952.

3. a. Effective September 16, 1952, Regulation X is suspended.

b. The suspension of Regulation X was adopted by the Board after consideration of all relevant matter, including recommendations received from time to time from industry and trade association representatives and others. Section 709 of the Defense Production Act of 1950, as amended, provides that the functions exercised under such Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of section 3 thereof.