

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 4463]
May 16, 1957

REGULATION V
LOAN GUARANTEES FOR DEFENSE PRODUCTION

To All Banks, Other Financing Institutions, and
Others Concerned in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System yesterday raised the maximum permissible rate of interest on V-loans from 5 to 6 per cent. This increase, which was made by the Board after consultation with the guaranteeing agencies of the Government—Departments of the Army, Navy, Air Force, Commerce, Interior, and Agriculture, the Atomic Energy Commission, and the General Services Administration—involves no change in the present maximum commitment fee of one-half of 1 per cent or in the schedule of guarantee fees now in effect.

Accordingly, the maximum permissible rate of interest, schedule of guarantee fees, and maximum commitment fee now prescribed by the Board of Governors of the Federal Reserve System, pursuant to section 5 of its Regulation V, are as follows:

Rate of interest.—The maximum rate of interest that may be charged with respect to a guaranteed loan is 6 per cent.

Guarantee fees.—Guarantee fees are established in accordance with the following schedule:

<u>Per cent of loan guaranteed</u>	<u>Guarantee fee (per cent of interest payable by borrower on guaranteed portion of loan)</u>
70 or less	10
75	15
80	20
85	25
90	30
95	35
Over 95	40-50

Commitment fees.—If a financing institution charges a commitment fee to the borrower on the unused portion of the loan, such fee may not exceed one-half of 1 per cent, and the guaranteeing agency shall share in the commitment fee on the same basis as it shares in the interest on the guaranteed portion of the loan.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.