

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 3739]  
July 31, 1951]

CONSUMER CREDIT

Amendment No. 4 to Regulation W of the Board of Governors  
of the Federal Reserve System, Effective July 31, 1951

To all Persons Concerned with Regulation W  
in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has approved Amendment No. 4 to Regulation W, effective July 31, 1951. Following is the text of the statement issued by the Board of Governors relating to the amendment, and released for immediate publication:

The Board of Governors today amended the terms of Regulation W—Consumer Credit—in accordance with the Defense Production Act as revised and extended. The Amendment, which is effective immediately, lengthens the maximum maturity applicable to instalment credit for automobiles, household appliances, radio and television sets, and furniture from 15 to 18 months, and for home repair and improvements from 30 to 36 months. Longer maximum maturities are also provided for consumer instalment loans for other purposes.

In accordance with the new legislation, down payment requirements for household appliances and for radio and television sets have been reduced from 25 per cent to 15 per cent. The down payments required by the regulation may be made in cash, trade-in, or a combination of trade-in and cash. The 10 per cent down payment required for home repair and improvements now need not be obtained prior to completion of the work.

The following table summarizes the revised terms of the regulation:

| <i>Type of instalment credit</i>                      | <i>Required<br/>down payment</i> | <i>Maximum<br/>maturity</i> |
|---|----------------------------------|-----------------------------|
| Automobiles .....                                     | 33 $\frac{1}{3}$ %               | 18 months                   |
| Household appliances, radio, and television sets..... | 15%                              | 18 months                   |
| Furniture .....                                       | 15%                              | 18 months                   |
| Residential repairs and improvements .....            | 10%                              | 36 months                   |
| Unclassified instalment loans .....                   |                                  | 18 months                   |

In addition, the Board exempted from the provisions of Regulation W any instalment credit required for the installation of sewerage and other related facilities, including plumbing and plumbing fixtures, where the householder is required to make such installation by local, State or Federal health and sanitary regulations.

A printed copy of Amendment No. 4 to Regulation W is enclosed; additional copies may be obtained upon request.

ALLAN SPROUL,  
*President.*

## AMENDMENT NO. 4 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, effective July 31, 1951:

(1) By inserting in section 1 following "Defense Production Act of 1950," the language "as amended,".

(2) By amending subsection (c) of section 3 to read as follows:

"(c) **Time of Down Payment.**—The down payment shall be obtained at or before the time of delivery of the listed article; except that in the case of an article listed in Group D, neither this section 3(c), section 6(b), nor section 6(f) shall be deemed to require compliance in advance of completion of the agreed upon repairs, alterations, or improvements."

(3) By inserting in the first sentence of subsection (b) of section 3 the word "and" before the figure "(2)", by changing the comma after the word "month" at the end of clause (2) to a period, and by deleting the remainder of such sentence.

(4) By inserting in the first sentence of subsection (c) of section 4 the word "and" before the figure "(2)", by changing the comma after the word "month" at the end of clause (2) to a period, and by deleting the remainder of such sentence.

(5) By deleting the last sentence of paragraph (2) of subsection (a) of section 5.

(6) By deleting the last sentence of the first paragraph of subsection (b) of section 5.

(7) By amending item (3) in subsection (c) of section 6 to read as follows:

"(3) The amount of the purchaser's down payment (i) in cash and (ii) in property accepted as trade-in, together with a brief description identifying such property and stating the monetary value assigned thereto in good faith;".

(8) By amending the last two sentences of subsection (c) of section 6 to read as follows:

"The record need not include a description of the article if it is purchased by means of a *coupon book* or similar medium of instalment credit upon which there has been made a down payment at least as great as the down payment required by this regulation on the article sold by the Registrant. The record need not include the information called for by items (2) and (4) if the Registrant is one who, with respect to the article, custom-

arily quotes to the public a *time price* only which includes the finance or other charges if any, provided he sets forth such time price in such record, and provided he obtains a down payment which is at least as large as would be required if the percentage specified for the article in the Supplement were applicable to the time price."

(9) By amending subsection (j) of section 6 to read as follows:

"(j) **Trade-in.**—Any property which the seller of a listed article buys or receives in exchange, or arranges to have bought or so received, from the purchaser at or about the time of the purchase of the listed article shall be regarded as a trade-in for the purposes of this regulation."

(10) By adding at the end of section 7 a new subsection (m) reading as follows:

"(m) **Credit for Sewerage Installations.**—Any credit for the purpose of financing the installation of sewerage and necessary related facilities (including plumbing and plumbing fixtures), required in order to comply with a statute, ordinance, or regulation of the United States, a State or political subdivision thereof, pertaining to health and sanitation, where the Registrant accepts in good faith a written statement signed by the obligor certifying that such credit is for the above purpose."

(11) By changing "25 per cent" and "75 per cent" in Part 1, Group B of the Supplement to read, respectively, "15 per cent" and "85 per cent".

(12) By changing the maximum maturity stated in Part 2 of the Supplement for articles listed in Group A, Group B, Group C and for Unclassified Instalment Loans, respectively, from "15 months" to "18 months", and for articles listed in Group D from "30 months" to "36 months".

(13) By changing the figure "18" to "21" in Part 3 of the Supplement.

(14) By deleting from the last sentence in the first paragraph of Part 4 of the Supplement the language "in the case of an automobile".

(15) By amending the first paragraph of Part 5 of the Supplement to read as follows:

"**Part 5. Calculation of Down Payments for Articles in Groups B, C, and D.**—In the case of any article listed in Group B, Group C, or Group D, the required down payment and the maximum loan value shall be the specified percentage of the cash price of the article. Such required down payment may be obtained in the form of cash, trade-in, or both."