

X-9561

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

STATEMENT FOR THE PRESS

For immediate release.

April 24, 1936.

TRANSFERS OF LOANS

Ruling No. 1 interpreting Regulation U. In response to an inquiry from certain banks in New York City concerning section 3(e) of Regulation U, the Board of Governors of the Federal Reserve System rules as follows:

A bank may accept the transfer of a loan from another lender, provided the loan is not increased and the collateral for the loan is not changed, even though the "maximum loan value" of the collateral be less than the amount of the loan, but may not thereafter permit at any time withdrawals or substitutions of collateral that would increase the deficiency at such time.