

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Statement for the Press

For release in morning newspapers
of Saturday, August 23, 1941

August 22, 1941

Under authority of the President's Executive Order, dated August 9 and issued August 11, the Board of Governors of the Federal Reserve System has adopted Regulation W relative to instalment credit. The regulation is to take effect September 1, 1941, except for certain provisions relative to administration. It prescribes instalment credit terms applicable to a list of 24 consumers' durable goods. It also contains provisions covering certain modernization loans. In addition, it applies to instalment cash lending thereby covering credit used for consumptive purposes, designating as such instalment loans of \$1,000 or less. Within this figure are all but a small percentage of such loans while those above it are primarily for purposes related to production.

Changes in the regulation -- in the list of articles included, in the terms prescribed, and in administrative and other provisions -- may be expected from time to time as experience with the regulation is gained and as changing economic conditions indicate the need therefor in order to assist in accomplishing the purposes of the Executive Order "to promote the national defense and protect the national economy." With respect to such changes, the Board will continue to follow its usual practice of consulting representatives of all groups affected.

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The regulation, as adopted, permits an 18 months' period for payments on all of the articles listed. It also provides for down payments of one-third on new and used automobiles, aircraft, power-driven boats and motors used therein, outboard motors and motorcycles. On other groups of articles embraced within the regulation, minimum down payments are 20 per cent for some groups, and 15 or 10 per cent for others, excepting real estate modernization loans (for other than listed articles) on which no minimum down payment is prescribed.

The principal differences between the regulation as adopted and the tentative draft made public by the Board on August 15 are due to textual amendments designed primarily to clarify or further implement various provisions and to the addition of the following articles to the list of those covered by the regulation: new household furniture, pianos and electric organs, sewing machines, phonographs, water pumps, attic ventilating fans, musical instruments composed principally of metals.

As previously stated by the Board, administration of the regulation will be decentralized so far as possible through the 12 Federal Reserve Banks and their 24 branches, to which inquiries relative to the regulation may be addressed, and suggestions from anyone interested in or affected by the regulation are invited. When the registration forms required by the regulation have been prepared, they will be available to registrants at Federal Reserve Banks and branches. Registration is required on or before December 31.