

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

September 10, 1941

TELEGRAM

Young - Boston  
Sprout - New York  
Williams - Philadelphia  
Fleming - Cleveland  
Leach - Richmond  
McLarin - Atlanta

Young - Chicago  
Davis - St. Louis  
Poyton - Minneapolis  
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Questions have been received as to whether an extension of credit which, upon its face, is repayable in only one scheduled payment is an extension of instalment credit if, at its maturity, a partial payment is made and the balance is renewed.

Answers to such questions depend upon whether or not there are any agreements or understandings between the parties at the time the extension of credit is made. For example, if at the time a particular extension of credit is made the Registrant and obligor have an understanding that the obligor will be required to make only a partial payment at maturity and that, upon making such partial payment, the balance will be renewed, the extension of credit is an extension of instalment credit notwithstanding the fact that the obligation, upon its face, provides for repayment in only one scheduled payment.

MORRILL