BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

INTERPRETATION OF LAW OR REGULATION

September 17, 1941

S-337, W-63. The following question has been received under Regulation W and has been answered in the affirmative:

"Used car has unpaid instalment contract. May dealer pay off unpaid contract, apply the equity in the used car against down payment on new car and finance the difference (assuming it is not more than 66-2/3 per cent of the cash price) between the equity and the price of the new car over 18 equal payments?"

S-338, W-64. Inquiries have been received as to applicability of Regulation W to a case where vendor of a listed article requests a prospective purchaser to allow him to install it in prospective purchaser's home "on trial" or "on approval" for a 60-day period. The prospective purchaser agrees and at end of 60-day period decides to purchase the article. At what time is the sale of the article to be regarded as having been made?

Assuming that the transaction is entered into in good faith and not for the purpose of evasion, the Board is of the opinion that if the prospective purchaser has the unconditional right to return the article to the prospective vendor at any time within the 60-day period, and if the prospective purchaser does not make, and is not obligated to make, a deposit or payment of any kind to the prospective vendor unless and until he informs the prospective vendor that he has decided to purchase the article, the date of sale, for the purpose of Regulation W, may be regarded as the day on which the prospective purchaser informs the vendor of his decision to purchase the article.

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S-339, W-65. Regulation W does not require a Registrant to obtain down payment or otherwise to increase amount received through previous payments when a three months credit conforming to section 6(f) is renewed or revised in good faith as described in W-49.

S-340, W-66. Pressure cookers are not included in any of the classifications of listed articles.