

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

INTERPREATION OF LAW OR REGULATION

September 13, 1941

S-341, W-67. The classification "mechanical refrigerators" does not include an electrically operated portable unit for cooling and dispensing drinking water.

S-342, W-68. An inquiry has been received regarding an instalment sale contract of a musical instrument which states a single sum in payment of purchase price of instrument and lessons in playing thereof and carrying charge on deferred balance. In such case must amount allocable to lessons be regarded as being for services rendered in connection with acquisition of article under section 4(f)(2)?

Any sum actually allocated to music lessons is of course not to be regarded as the cost of services rendered in connection with acquisition of musical instruments.

S-343, W-69. Obligor who has received credit conforming to section 6(j) and who subsequently receives instalment sale credit on listed article priced at \$100 is not required to make down payment on original purchase. The 6(j) credit remains a separate transaction.

S-344, W-70. Question has been asked whether Section 9(b) of Regulation W permits first instalment to fall due 45 days after date of contract or note, assuming such date is date of sale, even though the result is that the obligation may show on its face that credit was extended for 18-1/2 months. Answer is in the affirmative.

S-345, W-71. A question which may be stated as follows has been received under Regulation W:

"A Registrant sells a \$100 radio, receiving in trade or exchange a used radio which he has previously sold to the customer and on which the customer owes the Registrant an unpaid balance. The Registrant allows the customer \$15 for his equity. What is the basis price, the maximum credit value and the down-payment requirement of the new radio? How should the maximum maturity be calculated for such a transaction?"

Under Part 2 of the Supplement, the basis price of the new radio would be \$85 (\$100 minus the \$15 equity traded in by the customer). Hence the maximum credit value would be \$68 (80% of \$85) and the required down-payment would be \$17, which would be in addition to the \$15 allowance for the customer's equity. The maximum maturity would be 18 months from the date of the sale of the \$100 radio, with the usual option under section 9(b) of making the 15-day adjustment permitted by that section for calculating the maximum maturity.