

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEMINTERPRETATION OF LAW OR REGULATION

September 29, 1941

W-84. The Board has received several questions regarding the application of sections 4(f) and 5(c)(1) of Regulation W, which become effective October 1, 1941, and relate to the "statement of transaction" required in connection with extension of instalment sale credit or instalment loan credit. The answers are given below:

1. It is not necessary that all of the information required by section 4(f) or 5(c)(1) be included on a single sheet of paper, but if parts of the information appear on two or more sheets it is necessary that these sheets be attached together, and that copies of all of them be given to the obligor together. The statement referred to in these sections, and the copy required to be given the customer, need not be identical in form.

2. It is not necessary that the particular terminology used in the regulation ("bona fide cash purchase price", "deferred balance", and "time balance") be used in the statement of transaction, as long as the statement contains the required information. When the contract is in the form of a lease agreement, such terminology as is applicable to a lease, giving the corresponding information, may be used.

3. The bona fide cash purchase price of a particular article and accessories, including relevant taxes, may be shown as a total without being itemized into various parts. Although section 4(f)(2) requires itemization of (1) the article, (2) the accessories and (3) the services referred to in the section, the items themselves may be itemized without stating the portion of the total purchase price that relates to each. Accessories which are standard equipment for the article need not be individually itemized, and a group of accessories which are sold as a single group by the manufacturer may be shown in the statement as a unit.

4. The itemization for a new automobile follows this same rule, and need not show separately the matters referred to in paragraphs 1 through 4 of Part 3(a) of the Supplement. As indicated above, however, the accessories should be indicated, and so should the relevant services.

5. In the case of an extension of instalment sale credit subject to section 4 of the regulation, item 2 under section 4(f) requires that the statement of transaction show the bona fide cash purchase price

of the article--the price at which the seller would sell the article for full cash payment--even though the sale will be made at a "time price" which includes carrying charges.

6. The information referred to in each of the seven paragraphs of section 4(f) must be set forth, and it is not sufficient that an item of information may be obtained by mathematical derivation from other information in the statement. However, if the interest or finance charge is not included in the face amount of the obligation but is an additional amount calculated pursuant to an arithmetic formula plainly set forth in the statement, paragraphs 5 and 6 do not require this amount to be shown in dollars and cents or to be included in the statement of the time balance.

7. In any case in which a State law or local regulation requires that sales taxes be shown separately or requires in any other respect more detail than that required by Regulation W, the regulation does not prohibit such further itemizing.