

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

October 3, 1941

W-87. Butane, propane, or similar automatic gas systems or containers are included in Group E of the Supplement.

October 4, 1941

W-88. Part 3(a) of the Supplement to Regulation W provides that the maximum credit value of a new automobile shall be  $66\frac{2}{3}$  per cent of the purchase price but that such maximum credit value shall in no event exceed  $66\frac{2}{3}$  per cent of the sum of items numbered 1 through 4 as set forth under part 3(a). In this connection, the Board has received several questions as to the amounts which may be included under that portion of item 4 which permits the inclusion of "Any bona fide charges for delivery . . . not included in the foregoing items."

In general this provision permits only the inclusion of bona fide charges for services which are actually rendered by the seller in connection with the delivery of a new automobile and which are not included in the manufacturer's retail quotation (item 1) or in transportation charges (item 2). For example, charges for such services as lubricating, cleaning, polishing, or otherwise conditioning the car may not be included under item 4 if these services are included in item 1 or 2; but in case any such services are not included in items 1 and 2, a charge which is reasonably related to the value of such services may be included in item 4. Likewise, where the contract of sale includes any additional services connected with the delivery of the car, such as greasing the car for a certain period or providing antifreeze, a reasonable charge for such services may be included in item 4. On the other hand there may not be included in item 4 a charge which the dealer may make for "advertising" or for "warehousing", nor any other charges which the dealer may make except bona fide charges for services which are actually rendered by the seller to the purchaser and are not included in items 1 and 2.