

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

November 7, 1941

W-109. Since Amendment No. 2 of Regulation W increases the figure \$1,000 to \$1,500 in the definition of instalment loan credit but leaves the figure \$1,000 in Group E of the Supplement, the Board has been asked whether the Amendment will permit a vendor to make an instalment sale of Group E materials and services in the amount of \$1,200 on easier terms than it will permit a lender to make an instalment loan to finance the same transaction.

Section 6(b) of the Regulation equalizes the application of the Regulation to vendors and lenders in such cases.

If the \$1,200 transaction does not include any articles in Group C or D, Section 6(b) exempts it for both lender and vendor.

If the \$1,200 transaction does include articles listed in Group C or D, its status under Section 6(b) is likewise the same for both lender and vendor: the transaction is exempt for both lender and vendor if the bona fide cash purchase price of the Group C or D articles does not exceed \$600 (that is, 50% of the total over-all deferred balance of \$1,200); and it is not exempt for either lender or vendor if the purchase price of the C or D articles exceeds \$600.