

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 70-303
December 18, 1970

PROPOSED AMENDMENT TO REGULATION Z

To All Banks, Other Creditors, and Others Concerned
in the Eleventh Federal Reserve District:

The Board of Governors of the Federal Reserve System issued for comment on December 10, 1970, a proposed amendment to its Truth in Lending Regulation Z relating to the extension of credit for agricultural purposes involving rescission rights.

The proposed amendment would permit farmers to obtain funds, goods or services in agricultural credit transactions without waiting for the expiration of the three-day rescission period when their residence makes up a portion of the collateral for such credit.

The text of the proposed amendment is attached. Interested persons are invited to submit relevant views. Any such material should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551, to be received not later than January 18, 1971.

Yours very truly,

P. E. Coldwell

President

FEDERAL RESERVE SYSTEM

(12 CFR Part 226)

(Reg. Z)

TRUTH IN LENDING

Delay of Performance in Agricultural Credit
Transactions Subject to the Right of Rescission

Pursuant to the authority contained in the Truth in Lending Act (15 U.S.C. 1601), the Board of Governors is considering amending § 226.9(c) of Part 226 to read as follows:

(c) Delay of Performance. Except as provided in paragraph (e) of this section, the creditor in any transaction subject to this section, other than an extension of credit primarily for agricultural purposes, shall not perform, or cause or permit the performance of, any of the following actions until after the rescission period has expired and he has reasonably satisfied himself that the customer has not exercised his right of rescission:

- (1) Disburse any money other than in escrow;
- (2) Make any physical changes in the property of the customer;
- (3) Perform any work or service for the customer; or
- (4) Make any deliveries to the residence of the customer if the creditor has retained or will acquire a security interest other than one arising by operation of law.

The amendment consists of the insertion of the words "other than an extension of credit primarily for agricultural purposes." The purpose

of the amendment is to permit farmers to obtain money, goods, or services in agricultural credit transactions involving the right of rescission without being obliged to wait until the expiration of the rescission period.

To aid in the consideration of this matter by the Board, interested persons are invited to submit relevant data, views, or arguments. Any such material should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received not later than January 18, 1971. Such material will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information.

By order of the Board of Governors, December 10, 1970.

(signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Deputy Secretary.

[SEAL]