



FEDERAL RESERVE BANK
OF DALLAS

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

December 21, 1992

DALLAS, TEXAS 75222

Notice 92-124

TO: The Chief Executive Officer of each member bank and others concerned in the Eleventh Federal Reserve District

SUBJECT

Request for Comments on Proposed Amendments to Regulation B (Equal Credit Opportunity)

DETAILS

The Federal Reserve Board has issued for public comment proposed amendments to Regulation B (Equal Credit Opportunity) regarding the right of credit applicants to receive copies of appraisal reports.

The proposed amendments would define the scope of the appraisal provision of the regulation to cover loans secured by a lien on a residential structure containing one to four family units. The other revisions would require a creditor to notify applicants in writing of their right to receive a copy of an appraisal report. If an applicant is interested in obtaining a copy of the report, the proposed amendment would call for the applicant to make a written request for the appraisal report within 90 days of a credit decision.

The Board's proposal implements amendments to the Equal Credit Opportunity Act contained in the Federal Deposit Insurance Corporation Improvement Act of 1991.

The Board must receive comments by February 5, 1993. Comments should be addressed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. All comments should refer to Docket No. R-0782.

ATTACHMENT

A copy of the Board's notice as it appears on pages 57697-702, Vol. 57, No. 235, of the Federal Register dated December 7, 1992, is attached.

MORE INFORMATION

For more information, please contact Eugene Coy at (214) 922-6201.
For additional copies of this Bank's notice, please contact the Public Affairs
Department at (214) 922-5254.

Sincerely yours,

Robert D. McTeer, Jr.

FEDERAL RESERVE SYSTEM**12 CFR Part 202****[Regulation B; Docket No. R-0782]****Equal Credit Opportunity; Appraisals and Enforcement****AGENCY:** Board of Governors of the Federal Reserve System.**ACTION:** Proposed rule.

SUMMARY: The Board is proposing to revise Regulation B to implement an Equal Credit Opportunity Act amendment concerning appraisals that was enacted into law as part of the Federal Deposit Insurance Corporation Improvement Act of 1991. The proposed revisions to Regulation B would define the scope of the appraisal provision to cover applications to be secured by a lien on a residential structure containing one to four family units; set time limits for an applicant to request a copy of an appraisal report and for a creditor to provide a copy; and require most creditors to notify applicants in writing of the right to receive a copy of an appraisal report. Comment is specifically solicited on whether a more limited approach should be adopted or whether any regulations at all are desirable to implement the statute. In addition, an amendment on general enforcement would be incorporated into Regulation B.

DATES: Comments must be received on or before February 5, 1993.

ADDRESSES: Comments should refer to Docket No. R-0782 and be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551. Comments also may be delivered to the guard station in the Eccles Building courtyard entrance on 20th Street NW. (between Constitution Avenue and C Street, NW.) between 8:45 and 5:15 weekdays. Except as provided in the Board's rules regarding the availability of information (12 CFR 261.8), comments received at the above address will be available for inspection and copying by any member of the public in the Freedom of Information Office, room B-1122 of the Eccles Building, between 9 a.m. and 5 p.m. weekdays.

FOR FURTHER INFORMATION CONTACT: In the Division of Consumer and Community Affairs, Adrienne Hurt, Mary Jane Seebach or John Wood, at (202) 452-2412 or 452-3867; for the hearing impaired only, contact Dorothea Thompson, Telecommunications Device for the Deaf (TDD), at (202) 452-3544, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

(1) Background

The Equal Credit Opportunity Act (ECOA), 15 U.S.C. 1691-1691f, makes it unlawful for creditors to discriminate in any aspect of a credit transaction on the basis of gender, marital status, race, national origin, color, religion, age (provided the applicant has the capacity to contract), because all or part of an applicant's income derives from any public assistance, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act. The ECOA also provides that a credit applicant has the right to obtain a written statement of reasons for a denial of credit. The act is implemented by the Board's Regulation B, 12 CFR part 202. A staff commentary to the regulation, 12 CFR part 202 Supp. I, applies and interprets the requirements of Regulation B.

The Federal Deposit Insurance Corporation Improvement Act Amendments to the ECOA Concerning Appraisals

Fair lending legislation was introduced in 1990 that gave credit applicants the right to receive copies of appraisal reports used in connection with their credit applications. This provision ultimately became law as part of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), Public Law 102-242, 105 Stat. 2236 (1991), which was enacted into law in December 1991.

Section 223(d) of FDICIA amends the ECOA by adding paragraph (e) to section 701 to provide that: Each creditor shall promptly furnish an applicant, upon written request by the applicant made within a reasonable period of time of the application, a copy of the appraisal report used in connection with the applicant's application for a loan that is or would have been secured by a lien on residential real property. The creditor may require the applicant to reimburse the creditor for the cost of the appraisal.

The Senate report suggests that by providing loan applicants with the right to obtain copies of appraisal reports, the applicants—perhaps with the aid of counsel—will better be able to determine whether a loan was denied due to a discriminatory appraisal.¹ The statutory provision became effective

¹ For history on the appraisal provision see S. Rep. No. 167, 102d Cong., 1st Sess.; S. Rep. No. 461, 101st Cong., 2d Sess.; 137 Cong. Rec. S2519 (daily ed. February 28, 1991); 136 Cong. Rec. S14592, 14598-99 (daily ed. October 5, 1990).

upon enactment of FDICIA in December 1991.

(2) The Proposed Revisions to Regulation B Implementing the ECOA Appraisal Provision

Section 703(a) of the ECOA, 15 U.S.C. 1691b(a), authorizes the Board to prescribe rules that in the judgment of the Board are necessary or proper to effectuate the purposes of the ECOA, to prevent circumvention or evasion of the act, or to facilitate or substantiate compliance with the act. Pursuant to this authority, the Board proposes to implement the ECOA appraisal provision by (1) defining its scope to cover applications to be secured by a lien on a residential structure containing one to four units; (2) imposing time limitations for applicants to request copies of appraisals and for creditors to provide copies; and (3) requiring creditors to inform credit applicants of their right to obtain copies of appraisal reports upon written request. The proposed rules would be included in a new § 202.5a of Regulation B.

The draft proposal follows the general approach taken by the Board in implementing the ECOA and other consumer credit laws. That is, it specifies precise rules to provide clarity to the law (given creditor exposure to civil liability for violations of the law) and to allow federal regulators in the on-site examination process to uniformly and objectively assess creditors' compliance with the law.

In addition to soliciting comment on the specific provisions of the proposal, the Board solicits comment on whether an alternative approach to implementing the ECOA appraisal provision is more appropriate. In particular, the Board solicits comment on the following two questions.

- Should the Board simply incorporate the language of the appraisal provision in ECOA section 701(e) into Regulation B, without further substantive interpretation?
- Should certain language or terms, but not all language or terms found in section 701(e), be interpreted and defined in the regulation? This might include, for example, just the coverage definition, the coverage and timing rules, or other combinations. Please specify.

Because the law has been in effect for almost one year without a detailed regulation in place, the Board also solicits comment on the following four questions:

- Do creditors currently notify applicants, orally or in writing, of the

right to receive a copy of an appraisal report?

- Are creditors automatically providing copies of appraisal reports to all applicants (whether an application is rejected, accepted, or withdrawn)?

- Are creditors making appraisal reports available to applicants upon oral request, as opposed to requiring written requests?

- In making appraisal reports available to applicants, are creditors imposing additional fees for providing copies (beyond the cost of the appraisal)? If so, what types of fees are being imposed and in what amounts?

Section 202.5a—Rules on Providing Appraisal Reports

Paragraph (a)—Applicant Right to Copy of Appraisal

Scope of Coverage

The appraisal provision applies to an application that is or would be secured by a lien on residential real property. The term "residential real property" is not defined in the statute. A literal interpretation could mean any real property on which a residence is or may be built. This would include credit applications involving land only, as well as applications for large commercial/residential development projects. It would exclude residences that might not be considered real property under state law, such as mobile homes and cooperatives.

Concerns about appraisals seem primarily focused on single and small multifamily homes. Therefore, the Board's proposed rule would apply the appraisal provision to a credit application that is or would be secured by a dwelling, defined to be a residential structure containing one to four units. The proposal would exclude loans to be secured by land only or large multifamily residences. For example, loans to develop, purchase, or improve an apartment complex with five or more family units in a low-income urban area would not be covered. The proposal, however, would cover credit applications for business purposes that are to be secured by a one-to-four family residence.

The proposal would also include mobile homes and individual cooperative units, whether or not such dwellings are considered real property under state law. Where a statutory provision is intended to apply to credit transactions involving residences, the exclusion of a dwelling because it is not deemed to be real property under state law appears to be unwarranted. Moreover, this coverage is consistent with another provision of Regulation B

(§ 202.13) and other Board consumer credit regulations like Regulation Z (implementing the Truth in Lending Act).

The Board solicits specific comment on whether the proposed scope of coverage should be broadened to include any loan secured by property intended for residential purposes whether or not one to four units, and any loan to be secured by residential land. Although the concern about the undervaluation of property in certain neighborhoods may be mainly focused on credit secured by an individual residence, arguably the concern extends to loans involving any residential property in a particular neighborhood.

Time Limitations

The law provides that an applicant must make a request within a reasonable period of time of the application. A section-by-section analysis of the appraisal provision in a 1990 Senate Report states that what constitutes a reasonable period of time would depend on a balancing of factors, such as how long lenders routinely maintain loan files and how long a loan applicant might need to identify and act upon suspected discrimination. (See S. Rep. No. 461 at 14.) An aggrieved applicant may file suit for an alleged ECOA violation up to two years from the date of the alleged violation. ECOA section 706(f), 15 U.S.C. 1691e(f). Under Regulation B, 12 CFR 202.12, creditors are required to maintain loan files for up to 25 months (12 months for business credit).

Under the proposed rule, applicants would be required to make written requests for an appraisal report no later than 90 days after receiving notice from the creditor of the action taken on an application, or a notice of incompleteness, in accordance with the notification rules set forth in § 202.9 of Regulation B. If an applicant withdraws an application, the request for an appraisal report must be made within 90 days of the withdrawal. Ninety days seems representative of the period of time that creditors keep loan files "active." In light of the regulation's record retention requirement and the statute of limitations for filing an ECOA lawsuit, giving an applicant up to 90 days after notice of the credit decision to ask for a copy of an appraisal report could be viewed as too short a time period. The Board believes, however, that if applicants are told at the application stage of their right to obtain a copy of an appraisal report, applicants wanting copies will generally request them in close proximity to the application process and, therefore, the

proposed time limit would not prematurely extinguish the applicant's right. Application records, including appraisal reports, are available for the 25-month record retention period should an applicant need access to an appraisal report in the event of litigation.

The law states that a creditor must "promptly" furnish a copy of an appraisal report upon written request by an applicant. Under the proposed rule, a creditor would have to provide a copy of the report within 15 days of receiving a written request or within 15 days of obtaining an appraisal report, whichever occurs later. The 15-day rule for providing an appraisal report to an applicant seems feasible. A creditor's duty to provide a copy of the report would arise only after the applicant has made a written request, the creditor has received the report and, if required, the applicant has paid for the appraisal. Of course, a creditor may accept oral instead of written requests for appraisal reports. Where more than one applicant applying for credit makes a written request for a copy of an appraisal report, the creditor need only provide a copy to one of the applicants.

The Board believes that the timing requirements in proposed paragraph (a)(1) are reasonable interpretations of the language of the law but solicits specific comment on whether the time limitations proposed are overly burdensome for creditors or too restrictive for applicants.

For purposes of proposed § 202.5a, an appraisal report is the complete appraisal report signed by the appraiser; it includes all information submitted to the lender by the appraiser for the purpose of determining the value of residential property. See S. Rep. No. 461 at 14. In addition, an appraisal report is not limited to reports prepared by third parties. It refers to the document(s) relied upon by a creditor in evaluating the market value of residential property containing one to four family units, on which a lien will be taken as collateral for an extension of credit, including reports prepared by the creditor.

Paragraph (b)—Notice of Right to Copy of Appraisal

Proposed paragraph (b)(1) would require creditors to provide applicants with written notice of the section 701(e) right to a copy of an appraisal report. The notice would have to be given, in a form that an applicant may retain, no later than 15 days after a creditor receives an application. There are no location or format requirements, but the disclosure should be noticeable. The flexibility of the timing requirement

would allow creditors to provide the appraisal notice with other federal law disclosures required to be given to applicants around the time of application. For example, the appraisal notice could be provided on the estimates of settlement costs given to certain applicants under the Real Estate Settlement Procedures Act, or the document containing Truth in Lending Act disclosures required under Regulation Z, 12 CFR 226.5b and 226.19(b), respectively, for home equity lines of credit and adjustable rate mortgage loans.

The notice would inform the applicant of the right to receive a copy of an appraisal report. It would specify that a request for a report must be in writing and must be provided no later than 90 days after the applicant receives notice of the action taken on the application or a notice of incompleteness under § 202.9. In the case of a withdrawn application, the applicant's request would have to be made within 90 days of the withdrawal. An address to which requests should be sent must be specified, to facilitate compliance. Generally, a creditor must provide an appraisal report within 15 days after receiving a request, but if an applicant does not send the request in the manner specified in the notice, the creditor must exercise reasonable diligence in providing a copy of the appraisal to the applicant.

Some home mortgage loan applications are handled through intermediaries. Under proposed paragraph (b)(2), if a loan application is received through a broker or other third party that is not an agent of the creditor, notice has to be given within 15 days after the application reaches the creditor rather than 15 days from the time of application.

The Congress believed that the appraisal provision might help in detecting credit discrimination associated with the appraisal of property. Requiring creditors to give applicants written notice of their statutory right to an appraisal report may be necessary to give full effect to the law. It may be important to assure that applicants are notified of this new right—particularly to the extent there has been a lender practice of not making appraisals available to applicants. The notice requirement may also serve to deter a creditor that might otherwise use appraisals in a discriminatory manner. Moreover, compliance with the notice requirement does not seem to be complex.

Paragraph (c)—Exceptions

Proposed paragraph (c) excepts from the written notice requirement creditors that routinely give copies of appraisal reports to applicants, for example, at closing or upon sending a denial notice. The legislative history suggests that the appraisal provision is not intended to affect creditors that routinely provide copies of appraisal reports. It also states that the law is not intended to modify regulations of the National Credit Union Administration regarding appraisals, and the proposed rule so provides under proposed paragraph (c)(2).²

Proposed paragraph (c)(1) would except from the written notice requirement creditors that routinely give copies of appraisal reports to all applicants applying for loans to be secured by a one to four family residence who, if required, have paid for or are willing to pay for an appraisal, whether or not credit is granted or denied. Under proposed paragraph (c)(1), the 15-day timing rule for providing an appraisal report to an applicant generally would not apply. These creditors would, however, be subject to the same timing rules as other creditors, if an applicant makes a written request for the report prior to the time the creditor would routinely provide it.

The Board believes that the requirements of proposed § 202.5a are necessary to carry out congressional intent in enacting the appraisal provision and to effectuate the purpose of the ECOA. Nevertheless, to minimize any compliance burden, mandatory compliance with a final rule would not be required until October 1, 1993. This should give creditors time to make whatever adjustments to their credit application procedures are necessary to comply with the new rule.

Section 202.14—Enforcement, Penalties, and Liabilities**Paragraph (b)—Penalties and Liabilities**

Section 223(a)–(c) of FDICIA amends section 706 of the ECOA to require that the federal financial supervisory agencies refer alleged pattern and practice discrimination cases to the Department of Justice (DOJ). The DOJ is now empowered to seek actual and punitive damages for ECOA violations. In addition, the agencies are required to

notify the Department of Housing and Urban Development (HUD) of violations of the ECOA that may also constitute violations of the Fair Housing Act (FHA), provided that the matter has not been referred to the DOJ. Where the discovery of such violations result from a complaint, the agencies must notify the complainant that such notice has been given and that there are other remedies available under the FHA. Paragraphs (b)(3)–(5) incorporate these amendments to section 706 of the ECOA without substantive change.

Appendix C—Sample Disclosure Forms

A sample disclosure notice—Form C-9—would be added to Appendix C. Proper use of this form satisfies compliance with proposed § 202.5a of Regulation B. Creditors may design their own forms, or add to or modify the model form, to reflect their individual policies and procedures. For example, if a creditor wants to give applicants the option to call and leave certain identifying information, their name, and the address to which an appraisal report should be sent, the creditor may modify the notice accordingly.

(3) Form of Comments

The Board requests that, when possible, comments on this proposal be submitted using a standard type face with a type size of 10 to 12 pitch in double-spaced text. This will enable the Board to more efficiently convert comments into an automated format. An IBM-compatible DOS-based file containing comments may be submitted on 3½ inch or 5¼ inch computer diskettes if accompanied by the matching, original written comments. The Board will adopt a final rule following a 60-day comment period, and after a review of the comments received. The Board contemplates issuing a final rule during the first quarter of 1993 with a mandatory compliance date of October 1, 1993.

(4) Economic Impact Statement

The Board's Division of Research and Statistics has prepared an economic impact statement on the proposed revisions to Regulation B. A copy of the analysis may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-3245.

(5) Paperwork Reduction Act

In accordance with section 3507 of the Paperwork Reduction Act of 1980 (44 U.S.C. 35; 5 CFR 1320.13), the proposed information collection will be reviewed by the Board under the authority delegated to it by the Office of Management and Budget after consideration of the comments received during the public comment period.

A detailed description of the proposed recordkeeping disclosure requirements (including the reasons for them, the lenders that would be subject to them, and how frequently disclosures may be required) is contained elsewhere in this notice. A proposed model disclosure form would be added to Appendix C of Regulation B.

The information collection is mandatory (15 U.S.C. 1691(a)). The requirements will apply to both large and small mortgage lenders. The impact on small lenders will depend upon the extent of the disclosures and the options for compliance offered by the final regulations. The model disclosure form in the regulation will somewhat ease compliance burdens on the lenders. In addition, lenders that regularly provide appraisal reports to applicants (whether the loan is approved or denied) need not comply with the notice requirement of the regulation.

The following information about paperwork burden relates only to the effect of the proposal on state member banks. Lenders that are subject to Regulation B other than state member banks are supervised by other Federal agencies. For purposes of the Paperwork Reduction Act, these agencies will report their own estimates of the paperwork burden imposed by the new ECOA requirement.

The Board preliminarily estimates that the disclosure requirement will result in an annual reporting burden of 13,021 hours for State member banks.

Proposed Information Collection

Report title: Recordkeeping and Disclosure Requirements in Connection with Regulation B (Equal Credit Opportunity)

Report number: Not applicable

OMB docket number: 7100-0201

Frequency: As needed

Reporters: State member banks

² Federal credit unions must make available to any requesting member/applicant, a copy of the appraisal used in connection with the member's real estate-related loan application. The appraisal must be available for 25 months after the applicant has received notice of the action taken on the

application. A real estate-related loan is one for which an application is made to finance or refinance the purchase, construction, improvement, repair, or maintenance of a dwelling. A dwelling is any structure intended for occupancy as a residence by one or more families and any vacant land which

is offered for sale or lease for the construction or location of a residence. 12 CFR 701.31(c)(5); S. Rep. No. 167 at 90.

	Number of records subject to require- ment	x	Estimated time per response (min- utes)	=	Estimated total number of hours of annual reporting burden
Appraisal report upon request	125,000	5.00	10,417
Notice of right to appraisal	625,00025	2,604

List of Subjects in 12 CFR Part 202

Aged, Banks, Banking, Civil rights, Consumer protection, Credit, Federal Reserve System, Marital status discrimination, Minority groups, Penalties, Religious discrimination, Reporting and recordkeeping requirements, Sex discrimination, Women.

For the reasons set forth in the preamble, and pursuant to authority granted in 15 U.S.C. 1691b of the ECOA, the Board proposes to amend 12 CFR part 202 as follows:

PART 202—EQUAL CREDIT OPPORTUNITY

1. The authority citation for part 202 continues to read as follows:

Authority: 15 U.S.C. 1691-1691f.

2. Section 202.1 is amended by revising the last sentence of paragraph (b) to read as follows:

§ 202.1 Authority, scope, and purpose.

(b) *Purpose.* * * * The regulation also requires creditors to notify applicants of action taken on their applications; to report credit history in the names of both spouses on an account; to retain records of credit applications; to collect information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans; and to provide applicants upon written request with copies of appraisal reports used in connection with credit transactions.

3. Section 202.5a is added to read as follows:

§ 202.5a Rules on providing appraisal reports.

(a) *Applicant right to copy of appraisal.* (1) Upon written request, a creditor shall furnish an applicant with a copy of the appraisal report used in connection with an application for credit that is to be secured by a lien on a dwelling. The creditor may require reimbursement from the applicant for the cost of the appraisal. The creditor shall mail or deliver a copy of an appraisal report within 15 days after receiving a written request from the applicant, or after receiving the report, whichever occurs later.

(2) The applicant request for the report referred to in paragraph (a)(1) of this section shall be made no later than 90 days after the creditor has provided notice of the action taken on the application, or a notice of incompleteness, in accordance with § 202.9. In the case of a withdrawn application, the applicant request shall be made no later than 90 days after the application is withdrawn.

(3) *Dwelling* means a residential structure that contains one to four units. The term includes an individual condominium or cooperative unit, and a mobile or other manufactured home.

(4) For purposes of this section, an appraisal report refers to the document relied upon by a creditor in evaluating the market value of residential property containing a dwelling on which a lien will be taken as security for an extension of credit.

(b) *Notice of right to copy of appraisal.* (1) A creditor shall notify an applicant in writing of the right to receive a copy of an appraisal report under paragraph (a) of this section. The notice shall be provided in a form that the applicant may retain, no later than 15 days after the creditor receives an application. The notice shall specify that the applicant's request for the appraisal report must be in writing and must be received by the creditor no later than 90 days after the creditor provides notice of the action taken on the application or a notice of incompleteness (or in the case of a withdrawn application 90 days after the withdrawal). An address to which a request should be sent shall be specified in the notice.

(2) For an application received through a broker or other person that is not an agent of the creditor, the creditor must provide the notice required under this paragraph (b) within 15 days after the application reaches the creditor.

(c) *Exceptions.* (1) A creditor that regularly provides copies of appraisal reports to applicants (whether credit is granted or denied or the application is withdrawn) generally need not comply with the notice requirement in this section, except that if an applicant makes a written request for a copy of an appraisal report prior to the time the report is routinely provided, the creditor shall mail or deliver a copy of the report to the applicant within the 15-day time

period specified in paragraph (a) of this section.

(2) A creditor that provides copies of appraisal reports pursuant to regulations of the National Credit Union Administration is not subject to the requirements of this section.

4. Section 202.14 is amended by revising paragraph (b)(3) and adding paragraphs (b)(4) and (b)(5) to read as follows:

§ 202.14 Enforcement, penalties and liabilities.

(b) *Penalties and liabilities.* * * *

(3) Section 706(g) provides that, if an agency responsible for administrative enforcement is unable to obtain compliance with the act or this regulation, it may refer the matter to the Attorney General of the United States. In addition, if the Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, or the National Credit Union Administration has reason to believe that one or more creditors has engaged in a pattern or practice of discouraging or denying applications in violation of the act or this regulation, the agency shall refer the matter to the Attorney General of the United States and may refer a matter to the Attorney General if the agency has reason to believe that one or more creditors has violated section 701(a) of the act.

(4) Section 706(h) provides that on referral, or whenever the Attorney General has reason to believe that one or more creditors are engaged in a pattern or practice in violation of the act or this regulation, the Attorney General may bring a civil action for such relief as may be appropriate, including actual and punitive damages and injunctive relief.

(5) Section 706(k) provides that if the Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, or the National Credit Union Administration has reason to believe, as a result of a consumer complaint, conducting a consumer compliance examination, or otherwise, that a violation of the act or this regulation has occurred which is also a violation of the Fair Housing Act, and the matter is not referred to the Attorney

General of the United States, the agency shall notify the Secretary of the Department of Housing and Urban Development and notify the applicant that the Secretary of Housing and Urban Development has been notified and that remedies for the violation may be available under the Fair Housing Act.

* * * * *

5. Appendix C to part 202 is amended by revising the first sentence and by adding a new sentence at the end of the first paragraph of the introduction, by adding a new sentence to the end of the last paragraph of the introduction, and by adding sample Form C-9 in numerical order to read as follows:

Appendix C to Part 202—Sample Notification Forms

This appendix contains nine sample notification forms. * * * Form C-9 is designated for use in notifying an applicant of the right to receive a copy of an appraisal under § 202.5a.

* * * * *

* * * Proper use of Form C-9 will satisfy the requirements of § 202.5a.

* * * * *

Form C-9—Sample Disclosure of Right To Receive a Copy of an Appraisal

You have the right to a copy of the appraisal report obtained in connection with your application for credit provided that, if required, you have paid for or are willing to pay for the appraisal. You can get a copy of this report by writing to us at the address listed below. We must hear from you no later than 90 days after you are notified about the action taken on your credit application. (If you withdraw your application, you must make your request for an appraisal report within 90 days of the withdrawal.) You can telephone us, instead of writing, but by doing so you are not assured of preserving your rights.

[In your letter, give us the following information:]

(Creditor's name and address)

By order of the Board of Governors of the Federal Reserve System, November 30, 1992.

William W. Wiles,
Secretary of the Board.

[FR Doc. 92-29430 Filed 12-4-92; 8:45 am]

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