

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 6661
December 22, 1970

PROPOSED AMENDMENT TO REGULATION Z
Agricultural Credit Transactions

To All State Member Banks, and Others Concerned,
in the Second Federal Reserve District:

Printed below is an excerpt from the Federal Register of December 17, containing the text of a proposed amendment issued by the Board of Governors of the Federal Reserve System to its Truth in Lending Regulation Z. The purpose of the proposed amendment is to 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 is part of the collateral for credit. Comments thereon should be received no later than January 18, 1971, and may be submitted to our Consumer Information and Securities Regulations Department.

Additional copies of this circular will be furnished upon request.

Alfred Hayes,
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:

§ 226.9 Right to rescind certain transactions.

(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 pur-

poses, 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.

[SEAL]

KENNETH A. KENYON,
Deputy Secretary.

[F.R. Doc 70-16902; Filed, Dec 16, 1970;
8:45 a.m.]