

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 7671 ]  
July 18, 1975

TRUTH IN LENDING

Amendments to Regulation Z To Implement Changes in the Truth in Lending Act

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

On July 10, 1975, the Board of Governors of the Federal Reserve System announced the adoption of several amendments to its Regulation Z—Truth in Lending—in order to implement changes in the Truth in Lending Act. The amendments, effective August 8, 1975, are substantially the same as those published by the Board for comment last December and contained in our Circular No. 7547, dated January 10, 1975.

Following is the text of the Board's statement:

The Board of Governors of the Federal Reserve System today announced adoption of amendments to its Regulation Z—Truth in Lending—to implement changes in the Truth in Lending Act adopted by Congress.

The amendments to Regulation Z—to be effective August 8, 1975—are substantially the same as those published for comment last December 27. Among the amendments adopted are the following:

- Advertisements concerning extensions of credit to be repaid in more than four instalments, and for which no finance charge is stated, shall state that the cost of credit is included in the price of the goods and services involved.
- Credit transactions primarily for agricultural purposes, where the amount financed exceeds \$25,000, are exempt from the disclosure requirements of Regulation Z and the Truth in Lending Act.
- Any unexpired right of rescission in residential real property transactions is limited to three years from the date of consummation of the transaction, or the sale of the property, whichever occurs earlier.

In its order the Board stated that, due to confusion evident in comments received upon its proposal concerning the right of rescission, that section had been rewritten to make it clear that the amendment does not extend the three-day right of rescission—that is, the right to decide not to go through with the transaction—to three years, but only limits to three years these unexpired rights which previously continued indefinitely.

Enclosed is a copy of the amendments to Regulation Z. Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,  
*President.*