

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10656**]
[September 9, 1993]

**ACTIONS RELATING TO DISASTER RELIEF FOR
MIDWEST FLOOD VICTIMS**
— Exemptions from Real Estate Appraisal Requirements
—Temporary Exceptions to Regulation Z

*To All Depository Institutions in the Second
Federal Reserve District, and Others Concerned:*

Following is the text of a statement issued by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, and the Office of Thrift Supervision announcing joint actions to exempt transactions involving properties affected by the flooding in the Midwest from real estate appraisal requirements:

Banks, savings institutions, credit unions and other federally regulated entities making loans in designated flood areas will be able to make them faster to finance the repair and rebuilding effort under an action taken by the five federal financial institutions regulatory agencies.

The order exempts lending institutions in the flood areas from current federal requirements that institutions obtain appraisals on real estate pledged as collateral for loans. The agencies said the exemption is necessary because the disruption of real estate markets in the flood areas interferes with the ability of institutions to obtain appraisals that meet the requirements of federal law and regulations.

The order was published jointly in the August 11, 1993, edition of the Federal Register by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, the National Credit Union Administration (NCUA) and the Office of Thrift Supervision (OTS). Real estate appraisals are required in normal times for loans over certain dollar amounts by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). However, under the Depository Institutions Disaster Relief Act of 1992 (DIDRA), the federal regulatory agencies are authorized to waive those requirements when disasters occur.

The exemption extends for three years from the date the President declared a major disaster area, and is in effect for institutions making loans secured by affected real property in disaster designated areas

The agencies determined that the exceptions would not adversely affect the lending institution's safety and soundness so long as their records indicate either that the property was directly affected by the major disaster or that the transaction would facilitate recovery from the disaster, and there is a binding commitment to fund the loan within the three-year period.

In addition, the Board of Governors of the Federal Reserve System has amended its Regulation Z, "Truth-in-Lending," in order to provide temporary exceptions to certain Regulation Z provisions, relating to waiver of rescission rights, so as to provide disaster relief for flood victims in the Midwest.

Printed on the following pages is the text of the statement and order issued by the five federal regulatory agencies exempting from real estate appraisal requirements certain transactions involving properties affected by the flooding, and the text of the Board's amendment to Regulation Z providing temporary exceptions to certain of its provisions; both items have been reprinted from the *Federal Register*.

Questions concerning the real estate appraisal exemptions may be directed to Barbara A. Klein, Manager, Domestic Banking Department (Tel. No. 212-720-8324); questions regarding Regulation Z may be directed to Elizabeth Irwin-McCaughey, Manager, Compliance Examinations Department (Tel. No. 212-720-6820).

WILLIAM J. McDONOUGH,
President.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 34

FEDERAL RESERVE SYSTEM

12 CFR Part 225

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 323

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Part 564

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 722

Real Estate Appraisal Exceptions in Major Disaster Areas

AGENCIES: Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; Office of Thrift Supervision, Treasury; and National Credit Union Administration.

ACTION: Statement and order; temporary exceptions.

SUMMARY: Section 2 of the Depository Institutions Disaster Relief Act of 1992 (DIDRA) authorizes the Federal financial institutions regulatory agencies to make exceptions to statutory and regulatory requirements relating to appraisals for certain transactions. The exceptions are available for transactions that involve real property in major disaster areas when the exceptions would facilitate recovery from the disaster and would be consistent with safety and soundness. Expiration dates for certain transactions are set out in the **SUPPLEMENTARY INFORMATION** section.

DATES: This order is effective on August 11, 1993, and expires for specific areas on the dates indicated in the **SUPPLEMENTARY INFORMATION** section.

FOR FURTHER INFORMATION CONTACT:

Office of the Comptroller of the Currency (OCC)

Thomas E. Watson, National Bank Examiner, (202) 874-5350, or William C. Kerr, National Bank Examiner, (202) 874-5170, Office of the Chief National Bank Examiner; or Horace G. Sneed, Senior Attorney, (202) 874-4460, Bank

Operations and Assets Division, 250 E Street, SW., Washington, DC 20219.

Board of Governors of the Federal Reserve System (Board)

Roger T. Cole, Deputy Associate Director, (202) 452-2618, Rhoger H. Pugh, Assistant Director (202) 728-5883, Stanley B. Rediger, Supervisory Financial Analyst, (202) 452-2629, Virginia M. Gibbs, Supervisory Financial Analyst, (202) 452-2521, Division of Banking Supervision and Regulation; or Christopher J. Bellini, Attorney, (202) 452-3269, Legal Division. For the hearing impaired only, contact Dorothea Thompson, Telecommunications Device for the Deaf (TDD), (202) 452-3544, Board of Governors of the Federal Reserve System, 20th and Constitution Avenue, NW., Washington, DC 20551.

Federal Deposit Insurance Corporation (FDIC)

Robert F. Mialovich, Associate Director, (202) 898-6918, James D. Leitner, Examination Specialist, (202) 898-6790, Division of Supervision; or Walter P. Doyle, Counsel, (202) 898-3682, Legal Division, 550 17th Street NW., Washington, DC 20429.

Office of Thrift Supervision (OTS)

Robert Fishman, Program Manager, Credit Risk, (202) 906-5672; Deirdre Kwartunas, Program Analyst, (202) 906-7933; Diana Garmus, Deputy Assistant Director, Corporate Activities, (202) 906-5683; Ellen J. Sazzman, Attorney, Regulations and Legislation Division, Chief Counsel's Office, (202) 907-7133; 1700 G Street, NW., Washington, DC 20552.

National Credit Union Administration (NCUA)

Michael J. McKenna, Office of General Counsel, (202) 682-9630, or Alonzo Swann, Office of Examination and Insurance, (202) 682-9640; 1776 G Street NW., Washington, DC 20456.

SUPPLEMENTARY INFORMATION:

Statement

Section 2 of DIDRA, 12 U.S.C. 3352, authorizes the agencies to make exceptions to statutory and regulatory appraisal requirements for transactions with respect to real property located in areas that the President has determined, pursuant to section 5170 of title 42, that a major disaster exists, provided that the exception would facilitate recovery from the major disaster and is consistent with safety and soundness.¹ Such exceptions

¹ The agencies must make the exception no later than 30 months after the date on which the

expire not later than three years after the date of the President's determination that a major disaster exists in the area.

During the summer of 1993, the President determined that major disasters existed in several Midwestern states because of the extensive flooding that had occurred and is continuing in those areas in April through July of 1993. The agencies believe that granting relief from the appraisal requirements for certain real estate transactions in all such areas affected by this summer's flooding is consistent with the provisions of the DIDRA.

The agencies have determined that the disruption of real estate markets in all such affected areas interferes with the ability of depository institutions to obtain appraisals that comply with statutory and regulatory requirements and, therefore, would impede institutions in making loans and engaging in other transactions that would aid in the reconstruction and rehabilitation of the affected areas. Accordingly, the agencies have determined that recovery from the major disasters would be facilitated by excepting transactions involving real estate located in those areas directly affected by this summer's flooding from the real estate appraisal requirements of title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and regulations promulgated thereto. This has the effect of excluding transactions to which the exceptions apply from the definition of "federally related transactions."

The agencies have also determined safety and soundness would not be adversely affected by such exceptions so long as the depository institution's records relating to any such excepted transaction clearly indicate either that the property involved was directly affected by the major disaster or that the transaction would facilitate recovery from the disaster and there is a binding commitment to fund the transaction within three years after the date the major disaster was declared. In addition, the transaction must continue to be subject to review by management and by the agencies in the course of examination of the institution under normal supervisory standards relating to safety and soundness, though the transactions need not comply with the specific requirements of title XI of FIRREA and the agencies' appraisal regulations.

President determines that a major disaster exists in the area.

Expiration Dates

Any exceptions provided under the order shall expire not later than 3 years after the date on which the President determines, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5170, that a major disaster exists in the area. Accordingly, exceptions for the major disasters declared due to the flooding in Minnesota and Wisconsin counties expire on June 11, 1996 and July 2, 1996, respectively; in Missouri, Iowa, and Illinois counties on July 9, 1996; and in Nebraska and South Dakota counties on July 19, 1996. Exceptions for any other areas that have been declared major disasters by the President expire 3 years after the date of such declaration.

Order

In accordance with section 2 of DIDRA, relief is hereby granted from the provisions of title XI of FIRREA and the agencies' appraisal regulations for any real estate-related financial transaction that requires an appraiser under those provisions, provided that:

(1) The transaction involves real estate located in an area that the President has determined, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5170, is a major disaster area as a result of the extensive flooding in the Midwest and has been designated eligible for Federal assistance by the Federal Emergency Management Agency (FEMA);²

(2)(a) The real property involved was directly affected by the major disaster; or

(b) The real property involved was not directly affected by the major disaster but the institution's records explain how the transaction would facilitate recovery from the disaster;

(3) There is a binding commitment to fund a transaction that is made within three years after the date the major disaster was declared by the President; and

(4) The institution retains in its files, for examiner review, appropriate documentation supporting the property's valuation.

Appendix

Minnesota: Brown, Cottonwood, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood,

² These areas include counties in Minnesota, Wisconsin, Missouri, Iowa, Illinois, Nebraska, and South Dakota which have been declared major disaster areas and are listed in the attached Appendix. The exception would also include any other such areas that the President declares are major disaster areas as a result of this summer's flooding in the Midwest.

Rock, Blue Earth, Nicollet, Renville, Sibley, Watonwan, Yellow Medicine, Carver, Chippewa, Faribault, Jackson, Le Sueur, Martin, McLeod, Scott, Goodhue, Washington, Dakota, Houston, Ramsey, Big Stone, Clay, Stevens, Swift, Traverse.

Wisconsin: Calumet, Clark, Columbia, Dunn, Eau Claire, Fond du Lac, Green Lake, Jackson, Marquette, Outagamie, Portage, Sauk, Trempealeau, Waupaca, Waushara, Winnebago, Wood, Adams, Buffalo, Chippewa, Crawford, Dane, Green, Grant, Iowa, Juneau, LaCrosse, Lafayette, Lincoln, Marathon, Pepin, Pierce, Price, Rock, Rusk, St. Croix, Vernon.

Missouri: Lewis, Lincoln, Marion, Pike, St. Charles, Andrew, Atchison, Barry, Bates, Boone, Buchanan, Callaway, Camden, Carroll, Cape Girardeau, Chariton, Clark, Clay, Cole, Cooper, Daviess, Franklin, Gasconade, Gentry, Harrison, Holt, Howard, Jackson, Jefferson, Lafayette, McDonald, Miller, Moniteau, Montgomery, Newton, Nodaway, Osage, Perry, Platte, Pulaski, Ralls, Ray, Saline, Shelby, St. Louis, St. Louis City, St. Genevieve, Stone, Warren, Worth.

Iowa: Clayton, Clinton, Des Moines, Dickinson, Humboldt, Jackson, Louisa, Muscaine, Scott, Wapello, Polk, Lyon, Osceola, Emmet, Kossuth, Winnebago, Worth, Mitchell, Howard, Winneshiek, Allamakee, Fayette, Chickasaw, Floyd, Cerro Gordo, Hancock, Palo Alto, Clay, O'Brien, Sioux, Plymouth, Cherokee, Buena Vista, Pocahontas, Wright, Franklin, Butler, Bremer, Dubuque, Delaware, Buchanan, Black Hawk, Grundy, Hardin, Hamilton, Webster, Calhoun, Sac, Ida, Woodbury, Monora, Crawford, Carroll, Greene, Boone, Story, Marshall, Tama, Benton, Linn, Jones, Cedar, Iowa, Poweshiek, Jasper, Dallas, Guthrie, Audubon, Shelby, Harrison, Pottawattamie, Cass, Adair, Madison, Warren, Marion, Mahaska, Keokuk, Washington, Henry, Jefferson, Monroe, Lacas, Clarke, Union, Adams, Montgomery, Mills, Fremont, Page, Taylor, Ringgold, Decatur, Wayne, Appanoosa, Davis, Van Buren, Lee.

Illinois: Adams, Calhoun, Carroll, Hancock, Henderson, Henry, Jersey, Jo Daviess, Mercer, Pike, Rock Island, Whiteside, Madison, Monroe, St. Clair, Boone, Lake, McHenry, Stephenson, Winnebago, Alexander, Jackson, Randolph, Union.

Nebraska: Buffalo, Cass, Lancaster, Sarpy, Seward, Washington, Adams, Hall, Kearney, Phelps.

South Dakota: Bon Homme, Brookings, Clay, Davison, Hanson, Hutchinson, Kingsbury, Lake, Lincoln, McCook, Miner, Minnehaha, Moody, Sanborn, Turner, Union, Yankton.

Dated: July 27, 1993.

Office of the Comptroller of the Currency,
Department of the Treasury.

Eugene A. Ludwig,

Comptroller of the Currency.

Dated: July 30, 1993.

Board of Governors of the Federal Reserve
System.

William W. Wiles,
Secretary of the Board.

July 26, 1993.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Deputy Executive Secretary.

Dated: July 29, 1993.

Office of Thrift Supervision, Department of
the Treasury.

Jonathan L. Fichter,
Acting Director.

Dated: August 2, 1993.

National Credit Union Administration.

Becky Baker,
Secretary of the Board.

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FEDERAL RESERVE SYSTEM**12 CFR Part 226****[Regulation Z; Docket No. R-0805]****Truth in Lending****AGENCY:** Board of Governors of the Federal Reserve System.**ACTION:** Final Rule; temporary exceptions.

SUMMARY: The Board is publishing a final rule amending Regulation Z (which implements the Truth in Lending Act). The amendment provides a temporary exception to Regulation Z provisions that prohibit the use of a preprinted form by a creditor to obtain a consumer's waiver of the right to rescind certain home-secured loans when loan proceeds are needed immediately to meet a consumer's bona fide personal financial emergency. Generally, Regulation Z requires a mandatory three-day waiting period on rescindable transactions before funds can be disbursed. In addition, a consumer's need to obtain funds immediately shall be regarded as a bona fide personal financial emergency for purposes of Regulation Z for transactions secured by consumers' principal dwellings located in areas of the Midwest recently declared to be major disaster areas because of extensive flooding. The exception expires one year from the date the area was declared a major disaster

EFFECTIVE DATE: July 29, 1993.**FOR FURTHER INFORMATION CONTACT:**

Adrienne Hurt, Managing Counsel, or Jane Jensen Gell, Staff Attorney, Division of Consumer and Community Affairs, at (202) 452-2412 or (202) 452-3667; 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.**

Under the Truth in Lending Act (TILA), 15 USC 1601-1666j, and

Regulation Z, 12 CFR part 226, with some exceptions, a consumer has the right to rescind a credit obligation secured by the consumer's principal dwelling for three days after becoming obligated, due to the risk of loss of the consumer's home in the event of default. There is a mandatory waiting period of three business days before funds can be disbursed in order to give consumers an opportunity to reflect on the loan terms and to elect to cancel the transaction (12 CFR 226.15 and 226.23). A consumer may modify or waive this right of rescission to meet a bona fide personal financial emergency. The consumer must provide the creditor with a written, signed and dated waiver statement that describes the emergency. Under Regulation Z, 12 CFR 226.15(e) and 226.23(e), the waiver statement may not be executed on a preprinted form.

In November 1992, the Board adopted an exception to Regulation Z for transactions secured by homes located in areas declared major disaster areas as a result of Hurricanes Andrew and Iniki and the April 1992 Los Angeles civil unrest. (57 FR 53,545 (Nov. 12, 1992)). The Board's exception permitted a temporary waiver of the provisions in Regulation Z that prohibit an institution's use of a preprinted form to obtain a consumer's waiver of the right to rescind certain home-secured loans when loan funds were needed immediately to meet a consumer's bona fide personal financial emergency. In addition, a consumer's need to obtain funds immediately was regarded as a bona fide personal financial emergency, for purposes of Regulation Z, where the home securing the loan was located in the disaster area.

(2) Relief for Flood Affected Communities

From April through July of 1993, extensive flooding has occurred in several Midwestern States and, as a result, the President has determined that extensive major disaster areas exist in those states. To aid consumers in obtaining credit speedily to begin repairs in flood damaged areas and to ease the paperwork burden on creditors extending credit in these areas, the Board has determined to provide a temporary exception to the restrictions in §§ 226.15(e) and 226.23(e) of Regulation Z. This exception will expire one year from the date the President declared that an area was a major disaster.

The Board is amending Regulation Z to permit a temporary exception to its provisions that prohibit the use of a preprinted form by a creditor to obtain a consumer's waiver of the right to

rescind certain home-secured loans. In addition, a consumer's need to obtain funds immediately shall be regarded as a bona fide personal financial emergency, where the home securing the loan is located in the disaster area. The exception is limited to loans secured by homes located in areas that the President has declared, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5170, are major disaster areas as a result of the extensive flooding in 1993 in the Midwest. The exception expires one year from the date an area was declared a major disaster. The Board notes, however, that the consumer must still sign and date the waiver statement. The following counties in Minnesota, Wisconsin, Missouri, Iowa, Illinois, Nebraska, and South Dakota have been declared major disaster areas during June and July 1993.

Minnesota: Brown, Cottonwood, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, Blue Earth, Nicolle, Renville, Sibley, Watonwan, Yellow Medicine, Carver, Chippewa, Faribault, Jackson, Le Sueur, Martin, McLeod, Scott, Goodhue, Washington, Dakota, Houston, Ramsey, Big Stone, Clay, Stevens, Swift, Traverse.

Wisconsin: Calumet, Clark, Columbia, Dunn, Eau Claire, Fond du Lac, Green Lake, Jackson, Marquette, Outagamie, Portage, Sauk, Trempealeau, Waupaca, Waushara, Winnebago, Wood, Adams, Buffalo, Chippewa, Crawford, Dane, Green, Grant, Iowa, Juneau, LaCrosse, Lafayette, Lincoln, Marathon, Pepin, Pierce, Price, Rock, Rusk, St. Croix, Vernon.

Missouri: Lewis, Lincoln, Marion, Pike, St. Charles, Andrew, Atchison, Barry, Bates, Boone, Buchanan, Callaway, Camden, Carroll, Cape Girardeau, Chariton, Clark, Clay, Cole, Cooper, Daviess, Franklin, Gasconade, Gentry, Harrison, Holt, Howard, Jackson, Jefferson, Lafayette, McDonald, Miller, Moniteau, Montgomery, Newton, Nodaway, Osage, Perry, Platte, Pulaski, Ralls, Ray, Saline, Shelby, St. Louis, St. Louis City, St. Genevieve, Stone, Warren, Worth.

Iowa: Clayton, Clinton, Des Moines, Dickinson, Humboldt, Jackson, Johnson, Louisa, Muscatine, Scott, Wapello, Polk, Lyon, Osceola, Emmet, Kossuth, Winnebago, Worth, Mitchell, Howard, Winneshiek, Allamakee, Fayette, Chickasaw, Floyd, Cerro Gordo, Hancock, Palo Alto, Clay, O'Brien, Sioux, Plymouth, Cherokee, Buena Vista, Pocahontas, Wright, Franklin, Butler, Bremer, Dubuque, Delaware, Buchanan, Black Hawk, Grundy, Hardin, Hamilton, Webster, Calhoun, Sac, Ida, Woodbury, Monona, Crawford, Carroll, Greene, Boone, Story, Marshall, Tama, Benton, Linn, Jones, Cedar, Iowa, Poweshiek, Jasper, Dallas, Guthrie, Audubon, Shelby, Harrison, Pottawattamie, Cass, Adair, Madison, Warren, Marion, Mahaska, Keokuk, Washington, Henry, Jefferson, Monroe, Lucas, Clarke, Union, Adams, Montgomery, Mills, Fremont, Page, Taylor, Ringgold, Decatur, Wayne, Appanoosa, Davis, Van Buren, Lee.

Illinois: Adams, Calhoun, Carroll, Hancock, Henderson, Henry, Jersey, Jo Daviess, Mercer, Pike, Rock Island, Whiteside, Madison, Monroe, St. Clair, Boone, Lake, McHenry, Stephenson, Winnebago, Alexander, Jackson, Randolph, Union.

Nebraska: Buffalo, Cass, Lancaster, Sarpy, Seward, Washington, Adams, Hall, Kearney, Phelps.

South Dakota: Bon Homme, Brookings, Clay, Davison, Hanson, Hutchison, Kingsbury, Lake, Lincoln, McCook, Miner, Minnehaha, Moody, Sanborn, Turner, Union, Yankton.

Public Comment and Effective Date

The Administrative Procedures Act (APA), 5 U.S.C. 553, grants a specific exemption from its notice and public comment requirements for rulemakings when these requirements are contrary to the public interest (5 U.S.C. 553(b)(3)(B)). In the present case, the final rule amending Regulation Z provides a temporary exception and removes a restriction that otherwise may impair the availability of loan funds to consumers who encounter a bona fide personal financial emergency because their homes are located in an area devastated by flooding. The Board finds that it is in the public interest to provide this relief immediately and without advance notice and public comment. As explained above, the amendment to Regulation Z will reduce the paperwork burden on creditors extending credit in the disaster areas and aid in making credit speedily available to consumers in these areas. Consumers would continue to have the right to rescind certain loans unless they specifically waive that right. Moreover, the exception is limited in scope and duration. It will provide immediate assistance to consumers and lenders in their ongoing reconstruction and rehabilitation efforts in those areas that have been affected by recent major disasters recognized under the appropriate federal disaster relief statute.

The Board also believes that deferring the effective date in regard to the adoption of the final rule would be contrary to the public interest. The APA grants a specific exemption from its requirements relating to this item in such instances (12 U.S.C. 553(d)(3)). Accordingly, the amendments to Regulation Z are effective immediately.

The Board also believes that deferring the effective date in regard to the adoption of the final rule would be contrary to the public interest. The APA grants a specific exemption from its requirements relating to this item in such instances (12 U.S.C. 553(d)(3)). Accordingly, the amendments to Regulation Z are effective immediately.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board believes that the adoption of this final rule would not have a significant adverse impact on a substantial number of small entities. The amendment imposes no new requirements and temporarily removes a

restriction imposed by Regulation Z on entities subject to the regulation.

Paperwork Reduction Act Analysis

No collection of information pursuant to section 3504(h) of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*) is contained in these changes.

List of Subjects in 12 CFR Part 226

Advertising; Banks; Banking; Consumer protection; Credit; Federal Reserve System; Finance; Penalties; Rate limitations; Truth in Lending.

Pursuant to authority granted in section 105 of the Truth in Lending Act (15 U.S.C. 1604 as amended), the Board is amending 12 CFR part 226 as follows. The Board is publishing only those sections of the regulation that are affected by the changes.

PART 226—TRUTH IN LENDING

1. The authority citation for part 226 continues to read:

Authority: Truth in Lending Act, 15 U.S.C. 1604 and 1637(c)(5); sec. 1204 (c), Competitive Equality Banking Act, 12 U.S.C. 3806.

Subpart B—Open-End Credit

3. Section 226.15 paragraph (e) is revised to read as follows:

§ 226.15 Right of rescission.

* * * * *

(e) *Consumer's waiver of right to rescind.* (1) The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, specifically modifies or waives the right to rescind, and bears the signature of all the consumers entitled to rescind. Printed forms for this purpose are prohibited, except as provided in paragraph (e)(2) of this section. (2) The need of the consumer to obtain funds immediately shall be regarded as a bona fide personal financial emergency provided that the dwelling securing the extension of credit is located in an area declared during June through September 1993, pursuant to 42 U.S.C. 5170, to be a major disaster area because of severe storms and flooding in the Midwest.^{36a} In this instance, creditors may use printed forms for the consumer to waive the right to rescind. This exemption to paragraph (e)(1) of this section shall

expire one year from the date an area was declared a major disaster. * * * * *

^{36a} A list of the affected areas will be maintained by the Board.

expire one year from the date an area was declared a major disaster.

* * * * *

2. Section 226.16 is amended by redesignating existing footnotes 36a and 36b as footnotes 36b and 36c, respectively.

Subpart C—Closed-End Credit

4. Section 226.23 paragraph (e) is revised to read as follows:

§ 226.23 Right of Rescission.

* * * * *

(e) *Consumer's waiver of right to rescind.* (1) The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, specifically modifies or waives the right to rescind, and bears the signature of all the consumers entitled to rescind. Printed forms for this purpose are prohibited, except as provided in paragraph (e)(2) of this section.

(2) The need of the consumer to obtain funds immediately shall be regarded as a bona fide personal financial emergency provided that the dwelling securing the extension of credit is located in an area declared during June through September 1993, pursuant to 42 U.S.C. 5170, to be a major disaster area because of severe storms and flooding in the Midwest.^{48a} In this instance, creditors may use printed forms for the consumer to waive the right to rescind. This exemption to paragraph (e)(1) of this section shall expire one year from the date an area was declared a major disaster. * * * * *

By order of the Board of Governors of the Federal Reserve System, July 23, 1993.

William W. Wiles,

Secretary of the Board.

[FR Doc. 93-18072 Filed 7-28-93; 8:45 am]

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^{48a} A list of the affected areas will be maintained by the Board.