provision in § 217.4(d) of Regulation Q for the benefit of depositors suffering disaster-related losses within those geographical areas of the States of Alabama, Mississippi, and Forida officially designated major disaster areas by the President. The Board, in granting this temporary suspension, encourages member banks to permit penalty-free withdrawal before maturity of time deposits for depositors who have suffered disaster-related losses within the designated disaster areas.

In view of the urgent need to provide immediate assistance to relieve the financial hardship being suffered by persons directly affected by the severe damage and destruction occasioned by Hurricane Frederic in the designated counties of Alabama, Mississippi, and Florida, good cause exists for dispensing with notice and public participation referred to in section 553(b) of Title 5 of the United States Code with respect to this action and public procedure with regard to this action would be contrary to the public interest. Because of the need to provide assistance as soon as possible and because the Board's action relieves a restriction, there is good cause to make the action effective immediately.

By order of the Board of Governors, acting through its Secretary, pursuant to delegated authority (12 CFR 265.2(a)(18)), September 20, 1979.

Theodore E. Allison,

Secretary of the Board.

[FR Doc. 79-30049 Filed 9-26-79; 8:45 am]

BILLING CODE 6210-01-M

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12 CFR Part 226

[Reg. Z; Docket No. R-0202]

Truth in Lending; Right of Rescission

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: Effective in August 1978, the Board amended Regulation Z by creating an alternative in certain circumstances to the three-day cancellation right otherwise applicable to each individual advance under open-end credit accounts secured by consumers' residences. This action rescinds that amendment. It also rescinds a Board interpretation that provided sample disclosures that creditors could use to meet certain of the amendment's requirements and rescinds an official staff interpretation of the applicability of the amendment to nonsale credit advances.

EFFECTIVE DATE: March 31, 1980.

FOR FURTHER INFORMATION CONTACT: Robert C. Plows, Section Chief, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-3667).

SUPPLEMENTARY INFORMATION: On December 9, 1977 (42 FR 62146), the Board proposed an amendment to § 226.9(g) of Regulation Z (12 CFR Part 226) to provide an exception to the requirement that a customer have a three-day "cooling off" period in which to cancel each separate advance under an open-end credit plan (such as a credit card or cash advance checking account) where credit extended under the plan is secured by the customer's principal residence. The proposal was substantially modified based upon the comments that were received and was adopted effective August 3, 1978 (43 FR 34111). It permits a creditor that is not the seller of the goods or services being purchased on credit to extend open-end credit without each separate advance being subject to the right of rescission.

The amendment, incorporated in § 226.9(g)(6), was accompanied by Board Interpretation § 226.904, which sets forth model disclosures that creditors may use to comply with certain notice requirements of the amendment. A technical change, revising the language, but not the substance, of the model disclosures was adopted effective October 31, 1978 (43 FR 50672).

In addition, the staff issued Official Staff Interpretation FC-0159 (43 FR 56877), which states that the exception to the right of rescission in § 226.9(g)(6) is available to a creditor that extends essentially nonsale credit, for example, a cash advance loan in the form of traveler's checks. The staff interpretation has been suspended pending the Board's decision on the question of whether to retain the exemption in § 226.9(g)(6).

After the exemption was adopted, the Board was urged to reconsider the matter because interested parties may not have been aware of the proposal when it was initially published and may not, therefore, have submitted comments on the possible risks and benefits to customers that might result from the amendment. Accordingly, on February 15, 1979 (44 FR 9761), the Board asked for comment on whether it should suspend or repeal the amendment and Board interpretation, whether the amendment should be modified to provide additional protections to customers, and whether creditors that intend to offer open-end credit plans under the amendment should be required to notify the Board of that intention and provide the Board with a copy of the initial Truth in Lending disclosures to be made in connection with the plans. The Board also requested information about plans currently being offered pursuant to the amendment.

Some 160 comments were received from the credit industry, consumer representatives, government agencies, members of the Congress and the Board's Consumer Advisory Council, and others. After carefully considering all of the comments, the Board has decided to rescind the amendment and the related Board and staff interpretations. In reaching that decision, the Board took into consideration the concern expressed by some members of the Congress and the Board's Consumer Advisory Council, consumer representatives, and federal, state, and local government agencies that consumers might be led unawares into more debt than they could afford and might as a result lose their homes—a consequence that the right of rescission is intended to help prevent.

The Board also considered three other factors: the potentially unfair competitive advantage that the amendment gives to nonseller creditors; the fact that few creditors are offering plans pursuant to the amendment; and the fact that creditors can feasibly offer lines of credit secured by a customer's residence even if each use of the line is subject to the right of rescission.

Regarding that final point, while credit extended through conventional credit cards cannot practically be secured by the customer's residence given the three-day cancellation right for each advance, the convenience of flexible repayment under an open-end credit arrangement, as well as more favorable terms reflecting the existence of a security interest in a residence, can be made available in compliance with § 226.9 for customers who have specific, foreseeable credit needs. For example, a creditor could offer an open-end credit plan pursuant to which cash advances would be made to the customer after the notice of the right of rescission had been given and the three-day "cooling off" period had expired.

The Board's action revoking the amendment and interpretations will become effective on March 31, 1980, in order to provide ample time for the orderly modification or termination of the limited number of open-end credit plans now in existence that are secured by the customer's principal residence. In order to provide guidance to nonseller creditors during the transition, the Board is republishing Official Staff Interpretation FC-0159. FC-0159 will

take effect immediately and will remain in effect until March 31, 1980. The result of revoking the amendment and related interpretations will be to require that a notice of the right of rescission be given in connection with each credit advance occurring after March 30, 1980, pursuant to any open-end credit plan secured by a customer's principal residence.

Therefore, pursuant to the authority granted in section 105 of the Truth in Lending Act (15 U.S.C. 1604 (1970)), the Board amends § 226.9(g) of Regulation Z (12 CFR Part 226) by deleting § 226.9(g)(6). It also revokes Board Interpretation § 226.904 and Official Staff Interpretation FC–0159. This action shall take effect on March 31, 1980.

By order of the Board of Governors, September 19, 1979.

Griffith L. Garwood,

Deputy Secretary of the Board.

[FR Doc. 79–30055 Filed 9–26–79; 8:45 am]

BILLING CODE 6210–01–M

12 CFR Part 226

[Reg. Z; FC–0159]

Truth in Lending; Final Official Staff Interpretation

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Official Staff Interpretation.

SUMMARY: The Board is publishing in final form official staff interpretation FC–0159 of Regulation Z, Truth in Lending, regarding the availability of the § 226.9(g)(6) exception to the right of rescission for a creditor that extends essentially nonsale credit. The agency is taking this action pursuant to its final rule concerning § 226.9(g)(6) of Regulation Z, which is published in this issue of the Federal Register.

DATE: FC–0159 is effective immediately, but it shall cease to be effective March 31, 1980.

FOR FURTHER INFORMATION CONTACT: Robert C. Plows, Section Chief, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, (202) 452–3667.

SUPPLEMENTARY INFORMATION: (1) For further information concerning this action, refer to the Board's final rule on the right of rescission, Docket No. R–0202, which is plublished in today's issue of the Federal Register.

(2) Official Staff Interpretation FC–0159, which follows, is effective immediately, but it shall cease to be effective March 31, 1980.

(3) Authority: 15 U.S.C. 1640(f):

§ 226.9(g) Creditor that extends nonsale credit directly to customer under open end credit plan may qualify for § 226.9(g)(6) exception to general rescission requirements.

September 19, 1979.

This is in response to your letter of . . . , in which you request an official staff interpretation of the Board's recent amendment to the rescission provisions of Regulation Z. That amendment, § 226.9(g)(6) of the regulation, provides an exception to the regulation's general requirements regarding the right of rescission for individual transactions under an open end credit account, provided the specific requirements of the amendment are satisfied.

Specifically, you ask for clarification of § 226.9(g)(6)(i). Under that provision, the exception from the right of rescission for individual transactions under an open end credit account applies (assuming the amendment's other requirements are met) provided "[t]hat the creditor and the seller are not the same or related persons." You are concerned that this provision may be interpreted to mean that, for the exception to apply, an open end credit transaction must involve a *seller* that is not the same person as the creditor or related to the creditor. Under such an interpretation, the exception could not apply to a nonsale open end credit transaction (e.g., a cash advance loan made pursuant to an open end line of credit).

The staff is of the opinion that, in adopting this amendment to Regulation Z, the Board intended to allow creditors to qualify for an exception to the regulation's general rescission requirements for any open end credit transaction, whether involving sale or nonsale credit, except for the limited class of transactions in which the creditor of an open plan is the same person as or is related to the seller of property or services purchased by means of the plan. Thus, for example, a creditor of an open end plan could extend nonsale credit under the plan directly to a customer (in which case the creditor and the *lender* would be the same person and there would be no *seller* involved in the transaction at all) and could still qualify for the amendment's exception.

This is an official staff interpretation of Regulation Z, issued pursuant to the Board's final rule concerning § 226.9(g)(6) of Regulation Z. It is effective immediately, but shall cease to be effective March 31, 1980.

Nathaniel E. Butler,

Associate Director.

By order of the Board of Governors, September 19, 1979.

Griffith L. Garwood,

Deputy Secretary of the Board.

[FR Doc. 79–30056 Filed 9–26–79; 8:45 am]

BILLING CODE 6210–01–M

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 700

Nonrisk Assets; Definition Amended

AGENCY: National Credit Union Administration.

ACTION: Final rule.

SUMMARY: Section 700.1(j) of the National Credit Union Administration Rules and Regulations is being amended to expand the definition of non-risk assets. The change defines two types of assets as non-risk assets: (1) loans insured or guaranteed by the Federal or a State government, and (2) guaranty accounts established in insured credit unions under the authority of Section 208(a)(1) of the Federal Credit Union Act. This amendment is promulgated pursuant to the Administration's authority to define risk assets for purposes of the reserve requirement set forth in Section 116 of the Federal Credit Union Act.

EFFECTIVE DATE: This rule is effective September 27, 1979.

ADDRESS: National Credit Union Administration, 2025 M Street, N.W., Washington, D.C. 20456.

FOR FURTHER INFORMATION CONTACT: Jerry L. Courson, Office of Examination and Insurance, or Edward J. Dobranski, Office of General Counsel, at the above address or by telephone: (202) 254–0760 (Mr. Courson) or (202) 632–4870 (Mr. Dobranski).

SUPPLEMENTARY INFORMATION: The Agency reviewed the definition of risk assets in Section 700.1(j) of the National Credit Union Administration Rules and Regulations, and a decision was reached that two additional types of assets need not be considered as risk assets for purposes of Section 116 of the Federal Credit Union Act (reserve requirements).

The first type is a loan that is insured or guaranteed by the Federal of a State government or an agency of either. Regulation 700.1(j) in its present form already states that certain loans of this type are not considered risk assets. The loans presently excluded are those loans insured under Title I of the National Housing Act by the Federal Housing Administration (12 CFR 700.1(j)(6)). Section 700.1(j)(6) is now being amended to include all loans that are insured or guaranteed (in full or in part) by the Federal or a State government. Examples of such loans are real estate loans insured by the Veterans Administration or a State agency.

As in the case of FHA Title I loans, because of the government nature of the insurance or guaranty (whether full or