

5. *Prequalification and preapproval programs.* Whether a creditor must provide a notice of action taken for a prequalification or preapproval request depends on the creditor's response to the request, as discussed in the commentary to section 202.2(f). For instance, a creditor may treat the request as an inquiry if the creditor provides general information such as loan terms and the maximum amount a consumer could borrow under various loan programs, explaining the process the consumer must follow to submit a mortgage application and the information the creditor will analyze in reaching a credit decision. On the other hand, a creditor has treated a request as an application, and is subject to the adverse action notice requirements of § 202.9 if, after evaluating information, the creditor decides that it will not approve the request and communicates that decision to the consumer. For example, if in reviewing a request for prequalification, a creditor tells the consumer that it would not approve an application for a mortgage because of a bankruptcy in the consumer's record, the creditor has denied an application for credit.

\* \* \* \* \*

8. In Supplement I to Part 202, a new Appendix C—Sample Notification Forms is added at the end to read as follows:

\* \* \* \* \*

#### Appendix C—Sample Notification Forms

*Form C-9.* Creditors may design their own form, add to, or modify the model form to reflect their individual policies and procedures. For example, a creditor may want to add:

i. A telephone number that applicants may call to leave their name and the address to which an appraisal report should be sent.

ii. A notice of the cost the applicant will be required to pay the creditor for the appraisal or a copy of the report.

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, June 1, 1995.

**William W. Wiles,**

*Secretary of the Board.*

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#### 12 CFR Part 226

[Regulation Z; Docket No. R-0858]

#### Truth in Lending; Mortgage Disclosures; Correction

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Corrections to final regulation.

**SUMMARY:** This document contains corrections to the final rule (Docket No. R-0858) which was published Friday, March 24, 1995 (60 FR 15463). The amendments to Regulation Z concerned new disclosure requirements on certain

home loans bearing rates or fees above a certain percentage or amount and on reverse mortgage transactions.

**EFFECTIVE DATE:** June 7, 1995.

**FOR FURTHER INFORMATION CONTACT:** Jane Ahrens, Senior Attorney, or Kyung Cho-Miller, Sheilah Goodman, or Kurt Schumacher, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667 or 452-2412; for the hearing impaired only, Dorothea Thompson, Telecommunications Device for the Deaf, at (202) 452-3544.

#### SUPPLEMENTARY INFORMATION:

##### Background

The regulation that is the subject of the corrections is Regulation Z (12 CFR part 226), which implements the Truth in Lending Act (15 U.S.C. 1601-1666j). The act (TILA) requires creditors to disclose credit terms for consumer transactions. The final rule implemented the Home Ownership and Equity Protection Act of 1994 (HOEPA), contained in the Riegle Community Development and Regulatory Improvement Act of 1994 (Pub. L. 103-325, 108 Stat. 2160). Section 152 of the HOEPA adds a new section 129 to the TILA dealing with certain mortgages bearing rates or fees above a certain percentage or amount.

##### Need for Correction

As published, the final rule implementing new TILA section 129 contains errors which could be confusing and should be clarified.

##### Correction of Publication

Accordingly, the publication on March 24, 1995, of the final regulation (Docket No. R-0858), which was the subject of FR Doc. 95-7231, is corrected as follows:

##### § 226.31 [Corrected]

On page 15472, in the first column, in § 226.31, in paragraph (g), in the third line, the phrase "annual percentage yield" is corrected to read "annual percentage rate".

##### § 226.32 [Corrected]

On page 15472, in the second column, in § 226.32, in paragraph (b)(1)(iii), in the first and second lines, the phrase "required to be disclosed under" is corrected to read "listed in".

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board, June 1, 1995.

**William W. Wiles,**  
*Secretary of the Board.*

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#### SMALL BUSINESS ADMINISTRATION

#### 13 CFR Parts 121 and 124

#### Small Business Size Regulations; Minority Small Business and Capital Ownership Development Assistance

**AGENCY:** Small Business Administration.

**ACTION:** Final rule.

**SUMMARY:** The Small Business Administration (SBA) hereby amends its regulations governing the Minority Small Business and Capital Ownership Development program authorized by sections 7(j)(10) and 8(a) of the Small Business Act, 15 U.S.C. 636(j)(10), 637(a). This final rule amends both eligibility requirements for and contractual assistance provisions within the 8(a) program. It is designed to streamline the operation of the 8(a) program and to ease certain restrictions perceived to be burdensome on Program Participants.

**EFFECTIVE DATE:** Except for § 124.311(a)(2), this rule is effective on June 7, 1995.

Section 124.311(a)(2) shall be effective August 7, 1995. It is applicable for all 8(a) requirements accepted by SBA on or after August 7, 1995.

**FOR FURTHER INFORMATION CONTACT:** Michael P. McHale, Deputy Associate Administrator for Minority Enterprise Development, (202) 205-6410.

**SUPPLEMENTARY INFORMATION:** On August 30, 1994, SBA published a proposed rule in the **Federal Register** (59 FR 44652) to amend both eligibility requirements for and contractual assistance provisions within the SBA's section 8(a) program. That proposal called for a 30-day comment period which was scheduled to close on September 29, 1994. In response to concerns raised that the 30-day comment period may not have been a sufficient amount of time to permit proper and thoughtful public comments, SBA, on October 27, 1994, extended the comment period through November 28, 1994. 59 FR 53947.

SBA received a total of 175 comments in response to its proposed rule. After reviewing these comments, SBA now issues this final rule.

SBA proposed this rule initially in order to simplify the operation of the