



American Revolution Bicentennial

# FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-162  
October 24, 1975

## REGULATION B IMPLEMENTING THE EQUAL CREDIT OPPORTUNITY ACT

TO ALL BANKS, OTHER CREDITORS,  
AND OTHERS CONCERNED IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:

On October 16, 1975, the Board of Governors of the Federal Reserve System published regulations implementing the Equal Credit Opportunity Act, which forbids discrimination by creditors on the basis of sex or marital status.

The new Act, which makes the Federal Reserve responsible for writing an implementing regulation, goes into effect October 28, 1975. Enforcement of the Act is the responsibility of the Federal Trade Commission, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and nine other federal agencies. The Act covers all who regularly extend credit, including banks, finance companies, department stores, and credit card issuers.

Enclosed is a copy of the Regulation for insertion in your Regulations binder. If you have any questions regarding Regulation B, please contact Dick West of our Regulations Department at (214) 651-6169.

Additional copies of Regulation B will be furnished upon request to the Secretary's Office of this Bank.

Sincerely yours,  
T. W. Plant  
First Vice President

**BOARD OF GOVERNORS**  
of the  
**FEDERAL RESERVE SYSTEM**

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**EQUAL CREDIT OPPORTUNITY**

**REGULATION B**

(12 CFR 202)

Effective October 28, 1975



## CONTENTS

	Page		Page
SEC. 202.1—AUTHORITY AND SCOPE . . . . .	3	SEC. 202.9—PRESERVATION OF RECORDS . . .	8
SEC. 202.2—GENERAL RULE . . . . .	3	SEC. 202.10—CERTAIN SPECIALIZED CREDIT	9
SEC. 202.3—DEFINITIONS . . . . .	3	SEC. 202.11—MISCELLANEOUS PROVISIONS .	9
SEC. 202.4—APPLICATIONS . . . . .	4	SEC. 202.12—ADMINISTRATIVE ENFORCE- MENT . . . . .	9
SEC. 202.5—EVALUATION OF APPLICATIONS	5	SEC. 202.13—PENALTIES AND LIABILITIES . .	10
SEC. 202.6—FURNISHING OF CREDIT INFOR- MATION . . . . .	6	SEC. 202.14—TRANSITION PERIODS . . . . .	10
SEC. 202.7—REQUEST FOR SIGNATURE OF SPOUSE OR OTHER PERSON .	8	STATUTORY APPENDIX . . . . .	11
SEC. 202.8—SEPARATE ACCOUNTS IN RELA- TION TO STATE LAW . . . . .	8	APPENDIX A . . . . .	14

## STATUTORY AUTHORITY

This regulation is based upon and issued pursuant to provisions of section 703 of the Equal Credit Opportunity Act, U.S.C., Title 15, sec. 1691 *et seq.*

## REGULATION B

(12 CFR 202)

Effective October 28, 1975

### EQUAL CREDIT OPPORTUNITY

#### SECTION 202.1—AUTHORITY AND SCOPE

This Part comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to the Equal Credit Opportunity Act. (Pub. L. 93-495; 88 Stat. 1521 *et seq.*). This Part applies to all persons who regularly extend, offer to extend, arrange for or offer to arrange for the extension of credit for any purpose whatsoever and in any amount.

#### SECTION 202.2—GENERAL RULE

A creditor shall not discriminate against any applicant on the basis of sex or marital status with respect to any aspect of a credit transaction.

#### SECTION 202.3—DEFINITIONS AND RULES OF CONSTRUCTION \*

For purposes of this Part, unless the context indicates otherwise, the following definitions apply:

(a) **Act** means the Equal Credit Opportunity Act (Pub. L. 93-495; 88 Stat. 1521 *et seq.*).

(b) **Account** means an extension of credit; "use of an account" throughout this Part refers only to open end credit.

(c) **Applicant** means any person who applies to a creditor directly for an extension, renewal or continuation of credit, or who applies to a creditor

indirectly by use of an existing credit plan for an amount exceeding a previously established credit limit. With respect to any creditor the term also includes any person to whom credit is or has been extended by that creditor.

(d) **Application** means an oral or written request by an applicant for an extension of credit which is made in accordance with procedures established by a creditor for the type of credit requested. The term does not include the use of an existing credit plan to obtain an amount of credit which does not exceed a previously established credit limit.

(e) **Arrange for the extension of credit** means to provide or offer to provide credit which is or will be extended by another person under a business or other relationship pursuant to which the person arranging such credit participates in the decision to extend credit to an applicant. The term does not include participation in a credit transaction which is limited to honoring a credit card.

(f) **Consumer credit** means credit offered or extended to a natural person in which the money, property or service which is the subject of the transaction is primarily for personal, family or household purposes.

(g) **Contractually liable** means expressly obligated to repay all debts arising on an account by reason of having signed an agreement to that effect.

(h) **Credit** means the right granted by a creditor to an applicant to defer payment of a debt, or to incur debt and defer its payment or to purchase property or services and defer payment thereafter.

(i) **Credit card** means any card, plate, coupon book or other single credit device existing for the purpose of being used from time to time upon

\* Note that for some purposes some of the definitions are not identical with those found in 12 CFR 226 (Regulation Z).

presentation to obtain money, property or services on credit.

(j) **Creditor** means any person who regularly extends, renews or continues credit or arranges for the extension, renewal or continuation of credit. The term includes assignees, transferees or subrogees of an original creditor if they participate in the decision to extend credit, but does not include a person whose only participation in a credit transaction is to honor a credit card.

(k) **Credit transaction** means every aspect of an applicant's dealings with a creditor including, but not limited to, solicitation of prospective applicants by advertising or other means; information requirements; investigatory procedures; standards of creditworthiness; terms of credit; furnishing of credit information and collection procedures.

(l) **Discriminate against an applicant on the basis of sex or marital status** means to treat an applicant less favorably than other applicants on the basis of sex or marital status.

(m) **Extension of credit** means the granting of credit in any form and includes, but is not limited to, credit granted in addition to any existing credit or credit limit; credit granted in the form of a credit card, whether or not the card has been used; the refinancing of any credit; the consolidation of two or more obligations; the issuance of a new credit card in place of an expiring credit card or in substitution for an existing credit card; the continuing in force of a previously issued credit card; or the continuance of existing credit without any special effort to collect at or after maturity.

(n) **Marital status** means the state of being unmarried, married or separated, as defined by applicable State law. For purposes of this Part, the term "unmarried" includes a person who is divorced or widowed.

(o) **Open end credit** means credit extended pursuant to a plan under which the creditor may permit the applicant to make purchases or obtain loans, from time to time, directly from the creditor or indirectly by use of a credit card, check or other device, as the plan may provide. The term does not include negotiated advances under an open end real estate mortgage or a letter of credit.

(p) **Person** means a natural person, a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative or association.

(q) **State** means any State, the District of Columbia, the Commonwealth of Puerto Rico or any territory or possession of the United States.

## SECTION 202.4—APPLICATIONS

(a) **Discouraging applications.** A creditor shall not make any statements to applicants or prospective applicants which would, on the basis of sex or marital status, discourage a reasonable person from applying for credit or pursuing an application for credit.

(b) **Separate accounts.** A creditor shall not refuse, on the basis of sex or marital status, to grant a separate account to a creditworthy applicant.

(c) **Inquiries as to marital status.** (1) A creditor shall not ask the applicant's marital status if the applicant applies for an unsecured separate account, except in a community property State or as required to comply with State law governing permissible finance charges or loan ceilings.

(2) If the creditor asks the applicant's marital status, only the terms "married," "unmarried" or "separated" shall be used.

(3) Notwithstanding any other provisions of this subsection, a creditor may inquire as to the liability to pay alimony, child support or maintenance. Further, if a creditor first discloses to an applicant that income from alimony, child support or maintenance payments need not be revealed if the applicant does not choose to disclose such income in applying for credit, a creditor may inquire whether any income stated in an application is derived from such a source.

(4) Where an applicant is requested to designate a title (such as Mr., Mrs., Ms. or Miss), the creditor shall state conspicuously that the designation of such title is optional. An application form shall otherwise use only terms that are neutral as to sex unless other terms are required by an enforcement agency to monitor compliance with this Part.

(d) **Equal Credit Opportunity Act notice.** (1) Except where application is made by telephone, or orally for an amount of credit to exceed an existing limit on an applicant's open end account, the creditor shall provide each applicant with the following notice in writing:

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The Federal agency which administers compliance with this law concerning this (insert appropriate description—bank, store, etc.) is (name and address of the appropriate agency).

(2) Such notice shall be provided in a form that the applicant may retain, either:

- (i) on a copy of the application form; or
- (ii) on a separate sheet of paper delivered to the applicant at the time application is made, or delivered or mailed to the applicant as soon as practicable thereafter.

(e) **Designation of name.** A creditor shall not prohibit an applicant from opening or maintaining an account in a birth-given first name and surname or a birth-given first name and a combined surname.

#### SECTION 202.5—EVALUATION OF APPLICATIONS

(a) **Continued ability to repay.** Except as otherwise provided in this section, a creditor may request and consider any information concerning the probable continuity of an applicant's ability to repay if such information is requested and considered without regard to sex or marital status.

(b) **Information about a spouse or former spouse.** (1) A creditor may request and consider any information concerning an applicant's spouse (or former spouse under (iv) below) which may be considered about the applicant if:

- (i) the spouse will be permitted to use the account; or
- (ii) the spouse will be contractually liable upon the account; or
- (iii) the applicant is relying on community property or the spouse's income as a basis for repayment of the credit requested; or
- (iv) the applicant is relying on alimony, child support or maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.

(2) A creditor may request the name in which an account is carried if the applicant discloses the account in applying for credit.

(3) Except as permitted in this subsection, a creditor may not request any information concerning the spouse or former spouse of an applicant.

(c) **Alimony, child support and maintenance obligations.** A creditor may ask and consider whether and to what extent an applicant is obligated to make alimony, child support or maintenance payments.

(d) **Alimony, child support and maintenance income.** (1) If a creditor first discloses to an applicant that income from alimony, child support or maintenance payments need not be revealed if the

applicant does not choose to disclose such income in applying for credit, a creditor may inquire whether any income stated in an application is derived from such a source.

(2) Where an applicant chooses to disclose alimony, child support or maintenance payments under section 202.4(c)(3), a creditor shall consider such payments as income to the extent that such payments are likely to be consistently made. Factors which a creditor may consider in determining the likelihood of consistent payments include, but are not limited to, whether the payments are received pursuant to a written agreement or court decree; the length of time the payments have been received; the regularity of receipt; the availability of procedures to compel payment; and the creditworthiness of the payor, including the credit history of the payor where available to the creditor under the Fair Credit Reporting Act or other applicable laws.

(e) **Discounting income.** A creditor shall not discount the income of an applicant or an applicant's spouse on the basis of sex or marital status. A creditor shall not discount income solely because it is derived from part-time employment, but may consider the probable continuity of such income in evaluating the creditworthiness of an applicant.

(f) **Credit scoring.** A creditor shall not take sex or marital status into account in a credit scoring system or other method of evaluating applications.

(g) **Telephone listing in applicant's name.** A creditor shall not take into account the existence of a telephone listing in the name of an applicant in a credit scoring system or other method of evaluating applications. A creditor may take into account the existence of a telephone in the applicant's home.

(h) **Childbearing.** A creditor shall not request information about birth control practices or childbearing intentions or capability. Nor shall a creditor consider in evaluating the creditworthiness of an applicant aggregate statistics or assumptions relating to the likelihood of any group of persons bearing or rearing children, or for that reason receiving diminished or interrupted income in the future.

(i) **Change of name or marital status.** (1) Except as set forth in subsection (2) below, in the absence of evidence of inability or unwillingness to repay, a creditor shall not take any of the following actions with respect to a person who is con-

tractually liable on an existing open end account on the basis of a change of name or marital status:

- (i) require a reapplication; or
- (ii) require a change in the terms of the account; or
- (iii) terminate the account.

(2) Where open end credit has been granted to an applicant based on income which is earned solely by the applicant's spouse, a creditor may require a reapplication on the basis of a change in marital status.

(j) **Credit history.** To the extent that a creditor considers credit history in evaluating applicants of similar qualifications for a similar type and amount of credit, a creditor shall include, in evaluating creditworthiness:

(1) the credit history of accounts designated under the requirements of section 202.6 as accounts which the applicant and a spouse are permitted to use or for which both are contractually liable, and, on the applicant's request, any information the applicant may present tending to indicate that such history does not accurately reflect the applicant's willingness or ability to repay; and

(2) on the applicant's request, the credit history, when available, of any account reported in the name of the applicant's spouse or former spouse which an applicant can demonstrate reflects accurately the applicant's willingness or ability to repay.

(k) **Use and retention of prohibited information.** A creditor may not use any information prohibited by the Act or this Part in evaluating applications. Retention of such information in the creditor's files does not violate the Act or this Part where such information was obtained:

- (i) from any source prior to June 30, 1976; or
- (ii) at any time from credit reporting agencies; or
- (iii) at any time from the applicant or others, without the specific request of the creditor.

(l) **State property laws.** Consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute discrimination for purposes of this Part.

(m) **Notification of action taken and reasons for denial.** (1) A creditor shall, within a reasonable time after receiving an application, notify the applicant of action taken upon the application.

(2) A creditor shall provide each applicant

who is denied credit or whose account is terminated the reasons for such action, if the applicant so requests.

(3) A creditor may design its own form or methods to satisfy this requirement. An example of a possible form is set forth below.

**STATEMENT OF REASONS FOR DENIAL OR TERMINATION OF CREDIT**

- 1.  Credit application:
  - not completed
  - lack of credit references
  - credit reference too new to check
- 2.  Information furnished by:
  - XYZ Credit Bureau*
  - 10 Main Street*
  - Anytown, Anystate 00000*
  - Phone no. 000-000-0000*
- 3.  Employment:
  - unemployed
  - temporary or irregular
  - unable to verify
  - length of employment
- 4.  Income:
  - insufficient
  - unable to confirm
  - information refused
- 5.  Residence:
  - too short a period
  - temporary
- 6.  Other (specify)
  - \_\_\_\_\_
  - \_\_\_\_\_

**SECTION 202.6—FURNISHING OF CREDIT INFORMATION**

(a) **Accounts established on or after November 1, 1976.** (1) For every account established on or after November 1, 1976, a creditor shall:

(i) determine whether the account is one which an applicant's spouse, if any, will be permitted to use or upon which both spouses will be contractually liable, if such accounts are offered by the creditor; and

(ii) designate any such account to reflect the fact of participation of both spouses.

(2) When furnishing information to consumer reporting agencies or others concerning an account

designated under this section, a creditor shall report the designation and furnish any information concerning the account:

(i) to consumer reporting agencies, in a manner which will enable the agencies to provide access to information about the account in the name of each spouse; and

(ii) to recipients other than such agencies, in the name of each spouse.

(b) **Accounts established prior to November 1, 1976.** (1) With respect to any account established prior to and in existence on November 1, 1976, a creditor shall either:

(i) not later than November 1, 1976, determine whether the account is one which an applicant's spouse, if any, is permitted to use or upon which both spouses are contractually liable; designate any such account to reflect the fact of participation of both spouses; and comply with the requirements of subsection (a)(2) above; or

(ii) mail or deliver to all applicants, or all married applicants, in whose name the account is carried on the creditor's records the notice set forth below. Such notice may be mailed with a statement or other mailing. All such notices shall be mailed by February 1, 1977. With respect to open end accounts, this requirement may be satisfied by mailing a notice to all accounts for which any statement is sent between November 1, 1976 and February 1, 1977. A creditor may supplement the notice as necessary to permit identification of the account.

NOTICE

CREDIT HISTORY FOR MARRIED PERSONS

The Federal Equal Credit Opportunity Act forbids all creditors from discriminating against any applicant on the basis of sex or marital status in any aspect of a credit transaction. Regulations adopted under the Act give married persons the right to have credit information concerning those credit accounts that they hold or use jointly with a spouse reported to consumer reporting agencies and creditors in the names of both the wife and husband. Accounts of married persons opened before November 1976—even those opened in the names of both spouses—are often reported in only the husband's name. This is generally true regard-

less of who has been paying the bills or whose income was used to obtain the account. As a result, many married women do not have a credit history in their own names, although their husbands do. If a woman ever needs to obtain credit on her own, for example, when divorced or widowed, a credit history is usually necessary.

If your account(s) with us is a joint account which you share with your spouse or an account(s) in the name of one spouse which the other spouse is authorized to use, you have the right to have credit information concerning it reported in both your name and your spouse's name. If you choose to have credit information concerning your account(s) with us reported in both your name and the name of your spouse, please fill in the statement below and return it to us.

Please note that the Federal regulation provides that your signature below will not make either you or your spouse legally liable for any different or greater debts. It will only request that credit information be reported in both your names.

When you furnish credit information on this account, please report all information concerning it in both our names as follows:

.....

(print or type)	
Account Number (if any)	(print or type)
	Signature of either spouse

(2) After November 1, 1976, a creditor shall, within 90 days of receipt of a request to change the manner in which information is reported to consumer reporting agencies and others, when furnishing information concerning any such account, designate the account to reflect the fact of participation of both spouses. The creditor shall report the designation and furnish any information concerning the account to any recipient other than a consumer reporting agency in the name of each spouse and, when reporting to consumer reporting agencies, in a manner which will enable such agencies to provide access to information about the account in the name of each spouse.



(3) A spouse's signature on a request to change the manner in which information concerning an account is furnished shall not change the legal liability of either spouse upon the account.

#### SECTION 202.7—REQUEST FOR SIGNATURE OF SPOUSE OR OTHER PERSON

(a) **General.** Except as provided in subsections (b) and (c) below, a creditor may not require the signature of a spouse or other person on a credit instrument unless such a requirement is imposed without regard to sex or marital status on all similarly qualified applicants who apply for a similar type and amount of credit.

(b) **Unsecured credit in community property States.** Where a married applicant applies for unsecured credit in a community property State, a creditor may request or require the signature of a non-applicant spouse if:

(i) the applicable State law denies the applicant power to manage or control sufficient community property to qualify for the amount of credit requested under the creditor's standards of creditworthiness; and

(ii) the applicant does not have sufficient separate property to qualify for the amount of credit requested without regard to any community property.

(c) **Signatures on certain instruments.** Where a married or separated applicant applies for secured credit, the creditor may require the signature of the applicant's spouse on such instruments as are necessary, under the applicable statutory or decisional law of the State, or are reasonably believed by the creditor to be so necessary, to create a valid lien, pass clear title, waive inchoate rights to property or assign earnings.

#### SECTION 202.8—SEPARATE ACCOUNTS IN RELATION TO STATE LAW

(a) **Separate extension of consumer credit.** Any provision of State law which prohibits the separate extension of consumer credit to each spouse shall not apply in any case where each spouse voluntarily applies for separate credit from the same creditor. In any case where such a State law is pre-empted, each spouse shall be solely responsible for the debt so contracted.

(b) **Finance charges and loan ceilings.** When each spouse separately and voluntarily applies for and obtains a separate account with the same creditor, the accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under the laws of any State or of the United States. Permissible loan ceilings under the laws of any State or of the United States shall be construed to permit each spouse to be separately and individually liable up to the amount of the loan ceiling less the amount for which both spouses are jointly liable. For example, in a State with a permissible loan ceiling of \$1,000, if a married couple were jointly liable for \$250, each spouse could subsequently become individually liable for \$750.

#### SECTION 202.9—PRESERVATION OF RECORDS

(a) For a period ending 15 months after the date a creditor gives the applicant notice of action on an application, the creditor shall retain as to each applicant, in original form or a copy thereof:

(1) any application form and all other written or recorded information used in evaluating an application; and

(2) any written statement submitted by the applicant alleging discrimination prohibited by the Act or this Part.

(b) For a period ending 15 months after the date a creditor adversely changes the terms or conditions of credit for an account, the creditor shall retain as to each account, in original form or a copy thereof:

(1) any written or recorded information concerning such change in the terms and conditions; and

(2) any written statement submitted by the applicant alleging discrimination prohibited by the Act or this Part.

(c) Any creditor which has actual notice that it is under investigation for violation of this Part by an enforcement agency charged with monitoring that creditor's compliance with the Act and this Part, or which has been served with notice of an action filed pursuant to section 202.13 of this Part, shall retain the information required in subsections (a) and (b) above until final disposition of the matter or such earlier time as may be ordered by the agency or court.

### SECTION 202.10—CERTAIN SPECIALIZED CREDIT

(a) **General.** Each type of credit referred to in subsections (b), (c), (d), and (e) below shall be subject only to section 202.1, the General Rule stated in section 202.2, to sections 202.3, 202.4(a), 202.4(b), 202.4(e), 202.11, 202.12, 202.13 and 202.14, and to the other provisions, if any, specified in the applicable subsections of this section. If a credit falls within more than one subsection of this section, all sections of this Part referred to in any such subsections shall apply unless the credit falls within subsection (d), in which case only the provisions specified in that subsection and this subsection (a) shall apply.

(b) **Incidental credit.** Incidental credit shall be subject to the provisions specified in sections 202.10(a) and 202.5(h). As used in this Part, incidental credit is credit which meets all of the following requirements:

(1) the credit is not represented by and does not arise from the use of a credit card; and

(2) no finance charge as defined in section 226.4 of this Title (12 CFR 226.4 of Regulation Z), late payment or other fee is or may be imposed other than statutory interest or other costs recoverable in legal proceedings for the collection of the credit; and

(3) there is no agreement by which the credit may be payable in more than four instalments.

(c) **Business credit.** Business credit shall be subject to the provisions specified in sections 202.10(a), 202.5 and 202.7. Section 202.9 shall only apply in those transactions involving an application for credit in the amount of \$100,000 or less where the applicant requests in writing that the creditor retain such records. A creditor shall not, on the basis of sex or marital status, fail to act on, or unreasonably delay a decision on, an application for business credit. As used in this Part, business credit is credit granted for business, commercial or agricultural purposes.

(d) **Securities credit.** Securities credit shall be subject to the provisions specified in section 202.10(a), sections 202.5(a), 202.5(c) through 202.5(h), 202.5(j), 202.5(l), 202.5(m), 202.6(a) and 202.9. Section 202.4(e) shall not apply to a securities dealer insofar as the action described is taken to prevent violation of rules regarding an account in which a broker or dealer has an interest, or rules necessitating the aggregating of

accounts of spouses for the purpose of determining controlling interests, beneficial ownership or purchase limitations and restrictions. As used in this Part, securities credit is credit subject to regulation under section 7 of the Securities Exchange Act of 1934 or credit extended by a broker or dealer who is subject to regulation as a broker or dealer under the Securities Exchange Act of 1934.

(e) **Public utilities credit.** Public utilities credit shall be subject to the provisions specified in section 202.10(a) and to sections 202.5 and 202.7. As used in this Part, public utilities credit is credit extended pursuant to transactions under public utility tariffs involving services provided through pipe, wire or other connected facilities, if the charges for such public utility services, the charges for delayed payment and any discount allowed for early payment are filed with, reviewed by or regulated by an agency of the Federal Government, a State or a political subdivision thereof.

### SECTION 202.11—MISCELLANEOUS PROVISIONS

(a) **Mechanical errors.** If a failure to comply with sections 202.4(d), 202.5(j), 202.5(m) or 202.6 results from a mechanical, electronic or clerical error made in good faith, it shall not be a violation of the section if the creditor shows by a preponderance of the evidence that at the time of the noncompliance the creditor had established and was maintaining suitable procedures to assure compliance with the section.

(b) **Inconsistent State laws.** Except as provided in section 202.8, this Part alters, affects or preempts only those State laws which are inconsistent with this Part, and then only to the extent of the inconsistency. Such a State law is not inconsistent with this Part if the creditor can comply with the State law without violating this Part.

### SECTION 202.12—ADMINISTRATIVE ENFORCEMENT

(a) As set forth more fully in Section 704 of the Act, administrative enforcement of the Act and this Part with respect to certain creditors is assigned to the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Board of Directors of the Federal Deposit Insurance Corporation, Federal Home Loan Bank

Board acting directly or through the Federal Savings and Loan Insurance Corporation, Administrator of the National Credit Union Administration, Interstate Commerce Commission, Civil Aeronautics Board, Secretary of Agriculture, Farm Credit Administration, Securities and Exchange Commission and the Small Business Administration.

(b) Except to the extent that administrative enforcement is specifically committed to other authorities, Section 704 of the Act assigns enforcement of the Act and this Part to the Federal Trade Commission.

#### SECTION 202.13—PENALTIES AND LIABILITIES

(a) Sections 706(a) through (e) of the Act provide for civil liability for actual and punitive damages against any creditor who fails to comply with the Act and this Part. Section 706(b) places a \$10,000 limitation on the amount of punitive damages an aggrieved applicant may seek in an individual capacity and Section 706(c) limits a creditor's class action liability for punitive damages to the lesser of \$100,000 or 1% of the creditor's net worth at the time the action is brought. Section 706(d) provides that an aggrieved applicant may seek equitable relief in the nature of a permanent or temporary injunction, restraining order or other action. Section 706(e) further provides for the awarding of costs and reasonable attorney's fees to an aggrieved applicant who

brings a successful action under Sections 706(a) through (d).

(b) Section 706(f) relieves a creditor from civil liability resulting from any act done or omitted in good faith in conformity with any rule, regulation or interpretation by the Board of Governors of the Federal Reserve System notwithstanding that after such act or omission has occurred, such rule, regulation or interpretation is amended, rescinded or otherwise determined to be invalid for any reason.

(c) Without regard to the amount in controversy, any action under this Title may be brought in any United States district court or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

#### SECTION 202.14—TRANSITION PERIODS

Except as provided in section 202.6 with respect to that section, the provisions of this Part shall take effect as follows:

(a) Sections 202.1, 202.2, 202.3, 202.4(a), 202.5(a), 202.5(c), 202.5(h), 202.5(j), 202.5(k), 202.5(l), 202.7(c), 202.8, 202.9(c), 202.10, 202.11, 202.12, 202.13 and 202.14 shall take effect on October 28, 1975.

(b) Sections 202.4(b), 202.4(e), 202.5(d), 202.5(e), 202.5(f), 202.5(g), 202.9(a) and 202.9(b) shall take effect on November 30, 1975.

(c) Sections 202.5(i), 202.5(m), 202.7(a) and 202.7(b) shall take effect on January 31, 1976.

(d) Sections 202.4(c), 202.4(d) and 202.5(b) shall take effect on June 30, 1976.

## STATUTORY APPENDIX

Titles V and VII of Equal Credit Opportunity Act, effective October 28, 1975

## TITLE V—EQUAL CREDIT OPPORTUNITY

Sec.

501. Short title.  
502. Findings and purpose.  
503. Amendment to the Consumer Credit Protection Act.

## § 501. Short title

This title may be cited as the "Equal Credit Opportunity Act".

## § 502. Findings and purpose

The Congress finds that there is a need to insure that the various financial institutions and other firms engaged in the extensions of credit exercise their responsibility to make credit available with fairness, impartiality, and without discrimination on the basis of sex or marital status. Economic stabilization would be enhanced and competition among the various financial institutions and other firms engaged in the extension of credit would be strengthened by an absence of discrimination on the basis of sex or marital status, as well as by the informed use of credit which Congress has heretofore sought to promote. It is the purpose of this Act to require that financial institutions and other firms engaged in the extension of credit make that credit equally available to all credit-worthy customers without regard to sex or marital status.

## § 503. Amendment to the Consumer Credit Protection Act

The Consumer Credit Protection Act (Public Law 90-321), is amended by adding at the end thereof a new title VII:

## TITLE VII—EQUAL CREDIT OPPORTUNITY

Sec.

701. Prohibited discrimination.  
702. Definitions.  
703. Regulations.

704. Administrative enforcement.

705. Relation to State laws.

706. Civil liability.

707. Effective date.

## § 701. Prohibited discrimination

(a) It shall be unlawful for any creditor to discriminate against any applicant on the basis of sex or marital status with respect to any aspect of a credit transaction.

(b) An inquiry of marital status shall not constitute discrimination for purposes of this title if such inquiry is for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit, and not to discriminate in a determination of creditworthiness.

## § 702. Definitions

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this title.

(b) The term "applicant" means any person who applies to a creditor directly for an extension, renewal, or continuation of credit, or applies to a creditor indirectly by use of an existing credit plan for an amount exceeding a previously established credit limit.

(c) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(d) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debts and defer its payment or to purchase property or services and defer payment therefor.

(e) The term "creditor" means any person who regularly extends, renews, or continues credit; any person who regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who participates in the decision to extend, renew, or continue credit.

(f) The term "person" means a natural person, a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(g) Any reference to any requirement imposed under this title or any provision thereof includes reference to the regulations of the Board under this title or the provision thereof in question.

## § 703. Regulations

The Board shall prescribe regulations to carry out the purposes of this title. These regulations

may contain but are not limited to such classifications, differentiation, or other provision, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate or substantiate compliance therewith. Such regulations shall be prescribed as soon as possible after the date of enactment of this Act, but in no event later than the effective date of this Act.

#### § 704. Administrative enforcement

(a) Compliance with the requirements imposed under this title shall be enforced under:

(1) Section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency.

(B) member banks of the Federal Reserve System (other than national banks), by the Board.

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation.

(2) Section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions.

(3) The Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal Credit Union.

(4) The Acts to regulate commerce, by the Interstate Commerce Commission with respect to any common carrier subject to those Acts.

(5) The Federal Aviation Act of 1958, by the Civil Aeronautics Board with respect to any air carrier or foreign air carrier subject to that Act.

(6) The Packers and Stockyards Act, 1921 (except as provided in section 406 of that Act), by the Secretary of Agriculture with respect to any activities subject to that Act.

(7) The Farm Credit Act of 1971, by the Farm Credit Administration with respect to any Federal land bank, Federal land bank association, Federal intermediate credit bank, and production credit association;

(8) The Securities Exchange Act of 1934, by the Securities and Exchange Commission with respect to brokers and dealers; and

(9) The Small Business Investment Act of 1958, by the Small Business Administration, with respect to small business investment companies.

(b) For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law. The exercise of the authorities of any of the agencies referred to in subsection (a) for the purpose of enforcing compliance with any requirement imposed under this title shall in no way preclude the exercise of such authorities for the purpose of enforcing compliance with any other provision of law not relating to the prohibition of discrimination on the basis of sex or marital status with respect to any aspect of a credit transaction.

(c) Except to the extent that enforcement of the requirements imposed under this title is specifically committed to some other Government agency under subsection (a), the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Commission of its functions and powers under the Federal Trade Commission Act, a violation of any requirement imposed under this title shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements imposed under this title, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act.

(d) The authority of the Board to issue regulations under this title does not impair the authority of any other agency designated in this section to make rules respecting its own procedures in enforcing compliance with requirements imposed under this title.

**§ 705. Relation to State laws**

(a) A request for the signature of both parties to a marriage for the purpose of creating a valid lien, passing clear title, waiving inchoate rights to property, or assigning earnings, shall not constitute discrimination under this title: *Provided, however,* That this provision shall not be construed to permit a creditor to take sex or marital status into account in connection with the evaluation of creditworthiness of any applicant.

(b) Consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute discrimination for purposes of this title.

(c) Any provision of State law which prohibits the separate extension of consumer credit to each party to a marriage shall not apply in any case where each party to a marriage voluntarily applies for separate credit from the same creditor: *Provided,* That in any case where such a State law is so preempted, each party to the marriage shall be solely responsible for the debt so contracted.

(d) When each party to a marriage separately and voluntarily applies for and obtains separate credit accounts with the same creditor, those accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under the laws of any State or of the United States.

(e) Except as otherwise provided in this title, the applicant shall have the option of pursuing remedies under the provisions of this title in lieu of, but not in addition to, the remedies provided by the laws of any State or governmental subdivision relating to the prohibition of discrimination on the basis of sex or marital status with respect to any aspect of a credit transaction.

**§ 706. Civil liability**

(a) Any creditor who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant in an amount equal to the sum of any actual damages sustained by such applicant acting either in an individual capacity or as a representative of a class.

(a) Any creditor who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant for punitive damages in an amount not greater than \$10,000, as determined by the court, in addition to any actual damages provided in section 706(a): *Provided, how-*

*ever,* That in pursuing the recovery allowed under this subsection, the applicant may proceed only in an individual capacity and not as a representative of a class.

(c) Section 706(b) notwithstanding, any creditor who fails to comply with any requirement imposed under this title may be liable for punitive damages in the case of a class action in such amount as the court may allow, except that as to each member of the class no minimum recovery shall be applicable, and the total recovery in such action shall not exceed the lesser of \$100,000 or 1 percent of the net worth of the creditor. In determining the amount of award in any class action, the court shall consider, among other relevant factors, the amount of any actual damages awarded, the frequency and persistence of failures of compliance by the creditor, the resources of the creditor, the number of persons adversely affected, and the extent to which the creditor's failure of compliance was intentional.

(d) When a creditor fails to comply with any requirement imposed under this title, an aggrieved applicant may institute a civil action for preventive relief, including an application for a permanent or temporary injunction, restraining order, or other action.

(e) In the case of any successful action to enforce the foregoing liability, the costs of the action, together with a reasonable attorney's fee as determined by the court shall be added to any damages awarded by the court under the provisions of subsections (a), (b), and (c) of this section.

(f) No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Board, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(g) Without regard to the amount in controversy, any action under this title may be brought in any United States district court, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

**§ 707. Effective date**

This title takes effect upon the expiration of one year after the date of its enactment.

## APPENDIX A

### FEDERAL ENFORCEMENT AGENCIES

From the list that follows, you will be able to tell which Federal Agency enforces Regulation B for your particular business. Any questions you have should be directed to that agency.

#### **National Banks**

Comptroller of the Currency  
Washington, D.C. 20219

#### **State Member Banks**

Federal Reserve Bank serving the area in which the State member bank is located.

#### **Nonmember Insured Banks**

Federal Deposit Insurance Corporation Supervising Examiner for the District in which the nonmember insured bank is located.

#### **Savings Institutions Insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)**

The FHLBB's Supervisory Agent in the Federal Home Loan Bank District in which the institution is located.

#### **Federal Credit Unions**

Regional Office of the National Credit Union Administration, serving the area in which the Federal Credit Union is located.

#### **Creditors subject to Civil Aeronautics Board**

Director, Bureau of Enforcement  
Civil Aeronautics Board  
1825 Connecticut Avenue, N.W.  
Washington, D.C. 20428

#### **Creditors Subject to Interstate Commerce Commission**

Office of Proceedings  
Interstate Commerce Commission  
Washington, D.C. 20523

#### **Creditors Subject to Packers and Stockyards Act**

Nearest Packers and Stockyards Administration area supervisor.

#### **Retail, Department Stores, Consumer Finance Companies, All Other Creditors, and All Nonbank Credit Card Issuers**

Federal Trade Commission  
Washington, D.C. 20580

#### **Small Business Investment Companies**

U.S. Small Business Administration  
1441 L Street, N.W.  
Washington, D.C. 20416

#### **Brokers and Dealers**

Securities and Exchange Commission  
Washington, D.C. 20549

#### **Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks and Production Credit Associations**

Farm Credit Administration  
490 L'Enfant Plaza S.W.  
Washington, D.C. 20578