



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-101
July 20, 1976

AMENDMENTS TO REGULATIONS B AND Z

Designation of Officials "Duly Authorized" To Issue Interpretations

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

On June 28, 1976, the Board of Governors of the Federal Reserve System amended its Regulation B (Equal Credit Opportunity) and Regulation Z (Truth in Lending) to authorize certain members of its staff to issue interpretations of the regulations. Creditors acting in conformity with these interpretations cannot be held liable for violating the regulations or the laws that the regulations implement.

Congress recently amended the Truth-in-Lending and Equal Credit Opportunity Acts giving the Board authority to permit such interpretations by its staff, in response to concerns expressed by creditors (especially small creditors, with limited access to legal counsel) about the difficulty of complying with the many complex requirements of the Acts.

The official staff interpretations will clarify technical points in the Board's Regulations B and Z that do not have broad policy implications. The staff interpretations will be published in the FEDERAL REGISTER.

The Board simultaneously established procedures for Board review of staff interpretations upon formal request by interested parties.

Copies of the Board's regulatory amendments, effective July 30, 1976, are enclosed and should be filed in your Regulations Binder.

If you have any questions regarding Regulations B and Z, please contact our Regulations Department at (214) 651-6269.

Additional copies of the amendments will be furnished upon request to the Secretary's Office of this Bank (214) 651-6267.

Sincerely yours,

T. W. Plant

First Vice President

Enclosures

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

EQUAL CREDIT OPPORTUNITY

AMENDMENTS TO REGULATION B†

Effective July 30, 1976, Section 202.13 is amended by revising paragraph 202.13(b), redesignating paragraph 202.13(c) as paragraph 202.13(d), and inserting a new paragraph 202.13(e). Section 202.13 reads as follows:

SECTION 202.13 — PENALTIES AND LIABILITIES

* * * * *

(b) Section 706(e) relieves a creditor from civil liability resulting from any act done or omitted in good faith in conformity with any rule, regulation, interpretation by the Board of Governors of the Federal Reserve System, or with any interpretation or approval issued by a duly authorized official or employee 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) (1) Any request for formal Board interpretation or official staff interpretation of Regulation B must be addressed to the Director of the Office of Saver and Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Each request for interpretation must contain a complete statement, signed by the person making the request or a duly authorized agent, of all relevant facts of the transaction or credit arrangement relating to the request. True copies of all pertinent documents must be submitted with the request. The relevance of such documents must, however, be set forth in the request and the documents must not merely be incorporated by reference. The request must contain an analysis of the bearing of the facts on the issues and specifying the pertinent provisions of the statute and regulation. Within fifteen business days of receipt of the request, a substantive response will be sent to the person making the request or an acknowledgement will be sent which sets a reasonable time within which a substantive response will be given.

(2) Any request for reconsideration of an official staff interpretation of Regulation B must

be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, within thirty days of the publication of such interpretation in the FEDERAL REGISTER. Each request for reconsideration must contain a statement setting forth in full the reasons why the person making the request believes reconsideration would be appropriate, and must specify and discuss the applicability of the relevant facts, statute, and regulations. Within fifteen business days of receipt of such request for reconsideration, a response granting or denying the request will be sent to the person making the request, or an acknowledgement will be sent which sets a reasonable time within which such response will be given.

(3) Pursuant to §706(e) of the Act, the Board has designated the Director and other officials of the Office of Saver and Consumer Affairs as officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part. This designation shall not be interpreted to include authority to approve particular creditors' forms in any manner.

(4) The type of interpretation issued will be determined by the Board and the designated officials by the following criteria:

(i) Official Board interpretations will be issued upon those requests which involve potentially controversial issues of general applicability dealing with substantial ambiguities in this Part and which raise significant policy questions.

(ii) Official staff interpretations will be issued upon those requests which, in the opinion of the designated officials, require clarification of technical ambiguities in this Part or which have no significant policy implications.

(iii) Unofficial staff interpretations will be issued where the protection of §706(e) of the Act is neither requested nor required, or where time strictures require a rapid response.

(d) [Redesignated.]

† For this Regulation to be complete as amended effective July 30, 1976, retain:

- 1) Printed pamphlet containing Regulation B, dated October 28, 1975;
- 2) Amendments, effective June 30, 1976, to Sections 202.4, 202.5, 202.9, 202.10, 202.14, and effective May 13, 1976, to Section 202.10(f); and
- 3) This slip sheet.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
TRUTH IN LENDING

AMENDMENTS TO REGULATION Z†

Effective July 30, 1976, Section 226.1 is amended by revising paragraph 226.1(c) and adding a new paragraph 226.1(d). Section 226.1 reads as follows:

**SECTION 226.1 — AUTHORITY, SCOPE,
PURPOSE, ETC.**

* * * * *

(c) **Penalties and liabilities.** Section 112 of the Act provides criminal liability for willful and knowing failure to comply with any requirement imposed under the Act and this Part. Section 134 provides for criminal liability for certain fraudulent activities related to credit cards. Section 130 provides for civil liability in individual or class actions for any creditor who fails to comply with any requirement imposed under Chapter 2 or Chapter 4 of the Act and the corresponding provisions of this Part. Section 130 also provides creditors a defense against civil and criminal liability for any act done or omitted in good faith in conformity with the provisions of this Part or any interpretation thereof by the Board, or with any interpretations or approvals issued by a duly authorized official or employee 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. Section 130 further provides that a multiple failure to disclose in connection with a single account shall permit but a single recovery. Section 115 provides for civil liability for an assignee of an original creditor where the original creditor has violated the disclosure requirements and such violation is apparent on the face of the instrument assigned, unless the assignment is involuntary. Pursuant to §108 of the Act, violations of the Act or this Part constitute violations of other Federal laws which may provide further penalties.

(d) **Issuance of interpretations.**

(1) Any request for formal Board interpretation or official staff interpretation of Regulation Z must be addressed to the Director of the Office of Saver and Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Each request for interpretation must contain a complete statement, signed by the person making the request or a duly authorized agent, of all relevant facts of the transaction or credit arrangement relating to the request. True copies of all pertinent documents must be submitted with the request. The relevance of such documents must, however, be set forth in the re-

quest and the documents must not merely be incorporated by reference. The request must contain an analysis of the bearing of the facts on the issues and it must specify the pertinent provisions of the statute and regulation. Within fifteen business days of receipt of the request, a substantive response will be sent to the person making the request or an acknowledgement will be sent which sets a reasonable time within which a substantive response will be given.

(2) Any request for reconsideration of an official staff interpretation of Regulation Z must be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, within thirty days of the publication of such interpretation in the FEDERAL REGISTER. Each request for reconsideration must contain a statement setting forth in full the reasons why the person making the request believes reconsideration would be appropriate, and must specify and discuss the applicability of the relevant facts, statute, and regulations. Within fifteen business days of receipt of such request for reconsideration, a response granting or denying the request will be sent to the person making the request, or an acknowledgement will be sent which sets a reasonable time within which such response will be given.

(3) Pursuant to §130(f) of the Act, the Board has designated the Director and other officials of the Office of Saver and Consumer Affairs as officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part. This designation shall not be interpreted to include authority to approve particular creditors' forms in any manner.

(4) The type of interpretation issued will be determined by the Board and the designated officials by the following criteria:

(i) Official Board interpretations will be issued upon those requests which involve potentially controversial issues of general applicability dealing with substantial ambiguities in this Part and which raise significant policy questions.

(ii) Official staff interpretations will be issued upon those requests which, in the opinion of the designated officials, require clarification of technical ambiguities in this Part or which have no significant policy implications.

(iii) Unofficial staff interpretations will be issued where the protection of §130(f) of the Act is neither requested nor required, or where time strictures require a rapid response.

†For this Regulation to be complete as amended effective July 30, 1976, retain:

- 1) Printed pamphlet as amended effective October 28, 1975;
- 2) Amendment effective January 21, 1976, Section 226.8(a);
- 3) Amendment effective May 7, 1976, Section 226.7(b)(1)(ii); and
- 4) This slip sheet.