

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 7923]
July 26, 1976]

REGULATION Z

—Correction of Amendment Authorizing Staff Interpretations

—Notice of Public Hearing on Proposed Amendments to Implement the Consumer Leasing Act of 1976

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

With our Circular No. 7915, dated July 13, 1976, you received a copy of an amendment, effective July 30, 1976, to Regulation Z, "Truth in Lending," of the Board of Governors of the Federal Reserve System.

The Board of Governors has advised us of a correction of subparagraphs (d)(1) and (3) of the amendment, to add the words "Issuance of interpretations." to subparagraph (d) of Section 226.1 and delete the words "Designation of official to issue interpretations." from subparagraph (3) of that section.

Enclosed is a copy of the corrected amendment; additional copies will be furnished upon request.

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Our Circular No. 7919, dated July 16, 1976, advised you of several proposed amendments to the Board's Regulation Z to implement the Consumer Leasing Act of 1976. With regard to these amendments, the Board of Governors has scheduled a public hearing on August 3. Printed below is the text of the Board's Order in this matter:

On July 9, 1976, the Board of Governors published for comment in the *Federal Register* (41 FR 28313) proposed amendments to Regulation Z to implement the Consumer Leasing Act of 1976 (Pub. L. 94-240). To aid in its consideration of this proposal, the Board has scheduled an informal hearing on issues presented by the proposed amendments on Tuesday, August 3, 1976.

The purpose of the hearing is to solicit comment on the proposed amendments generally. In addition, the Board specifically requests comments on the following issues of interest: (1) disclosure requirements (§226.15), (2) residual liability disclosures (§226.15(b)(15)), (3) any unique concerns of multiple item lessors, and (4) the integration of the proposal into Regulation Z.

The scheduled hearing will be held before available members of the Board on the Terrace level of the Martin Building at 20th and C Streets, N.W., Washington, D.C., on August 3, 1976, beginning at 10 a.m. The proceeding will consist of presentations of statements in oral and written form.

Any persons desiring to give testimony, present evidence, or otherwise participate in the hearing should file with the Secretary of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received by July 28, 1976, a written request containing the names and affiliation of witnesses who propose to appear, the amount of time desired for testimony, and a summary of the matters concerning which petitioner wishes to give testimony or submit evidence. If possible, prepared statements in writing should be presented at the time of the hearing. All such communications will be made available for inspection and copying in Room 1118 of the Board Building.

All parties will be given until August 16, 1976, to submit such additional material related to the issues raised at the hearing, or any other issues in the proposed regulations, as they desire. Interested persons need not participate in the oral presentation to have their views considered but may submit their views in writing to be received by the Secretary no later than August 16, 1976. Written comments, as they are received, will be made available for inspection and copying in Room 1118 in the Board Building.

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Any questions regarding these matters may be directed to our Bank Regulations Department.

PAUL A. VOLCKER,
President.

Board of Governors of the Federal Reserve System

TRUTH IN LENDING

CORRECTED AMENDMENT TO REGULATION Z

Effective July 30, 1976, paragraph (c) of §226.1 is revised, and paragraph (d) of that section is added, to read 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 offi-

cial 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 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 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

For this Regulation to be complete, retain:

- 1) Regulation Z pamphlet, effective October 28, 1975.
- 2) This slip sheet.

PRINTED IN NEW YORK

tially 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.