

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 8012]
December 14, 1976

PROPOSED AMENDMENT TO REGULATION Z
To Permit Spanish Language Truth in Lending Disclosures in Puerto Rico

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

Following is the text of a statement issued December 8 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today issued for comment a regulatory amendment that would permit creditors doing business in Puerto Rico to make truth in lending disclosures in Spanish.

Comment should be received by the Board by January 15, 1977.

Under the amendment, creditors doing business in Puerto Rico could substitute Spanish disclosures for English disclosures provided they made the English disclosures upon request. At present, creditors are required to provide disclosures in English with foreign language disclosures permitted as supplemental information.

Census data on Puerto Rico indicate that more than half the population 10 years old and over speak only Spanish and that Spanish is the prevalent and traditionally favored language of Puerto Rican residents.

Existing data do not support an amendment of this type in the United States. Census Bureau figures indicate that only 4.1 per cent of U.S. residents claim a language other than English as their tongue and that only 2.5 per cent indicate difficulty with English.

Printed below is the text of the Board's proposal. Comments thereon should be submitted by January 15, 1977, and may be sent to our Bank Regulations Department.

PAUL A. VOLCKER,
President.

[Reg. Z]
TRUTH IN LENDING
(Docket No. R-0066)

Proposed Amendment to Regulation Z Permitting Spanish Language
Truth in Lending Disclosures in the Commonwealth of Puerto Rico

The Board of Governors of the Federal Reserve System proposes to amend Regulation Z to permit Spanish language Truth in Lending disclosures in the Commonwealth of Puerto Rico with English language disclosures provided upon the customer's request, either in substitution for the Spanish disclosures or as additional information. The purpose of this amendment is to conform the Act's disclosure requirements to language usage in Puerto Rico where the pervasive and dominant language is Spanish. In developing this proposal, the Board has preliminarily examined relevant case and statutory law and statistical data, as well as the potential effects on administrative enforcement should such an amendment be adopted. The assistance of Commonwealth officials has also been solicited in determining Spanish language usage in Puerto Rico. The Board's proposal is based upon the premise that Spanish is an official language as well as the prevailing and predominant language of the people of Puerto Rico and that to provide solely English disclosures in this Spanish speaking jurisdiction might

be contrary to the purpose and intent of the Truth in Lending Act.

Although the statutory laws of Puerto Rico generally evince a spirit and effort to create a bilingual system in the Commonwealth,¹ a review of the applicable case law indicates that Spanish is the traditionally favored language of the Puerto Rican people. The Supreme Court of Puerto Rico has recognized the underlying spirit of bilingualism, while demanding recognition of the Spanish language as the pervasive, dominant and permanent

¹ Title I L.P.R.A. 51 designates both English and Spanish official languages of Puerto Rico. See also Title 31 L.P.R.A. 13(c), which reflects a Spanish language preference when discrepancies exist between the English and Spanish texts of statutes passed by the Legislative Assembly of Puerto Rico and Title 32 L.P.R.A., Appendix II: Rules of Civil Procedure, Rule 8.5 which mandates that pleadings, petitions, motions, and other papers be drawn in Spanish, although they may be drawn in English provided they are accompanied by the necessary Spanish copies.

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language of the Commonwealth.² Moreover, statistical data taken from the 1970 Census indicates that more than half the Puerto Rican population³ 10 years old and over cannot speak English.

It has been indicated to the Board that there would be few dialect problems in Puerto Rico should such an amendment be adopted. Therefore, the Board would welcome comments, particularly from government agencies and other authorities, regarding the feasibility of drafting approved and accepted Spanish translations of the required terminology of Regulation Z.

In light of this information, the Board proposes for comment that Spanish language Truth in Lending disclosures be permitted in Puerto Rico with English language disclosures provided upon the customer's request, either in substitution for the Spanish disclosures or as additional information in accordance with § 226.6(c). In proposing this amendment the Board is not suggesting that foreign language Truth in Lending disclosures are advisable or practical in the United States. Significantly, statistics made available from a Department of Commerce, Bureau of the Census Study, issued July, 1976, indicate that only 4.1 per cent of United States' residents claim a language other than English as their usual language, and only 2.5 per cent indicate difficulty with the English language.⁴ Therefore, the Board be-

lieves that the statistical data does not support a finding that the use of foreign language Truth in Lending disclosures would be of substantial benefit to customers in the United States.

The Board invites comments on the proposed amendment generally and is especially interested in receiving comments regarding the effect of the proposed amendment on transactions which are conducted by mail and subject to Regulation Z.

The deadline for receipt of written comments on the proposed amendment is January 15, 1977. Comments should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Comments should include a reference to Docket No. R-0066.

Pursuant to the authority granted in 15 U. S. C. § 1604 (1968) the Board proposes to amend 12 CFR Part 226 by adding a new paragraph to § 226.6(a) to read as follows:

SECTION 226.6—GENERAL DISCLOSURE REQUIREMENTS

(a) Disclosures; general rule. ***

All disclosures required to be given by this Part shall be made in the English language except in the Commonwealth of Puerto Rico where disclosures may be made in the Spanish language with English language disclosures provided upon the customer's request, either in substitution for the Spanish disclosures or as additional information in accordance with § 226.6(c).

² See *People v. Superior Court*, 92 P.R.R. 580, 588-590 (1965).

³ General Social and Economic Characteristics, Puerto Rico, 1970 Census of Population, United States Department of Commerce, Bureau of the Census, October, 1972.

⁴ Current Population Reports, Special Studies, United States Department of Commerce, Bureau of the Census, July, 1976.