

disclosures of aggregate extensions of credit to all insiders as a group if such aggregate amount exceeds 20 percent of the bank's equity capital accounts, regardless of the fact that such extensions of credit may have been made in the ordinary course of the bank's business. Thus, the overall effect of item 7(f) is to require disclosure in at least three situations:

(1) The amount and the name of the insider must be disclosed where loans to such insider and/or his associates are "material" because their total amount exceeds the greater of 10 percent of equity capital or \$10 million;

(2) The amount and the name of the insider must be disclosed as to any loans in excess of \$40,000 which were made at preferential rates, or which were otherwise made out of the ordinary course of business, or which involve more than a normal risk, even if such loans do not exceed 10 percent of equity capital;

(3) The amount must be disclosed where all loans to insiders and/or their associates in the aggregate exceed 20 percent of equity capital.

(e) In aggregating any loan amounts for purposes of item 7(f), transactions which are required to be reported pursuant to any other provisions of item 7, or which are exempted by any such provisions, need not be included.

(f) It should also be noted that item 7(e) requires disclosure of any liability to the bank that appears to have arisen under section 16 of the Securities Exchange Act of 1934 (15 U.S.C. 78p) as a result of "insider" transaction in the bank's stock (or other equity security).

**§ 11.103 Interpretation of definitions of "affiliate," "majority-owned subsidiary," "parent" and "subsidiary."**

In determining whether a person is an "affiliate" or "parent" of a bank or whether a bank is a "subsidiary" or "majority-owned subsidiary" of a person within the meaning of those terms as defined in § 11.2, voting securities of the bank held by a corporation all of the stock of which is directly owned by the United States Government shall not be taken into consideration.

[FR Doc. 75-18564 Filed 7-16-75; 8:45 am]

**CHAPTER II—FEDERAL RESERVE SYSTEM**

[Reg. Z]

**PART 226—TRUTH IN LENDING**

**Miscellaneous Amendments**

On December 27, 1974, the Board proposed amendments to Regulation Z 40 FR 1717 (January 9, 1975) to implement the requirements of Title IV of Pub. L. 93-495 which became effective on the date of enactment, October 28, 1974. The Board received approximately 50 comments on the proposed amendments. The majority of the comments concerned the time limit imposed on unexpired rights of rescission. That section (226.9(h)) has been rewritten to clarify that the amendment does not extend the three-day right of rescission to three years, but

only limits to a three-year period those unexpired rights which previously continued indefinitely. Other comments suggested minor word changes which have been incorporated in the amendments as adopted.

In order to implement the amendments to the Truth in Lending Act (15 U.S.C. Chapter 41, Secs. 1601-1681) included in Title IV of Pub. L. 93-495 (Secs. 401-408, 410, and 412-416) the Board has amended Regulation Z. These amendments provide:

(1) That advertisements concerning extensions of credit repayable on more than four installments and for which there is no finance charge identified shall state that the cost of credit is included in the price of the goods and services.

(2) That credit transactions primarily for agricultural purposes where the amount financed exceeds \$25,000 are exempt from the disclosure provisions of the Truth in Lending Act and Regulation Z.

(3) That an unexpired right of rescission in residential real property transactions is limited to three years from the date of the consummation of the transaction or upon the sale of the property, whichever occurs earlier.

(4) That issuers of credit cards and businesses or organizations may contract without regard to the other relevant provisions of Regulation Z regarding the liability for unauthorized use of the cards when (a) the card issuer issues 10 or more cards to a single business or organization for use by its employees; and (b) the liability imposed on such employees for unauthorized use does not exceed \$50, the amount permitted by Regulation Z.

(5) That any credit transaction involving an agency of a State as creditor is not subject to the right of rescission.

(6) That the creditor of an open end account may allow a longer period than that disclosed to the customer in which to make payment in full and avoid additional finance charges.

(7) For a revised section 226.1(b)(1), which refers to the enforcement of Regulation Z and Chapter 41 of 15 U.S.C., to delete the Interstate Commerce Commission as an enforcing agency and add the Farm Credit Administration.

(8) For a revised section 226.1(c), which refers to statutory civil and criminal penalties, to include provisions for (a) criminal liability for certain fraudulent acts related to credit cards, (b) civil liability in individual or class actions for creditors who fail to comply with Chapter 2 or Chapter 4 (Title III of Pub. L. 93-495) and corresponding provisions of Regulation Z, (c) a creditor's defense for good faith compliance with Regulation Z, (d) single recovery for multiple failures to disclose in a single account, and (e) civil liability of assignees for violations of disclosure requirements where the violation is apparent on the face of the instrument assigned.

Pursuant to the authority granted in 15 U.S.C. sec. 1604 (1970), the Board hereby amends Regulation Z, 12 CFR Part 226, as set forth below, effective August 8, 1975:

1. To implement section 401, § 226.10 (f) is added as set forth below:

**§ 226.10 Advertising credit terms.**

(f) Credit payable in more than four installments; no identified finance charge. Any advertisement to aid, promote, or assist directly or indirectly an

extension of consumer credit repayable by agreement in more than four installments shall, unless a specific finance charge is or may be imposed, state clearly and conspicuously: "The cost of credit is included in the price quoted for the goods and services."

2. To implement section 402, § 226.3 (e) is added as set forth below:

**§ 226.3 Exempted transactions.**

(e) *Agricultural credit transactions.* Credit transactions primarily for agricultural purposes, including real property transactions, in which the amount financed<sup>14</sup> exceeds \$25,000 or in which the transaction is pursuant to an express written commitment by the creditor to extend credit in excess of \$25,000.

3. To implement sections 403, 406, 407, 408, 413, and 414, § 226.1 (b)(1) and (c) are revised as follows:

**§ 226.1 Authority, Scope, Purpose, etc.**

(b) *Administrative enforcement.* (1) As set forth more fully in section 108 of the Act, administrative enforcement of the Act and this Part with respect to certain creditors and credit card issuers is assigned to the Comptroller of the Currency, 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, Civil Aeronautics Board, Secretary of Agriculture, Farm Credit Administration, and Board of Governors of the Federal Reserve System.

(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, provides a defense for creditors complying in good faith with the provisions of the Part or any interpretation thereof by the Board, and 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 section 108 of the Act, violations of the Act or this Part constitute violations of other

<sup>14</sup> For this purpose, the amount financed is the amount which is required to be disclosed under § 226.3 (c)(7), or (d)(1), as applicable, or would be so required if the transaction were subject to this Part.

## RULES AND REGULATIONS

Federal laws which may provide further penalties.

4. To implement sections 412 and 405, § 226.9 (g) (5) and (h) respectively, are added as set forth below:

§ 226.9 Right to rescind certain transactions.

(g) . . . . .  
(5) Any transaction in which an agency of a State is the creditor.

(h) *Time limit for unexpired right of rescission.* In the event the creditor fails to deliver to the customer the disclosures required by this section or the other material disclosures required by this Part, a customer's right to rescind a transaction pursuant to this section shall expire the earlier of (1) three years after the date of consummation of the transaction, or (2) the date the customer transfers all his interest, both equitable and legal, in the property.

5. To implement section 410, § 226.13 (i) is added as set forth below:

§ 226.13 Credit cards—issuance and liability.

(i) *Business use of credit cards.* If 10 or more credit cards are issued by one card issuer to a single business or other organization for use by its employees, nothing in this section prohibits the card issuer from agreeing by contract with such business or other organization as to liability for unauthorized use of any such credit cards without regard to the provisions of this section, but in no case may any business or other organization or card issuer impose liability on any employee of such business or other organization with respect to unauthorized use of such credit card except in accordance with, and subject to, the other liability limitations of this section.

6. To implement section 415, § 226.7 (a) (1) and (b) (9) are revised as set forth below:

§ 226.7 Open end credit accounts—specific disclosures.

(a) . . . . .  
(1) The conditions under which a finance charge may be imposed, including an explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge, except that the creditor may, at his option and without disclosure, refrain from imposing such finance charge even though payment is received after the termination of such time period.

(b) . . . . .  
(9) The closing date of the billing cycle and the outstanding balance in the account on that date, using the term "new balance," accompanied by the statement of the date by which, or the period, if any, within which payment must be made to avoid additional finance charges, except that the creditor may, at his option and without disclosure, re-

frain from imposing such additional finance charges even though payment is received after such date or termination of such period.

By order of the Board of Governors,  
July 8, 1975.

[SEAL] THEODORE E. ALLISON,  
Secretary of the Board.

[FR Doc.75-18537 Filed 7-16-75;8:45 am]

# Title 5—Administrative Personnel

## CHAPTER I—CIVIL SERVICE COMMISSION

### PART 213—EXCEPTED SERVICE

#### Commodity Futures Trading Commission Correction

In the FEDERAL REGISTER (FR Doc. 75-17375) of July 3, 1975, appearing on page 28047, § 213.3379 (g) was added; it should be § 213.3379 (i) as set out below:

§ 213.3379 Commodity Futures Trading Commission.

(i) One Assistant to the Chairman.  
(5 U.S.C. 3301, 3302; E.O. 10577, 3 CFR 1954-58 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,  
Executive Assistant  
to the Commissioners.

[FR Doc.75-18513 Filed 7-16-75;8:45 am]

### PART 213—EXCEPTED SERVICE

#### Equal Employment Opportunity Commission

Section 213.3377 is amended to show that one position of Special Assistant to the Chairman is reestablished under Schedule C.

Effective on July 17, 1975, § 213.3377 (a) is amended as set out below:

§ 213.3377 Equal Employment Opportunity Commission.

(a) Four Special Assistants to the Chairman.

(5 U.S.C. secs. 3301, 3302; EO 10577, 3 CFR 1954-1958 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,  
Executive Assistant  
to the Commissioners.

[FR Doc.75-18514 Filed 7-16-75;8:45 am]

### PART 213—EXCEPTED SERVICE

#### Federal Maritime Commission

In the FEDERAL REGISTER of June 25, 1975, on page 26671, FR Doc. 75-16535, paragraph (a) was erroneously shown as one Confidential Assistant to each of two Commissioners. It should have read one Confidential Assistant to each of three Commissioners.

Effective on July 17, 1975, § 213.3367 is amended as set out below to reflect the

correction and to show that one position of Confidential Assistant to the Commissioner is reestablished.

§ 213.3367 Federal Maritime Commission.

(a) One Confidential Assistant to each of four Commissioners.

(5 U.S.C. 3301, 3302; EO 10577, 3 CFR 1954-1958 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,  
Executive Assistant  
to the Commissioners.

[FR Doc.75-18515 Filed 7-16-75;8:45 am]

### PART 213—EXCEPTED SERVICE

#### Federal Maritime Commission

Section 213.3367 is amended to reflect the following title change from Private Secretary to the Managing Director to Administrative Assistant to the Managing Director.

Effective on July 17, 1975, § 213.3367 (b) is amended as set out below:

§ 213.3367 Federal Maritime Commission.

(b) One Administrative Assistant to the Chairman, one Private Secretary to each Commissioner, and one Administrative Assistant to the Managing Director.  
(5 U.S.C. 3301, 3302; EO 10577, 3 CFR 1954-58 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,  
Executive Assistant  
to the Commissioners.

[FR Doc.75-18516 Filed 7-16-75;8:45 am]

### PART 213—EXCEPTED SERVICE

#### Temporary Boards and Commissions; National Commission on Productivity

Section 213.3199 is amended to show that the Schedule A authority covering positions at grade GS-15 and below on the staff of the National Commission on Productivity is extended from June 30, 1975, to December 31, 1975.

Effective July 1, 1975, § 213.3199 (n) (1) is amended as set out below:

§ 213.3199 Temporary Boards and Commissions.

(n) *National Commission on Productivity.*

(1) Until December 31, 1975, positions in grade GS-15 and below on the staff of the Commission.

(5 U.S.C. secs. 3301, 3302, EO 10577, 3 CFR 1954-1958, Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,  
Executive Assistant  
to the Commissioners.

[FR Doc.75-18517 Filed 7-16-75;8:45 am]