

SCHEDULE IV—BANK PREMISES AND EQUIPMENT

Classification ¹	Gross book value ²	Accumulated depreciation and amortization ³	Amount at which carried on balance sheet
Bank premises (including land &.....)			
Equipment.....			
Household improvements.....			
Totals ⁴			

¹ If impractical to consolidate foreign branch and foreign subsidiary bank premises and equipment in accordance with the breakdown required by this schedule, a separate caption stating the total amount of all such property may be inserted. Such action should be explained in a footnote.
² State briefly in a footnote the basis of determining the amounts in this column.
³ If provision for depreciation and amortization is credited in the books directly to the asset accounts, the amounts for the last fiscal year shall be stated in an explanatory footnote.
⁴ The nature and amount of significant additions (other than provisions for depreciation and amortization) and deductions shall be stated in an explanatory footnote.
⁵ Show in a footnote totals (corresponding to the first two columns) representing amounts reported for Federal income tax purposes.

SCHEDULE V—INVESTMENTS IN, DIVIDEND INCOME FROM, AND SHARE IN EARNINGS OR LOSSES OF UNCONSOLIDATED SUBSIDIARIES

Name of subsidiary	Per cent of voting stock owned	Total investment, including advances	Equity in underlying net assets at balance sheet date ¹	Amount of dividends ²	Bank's proportionate part of earnings or loss for the period
Totals.....	\$	\$	\$	\$	

¹ Equity shall include advances reported in preceding column to the extent recoverable.
² In a footnote state as to any dividends other than cash, the basis on which they have been reported as income.
 Also, if any such dividend received has been credited to income in an amount differing from that charged to surplus and/or undivided profits by the disbursing subsidiary, state the amount of such difference and explain.

SCHEDULE VI—“Other” Liabilities for Borrowed Money

Item:	Amount
Borrowings from Federal Reserve Bank.....	
Unsecured notes payable within 1 year.....	
Unsecured notes payable after 1 year.....	
Other obligations.....	
Total.....	

putting the amount accumulated in the Allowance at the end of the period. State the amount that could have been deducted for Federal income tax purposes if such amount is in excess of the amount provided by the bank pursuant to the Treasury tax formula.
 NOTE.—The sum of the balances should equal the amount of “Allowance for possible loan losses” reported in the balance sheet.
 [FR Doc.75-29093 Filed 10-29-75;8:45 am]

[Reg. Z]

**PART 226—TRUTH IN LENDING
Disclosure of Closing Costs**

On October 28, 1974, Congress enacted Pub. L. 93-495 containing several amendments to the Truth in Lending Act. Section 409 of Pub. L. 93-495 provides for the disclosure of “closing costs” to be incurred by the customer in consumer credit transactions. On September 22, 1975, the Board of Governors published for comment in the FEDERAL REGISTER (40 FR 43516) proposed amendments to Regulation Z designed to implement section 409. The comment period on this proposal terminated on October 15. The Board of Governors is today publishing final amendments to Regulation Z designed to implement section 409.

While these amendments have been adopted because section 409 becomes effective October 28, 1975, it should be noted that the Board has recommended

to Congress that the section be repealed; the Senate voted such repeal on October 9, 1975, and the question of such a repeal is presently under consideration in the House of Representatives.

Approximately 110 written comments were received by the Board. In response to the comments, some changes in the provisions previously published were made. An explanation of most of the substantive changes follows.

Section 226.8(r), the section which requires disclosure of closing costs, applies only to real property transactions, i.e., transactions in which a security interest in real property is or will be retained or acquired by the creditor. But even such real property transactions will not be subject to § 226.8(r) if they are either subject to the Real Estate Settlement Procedures Act (RESPA) or are exempted from the requirements of RESPA by regulations adopted by the Department of Housing and Urban Development (HUD). The Board believes that this limitation is appropriate at this time because in other types of transactions closing costs are generally either not present at all or are minimal in amount and not subject to change among creditors, and with respect to transactions exempted from RESPA, requiring disclosures under section 409 would be inconsistent with the discretion exercised by HUD to exempt certain transactions.

The term “closing” is defined to refer to consumer credit transactions.

The definition of “closing cost” is written to clarify that any fee or charge, other than a downpayment, which is paid in cash at or prior to closing is a closing cost. Closing costs may include finance charges but not any amounts financed nor any loan proceeds paid to satisfy other debts of the customer.

The definition of “commitment” is adjusted to refer to a commitment legally binding on the creditor. This is necessary so that oral and over the telephone shopping for credit is not hampered by having such conversations considered commitments.

The disclosure of closing costs is required to be made, in connection with real property credit sales, prior to the making of any downpayment. With respect to other real property transactions, disclosure is required at the time a lender commitment is given.

With respect to the way in which disclosures are made, the Board adheres to its general policy of not specifying forms but allowing creditors to design their own forms subject only to Regulation Z's requirements as to clarity and sequence. Disclosure is permitted on a separate form, or could be given with the other Truth in Lending disclosures if they are given at the time disclosure of closing costs would otherwise be required or, at the creditor's option, on pages 1 and 2 of HUD Form I. If the latter option is chosen, it will completely satisfy the disclosure requirements of section 409.

In order to facilitate compliance with section 409 by allowing for the development of procedures and the orderly

SCHEDULE VII—ALLOWANCE FOR POSSIBLE LOAN LOSSES

Item	Amount set up pursuant to Treasury tax formula	Other amount ¹
Balances at beginning of period.....		
Recoveries credited to Allowance.....		
Additions due to mergers and absorptions ²		
Transfers to Allowance:		
From income.....		
From undivided profits ³		
Totals.....		
Losses charged to Allowance.....		
Balances at end of period ⁴		

¹ Do not include any provision for possible loan losses that the bank establishes as a precautionary measure. Include only any provision that (1) has been established through a charge against income, (2) represents management's judgment as to possible loss or value depreciation, and (3) is in excess of the provision taken under the Treasury tax formula.
² Describe briefly in a footnote any such addition.
³ Indicate by parentheses the gross amount of any credit adjustment to undivided profits.
⁴ Describe briefly in a footnote the basis used in com-

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change of forms, creditors have until January 31, 1976, to bring their forms and procedures into compliance.

Where disclosures are required to be made but exact information is not known, estimates may be used under the provisions of § 226.6(f).

Where Truth in Lending disclosures are made at the same time disclosure of closing costs is made under section 409 and that time is prior to consummation, no further Truth in Lending disclosures need be made at consummation.

Pursuant to the authority granted in 15 U.S.C. 1604 (1970), the Board amends Regulation Z, 12 CFR Part 226, as follows:

1. Section 226.2 is amended as follows:

§ 226.2 Definitions and rules of construction.

(mm) "Closing" means the date on which the bargained-for consideration is exchanged between the parties to any consumer credit transaction, irrespective of when the transaction is consummated.

(nn) "Closing cost" means any fee or charge, other than a downpayment, paid in cash by the customer or on the customer's behalf at or prior to a closing as a condition of the transaction. The term includes fees or charges which are finance charges but does not include amounts which are financed nor loan proceeds paid over in satisfaction of other debts of the customer.

(oo) "Commitment" means an oral or written agreement, which is legally binding on the creditor, to enter into a specified consumer credit transaction with a customer, whether or not such agreement is subject to any conditions and whether or not such agreement is binding upon the customer.

(pp) "Downpayment" means a payment made at or prior to consummation of a transaction which is or will be applied wholly to the cash price of property or services purchased.

(qq) "RESPA" means the Real Estate Settlement Procedures Act of 1974 together with the regulations promulgated thereunder by the Secretary of Housing and Urban Development.

2. Section 226.8 (a) and (r) are amended as follows:

§ 226.8 Credit other than open end—specific disclosures.

(a) *General rule.* Any creditor when extending credit other than open end credit shall, in accordance with § 226.6 and to the extent applicable, make the disclosures required by this section with respect to any transaction consummated on or after July 1, 1969. Except as otherwise provided in this section, such disclosures shall be made before the transaction is consummated. At the time disclosures are made, the creditor shall furnish the customer with a duplicate of the instrument or a statement by which the required disclosures are made and on which the creditor is identified. Except as provided in paragraph (r) of this sec-

tion, all of the disclosures shall be made together on either:

(1) The note or other instrument evidencing the obligation on the same side of the page and above the place for the customer's signature; or

(2) One side of a separate statement which identifies the transaction.

(r) *Disclosure of closing costs.* The creditor in any real property transaction subject to this section shall disclose to the customer all closing costs, if any, to be paid by the customer in connection with such transaction in accordance with the following provisions:

(1) The disclosure required by paragraph (r) shall include the total amount of closing costs, if any, using the term "closing costs" and, where there is more than one component cost, a description of each. Such disclosures shall be made:

(i) On one side of a separate statement, or

(ii) Together with the other disclosures required by this section, in which case the disclosures required by this paragraph shall, if required to be itemized, either be listed separately, or to the extent that they are itemized elsewhere on such disclosure statement, referenced as being a closing cost by use of an asterisk or other appropriate means, or

(iii) At the creditor's option, on pages 1 and 2 of HUD Form I, as issued by the Department of Housing and Urban Development pursuant to 24 CFR Part 82. Use of this option will completely satisfy the disclosure requirements of this paragraph (r).

(2) In the case of any credit sale, the disclosures required by this paragraph (r) shall be made prior to the making of any downpayment.

(3) In the case of any extension of credit other than a credit sale, the disclosures required by this paragraph (r) shall be made at the time the creditor makes a commitment in connection with that transaction.

(4) Notwithstanding the provisions of paragraph (r) (2) and (3) of this section, the disclosures required by this paragraph (r) shall be made before the transaction is consummated.

(5) This paragraph (r) does not apply to any transaction:

(i) To which the disclosure requirements of RESPA are applicable, or

(ii) Which is exempted from the disclosure requirements of RESPA under regulations issued by the Department of Housing and Urban Development.

(6) This paragraph (r) shall become effective on January 31, 1976.

3. The effective date of these regulations shall be October 28, 1975, except as provided in § 226.8(r) with respect to that section.

4. This notice is published pursuant to section 553(b) of Title 5, United States Code, and § 262.2(a) of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2 (a)).

By order of the Board of Governors,
October 24, 1975.

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

[FR Doc. 75-29280 Filed 10-28-75; 10:40 am]

**CHAPTER III—FEDERAL DEPOSIT
INSURANCE CORPORATION**

**PART 341—REGISTRATION OF
TRANSFER AGENTS**

**Regulations and Statements of General
Policy**

1. On August 28, 1975, the Federal Deposit Insurance Corporation ("Corporation") requested public comment on a proposed Part 341 of its regulations respecting registration of State nonmember bank transfer agents and their subsidiaries (12 CFR Part 341). The proposed regulation was published as a notice of proposed rulemaking in the FEDERAL REGISTER on September 4, 1975 (40 FR 40856-40857, 40860-40863). All interested parties were invited to submit their written data, views and arguments thereon by September 30, 1975. The comments having been considered, the Board of Directors of the Federal Deposit Insurance Corporation has adopted Part 341 and related Form TA-1 (12 CFR Part 341) under the Securities Exchange Act of 1934 ("the Act"). The rule and form set forth the procedures under which transfer agents subject to the registration requirements under the Act and for which the Corporation is the appropriate regulatory agency, as defined in section 3(a)(34)(B) of the Act,¹ will register with the Corporation.

Each federal bank regulatory agency and the Securities and Exchange Commission is publishing, concurrently with the publication of this rule and registration form, a substantially similar rule and an identical registration form for transfer agents which are required to register with that agency.

Background. As amended by the Securities Acts Amendments of 1975 (the "1975 Act"), which was signed into law on June 4, 1975,² the Act provides for

¹ Section 3(a)(34)(B) of the Act defined the term "appropriate regulatory agency" when used with respect to a clearing agency or transfer agent to be:

"(i) the Comptroller of the Currency, in the case of a national bank or a bank operating under the Code of Law for the District of Columbia, or a subsidiary of any such bank;

(ii) the Board of Governors of the Federal Reserve System, in the case of a State member bank of the Federal Reserve System, a subsidiary thereof, a bank holding company, or a subsidiary of a bank holding company which is a bank other than a bank specified in clause (i) or (iii) of this subparagraph;

(iii) the Federal Deposit Insurance Corporation, in the case of a bank insured by the Federal Deposit Insurance Corporation (other than a member of the Federal Reserve System), or a subsidiary thereof; and

(iv) the Commission in the case of all other clearing agencies and transfer agents."

² Pub. L. 94-29 (June 4, 1975).