

[6210-01]

Title 12—Banks and Banking

CHAPTER II—FEDERAL RESERVE SYSTEM

SUBCHAPTER A—BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

[Reg. Z; Docket Nos. R-0087, R-0093]

PART 226—TRUTH IN LENDING

Amendment to Regulation Z Concerning
Descriptive Billing Requirements

JANUARY 26, 1978.

AGENCY: Board of Governors of the
Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board hereby adopts an amendment to Regulation Z relating to descriptive billing of nonsale credit transactions, such as cash advance check transactions, on open end credit accounts. In lieu of disclosing the date of the cash advance check transaction or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument), the amendment permits creditors to disclose the date of debiting the transaction to the customer's account, provided that the creditor treats any subsequent inquiry from the customer related to the transaction as a billing error and an erroneous billing under the provisions of the Fair Credit Billing Act. The purpose of the amendment is to facilitate compliance with the descriptive billing provisions of Regulation Z by creditors who have experienced operational difficulties in disclosing transaction dates, while assuring that customers may obtain, without cost, clarification as to the transaction to which a debiting date relates if there is difficulty in determining that information from a periodic statement which discloses only the debiting date. Under the amendment, creditors that disclose the debiting date must reasonably identify it as such. Creditors with the capability of disclosing the date of the transaction or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument) are permitted to do so.

EFFECTIVE DATE: March 28, 1978.

FOR FURTHER INFORMATION CONTACT:

Glenn E. Loney, Section Chief, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, 202-452-3946.

SUPPLEMENTARY INFORMATION: Section 226.7(k)(3)(ii) of Regulation Z, which was to have become fully effective on October 28, 1977, would have

required, in connection with descriptive billing of nonsale credit transactions, that creditors disclose the date of the transaction or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument). Prior to the effective date of § 226.7(k)(3)(ii), certain creditors petitioned the Board to provide an alternative to that requirement which would allow them to substitute for disclosure of the transaction date the date on which a nonsale credit transaction, particularly a cash advance check transaction, is debited to a customer's account. These creditors asserted that requiring disclosure of the transaction date or the date on the document would give rise to serious operational difficulties.

In response to the concerns and asserted difficulties engendered by § 226.7(k)(3)(ii), the Board suspended the effective date of that section of Regulation Z until March 28, 1978, and on October 4, 1977, published for comment (42 FR 53969) a proposed amendment to the regulation which it now adopts in final form.

This amendment to § 226.7(k)(3)(ii) permits creditors to disclose on their periodic descriptive billing statements the date on which a nonsale credit transaction is debited to a customer's account rather than the date of the transaction or the date on the document or instrument evidencing the transaction. If a creditor elects to disclose only the debiting date, it must treat any subsequent inquiry by a customer seeking clarification of a transaction as a billing error and an erroneous billing under the provisions of the Fair Credit Billing Act and Regulation Z. Upon receipt of such an inquiry, in proper written form, the creditor is required to resolve the error and to supply documentary evidence of the transaction whether or not the customer requests it, and the creditor is prohibited from collecting any finance charge or other charge that accrues in connection with the transaction as a result of the error.

Comments received by the Board tend to support the earlier assertions regarding the difficulty of capturing and disclosing a transaction date or the date appearing on the credit document for cash advance check transactions. Furthermore, commenters provided data which tend to confirm that cash advance transactions on open end accounts are relatively infrequent and substantially larger in amount than other transactions on such accounts. Therefore, the Board believes that adoption of the amendment to § 226.7(k)(3)(ii) will facilitate compliance with the regulation by creditors while not unduly hampering consumers' understanding of the transaction activity reflected on their periodic de-

scriptive billing statements. Because of the relative infrequency of cash advance transactions and the relatively large amounts involved in such transactions when compared with other transactions, the Board anticipates that consumers will, in most instances, be able to identify cash advance transactions from a description containing the debiting date and the other information required to be disclosed. In those instances where a creditor discloses the debiting date of a nonsale credit transaction rather than the date of the transaction or the date on the document evidencing the transaction and a customer has an inquiry regarding the transaction, the Board believes that the amended § 226.7(k)(3)(ii) will enable the customer to obtain sufficient information to clarify any questions he or she may have without incurring additional charges caused by a delay in paying due to an inability to identify the transaction.

The final sentence of the amendment to § 226.7(k)(3)(ii) provides that, "If the debiting date is disclosed, it must be reasonably identified as such on the periodic statement." Some comments received by the Board questioned the need for this requirement. The purpose of this provision is twofold: (1) to eliminate the possibility of confusion which might result when debiting dates for some transactions appear on a periodic statement on which transactions are identified by another date, such as the date of the transaction; and (2) to provide consumers with an indication as to the relevance of the date which is disclosed in connection with nonsale credit transactions on a periodic statement which discloses only the debiting dates of such transactions.

Therefore, pursuant to the authority granted in 15 U.S.C. § 1604 (1970), the Board hereby amends § 226.7(k)(3)(ii) of Regulation Z, 12 CFR Part 226, as follows (inasmuch as footnote 9(e) to § 226.7(k)(3)(ii) is unaffected by this amendment, the text of the footnote is not reproduced below):

§ 226.7 Open end credit accounts—specific disclosures.

- (k) . . .
- (3) . . .

(ii) A description of the transaction, which characterizes it as a cash advance, loan, overdraft loan, or other designation as appropriate, and which includes the amount of the transaction and the date of the transaction or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument), or the date of debiting the amount to the account, provided that if only the debiting date is disclosed and the customer

submits a proper written notification of a billing error related to the transaction, the creditor shall treat such inquiry as a billing error under §§ 226.2(j) and 226.14, and as an erroneous billing under § 226.14(b), and shall supply documentary evidence of the transaction whether or not the customer requests it, within the time period allowed under § 226.14 for resolution of a billing error without charge to the customer. If the date of debiting is disclosed, it must be reasonably identified as such on the periodic statement.

By order of the Board of Governors,
January 25, 1978.

THEODORE E. ALLISON,
Secretary of the Board.

[FR Doc. 78-2955 Filed 2-1-78; 8:45 am]

[4910-13]

Title 14—Aeronautics and Space

CHAPTER 1—FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

[Docket No. 77-NW-30-AD, Amdt. 39-3132]

PART 39—AIRWORTHINESS DIRECTIVES

Boeing Model 707-300/300B/300C/400 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This Amendment to Airworthiness Directive (AD) 78-01-04 Amdt. 39-3112 clarifies that inspections are to be conducted on the horizontal stabilizer center section.

EFFECTIVE DATE: March 1, 1978.

ADDRESSES: Boeing service bulletins specified in this directive may be obtained upon request to Boeing Commercial Airplane Co., P.O. Box 3707, Seattle, Wash. 98124. These documents may also be examined at FAA Northwest Region, 9010 East Marginal Way South, Seattle, Wash. 98108.

FOR FURTHER INFORMATION CONTACT:

Harold N. Wantiez, Engineering and Manufacturing Branch, FAA Northwest Region, 9010 East Marginal Way South, Seattle, Wash. 98108, telephone 206-767-2516.

SUPPLEMENTARY INFORMATION: AD 78-01-04 Amendment 39-3112, neglected to specify that the center section to be inspected is that of the horizontal stabilizer. The Amendment is amended to add "Horizontal Stabilizer" in the first sentence of the AD.

This AD was coordinated with the Boeing Co. and the operators through the Air Transport Association (ATA) prior to issuance.

DRAFTING INFORMATION

The principal authors of this document are Harold N. Wantiez, Engineering and Manufacturing Branch, FAA Northwest Region, and Jonathan Howe, Regional Counsel, FAA Northwest Region.

Since this Amendment is for clarification purposes only, it is found that notice and public procedure thereon are impracticable and good cause exists for making this Amendment effective in less than 30 days.

ADOPTION OF THE AMENDMENT

Accordingly, § 39.13 of the Federal Aviation Regulation (14 CFR Part 39), Amendment 39-3112 is amended as follows: Change the first sentence of the AD to read "Visually inspect the horizontal stabilizer center section rear spar upper chord . . ."

The manufacturer's specifications and procedures identified and described in this directive are incorporated herein and made a part hereof pursuant to 5 U.S.C. 552(a)(1).

All persons affected by this directive who have not already received these documents from the manufacturer, may obtain copies upon request to Boeing Commercial Airplane Co., P.O. Box 3707, Seattle, Wash. 98124. These documents may also be examined at FAA Northwest Region, 9010 East Marginal Way South, Seattle, Wash. 98108.

This Amendment becomes effective March 1, 1978.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958, as amended (49 U.S.C. 1354(a), 1421, 1423); sec. 6(c), Department of Transportation Act (49 U.S.C. 1655(c)); 14 CFR 11.89.)

NOTE.—The Federal Aviation Administration has determined that this document does not contain a major proposal requiring the preparation of an Economic Impact Statement under Executive Order 11821, as amended by Executive Order 11949, and OMB Circular A107.

Issued in Seattle, Wash., on January 23, 1978.

C. B. WALK, Jr.,
Director, Northwest Region.

NOTE.—The incorporation by reference provisions in the document were approved by the Director of the Federal Register on June 19, 1967.

[FR Doc. 78-2758 Filed 2-1-78; 8:45 am]

[4910-13]

[Docket No. 77-EA-53; Amdt. 39-3111]

PART 39—AIRWORTHINESS DIRECTIVES

DeHavilland Aircraft; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Correction of effective date.

SUMMARY: On page 1295 of the FEDERAL REGISTER for January 9, 1978 (43

FR 1295) the agency published a rule AD 78-01-05 with an effective date of January 9, 1978, which would not comply with the 30-day notice requirement of Section 553(d) of the Administration Procedure Act, S.C. 553(d). The effective date is being corrected to allow for such 30-day notice.

CORRECTED EFFECTIVE DATE: February 9, 1978. Accordingly, and pursuant to the authority delegated to me by the Administrator, § 39.13 of the Federal Aviation Regulations (14 CFR 39.13) is amended, by deleting the effective date of January 9, 1978, and inserting in lieu thereof February 9, 1978.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958, as amended (49 U.S.C. 1354(a), 1421, 1423); sec. 6(c), Department of Transportation Act (49 U.S.C. 1655(c)); and 14 CFR 11.89.)

NOTE.—The Federal Aviation Administration has determined that this document does not contain a major proposal requiring preparation of an Economic Impact Statement under Executive Order 11821, as amended by Executive Order 11949, and OMB Circular A-107.

Issued in Jamaica, N.Y., on January 19, 1978.

L. J. CARDINALI,
Acting Director, Eastern Region.
[FR Doc. 78-2760 Filed 2-1-78; 8:45 am]

[4910-13]

[Docket No. 17564; Amdt. 39-3133]

PART 39—AIRWORTHINESS DIRECTIVES

Hawker Siddeley Aviation, Ltd., DH/BH/HS-125 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action published in the FEDERAL REGISTER and makes effective as to all persons an amendment to an existing airworthiness directive and a new airworthiness directive which were previously made effective as to known operators of certain Hawker Siddeley Avon Ltd., Model DH/BH/HS-125 series airplanes by individual telegrams dated December 1, 1977. The new AD requires repetitive dye penetrant inspections of the lugs of the flap outer hinge assembly fittings on DH/BH/HS-125 series airplanes for cracks and replacement of cracked fittings to prevent the possible loss of a flap. The amendment to the existing AD relieves those operators required to comply with the new AD from compliance with related provisions existing in the AD being amended. These actions were based on service experience.

DATES: Effective February 16, 1978, except with respect to certain persons specified in the body of the AD. Com-