held for the period from the date of his first marketing as a new producer through the end of such calendar quarter: *Provided*: That, such eligibility for refund shall not apply to a person who during the first 15 days of such December, March, June, or September, was a producer under a Federal order under which the same refund notification period applied and he did not appropriately submit a refund application during such period. This paragraph also shall be applicable to all producers during the period between the effective date of this paragraph and the beginning of the first full calendar quarter for which the opportunity exists for such producer to request a refund pursuant to paragraph (b) of this section.

(d) A producer who, with respect to any calendar quarter, has appropriately filed request for refund of advertising and promotion program assessments on his marketings of milk under another Federal order shall be eligible (on the basis of his request filed under the other order) for refund with respect to his producer milk under this order against which an assessment is withheld during such quarter.

§ 1036.121 Duties of the market administrator.

Except as specified in § 1036.116, the market administrator, in addition to other duties specified by this part, shall perform all the duties necessary to administer the terms and provisions of the advertising and promotion program including, but not limited to, the following:

(a) Within 30 days after the effective date of this section, and annually thereafter, conduct a referendum to determine representation on the Agency pursuant to § 1036.113(c);

(b) Set aside the amount subtracted under § 1036.61(c-1) into an advertising and promotion fund, separately accounted for, from which shall be disbursed:

(1) To the Agency each month, all such funds less any necessary amount held in reserve to cover refunds pursuant to subparagraphs (2) and (3) of this paragraph, and payments to cover expenses of the market administrator incurred in the administration of the advertising and promotion program (including audit).

(2) Refund to a producer the amount of mandatory checkoff for advertising and promotion programs required under authority of State law applicable to such producer but not more than 5 cents per hundredweight of his milk for which deductions were made pursuant to § 1036.61(c-1).

(3) After the end of each calendar quarter, refund upon request pursuant to § 1036.120 to a producer the deductions applicable to his milk made pursuant to § 1036.61(c-1) for such calendar quarter, less the amount of any refund otherwise made to the producer pursuant to subparagraph (2) of this paragraph.

(c) Promptly after the effective date of this section, and thereafter with respect to a new producer, forward to each producer a copy of the provisions of the advertising and promotion program (§§ 1036.110 through 1036.122).

(d) Make necessary audits to establish that all Agency funds are used only for authorized purposes.

§ 1036.122 Liquidation.

In the event that the provisions of this advertising and promotion program are terminated, any remaining uncommitted funds applicable thereto shall revert to the producer-settlement fund.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674.)

Effective date: October 1, 1978.

NOTE.—The Agricultural Marketing Service has determined that this document contains major proposals requiring preparation of an economic impact statement under Executive Order 11821 and OMB Circular A-107 and certifies that such statement has been prepared.

Signed at Washington, D.C., on: August 28, 1978.

P. R. "BOBBY" SMITH,
Assistant Secretary for Marketing Services.

[FR Doc. 78-24637 Filed 8-30-78; 8:45 am]

[4410-10]

Title 8—Aliens and Nationality

CHAPTER I—IMMIGRATION AND NATURALIZATION SERVICE, DEPARTMENT OF JUSTICE

PART 252—LANDING OF ALIEN CREWMEN

Termination of Program for Issuance of Permanent Crewman's Landing Permits and Identification Cards (Form I-184); Effective Date

AGENCY: Immigration and Naturalization Service, Justice.

ACTION: Final rule, postponement of effective date.

SUMMARY: The purpose of this order is to postpone the effective date of the final rule published at 43 FR 37173 on August 22, 1978.

EFFECTIVE DATE: The effective date of the above-cited regulation is postponed to September 22, 1978.

FOR FURTHER INFORMATION CONTACT:

James G. Hoofnagle, Jr., Instructions Officer, Immigration and Naturalization Service, 425 I Street NW., Washington, D.C. 20536, telephone 202-376-8373.

Dated: August 24, 1978.

LEONEL J. CASTILLO,
Commissioner of Immigration and Naturalization.

[FR Doc. 78-24476 Filed 8-30-78; 8:45 am]

[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 No. R-0152]

PART 226—TRUTH IN LENDING

Disclosure of Varying Payments Scheduled To Repay the Indebtedness

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: On April 24, 1978, the Board of Governors published a proposed revision of interpretation § 226.808 of regulation Z (43 FR 17363). It would have permitted disclosure of the complete payment schedule (as required by § 226.8(b)(3)) on the reverse of the disclosure document or on a separate page or pages in any transaction in which the payment amounts vary, or, in certain enumerated transactions, disclosure of an abbreviated schedule that indicated the progression of the payment amounts. The Board has determined that the proposed revision of the interpretation should be withdrawn and the first alternative, disclosure of a complete payment schedule on the reverse of the disclosure document or on a separate page, should be incorporated into § 226.8(a) of regulation Z by amendment of that subsection, effective immediately. The present interpretation will remain unchanged, and official staff interpretations and public information letters permitting its use in types of transactions other than that described in the present interpretation will remain in effect. The proposed abbreviated payment schedules will not be permitted.

EFFECTIVE DATE: August 31, 1978.

FOR FURTHER INFORMATION CONTACT:

Dolores S. Smith, Section Chief, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, 202-452-2412.

SUPPLEMENTARY INFORMATION: (1) In response to a number of inquiries regarding the proper method of disclosure (pursuant to § 226.8(b)(3) of regulation Z) of payments scheduled to repay the indebtedness in consumer credit transactions in which the amounts of such payments vary, the Board of Governors proposed a revision of interpretation § 226.808 for public comment. The interpretation would have permitted the creditor (1) in any transaction which the amounts scheduled to repay the indebtedness vary, to provide the customer with a complete payment schedule on the reverse of the disclosure statement or on a separate page or pages (conspicuously referenced in the disclosure statement), notwithstanding the requirement of § 226.8(a) that all disclosures be made on one side of a single page, or (2) in certain enumerated transactions, to give the customer an abbreviated schedule of payments that would disclose the number of payments, the amount of certain payments, and a description of the variation in the payment amounts. In addition, the interpretation would have provided that non-credit items (such as certain credit life and disability insurance premiums) that are not included in the amount financed or in the finance charge must be excluded from the total of payments scheduled to repay the indebtedness. Finally, a number of public information letters and official staff interpretations would have been rescinded.

Eighty-two comments on the proposal were received by the Board. A majority of the comments favored adoption of the proposal with modifications, although a significant number of the comments expressed opposition to the proposal for policy reasons. Based on the comments received and its own analysis, the Board has decided to withdraw the proposed revision of the interpretation (including the position stated therein concerning inclusion of noncredit items in the total of payments). Instead, the Board is amending regulation Z to permit the first alternative (disclosure of a complete payment schedule on as many pages as necessary) in any transaction in which the payment amounts vary. The public information letters and official staff interpretations that the Board had proposed to rescind will remain in effect. These changes and the reasons therefor are discussed in greater detail below.

(2) The disclosure of a complete payment schedule on the reverse of the disclosure document or on a separate page or pages was favored by the majority of commenters. The Board finds that provision of such a schedule would not detract from, and in some cases may even enhance, the value of the disclosures to consumers. Comments were divided on whether or not there would be operational difficulties in providing a complete schedule of payments to customers. It should be pointed out that the provision of a separate schedule of payments is an alternative method of disclosure; creditors that would encounter operational difficulties may continue to give the schedule of payments with the other required disclosures.

The Board also wishes to point out that the bracketed words in the amendment to § 226.8(a) are to be used alternatively, i.e., the inappropriate bracketed words should be deleted when making the disclosure.

(3) The Board finds that use of additional examples in the interpretation would not serve to facilitate compliance with the regulation's requirements nor provide consumers with sufficient understandable information about their credit transactions. Therefore, the proposed revision of the interpretation is withdrawn.

A number of significant problems with respect to the examples in the interpretation were brought to the Board's attention by commenters. A number of comments addressed the need for more examples. First, graduated payment mortgages (such as the HUD-FHA program recently authorized by section 245 of the National Housing Act) have increasing payments for the first years of the note and, in the case of the FHA program, decreasing payments after the first 6 or 11 years (as a result of decreases in required mortgage insurance premiums). Commenters expressed their desire for examples to fit such programs.

Second, the examples did not incorporate one type of credit transaction with mortgage insurance premiums for which disclosure in accordance with the present interpretation had been approved in an official staff interpretation. Third, example II, transaction B permitted the use of an abbreviated schedule in transactions with irregular first or last payments. Commenters felt that similar deviations should be permitted for the other examples. Finally, a number of commenters suggested other, more irregular transactions (e.g., simple interest loans with monthly finance charge payments and quarterly principal payments) as proper subjects for abbreviated schedules.

The Board has determined that even if additional examples were provided only for GPM transactions, for other mortgage insurance transactions and for irregular first or last payments in the enumerated transactions, the number of examples would be at least doubled. Such a result appears unwarranted, particularly in light of present efforts to simplify the Truth in Lending Act and regulation Z.

Furthermore, while examples could be adapted to accommodate the present programs of creditors, developments in lending practices would invariably result in their inadequacy for disclosure under new programs. The Board would be faced with the alternatives of constant amendment of the interpretation or repetition of the present situation, whereby staff interpretations have expanded the scope of the current § 226.808 to permit its use in transactions other than those specifically set forth.

Commenters noted that verification of the accuracy of the annual percentage rate (APR) disclosure (either by the enforcement authorities or consumers) for creditors disclosing in accordance with the proposed examples would be impossible because there would be no disclosure of actual payment amounts. This verification problem exists now, but the proposal would have increased significantly the number of transactions in which abbreviated disclosures would be permitted. The solutions to this enforcement problem (requiring complete payment schedules at consummation or the ability to reproduce the estimated payment amounts at a later date) would be extremely burdensome to creditors.

Based on the concerns raised by commenters and its own opinion that the examples provide insufficient flexibility for the development of new lending programs, the Board has determined that withdrawal of the proposed interpretation, with provision of the complete payment schedule as an alternative, will provide creditors with a simple method of compliance in varing payment transactions. In addition, this alternative will provide the greatest amount of information to consumers in a readily understandable format.

(4) The proposed interpretation stated the position that the "total of payments scheduled to repay the indebtedness" included only the amount financed and the finance charge. This position was contrary to a number of public information letters issued by the staff that permit the inclusion in the total of payments of premiums for optional, cancellable credit life and disability insurance that are not financed and that are excluded from the finance charge by compliance with § 226.4(a)(5).

The comments on this portion of the proposal were negative. Commenters cited their reliance on the staff's position in developing their loan programs and criticized the disruption of these programs should the interpretation be adopted. Creditors that now offer these types of credit life and disability insurance programs stated that they would either begin requiring insurance coverage of the customer or finance the premiums, which would result in increased finance charges to customers. Creditors also stated that calculation of the amounts of the varying payments at consummation would be extremely difficult with existing rate and payment charts.

The Board has decided that the permissibility of the inclusion of noncredit items in the total of payments will be given further consideration by the staff and will be addressed in an official staff interpretation.

(5) The Board had also proposed rescinding a number of public information letters and official staff interpretations that would have conflicted with the proposed interpretation. None of these letters and interpretations will now be rescinded. The letters dealing with the inclusion of credit life and disability insurance premiums in the total of payments (169, 632, 684, 735, 799, 833, the final paragraph of 834, and 850) will remain in effect pending issuance of an official staff interpretation on the subject.

Public information letters 1021 and 1186 will not be rescinded, as they are consistent with the Board's position concerning the treatment of mortgage insurance premiums. Public information letters 1158 and 1164 and official staff interpretations FC-0003, 0025, 0030, 0031, and 0104 will not be rescinded because the Board is reluctant to disrupt creditor practices in the disclosure of insurance premiums. It should be pointed out, however, that the Board believes that further expansion of the scope of the present interpretation through staff letters has been obviated by the amendment to § 226.8(a) permitting the schedule to be placed on a separate page, and the staff does not intend to respond favorably to future requests for such expansion.

(6) In accordance with 5 U.S.C. 553(d)(i), the effective date of the amendment need not be delayed because it is a substantive rule that relieves a restriction.

(7) Therefore, pursuant to the authority granted in 15 U.S.C. 1604 (1970), the Board hereby amends 12 CFR Part 226, effective August 31, 1978, by adding the following to the end of § 226.8(a):

§ 226.8 Credit other than open end—specific disclosures.

(a) *General rule.* * * * Notwithstanding the provisions of paragraphs (a) (1) and (2) of this section, a creditor may, in any transaction in which the payments scheduled to repay the indebtedness vary, satisfy the requirements of § 226.8(b)(3) with respect to the number, amount, and due dates or periods of payments by disclosing the required information on the reverse of the disclosure statement or on a separate page(s): *Provided,* That the following notice appears with the other required disclosures: "Notice: see (reverse side) (accompanying statement) for the schedule of payments."

* * * * *

By order of the Board of Governors, August 23, 1978.

THEODORE E. ALLISON,
Secretary of the Board.

[FR Doc. 78-24598 Filed 8-30-78; 8:45 am]

[6210-01]

[Reg. Z; Docket No. R-0164]

PART 226—TRUTH IN LENDING

Minor Irregularities—Maximum Irregular Period Limits

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final interpretation.

SUMMARY: The Board hereby adopts an amendment to Interpretation § 226.503 of regulation Z, which permits certain irregular payment amounts and payment periods to be considered regular for purposes of calculating the annual percentage rate on consumer credit transactions. This amendment provides that in transactions payable monthly with a term of 10 years or more, an irregular first period of up to 62 days may be treated as though it were a regular period and the resulting payment irregularities may be disregarded. It is intended to simplify computation of the annual percentage rate in long term transactions involving unequal payments, including graduated payment mortgages.

EFFECTIVE DATE: August 31, 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, 202-452-3867.

SUPPLEMENTARY INFORMATION: On June 1, 1978, the Board of Governors published for comment an amendment to regulation Z Interpretation § 226.503 which would expand its coverage to include certain long term real property transactions, such as graduated payment mortgages. The former version of § 226.503 allowed first payment periods between 20 and 50 days to be treated as if they were regular for purposes of the annual percentage rate calculation, only in transactions otherwise payable in equal installments. Since graduated payment mortgages by their very nature involve unequal installments, creditors offering such mortgages, for example, under the HUD/FHA section 245 experimental financing program, were formerly unable to take advantage of the minor irregularities provision.

This amendment will not allow first periods of up to 62 days to be treated as if they were regular for purposes of computing annual percentage rates in all transactions which are payable monthly and which have a scheduled term of 10 years or more, whether or not the monthly installments are equal. The Board believes that this expansion of the minor irregularities provision will simplify rate computations in such transactions while having a negligible effect on the accuracy of the rate.

When the amendment was originally proposed, comment was specifically solicited on whether the restrictions placed on application of the amendment should be relaxed or strengthened. In light of the comments, the amendment has been revised in its final form in four ways:

(1) It has been expanded to apply to all types of transactions instead of being limited to real property transactions. As pointed out by several commenters, the accuracy of the annual percentage rate depends on the time periods and payment amounts involved rather than on the character of the underlying transaction. Therefore, the Board sees no reason to limit this special rule to transactions secured by real property.

(2) The minimum term of a transaction qualifying for use of this special rule has been reduced from 15 years to 10 years. The Board considers that disregarding these slight irregularities will have a negligible impact on the accuracy of the rate, even in transactions with 10 year terms.

(3) It has been expanded to apply to irregularities in payment amounts resulting from the payment period irregularities. The amendment as proposed dealt only with irregular first periods and not with irregular payment amounts. However, the initial payment will often be irregular as a result of a first period irregularity, for example, when interest for the extra days in the first period is collected, not at closing, but either with the first payment or one month prior to the first regular payment. The final amendment has been revised to provide that such payment irregularities may also be disregarded.

(4) It has been revised to clarify that this special rule applies to certain long term transactions even if they convert to demand status in less than 10 years. As revised, the amendment applies when the "scheduled amortization" of

the obligation is at least 10 years. This revision was felt necessary to clarify that the special rule would apply to long term mortgages with demand features, but would not apply to short term balloon payment mortgages. Some mortgages are due and payable at the end of a stated period, for example, five years, but since the payments are based on a 20-year amortization schedule, a large "balloon payment" must be made at the end of five years. Such transactions are not covered by the amendment. Other mortgages, however, are written for a stated period, for example, one year, with the provision that they shall be payable on demand thereafter, provided that until demand is made, payments based on a longer amortization schedule shall continue to be made until the obligation is paid in full. Creditors offering this type of transaction are currently permitted, pursuant to Board Interpretation § 226.816, to make disclosures based on the longer amortization schedule (provided it is also stated that the loan is payable on demand after one year and that disclosures are based on the longer period). Creditors choosing to disclose on this basis, therefore, will be permitted to take advantage of the amendment to § 226.503, provided the specified amortization period is at least 10 years and the other criteria are met.

All of the commenters who addressed the question of whether the amendment should be limited to programs requiring customers to pay interest for the irregular portion of the first period opposed such a restriction, and the Board concurs. Although such a requirement would insure somewhat greater accuracy of the calculated rate, the Board believes it unwise to impose that restriction for several reasons: (a) it does not have a great impact on accuracy of the rate, whether interest for the irregular period is paid or not; (b) such a requirement does not apply to transactions falling within the original minor irregularities provisions; and, perhaps most importantly, (c) it seems undesirable to require creditors to charge customers where they otherwise might not do so, in order to qualify for this special treatment.

A few commenters questioned whether the amendment was intended to eliminate the 20-day minimum for the first period, and urged that this minimum be kept so as to avoid any understatement of the annual percentage rate. The Board believes that this restriction is unnecessary since treating even a first period of one day as if it were regular will have a negligible effect on the rate in long-term transactions. The amendment, therefore, will allow any first period from zero to 62 days to be considered regular.

Accordingly, in consideration of the foregoing and pursuant to the authority granted in 15 U.S.C. 1604 (1968), the Board amends Official Board Interpretation of regulation Z, 12 CFR Part 226.503, effective immediately, by adding to the end thereof the following:

§ 226.503 Minor irregularities—maximum irregular period limits.

* * * * *

Notwithstanding the above or the language in § 226.5(d) that limits the minor irregularities provisions to transactions that are "otherwise payable in equal installments scheduled at equal intervals," the following rule may apply.

An initial payment period of 62 days or less may be treated as though it were regular and an irregular initial payment or any portion thereof resulting from the application of a rate to the balance for such an irregular period may be disregarded if:

(1) The scheduled amortization of the obligation (the date from which the finance charge begins to accrue to the date of the final scheduled payment) is at least 10 years, and

(2) The obligation is otherwise payable in monthly installments.

By the order of the Board of Governors, August 23, 1978.

THEODORE E. ALLISON,
Secretary of the Board.

[FR Doc. 78-24600 Filed 8-30-78; 8:45 am]

[4910-13]

Title 14—Aeronautics and Space

CHAPTER I—FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

[Airspace Docket No. 78-SO-42]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Transition Area, Chattanooga, Tenn.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule alters the 700-foot transition area in the vicinity of Chattanooga, Tenn. This action provides necessary additional airspace for accommodation of the proposed ILS Runway 2 Standard Instrument Approach Procedure to Lovell Field.

EFFECTIVE DATE: 001 G.m.t., September 21, 1978.

ADDRESS: Federal Aviation Administration, Chief, Air Traffic Division, P.O. Box 20636, Atlanta, Ga. 30320.

FOR FURTHER INFORMATION CONTACT:

Ronald T. Niklasson, Airspace and Procedures Branch, Federal Aviation Administration, P.O. Box 20636, Atlanta, Ga. 30320; telephone, 404-763-7646.

SUPPLEMENTARY INFORMATION: A Notice of Proposed Rulemaking was published in the FEDERAL REGISTER on Monday, June 26, 1978 (43 FR 27559), which proposed the alteration of the Chattanooga, Tenn., transition area. No objections were received from this Notice.

DRAFTING INFORMATION

The principal authors of this document are Ronald T. Niklasson, Airspace and Procedures Branch, Air Traffic Division, and Eddie L. Thomas, Office of Regional Counsel.

ADOPTION OF AMENDMENT

Accordingly, Subpart G § 71.181 (43 FR 440) of Part 71 of the Federal Aviation Regulations (14 CFR 71 is amended, effective 0001 G.m.t., September 21, 1978, as follows:

CHATTANOOGA, TENN.

"* * * Lovell Field: within a 6.5-mile radius * * *" is deleted, and
"* * * Lovell Field; within a 4.5 miles west and 9.5 miles east of the south ILS localizer course extending from the 19- and 15-mile radius areas to 18.5 miles south of the OM; within a 6.5 mile radius * * *" is substituted therefor.

(Sec. 307(a) of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1348(a)) and Sec. 6(c) of The Department of Transportation Act (49 U.S.C. 1655(c)).)

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 East Point, Ga, on August 18, 1978.

LONNIE D. PARRISH,
Acting Director, Southern Region.

[FR Doc. 78-24395 Filed 8-30-78; 8:45 am]

[4910-13]

[Airspace Docket No. 78-SO-53]

PART 73—SPECIAL USE AIRSPACE

Revocation of Restricted Area

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.