

proposed rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

[3410-02-M]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 1011]

[Docket No. AO-251-A21]

MILK IN THE TENNESSEE VALLEY MARKETING AREA

Extension of Time for Filing Exceptions to the Recommended Decision on Proposed Amendments to Tentative Marketing Agreement and to Order

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Extension of time for filing exceptions.

SUMMARY: This action extends the time for filing exceptions to the January 18, 1979, recommended decision for the order regulating the handling of milk in the Tennessee Valley marketing area.

DATE: Exceptions are now due on or before March 9, 1979.

ADDRESS: Exceptions (four copies) should be filed with the Hearing Clerk, Room 1077 South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

FOR FURTHER INFORMATION CONTACT:

Richard A. Glandt, Marketing Specialist, Dairy Division, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250, (202) 447-4829.

SUPPLEMENTARY INFORMATION:

Prior documents in this proceeding: Notice of hearing: Issued August 23, 1978; published August 28, 1978 (43 FR 38412).

Recommended Decision: Issued January 18, 1979; published January 23, 1979 (44 FR 4696).

Notice is hereby given that the time for filing exceptions to the recommended decision with respect to the proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Tennessee Valley marketing area which was issued January 18, 1979 (44 FR 4696) is hereby extended to March 9, 1979.

This notice is issued pursuant to the provisions of the Agricultural Market-

ing Agreement Act of 1937, as amended (7 U.S.C. 601 *et seq.*), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900).

Signed at Washington, D.C., on February 9, 1979.

JAMES E. SPRINGFIELD,
Acting Deputy Administrator,
Marketing Program Operations.

[FR Doc. 79-4942 Filed 2-14-79; 8:45 am]

[6210-01-M]

FEDERAL RESERVE SYSTEM

[12 CFR Part 226]

[Reg. Z; Docket No. R-0202]

TRUTH IN LENDING

Right of Rescission

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed suspension of rule and interpretation.

SUMMARY: The Board is proposing to suspend its recent amendment and interpretation of regulation Z which allow creditors an alternative to providing the right of rescission and notice of that right for each transaction under certain open end accounts secured by consumers' residences. The Board is soliciting comment on whether it should suspend or repeal the amendment and interpretation, on whether the amendment should be modified to provide additional protections to consumers, and on whether creditors that intend to offer open end credit plans under the amendment should be required to notify the Board of that intention and provide the Board with a copy of the initial Truth in Lending disclosures to be made in connection with the plans. The Board is also requesting information about plans currently being offered pursuant to the amendment. This action is being taken because it appears that when the amendment was initially proposed for comment, interested parties may not have been aware of the proposal and, therefore, may not have submitted relevant data, views, comments, or arguments regarding possible risks and benefits to consumers which might result from the amendment.

DATE: Comments must be received on or before April 16, 1979.

ADDRESS: Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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:

Effective August 3, 1978, (43 FR 34111) the Board amended Regulation Z by creating an alternative to providing the right of rescission and notice of that right for each individual transaction under certain open end accounts secured by consumers' residences. Under the terms of that amendment, § 226.9(g)(6) of Regulation Z, if a creditor provides customers of such accounts with a disclosure of their rights at the time their accounts are opened, prior to any increase in their lines of credit, prior to a change in the terms of their accounts, and at the time a security interest in a customer's residence is added to an existing account, as well as an annual reminder that their homes stand as security for their accounts, the creditor need not provide the right of rescission and notice of that right for individual transactions on the accounts. At the same time, the Board issued Interpretation § 226.904 which provides sample disclosures which creditors may use to meet certain of the amendment's requirements. The interpretation was amended, effective October 31, 1978, (43 FR 50672). For convenient reference, the amendment and interpretation are reproduced below:

§ 226.9 Right to Rescind Certain Transactions.

(g) Exceptions to general rule. . . .
(6) Individual transactions under an open end credit account; *Provided:*

(i) That the creditor and the seller are not the same or related persons.^{1*}

(ii) That the creditor provides the disclosure required by § 226.9(b) at the time the disclosures required under § 226.7(a) are required to be made, or, if the security inter-

^{1*} For purposes of § 226.9(g)(6) a person is related to a creditor if that person would be deemed related to the creditor under footnote 9b to § 226.7(k).

est is not retained or acquired at the time the § 226.7(a) disclosures are required to be made, at the time the security interest is retained or acquired.

(iii) That the creditor does not change the terms of a customer's account within the meaning of § 226.7(f) or increase the customer's line of credit without affording the customer the opportunity to refuse the change in terms or the increase. If the customer refuses the change in terms, the creditor need not extend any further credit on the account; however, the customer shall have the right to repay any existing obligation on the account under the then existing terms of the account. At the time a disclosure of a change in terms under § 226.7(f) is required to be made or prior to an increase in the customer's line of credit, the creditor shall provide the customer with two copies of a disclosure setting forth, as applicable: The fact that the creditor intends to change the terms or increase the line of credit of the customer's account; the fact that the account is secured by the customer's real property; and the fact that the customer may refuse the change in terms and repay any existing obligation under the then existing terms of the account, or refuse the increase in the line of credit, by giving the creditor written notice within three business days of the date of the disclosure.

(iv) That at least once each calendar year the creditor furnishes to the customer a disclosure of the fact that the customer's account is secured by the customer's real property and that failure to pay any outstanding balance in accordance with the terms of the account could result in the loss of the customer's real property.

(v) That each disclosure provided pursuant hereto is made on one side of a statement, separate from any other documents, that the disclosure sets forth the name of the creditor and, in the case of the disclosures required by subparagraph (iii) hereof, the creditor's address, the date on which the disclosure is furnished to the customer, the date by which the customer should give notice of refusal of the increase in the line of credit or the change in terms of the account, and the fact that one copy of the disclosure can be used for that purpose.

§ 226.904 Right of rescission for certain open end credit accounts.

Section 226.9(g)(6) provides an exception to the right of rescission for individual transactions on an open end credit account provided, among other things, that the disclosures required by that section are made at the times specified. The question arises as to what disclosures will satisfy the requirements of §§ 226.9(g)(6)(iii) and (iv).

The disclosures set forth below, if accurate and when properly completed, will satisfy the requirements, as to form and content, of the indicated sections of the regulation. No specific type size or style is required. If the real property on which the security interest may arise does not include a dwelling, the creditor may substitute such words as "the property you are purchasing" for "your home" or "lot" for "home" where these words appear in the disclosures.

Section 226.9(g)(6)(iii) (Increase in line of credit).

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW

(Name of creditor) _____ HAS APPROVED AN INCREASE IN THE AMOUNT OF CREDIT AVAILABLE TO YOU ON YOUR OPEN END ACCOUNT SECURED BY YOUR HOME. ANY ADDITIONAL CREDIT YOU USE WILL ALSO BE SECURED BY YOUR HOME. YOU HAVE A RIGHT TO REFUSE TO ACCEPT THIS INCREASE. YOU MAY EXERCISE THIS RIGHT WITHIN THREE BUSINESS DAYS FROM (date disclosure delivered to customer) _____ BY NOTIFYING US AT (Address of creditor's place of business) _____ BY MAIL OR TELEGRAM SENT NOT LATER THAN MIDNIGHT OF (date) _____. YOU MAY ALSO USE ANY OTHER FORM OF WRITTEN NOTICE TO REFUSE THE INCREASE IF IT IS DELIVERED TO THE ABOVE ADDRESS NOT LATER THAN THAT TIME. THIS NOTICE MAY BE USED FOR THAT PURPOSE BY DATING AND SIGNING BELOW.

I HEREBY REFUSE THE INCREASE IN THE CREDIT AVAILABLE ON MY ACCOUNT.

_____ (date).

_____ (customer's signature)

Section 226.9(g)(6)(iii) (Change in terms)

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW

(Name of creditor) _____ INTENDS TO CHANGE THE TERMS OF YOUR OPEN END CREDIT ACCOUNT WHICH IS SECURED BY YOUR HOME. YOU HAVE A RIGHT TO REFUSE TO ACCEPT THIS CHANGE IN TERMS. IF YOU REFUSE THIS CHANGE IN TERMS, YOU HAVE THE RIGHT TO CONTINUE TO REPAY YOUR EXISTING OBLIGATION UNDER THE PRESENT TERMS OF THE ACCOUNT. HOWEVER, WE WOULD THEN HAVE THE RIGHT TO REFUSE TO EXTEND ANY FURTHER CREDIT, EXCEPT PURSUANT TO THESE NEW TERMS. YOU MAY EXERCISE YOUR RIGHT TO REFUSE THE CHANGE IN TERMS WITHIN THREE BUSINESS DAYS OF _____ (date disclosure delivered to customer) _____ BY NOTIFYING US AT (Address of creditor's place of business) _____ BY MAIL OR TELEGRAM SENT NOT LATER THAN MIDNIGHT OF (date) _____. YOU MAY ALSO USE ANY OTHER FORM OF WRITTEN NOTICE TO REFUSE THE CHANGE IN TERMS IF IT IS DELIVERED TO THE ABOVE ADDRESS NOT LATER THAN THAT TIME. THIS NOTICE MAY BE USED FOR THAT PURPOSE BY DATING AND SIGNING BELOW.

I HEREBY REFUSE THE CHANGE IN THE TERMS OF MY ACCOUNT.

_____ (date)

_____ (customer's signature)

Section 226.9(g)(6)(iv) (Annual disclosure)

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW

THIS IS TO REMIND YOU THAT YOUR OPEN END CREDIT ACCOUNT WITH _____ (Name of creditor) IS SE-

CURED BY A LIEN, MORTGAGE, OR OTHER SECURITY INTEREST ON YOUR HOME. THIS MEANS THAT YOUR FAILURE TO PAY ANY OUTSTANDING BALANCE IN ACCORDANCE WITH THE TERMS OF THE ACCOUNT COULD RESULT IN THE LOSS OF YOUR HOME.

It appears that when the amendment was first proposed for public comment in December 1977, interested parties may not have been aware of the proposal and, consequently, may not have submitted to the Board relevant data, views, comments, or arguments regarding possible risks and benefits to consumers which may result from the amendment. Therefore, the Board believes that it may be advisable to suspend the amendment and interpretation for additional study and public comment.

In addition to comment on the question of whether or not to suspend the amendment, the Board also desires to receive comments on the amendment and interpretation themselves. The Board is interested in comment on whether the amendment and interpretation should be repealed or whether there are additional protections or limitations which could be included in the amendment and/or interpretation which would reduce any perceived risk to consumers presented by open end plans secured by consumers' homes. Examples of possible protections or limitations are maximum or minimum credit limits which could be offered in connection with such plans, limitations on the purposes for which the plans could be used, and maximum or minimum limits on the amount of individual extensions of credit under the plans. The Board is also interested in receiving comment from creditors and customers of open end plans presently being offered under the amendment regarding such things as the terms of the plans, the purposes for which they are being used, and the degree of customer satisfaction or dissatisfaction with the plans.

The Board also desires to receive comment on a proposal to impose, as a condition to offering open end credit plans pursuant to the amendment, a requirement that creditors notify the Board of their intention to offer such plans and furnish the Board with a copy of the initial Truth in Lending disclosures required to be made pursuant to § 226.7(a) of Regulation Z in connection with the plans. By imposing such a requirement, the Board would ascertain the number and identity of creditors offering such plans as well as the underlying terms of the plans. After obtaining this information, the Board would periodically make inquiries of the creditors to determine whether the plans were affecting consumers adversely by, for example, resulting in increases in delin-

quency, default, or foreclosure. The Board would also make relevant inquiries to determine benefits of the plans when compared to closed end credit transactions secured by consumers' residences.

Therefore, pursuant to the authority granted in 15 U.S.C. 1604 (1976), the Board:

(1) Proposes to suspend § 226.9(g)(6) and Interpretation § 226.904 of Regulation Z, 12 CFR Part 226, for further study and public comment;

(2) Solicits comment on the proposed suspension and on whether § 226.9(g)(6) and § 226.904 should be modified or repealed;

(3) Requests information regarding plans currently being offered pursuant to § 226.9(g)(6) and § 226.904;

(4) Proposes to add a new subsection (vi) to § 226.9(g)(6) of Regulation Z, 12 CFR Part 226, as follows:

§ 226.9 Right to rescind certain transactions.

* * *

(g) Exceptions to general rule. * * *

(6) Individual transactions under an open end credit account: *Provided:* * * *

(vi) That prior to opening such an account or within 90 days of the effective date of this subparagraph (vi), whichever is later, the creditor notifies the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, in writing of the creditor's intention to offer such accounts, and provides the Secretary with a copy of the disclosures required to be made pursuant to § 226.7(a) in connection with such accounts.

To aid in the consideration of these matters by the Board, interested persons are invited to submit relevant data, views, comments, or arguments. Any such material should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received no later than April 16, 1979, and should include the docket number R-0202. The material submitted will be made available for public inspection and copying, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information (12 CFR 261.6(a)).

By order of the Board of Governors, February 7, 1979.

GRIFFITH L. GARWOOD,
Deputy Secretary of the Board.

[FR Doc. 79-4956 Filed 2-14-79; 8:45 am]

[4910-13-M]

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[14 CFR Part 39]

[Docket No. 18722]

AIRWORTHINESS DIRECTIVES

Fokker F-27 Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: This notice proposes to adopt an airworthiness directive (AD) that would require the replacement of unshielded electrical wire in the propeller auto-feathering circuit with shielded wire and segregation of some wires on certain plugs and receptacles in the feathering circuit on Fokker F-27 airplanes. The proposed AD is needed to remove an incorrect type of wire from the propeller control circuit which could permit that circuit to become inadvertently energized and result in an unwanted auto-feathering of the propeller during flight, adversely affecting control of the airplane.

DATES: Comments must be received on or before April 12, 1979.

ADDRESSES: Send comments on the proposal in duplicate to:

Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-24) Docket No. 18722, 800 Independence Avenue, S.W., Washington, D.C. 20591.

The applicable service bulletin may be obtained from:

FOKKER-VFW, Technical Publications Dept., P.O. Box 7600, Schiphol-Oost, The Netherlands.

A copy of the service bulletin is contained in the Rules Docket, Rm 916, 800 Independence Avenue, S.W., Washington, D.C. 20591.

FOR FURTHER INFORMATION CONTACT:

Don C. Jacobsen, Chief, Aircraft Certification Staff, AEU-100, Europe, Africa and Middle East Region, Federal Aviation Administration, c/o American Embassy, Brussels, Belgium, Telephone 513.38.30., or Chris Christie, Federal Aviation Administration, Engineering and Manufacturing Division, AFS-110, 800 Independence Avenue, S.W., Washington, D.C. 20591 (202) 426-8374.

SUPPLEMENTARY INFORMATION:

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify

the regulatory docket number and be submitted in duplicate to the address specified above. All communications received on or before the closing date for comments, will be considered by the Administrator before taking action on the proposed rule. The proposals contained in this notice may be changed in the light of comments received. All comments will be available, both before and after the closing date for comments in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of the proposed AD, will be filed in the Rules Docket.

The FAA has determined that on certain serial number Fokker F-27 airplanes the propeller auto-feathering system wire between the firewall and the cockpit pedestal became unintentionally unshielded thereby reducing its protection against inadvertent or unwanted feathering which could occur in any regime of airplane operation and adversely affect control of the airplane. Since this condition is likely to exist or develop on other airplanes of the same type design, the proposed AD would require replacement of unshielded wire found in the propeller auto-feathering system between the firewall and the pedestal with shielded wire, re-routing certain wires, and rework of certain electrical receptacles as installed in the propeller auto-feathering system of certain Fokker F-27 airplanes.

THE PROPOSED AMENDMENT

Accordingly, the Federal Aviation Administration proposes to amend § 39.13 of Part 39 of the Federal Aviation Regulations (14 CFR 39.13) by adding the following new airworthiness directive:

FOKKER-VFW b.v. Applies to F-27 series airplanes, serial numbers 10105 through 10248 which have incorporated Fokker Service Bulletin F27/61-9(G6), 10249 through 10507 which have not incorporated Fokker Service Bulletin F27/61-10(G7), and 10508 through 10553, certificated in all categories.

Compliance is required as indicated, unless already accomplished.

To prevent propeller auto-feathering caused by inadvertent potential being introduced into the propeller auto-feathering circuit, accomplish the following:

(a) Within the next 500 hours time in service after the effective date of this AD, for airplane serial numbers 10105 through 10248 if Fokker Service Bulletin F27/61-9(G6) has been incorporated, and for airplane serial numbers 10249 through 10507 if Fokker Service Bulletin F27/61-10(G7) has not been incorporated, rework the cockpit floor and wiring on receptacles, replace, route and connect the wiring, and finish shielding in accordance with paragraph 2, "Accomplishment Instructions", Part I of Fokker Service Bulletin F27/61-29, dated October 17, 1977, or an FAA-approved equivalent.