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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510. The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

## DEPARTMENT OF AGRICULTURE

### Agricultural Marketing Service

#### 7 CFR Part 910

[Lemon Reg. 492]

#### Lemons Grown in California and Arizona; Limitation of Handling

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** This regulation establishes the quantity of fresh California-Arizona lemons that may be shipped to market at 260,000 cartons during the period December 2-8, 1984. Such action is needed to provide for orderly marketing of fresh lemons for the period due to the marketing situation confronting the lemon industry.

**DATES:** Effective for the period December 2-8, 1984.

**FOR FURTHER INFORMATION CONTACT:** William J. Doyle, Chief, Fruit Branch, F&V, AMS, USDA, Washington, D.C. 20250, telephone 202-447-5975.

**SUPPLEMENTARY INFORMATION:** This final rule has been reviewed under Secretary's Memorandum 1512-1 and Executive Order 12291, and has been designated a "non-major" rule. William T. Manley, Deputy Administrator, Agricultural Marketing Service, has certified that this action will not have a significant economic impact on a substantial number of small entities.

This final rule is issued under Marketing Order No. 910, as amended (7 CFR Part 910) regulating the handling of lemons grown in California and Arizona. The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674). The action is based upon recommendations and information

submitted by the Lemon Administrative Committee and upon other available information. It is found that this action will tend to effectuate the declared policy of the Act.

This action is consistent with the marketing policy currently in effect. The committee met publicly on November 27, 1984, at Los Angeles, California, to consider the current and prospective conditions of supply and demand and recommended a quantity of lemons deemed advisable to be handled during the specified week. The committee reports that lemon demand is good.

It is further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rulemaking, and postpone the effective date until 30 days after publication in the Federal Register (5 U.S.C. 553), because of insufficient time between the date when information became available upon which this regulation is based and the effective date necessary to effectuate the declared purposes of the Act. Interested persons were given an opportunity to submit information and views on the regulation at an open meeting. It is necessary to effectuate the declared purposes of the Act to make these regulatory provisions effective as specified, and handlers have been apprised of such provisions and the effective time.

#### List of Subjects in 7 CFR Part 910

Marketing agreements and orders, California, Arizona, Lemons.

#### PART 910—[AMENDED]

Section 910.792 is added as follows:

#### § 910.792 Lemon Regulation 492.

The quantity of lemons grown in California and Arizona which may be handled during the period December 2, 1984, through December 8, 1984, is established at 260,000 cartons.

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

Dated: November 28, 1984.

Thomas R. Clark,

*Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service.*

[FR Doc. 84-31544 Filed 11-23-84; 8:45 am]

BILLING CODE 3410-02-M

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 226

[Reg. Z; Doc. No. R-0501]

#### Truth in Lending; Credit Cards; Issuance and Liability

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Board is publishing a final amendment to Regulation Z (Truth in Lending). The amendment specifically provides that credit cards issued for use with transactions that are exempt from all other provisions of the regulation are subject to the Regulation Z provisions governing the issuance of credit cards and the liability for unauthorized use. The amendment resolves any uncertainty that the issuance and liability protections apply to all credit cards regardless of use or cardholder status.

**EFFECTIVE DATE:** December 31, 1984.

**FOR FURTHER INFORMATION CONTACT:** Regarding the regulation: Ruth R. Amberg, Senior Attorney, or Lynn C. Goldfaden or Richard S. Garabedian, Staff Attorneys, in the Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, at (202) 452-3667 or (202) 452-3667. Regarding the regulatory flexibility analysis: Robert Kurtz, Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, at (202) 452-2915.

#### SUPPLEMENTARY INFORMATION:

##### (1) General

Section 226.3 of Regulation Z (12 CFR Part 226) is amended to clarify that the restriction on unsolicited issuance of credit cards in § 226.12(a) and the provision in § 226.12(b) limiting a cardholder's liability for unauthorized use of a credit card to a maximum of \$50 (both based on the 1970 credit card amendments to the Truth in Lending Act) apply to credit cards issued for use in transactions that are exempt from other sections of the regulation. Action on this issue was undertaken in response to questions about the applicability of these two credit card provisions from both the public and

private sectors. The amendment resolves any remaining uncertainty that the issuance and liability protections apply to all credit cards, regardless of use or cardholder status. The exempt status of a transaction with regard to all of the other provisions of the regulation is not affected by the amendment, therefore, the exemptions continue to apply to the cost disclosure, error resolution, rescission, and advertising requirements.

The Board published this amendment for public comment on January 18, 1984 (49 FR 2210) and solicited information on questions such as how to minimize creditors' compliance burdens and costs, and what other laws exist that provide protections against unsolicited issuance and liability for unauthorized use of credit cards. The Board received approximately 60 comments on the proposed amendment, including comments from 11 Federal Reserve Banks. Approximately two-thirds of the commenters supported the proposal.

## (2) Scope

The Regulation Z exemptions most likely to be affected are those for: (1) Credit extended by a regulated public utility for utility services, including credit extended by telecommunications companies, and (2) extensions of credit for more than \$25,000 (if unsecured by real estate or by the consumer's principal dwelling). Business credit transactions also are generally exempt from the regulation; however, the regulation presently makes clear that the credit card provisions on unsolicited issuance and liability for unauthorized use apply to cards issued for obtaining business-purpose credit. Although the types of exempt transactions most commonly made with credit cards are business transactions and telephone calls, the amendment makes clear that *all* credit cards are covered by the provisions on issuance and liability for unauthorized use, so that the amendment also generally applies to credit cards issued for use with other types of transactions that are exempt under Regulation Z. (The regulation also exempts credit extended by registered broker-dealers for the purchase of securities and commodities, certain student loans, and home fuel budget plans.)

The vast majority of the credit cards that are affected by this amendment are telephone calling cards. Other than a number of the credit cards issued for use in consumer asset management accounts, there appear to be comparatively few cards issued for consumer use with fixed credit lines over \$25,000 that are not secured by real

estate or a principal dwelling. (Regulation E, Electronic Fund Transfers—12 CFR Part 205—governs the issuance and liability for unauthorized use of virtually all of the cards in these consumer asset management accounts, as they involve access to asset accounts prior to accessing credit lines.) For these reasons, this discussion will focus on telephone credit cards.

## (3) Telephone Credit Cards

The questions regarding the applicability of the credit card amendments to telephone cards take on particular importance because of the millions of telephone credit cards that have been issued in recent years; the fact that many paper telephone cards are being replaced by plastic cards which resemble and function much like retail and bank credit cards; and the legal changes in the telecommunications industry that even further expand the number of companies issuing cards. Furthermore, because of the wide spectrum of cards through which telephone services are becoming available, ranging from cards issued by traditional telephone companies to bank credit cards and travel-and-entertainment cards, both consumers and industry may have difficulty distinguishing situations in which the credit card protections apply.

The Board is concerned that, unless the credit card provisions apply to these cards, consumers who use credit cards in connection with credit programs involving exempt transactions will not have any federal protections restricting unsolicited issuance of such cards and limiting their liability for the unauthorized use of the card. Although there is no evidence of a pattern of abuse at this time, the lack of uniform, established legal protection may have a serious impact in the future in light of the scope of these programs and the indications of their continued growth. The Board received information indicating that only a few other laws provide protections against unauthorized telephone card charges, and these laws are of limited application.

The number of telephone credit cards issued by AT&T Communications, Inc. (AT&T), local Bell operating companies, and the independent telecommunications companies (not including other long-distance competitors) as of January 1984 was approximately 50 million. The number of outstanding cards has increased substantially over the last ten months as a result of AT&T's card distribution. The use of telephone credit cards is now

being encouraged as the companies seek to control fraud losses and other costs associated with operator-assisted calls billed to third parties, as well as to provide consumers with easier access to telephone services. Presently, the Board understands that the major card issuers' stated policies include the issuance of cards to new customers only upon request and not imposing liability on a consumer for unauthorized charges made on a card. However, unless the credit card protections in Truth in Lending apply to these cards, it is unknown what policies will be set by these companies in the future. It is possible that the companies will reverse their past policies and seek to impose liability on the cardholder whose card is used for unauthorized calls.

Unsolicited issuance of credit cards is a different type of problem. Among the congressional findings leading to the ban on unsolicited issuance was that unsolicited cards were annoying and intrusive and that unsolicited issuance may increase the risk of extensive unauthorized use when cards are stolen before reaching the consumer. Because the vast majority of the telephone cards contain all of the information necessary for immediate use, unauthorized calls are relatively easy to make. Even if, ultimately, no liability were imposed on the consumer, the consumer not only would be subjected to the burden of proving that the card was never received, but also to the inconvenience of resolving the unauthorized billings.

The Board also believes that since credit cards used by businesses and for business purposes are subject to the protections, it is reasonable for credit cards used by consumers for personal credit transactions to be subject to the same protections. In addition, the amendment gives holders of telephone credit cards protections that are comparable to those available to consumers using other credit cards or debit cards to pay for the calls. Consumers now have the choice of a wide spectrum of cards with which to make telephone calls. Consumers who use any of these cards are in an equally difficult position to protect themselves against the risks of their cards being used fraudulently.

## (4) Effective date; transition provisions

The amendment is generally effective on December 31, 1984. However, a limited delayed compliance date has been provided for the unsolicited issuance prohibition set forth in § 226.12(a) to minimize initial compliance costs associated with the

amendment while still assuring consumer protections.

In regard to the unsolicited issuance prohibition, the Board has set a compliance date of January 29, 1985, in order to give issuers sufficient time to communicate the issuance rules throughout their organizations and to stop all procedures that might not comply, thereby avoiding inadvertent violations. The Board had solicited comment on waiving the unsolicited issuance prohibition as the AT&T Communications, Inc.'s one-time card distribution to all consumers who have either a Bell system card or a card issued by an independent company used for service over AT&T facilities; however, as distribution of the new card is substantially complete, that issue is now moot.

In its proposal, the Board solicited public comment on possible actions to minimize initial compliance costs. One issue involved outstanding cards or agreements containing language that is inconsistent with the liability limitation rules. The Board solicited comment on whether it should stipulate that card issuers not be required to replace existing cards or agreements merely to change misleading language (such as language on the card indicating that the cardholder is responsible for all charges made with the card), even though the liability limitations of Regulation Z already would be effective. Then, as new cards are issued or new agreements printed, the language would have to be modified to accurately reflect the limits. The commenters overwhelmingly indicated their support for correction of inconsistent language on credit cards and in agreements according to normal replacement schedules rather than immediate replacement. The Board agrees that this approach should help to minimize creditors' transitional costs. Card issuers electing to impose any liability for unauthorized use on the cardholder would, of course, need to comply with the conditions of liability set forth in § 226.12(b).

#### (5) Regulatory Flexibility Analysis

The Board's Division of Research and Statistics has prepared a regulatory flexibility analysis. A copy of the analysis may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, at (202) 452-3245.

#### List of Subjects in 12 CFR Part 226

Advertising, Banks—banking, Consumer protection, Credit, Federal Reserve System, Finance, Penalties, Truth in lending.

#### (6) Text of Revision

Pursuant to the authority granted in section 105 of the Truth in Lending Act (15 U.S.C. 1604 as amended), Regulation Z, 12 CFR Part 226, is amended by adding an Office of Management and Budget control number to § 226.1, removing footnote 4 to § 226.3(a) and adding a new footnote 4 to § 226.3 to read as follows:

§ 226.1 Authority, purpose, coverage, organization, enforcement and liability.

\* \* \* \* \*

(Information collection requirements contained in this section have been approved by the Office of Management and Budget under OMB Control No. 7100-0193.)

\* \* \* \* \*

#### § 226.3 Exempt transactions.

This regulation does not apply to the following:<sup>4</sup> \* \* \*

<sup>4</sup>The provisions in § 226.12 (a) and (b) governing the issuance of credit cards and the liability for their unauthorized use apply to all credit cards, even if the credit cards are issued for use in connection with extensions of credit that otherwise are exempt under this section.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, November 27, 1984.

William W. Wiles,

Secretary of the Board.

[FR Doc. 84-31423 Filed 11-27-84; 845 am]

BILLING CODE 6210-01-M

### DEPARTMENT OF HEALTH AND HUMAN SERVICES

#### Social Security Administration

#### 20 CFR Part 422

Federal Old-Age, Survivors, and Disability Insurance Benefits, Black Lung Benefits, Supplemental Security Income for the Aged, Blind and Disabled, and Organization and Procedures; Reopening and Revising Determinations and Decisions Expedited Appeals Process

#### Correction

In FR Doc. 84-30865 beginning on page 46365 in the issue of Monday, November 26, 1984, make the following correction: On page 46370, in the second column, the fifth through the eleventh lines from the top of the page should appear in the third column following the second line of the Authority for Part 422.

BILLING CODE 1505-01-M

### Food and Drug Administration

#### 21 CFR Part 558

Antibiotic, Nitrofurans, and Sulfonamide Drugs in Animal Feeds; Nitrofurazone and Furazolidone

#### Correction

In FR Doc. 84-24516, beginning on page 36368 in the issue of Monday, September 17, 1984, make the following corrections:

1. On page 36367, first column, the fifth line from the bottom of the page should have read "Therefore, under the Federal Food, Drug,"

2. On page 36367, second column, second line, "21 CFR 5.82" should have read "21 CFR 5.83"

BILLING CODE 1505-01-M

### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing—Federal Housing Commissioner

#### 24 CFR Parts 232 and 235

[Docket No. R-84-1214; FR-2070]

Mortgage Insurance—Changes in Interest Rates

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Final rule.

**SUMMARY:** This change in the regulations decreases the maximum allowable interest rate on Section 232 (Mortgage Insurance for Nursing Homes) and on Section 235 (Homeownership for Lower Income Families) insured loans. This final rule is intended to bring the maximum permissible financing charges for these programs into line with competitive market rates and help assure an adequate supply of and demand for FHA financing.

**EFFECTIVE DATE:** November 21, 1984.

**FOR FURTHER INFORMATION CONTACT:** John N. Dickie, Chief Mortgage and Capital Market Analysis Branch, Office of Financial Management, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, D.C. 20410. Telephone (202) 755-7270. (This is not a toll-free number.)

**SUPPLEMENTARY INFORMATION:** The following amendments to 24 CFR Chapter II have been made to decrease the maximum interest rate which may be charged on loans insured by this Department under section 232 (fire