

**BOARD OF GOVERNORS**  
of the  
**FEDERAL RESERVE SYSTEM**

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**EQUAL CREDIT OPPORTUNITY**

**REGULATION B**  
(12 CFR 202)

Effective March 23, 1977



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ACQUISITIONS

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### STATUTORY AUTHORITY

This regulation is based upon and issued pursuant to provisions of section 703 of the Equal Credit Opportunity Act, U.S.C., Title 15, sec. 1691 *et seq.*

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## REGULATION B

(12 CFR 202)

Effective March 23, 1977

### EQUAL CREDIT OPPORTUNITY

#### SECTION 202.1—AUTHORITY, SCOPE, ENFORCEMENT, PENALTIES AND LIABILITIES, INTERPRETATIONS

(a) **Authority and scope.** This Part<sup>1</sup> comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to Title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. § 1601 *et seq.*). Except as otherwise provided herein, this Part applies to all persons who are creditors, as defined in section 202.2(l).

(b) **Administrative enforcement.** (1) As set forth more fully in section 704 of the Act, administrative enforcement of the Act and this Part regarding certain creditors is assigned to the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Board of Directors of the Federal Deposit Insurance Corporation, Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), Administrator of the National Credit Union Administration, Interstate Commerce Commission, Civil Aeronautics Board, Secretary of Agriculture, Farm Credit Administration, Securities and Exchange Commission, and Small Business Administration.

(2) Except to the extent that administrative enforcement is specifically committed to other authorities, compliance with the requirements im-

posed under the Act and this Part will be enforced by the Federal Trade Commission.

(c) **Penalties and liabilities.** (1) Sections 706(a) and (b) of the Act provide that any creditor who fails to comply with any requirement imposed under the Act or, pursuant to section 702(g), this Part is subject to civil liability for actual and punitive damages in individual or class actions. Pursuant to section 704 of the Act, violations of the Act or, pursuant to section 702(g), this Part constitute violations of other Federal laws that may provide further penalties. Liability for punitive damages is restricted by section 706(b) to non-governmental entities and is limited to \$10,000 in individual actions and the lesser of \$500,000 or one percent of the creditor's net worth in class actions. Section 706(c) provides for equitable and declaratory relief. Section 706(d) authorizes the awarding of costs and reasonable attorney's fees to an aggrieved applicant in a successful action.

(2) Section 706(e) relieves a creditor from civil liability resulting from any act done or omitted in good faith in conformity with any rule, regulation, or interpretation by the Board of Governors of the Federal Reserve System, or with any interpretations or approvals issued by a duly authorized official or employee of the Federal Reserve System, notwithstanding that after such act or omission has occurred, such rule, regulation, interpretation, or approval is amended, rescinded, or otherwise determined to be invalid for any reason.

<sup>1</sup> As used herein, the words "this Part" mean Regulation B, 12 CFR 202.

(3) As provided in section 706(f), a civil action under the Act or this Part may be brought in the appropriate United States district court without regard to the amount in controversy or in any other court of competent jurisdiction within two years after the date of the occurrence of the violation or within one year after the commencement of an administrative enforcement proceeding or a civil action brought by the Attorney General within two years after the alleged violation.

(4) Sections 706(g) and (h) provide that, if the agencies responsible for administrative enforcement are unable to obtain compliance with the Act or, pursuant to section 702(g), this Part, they may refer the matter to the Attorney General. On such referral, or whenever the Attorney General has reason to believe that one or more creditors are engaged in a pattern or practice in violation of the Act or this Part, the Attorney General may bring a civil action.

(d) **Interpretations.** (1) A request for a formal Board interpretation or an official staff interpretation of this Part must be addressed to the Director of the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Each request for an interpretation must contain a complete statement, signed by the person making the request or a duly authorized agent, of all relevant facts of the transaction or credit arrangement relating to the request. True copies of all pertinent documents must be submitted with the request. The relevance of such documents must, however, be set forth in the request, and the documents must not merely be incorporated by reference. The request must contain an analysis of the bearing of the facts on the issues and must specify the pertinent provisions of the statute and regulation. Within 15 business days of receipt of the request, a substantive response will be sent to the person making the request, or an acknowledgement will be sent that sets a reasonable time within which a substantive response will be given.

(2) Any request for reconsideration of an official staff interpretation of this Part must be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, within 30 days of the publication of such interpretation in the *Federal Register*. Each request for reconsideration must contain a statement setting forth in full the reasons why the person

making the request believes reconsideration would be appropriate, and must specify and discuss the applicability of the relevant facts, statute, and regulations. Within 15 business days of receipt of such request for reconsideration, a response granting or denying the request will be sent to the person making the request, or an acknowledgement will be sent that sets a reasonable time within which such response will be given.

(3) Pursuant to section 706(e) of the Act, the Board has designated the Director and other officials of the Division of Consumer Affairs as officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part. This designation shall not be interpreted to include authority to approve particular creditors' forms in any manner.

(4) The type of interpretation issued will be determined by the Board and the designated officials by the following criteria:

(i) Official Board interpretations will be issued upon those requests that involve potentially controversial issues of general applicability dealing with substantial ambiguities in this Part and that raise significant policy questions.

(ii) Official staff interpretations will be issued upon those requests that, in the opinion of the designated officials, require clarification of technical ambiguities in this Part or that have no significant policy implications.

(iii) Unofficial staff interpretations will be issued where the protection of section 706(e) of the Act is neither requested nor required, or where time strictures require a rapid response.

#### SECTION 202.2—DEFINITIONS AND RULES OF CONSTRUCTION

For the purposes of this Part, unless the context indicates otherwise, the following definitions and rules of construction shall apply:<sup>2</sup>

(a) **Account** means an extension of credit. When employed in relation to an account, the word *use* refers only to open end credit.

(b) **Act** means the Equal Credit Opportunity Act (Title VII of the Consumer Credit Protection Act).

(c) **Adverse action.** (1) For the purposes of notification of action taken, statement of reasons for denial, and record retention, the term means:

<sup>2</sup> Note that some of the definitions in this Part are not identical to those in 12 CFR 226 (Regulation Z).

(i) a refusal to grant credit in substantially the amount or on substantially the terms requested by an applicant unless the creditor offers to grant credit other than in substantially the amount or on substantially the terms requested by the applicant and the applicant uses or expressly accepts the credit offered; or

(ii) a termination of an account or an unfavorable change in the terms of an account that does not affect all or a substantial portion of a classification of a creditor's accounts; or

(iii) a refusal to increase the amount of credit available to an applicant when the applicant requests an increase in accordance with procedures established by the creditor for the type of credit involved.

(2) The term does not include:

(i) a change in the terms of an account expressly agreed to by an applicant; or

(ii) any action or forbearance relating to an account taken in connection with inactivity, default, or delinquency as to that account; or

(iii) a refusal to extend credit at a point of sale or loan in connection with the use of an account because the credit requested would exceed a previously established credit limit on the account; or

(iv) a refusal to extend credit because applicable law prohibits the creditor from extending the credit requested; or

(v) a refusal to extend credit because the creditor does not offer the type of credit or credit plan requested.

(d) **Age** refers only to natural persons and means the number of fully elapsed years from the date of an applicant's birth.

(e) **Applicant** means any person who requests or who has received an extension of credit from a creditor, and includes any person who is or may be contractually liable regarding an extension of credit other than a guarantor, surety, endorser, or similar party.

(f) **Application** means an oral or written request for an extension of credit that is made in accordance with procedures established by a creditor for the type of credit requested. The term does not include the use of an account or line of credit to obtain an amount of credit that does not exceed a previously established credit limit. A **completed application for credit** means an ap-

plication in connection with which a creditor has received all the information that the creditor regularly obtains and considers in evaluating applications for the amount and type of credit requested (including, but not limited to, credit reports, any additional information requested from the applicant, and any approvals or reports by governmental agencies or other persons that are necessary to guarantee, insure, or provide security for the credit or collateral); provided, however, that the creditor has exercised reasonable diligence in obtaining such information. Where an application is incomplete respecting matters that the applicant can complete, a creditor shall make a reasonable effort to notify the applicant of the incompleteness and shall allow the applicant a reasonable opportunity to complete the application.

(g) **Board** means the Board of Governors of the Federal Reserve System.

(h) **Consumer credit** means credit extended to a natural person in which the money, property, or service that is the subject of the transaction is primarily for personal, family, or household purposes.

(i) **Contractually liable** means expressly obligated to repay all debts arising on an account by reason of an agreement to that effect.

(j) **Credit** means the right granted by a creditor to an applicant to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment therefor.

(k) **Credit card** means any card, plate, coupon book, or other single credit device existing for the purpose of being used from time to time upon presentation to obtain money, property, or services on credit.

(l) **Creditor** means a person who, in the ordinary course of business, regularly participates in the decision of whether or not to extend credit. The term includes an assignee, transferee, or subrogee of an original creditor who so participates; but an assignee, transferee, subrogee, or other creditor is not a creditor regarding any violation of the Act or this Part committed by the original or another creditor unless the assignee, transferee, subrogee, or other creditor knew or had reasonable notice of the act, policy, or practice that constituted the violation before its involvement with the credit transaction. The term does not include a person whose only participa-

tion in a credit transaction involves honoring a credit card.

(m) **Credit transaction** means every aspect of an applicant's dealings with a creditor regarding an application for, or an existing extension of, credit including, but not limited to, information requirements; investigation procedures; standards of creditworthiness; terms of credit; furnishing of credit information; revocation, alteration, or termination of credit; and collection procedures.

(n) **Discriminate against an applicant** means to treat an applicant less favorably than other applicants.

(o) **Elderly** means an age of 62 or older.

(p) **Empirically derived credit system.** (1) The term means a credit scoring system that evaluates an applicant's creditworthiness primarily by allocating points (or by using a comparable basis for assigning weights) to key attributes describing the applicant and other aspects of the transaction. In such a system, the points (or weights) assigned to each attribute, and hence the entire score:

(i) are derived from an empirical comparison of sample groups or the population of creditworthy and non-creditworthy applicants of a creditor who applied for credit within a reasonable preceding period of time; and

(ii) determine, alone or in conjunction with an evaluation of additional information about the applicant, whether an applicant is deemed creditworthy.

(2) **A demonstrably and statistically sound, empirically derived credit system** is a system:

(i) in which the data used to develop the system, if not the complete population consisting of all applicants, are obtained from the applicant file by using appropriate sampling principles;

(ii) which is developed for the purpose of predicting the creditworthiness of applicants with respect to the legitimate business interests of the creditor utilizing the system, including, but not limited to, minimizing bad debt losses and operating expenses in accordance with the creditor's business judgment;

(iii) which, upon validation using appropriate statistical principles, separates creditworthy and non-creditworthy applicants at a statistically significant rate; and

(iv) which is periodically revalidated as to its predictive ability by the use of appropriate

statistical principles and is adjusted as necessary to maintain its predictive ability.

(3) A creditor may use a demonstrably and statistically sound, empirically derived credit system obtained from another person or may obtain credit experience from which such a system may be developed. Any such system must satisfy the tests set forth in subsections (1) and (2); provided that, if a creditor is unable during the development process to validate the system based on its own credit experience in accordance with subsection (2)(iii), then the system must be validated when sufficient credit experience becomes available. A system that fails this validity test shall henceforth be deemed not to be a demonstrably and statistically sound, empirically derived credit system for that creditor.

(q) **Extend credit and extension of credit** mean the granting of credit in any form and include, but are not limited to, credit granted in addition to any existing credit or credit limit; credit granted pursuant to an open end credit plan; the refinancing or other renewal of credit, including the issuance of a new credit card in place of an expiring credit card or in substitution for an existing credit card; the consolidation of two or more obligations; or the continuance of existing credit without any special effort to collect at or after maturity.

(r) **Good faith** means honesty in fact in the conduct or transaction.

(s) **Inadvertent error** means a mechanical, electronic, or clerical error that a creditor demonstrates was not intentional and occurred notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

(t) **Judgmental system of evaluating applicants** means any system for evaluating the creditworthiness of an applicant other than a demonstrably and statistically sound, empirically derived credit system.

(u) **Marital status** means the state of being unmarried, married, or separated, as defined by applicable State law. For the purposes of this Part, the term "unmarried" includes persons who are single, divorced, or widowed.

(v) **Negative factor or value**, in relation to the age of elderly applicants, means utilizing a factor, value, or weight that is less favorable regarding elderly applicants than the creditor's experience warrants or is less favorable than the factor, value, or weight assigned to the class of applicants that

are not classified as elderly applicants and are most favored by a creditor on the basis of age.

(w) **Open end credit** means credit extended pursuant to a plan under which a creditor may permit an applicant to make purchases or obtain loans from time to time directly from the creditor or indirectly by use of a credit card, check, or other device as the plan may provide. The term does not include negotiated advances under an open end real estate mortgage or a letter of credit.

(x) **Person** means a natural person, corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(y) **Pertinent element of creditworthiness**, in relation to a judgmental system of evaluating applicants, means any information about applicants that a creditor obtains and considers and that has a demonstrable relationship to a determination of creditworthiness.

(z) **Prohibited basis** means race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract); the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act<sup>3</sup> or any State law upon which an exemption has been granted by the Board.

(aa) **Public assistance program** means any Federal, State, or local governmental assistance program that provides a continuing, periodic income supplement, whether premised on entitlement or

<sup>3</sup> The first clause of the definition is not limited to characteristics of the applicant. Therefore, "prohibited basis" as used in this Part refers not only to the race, color, religion, national origin, sex, marital status, or age of an applicant (or of partners or officers of an applicant), but refers also to the characteristics of individuals with whom an applicant deals. This means, for example, that, under the general rule stated in section 202.4, a creditor may not discriminate against a non-Jewish applicant because of that person's business dealings with Jews, or discriminate against an applicant because of the characteristics of persons to whom the extension of credit relates (e.g., the prospective tenants in an apartment complex to be constructed with the proceeds of the credit requested), or because of the characteristics of other individuals residing in the neighborhood where the property offered as collateral is located. A creditor may take into account, however, any applicable law, regulation, or executive order restricting dealings with citizens or governments of other countries or imposing limitations regarding credit extended for their use.

The second clause is limited to an applicant's receipt of public assistance income and to an applicant's good faith exercise of rights under the Consumer Credit Protection Act or applicable State law.

need. The term includes, but is not limited to, Aid to Families with Dependent Children, food stamps, rent and mortgage supplement or assistance programs, Social Security and Supplemental Security Income, and unemployment compensation.

(bb) **State** means any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

(cc) Captions and catchlines are intended solely as aids to convenient reference, and no inference as to the substance of any provision of this Part may be drawn from them.

(dd) Footnotes shall have the same legal effect as the text of the regulation, whether they are explanatory or illustrative in nature.

#### SECTION 202.3—SPECIAL TREATMENT FOR CERTAIN CLASSES OF TRANSACTIONS

(a) **Classes of transactions afforded special treatment.** Pursuant to section 703(a) of the Act, the following classes of transactions are afforded specialized treatment:

(1) extensions of credit relating to transactions under public utility tariffs involving services provided through pipe, wire, or other connected facilities if the charges for such public utility services, the charges for delayed payment, and any discount allowed for early payment are filed with, or reviewed or regulated by, an agency of the Federal government, a State, or a political subdivision thereof;

(2) extensions of credit subject to regulation under section 7 of the Securities Exchange Act of 1934 or extensions of credit by a broker or dealer subject to regulation as a broker or dealer under the Securities Exchange Act of 1934;

(3) extensions of incidental consumer credit, other than of the types described in subsections (a)(1) and (2):

(i) that are not made pursuant to the terms of a credit card account;

(ii) on which no finance charge as defined in section 226.4 of this Title (Regulation Z, 12 CFR 226.4) is or may be imposed; and

(iii) that are not payable by agreement in more than four instalments;

(4) extensions of credit primarily for business or commercial purposes, including extensions of

credit primarily for agricultural purposes, but excluding extensions of credit of the types described in subsections (a)(1) and (2); and

(5) extensions of credit made to governments or governmental subdivisions, agencies, or instrumentalities.

(b) **Public utilities credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(1):

(1) section 202.5(d)(1) concerning information about marital status;

(2) section 202.10 relating to furnishing of credit information; and

(3) section 202.12(b) relating to record retention.

(c) **Securities credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(2):

(1) section 202.5(c) concerning information about a spouse or former spouse;

(2) section 202.5(d)(1) concerning information about marital status;

(3) section 202.5(d)(3) concerning information about the sex of an applicant;

(4) section 202.7(b) relating to designation of name, but only to the extent necessary to prevent violation of rules regarding an account in which a broker or dealer has an interest, or rules necessitating the aggregation of accounts of spouses for the purpose of determining controlling interests, beneficial interests, beneficial ownership, or purchase limitations and restrictions;

(5) section 202.7(c) relating to action concerning open end accounts, but only to the extent the action taken is on the basis of a change of name or marital status;

(6) section 202.7(d) relating to signature of a spouse or other person;

(7) section 202.10 relating to furnishing of credit information; and

(8) section 202.12(b) relating to record retention.

(d) **Incidental credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(3):

(1) section 202.5(c) concerning information about a spouse or former spouse;

(2) section 202.5(d)(1) concerning information about marital status;

(3) section 202.5(d)(2) concerning information about income derived from alimony, child support, or separate maintenance payments;

(4) section 202.5(d)(3) concerning information about the sex of an applicant to the extent necessary for medical records or similar purposes;

(5) section 202.7(d) relating to signature of a spouse or other person;

(6) section 202.9 relating to notifications;

(7) section 202.10 relating to furnishing of credit information; and

(8) section 202.12(b) relating to record retention.

(e) **Business credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(4):

(1) section 202.5(d)(1) concerning information about marital status;

(2) section 202.9 relating to notifications, unless an applicant, within 30 days after oral or written notification that adverse action has been taken, requests in writing the reasons for such action;

(3) section 202.10 relating to furnishing of credit information; and

(4) section 202.12(b) relating to record retention, unless an applicant, within 90 days after adverse action has been taken, requests in writing that the records relating to the application be retained.

(f) **Governmental credit.** Except for section 202.1 relating to authority, scope, enforcement, penalties and liabilities, and interpretations, section 202.2 relating to definitions and rules of construction, this section, section 202.4 relating to the general rule prohibiting discrimination, section 202.6(a) relating to the use of information, section 202.11 relating to State laws, and section 202.12(a) relating to the retention of prohibited information, the provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(5).

#### SECTION 202.4—GENERAL RULE PROHIBITING DISCRIMINATION

A creditor shall not discriminate against an applicant on a prohibited basis regarding any aspect of a credit transaction.

#### SECTION 202.5—RULES CONCERNING APPLICATIONS

(a) **Discouraging applications.** A creditor shall not make any oral or written statement, in adver-



tising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.

(b) **General rules concerning requests for information.** (1) Except as otherwise provided in this section, a creditor may request any information in connection with an application.<sup>4</sup>

(2) Notwithstanding any other provision of this section, a creditor shall request an applicant's race/national origin, sex, and marital status as required in section 202.13 (information for monitoring purposes). In addition, a creditor may obtain such information as may be required by a regulation, order, or agreement issued by, or entered into with, a court or an enforcement agency (including the Attorney General or a similar State official) to monitor or enforce compliance with the Act, this Part, or other Federal or State statute or regulation.

(3) The provisions of this section limiting permissible information requests are subject to the provisions of section 202.7(e) regarding insurance and sections 202.8(c) and (d) regarding special purpose credit programs.

(c) **Information about a spouse or former spouse.** (1) Except as permitted in this subsection, a creditor may not request any information concerning the spouse or former spouse of an applicant.

(2) A creditor may request any information concerning an applicant's spouse (or former spouse under (v) below) that may be requested about the applicant if:

- (i) the spouse will be permitted to use the account; or
- (ii) the spouse will be contractually liable upon the account; or
- (iii) the applicant is relying on the spouse's income as a basis for repayment of the credit requested; or
- (iv) the applicant resides in a community property State or property upon which the applicant is relying as a basis for repayment of the credit requested is located in such a State; or

<sup>4</sup> This subsection is not intended to limit or abrogate any Federal or State law regarding privacy, privileged information, credit reporting limitations, or similar restrictions on obtainable information. Furthermore, permission to request information should not be confused with how it may be utilized, which is governed by section 202.6 (rules concerning evaluation of applications).

(v) the applicant is relying on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.

(3) A creditor may request an applicant to list any account upon which the applicant is liable and to provide the name and address in which such account is carried. A creditor may also ask the names in which an applicant has previously received credit.

(d) **Information a creditor may not request.** (1) If an applicant applies for an individual, unsecured account, a creditor shall not request the applicant's marital status, unless the applicant resides in a community property State or property upon which the applicant is relying as a basis for repayment of the credit requested is located in such a State.<sup>5</sup> Where an application is for other than individual, unsecured credit, a creditor may request an applicant's marital status. Only the terms "married," "unmarried," and "separated" shall be used, and a creditor may explain that the category "unmarried" includes single, divorced, and widowed persons.

(2) A creditor shall not inquire whether any income stated in an application is derived from alimony, child support, or separate maintenance payments, unless the creditor appropriately discloses to the applicant that such income need not be revealed if the applicant does not desire the creditor to consider such income in determining the applicant's creditworthiness. Since a general inquiry about income, without further specification, may lead an applicant to list alimony, child support, or separate maintenance payments, a creditor shall provide an appropriate notice to an applicant before inquiring about the source of an applicant's income, unless the terms of the inquiry (such as an inquiry about salary, wages, investment income, or similarly specified income) tend to preclude the unintentional disclosure of ali-

<sup>5</sup> This provision does not preclude requesting relevant information that may indirectly disclose marital status, such as asking about liability to pay alimony, child support, or separate maintenance; the source of income to be used as a basis for the repayment of the credit requested, which may disclose that it is a spouse's income; whether any obligation disclosed by the applicant has a co-obligor, which may disclose that the co-obligor is a spouse or former spouse; or the ownership of assets, which may disclose the interest of a spouse, when such assets are relied upon in extending the credit. Such inquiries are allowed by the general rule of subsection (b)(1).

mony, child support, or separate maintenance payments.

(3) A creditor shall not request the sex of an applicant. An applicant may be requested to designate a title on an application form (such as Ms., Miss, Mr., or Mrs.) if the form appropriately discloses that the designation of such a title is optional. An application form shall otherwise use only terms that are neutral as to sex.

(4) A creditor shall not request information about birth control practices, intentions concerning the bearing or rearing of children, or capability to bear children. This does not preclude a creditor from inquiring about the number and ages of an applicant's dependents or about dependent-related financial obligations or expenditures, provided such information is requested without regard to sex, marital status, or any other prohibited basis.

(5) A creditor shall not request the race, color, religion, or national origin of an applicant or any other person in connection with a credit action. A creditor may inquire, however, as to an applicant's permanent residence and immigration status.

(e) **Application forms.** A creditor need not use written applications. If a creditor chooses to use written forms, it may design its own,<sup>6</sup> use forms prepared by another person, or use the appropriate model application forms contained in Appendix B. If a creditor chooses to use an Appendix B form, it may change the form:

(1) by asking for additional information not prohibited by this section;

(2) by deleting any information request; or

(3) by rearranging the format without modifying the substance of the inquiries; provided that in each of these three instances the appropriate notices regarding the optional nature of courtesy titles, the option to disclose alimony, child support, or separate maintenance, and the limitation concerning marital status inquiries are included in the appropriate places if the items to which they relate appear on the creditor's form. If a creditor uses an appropriate Appendix B model form or to the extent that it modifies such a form

<sup>6</sup> A creditor also may continue to use any application form that complies with the requirements of the October 28, 1975 version of Regulation B until its present stock of those forms is exhausted or until March 23, 1978, whichever occurs first. The provisions of this Part shall not determine and are not evidence of the meaning of the requirements of the previous version of Regulation B.

in accordance with the provisions of clauses (2) or (3) of the preceding sentence or the instructions to Appendix B, that creditor shall be deemed to be acting in compliance with the provisions of subsections (c) and (d).

#### SECTION 202.6—RULES CONCERNING EVALUATION OF APPLICATIONS

##### (a) **General rule concerning use of information.**

Except as otherwise provided in the Act and this Part, a creditor may consider in evaluating an application any information that the creditor obtains, so long as the information is not used to discriminate against an applicant on a prohibited basis.<sup>7</sup>

##### (b) **Specific rules concerning use of information.**

(1) Except as provided in the Act and this Part, a creditor shall not take a prohibited basis into account in any system of evaluating the creditworthiness of applicants.<sup>8</sup>

(2)(i) Except as permitted in this subsection, a creditor shall not take into account an applicant's age (provided that the applicant has the capacity to enter into a binding contract) or whether an applicant's income derives from any public assistance program.

(ii) In a demonstrably and statistically sound, empirically derived credit system, a creditor may use an applicant's age as a predictive variable, provided that the age of an elderly applicant is not assigned a negative factor or value.

(iii) In a judgmental system of evaluating creditworthiness, a creditor may consider an applicant's age or whether an applicant's income derives from any public assistance program only

<sup>7</sup> The legislative history of the Act indicates that the Congress intended an "effects test" concept, as outlined in the employment field by the Supreme Court in the cases of *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971), and *Albenarle Paper Co. v. Moody*, 422 U.S. 405 (1975), to be applicable to a creditor's determination of creditworthiness. See Senate Report to accompany H.R. 6516, No. 94-589, pp. 4-5; House Report to accompany H.R. 6516, No. 94-210, p. 5.

<sup>8</sup> This provision does not prevent a creditor from considering the marital status of an applicant or the source of an applicant's income for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit and not to discriminate in a determination of creditworthiness. Furthermore, a prohibited basis may be considered in accordance with section 202.8 (special purpose credit programs).

for the purpose of determining a pertinent element of creditworthiness.<sup>9</sup>

(iv) In any system of evaluating creditworthiness, a creditor may consider the age of an elderly applicant when such age is to be used to favor the elderly applicant in extending credit.

(3) A creditor shall not use, in evaluating the creditworthiness of an applicant, assumptions or aggregate statistics relating to the likelihood that any group of persons will bear or rear children or, for that reason, will receive diminished or interrupted income in the future.

(4) A creditor shall not take into account the existence of a telephone listing in the name of an applicant for consumer credit. A creditor may take into account the existence of a telephone in the residence of such an applicant.

(5) A creditor shall not discount or exclude from consideration the income of an applicant or the spouse of the applicant because of a prohibited basis or because the income is derived from part-time employment, or from an annuity, pension, or other retirement benefit; but a creditor may consider the amount and probable continuance of any income in evaluating an applicant's creditworthiness. Where an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, a creditor shall consider such payments as income to the extent that they are likely to be consistently made. Factors that a creditor may consider in determining the likelihood of consistent payments include,

<sup>9</sup> Concerning income derived from a public assistance program, a creditor may consider, for example, the length of time an applicant has been receiving such income; whether an applicant intends to continue to reside in the jurisdiction in relation to residency requirements for benefits; and the status of an applicant's dependents to ascertain whether benefits that the applicant is presently receiving will continue.

Concerning age, a creditor may consider, for example, the occupation and length of time to retirement of an applicant to ascertain whether the applicant's income (including retirement income, as applicable) will support the extension of credit until its maturity; or the adequacy of any security offered if the duration of the credit extension will exceed the life expectancy of the applicant. An elderly applicant might not qualify for a five-percent down, 30-year mortgage loan because the duration of the loan exceeds the applicant's life expectancy and the cost of realizing on the collateral might exceed the applicant's equity. The same applicant might qualify with a larger downpayment and a shorter loan maturity. A creditor could also consider an applicant's age, for example, to assess the significance of the applicant's length of employment or residence (a young applicant may have just entered the job market; an elderly applicant may recently have retired and moved from a long-time residence).

but are not limited to, whether the payments are received pursuant to a written agreement or court decree; the length of time that the payments have been received; the regularity of receipt; the availability of procedures to compel payment; and the creditworthiness of the payor, including the credit history of the payor where available to the creditor under the Fair Credit Reporting Act or other applicable laws.

(6) To the extent that a creditor considers credit history in evaluating the creditworthiness of similarly qualified applicants for a similar type and amount of credit, in evaluating an applicant's creditworthiness, a creditor shall consider (unless the failure to consider results from an inadvertent error):

(i) the credit history, when available, of accounts designated as accounts that the applicant and a spouse are permitted to use or for which both are contractually liable;

(ii) on the applicant's request, any information that the applicant may present tending to indicate that the credit history being considered by the creditor does not accurately reflect the applicant's creditworthiness; and

(iii) on the applicant's request, the credit history, when available, of any account reported in the name of the applicant's spouse or former spouse that the applicant can demonstrate accurately reflects the applicant's creditworthiness.

(7) A creditor may consider whether an applicant is a permanent resident of the United States, the applicant's immigration status, and such additional information as may be necessary to ascertain its rights and remedies regarding repayment.

(c) **State property laws.** A creditor's consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute unlawful discrimination for the purposes of the Act or this Part.

#### SECTION 202.7—RULES CONCERNING EXTENSIONS OF CREDIT

(a) **Individual accounts.** A creditor shall not refuse to grant an individual account to a creditworthy applicant on the basis of sex, marital status, or any other prohibited basis.

(b) **Designation of name.** A creditor shall not prohibit an applicant from opening or maintaining

an account in a birth-given first name and a surname that is the applicant's birth-given surname, the spouse's surname, or a combined surname.

(c) **Action concerning existing open end accounts.** (1) In the absence of evidence of inability or unwillingness to repay, a creditor shall not take any of the following actions regarding an applicant who is contractually liable on an existing open end account on the basis of the applicant's reaching a certain age or retiring, or on the basis of a change in the applicant's name or marital status:

- (i) require a reapplication; or
- (ii) change the terms of the account; or
- (iii) terminate the account.

(2) A creditor may require a reapplication regarding an open end account on the basis of a change in an applicant's marital status where the credit granted was based on income earned by the applicant's spouse if the applicant's income alone at the time of the original application would not support the amount of credit currently extended.

(d) **Signature of spouse or other person.** (1) Except as provided in this subsection, a creditor shall not require the signature of an applicant's spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under the creditor's standards of creditworthiness for the amount and terms of the credit requested.

(2) If an applicant requests unsecured credit and relies in part upon property to establish creditworthiness, a creditor may consider State law; the form of ownership of the property; its susceptibility to attachment, execution, severance, and partition; and other factors that may affect the value to the creditor of the applicant's interest in the property. If necessary to satisfy the creditor's standards of creditworthiness, the creditor may require the signature of the applicant's spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable State law to make the property relied upon available to satisfy the debt in the event of default.

(3) If a married applicant requests unsecured credit and resides in a community property State or if the property upon which the applicant is relying is located in such a State, a creditor may require the signature of the spouse on any instrument necessary, or reasonably believed by the

creditor to be necessary, under applicable State law to make the community property available to satisfy the debt in the event of default if:

(i) applicable State law denies the applicant power to manage or control sufficient community property to qualify for the amount of credit requested under the creditor's standards of creditworthiness; and

(ii) the applicant does not have sufficient separate property to qualify for the amount of credit requested without regard to community property.

(4) If an applicant requests secured credit, a creditor may require the signature of the applicant's spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable State law to make the property being offered as security available to satisfy the debt in the event of default, for example, any instrument to create a valid lien, pass clear title, waive inchoate rights, or assign earnings.

(5) If, under a creditor's standards of creditworthiness, the personal liability of an additional party is necessary to support the extension of the credit requested,<sup>10</sup> a creditor may request that the applicant obtain a co-signer, guarantor, or the like. The applicant's spouse may serve as an additional party, but a creditor shall not require that the spouse be the additional party. For the purposes of subsection (d), a creditor shall not impose requirements upon an additional party that the creditor may not impose upon an applicant.

(e) **Insurance.** Differentiation in the availability, rates, and terms on which credit-related casualty insurance or credit life, health, accident, or disability insurance is offered or provided to an applicant shall not constitute a violation of the Act or this Part; but a creditor shall not refuse to extend credit and shall not terminate an account because credit life, health, accident, or disability insurance is not available on the basis of the applicant's age. Notwithstanding any other provision of this Part, information about the age, sex, or marital status of an applicant may be requested in an application for insurance.

<sup>10</sup> If an applicant requests individual credit relying on the separate income of another person, a creditor may require the signature of the other person to make the income available to pay the debt.

**SECTION 202.8—SPECIAL PURPOSE  
CREDIT PROGRAMS**

(a) **Standards for programs.** Subject to the provisions of subsection (b), the Act and this Part are not violated if a creditor refuses to extend credit to an applicant solely because the applicant does not qualify under the special requirements that define eligibility for the following types of special purpose credit programs:

(1) any credit assistance program expressly authorized by Federal or State law for the benefit of an economically disadvantaged class of persons; or

(2) any credit assistance program offered by a not-for-profit organization, as defined under section 501(c) of the Internal Revenue Code of 1954, as amended, for the benefit of its members or for the benefit of an economically disadvantaged class of persons; or

(3) any special purpose credit program offered by a for-profit organization or in which such an organization participates to meet special social needs, provided that:

(i) the program is established and administered pursuant to a written plan that (A) identifies the class or classes of persons that the program is designed to benefit and (B) sets forth the procedures and standards for extending credit pursuant to the program; and

(ii) the program is established and administered to extend credit to a class of persons who, pursuant to the customary standards of credit-worthiness used by the organization extending the credit, either probably would not receive such credit or probably would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.

(b) **Applicability of other rules.** (1) All of the provisions of this Part shall apply to each of the special purpose credit programs described in subsection (a) to the extent that those provisions are not inconsistent with the provisions of this section.

(2) A program described in subsections (a)(2) or (a)(3) shall qualify as a special purpose credit program under subsection (a) only if it was established and is administered so as not to discriminate against an applicant on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), income derived

from a public assistance program, or good faith exercise of any right under the Consumer Credit Protection Act or any State law upon which an exemption has been granted therefrom by the Board; except that all program participants may be required to share one or more of those characteristics so long as the program was not established and is not administered with the purpose of evading the requirements of the Act or this Part.

(c) **Special rule concerning requests and use of information.** If all participants in a special purpose credit program described in subsection (a) are or will be required to possess one or more common characteristics relating to race, color, religion, national origin, sex, marital status, age, or receipt of income from a public assistance program and if the special purpose credit program otherwise satisfies the requirements of subsection (a), then, notwithstanding the prohibitions of sections 202.5 and 202.6, the creditor may request of an applicant and may consider, in determining eligibility for such program, information regarding the common characteristics required for eligibility. In such circumstances, the solicitation and consideration of that information shall not constitute unlawful discrimination for the purposes of the Act or this Part.

(d) **Special rule in the case of financial need.** If financial need is or will be one of the criteria for the extension of credit under a special purpose credit program described in subsection (a), then, notwithstanding the prohibitions of sections 202.5 and 202.6, the creditor may request and consider, in determining eligibility for such program, information regarding an applicant's marital status, income from alimony, child support, or separate maintenance, and the spouse's financial resources. In addition, notwithstanding the prohibitions of section 202.7(d), a creditor may obtain the signature of an applicant's spouse or other person on an application or credit instrument relating to a special purpose program if required by Federal or State law. In such circumstances, the solicitation and consideration of that information and the obtaining of a required signature shall not constitute unlawful discrimination for the purposes of the Act or this Part.

**SECTION 202.9—NOTIFICATIONS**

(a) **Notification of action taken, ECOA notice, and statement of specific reasons.**

(1) **Notification of action taken.** A creditor shall notify an applicant of action taken within:

(i) 30 days after receiving a completed application concerning the creditor's approval of, or adverse action regarding, the application (notification of approval may be express or by implication, where, for example, the applicant receives a credit card, money, property, or services in accordance with the application);

(ii) 30 days after taking adverse action on an uncompleted application;

(iii) 30 days after taking adverse action regarding an existing account; and

(iv) 90 days after the creditor has notified the applicant of an offer to grant credit other than in substantially the amount or on substantially the terms requested by the applicant if the applicant during those 90 days has not expressly accepted or used the credit offered.

(2) **Content of notification.** Any notification given to an applicant against whom adverse action is taken shall be in writing and shall contain: a statement of the action taken; a statement of the provisions of section 701(a) of the Act; the name and address of the Federal agency that administers compliance concerning the creditor giving the notification; and

(i) a statement of specific reasons for the action taken; or

(ii) a disclosure of the applicant's right to a statement of reasons within 30 days after receipt by the creditor of a request made within 60 days of such notification, the disclosure to include the name, address, and telephone number of the person or office from which the statement of reasons can be obtained. If the creditor chooses to provide the statement of reasons orally, the notification shall also include a disclosure of the applicant's right to have any oral statement of reasons confirmed in writing within 30 days after a written request for confirmation is received by the creditor.

(3) **Multiple applicants.** If there is more than one applicant, the notification need only be given to one of them, but must be given to the primary applicant where one is readily apparent.

(4) **Multiple creditors.** If a transaction involves more than one creditor and the applicant expressly accepts or uses the credit offered, this section does not require notification of adverse action by any creditor. If a transaction involves more than one

creditor and either no credit is offered or the applicant does not expressly accept or use any credit offered, then each creditor taking adverse action must comply with this section. The required notification may be provided indirectly through a third party, which may be one of the creditors, provided that the identity of each creditor taking adverse action is disclosed. Whenever the notification is to be provided through a third party, a creditor shall not be liable for any act or omission of the third party that constitutes a violation of this section if the creditor accurately and in a timely manner provided the third party with the information necessary for the notification and was maintaining procedures reasonably adapted to avoid any such violation.

(b) **Form of ECOA notice and statement of specific reasons.**

(1) **ECOA notice.** A creditor satisfies the requirements of subsection (a)(2) regarding a statement of the provisions of section 701(a) of the Act and the name and address of the appropriate Federal enforcement agency if it provides the following notice, or one that is substantially similar:

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

The sample notice printed above may be modified immediately following the required references to the Federal Act and enforcement agency to include references to any similar State statute or regulation and to a State enforcement agency.

(2) **Statement of specific reasons.** A statement of reasons for adverse action shall be sufficient if it is specific and indicates the principal reason(s) for the adverse action. A creditor may formulate its own statement of reasons in check-list or letter form or may use all or a portion of the sample form printed below, which, if properly completed, satisfies the requirements of subsection (a)(2)(i). Statements that the adverse action was based on the creditor's internal standards or pol-

icies or that the applicant failed to achieve the qualifying score on the creditor's credit scoring system are insufficient.

STATEMENT OF CREDIT DENIAL,  
TERMINATION, OR CHANGE

DATE \_\_\_\_\_

Applicant's Name: \_\_\_\_\_

Applicant's Address: \_\_\_\_\_

Description of Account, Transaction, or Requested Credit: \_\_\_\_\_

Description of Adverse Action Taken: \_\_\_\_\_

PRINCIPAL REASON(S) FOR ADVERSE ACTION CONCERNING CREDIT

- \_\_\_\_ Credit application incomplete
- \_\_\_\_ Insufficient credit references
- \_\_\_\_ Unable to verify credit references
- \_\_\_\_ Temporary or irregular employment
- \_\_\_\_ Unable to verify employment
- \_\_\_\_ Length of employment
- \_\_\_\_ Insufficient income
- \_\_\_\_ Excessive obligations
- \_\_\_\_ Unable to verify income
- \_\_\_\_ Inadequate collateral
- \_\_\_\_ Too short a period of residence
- \_\_\_\_ Temporary residence
- \_\_\_\_ Unable to verify residence
- \_\_\_\_ No credit file
- \_\_\_\_ Insufficient credit file
- \_\_\_\_ Delinquent credit obligations
- \_\_\_\_ Garnishment, attachment, foreclosure, repossession, or suit
- \_\_\_\_ Bankruptcy
- \_\_\_\_ We do not grant credit to any applicant on the terms and conditions you request.
- \_\_\_\_ Other, specify: \_\_\_\_\_

DISCLOSURE OF USE OF INFORMATION OBTAINED FROM AN OUTSIDE SOURCE

- \_\_\_\_ Disclosure inapplicable
- \_\_\_\_ Information obtained in a report from a consumer reporting agency
- Name: \_\_\_\_\_

Street address: \_\_\_\_\_

Telephone number: \_\_\_\_\_

\_\_\_\_ Information obtained from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, within 60 days of receipt of this notice, for disclosure of the nature of the adverse information.

Creditor's name: \_\_\_\_\_

Creditor's address: \_\_\_\_\_

Creditor's telephone number: \_\_\_\_\_

[Add ECOA Notice]

(3) **Other information.** The notification required by subsection (a)(1) may include other information so long as it does not detract from the required content. This notification also may be combined with any disclosures required under other titles of the Consumer Credit Protection Act or any other law, provided that all requirements for clarity and placement are satisfied; and it may appear on either or both sides of the paper if there is a clear reference on the front to any information on the back.

(c) **Oral notifications.** The applicable requirements of this section are satisfied by oral notifications (including statements of specific reasons) in the case of any creditor that did not receive more than 150 applications during the calendar year immediately preceding the calendar year in which the notification of adverse action is to be given to a particular applicant.

(d) **Withdrawn applications.** Where an applicant submits an application and the parties contemplate that the applicant will inquire about its status, if the creditor approves the application and the applicant has not inquired within 30 days after applying, then the creditor may treat the application as withdrawn and need not comply with subsection (a)(1).

(e) **Failure of compliance.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error; provided that, on discovering the error, the creditor corrects it as soon as possible and commences compliance with the requirements of this section.

(f) **Notification.** A creditor notifies an applicant when a writing addressed to the applicant is deliv-

ered or mailed to the applicant's last known address or, in the case of an oral notification, when the creditor communicates with the applicant.

#### SECTION 202.10—FURNISHING OF CREDIT INFORMATION

(a) **Accounts established on or after June 1, 1977.** (1) For every account established on or after June 1, 1977, a creditor that furnishes credit information shall:

(i) determine whether an account offered by the creditor is one that an applicant's spouse is permitted to use or upon which the spouses are contractually liable other than as guarantors, sureties, endorsers, or similar parties; and

(ii) designate any such account to reflect the fact of participation of both spouses.<sup>11</sup>

(2) Except as provided in subsection (3), if a creditor furnishes credit information concerning an account designated under this section (or designated prior to the effective date of this Part) to a consumer reporting agency, it shall furnish the information in a manner that will enable the agency to provide access to the information in the name of each spouse.

(3) If a creditor furnishes credit information concerning an account designated under this section (or designated prior to the effective date of this Part) in response to an inquiry regarding a particular applicant, it shall furnish the information in the name of the spouse about whom such information is requested.<sup>12</sup>

(b) **Accounts established prior to June 1, 1977.** For every account established prior to and in existence on June 1, 1977, a creditor that furnishes credit information shall either:

(1) not later than June 1, 1977

(i) determine whether the account is one that an applicant's spouse, if any, is permitted to use or upon which the spouses are contractually liable other than as guarantors, sureties, endorsers, or similar parties;

<sup>11</sup> A creditor need not distinguish between participation as a user or as a contractually liable party.

<sup>12</sup> If a creditor learns that new parties have undertaken payment on an account, then the subsequent history of the account shall be furnished in the names of the new parties and need not continue to be furnished in the names of the former parties.

(ii) designate any such account to reflect the fact of participation of both spouses;<sup>13</sup> and

(iii) comply with the reporting requirements of subsections (a)(2) and (a)(3); or

(2) mail or deliver to all applicants, or all married applicants, in whose name an account is carried on the creditor's records one copy of the notice set forth below.<sup>14</sup> The notice may be mailed with a billing statement or other mailing. All such notices shall be mailed or delivered by October 1, 1977. As to open end accounts, this requirement may be satisfied by mailing one notice at any time prior to October 2, 1977, regarding each account for which a billing statement is sent between June 1 and October 1, 1977. The notice may be supplemented as necessary to permit identification of the account by the creditor or by a consumer reporting agency. A creditor need only send notices relating to those accounts on which it lacks the information necessary to make the proper designation regarding participation or contractual liability.

#### NOTICE

#### CREDIT HISTORY FOR MARRIED PERSONS

The Federal Equal Credit Opportunity Act prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age (provided that a person has the capacity to enter into a binding contract); because all or part of a person's income derives from any public assistance program; or because a person in good faith has exercised any right under the Federal Consumer Credit Protection Act. Regulations under the Act give married persons the right to have credit information included in credit reports in the name of both the wife and the husband if both use or are responsible for the account. This right was created, in part, to insure that credit histories will be available to women who become divorced or widowed.

If your account with us is one that both husband and wife signed for or is an account that is being used by one of you who did not sign, then you are entitled to have us report credit

<sup>13</sup> See footnote 11.

<sup>14</sup> A creditor may delete the references to the "use" of an account when providing notices regarding closed end accounts.



information relating to the account in both your names. If you choose to have credit information concerning your account with us reported in both your names, please complete and sign the statement below and return it to us.

Federal regulations provide that signing your name below will not change your or your spouse's legal liability on the account. Your signature will only request that credit information be reported in both your names.

If you do not complete and return the form below, we will continue to report your credit history in the same way that we do now.

---

When you furnish credit information on this account, please report all information concerning the account in both our names.

---

Account number

---

Print or type name

---

Print or type name

---

Signature of either spouse

(c) **Requests to change manner in which information is reported.** Within 90 days after receipt of a properly completed request to change the manner in which information is reported to consumer reporting agencies and others regarding an account described in subsection (b), a creditor shall designate the account to reflect the fact of participation of both spouses.<sup>15</sup> When furnishing information concerning any such account, the creditor shall comply with the reporting requirements of subsections (a)(2) and (a)(3). The signature of an applicant or the applicant's spouse on a request to change the manner in which information concerning an account is furnished shall not alter the legal liability of either spouse upon the account or require the creditor to change the name in which the account is carried.

(d) **Inadvertent errors.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error; provided that, on discovering the error, the creditor corrects it as soon as possible and commences compliance with the requirements of this section.

<sup>15</sup> See footnote 11.

## SECTION 202.11—RELATION TO STATE LAW

(a) **Inconsistent State laws.** Except as otherwise provided in this section, this Part alters, affects, or preempts only those State laws that are inconsistent with this Part and then only to the extent of the inconsistency. A State law is not inconsistent with this Part if it is more protective of an applicant.

(b) **Preempted provisions of State law.** (1) State law is deemed to be inconsistent with the requirements of the Act and this Part and less protective of an applicant within the meaning of section 705(f) of the Act to the extent that such law:

(i) requires or permits a practice or act prohibited by the Act or this Part;

(ii) prohibits the individual extension of consumer credit to both parties to a marriage if each spouse individually and voluntarily applies for such credit;

(iii) prohibits inquiries or collection of data required to comply with the Act or this Part;

(iv) prohibits asking age or considering age in a demonstrably and statistically sound, empirically derived credit system, to determine a pertinent element of creditworthiness, or to favor an elderly applicant; or

(v) prohibits inquiries necessary to establish or administer a special purpose credit program as defined by section 202.8.

(2) A determination as to whether a State law is inconsistent with the requirements of the Act and this Part will be made only in response to a request for a formal Board interpretation. All requests for such interpretations, in addition to meeting the requirements of section 202.1(d), shall comply with the applicable provisions of subsections (b)(1) and (2) of Supplement I to this Part. A determination shall be based on the factors enumerated in this subsection and, as applicable, subsection (c) of Supplement I. Notice of the interpretation shall be provided as specified in subsection (e)(1) of Supplement I, but the interpretation shall be effective in accordance with section 202.1. The interpretation shall be subject to revocation or modification at any time, as provided in subsection (g)(4) of Supplement I.

(c) **Finance charges and loan ceilings.** If married applicants voluntarily apply for and obtain individual accounts with the same creditor, the

accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under any Federal or State law. Permissible loan ceiling laws shall be construed to permit each spouse to become individually liable up to the amount of the loan ceilings, less the amount for which the applicant is jointly liable.<sup>16</sup>

(d) **State and Federal laws not affected.** This section does not alter or annul any provision of State property laws, laws relating to the disposition of decedents' estates, or Federal or State banking regulations directed only toward insuring the solvency of financial institutions.

(e) **Exemption for State regulated transactions.** (1) In accordance with the provisions of Supplement I to this Part, any State may apply to the Board for an exemption from the requirements of sections 701 and 702 of the Act and the corresponding provisions of this Part for any class of credit transactions within the State. The Board will grant such an exemption if:

(i) the Board determines that, under the law of that State, that class of credit transactions is subject to requirements substantially similar to those imposed under sections 701 and 702 of the Act and the corresponding provisions of this Part, or that applicants are afforded greater protection than is afforded under sections 701 and 702 of the Act and the corresponding provisions of this Part; and

(ii) there is adequate provision for State enforcement.

(2) In order to assure that the concurrent jurisdiction of Federal and State courts created in section 706(f) of the Act will continue to have substantive provisions to which such jurisdiction shall apply; to allow Federal enforcement agencies to retain their authority regarding any class of credit transactions exempted pursuant to subsection (e)(1) and Supplement I; and, generally, to aid in implementing the Act:

(i) no such exemption shall be deemed to extend to the civil liability provisions of sections 706 or the administrative enforcement provisions of section 704 of the Act; and

(ii) after an exemption has been granted, the requirements of the applicable State law shall

<sup>16</sup> For example, in a State with a permissible loan ceiling of \$1,000, if a married couple were jointly liable for unpaid debt in the amount of \$250, each spouse could subsequently become individually liable for \$750.

constitute the requirements of the Act and this Part, except to the extent such State law imposes requirements not imposed by the Act or this Part.

(3) Exemptions granted by the Board to particular classes of credit transactions within specified States will be set forth in Supplement II to this Part.

#### SECTION 202.12—RECORD RETENTION

(a) **Retention of prohibited information.** Retention in a creditor's files of any information, the use of which in evaluating applications is prohibited by the Act or this Part, shall not constitute a violation of the Act or this Part where such information was obtained:

(1) from any source prior to March 23, 1977;<sup>17</sup> or

(2) at any time from consumer reporting agencies; or

(3) at any time from an applicant or others without the specific request of the creditor; or

(4) at any time as required to monitor compliance with the Act and this Part or other Federal or State statutes or regulations.

(b) **Preservation of records.** (1) For 25 months after the date that a creditor notifies an applicant of action taken on an application, the creditor shall retain as to that application in original form or a copy thereof:<sup>18</sup>

(i) any application form that it receives, any information required to be obtained concerning characteristics of an applicant to monitor compliance with the Act and this Part or other similar law, and any other written or recorded information used in evaluating the application and not returned to the applicant at the applicant's request;

(ii) a copy of the following documents if furnished to the applicant in written form (or, if furnished orally, any notation or memorandum with respect thereto made by the creditor):

(A) the notification of action taken; and

<sup>17</sup> Pursuant to the October 28, 1975 version of Regulation B, the applicable date for sex and marital status information is June 30, 1976.

<sup>18</sup> "A copy thereof" includes carbon copies, photocopies, microfilm or microfiche copies, or copies produced by any accurate information retrieval system. A creditor who uses a computerized or mechanized system need not keep a written copy of a document if it can regenerate the precise text of the document upon request.

(B) the statement of specific reasons for adverse action; and

(iii) any written statement submitted by the applicant alleging a violation of the Act or this Part.

(2) For 25 months after the date that a creditor notifies an applicant of adverse action regarding an account, other than in connection with an application, the creditor shall retain as to that account, in original form or a copy thereof:<sup>19</sup>

(i) any written or recorded information concerning such adverse action; and

(ii) any written statement submitted by the applicant alleging a violation of the Act or this Part.

(3) In addition to the requirements of subsections (b)(1) and (2), any creditor that has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the Act or this Part by an enforcement agency charged with monitoring that creditor's compliance with the Act and this Part, or that has been served with notice of an action filed pursuant to section 706 of the Act and sections 202.1(b) or (c) of this Part, shall retain the information required in subsections (b)(1) and (2) until final disposition of the matter, unless an earlier time is allowed by order of the agency or court.

(4) In any transaction involving more than one creditor, any creditor not required to comply with section 202.9 (notifications) shall retain for the time period specified in subsection (b) all written or recorded information in its possession concerning the applicant, including a notation of action taken in connection with any adverse action.

(c) **Failure of compliance.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error.

#### SECTION 202.13—INFORMATION FOR MONITORING PURPOSES

(a) **Scope and information requested.** (1) For the purpose of monitoring compliance with the provisions of the Act and this Part, any creditor

<sup>19</sup> See footnote 18.

that receives an application for consumer credit relating to the purchase of residential real property, where the extension of credit is to be secured by a lien on such property, shall request as part of any written application for such credit the following information regarding the applicant and joint applicant (if any):

(i) race/national origin, using the categories American Indian or Alaskan Native; Asian or Pacific Islander; Black; White; Hispanic; Other (Specify);

(ii) sex;

(iii) marital status, using the categories married, unmarried, and separated; and

(iv) age.

(2) "Residential real property" means improved real property used or intended to be used for residential purposes, including single family homes, dwellings for from two to four families, and individual units of condominiums and cooperatives.

(b) **Method of obtaining information.** Questions regarding race/national origin, sex, marital status, and age may be listed, at the creditor's option, either on the application form or on a separate form that refers to the application.

(c) **Disclosure to applicant and joint applicant.** The applicant and joint applicant (if any) shall be informed that the information regarding race/national origin, sex, marital status, and age is being requested by the Federal government for the purpose of monitoring compliance with Federal anti-discrimination statutes and that those statutes prohibit creditors from discriminating against applicants on those bases. The applicant and joint applicant shall be asked, but not required, to supply the requested information. If the applicant or joint applicant chooses not to provide the information or any part of it, that fact shall be noted on the form on which the information is obtained.

(d) **Substitute monitoring program.** Any monitoring program required by an agency charged with administrative enforcement under section 704 of the Act may be substituted for the requirements contained in subsections (a), (b), and (c).

## STATUTORY APPENDIX

Equal Credit Opportunity Act (as amended  
March 23, 1976)

## TITLE V—PUBLIC LAW 93-495

Sec.

502. Findings and purpose.  
503. Amendment to the Consumer Credit Protection Act.

## § 502. Findings and purpose

The Congress finds that there is a need to insure that the various financial institutions and other firms engaged in the extensions of credit exercise their responsibility to make credit available with fairness, impartiality, and without discrimination on the basis of sex or marital status. Economic stabilization would be enhanced and competition among the various financial institutions and other firms engaged in the extension of credit would be strengthened by an absence of discrimination on the basis of sex or marital status, as well as by the informed use of credit which Congress has heretofore sought to promote. It is the purpose of this Act to require that financial institutions and other firms engaged in the extension of credit make that credit equally available to all credit-worthy customers without regard to sex or marital status.

## § 503. Amendment to the Consumer Credit Protection Act

The Consumer Credit Protection Act (Public Law 90-321) is amended by adding at the end thereof a new title VII:

## TITLE VII—EQUAL CREDIT OPPORTUNITY

Sec.

701. Prohibited discrimination; reasons for adverse action.  
702. Definitions.  
703. Regulations.  
704. Administrative enforcement.  
705. Relation to State laws.  
706. Civil liability.  
707. Annual reports to Congress.  
708. Effective date.  
709. Short title.

## § 701. Prohibited discrimination; reasons for adverse action\*

(a) It shall be unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction—

(1) on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract);

(2) because all or part of the applicant's income derives from any public assistance program; or

(3) because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

(b) It shall not constitute discrimination for purposes of this title for a creditor—

(1) to make an inquiry of marital status if such inquiry is for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit and not to discriminate in a determination of creditworthiness;

(2) to make an inquiry of the applicant's age or of whether the applicant's income derives from any public assistance program if such inquiry is for the purpose of determining the amount and probable continuance of income levels, credit history, or other pertinent element of creditworthiness as provided in regulations of the Board;

(3) to use any empirically derived credit system which considers age if such system is demonstrably and statistically sound in accordance with regulations of the Board, except that in the operation of such system the age of an elderly applicant may not be assigned a negative factor or value; or

(4) to make an inquiry or to consider the age of an elderly applicant when the age of such applicant is to be used by the creditor in the extension of credit in favor of such applicant.

(c) It is not a violation of this section for a creditor to refuse to extend credit offered pursuant to—

(1) any credit assistance program expressly authorized by law for an economically disadvantaged class of persons;

(2) any credit assistance program administered by a nonprofit organization for its members or an economically disadvantaged class of persons; or

\* Effective date for amendments to section 701 is March 23, 1977. All other amendments are effective upon enactment.

(3) any special purpose credit program offered by a profitmaking organization to meet special social needs which meets standards prescribed in regulations by the Board;

if such refusal is required by or made pursuant to such program.

(d)(1) Within thirty days (or such longer reasonable time as specified in regulations of the Board for any class of credit transaction) after receipt of a completed application for credit, a creditor shall notify the applicant of its action on the application.

(2) Each applicant against whom adverse action is taken shall be entitled to a statement of reasons for such action from the creditor. A creditor satisfies this obligation by—

(A) providing statements of reasons in writing as a matter of course to applicants against whom adverse action is taken; or

(B) giving written notification of adverse action which discloses (i) the applicant's right to a statement of reasons within thirty days after receipt by the creditor of a request made within sixty days after such notification, and (ii) the identity of the person or office from which such statement may be obtained. Such statement may be given orally if the written notification advises the applicant of his right to have the statement of reasons confirmed in writing on written request.

(3) A statement of reasons meets the requirements of this section only if it contains the specific reasons for the adverse action taken.

(4) Where a creditor has been requested by a third party to make a specific extension of credit directly or indirectly to an applicant, the notification and statement of reasons required by this subsection may be made directly by such creditor, or indirectly through the third party, provided in either case that the identity of the creditor is disclosed.

(5) The requirements of paragraph (2), (3), or (4) may be satisfied by verbal statements or notifications in the case of any creditor who did not act on more than 150 applications during the calendar year preceding the calendar year in which the adverse action is taken, as determined under regulations of the Board.

(6) For purposes of this subsection, the term "adverse action" means a denial or revocation of credit, a change in the terms of an existing credit arrangement, or a refusal to grant credit in substantially the amount or on substantially the terms

requested. Such term does not include a refusal to extend additional credit under an existing credit arrangement where the applicant is delinquent or otherwise in default, or where such additional credit would exceed a previously established credit limit.

#### § 702. Definitions

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this title.

(b) The term "applicant" means any person who applies to a creditor directly for an extension, renewal, or continuation of credit, or applies to a creditor indirectly by use of an existing credit plan for an amount exceeding a previously established credit limit.

(c) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(d) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment or to purchase property or services and defer payment therefor.

(e) The term "creditor" means any person who regularly extends, renews, or continues credit; any person who regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who participates in the decision to extend, renew, or continue credit.

(f) The term "person" means a natural person, a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(g) Any reference to any requirement imposed under this title or any provision thereof includes reference to the regulations of the Board under this title or the provision thereof in question.

#### § 703. Regulations

(a) The Board shall prescribe regulations to carry out the purposes of this title. These regulations may contain but are not limited to such classifications, differentiation, or other provision, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate or substantiate compliance therewith. In particular, such regulations may exempt from one or more of the provisions of this title any class of transactions not primarily for personal, family,

or household purposes, if the Board makes an express finding that the application of such provision or provisions would not contribute substantially to carrying out the purposes of this title. Such regulations shall be prescribed as soon as possible after the date of enactment of this Act, but in no event later than the effective date of this Act.

(b) The Board shall establish a Consumer Advisory Council to advise and consult with it in the exercise of its functions under the Consumer Credit Protection Act and to advise and consult with it concerning other consumer related matters it may place before the Council. In appointing the members of the Council, the Board shall seek to achieve a fair representation of the interests of creditors and consumers. The Council shall meet from time to time at the call of the Board. Members of the Council who are not regular full-time employees of the United States shall, while attending meetings of such Council, be entitled to receive compensation at a rate fixed by the Board, but not exceeding \$100 per day, including travel time. Such members may be allowed travel expenses, including transportation and subsistence, while away from their homes or regular place of business.

#### § 704. Administrative enforcement

(a) Compliance with the requirements imposed under this title shall be enforced under:

(1) Section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), by the Board;

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation.

(2) Section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions.

(3) The Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal Credit Union.

(4) The Acts to regulate commerce, by the Interstate Commerce Commission with respect to any common carrier subject to those Acts.

(5) The Federal Aviation Act of 1958, by the Civil Aeronautics Board with respect to any air carrier or foreign air carrier subject to that Act.

(6) The Packers and Stockyards Act, 1921 (except as provided in section 406 of that Act), by the Secretary of Agriculture with respect to any activities subject to that Act.

(7) The Farm Credit Act of 1971, by the Farm Credit Administration with respect to any Federal land bank, Federal land bank association, Federal intermediate credit bank, and production credit association.

(8) The Securities Exchange Act of 1934, by the Securities and Exchange Commission with respect to brokers and dealers; and

(9) The Small Business Investment Act of 1958, by the Small Business Administration, with respect to small business investment companies.

(b) For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law. The exercise of the authorities of any of the agencies referred to in subsection (a) for the purpose of enforcing compliance with any requirement imposed under this title shall in no way preclude the exercise of such authorities for the purpose of enforcing compliance with any other provision of law not relating to the prohibition of discrimination on the basis of sex or marital status with respect to any aspect of a credit transaction.

(c) Except to the extent that enforcement of the requirements imposed under this title is specifically committed to some other Government agency under subsection (a), the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Commission of its functions and powers under the Federal Trade Commission Act, a violation of any requirement imposed under this title shall be deemed a violation of a requirement imposed

under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements imposed under this title, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act, including the power to enforce any Federal Reserve Board regulation promulgated under this title in the same manner as if the violation had been a violation of a Federal Trade Commission trade regulation rule.

(d) The authority of the Board to issue regulations under this title does not impair the authority of any other agency designated in this section to make rules respecting its own procedures in enforcing compliance with requirements imposed under this title.

#### § 705. Relation to State laws

(a) A request for the signature of both parties to a marriage for the purpose of creating a valid lien, passing clear title, waiving inchoate rights to property, or assigning earnings, shall not constitute discrimination under this title: *Provided, however,* That this provision shall not be construed to permit a creditor to take sex or marital status into account in connection with the evaluation of creditworthiness of any applicant.

(b) Consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute discrimination for purposes of this title.

(c) Any provision of State law which prohibits the separate extension of consumer credit to each party to a marriage shall not apply in any case where each party to a marriage voluntarily applies for separate credit from the same creditor: *Provided,* That in any case where such a State law is so preempted, each party to the marriage shall be solely responsible for the debt so contracted.

(d) When each party to a marriage separately and voluntarily applies for and obtains separate credit accounts with the same creditor, those accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under the laws of any State or of the United States.

(e) Where the same act or omission constitutes a violation of this title and of applicable State law, a person aggrieved by such conduct may

bring a legal action to recover monetary damages either under this title or under such State law, but not both. This election of remedies shall not apply to court actions in which the relief sought does not include monetary damages or to administrative actions.

(f) This title does not annul, alter, or affect, or exempt any person subject to the provisions of this title from complying with, the laws of any State with respect to credit discrimination, except to the extent that those laws are inconsistent with any provision of this title, and then only to the extent of the inconsistency. The Board is authorized to determine whether such inconsistencies exist. The Board may not determine that any State law is inconsistent with any provision of this title if the Board determines that such law gives greater protection to the applicant.

(g) The Board shall by regulation exempt from the requirements of sections 701 and 702 of this title any class of credit transactions within any State if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this title or that such law gives greater protection to the applicant, and that there is adequate provision for enforcement. Failure to comply with any requirement of such State law in any transaction so exempted shall constitute a violation of this title for the purposes of section 706.

#### § 706. Civil liability

(a) Any creditor who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant for any actual damages sustained by such applicant acting either in an individual capacity or as a member of a class.

(b) Any creditor, other than a government or governmental subdivision or agency, who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant for punitive damages in an amount not greater than \$10,000, in addition to any actual damages provided in subsection (a), except that in the case of a class action the total recovery under this subsection shall not exceed the lesser of \$500,000 or 1 per centum of the net worth of the creditor. In determining the amount of such damages in any action, the court shall consider, among other relevant factors, the amount of any actual damages awarded, the frequency and persistence of

failures of compliance by the creditor, the resources of the creditor, the number of persons adversely affected, and the extent to which the creditor's failure of compliance was intentional.

(c) Upon application by an aggrieved applicant, the appropriate United States district court or any other court of competent jurisdiction may grant such equitable and declaratory relief as is necessary to enforce the requirements imposed under this title.

(d) In the case of any successful action under subsection (a), (b), or (c), the costs of the action, together with a reasonable attorney's fee as determined by the court, shall be added to any damages awarded by the court under such subsection.

(e) No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any official rule, regulation, or interpretation thereof by the Board or in conformity with any interpretation or approval by an official or employee of the Federal Reserve System duly authorized by the Board to issue such interpretations or approvals under such procedures as the Board may prescribe therefor, notwithstanding that after such act or omission has occurred, such rule, regulation, interpretation, or approval is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(f) Any action under this section may be brought in the appropriate United States district court without regard to the amount in controversy, or in any other court of competent jurisdiction. No such action shall be brought later than two years from the date of the occurrence of the violation, except that—

(1) whenever any agency having responsibility for administrative enforcement under section 704 commences an enforcement proceeding within two years from the date of the occurrence of the violation,

(2) whenever the Attorney General commences a civil action under this section within two years from the date of occurrence of the violation,

then any applicant who has been a victim of the discrimination which is the subject of such proceeding or civil action may bring an action under this section not later than one year after the commencement of that proceeding or action.

(g) The agencies having responsibility for administrative enforcement under section 704, if

unable to obtain compliance with section 701, are authorized to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted.

(h) When a matter is referred to the Attorney General pursuant to subsection (g), or whenever he has reason to believe that one or more creditors are engaged in a pattern or practice in violation of this title, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(i) No person aggrieved by a violation of this title and by a violation of section 805 of the Civil Rights Act of 1968 shall recover under this title and section 812 of the Civil Rights Act of 1968, if such violation is based on the same transaction.

(j) Nothing in this title shall be construed to prohibit the discovery of a creditor's credit granting standards under appropriate discovery procedures in the court or agency in which an action or proceeding is brought.

#### § 707. Annual reports to Congress

Not later than February 1 of each year after 1976, the Board and the Attorney General shall, respectively, make reports to the Congress concerning the administration of their functions under this title, including such recommendations as the Board and the Attorney General, respectively, deem necessary or appropriate. In addition, each report of the Board shall include its assessment of the extent to which compliance with the requirements of this title is being achieved, and a summary of the enforcement actions taken by each of the agencies assigned administrative enforcement responsibilities under section 704.

#### § 708. Effective date

This title takes effect upon the expiration of one year after the date of its enactment. The amendments made by the Equal Credit Opportunity Act Amendments of 1976 shall take effect on the date of enactment thereof and shall apply to any violation occurring on or after such date, except that the amendments made to section 701 of the Equal Credit Opportunity Act shall take effect 12 months after the date of enactment.

#### § 709. Short title

This title may be cited as the "Equal Credit Opportunity Act."



## APPENDIX A

### FEDERAL ENFORCEMENT AGENCIES

The following list indicates which Federal agency enforces Regulation B for particular classes of creditors. Any questions concerning a particular creditor should be directed to its enforcement agency.

#### **National Banks**

Comptroller of the Currency  
Consumer Affairs Division  
Washington, D.C. 20219

#### **State Member Banks**

Federal Reserve Bank serving the district in which the State member bank is located.

#### **Nonmember Insured Banks**

Federal Deposit Insurance Corporation Regional Director for the region in which the nonmember insured bank is located.

#### **Savings Institutions Insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)**

The Federal Home Loan Bank Board Supervisory Agent in the district in which the institution is located.

#### **Federal Credit Unions**

Regional office of the National Credit Union Administration serving the area in which the Federal credit union is located.

#### **Creditors Subject to Civil Aeronautics Board**

Director, Bureau of Enforcement  
Civil Aeronautics Board  
1825 Connecticut Avenue, N.W.  
Washington, D.C. 20428

#### **Creditors Subject to Interstate Commerce Commission**

Office of Proceedings  
Interstate Commerce Commission  
Washington, D.C. 20523

#### **Creditors Subject to Packers and Stockyards Act**

Nearest Packers and Stockyards Administration area supervisor.

#### **Small Business Investment Companies**

U.S. Small Business Administration  
1441 L Street, N.W.  
Washington, D.C. 20416

#### **Brokers and Dealers**

Securities and Exchange Commission  
Washington, D.C. 20549

#### **Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks and Production Credit Associations**

Farm Credit Administration  
490 L'Enfant Plaza, S.W.  
Washington, D.C. 20578

#### **Retail, Department Stores, Consumer Finance Companies, All Other Creditors, and All Nonbank Credit Card Issuers (Creditors operating on a local or regional basis should use the address of the FTC Regional Office in which they operate.)**

Federal Trade Commission  
Equal Credit Opportunity  
Washington, D.C. 20580

## APPENDIX B

### MODEL APPLICATION FORMS

This Appendix contains five model credit application forms, each designed for use in a particular type of consumer credit transaction as indicated by the bracketed caption on each form (which should be removed prior to reproduction). The first sample form is intended for use in open end, unsecured transactions; the second for closed end, secured transactions; the third for closed end transactions, whether unsecured or secured; the fourth for use in transactions involving community property or occurring in community property States; and the fifth for use in secured residential real estate transactions. The real estate form should be used only when a lender's representative is available to assist an applicant in completing the form.

The forms contained in this Appendix are models; their use by creditors is optional. In all instances, the use or modification of these forms is governed by section 202.5(e) of this Part and the directions contained in this Appendix.

In addition to deleting any information request printed on the forms or rearranging their format, as specified in section 202.5(e), a creditor is expressly permitted to modify any of the model forms contained in this Appendix by adding any of the following three items:

(1) an inquiry about the names in which an applicant has previously received credit as authorized in section 202.5(c)(3);

(2) a request to designate a courtesy title as authorized in section 202.5(d)(3); or

(3) an inquiry about an applicant's permanent residence and United States immigration status as authorized by section 202.5(d)(5).

The fifth form contained in this Appendix, the model residential real estate mortgage loan application, was prepared in conjunction with the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. It is substantially identical to the joint FHLMC 65/FNMA 1003 (Rev. 3/77) form, except for type face and the inclusion on the FHLMC/FNMA form of certain items required by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. If a creditor wishes to participate in the secondary mortgage market involving the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association, it should either modify the model form as specified by the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association or use form FHLMC 65/FNMA 1003 (Rev. 3/77) with supporting schedule FHLMC 65A/FNMA 1003A. Use of the FHLMC 65/FNMA 1003 (Rev. 3/77) form constitutes full compliance with subsections (c) and (d) of section 202.5 of this Part.

CREDIT APPLICATION

IMPORTANT: Read these Directions before completing this Application.

Check
Appropriate
Box

- Three checkboxes with instructions regarding individual, joint, and alimony-based applications.

SECTION A—INFORMATION REGARDING APPLICANT

Full Name (Last, First, Middle): Birthdate: / /
Present Street Address: Years there:
City: State: Zip: Telephone:
Social Security No.: Driver's License No.:
Previous Street Address: Years there:
City: State: Zip:
Present Employer: Years there: Telephone:
Position or title: Name of supervisor:
Employer's Address:
Previous Employer: Years there:
Previous Employer's Address:
Present net salary or commission: \$ per No. Dependents: Ages:

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$ per Source(s) of other income:

Is any income listed in this Section likely to be reduced in the next two years?

[ ] Yes (Explain in detail on a separate sheet.) No [ ]

Have you ever received credit from us? When? Office:

Checking Account No.: Institution and Branch:

Savings Account No.: Institution and Branch:

Name of nearest relative not living with you: Telephone:

Relationship: Address:

SECTION B—INFORMATION REGARDING JOINT APPLICANT, USER, OR OTHER PARTY (Use separate sheets if necessary.)

Full Name (Last, First, Middle): Birthdate: / /

Relationship to Applicant (if any):

Present Street Address: Years there:

City: State: Zip: Telephone:

Social Security No.: Driver's License No.:

Present Employer: Years there: Telephone:

Position or title: Name of supervisor:

Employer's Address:

Previous Employer: Years there:

Previous Employer's Address:

Present net salary or commission: \$ per No. Dependents: Ages:

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$ per Source(s) of other income:

Is any income listed in this Section likely to be reduced in the next two years?

[ ] Yes (Explain in detail on a separate sheet.) No [ ]

Checking Account No.: Institution and Branch:

Savings Account No.: Institution and Branch:

Name of nearest relative not living with Joint Applicant, User, or Other Party: Telephone:

Relationship: Address:

SECTION C—MARITAL STATUS (Do not complete if this is an application for an individual account.)

Applicant: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)
Other Party: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)

**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant, User, or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (Use separate sheet if necessary.)

Description of Assets	Value	Subject to Debt? Yes/No	Name(s) of Owner(s)
Cash	\$		
Automobiles (Make, Model, Year)			
Cash Value of Life Insurance (Issuer, Face Value)			
Real Estate (Location, Date Acquired)			
Marketable Securities (Issuer, Type, No. of Shares)			
Other (List)			
Total Assets	\$		

**OUTSTANDING DEBTS** (Include charge accounts, instalment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

Creditor	Type of Debt or Acct. No.	Name in Which Acct. Carried	Original Debt	Present Balance	Monthly Payments	Past Due? Yes/No
1. (Landlord or Mortgage Holder)	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		\$ (Omit rent)	\$ (Omit rent)	\$	
2.						
3.						
4.						
5.						
6.						
Total Debts			\$	\$	\$	

(Credit References)

	Date Paid
1.	\$
2.	

Are you a guarantor, endorser, or guarantor on any loan or contract? Yes  No  If "yes" for whom? \_\_\_\_\_ To whom? \_\_\_\_\_

Are there any unsatisfied judgments against you? Yes  No  Amount \$ \_\_\_\_\_ If "yes" to whom owed? \_\_\_\_\_

Have you been declared bankrupt in the last 14 years? Yes  No  If "yes" where? \_\_\_\_\_ Year \_\_\_\_\_

Other Obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_ Other Signature (Where Applicable) \_\_\_\_\_ Date \_\_\_\_\_

CREDIT APPLICATION

IMPORTANT: Read these Directions before completing this Application.

- Check Appropriate Box
If you are applying for individual credit in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete Sections A, C, D, and E, omitting B and the second part of C.
If this is an application for joint credit with another person, complete all Sections, providing information in B about the joint applicant.
If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying.

Amount Requested Payment Date Desired Proceeds of Credit
\$..... To be Used For.....

SECTION A—INFORMATION REGARDING APPLICANT

Full Name (Last, First, Middle): Birthdate: / /
Present Street Address: Years there:
City: State: Zip: Telephone:
Social Security No.: Driver's License No.:
Previous Street Address: Years there:
City: State: Zip:
Present Employer Years there: Telephone:
Position or title: Name of supervisor:
Employer's Address:
Previous Employer: Years there:
Previous Employer's Address:
Present net salary or commission: \$..... per..... No. Dependents:..... Ages:.....

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$..... per..... Source(s) of other income:.....

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

[ ] Yes (Explain in detail on a separate sheet.) No [ ]

Have you ever received credit from us? When? Office:.....

Checking Account No. Institution and Branch:.....

Savings Account No. Institution and Branch:.....

Name of nearest relative not living with you: Telephone:.....

Relationship: Address:.....

SECTION B—INFORMATION REGARDING JOINT APPLICANT OR OTHER PARTY (Use separate sheets if necessary.)

Full Name (Last, First, Middle): Birthdate: / /

Relationship to Applicant (if any):.....

Present Street Address: Years there:.....

City: State: Zip: Telephone:.....

Social Security No.: Driver's License No.:.....

Present Employer: Years there: Telephone:.....

Position or title: Name of supervisor:.....

Employer's Address:.....

Previous Employer: Years there:.....

Previous Employer's Address:.....

Present net salary or commission: \$..... per..... No. Dependents:..... Ages:.....

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$..... per..... Source(s) of other income:.....

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

[ ] Yes (Explain in detail on a separate sheet.) No [ ]

Checking Account No.: Institution and Branch:.....

Savings Account No.: Institution and Branch:.....

Name of nearest relative not living with Joint Applicant or Other Party:.....

Relationship: Address:.....

SECTION C—MARITAL STATUS

Applicant: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)

Other Party: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)

**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (Use separate sheet if necessary.)

Description of Assets	Value	Subject to Debt? Yes/No	Name(s) of Owner(s)
Cash	\$		
Automobiles (Make, Model, Year)			
Cash Value of Life Insurance (Issuer, Face Value)			
Real Estate (Location, Date Acquired)			
Marketable Securities (Issuer, Type, No. of Shares)			
Other (List)			
<b>Total Assets</b>	\$		

**OUTSTANDING DEBTS** (Include charge accounts, instalment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

Creditor	Type of Debt or Acct. No.	Name in Which Acct. Carried	Original Debt	Present Balance	Monthly Payments	Past Due? Yes/No
1. (Landlord or Mortgage Holder)	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		\$ (Omit rent)	\$ (Omit rent)	\$	
2.						
3.						
<b>Total Debts</b>			\$	\$	\$	

(Credit References)

	Date Paid
1.	\$
2.	

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes  No  If "yes" for whom? \_\_\_\_\_ To whom? \_\_\_\_\_

Are there any unsatisfied judgments against you? Yes  No  Amount \$ \_\_\_\_\_ If "yes" to whom owed? \_\_\_\_\_

Have you been declared bankrupt in the last 14 years? Yes  No  If "yes" where? \_\_\_\_\_ Year \_\_\_\_\_

Other obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

**SECTION E—SECURED CREDIT** Briefly describe the property to be given as security:

and list names and addresses of all co-owners of the property:

Name	Address

If the security is real estate, give the full name of your spouse (if any): \_\_\_\_\_

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_ Other Signature (Where Applicable) \_\_\_\_\_ Date \_\_\_\_\_

CREDIT APPLICATION

IMPORTANT: Read these Directions before completing this Application.

Check
Appropriate
Box

- Three checkboxes with instructions regarding individual credit, joint credit, and credit based on alimony or child support.

Amount Requested Payment Date Desired Proceeds of Credit
\$..... To be Used For .....

SECTION A—INFORMATION REGARDING APPLICANT

Full Name (Last, First, Middle): ..... Birthdate: / /

Present Street Address: ..... Years there: .....

City: ..... State: ..... Zip: ..... Telephone: .....

Social Security No.: ..... Driver's License No.: .....

Previous Street Address: ..... Years there: .....

City: ..... State: ..... Zip: .....

Present Employer: ..... Years there: ..... Telephone: .....

Position or title: ..... Name of supervisor: .....

Employer's Address: .....

Previous Employer: ..... Years there: .....

Previous Employer's Address: .....

Present net salary or commission: \$..... per ....., No. Dependents: ....., Ages: .....

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$..... per ..... Source(s) of other income: .....

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

[ ] Yes (Explain in detail on separate sheet.) [ ] No

Have you ever received credit from us? ..... When? ..... Office .....

Checking Account No.: ..... Institution and Branch: .....

Savings Account No.: ..... Institution and Branch: .....

Name of nearest relative not living with you: ..... Telephone: .....

Relationship: ..... Address: .....

SECTION B—INFORMATION REGARDING JOINT APPLICANT OR OTHER PARTY (Use separate sheets if necessary.)

Full Name (Last, First, Middle): ..... Birthdate: / /

Relationship to Applicant (if any): .....

Present Street Address: ..... Years there: .....

City: ..... State: ..... Zip: ..... Telephone: .....

Social Security No.: ..... Driver's License No.: .....

Present Employer: ..... Years there: ..... Telephone: .....

Position or title: ..... Name of supervisor: .....

Employer's Address: .....

Previous Employer: ..... Years there: .....

Previous Employer's Address: .....

Present net salary or commission: \$..... per ....., No. Dependents: ....., Ages: .....

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order [ ] written agreement [ ] oral understanding [ ]

Other income: \$..... per ..... Source(s) of other income: .....

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

[ ] Yes (Explain in detail on separate sheet.) [ ] No

Checking Account No.: ..... Institution and Branch: .....

Savings Account No.: ..... Institution and Branch: .....

Name of nearest relative not living with Joint Applicant or Other Party: ..... Telephone: .....

Relationship: ..... Address: .....

**SECTION C—MARITAL STATUS**

(Do not complete if this is an application for individual unsecured credit.)

Applicant:  Married  Separated  Unmarried (including single, divorced, and widowed)  
 Other Party:  Married  Separated  Unmarried (including single, divorced, and widowed)

**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (Use separate sheet if necessary.)

Description of Assets	Value	Subject to Debt? Yes/No	Name(s) of Owner(s)
Cash	\$		
Automobiles (Make, Model, Year)			
Cash Value of Life Insurance (Issuer, Face Value)			
Real Estate (Location, Date Acquired)			
Marketable Securities (Issuer, Type, No. of Shares)			
Other (List)			
<b>Total Assets</b>	\$		

**OUTSTANDING DEBTS** (Include charge accounts, instalment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

Creditor	Type of Debt or Acct. No.	Name in Which Acct. Carried	Original Debt	Present Balance	Monthly Payments	Past Due? Yes/No
1. (Landlord or Mortgage Holder)	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		\$(Omit rent)	\$(Omit rent)	\$	
2.						
3.						
<b>Total Debts</b>			\$	\$	\$	

(Credit References)

Date Paid

1.	\$	
2.		

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes  No  If "Yes," for whom? To whom?

Are there any unsatisfied judgments against you? Yes  No  Amount \$ If "Yes," to whom owed?

Have you been declared bankrupt in the last 14 years? Yes  No  If "Yes," where? Year

Other obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

**SECTION E—SECURED CREDIT** (Complete only if credit is to be secured.) Briefly describe the property to be given as security:

and list names and addresses of all co-owners of the property:

Name	Address

If the security is real estate, give the full name of your spouse (if any):

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_ Other Signature (Where Applicable) \_\_\_\_\_ Date \_\_\_\_\_



[Community property]

CREDIT APPLICATION

IMPORTANT: Read these Directions before completing this Application.

Check Appropriate Box

- Checkboxes for individual credit application and joint applicant/asset securing.

Amount Requested Payment Date Desired Proceeds of Credit To be Used For

SECTION A—INFORMATION REGARDING APPLICANT

Full Name (Last, First, Middle): Birthdate: / / Present Street Address Years there: City: State: Zip: Telephone: Social Security No.: Driver's License No.: Previous Street Address: Years there: City: State: Zip: Present Employer: Years there: Telephone: Position or title: Name of supervisor: Employer's Address: Previous Employer: Years there: Previous Employer's Address: Present net salary or commission: \$ per No. Dependents: Ages: Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Alimony, child support, separate maintenance received under: court order written agreement oral understanding Other income: \$ per Source(s) of other income: Is any income listed in this Section likely to be reduced in the next two years or before the credit requested is paid off? Yes (Explain in detail on a separate sheet.) No Have you ever received credit from us? When? Office: Checking Account No.: Institution and Branch: Savings Account No.: Institution and Branch: Name of nearest relative not living with you Telephone: Relationship: Address:

SECTION B—INFORMATION REGARDING SPOUSE, JOINT APPLICANT, USER, OR OTHER PARTY (Use separate sheets if necessary)

Full Name (Last, First, Middle): Birthdate: / / Relationship to Applicant (if any): Years there: Present Street Address: City: State: Zip: Telephone: Social Security No.: Driver's License No.: Present Employer: Years there: Telephone: Position or title: Name of supervisor: Employer's Address: Previous Employer: Years there: Previous Employer's Address: Present net salary or commission: \$ per No. Dependents: Ages: Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Alimony, child support, separate maintenance received under: court order written agreement oral understanding Other income: \$ per Source(s) of other income: Is any income listed in this Section likely to be reduced in the next two years or before the credit requested is paid off? Yes (Explain in detail on a separate sheet.) No Checking Account No.: Institution and Branch: Savings Account No.: Institution and Branch: Name of nearest relative not living with Spouse, Joint Applicant, User, or other Party Telephone: Relationship: Address:

**SECTION C—MARITAL STATUS**

Applicant:  Married  Separated  Unmarried (including single, divorced, and widowed)  
 Other Party:  Married  Separated  Unmarried (including single, divorced, and widowed)

**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Spouse, Joint Applicant, User, or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (Use separate sheet if necessary.)

Description of Assets	Value	Subject to Debt? Yes/No	Name(s) of Owner(s)
Cash	\$		
Automobiles (Make, Model, Year)			
Cash Value of Life Insurance (Issuer, Face Value)			
Real Estate (Location, Date Acquired)			
Marketable Securities (Issuer, Type, No. of Shares)			
Other (List)			
<b>Total Assets</b>	\$		

**OUTSTANDING DEBTS** (Include charge accounts, instalment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

Name of Creditor	Type of Debt or Acct. No.	Name in Which Acct. Carried	Original Debt	Present Balance	Monthly Payments	Past Due? Yes/No
1. (Landlord or Mortgage Holder)	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		\$(Omit rent)	\$(Omit rent)	\$	
2.						
3.						
<b>Total Debts</b>			\$	\$	\$	

(Credit References)

	Date Paid
1.	\$
2.	

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes  No  If "yes," for whom? To whom?

Are there any unsatisfied judgments against you? Yes  No  Amount \$ If "yes," to whom owed?

Have you been declared bankrupt in the last 14 years? Yes  No  If "yes," where? Year

Other obligations—(E.g., Liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

**SECTION E—SECURED CREDIT** (Complete only if credit is to be secured.) Briefly describe the property to be given as security:

.....  
 .....

and list names and addresses of all co-owners of the property:

Name	Address
.....	.....
.....	.....

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_ Other Signature (Where Applicable) \_\_\_\_\_ Date \_\_\_\_\_

**RESIDENTIAL LOAN APPLICATION**

[Residential real estate mortgage loan]

MORTGAGE APPLIED FOR #27	<input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/>	Amount \$ _____	Interest Rate % _____	No. of Months _____	Monthly Payment Principal & Interest \$ _____	Escrow/Impounds (to be collected monthly) <input type="checkbox"/> Taxes <input type="checkbox"/> Hazard Ins. <input type="checkbox"/> Mfg. Ins. <input type="checkbox"/>	
Prepayment Option _____							
<b>1. SUBJECT PROPERTY</b>	Property Street Address _____		City _____	County _____	State _____	Zip _____	
	Legal Description (Attach description if necessary.) _____					Year Built _____	
	Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction-Permanent <input type="checkbox"/> Construction <input type="checkbox"/> Refinance <input type="checkbox"/> Other (Explain) _____						
	Complete this line if Construction-Permanent or Construction Loan #27		Lot Value Data		Original Cost \$ _____	Present Value (a) \$ _____	Cost of Improv. (b) \$ _____
	Year Acquired _____		Total (a + b) \$ _____		ENTER TOTAL AS PURCHASE PRICE IN DETAILS OF PURCHASE.		
Complete this line if a Refinance Loan			Purpose of Refinance _____		Describe Improvements [ ] made [ ] to be made		
Year Acquired _____		Original Cost \$ _____	Amt. Existing Liens \$ _____		Cost: \$ _____		
Title Will Be Held In What Name(s) _____				Manner In Which Title Will Be Held _____			
Source of Down Payment and Settlement Charges _____							

This application is designed to be completed by the borrower(s) with the lender's assistance. The Co-Borrower Section and all other Co-Borrower questions must be completed and the appropriate box(es) checked if  another person will be jointly obligated with the Borrower on the loan,  the Borrower is relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as a basis for repayment of the loan, or  the Borrower is married and resides, or the property is located, in a community property state.

2. BORROWER				3. CO-BORROWER			
Name _____		Age _____	School _____	Name _____		Age _____	School _____
Present Address _____		No. Years _____	<input type="checkbox"/> Own <input type="checkbox"/> Rent	Present Address _____		No. Years _____	<input type="checkbox"/> Own <input type="checkbox"/> Rent
Street _____				Street _____			
City/State/Zip _____				City/State/Zip _____			
Former address if less than 2 years at present address				Former address if less than 2 years at present address			
Street _____				Street _____			
City/State/Zip _____				City/State/Zip _____			
Years at former address _____		<input type="checkbox"/> Own <input type="checkbox"/> Rent		Years at former address _____		<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Marital <input type="checkbox"/> Married <input type="checkbox"/> Separated		Dependents other than listed by Co-borrower		Marital <input type="checkbox"/> Married <input type="checkbox"/> Separated		Dependents other than listed by Borrower	
Status <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)		No. _____	Ages _____	Status <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)		No. _____	Ages _____
Name and Address of Employer _____		Years employed in this line of work or profession? _____ years		Name and Address of Employer _____		Years employed in this line of work or profession? _____ years	
		<input type="checkbox"/> Self Employed				<input type="checkbox"/> Self Employed	
Position/Title _____		Type of Business _____		Position/Title _____		Type of Business _____	
Social Security Number _____		Home Phone _____	Business Phone _____	Social Security Number _____		Home Phone _____	Business Phone _____

4. GROSS MONTHLY INCOME			5. MONTHLY HOUSING EXPENSE			6. DETAILS OF PURCHASE		
Item	Borrower	Co-Borrower	Total	Rent	Present*	Proposed		
Base Empl. Income	\$ _____	\$ _____	\$ _____	First Mortgage (P&I)	\$ _____	\$ _____	a. Purchase Price	\$ _____
Overtime				Other Financing (P&I)			b. Total Closing Costs (Est.)	
Bonuses				Hazard Insurance			c. Pre Paid Escrows (Est.)	
Commissions				Real Estate Taxes			d. Total (a+b+c)	\$ _____
Dividends/Interest				Mortgage Insurance			e. Amount of Mortgage	( )
Net Rental Income				Homeowner Assn. Dues			f. Other Financing	( )
Other (Before completing, see notice under Describe Other Income below.)				Other:			g. Present Equity in Lot	( )
				Total Monthly Pmt.	\$ _____	\$ _____	h. Amount of Cash Deposit	( )
				Utilities			i. Closing Costs Paid by Seller	( )
Total	\$ _____	\$ _____	\$ _____	Total	\$ _____	\$ _____	j. Cash Reqd. For Closing (Est.)	\$ _____

**7. DESCRIBE OTHER INCOME**

<input type="checkbox"/> B-Borrower	<input type="checkbox"/> C-Co-Borrower	NOTICE: † Alimony, child support, or separate maintenance income need not be revealed if the Borrower or Co-Borrower does not choose to have it considered as a basis for repaying this loan.	Monthly Amount \$ _____

**8. IF EMPLOYED IN CURRENT POSITION FOR LESS THAN TWO YEARS COMPLETE THE FOLLOWING**

B/C	Previous Employer/School	City/State	Type of Business	Position/Title	Dates From/To	Monthly Income \$

**9. THESE QUESTIONS APPLY TO BOTH BORROWERS**

<p>If a "yes" answer is given to a question in this column, explain on an attached sheet.</p> <p>Borrower Yes/No Co-Borrower Yes/No</p> <p>Have you any outstanding judgments? _____</p> <p>In the last 14 years, have you been bankrupt? _____</p> <p>Have you had property foreclosed upon or given title or a deed in lieu thereof? _____</p> <p>Are you a co-maker or endorser on a note? _____</p> <p>Are you a party in a law suit? _____</p> <p>Are you obligated to pay alimony, child support, or separate maintenance? _____</p> <p>Is any part of the down payment borrowed? _____</p>	<p>Borrower Yes/No Co-Borrower Yes/No</p> <p>Do you have health and accident insurance? _____</p> <p>Do you have major medical coverage? _____</p> <p>Do you intend to occupy the property? _____</p> <p>Will this property be your primary residence? _____</p> <p>Have you previously owned a home? _____</p> <p>Sale price of previously owned home \$ _____</p>
---	---

\* All Present Monthly Housing Expenses of the Borrower and Co-Borrower should be listed on a combined basis.

This statement and any applicable supporting schedules may be completed jointly by both married and unmarried co-borrowers if their assets and liabilities are sufficiently joined so that the statement can be meaningfully and fairly presented on a combined basis; otherwise separate statements and schedules are required. If the Co-Borrower section was completed about a spouse, this statement and supporting schedules must be completed about that spouse also.

Completed Jointly  Not Completed Jointly

**10. ASSETS**

**11. LIABILITIES**

Indicate by (\*) those liabilities that will be satisfied upon sale of real estate owned or upon refinancing of property.

STATEMENT OF ASSETS AND LIABILITIES	Description	Cash or Market Value	Creditor's Name, Address, Account Number	Acct. Name if Not Borrower(s)	Mo. Pmt. and Mos. left to pay	Unpaid Balance
		Cash Deposit Toward Purchase Held By	\$	Instalment Debts (include "revolving" charge accounts)		\$ Pmt./Mos.
	Checking and Savings Accounts (Names of Institutions/ Acct. Nos.)				/	
					/	
					/	
	Stocks and Bonds (No./description)		Automobile Loans		/	
	Life Insurance Net Cash Value				/	
	Face Amount (\$ )		Real Estate Loans			
	SUBTOTAL LIQUID ASSETS	\$				
	Real Estate Owned (Enter Market Value from Schedule of Real Estate Owned)					
	Vested Interest in Retirement Fund		Other Debt, Including Stock Pledges			
	Net Worth of Business Owned (Attach Financial Stat.)				/	
	Automob. - (Make and Year)					
	Furniture and Personal Property		Alimony, Child Support, and Maintenance Payments (Owed To)			
	Other Assets (Itemize)					
			TOTAL MONTHLY PAYMENTS	\$		
	TOTAL ASSETS	A \$	NET WORTH (A minus B)	\$	TOTAL LIABILITIES	B \$

**SCHEDULE OF REAL ESTATE OWNED (If Additional Properties Owned Attach Separate Schedule)**

Address of Property (Indicate S if Sold, PS if Pending Sale or R if Rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Taxes, Ins. Maintenance and Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	TOTALS	\$	\$	\$	\$	\$	\$

**12. LIST PREVIOUS CREDIT REFERENCES**

B-Borrower	C-Co-Borrower	Creditor's Name and Address	Account Number	Purpose	Highest Balance	Date Paid

List any additional names under which credit has previously been received \_\_\_\_\_

AGREEMENT: The Undersigned applies for the loan indicated in this application, to be secured by a first mortgage or deed of trust on the property described herein, and represents that the property will not be used for any illegal or restricted purpose and that all statements made in this application are true and are made for the purpose of obtaining the loan. Verification may be obtained from any source named in this application. The original or a copy of this application will be retained by the lender, even if the loan is not granted.

Borrower's Signature \_\_\_\_\_ Date / / Co-Borrower's Signature \_\_\_\_\_ Date / /

**VOLUNTARY INFORMATION FOR GOVERNMENT MONITORING PURPOSES**

If this loan is for purchase or construction of a home, the following information is requested by the Federal Government to monitor this lender's compliance with Equal Credit Opportunity and Fair Housing Laws. The law provides that a lender may neither discriminate on the basis of this information nor on whether or not it is furnished. Furnishing this information is optional. If you do not wish to furnish the following information, please initial below.

**BORROWER:** I do not wish to furnish this information (initials)

Race/National Origin

- American Indian, Alaskan Native  SEX  Female  Male  
 Asian, Pacific Islander  Black  Hispanic  White  
 Other (specify) \_\_\_\_\_

**CO-BORROWER:** I do not wish to furnish this information (initials)

Race/National Origin

- American Indian, Alaskan Native  SEX  Female  Male  
 Asian, Pacific Islander  Black  Hispanic  White  
 Other (specify) \_\_\_\_\_

**FOR LENDER'S USE ONLY**

## SUPPLEMENT I

Procedures and criteria under which a State may apply for an exemption pursuant to section 705(g) of the Act and section 202.11(e) of this Part.

(a) **Application.** Any State may apply to the Board pursuant to the provisions of this Supplement and the Board's Rules of Procedure (12 CFR 262) for a determination that, under the laws of that State,<sup>1</sup> a class of credit transactions<sup>2</sup> within the State is subject to requirements that are substantially similar to, or provide greater protection for applicants than, those imposed under sections 701 and 702 of the Act,<sup>3</sup> and that there is adequate provision for State enforcement of such requirements. The application shall be in writing, addressed to the Board, signed by the Governor, Attorney General, or State official having primary enforcement or interpretive responsibilities under the State law that is applicable to the class of credit transactions, and shall be supported by the documents specified in subsection (b).

(b) **Supporting documents.** The application shall be accompanied by:

(1) A copy of the full text of the State law that is claimed to contain requirements substantially similar to those imposed under sections 701 and 702 of the Act, or to provide greater protection to applicants than sections 701 and 702 of the Act, regarding the class of credit transactions within that State.

(2) A comparison of each provision of sections 701 and 702 of the Act with the corresponding provision of the State law, together with reasons supporting the claim that the corresponding provisions of the State law are substantially similar

<sup>1</sup> Any reference to State law in this Supplement includes a reference to any regulations that implement State law and formal interpretations thereof by a court of competent jurisdiction or duly authorized agency of that State.

<sup>2</sup> As applicable, references to "class of credit transactions" in this Supplement include one or more such classes of credit transactions.

<sup>3</sup> Any reference in this Supplement to sections 701 and 702 of the Act includes a reference to the corresponding and implementing provisions of this Part, the Board's formal interpretations thereof, and official interpretations or approvals issued by an authorized official or employee of the Federal Reserve System. Additionally, any reference to sections 701 and 702 of the Act includes a reference to sections 705(a), (b), (c), and (d) of the Act and the corresponding provisions of this Part, which, though technically not a part of sections 701 and 702, implement and relate to substantive requirements of sections 701 and 702.

to, or provide greater protection to applicants than, provisions of sections 701 and 702 of the Act regarding the class of credit transactions and explaining why any differences are not inconsistent with the provisions of sections 701 and 702 of the Act and do not result in a diminution in the protection otherwise afforded applicants; and a statement that no other State laws (including administrative or judicial interpretations) are related to, or would have an effect upon, the State law that is being considered by the Board in making its determination.

(3) A copy of the full text of the State law that provides for enforcement of the State law referred to in subsection (b)(1).

(4) A comparison of the provisions of the State law that provides for enforcement with the provisions of sections 704 and 706 of the Act, together with reasons supporting the claim that such State law provides for:

(i) administrative enforcement of the State law referred to in subsection (b)(1) that is substantially similar to, or more extensive than, the enforcement provided under section 704 of the Act;

(ii) civil liability for a failure to comply with the requirements of the State law that is substantially similar to, or more extensive than, that provided under section 706 of the Act, including class action liability and the ability of the State Attorney General or other appropriate State official to commence a civil action under circumstances substantially similar to those prescribed in section 706 of the Act, except that such State law may provide a greater damage remedy or other, more extensive remedies;

(iii) a statute of limitations that prescribes a period for civil actions of substantially similar duration to that provided under section 706(f) of the Act, or a longer period; and

(iv) a scope of discovery relating to a creditor's credit granting standards under appropriate discovery procedures in a court action or agency proceeding that is substantially similar to, or more extensive than, that provided under section 706(j) of the Act.

(5) A statement identifying the office designated or to be designated to administer the State law referred to in subsection (b)(1), together with complete information regarding the fiscal arrangements for administrative enforcement (including

## SUPPLEMENT I

the amount of funds available or to be provided), the number and qualifications of personnel engaged or to be engaged in enforcement, and a description of the procedures under which such State law is to be administratively enforced, including, if relevant, administrative enforcement regarding Federally-chartered creditors.<sup>4</sup> The statement should also include reasons to support the claim that there is adequate provision for enforcement of such State law.

(c) **Criteria for determination.** The Board will consider the criteria set forth below, and any other relevant information, in determining whether the law of a State is substantially similar to, or provides greater protection to applicants than, the provisions of sections 701 and 702 of the Act regarding the class of transactions within that State, and whether there is adequate provision for State enforcement of such law. In making that determination, the Board primarily will consider each provision of the State law in comparison with each corresponding provision in sections 701 and 702 of the Act, and not the State law as a whole in comparison with the Act as a whole.

(1) In order for provisions of State law to be substantially similar to, or provide greater protection to applicants than, the provisions of sections 701 and 702 of the Act, the provisions of State law<sup>5</sup> at least shall provide that:

(i) Definitions and rules of construction, as applicable, import the same meaning and have the same application as those prescribed by sections 701 and 702 of the Act.

(ii) Creditors provide all of the applicable notifications required by the provisions of sections 701 and 702 of the Act, with the content and in the terminology, form, and time periods prescribed by this Part pursuant to sections 701 and

702; however, required references to State law may be substituted for the references to Federal law required in this Part. Notification requirements under State law in additional circumstances or with additional detail that do not frustrate any of the purposes of the Act may be determined by the Board to be consistent with sections 701 and 702 of the Act.

(iii) Creditors take all affirmative actions and abide by obligations substantially similar to or more extensive than those prescribed by sections 701 and 702 of the Act under substantially similar or more stringent conditions and within the same or more stringent time periods as are prescribed in sections 701 and 702 of the Act.

(iv) Creditors abide by the same or more stringent prohibitions as are prescribed by sections 701 and 702 of the Act.

(v) Obligations or responsibilities imposed on applicants are no more costly, lengthy, or burdensome relative to applicants' exercising any of the rights or gaining the benefits of the protections provided in the State law than corresponding obligations or responsibilities imposed on applicants in sections 701 and 702 of the Act.

(vi) Applicants' rights and protections are substantially similar to, or more favorable than, those provided by sections 701 and 702 of the Act under conditions or within time periods that are substantially similar to, or more favorable to applicants than, those prescribed by sections 701 and 702 of the Act.

(2) In determining whether provisions for enforcement of the State law referred to in subsection (b)(1) are adequate, consideration will be given to the extent to which, under State law, provision is made for:

(i) administrative enforcement, including necessary facilities, personnel, and funding;

(ii) civil liability for a failure to comply with the requirements of such a State law that is substantially similar to, or more extensive than, that provided under section 706 of the Act;

(iii) a statute of limitations for civil liability of substantially similar or longer duration as that provided under section 706 of the Act; and

(iv) a scope of discovery relating to a creditor's credit granting standards that is substantially similar to, or more extensive than, that provided under section 706(j) of the Act.

<sup>4</sup> Transactions within a State in which a Federally-chartered institution is a creditor shall not be considered subject to exemption, and such Federally-chartered creditors shall remain subject to the requirements of the Act and administrative enforcement by the appropriate Federal authority under section 704 of the Act, unless a State establishes to the satisfaction of the Board that appropriate arrangements have been made with such Federal authorities to assure effective enforcement of the requirements of State laws regarding such creditors.

<sup>5</sup> This subsection is not to be construed as indicating that the Board would consider adversely any additional requirements of State law that are not inconsistent with the purpose of the Act or the requirements imposed under sections 701 and 702 of the Act.

(d) **Public notice of filing and proposed rule making.** In connection with any application that has been filed in accordance with the requirements of subsections (a) and (b) of this Supplement and following initial review of the application, a notice of such filing and proposed rule making shall be published by the Board in the *Federal Register*, and a copy of such application shall be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank for each Federal Reserve District in which the State making the application is situated. A period of time shall be allowed from the date of such publication for interested parties to submit written comments to the Board regarding that application.

(e) **Exemption from requirements.** If the Board determines on the basis of the information before it that, under the law of a State, a class of credit transactions is subject to requirements substantially similar to, or that provide greater protection to applicants than, those imposed under sections 701 and 702 of the Act and that there is adequate provision for State enforcement, the Board will exempt the class of credit transactions in that State from the requirements of sections 701 and 702 of the Act in the following manner and subject to the following conditions:

(1) Notice of the exemption shall be published in the *Federal Register*, and the Board shall furnish a copy of such notice to the State official who made application for such exemption, to each Federal authority responsible for administrative enforcement of the requirements of sections 701 and 702 of the Act, and to the Attorney General of the United States. Additionally, the Board shall include any exemption granted in an appropriate listing in Supplement II to this Part. Any exemption granted shall be effective 90 days after the date of publication of such notice in the *Federal Register*.

(2) The appropriate official of any State that receives an exemption shall inform the Board in writing within 30 days of any change in the State laws referred to in subsections (b)(1) and (b)(3). The report of any such change shall contain copies of the full text of that change, together with statements setting forth the information and opinions regarding that change that are specified in subsections (b)(2) and (b)(4). The appropriate official of any State that has received such an exemption also shall file with the Board from time to time such reports as the Board may require.

(3) The Board shall inform the appropriate official of any State that receives such an exemption of any subsequent amendments of the Act (including the implementing provisions of this Part, the Board's formal interpretations, and interpretations or approvals issued by an authorized official or employee of the Federal Reserve System) that might necessitate the amendment of State law for the exemption to continue.

(4) No exemption shall extend to the administrative enforcement or civil liability provisions of sections 704 and 706 of the Act. After an exemption is granted, the requirements of the applicable State law shall constitute the requirements of sections 701 and 702 of the Act, except to the extent such State law imposes requirements not imposed by the Act or this Part.

(f) **Adverse determination.** (1) If, after publication of a notice in the *Federal Register* as provided under section (d), the Board finds on the basis of the information before it that it cannot make a favorable determination in connection with the application, the Board shall notify the appropriate State official of the facts upon which such findings are based and shall afford that State authority a reasonable opportunity to demonstrate or achieve compliance.

(2) If, after having afforded the State authority such opportunity to demonstrate or achieve compliance, the Board finds on the basis of the information before it that it still cannot make a favorable determination in connection with the application, the Board shall publish in the *Federal Register* a notice of its determination regarding the application and shall furnish a copy of such notice to the State official who made application for such exemption.

(g) **Revocation of exemption.** (1) The Board reserves the right to revoke any exemption granted under the provisions of this Supplement if at any time it determines that the State law does not, in fact, impose requirements that are substantially similar to, or that provide greater protection to applicants than, those imposed under sections 701 and 702 of the Act or that there is not, in fact, adequate provision for State enforcement.

(2) Before revoking any such exemption, the Board shall notify the appropriate State official of the facts or conduct that, in the Board's opinion, warrants such revocation, and shall afford that State such opportunity as the Board deems

## SUPPLEMENT I

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appropriate in the circumstances to demonstrate or achieve compliance.

(3) If, after having been afforded the opportunity to demonstrate or achieve compliance, the Board determines that the State has not done so, notice of the Board's intention to revoke such exemption shall be published as a notice of proposed rule making in the *Federal Register*. A period of time shall be allowed from the date of such publication for interested persons to submit written comments to the Board regarding the proposed rule making.

(4) If such exemption is revoked, notice of such revocation shall be published by the Board in the *Federal Register*, and a copy of such notice shall be furnished to the appropriate State official, to the Federal authorities responsible for enforcement of the requirements of the Act, and to the Attorney General of the United States. The revocation shall become effective, and the class of transactions affected within that State shall become subject to the requirements of sections 701 and 702 of the Act, 90 days after the date of publication of the notice in the *Federal Register*.





**END**