

prior to the filing of their registration to convert. The agency must then notify each residential tenant of the affected building of the procedures for applying for protected tenancy. Tenants seeking protected tenancy status must send an application to the agency within sixty days of the notification to convert. However, a tenant seeking protected tenancy status can apply for such status up until the date of the registration of the building's conversion with the New Jersey Department of Community Affairs.

The Act is limited to persons who are at least sixty-two years of age on the date of the conversion recording, or to their surviving spouse if that person should die after the building owner files the conversion, and to persons who are totally and permanently unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, including blindness. In order for a person to qualify for the protection, the building must have been the principal residence of the senior citizen or disabled tenant for the two years immediately preceding the conversion recording. In addition, the tenant's annual household income must not exceed an amount equal to three times the county per capita personal income.

The administrative agency is responsible for terminating the protected tenancy status of a senior citizen or disabled person who is no longer qualified. Upon termination of the protected tenancy period, the senior citizen or disabled tenant is entitled to the notice and right of relocation to comparable housing accorded under current law.

—*Stephen J. McGee*

BANKING—AMENDMENTS TO THE TRUTH IN LENDING REGULATIONS—  
15 U.S.C. §§ 1601 to 1700 (West Supp. 1981)

This legislation, more commonly known as Regulation Z, was issued by the Board of Governors of the Federal Reserve System to implement the federal Truth in Lending and Fair Credit Billing Acts contained in Title I of the Consumer Credit Protection Act. (15. U.S.C. 1601 to 1700 (West Supp. 1981)). The objective of the regulation is to facilitate the informed use of credit by consumers by requiring specific disclosures concerning credit terms and costs. (Regulation Z does not control the actual charges for consumer credit. It governs various credit and practices

and provides a forum for the resolution of credit billing disputes.) Furthermore, consumers are given the right to cancel certain credit transactions that involve a lien on the consumer's principal dwelling. Compliance with Regulation Z is optional until April 1, 1982 when the law becomes mandatory.

Regulation Z governs those individuals and businesses extending credit to consumers on a regular basis where the credit is primarily used for personal, family, or household purposes and where the credit is subject to a finance charge or is payable by a written agreement in more than four installments.

Where a credit card transaction is involved, the scope of this regulation is broadened to cover credit not subject to a finance charge or payable by a written agreement in more than four installments and credit used for business as well as personal purposes.

The following transactions are not subject to Regulation Z: credit for business, commercial, and agricultural purposes; credit in excess of \$25,000 which is not secured by real property or a dwelling; certain extensions of credit which involve public utility services; various transactions involving security or commodity accounts where a broker-dealer registered with the Securities and Exchange Commission may extend credit; and installment agreements for the purchase of home fuels.

Open-end credit is the most common form of consumer credit. It is defined as consumer credit offered by a creditor under a scheme in which the creditor reasonably contemplates repeated transactions and may impose a finance charge from time to time on any outstanding unpaid balance. Furthermore, additional credit may be extended to the consumer during the term of the credit plan to the extent that any outstanding balance has been repaid. In such transactions the creditor must provide the consumer with initial disclosures and periodic statements which reflect the terms and legal obligations between the parties.

Closed-end credit is defined as any type of consumer credit other than open-end credit. While the scope of the disclosure requirements and the procedural criteria generally parallel those established for open-end credit transactions, there are some detailed practical requirements which differ significantly.

In both open-end and closed-end credit transactions, Regulation Z provides rules and procedures applicable to credit card transactions, credit billing errors, annual percentage rate calculations, rescission requirements, and advertising rules.

State law disclosure requirements that conflict with federal law are preempted by the latter where there is any inconsistency. The creditor is subject to this preemption standard in all Regulation Z type credit transactions unless otherwise provided in the Act. Any state may apply to the Board of Governors of the Federal Reserve System to exempt a class of credit transactions from federal law. The Board will grant an exemption only if it determines that the state law is substantially similar to the federal law or affords the consumer greater protection than the federal law and there is adequate provision for enforcement.

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