

the risks for such nontraditional ARMs, the agencies have substantially revised the CHARM booklet to include discussions of the features and risks of these newer products. Key changes to the CHARM booklet include new information about interest only ARMs, payment option ARMs, and "hybrid" ARMs that include an initial fixed rate period with a longer adjustable rate period. The shopping worksheet has been expanded to allow consumers to compare the terms of more products. Examples throughout the booklet have been updated to reflect current interest rates and mortgage amounts. The booklet also now briefly explains what is involved in a "stated income" or "low doc" loan. To help consumers navigate through the booklet, the agencies have added a summary of "core messages" at the beginning of the booklet.

Creditors may at their option immediately begin using the revised CHARM booklet or suitable substitute to comply with the requirements in 12 CFR 226.19(b)(1). The agencies understand, however, that some creditors may wish to use their existing stock of CHARM booklets. Therefore, creditors may continue to use their existing stock of CHARM booklets until October 1, 2007; beginning on October 1, 2007, creditors *must* use the revised CHARM booklet or suitable substitute to comply with Regulation Z.

By order of the Board of Governors of the Federal Reserve System, December 22, 2006.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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## FEDERAL TRADE COMMISSION

### Agency Information Collection Activities; Submission for OMB Review; Comment Request

**AGENCY:** Federal Trade Commission.

**ACTION:** Notice and request for comment.

**SUMMARY:** The information collection requirements described below will be submitted to the Office of Management and Budget ("OMB") for review, as required by the Paperwork Reduction Act ("PRA"). The Federal Trade Commission ("FTC" or "Commission") is seeking public comments on its proposal to extend through April 30, 2010 the current OMB clearance for its Free Annual File Disclosures Rule ("Rule"). That clearance expires on April 30, 2007.

**DATES:** Comments must be filed by February 27, 2007.

**ADDRESSES:** Interested parties are invited to submit written comments. Comments should refer to "Free Annual File Disclosures Rule: FTC Matter No. P054816," to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope and should be mailed or delivered, with two complete copies, to the following address: Federal Trade Commission, Room H-135 (Annex J), 600 Pennsylvania Ave., NW., Washington, DC 20580. Because paper mail in the Washington area and at the Commission is subject to delay, please consider submitting your comments in electronic form, as prescribed below. However, if the comment contains any material for which confidential treatment is requested, it must be filed in paper form, and the first page of the document must be clearly labeled "Confidential."<sup>1</sup>

Comments filed in electronic form should be submitted by following the instructions on the web-based form at <https://secure.commentworks.com/freereports>. To ensure that the Commission considers an electronic comment, you must file it on the web-based form at the <https://secure.commentworks.com/freereports> weblink. If this notice appears at <http://www.regulations.gov>, you may also file an electronic comment through that Web site. The Commission will consider all comments that [regulations.gov](http://www.regulations.gov) forwards to it.

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. All timely and responsive public comments will be considered by the Commission and will be available to the public on the FTC Web site, to the extent practicable, at <http://www.ftc.gov>. As a matter of discretion, the FTC makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC Web site. More information, including routine uses permitted by the Privacy Act, may be found in the FTC's privacy policy at <http://www.ftc.gov/ftc/privacy.htm>.

**FOR FURTHER INFORMATION CONTACT:** Requests for additional information

<sup>1</sup>Commission Rule 4.2(d), 16 CFR 4.2(d). The comment must be accompanied by an explicit request for confidential treatment, including the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission's General Counsel, consistent with applicable law and the public interest. See Commission Rule 4.9(c), 16 CFR 4.9(c).

should be addressed to Sandra Farrington, Attorney, Division of Privacy and Identity Protection, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW., NJ-3158, Washington, DC 20580, (202) 326-2252.

**SUPPLEMENTARY INFORMATION:** Under the Paperwork Reduction Act ("PRA"), 44 U.S.C. 3501-3520, federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. "Collection of information" means agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. 44 U.S.C. 3502(3); 5 CFR 1320.3(c). As required by section 3506(c)(2)(A) of the PRA, the FTC is providing this opportunity for public comment before requesting that OMB extend the existing paperwork clearance for the regulations noted herein.

The FTC invites comments on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

All comments should be filed as prescribed in the **ADDRESSES** section above, and must be received on or before February 27, 2007.

The Rule, 16 CFR Parts 610 and 698, was promulgated pursuant to the Free and Accurate Credit Transactions Act of 2003 ("FACT Act"), Pub. L. 108-159 (Dec. 4, 2003), and the Fair Credit Reporting Act ("FCRA"), 16 U.S.C. 1681 *et seq.* As mandated by the FACT Act, the Rule requires nationwide and nationwide consumer specialty reporting agencies to provide to consumers, upon request, one free file disclosure within any 12-month period.

Generally, the Rule requires the nationwide consumer reporting agencies, as defined in Section 603(p) of the FCRA, 15 U.S.C. 1681a(p), to create and operate a centralized source that provides consumers with the ability to request their free annual file disclosures

from each of the nationwide consumer reporting agencies through a centralized Internet Web site, toll-free telephone number, and postal address. The Rule also requires the nationwide consumer reporting agencies to establish a standardized form for Internet and mail requests for annual file disclosures, and provides a model standardized form that may be used to comply with that requirement.

The Rule also requires nationwide specialty consumer reporting agencies, as defined in Section 603(w) of the FCRA, 15 U.S.C. 1681a(w), to establish a streamlined process for consumers to request annual file disclosures. This streamlined process must include a toll-free telephone number for consumers to make such requests.

### Burden Statement

*Estimated total annual hours burden:* 311,000 hours (rounded to the nearest thousand).

In its 2004 PRA-related **Federal Register** Notices<sup>2</sup> and corresponding submission to OMB, FTC staff estimated that consumer reporting agencies would receive an average of 16.6 million new annual file disclosure requests per year during the three-year period from May 1, 2004 through April 30, 2007.<sup>3</sup> Thus, estimated average annual disclosure burden for those three years was approximately 199,000 hours.<sup>4</sup>

No provisions in the Rule have been amended since staff's prior submission to OMB. However, the Consumer Data Industry Association recently stated that since December 1, 2004, the nationwide consumer reporting agencies have provided over 52 million free annual file disclosures through the centralized Internet Web site, toll-free telephone number, and postal address required to be established by the FACT Act and the

Rule.<sup>5</sup> Applying this data, staff estimates that the average annual disclosure burden for the three-year period for which the Commission seeks OMB clearance is approximately 311,000 hours, as detailed below, and that the nationwide consumer reporting agencies and the nationwide specialty consumer reporting agencies will receive 26.69 million requests per year from consumers for free annual file disclosures.<sup>6</sup>

### Annual File Disclosures Provided Through the Internet

Both nationwide consumer reporting agencies and nationwide specialty consumer reporting agencies will likely handle the overwhelming majority of consumer requests through Internet Web sites.<sup>7</sup> The annual file disclosures requests processed through the internet will not impose any hours burden per request on the nationwide and nationwide specialty consumer reporting agencies, even though there will be some periodically recurring time and investment required to adjust the internet capacity needed to handle the new changing request volume. Consumer reporting agencies likely will make such adjustments by negotiating or renegotiating outsourcing service contracts annually or as conditions change. Negotiating and renegotiating such contracts requires the time of trained personnel. Staff estimates that negotiating such contracts will require a cumulative total of 8,320 hours and \$425,152 in setup and/or maintenance costs.<sup>8</sup> Such activity is treated as an

annual burden of maintaining and adjusting the changing internet capacity requirements.

### Annual File Disclosures Requested over the Telephone

Most of the telephone requests for annual file disclosures will also be handled in an automated fashion, without any additional personnel needed to process the requests. As with the internet, additional time and investment will be needed to increase and administer the automated telephone capacity for the expected increase in request volume. The nationwide and nationwide specialty consumer reporting agencies will likely make such adjustments by negotiating or renegotiating outsourcing service contracts annually or as conditions change. Staff estimates that this will require a total of 6,240 hours at a cost of \$301,142 in setup and/or maintenance costs.<sup>9</sup> This also is treated as an annual recurring burden necessary to obtain, maintain, and adjust automated call center capacity.

A small percentage of those consumers who telephone the centralized source or the nationwide specialty consumer reporting agencies will not have telephone equipment compatible with an automated system and may need to be processed by a live operator.<sup>10</sup> Based on their knowledge of the industry, staff estimates that each of these requests will take 5 minutes to process, for a total of 5,334 additional hours of operator time. [(64,008 x 5 minutes)/60 minutes = 5,334 hours]

### Annual File Disclosures that Require Processing by Mail

Based on their knowledge of the industry, staff believes that no more than 1% of consumers (1% x 26.69 million, or 266,900) will request an annual file disclosure through U.S. postal service mail. Staff estimates that

programmers for 2005 (most recently available BLS data) multiplied by 6.286% (approximate wage inflation for 2005 and 2006 based on the BLS Employment Cost Index), resulting in a wage of \$51.10 per hour. Thus, the estimated setup and maintenance cost for an internet system is \$425,152 per year (8,320 hours x \$51.10/hour).

<sup>9</sup> Staff estimates that recurrent contracting for automated telephone capacity will require approximately 3 FTE, a total of 6,240 hours (3 x 2,080 hours). Applying a wage rate of \$48.26 based on the 2005 BLS rate for marketing managers (\$45.36/hr), the estimate for setup and maintenance cost is \$301,142 (6,240 x \$48.26) per year.

<sup>10</sup> Based on their knowledge of the industry, staff estimates that consumers will submit 24% (6.4 million) of the average 26.69 million new requests for annual file disclosures by telephone. Of those, an estimated 1% (or 64,056) will not have telephone equipment compatible with an automated system and may need to be serviced by live personnel.

<sup>5</sup> Letter from Stuart K. Pratt, President & CEO, Consumer Data Industry Association, to Rep. Barney Frank, Committee on Financial Services, U.S. House of Representatives (Dec. 1, 2006).

<sup>6</sup> This figure annualizes the Consumer Data Industry Association's estimate of 52 million new requests for the two-year period from December 1, 2004 to December 1, 2006 and revises it upward over the next three years based on population growth projections issued by the U.S. Census Bureau. See U.S. Census Bureau Interim Projections by Age, Sex, Race, and Hispanic Origin, available at <http://www.census.gov/ipc/www/usinterimproj/>.

<sup>7</sup> According to a HarrisInteractive poll, the percentage of households that have access to the internet is currently over 60% and increasing. See The Harris Poll #8, February 5, 2003, available at [http://www.harrisinteractive.com/harris\\_poll/index.asp?PID=356](http://www.harrisinteractive.com/harris_poll/index.asp?PID=356). In addition, internet users are probably more likely to request an annual file disclosure. Accordingly, staff estimates that annually, 75% of the 26.69 million new requests (or approximately 20 million) will be made online.

<sup>8</sup> Based on the time necessary for similar activity in the federal government (including at the FTC), staff estimates that such contracting and administration will require approximately 4 full-time equivalent employees ("FTE") for the web service contract. Thus, staff estimates that administering the contract will require 4 FTE, which is 8,320 hours per year (4 FTE x 2080 hrs/yr). The cost is based on the reported Bureau of Labor Statistics (BLS) rate (\$48.03) for computer

<sup>2</sup> 69 FR 13192 (Mar. 19, 2004); 69 FR 35468 (Jun. 24, 2004).

<sup>3</sup> Staff predicted that nationwide consumer reporting agencies and nationwide specialty consumer reporting agencies would receive 19.9 million new annual file disclosure requests per year. However, the nationwide and nationwide specialty consumer reporting agencies were not required to provide annual file disclosures under the Rule until December 2004, 6 months after the Rule was published. On that basis, staff predicted there would be 9.45 million new requests for annual file disclosures for the first year of the clearance. [19.9 million/2] Thus, staff projected that consumer reporting agencies would receive an average of 16.6 million new requests per year during the requested clearance period. [(9.45 million + 19.9 million + 19.9 million)/3 = 16.6 million]

<sup>4</sup> This total included estimated time to increase call center and internet capacity to handle heightened request volume, alternate use of live operators in limited instances, and processing mail requests.

10 minutes per request is required to handle these requests, thereby totaling 44,483 hours of time by clerical personnel. [(266,900 x 10 minutes)/60 minutes = 44,483 hours] In addition, whenever the requesting consumer cannot be identified using an automated method (a Web site or automated telephone service), it will be necessary to redirect that consumer to send identifying material along with the request by mail. Staff estimates that this will occur in about 5% of the new requests (or 1,321,155) that were originally placed over the internet or telephone. Staff estimates that inputting and processing those redirected requests will consume approximately 10 minutes apiece at a cumulative total of 220,193 clerical hours. [(1,321,155 x 10 minutes)/60 minutes = 220,193 hours]

#### Instructions to Consumers

The Rule also requires that certain instructions be provided to consumers. See Rule sections 610.2(b)(2)(iv)(A,B), 610.3(a)(2)(iii)(A,B). Minimal associated time or cost is involved, however. Internet instructions to consumers are embedded in the centralized source Web site and do not require additional time or cost for the nationwide consumer reporting agencies. Similarly, regarding telephone requests, the automated phone systems provide the requisite instructions when consumers select certain options. Some consumers who request their credit reports by mail may additionally request printed instructions from the nationwide and nationwide specialty consumer reporting agencies. Staff estimates that there will be a total of 1,588,055 requests each year for free annual file disclosures by mail.<sup>11</sup> Based on their knowledge of the industry, staff estimates that of the predicted 1,588,055 mail requests 10% (or 158,806) will request instructions by mail. If printed instructions are sent to each of these consumers by mail, requiring 10 minutes of clerical time per consumer, this will require 26,468 hours. [(158,806 instructions x 10 minutes)/60 minutes per hour]

*Labor costs:* \$5.18 million.

Labor costs are derived by applying hourly cost figures to the burden hours described above. Accordingly, staff estimates that it will cost \$70,195 to provide annual file disclosures for requests that require a telephone service representative. [5,338 hours x \$13.15

per hour].<sup>12</sup> The remaining processing of requests for annual file disclosures and instructions will be performed by clerical personnel, which will require 291,144 hours at a cost of \$4,387,540. [(44,483 hours for handling initial mail request + 220,193 hours for handling requests redirected to mail + 26,468 hours for handling instructions mailed to consumers) x \$15.07 per hour.<sup>13</sup>] As elaborated on above, staff estimates that a total of 14,560 labor hours (8,320 internet contract hours + 6,240 telephone capacity contract hours) will be needed to obtain, maintain, and adjust the new capacity requirements for the automated telephone call center and the internet web services. This will result in approximately \$726,294 per year in labor costs. [(8,320 hours x \$51.10 per hour for automated phone service) + (6,240 hours x \$48.26 per hour for Web services)]<sup>14</sup> Thus, staff estimates that all non-contract labor will cost \$5.18 million each year.

*Capital/other non-labor costs:* \$8.39 million.

Staff believes it is likely that the consumer reporting agencies will use third-party contractors (instead of their own employees) to increase the capacity of their systems. Because of the way these contracts are typically established, these costs will likely be incurred on a continuing basis, and will be calculated based on the number of requests handled by the systems. Staff estimates that the total annual amount to be paid for services delivered under these contracts is \$8.39 million.<sup>15</sup>

Thus, combined, estimated annual labor and non-labor costs are approximately \$13.57 million per year.<sup>16</sup>

**William Blumenthal,**  
*General Counsel.*

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<sup>12</sup> The 2005 BLS wage rate for telephone operators, \$12.36, increased by 6.385% for compounded wage inflation, is \$13.15.

<sup>13</sup> The 2005 BLS wage rate for employees in administrative support, clerical (level 4 of 9), \$14.17, multiplied by 6.385% for compounded wage inflation, is \$15.07.

<sup>14</sup> The 2005 BLS wage rate for top-level computer programmers, \$48.03, multiplied by 6.385% for compounded wage inflation, is \$51.10. The 2005 BLS wage rate for marketing managers, averaged overall, is \$45.36; compounded for wage inflation at 6.385% it becomes \$48.26.

<sup>15</sup> This consists of an estimated \$7.69 million for automated telephone cost (\$1.20 per request x 6.41 million requests) and an estimated \$700,000 (\$0.035 per request x 20 million requests) for internet web service cost. Per unit cost estimates are based on staff's knowledge of the industry.

<sup>16</sup> The consumer reporting industry is a multi-billion dollar market. As of 2002, it is estimated to have more than \$4 billion dollars in sales of file disclosures. One study indicates that the

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Office of the National Coordinator for Health Information Technology; American Health Information Community Meeting

**ACTION:** Announcement of meeting.

**SUMMARY:** This notice announces the 11th meeting of the American Health Information Community in accordance with the Federal Advisory Committee Act (Pub. L. 92-463, 5 U.S.C., app.) The American Health Information Community will advise the Secretary and recommend specific actions to achieve a common interoperability framework for health information technology (IT).

**DATES:** January 23, 2007, from 8:30 a.m. to 4:30 p.m.

**ADDRESSES:** Hubert H. Humphrey Building (200 Independence Avenue, SW., Washington, DC 20201), Conference Room 800.

**FOR FURTHER INFORMATION CONTACT:** Visit <http://www.hhs.gov/healthit/ahic.html>.

**SUPPLEMENTARY INFORMATION:** The meeting will include presentations by the Consumer Empowerment, Biosurveillance, Confidentiality, Privacy and Security, and Quality Workgroups on their Recommendations and also a demonstration of prototypes of the Nationwide Health Information Network (NHIN).

A Web site of the Community meeting will be available on the NIH Web site at: <http://www.videocast.nih.gov/>.

If you have special needs for the meeting, please contact (202) 690-7151.

Dated: December 19, 2006.

**Judith Sparrow,**

*Director, American Health Information Community, Office of Programs and Coordination, Office of the National Coordinator for Health Information Technology.*

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nationwide consumer reporting agencies had approximately \$1.2 billion in earnings in 2002. See Michael Turner, Daniel Balis, Joseph Duncan, and Robin Varghese, "Free Consumer Credit Reports: At What Cost? The Economic Impact of a Free Credit Report Law to the National Credit Reporting Infrastructure," Washington, DC: Information Policy Institute, September, 2003. Thus, the total labor and non-labor cost burden estimate of \$13.57 million represents a small percentage—approximately 1% of the overall market (\$13.57 million divided by \$1.2 billion). This comparison is conservative, as it does not include the earnings of the nationwide specialty consumer reporting agencies.

<sup>11</sup> This figure includes both the estimated 1% of 26.69 million requests that will be made by mail each year (266,900), and the estimated 5% of the requests initially made over the Internet or telephone that will be redirected to the mail process (5% of 99% of 26.69 million = 1,321,155).