

the comprehensibility of various forms, disclosures, and notices required by FACTA. The FTC asked for expedited processing of the clearance request because of the short deadline for completing many of the rulemakings mandated by FACTA. The FTC intends to use the consumer surveys in order to inform these rulemakings. The methodologies that may be employed for the surveys include personal interviews and/or focus groups, telephone interviews, and mall intercepts. The Commission's staff estimated that the total burden for all FACTA-related surveys would be approximately 4000 hours.

On May 12, 2004, OMB approved the collection of information through October 31, 2004, assigned OMB control number 3084-0130, and permitted the FTC to provide opportunity for public comment while the clearance was in effect. On June 18, 2004, the FTC sought comment on the information collection requirements associated with the group of consumer surveys. See 69 FR 34166 (June 18, 2004). The FTC also sought comment on its proposal to extend the clearance through October 28, 2007. No comments were received. Pursuant to the OMB regulations that implement the PRA (5 CFR Part 1320), the FTC is providing this second opportunity for public comment while seeking OMB approval to extend the existing paperwork clearance. In accordance with the terms of the clearance, the FTC will submit each survey instrument to OMB for review prior to conducting the survey.

*Description of the collection of information and proposed use:* The FTC intends to use consumer survey research to develop and test the comprehensibility of disclosures regarding consumer rights and options that are mandated by various provisions in FACTA. The consumer surveys will involve individual interviews by telephone or focus groups and mall intercepts. For most of the surveys, the FTC is seeking consumers with open credit card accounts. Recent statistics indicate that 75% of adult consumers have credit cards. The FTC therefore estimates that, for example, a survey using 650 respondents will require roughly 870 consumers to be screened. The FTC will ensure that the selected contractors screen potential respondents on a set of demographic characteristics that will result in a representative sample.

The FTC will contract with a research firm for each of the surveys that will utilize mall intercept and telephone surveys (including screening). For mall intercepts, the contractor will screen

consumers in up to 15 shopping malls that represent diverse geographic areas of the United States. Respondents may be shown sample solicitations and asked a series of questions about the disclosures contained in the solicitations. The results will allow the FTC to examine the comprehensibility of the disclosures. In addition, some of the surveys will utilize personal interviews or focus groups to assist the FTC in developing the disclosures to be tested.

#### **Burden Statement**

*Estimated annual hours burden:* The surveys that the FTC proposes to conduct will use mall intercepts, telephone surveys (including screening), and, in some cases, personal interviews or focus groups. The telephone and mall intercepts will involve between 650 and 1,300 respondents and will take between one minute (for screening purposes) and 30 minutes per respondent; the focus groups and personal interviews will involve approximately 150 respondents and will take up to one hour per respondent. The annual burden imposed by each survey would range from approximately 90 hours to 900 hours for a cumulative total estimated burden of approximately 3,500 hours.

*Estimated annual cost burden:* The cost per respondent should be negligible. Participation is voluntary and will not require start-up, capital, or labor expenditures by respondents. The contractors retained by the FTC may pay respondents a token honorarium. The honorarium is provided as an incentive to encourage participation and to increase the survey response rate. The amount offered will be established at a level consistent with the contractor's usual practice. For shorter interviews (15 to 30 minutes), the amount will not exceed \$10. For longer interviews, any fees will not exceed \$40.

For each survey, staff estimates that obtaining the services of a contractor to screen potential respondents, administer the survey, and tabulate the results will cost approximately \$40,000. Also, each survey will require 400 attorney, economist and research analyst hours valued at approximately \$25,000. Therefore, the expected cost to the Federal Government for each survey will be approximately \$65,000.

**William E. Kovacic,**  
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## **FEDERAL TRADE COMMISSION**

### **Agency Information Collection Activities; Proposed Collection; Comment Request; Extension**

**AGENCY:** Federal Trade Commission ("FTC").

**ACTION:** Notice.

**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 FTC is seeking public comments on its proposal to extend through December 31, 2005 the current PRA clearance for information collection requirements for its Mortgage Disclosure Study. That clearance expires on November 30, 2004.

**DATES:** Comments must be submitted on or before November 29, 2004.

**ADDRESSES:** Interested parties are invited to submit written comments. Comments should refer to "Mortgage Disclosure Study—FTC File No. P025505," 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 to the following address: Federal Trade Commission/Office of the Secretary, Room H-159 (Annex X), 600 Pennsylvania Avenue, NW., Washington, DC 20580. The FTC is requesting that any comment filed in paper form be sent by courier or overnight service, if possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions. Alternatively, comments may be filed in electronic form (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box:

*MortgageDS@ftc.gov.* 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>

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as

<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).

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 should be addressed to James M. Lacko, Economist, Bureau of Economics, Federal Trade Commission, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Telephone: (202) 326-3387; e-mail [jlacko@ftc.gov](mailto:jlacko@ftc.gov).

**SUPPLEMENTARY INFORMATION:** Under the 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 Mortgage Disclosure Study (OMB Control Number 3084-0126).

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.

Recent deceptive lending cases at the FTC and elsewhere suggest that consumers who do not understand the terms of their mortgages can be subject to deception, that deception can occur even when consumers receive the disclosures required by the Truth-in-

Lending Act, 15 U.S.C. 1601 *et seq.* (TILA), and that deception about mortgage terms can result in substantial consumer injury.

Despite a long history of mortgage disclosure requirements and many new legislative and regulatory proposals regarding disclosures, little empirical evidence exists to document the effect of current disclosures on consumer understanding of mortgage terms, consumer mortgage shopping behavior, or consumer mortgage choice.

The FTC intends to conduct consumer research to examine: (1) How consumers search for and choose mortgages; (2) how consumers use and understand information about mortgages, including required disclosures; and (3) whether improved disclosures might improve consumer understanding, consumer mortgage shopping, and consumers' ability to avoid deception. The research also may assist the targeting of the FTC's enforcement actions by identifying areas most prone to consumer misunderstanding and lender deception and may help refine disclosure remedies imposed on deceptive lenders.

**1. Description of the Collection of Information and Proposed Use**

The FTC proposes to conduct this study in two phases: (1) A qualitative research phase; and (2) a quantitative research phase. The qualitative research phase will include focus groups and in-depth interviews. The quantitative research will include copy tests of current and alternative disclosures. Results from the first phase will be used to refine the design of the second phase.

The qualitative-phase focus groups will be completed under the current PRA clearance and are not part of this extension request.<sup>2</sup> The qualitative-phase in-depth interviews may be completed under the current clearance, but scheduling considerations make this uncertain. The quantitative-phase copy tests will not be started before the expiration of the current clearance. Accordingly, this extension request covers information collection for the in-depth interviews and copy tests.

The in-depth interviews will be conducted with 36 consumers who have recently completed a mortgage transaction. Respondents will be asked to bring their loan documents to the interview. Half of the interviews will be with consumers who obtained their

<sup>2</sup> The focus groups will be used to examine how well consumers understand mortgage terms, how consumers shop for mortgages, if consumers recognize features of a mortgage offer that may significantly increase the cost of the loan, and whether consumers use and understand required disclosures.

mortgage from a prime lender and half will be consumers who obtained their mortgage from a subprime lender. The purpose of the interviews is to gain in-depth knowledge of the extent to which consumers use, search for, and understand mortgage information—including information about their own recent loans.

The quantitative research phase will consist of copy test interviews of 800 consumers who entered into a mortgage transaction within the previous two years. If possible, approximately half of the respondents will be consumers who obtained their mortgage from a prime lender and half will be consumers who obtained their mortgage from a subprime lender. The purpose of the copy tests will be to examine whether alternative disclosures can improve consumer understanding of mortgage terms and help to reduce potential deception about mortgage offers. The findings from the focus groups and in-depth interviews will be used to refine the alternative disclosures used in the copy tests.

All information will be collected on a voluntary basis and consumers will receive usual and customary compensation for their participation. For the qualitative research the FTC has contracted with a consumer research firm to locate eligible borrowers, recruit respondents, moderate the focus groups, conduct the interviews, and write a report of the findings. For the quantitative research the FTC has contracted with a consumer research firm to locate eligible borrowers, recruit respondents, conduct the copy tests, and write a brief methodological report. The results will assist the FTC in determining how required disclosures and other information affects consumers' ability to understand the cost and features of mortgages. This understanding will further the FTC's mission of protecting consumers and competition in this important market.

**2. Estimated Hours Burden**

*Qualitative Research*

Approximately 36 one-hour long, in-depth interviews will be conducted. If all respondents are single decision makers, this would amount to a 36 hour burden. However, some of the interviews may include couples. Assuming that half of the interviews include couples (the upper bound offered by the contractor), the hours burden for the in-depth interviews would increase to 54 hours ((18 × 2 hours) + (18 × 1 hour)).

*Quantitative Research*

Approximately 800 consumers who engaged in a mortgage transaction during the previous two years will participate in the quantitative phase of the research. Each copy test interview will take roughly 20–30 minutes. The estimated hours burden for the quantitative research ranges from 267 hours (800 respondents × 1/3 hour per respondent) to 400 hours (800 respondents × 1/2 hour per respondent).

*Total*

The total estimated hours burden for both phases of the study ranges from 303 hours (36 hours + 267 hours) to 454 hours (54 hours + 400 hours). The hours burden due to the qualitative focus groups (40 hours) have not been included in this estimate because the

focus groups will be completed under the current clearance.

**William E. Kovacic,**  
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**FEDERAL TRADE COMMISSION**

**Granting of Request for Early Termination of the Waiting Period Under the Premerger Notification Rules**

Section 7A of the Clayton Act, 15 U.S.C. 18a, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, requires persons contemplating certain mergers or acquisitions to give the Federal Trade

Commission and the Assistant Attorney General advance notice and to wait designated periods before consummation of such plans. Section 7A(b)(2) of the act permits the agencies, in individual cases, to terminate this waiting period prior to its expiration and requires that notice of this action be published in the **Federal Register**.

The following transactions were granted early termination of the waiting period provided by law and the premerger notification rules. The grants were made by the Federal Trade Commission and the Assistant Attorney General for the Antitrust Division of the Department of Justice. Neither agency intends to take any action with respect to these proposed acquisitions during the applicable waiting period.

Trans No.	Acquiring	Acquired	Entities
<b>Transactions Granted Early Termination—08/16/2004</b>			
20041201 .....	Carlyle Partners III, L.P. ....	Piedmont/Hawthorne Holdings, L.L.C	Piedmont/Hawthorne Holdings, L.L.C.
20041218 .....	Tiger Key Acquisition, L.P. ....	KAC Mezzanine Holdings Company	KAC Mezzanine Holdings Company.
20041219 .....	Tiger Key Acquisition, L.P. ....	KSS Holdings, Inc. ....	KSS Holdings, Inc.
20041228 .....	TA IX L.P. ....	GlobeOp Financial Services S.A. ....	GlobeOp Financial Services S.A.
20041229 .....	Flextronics International Ltd .....	Nortel Networks Corporation .....	Nortel Networks Limited, Nortel Networks S.A., Nortel Networks Tele. do Brasil Comercio e Servicos Ltda., Nortel Networks Tele. do Brasil Industria e Comercio Ltda., Nortel Networks UK Limited.
20041233 .....	The Warnaco Group, Inc. ....	Doyle & Boissiere Fund I, LLC. ....	Ocean Pacific Apparel Corp.
20041236 .....	Mervyn's Holding, LLC. ....	Target Corporation .....	Mervyn's, Mervyn's Brand.
20041238 .....	Public Service Enterprise Group Incorporated.	TECO Energy, Inc. ....	TPS Holdings II, Inc.
20041240 .....	J.M. Huber Corporation .....	Lehman FG, LLC. ....	CP Kelco ApS.
20041243 .....	Nautic Partners V, L.P. ....	Francis G.Hickey, Jr. ....	Manhattan Digital Corporation.
20041256 .....	West Virginia United Health System, Inc..	Gateway Regional Health System, Inc..	Gateway Regional Health System, Inc.
<b>Transactions Granted Early Termination—08/17/2004</b>			
20041245 .....	Wachovia Corporation .....	Venturi Partners, Inc. ....	Venturi Partners, Inc.
20041254 .....	ASP III Alternative Investments, L.P.	Reservoir Capital Master Fund, L.P.	RQ, LLC.
20041267 .....	Babcock & Brown Holdings Inc. ....	Babcock & Brown Associates LLC. ..	Babcock & Brown Associates LLC.
20041268 .....	Babcock & Brown Associates LLC. ..	Babcock & Brown Holdings Inc. ....	Babcock & Brown Holdings Inc.
20041272 .....	The PNC Financial Services Group, Inc..	Aviation Finance Group, LLC. ....	Aviation Finance Group, LLC.
<b>Transactions Granted Early Termination—08/18/2004</b>			
20041230 .....	Carl C. Icahn .....	Mylan Laboratories, Inc. ....	Mylan Laboratories, Inc.
20041231 .....	James F. Dieberg .....	Capital Resource Lenders II, L.P. ....	Loan Source Funding Corporation, Small Business Loan Source, Inc.
20041242 .....	2003 Riverside Capital Appreciation Fund, L.P..	Code, Hennessy & Simmons III, L.P.	United Central Industrial Supply Company, L.L.C.
20041244 .....	Quad-C Partners VI, L.P. ....	Dubin Clark Fund II, L.P. ....	Universal Trailer Holdings Corp.
20041246 .....	Western & Southern Mutual Holding Company.	Lafayette Life MIHC, Inc. ....	Lafayette Life MIHC, Inc.
20041248 .....	Clayton, Dubilier & Rice Fund VI Limited Partnership.	Veolia Environnement S.A. ....	APIC Filter GmbH, APIC SAS, Culligan Corporation, Culligan Espana, S.A., Culligan France SAS, Culligan International (UK) Limited, Culligan Italiana, S.p.A., Culligan N.V., Culligan of Canada, Ltd., Culligan Vostok, Culligan Wassertechnik, GmbH, US Filter Argentina S.A.