

[Interactive Bureau Regulations](https://www.consumerfinance.gov/rules-policy/regulations/) [12 CFR Part 1002 (Regulation B)](https://www.consumerfinance.gov/rules-policy/regulations/1002/) Rules & Policy

§ 1002.8 Special purpose credit programs.

**THIS VERSION IS THE CURRENT REGULATION**

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Regulation B

[§ 1002.8(c)](https://www.consumerfinance.gov/rules-policy/regulations/1002/8/#c)

**(a) Standards for programs.** Subject to the provisions of paragraph (b) of this section, the Act and this part permit a creditor to extend special purpose credit to applicants who meet eligibility requirements under the following types of credit programs:

Official interpretation of 8(a) Standards for programs.

1. **Determining qualified programs.** The Bureau does not determine whether individual programs qualify for special purpose credit status, or whether a particular program benefits an “economically disadvantaged class of persons.” The agency or creditor administering or offering the loan program must make these decisions regarding the status of its program.

2. **Compliance with a program authorized by Federal or state law.** A creditor does not violate Regulation B when it complies in good faith with a regulation promulgated by a government agency implementing a special purpose credit program under § 1002.8(a)(1). It is the agency's responsibility to promulgate a regulation that is consistent with Federal and state law.

3. **Expressly authorized.** Credit programs authorized by Federal or state law include programs offered pursuant to Federal, state, or local statute, regulation or ordinance, or pursuant to judicial or administrative order.

4. **Creditor liability.** A refusal to grant credit to an applicant is not a violation of the Act or regulation if the applicant does not meet the eligibility requirements under a special purpose credit program.

5. **Determining need.** In designing a special purpose credit program under § 1002.8(a), a for-profit organization must determine that the program will benefit a class of people who would otherwise be denied credit or would receive it on less favorable terms. This determination can be based on a broad analysis using the organization's own research or data from outside sources, including governmental reports and studies. For example, a creditor might design new products to reach consumers who would not meet, or have not met, its traditional standards of creditworthiness due to such factors as credit inexperience or the use of credit sources that may not report to consumer reporting agencies. Or, a bank could review Home Mortgage Disclosure Act data along with demographic data for its assessment area and conclude that there is a need for a special purpose credit program for low-income minority borrowers.

6. **Elements of the program.** The written plan must contain information that supports the need for the particular program. The plan also must either state a specific period of time for which the program will last, or contain a statement regarding when the program will be reevaluated to determine if there is a continuing need for it.

[See interpretation of 8(a) Standards for programs. in Supplement I](https://www.consumerfinance.gov/rules-policy/regulations/1002/interp-8/#8-a-Interp)

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

**(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, if:

**(i)** The program is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and 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, under the organization's customary standards of creditworthiness, probably would not receive such credit or 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) Rules in other sections** —

Official interpretation of 8(b) Rules in other sections.

1. **Applicability of rules.** A creditor that rejects an application because the applicant does not meet the eligibility requirements (common characteristic or financial need, for example) must nevertheless notify the applicant of action taken as required by § 1002.9.

[See interpretation of 8(b) Rules in other sections. in Supplement I](https://www.consumerfinance.gov/rules-policy/regulations/1002/interp-8/#8-b-Interp)

**(1) General applicability.** All the provisions of this part apply to each of the special purpose credit programs described in paragraph (a) of this section except as modified by this section.

**(2) Common characteristics.** A program described in paragraph (a)(2) or (a)(3) of this section qualifies as a special purpose credit program only if it was established and is administered so as not to discriminate against an applicant on any prohibited basis; however, all program participants may be required to share one or more common characteristics (for example, race, national origin, or sex) 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 participants in a special purpose credit program described in paragraph (a) of this section are required to possess one or more common characteristics (for example, race, national origin, or sex) and if the program otherwise satisfies the requirements of paragraph (a) of this section, a creditor may request and consider information regarding the common characteristic(s) in determining the applicant's eligibility for the program.

Official interpretation of 8(c) Special rule concerning requests and use of information.

1. **Request of prohibited basis information.** This section permits a creditor to request and consider certain information that would otherwise be prohibited by §§ 1002.5 and 1002.6 to determine an applicant's eligibility for a particular program.

2. **Examples.** Examples of programs under which the creditor can ask for and consider information about a prohibited basis are:

i. Energy conservation programs to assist the elderly, for which the creditor must consider the applicant's age.

ii. Programs under a Minority Enterprise Small Business Investment Corporation, for which a creditor must consider the applicant's minority status.

[See interpretation of 8(c) Special rule concerning requests and use of information. in Supplement I](https://www.consumerfinance.gov/rules-policy/regulations/1002/interp-8/#8-c-Interp)

**(d) Special rule in the case of financial need.** If financial need is one of the criteria under a special purpose credit program described in paragraph (a) of this section, the creditor may request and consider, in determining an applicant's eligibility for the program, information regarding the applicant's marital status; alimony, child support, and separate maintenance income; and the spouse's financial resources. In addition, 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 credit program if the signature is required by Federal or state law.

Official interpretation of 8(d) Special rule in the case of financial need.

1. **Request of prohibited basis information.** This section permits a creditor to request and consider certain information that would otherwise be prohibited by §§ 1002.5 and 1002.6, and to require signatures that would otherwise be prohibited by § 1002.7(d).

2. **Examples.** Examples of programs in which financial need is a criterion are:

i. Subsidized housing programs for low-to moderate-income households, for which a creditor may have to consider the applicant's receipt of alimony or child support, the spouse's or parents' income, etc.

ii. Student loan programs based on the family's financial need, for which a creditor may have to consider the spouse's or parents' financial resources.

3. **Student loans.** In a guaranteed student loan program, a creditor may obtain the signature of a parent as a guarantor when required by Federal or state law or agency regulation, or when the student does not meet the creditor's standards of creditworthiness. (See §§ 1002.7(d)(1) and (5).) The creditor may not require an additional signature when a student has a work or credit history that satisfies the creditor's standards.

[See interpretation of 8(d) Special rule in the case of financial need. in Supplement](https://www.consumerfinance.gov/rules-policy/regulations/1002/interp-8/#8-d-Interp)

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