

NOTICE FROM THE COMMISSIONER

FOR INFORMATION PURPOSES ONLY

REMINDER – REVISIONS TO REGULATION Z (TRUTH IN LENDING)

June 8, 2009

The Federal Reserve Board has revised Regulation Z (Truth in Lending) to incorporate amendments found in the Mortgage Disclosure Improvement Act (“MDIA”). Compliance with the following MDIA amendments is mandatory on July 30, 2009:

Early disclosure requirements apply to all loans that are subject to RESPA and are secured by a consumer’s dwelling. Therefore, early disclosure requirements now also cover refinances and home equity loans.

Early disclosures are required to be delivered or placed in the mail not later than three business days after the lender receives the loan application, and at least seven days before consummation of the transaction.

If the annual percentage rate provided in the early disclosures is no longer accurate (based on the applicable tolerances in Section 226.22), corrected disclosures of all changed terms must be provided no later than three business days before the date of consummation. Final disclosures must be provided at the time of consummation of the transaction.

Early TILA disclosures and corrected TILA disclosures must contain the following notice:

“You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.”

A consumer may waive the provision for the seven business day and three business day waiting periods if the consumer has a bona fide personal financial emergency that must be addressed before the end of the waiting period.

Lenders are prohibited from imposing a fee on the consumer in connection with a loan before the consumer receives the required early disclosures, except for a credit report,

This reminder is for informational purposes only and is intended to provide a general overview of revisions to TILA and Regulation Z. We refer you to the text contained in the link below and to your legal and/or compliance professional.

http://www.federalreserve.gov/reportforms/formsreview/RegZ_20090519_ffr.pdf

Douglas B. Foster
Commissioner