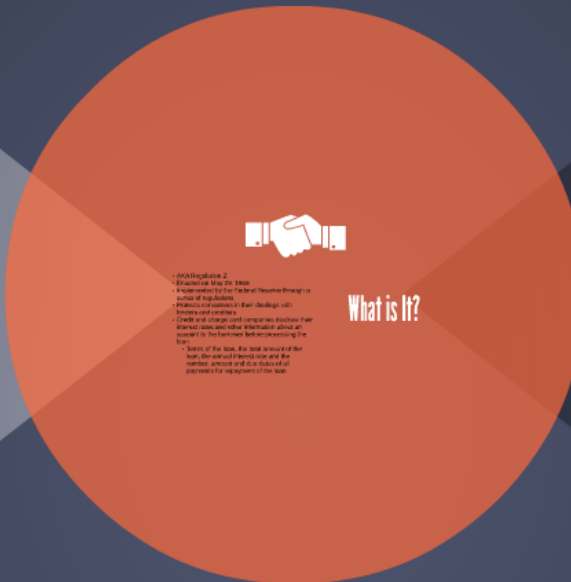


The Trouble with Lenders

Lydia M & Karyssa L.

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What is It?

• TILA (Regulation Z)
 • Enacted by the 91st Congress
 • Reauthorized by the Federal Reserve through a series of regulations
 • Purpose of regulation is: their dealings with lenders and creditors
 • Credit and charge card companies disclose their annual rates and other information about all charges to the consumer both on statements of the bank
 • Name of the bank, the total amount of the loan, the annual percentage rate and the number, amount and due date of all payments for the purposes of the law.

What it Means for You

- Applies to most forms of credit
 - Closed-end credit (auto loan or mortgage) or open-ended credit (credit card)
- Requires additional disclosures and places many restrictions on mortgages
 - Extension of certain high cost mortgages loans and home equity plans
- Does not regulate charges that may be imposed for consumer credit

Regulation Z

- Became effective on July 1, 1969
- Most specific requirements imposed by TILA found here
- Reference to the requirements of TILA usually refers to the requirements contained in Regulation Z, as well as the state law
- Amendments to the Act summarized in Regulation Z were introduced in September 1, 2009
 - Lender's liability for disclosure errors in loans secured by real estate and consumer credit
- Other changes to Z made by the Fair Credit Billing Act of 1974, the Consumer Leasing Act of 1976, the Truth in Lending Simplification and Reform Act of 1980, the Fair Credit and Charge Card Disclosure Act of 1988

Ultimate Aim of TILA

- Protect consumers in dealings with lenders and creditors
- Ensure consumers are aware of terms and costs of credit
 - Help consumer compare different loans and financing for the loan
 - Requires consumers be provided with a written disclosure of the costs associated with a mortgage loan (APR, source charges, and annual fees)
- TILA gives consumers the right to cancel certain credit transactions that involve consumer principal financing
- Each state has own variations
 - Most important feature: proper disclosure of key information protects both the consumer and the lender in credit transactions

Definition

United States federal law designed to promote the informed use of consumer credit, by requiring disclosures about its terms and costs in standardized the manner in which costs associated with borrowing are calculated and reported

Questions and Answers

Q: WHAT IS A TRUTH IN LENDING DISCLOSURE STATEMENT AND WHY DO I RECEIVE IT?
 A: Provides information (set forth by lenders) (see Regulation Z, REGPA). The Disclosure is designed to give you information about the costs of your credit so that you may compare lenders.
 Q: WHY MUST I SIGN THE DISCLOSURE STATEMENT?
 A: Lenders are required by law to provide information on the statement to you in a timely manner. Your signature merely indicates that you have received the information and does not obligate either you or your lender in any way unless the disclosure is part of the contractual agreement.

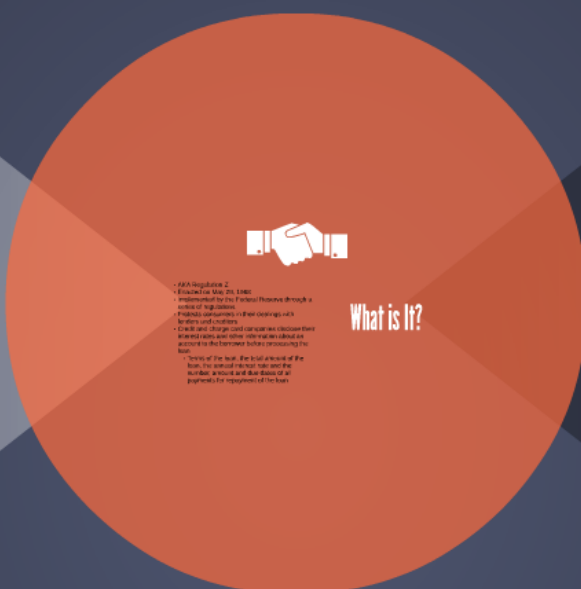
TILA in Review

- Requires that all terms in a consumer credit transaction be fully explained
 - what credit will cost the borrowers
 - when charges will be imposed, and
 - what the borrower's rights are as a consumer
- Protects and Benefits Consumers

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- Require additional disclosures and place many restrictions on mortgages
 - Exception of certain high-cost mortgage loans and home equity loans
- Does not usually require that may be imposed for consumer credit

Definition

United States federal law designed to provide the informed user of consumer credit, by requiring disclosures about its terms, with cost to absorb the measure in which costs associated with borrowing are calculated and disclosed.

Regulation Z

- Became effective on July 1, 1980
- Most specific requirements imposed by TILA
- Reference to the requirements of TILA usually refers to the requirements contained in Regulation Z, as well as the applicable state law
- Amendments to the Act, sometimes
- Regulation Z was amended on September 14, 1980
 - Lender's liability for disclosure errors in loans secured by real estate and consumer
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Ultimate Aim of TILA

- Protect consumers in dealings with lenders and creditors
- Enable consumers are aware of terms and costs of credit
 - Help consumer compare different loans and in setting the best
- Require consumers be provided with a written disclosure of the loan, including with a mortgage loan (APR, finance charges, and annual fees)
- TILA gives consumers the right to cancel certain credit transactions that involves consumer's personal dwelling
- Each state has own variations
 - Most require lender provide disclosure or key information to protect both the consumer and the lender in credit transactions.

TILA in Review

- Requires that all terms in a consumer credit transaction be fully explained
 - what credit will cost the borrower,
 - what charges will be imposed, and
 - what the borrower's rights are as a consumer
- protects and benefits consumers

What is It?

1. Regulation Z, effective May 20, 1980, is implemented by the Federal Reserve through a series of regulations.

2. Certain types of credit contracts such as loans and mortgages.

3. Credit and charge card contracts disclose their interest rates and other information about the contract to the borrower before consummation.

4. Terms of the law. The full amount of the loan, the annual interest rate and the number, amount and due dates of payments for the repayment of the loan.

Definition

United States federal law designed to promote the informed use of consumer credit, by requiring disclosures about its terms and cost to standardize the manner in which costs associated with borrowing are calculated and disclosed



- AKA Regulation Z
- Enacted on May 29, 1968
- Implemented by the Federal Reserve through a series of regulations
- Protects consumers in their dealings with lenders and creditors
- Credit and charge card companies disclose their interest rates and other information about an account to the borrower before processing the loan
 - Terms of the loan, the total amount of the loan, the annual interest rate and the number, amount and due dates of all payments for repayment of the loan

What is It?

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 - Regulation Z was amended on September 14, 1995
 - Limit lenders' liability for disclosure errors in loans secured by real estate and consummated
- Other changes to Z made by the Fair Credit Billing Act of 1974, the Consumer Leasing Act of 1976, the Truth in Lending Simplification and Reform Act of 1980, even the Fair Credit and Charge Card Disclosure Act of 1988

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