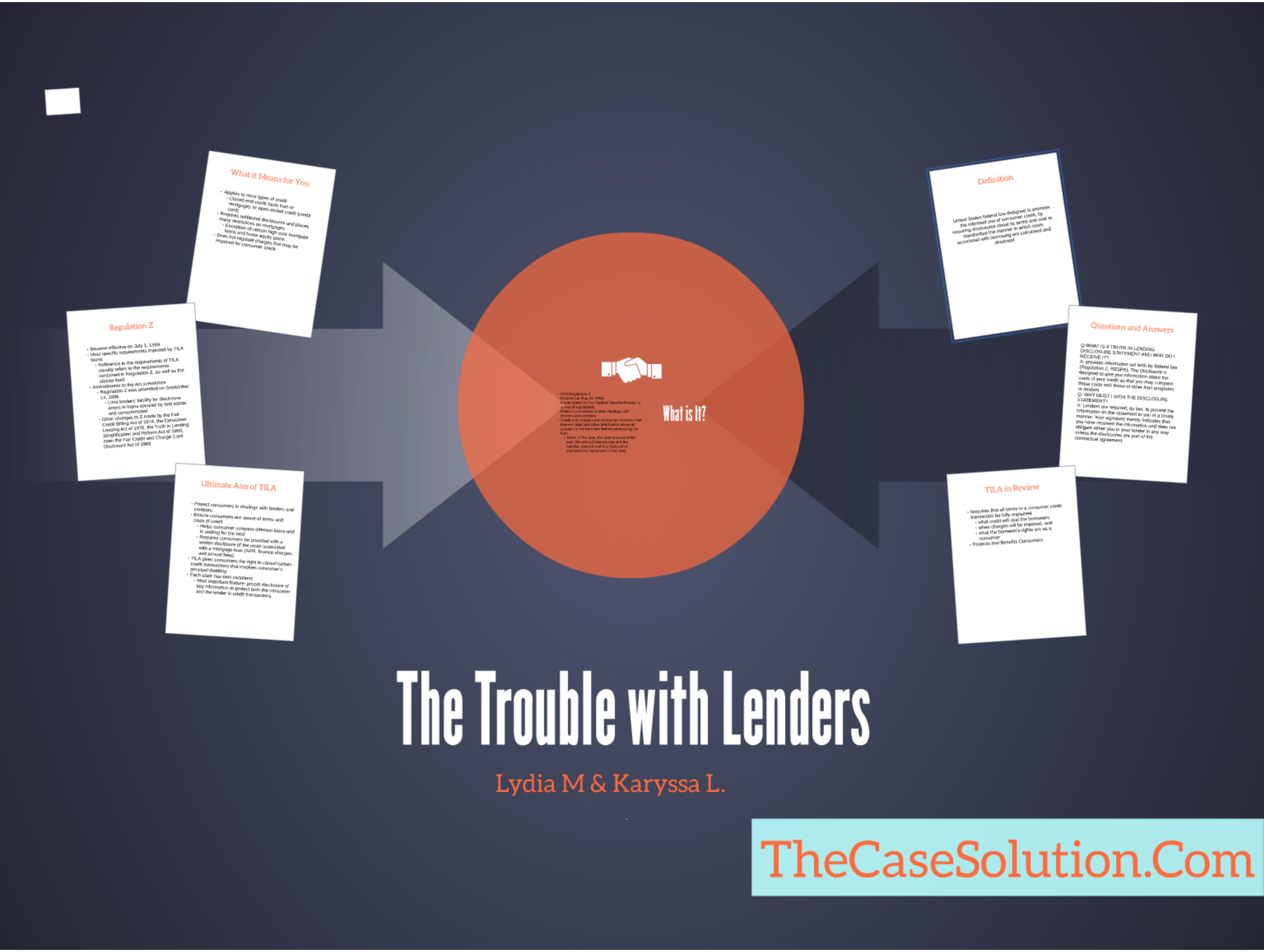
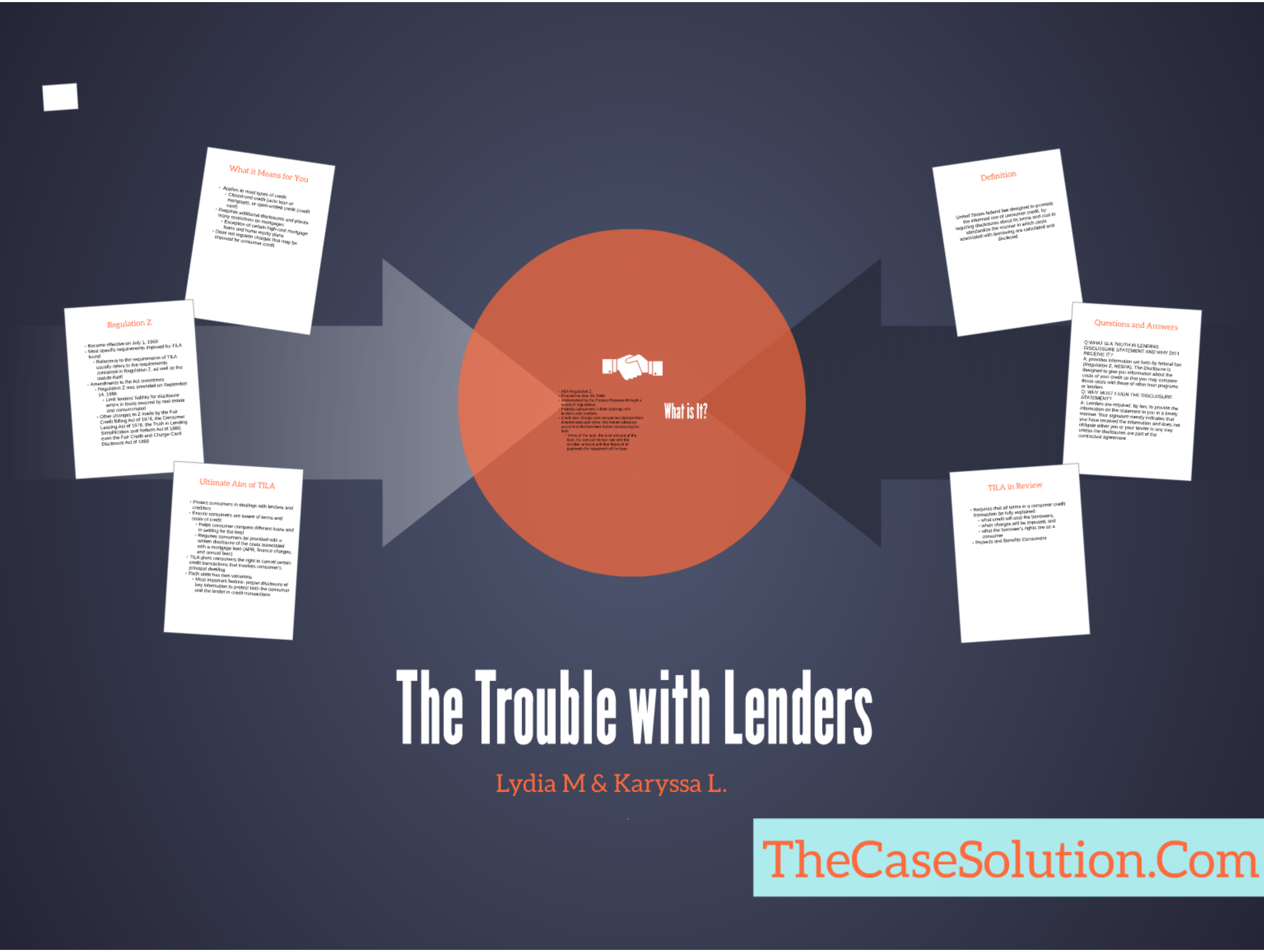

What it Means for You
• Applies to most types of credit
◦ Closed-end credit (auto loan or mortgage), or open-ended credit (credit card)
• Requires additional disclosures and places many restrictions on mortgages
◦ Exception of certain high-cost mortgage loans and home equity plans
• Does not regulate charges that may be imposed for consumer credit
Regulation Z
• Became effective on July 1, 1969
• Most specific requirements imposed by TILA found
• Reference to the requirements of TILA usually refers to the requirements contained in Regulation Z, as well as the statute itself
• Amendments to the Act sometimes
◦ Regulation Z was amended on September 14, 1996
• 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
Ultimate Aim of TILA
• Protect consumers in dealings with lenders and creditors
• Ensure consumers are aware of terms and costs of credit
• Helps consumer compare different loans and in settling for the best
• Requires consumers be provided with a written disclosure of the costs associated with a mortgage loan (APR, finance charges, and annual fees)
• TILA gives consumers the right to cancel certain credit transactions that involves consumer's principal dwelling
• Each state has own variations
◦ Most important feature- proper disclosure of key information to protect both the consumer and the lender in credit transactions
What is It?
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.
Questions and Answers
Q:WHAT IS A TRUTH IN LENDING DISCLOSURE STATEMENT AND WHY DO I RECEIVE IT?
A: provides information set forth by federal law (Regulation Z, RESPA). The Disclosure is designed to give you information about the costs of your credit so that you may compare those costs with those of other loan programs or lenders
Q: WHY MUST I SIGN THE DISCLOSURE STATEMENT?
A: Lenders are required, by law, to provide the 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 disclosures are 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
The Trouble with Lenders
Lydia M & Karyssa L.



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What is It?

- 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

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