

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

October 9, 2002

**BANKING SUPERVISION AND REGULATION:
REGULATION Z: FINAL RULE**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

**Annual Adjustment to Dollar Amount that Triggers Additional Disclosure Requirements
(R-1130)**

The Federal Reserve Board has adjusted the dollar amount that triggers additional disclosure requirements under the Truth in Lending Act for mortgage loans that bear rates or fees above a certain amount.

The dollar amount of the fee-based trigger has been adjusted from \$480 for 2002 to \$488 for 2003 based on the annual percentage change reflected in the Consumer Price Index that was in effect on June 1, 2002.

The adjustment is effective **January 1, 2003**.

The Home Ownership and Equity Protection Act of 1994 bars credit terms such as balloon payments and requires additional disclosures when total points and fees payable by the consumer exceed the fee-based trigger (initially set at \$400 and adjusted annually) or 8 percent of the total loan amount, whichever is larger.

E-Notification

The Federal Reserve Bank of San Francisco will notify depository institutions by e-mail of new Banking Supervision and Regulation circular letters recently posted on the Twelfth District Federal Reserve Bank web site. We will e-mail a summary of the letter as well as a link to the full text of the letter and its attachments to view and print. To subscribe to this free service, simply visit our web site at <http://www.frbsf.org/banking/> and click on the E-Notification logo.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>. Paper copies of the Board's notice (**Docket R-1130**) are available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about the final rule, please contact our Banking Supervision and Regulation Department at (415) 974-3329.