

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

December 15, 2008

**BANKING SUPERVISION AND REGULATION:
REGULATION Z TRUTH IN LENDING**

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Request for Public Comment to Regulation Z (Truth in Lending) - Revisions to the Disclosure Requirements for Mortgage Loans

The Federal Reserve Board proposed changes to Regulation Z (Truth in Lending) that would revise the disclosure requirements for mortgage loans. The revisions would implement the Mortgage Disclosure Improvement Act (MDIA) which was enacted in July 2008 as an amendment to the Truth in Lending Act (TILA). The MDIA broadens and adds to the regulatory requirements issued by the Board in July 2008.

The MDIA seeks to ensure that consumers receive cost disclosures earlier in the mortgage process by requiring that:

- Creditors give good faith estimates of mortgage loan costs ("early disclosures") within three business days after receiving a consumer's application for a mortgage loan and before any fees are collected from the consumer, other than a reasonable fee for obtaining the consumer's credit history.
- Creditors wait seven business days after they provide the early disclosures before closing the loan.
- Creditors provide new disclosures with a revised annual percentage rate (APR), and wait an additional three days before closing the loan, if a change occurs that makes the APR in the early disclosures inaccurate beyond a specified tolerance.
- Creditors provide early disclosures for loans secured by dwellings other than the consumer's principal dwelling, such as a second home.

The proposed rules would permit a consumer to expedite the closing to address a personal financial emergency, such as a foreclosure. Under the MDIA, the proposed rules would become effective on July 30, 2009. The public comment period ends January 23, 2009.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact our San Francisco Federal Reserve General Help Line at (866) 838-9247.

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Attachment: [Regulation Z \(Truth in Lending\) Proposed Rule](#)