Rule on regulation z: truth in lending

Business

In September 24, 2010, a new rule proposal was issued by the Board of Governors of the Federal Reserve System on the Regulation Z: Truth in Lending (TILA), after a detailed review of rules for home-secured credits. This regulation, known as Regulation Z, is issued by the Board of Governors of the Federal Reserve System to implement the federal Truth in Lending Act, which is contained in title I of the Consumer Credit Protection Act, as amended (15 U. S.

C. 1601 et seq) The rule refers to the consumers rights regarding open-end or close-end loan secured by the customer's main property or dwelling. This rule is used also as a tool to define whether a close-end loan is defined as a higher priced loan or not, it also provides consumers with a tool to refund fees, sets disclosure rules for reverse mortgages and bans certain illegal methods of cheating with reverse mortgages such as foreclosure scams, equity theft scams, free homes, document fraud and investment scams. After several issues in the past years, regarding these open-end and close-end credits of which, the banks abused of, in order to control their consumers, this rule was set to serve to fulfill the goal of updating and clarifying the rules regarding consumer's rights. Consumers will receive TILA reports and disclosures regarding any modification for key terms of loan, in order to e informed , and have the necessary resources when comes to decide whether to take a loan or not, and how to manage it.

The rationale for creating this law, was based on the several consumer tests made in the past years, such as the level of understanding of these procedures and the laws and regulations about them in order to do not create burdens for the creditors. This law obliges now the creditor to send a

notice to the consumer about the right to rescind and indications about how this procedure must be done. A set of clauses and forms were implemented in order to provide the consumer with a periodic report and notes that would be required in case a creditor decides to terminate, suspend or reduce a loan. This rule was designed to cover and protect the needs of each individual, or business that offers or extends credit if, the credit is offered or extended to consumers by meeting all the legal requirements, the offering and extension of credit is done regularly, if the credit is subject to a finance charge or is payable by a written agreement in more than four installments and the credit is for personal, family or household purposes. The Authorizing Environment, which is the Board of Governors of the Federal Reserve System Is open to such rules, and they already approved it as a measure for avoiding fraud. Due to the highly developed Financial Platforrm what already exists, this law would have no problems to be implemented, therefore the feasibility should be complete.

This law's value is represented by the expected decrease of fraud situation in the Reverse Mortgage field As the Strategic Triangle shows, all the facts above are realistic and can be accomplished, since they are related to each other. The role of the manager is to align these conditions in order to assure a good implementation and continuity of the law. The value of the project is clearly supported and determined by the very good legal background and the feasibility conditions, based on the already existent platforms and infrastructures. The legal source of this law, is represented by several amendments issued during the year prior to this rule, in order to be able to offer an accurate review of the situation, such as different rules when a

Credit Card is involved, or accurate definition of the criteria used to determine whether a loan is big or small. As a result of this law, more individuals or businesses will feel much more safer when comes to credits, so this part of the USA Economy will grow. By providing safety and security to the creditors, the Government will facilitate their way into the business and will motivate them to invest more money and contribute to the Economic Growth.