

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 73-180

July 20, 1973

AMENDMENT TO REGULATION Z
(Disclosure of Rebates of Finance Charges)

To All Banks and Other Concerned
in the Eleventh Federal Reserve District:

The Board of Governors of the Federal Reserve System has amended, effective January 1, 1974, its Regulation Z, Truth in Lending, to require creditors who do not provide rebates of the unearned portion of a finance charge in the event of prepayment in full of an installment contract to disclose this fact to consumers on the Truth-in-Lending disclosure form.

Yours very truly,

P. E. Coldwell,

President

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

TRUTH IN LENDING

AMENDMENT TO REGULATION Z†

Effective January 1, 1974, § 226.8(b)(7) of Regulation Z is amended to read as follows:

SECTION 226.8 — CREDIT OTHER THAN OPEN END —SPECIFIC DISCLOSURES

* * * * *

(b) Disclosures in sale and nonsale credit. * * *

(7) Identification of the method of computing any unearned portion of the finance charge in the

event of prepayment in full of an obligation which includes precomputed finance charges and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to an obligation or refunded to the customer. If the credit contract does not provide for any rebate of unearned finance charges upon prepayment in full, this fact shall be disclosed.

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† For this Regulation to be complete as amended effective June 1, 1973 retain:

- 1) Printed Pamphlet on Regulation Z containing amendments and interpretations through September 11, 1969.
- 2) Printed Pamphlet on Regulation Z containing amendments and interpretations (September 12, 1969 — October 31, 1971).
- 3) Amendment (Section 226.6) effective December 31, 1971.
- 4) Amendment (Section 226.13(a)(4), (b) and (c)) effective December 15, 1972.
- 5) Amendments (Sections 226.5 (a)(3), 226.7 (a)(4), (b)(5) and (6) and (c), effective June 1, 1973.
- 6) Amendments (Sections 226.2(u), 226.6(a), 226.10(c) and (d), effective November 1, 1973, should be included on that date.
- 7) This slip sheet should be included effective January 1, 1974.