

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 80-178
September 18, 1980

AMENDMENT TO REGULATION Z

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

In our Circular No. 80-166, dated September 2, 1980, you were furnished the text of an amendment to Regulation Z, "Deferral of Mandatory Effective Date of Amendment". On the reverse of this circular is a copy of the amendment which should be filed in your Regulations Binder.

Additional copies of the amendment will be furnished upon request to the Bank and Public Information Department, Ext. 6266.

Sincerely yours,

Robert H. Boykin

First Vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

TRUTH IN LENDING

AMENDMENT TO REGULATION Z*

26. Effective August 1, 1980, Section 226.5 is amended by adding paragraph (d) to read as follows:

SECTION 226.5—DETERMINATION OF ANNUAL PERCENTAGE RATE

* * * * *

(d) **Special rule for irregular mortgage transactions.** Notwithstanding any other provision in this section, the annual percentage rate in an irregular mortgage transaction shall be considered accurate if it is not more than one-half of one percentage point above or below the annual percentage rate determined in accordance with either the actuarial method or the United States Rule method. For the purpose of this paragraph, an irregular mortgage transaction is a real property transaction involving one or more of the following features: multiple advances, irregular payment periods (other

than an irregular first period, as defined in footnote 5c), and irregular payment amounts (other than irregular first and last payment amounts). This paragraph shall cease to be effective on March 31, 1981, after which date the general standard of accuracy in paragraph (b) of this section shall apply.

2. The October 1, 1980 effective date of the amendment to previous § 226.5(a) and of the revocation of previous §§ 226.5(b) through (e), Interpretations §§ 226.502, 226.503, and 226.505, and previous Supplement I to Regulation Z (no. 22 on page 10 of the amendment pamphlet) has been deferred until April 1, 1982. The footnote to no. 20 on page 8 of the amendment pamphlet should be revised to read as follows:

†These revisions will be effective concurrently with those in existence prior to January 10, 1980 until April 1, 1982 when these prior provisions will be rescinded.***

*For this Regulation to be complete as amended to October 1, 1980, retain:

- 1) Printed Regulation pamphlet dated March 23, 1977.
- 2) Amendment pamphlet dated May 1980.
- 3) This slip sheet.