



FEDERAL RESERVE BANK  
OF DALLAS

ROBERT D. McTEER, JR.  
PRESIDENT  
AND CHIEF EXECUTIVE OFFICER

February 13, 1998

DALLAS, TEXAS  
75265-5906

Notice 98-15

**TO:** The Chief Executive Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

**SUBJECT**

**Request for Additional Public Comment  
on the Truth in Lending Act**

**DETAILS**

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 directs the Board and the Department of Housing and Urban Development to simplify and improve consumer disclosures under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) and to provide a single format satisfying the requirements of those laws. If legislation is necessary to accomplish these goals, the agencies are to submit recommendations to the Congress.

In December 1996, the agencies published for comment an advance notice of proposed rulemaking. After consideration of the comments and further review, the Board determined that regulatory changes alone would be inadequate to achieve the goals of the Congress and that legislative changes are necessary to harmonize TILA and RESPA. In April 1997, the Board published a notice to invite additional public comments on possible legislative action. To obtain even further comments from consumers, the Board has reopened and extended the public comment period.

The Board must receive comments by March 9, 1998. Please address comments to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551. All comments should refer to Docket No. R-0954.

**ATTACHMENT**

A copy of the Board's notice as it appears on pages 6112, Vol. 63, No. 25 of the *Federal Register* dated February 6, 1998, is attached.

**MORE INFORMATION**

For more information, please contact Eugene Coy at (214) 922-6201. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

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For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

# Proposed Rules

Federal Register

Vol. 63, No. 25

Friday, February 6, 1998

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 226

[Regulation Z; Docket No. R-0954]

#### Truth in Lending

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Request for comments; extension of comment period.

**SUMMARY:** The Economic Growth and Regulatory Paperwork Reduction Act of 1996 directs the Board and the Department of Housing and Urban Development (HUD), where possible, to simplify and improve consumer disclosures required under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) and to provide a single format satisfying the requirements of those laws. If legislation is necessary to accomplish these goals, the agencies are to submit legislative recommendations to the Congress. In December 1996, the agencies published for comment an advance notice of proposed rulemaking. After consideration of the comments and further review, the Board determined that regulatory changes alone would be inadequate to achieve the goals of the Congress and that legislative changes are necessary to harmonize TILA and RESPA. In April 1997, the Board published a notice to invite additional public comments on possible legislative action. In the next few months, the Board and HUD will report to the Congress on potential legislative changes. In order to obtain additional comments from individual consumers, the Board has reopened and extended the public comment period.

**DATES:** Comments must be submitted on or before March 9, 1998.

**ADDRESSES:** Comments should refer to Docket No. R-0954 and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Comments may also be delivered to

Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street NW (between Constitution Avenue and C Street) at any time. Comments may be inspected in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in § 12 CFR 261.8 of the Board's Rules Regarding Availability of Information.

**FOR FURTHER INFORMATION CONTACT:** Michael L. Hentrel, Natalie E. Taylor, Staff Attorneys, or James A. Michaels, Senior Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, Diane Jenkins, at (202) 452-3544.

**SUPPLEMENTARY INFORMATION:** Section 2101 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Pub. L. 104-208, 110 Stat. 3009) directs the Board and HUD to simplify and improve the disclosures given in a home mortgage transaction subject to TILA and RESPA, and to create a single disclosure that will satisfy the requirements of both statutes, if possible. If legislation is necessary to develop a single simplified disclosure, the Board and HUD are directed to submit legislative recommendations to the Congress. The statutes impose numerous requirements and serve various purposes. TILA seeks to promote the informed use of consumer credit by requiring standardized disclosures about credit terms and costs. The disclosures are intended to focus consumers' attention on certain aspects of their transaction and to assist them in comparison shopping. TILA establishes additional disclosure requirements for home-secured loans, and in some cases permits consumers to rescind such loans. RESPA contains both disclosure and price-related provisions. It requires that certain disclosures be given at various points in most mortgage transactions to ensure that consumers receive timely and useful information about the costs associated with the transaction. It also prohibits kickbacks and referral fees among settlement service providers.

On December 31, 1996 (61 FR 69055), the Board and HUD jointly published for comment an advance notice of proposed rulemaking on the issue of

simplifying and combining the disclosure requirements of RESPA and TILA. The Board and HUD received more than 80 comment letters, primarily from creditors and their representatives. After reviewing the comments, and upon further analysis in consultation with HUD, the Board decided not to propose any changes to Regulation Z. The Board determined that harmonizing TILA and RESPA to any significant degree required changes that could only come about through legislative action. As a result, the Board published a notice inviting additional public comment on possible legislative action on April 2, 1997 (62 FR 15624). The Board and HUD received more than 160 comment letters from consumers and industry representatives.

The Board is extending the comment period until March 9, 1998, in order to obtain views from consumers on matters such as the timing, content, and reliability of disclosures; the Board will do so by inviting certain first time homebuyers and previous home purchasers to participate in focus groups. The comment period is being extended primarily for the purpose of conducting these focus group interviews. Other members of the public may submit comments during this period, but they are encouraged to submit them as soon as possible. This extension will not delay the Board in providing its report to the Congress.

By order of the Secretary of the Board, acting pursuant to delegated authority for Board of Governors of the Federal Reserve System, January 30, 1998.

**William W. Wiles,**

*Secretary of the Board.*

[FR Doc. 98-2899 Filed 2-5-98; 8:45 am]

**BILLING CODE 6210-01-P**