

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 6518
April 7, 1970

INTERPRETATION OF REGULATION Z

*To All State Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

Printed below is an excerpt from the Federal Register of April 4, containing the text of an interpretation by the Board of Governors of the Federal Reserve System of provisions in its Truth in Lending Regulation Z.

Additional copies of this circular will be furnished upon request.

Alfred Hayes,
President.

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

**SUBCHAPTER A—BOARD OF GOVERNORS OF
THE FEDERAL RESERVE SYSTEM**

[Reg. Z]

PART 226—TRUTH IN LENDING

Reduction in Annual Percentage Rate

§ 226.817 Reduction in annual percentage rate.

(a) Section 226.8(j) specifies that if any existing extension of credit is refinanced, such transaction shall be considered a new transaction subject to the disclosure requirements of Regulation Z. The question arises as to whether a reduction in the annual percentage rate applicable to an existing extension of credit, when no other credit terms are changed, constitutes a refinancing under § 226.8(j).

(b) When no other credit terms are changed, a reduction in the annual percentage rate applicable to an existing extension of credit does not constitute a refinancing under § 226.8(j), and no disclosures are required.

(Interprets and applies 15 U.S.C. 1638 and 15 U.S.C. 1639)

By order of the Board of Governors,
March 31, 1970.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[F.R. Doc. 70-4112; Filed, Apr. 3, 1970;
8:46 a.m.]