

Press Release

FEDERAL RESERVE press release



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For immediate release

The Federal Reserve Board on Thursday approved final rules that revise the disclosure requirements for mortgage loans under Regulation Z (Truth in Lending). The revisions implement the Mortgage Disclosure Improvement Act (MDIA), which was enacted in July 2008 as an amendment to the Truth in Lending Act (TILA).

The MDIA seeks to ensure that consumers receive cost disclosures earlier in the mortgage process. In several respects, the MDIA is substantially similar to final rules issued by the Board in July 2008. However, the MDIA also broadens and adds to those regulatory requirements. The final rule largely follows a proposal issued by the Board in December 2008. Under the MDIA, creditors must comply with the new provisions on July 30, 2009. The Board's implementing regulations apply to dwelling-secured consumer loans for which a creditor receives an application on or after July 30, 2009.

The MDIA requires creditors to give good faith estimates of mortgage loan costs ("early disclosures") within three business days after receiving a consumer's application for a mortgage loan and before any fees are collected from the consumer, other than a reasonable fee for obtaining the consumer's credit history. These requirements are consistent with the Board's July 2008 final rule, which applied to loans secured by a consumer's principal dwelling. The MDIA broadens this requirement by also requiring early disclosures for loans secured by dwellings other than the consumer's principal dwelling, such as a second home.

In addition, the rules would implement the MDIA's requirements that:

- Creditors wait seven business days after they provide the early disclosures before closing the loan; and
- Creditors provide new disclosures with a revised annual percentage rate (APR), and wait an additional three business days before closing the loan, if a change occurs that makes the APR in the early disclosures inaccurate beyond a specified tolerance.

The rules would permit a consumer to expedite the closing to address a personal financial emergency, such as a foreclosure.

The notice that will be published in the *Federal Register* is attached. Publication is expected to occur soon.

[Federal Register notice \(131 KB PDF\)](#)