

31, 1980, 94 Stat. 169; Pub. L. 97-320, title VII, §701(a), Oct. 15, 1982, 96 Stat. 1538; Pub. L. 104-208, div. A, title II, §2102(a), Sept. 30, 1996, 110 Stat. 3009-398; Pub. L. 110-315, title X, §1022, Aug. 14, 2008, 122 Stat. 3488; Pub. L. 111-203, title X, §§1100A(2), 1100E(a)(1), July 21, 2010, 124 Stat. 2107, 2111.)

Editorial Notes

REFERENCES IN TEXT

The Higher Education Act of 1965, referred to in par. (7), is Pub. L. 89-329, Nov. 8, 1965, 79 Stat. 1219. Title IV of the Act is classified generally to subchapter IV (§1070 et seq.) of chapter 28 of Title 20, Education. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of Title 20 and Tables.

AMENDMENTS

2010—Par. (3). Pub. L. 111-203, §1100E(a)(1), substituted “\$50,000” for “\$25,000”.

Pars. (4), (5). Pub. L. 111-203, §1100A(2), substituted “Bureau” for “Board”.

2008—Par. (3). Pub. L. 110-315 inserted “and other than private education loans (as that term is defined in section 1650(a) of this title)” after “consumer”.

1996—Pars. (5) to (7). Pub. L. 104-208 added par. (5) and redesignated former pars. (5) and (6) as (6) and (7), respectively.

1982—Par. (6). Pub. L. 97-320 added par. (6).

1980—Par. (1). Pub. L. 96-221, §603(c)(1), inserted provision relating to applicability to agricultural purposes.

Par. (3). Pub. L. 96-221, §603(c)(2), substituted provision excepting security interest in real property, or in personal property used as the consumer’s principal dwelling, for provisions excepting real property transactions.

Par. (5). Pub. L. 96-221, §603(c)(3), struck out par. (5) which related to credit transactions primarily for agricultural purposes where the amount financed exceeds \$25,000.

1974—Par. (5). Pub. L. 93-495 added par. (5).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

EFFECTIVE DATE OF 1982 AMENDMENT

Section 701(c) of Pub. L. 97-320, as amended by Pub. L. 97-457, §31, Jan. 12, 1983, 96 Stat. 2511, provided that: “The amendment made by subsection (a) [amending this section] and subsection (b) [enacting section 1099 of Title 20, Education] shall be effective with respect to loans made prior to, on, and after the date of the enactment of this Act [Oct. 15, 1982].”

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-221 effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as a note under section 1602 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-495 effective Oct. 28, 1974, see section 416 of Pub. L. 93-495, set out as an Effective Date note under section 1665a of this title.

EXCEPTIONS IN AREAS WHERE MAJOR DISASTER EXISTS

Board of Governors of Federal Reserve System authorized to make exceptions to requirements of this

subchapter for transactions within an area in which the President has determined that a major disaster exists, if Board determines that exception can reasonably be expected to alleviate hardships to the public that outweigh possible adverse effects, see section 50002 of Pub. L. 105-18, set out as a note under section 4008 of Title 12, Banks and Banking, and similar provisions listed thereunder.

ADJUSTMENTS FOR INFLATION

Pub. L. 111-203, title X, §1100E(b), July 21, 2010, 124 Stat. 2111, provided that: “On and after December 31, 2011, the Bureau [of Consumer Financial Protection] shall adjust annually the dollar amounts described in sections 104(3) and 181(1) of the Truth in Lending Act [15 U.S.C. 1603(3), 1667(1)] (as amended by this section), by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, as published by the Bureau of Labor Statistics, rounded to the nearest multiple of \$100, or \$1,000, as applicable.” Threshold amounts in effect during particular periods of time can be found in Code of Federal Regulations, Title 12, Supplement I to Part 1013, under Section 1013.2—Definitions, under 2(e)—Consumer Lease, paragraph 11.

§ 1604. Disclosure guidelines

(a) Promulgation, contents, etc., of regulations

The Bureau shall prescribe regulations to carry out the purposes of this subchapter. Except with respect to the provisions of section 1639 of this title that apply to a mortgage referred to in section 1602(aa)¹ of this title, such regulations may contain such additional requirements, classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for all or any class of transactions, as in the judgment of the Bureau are necessary or proper to effectuate the purposes of this subchapter, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.

(b) Model disclosure forms and clauses; publication, criteria, compliance, etc.

The Bureau shall publish a single, integrated disclosure for mortgage loan transactions (including real estate settlement cost statements) which includes the disclosure requirements of this subchapter in conjunction with the disclosure requirements of the Real Estate Settlement Procedures Act of 1974 [12 U.S.C. 2601 et seq.] that, taken together, may apply to a transaction that is subject to both or either provisions of law. The purpose of such model disclosure shall be to facilitate compliance with the disclosure requirements of this subchapter and the Real Estate Settlement Procedures Act of 1974, and to aid the borrower or lessee in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures. In devising such forms, the Bureau shall consider the use by creditors or lessors of data processing or similar automated equipment. Nothing in this subchapter may be construed to require a creditor or lessor to use any such model form or clause prescribed by the Bureau under this section. A creditor or lessor shall be deemed to be in compliance with the disclosure provisions of this subchapter with respect to other than numerical

¹ See References in Text note below.

disclosures if the creditor or lessor (1) uses any appropriate model form or clause as published by the Bureau, or (2) uses any such model form or clause and changes it by (A) deleting any information which is not required by this subchapter, or (B) rearranging the format, if in making such deletion or rearranging the format, the creditor or lessor does not affect the substance, clarity, or meaningful sequence of the disclosure.

(c) Procedures applicable for adoption of model forms and clauses

Model disclosure forms and clauses shall be adopted by the Bureau after notice duly given in the Federal Register and an opportunity for public comment in accordance with section 553 of title 5.

(d) Effective dates of regulations containing new disclosure requirements

Any regulation of the Bureau, or any amendment or interpretation thereof, requiring any disclosure which differs from the disclosures previously required by this part, part D, or part E or by any regulation of the Bureau promulgated thereunder shall have an effective date of that October 1 which follows by at least six months the date of promulgation, except that the Bureau may at its discretion take interim action by regulation, amendment, or interpretation to lengthen the period of time permitted for creditors or lessors to adjust their forms to accommodate new requirements or shorten the length of time for creditors or lessors to make such adjustments when it makes a specific finding that such action is necessary to comply with the findings of a court or to prevent unfair or deceptive disclosure practices. Notwithstanding the previous sentence, any creditor or lessor may comply with any such newly promulgated disclosure requirements prior to the effective date of the requirements.

(e) Disclosure for charitable mortgage loan transactions

With respect to a mortgage loan transaction involving a residential mortgage loan offered at 0 percent interest with only bonafide and reasonable fees and that is primarily for charitable purposes by an organization described in section 501(c)(3) of title 26 and exempt from taxation under section 501(a) of such title, forms HUD-1 and GFE (as defined under section 1024.2(b) of title 12, Code of Federal Regulations) together with a disclosure substantially in the form of the Loan Model Form H-2 (as depicted in Appendix H to part 1026 of title 12, Code of Federal Regulations) shall, collectively, be an appropriate model form for purposes of subsection (b) of this section.

(f) Exemption authority

(1) In general

The Bureau may exempt, by regulation, from all or part of this subchapter all or any class of transactions, other than transactions involving any mortgage described in section 1602(aa)¹ of this title, for which, in the determination of the Bureau, coverage under all or part of this subchapter does not provide a meaningful benefit to consumers in the form of useful information or protection.

(2) Factors for consideration

In determining which classes of transactions to exempt in whole or in part under paragraph (1), the Bureau shall consider the following factors and publish its rationale at the time a proposed exemption is published for comment:

(A) The amount of the loan and whether the disclosures, right of rescission, and other provisions provide a benefit to the consumers who are parties to such transactions, as determined by the Bureau.

(B) The extent to which the requirements of this subchapter complicate, hinder, or make more expensive the credit process for the class of transactions.

(C) The status of the borrower, including—

(i) any related financial arrangements of the borrower, as determined by the Bureau;

(ii) the financial sophistication of the borrower relative to the type of transaction; and

(iii) the importance to the borrower of the credit, related supporting property, and coverage under this subchapter, as determined by the Bureau;

(D) whether the loan is secured by the principal residence of the consumer; and

(E) whether the goal of consumer protection would be undermined by such an exemption.

(g) Waiver for certain borrowers

(1) In general

The Bureau, by regulation, may exempt from the requirements of this subchapter certain credit transactions if—

(A) the transaction involves a consumer—

(i) with an annual earned income of more than \$200,000; or

(ii) having net assets in excess of \$1,000,000 at the time of the transaction; and

(B) a waiver that is handwritten, signed, and dated by the consumer is first obtained from the consumer.

(2) Adjustments by the Bureau

The Bureau, at its discretion, may adjust the annual earned income and net asset requirements of paragraph (1) for inflation.

(h) Deference

Notwithstanding any power granted to any Federal agency under this subchapter, the deference that a court affords to the Bureau with respect to a determination made by the Bureau relating to the meaning or interpretation of any provision of this subchapter, other than section 1639e or 1639h of this title, shall be applied as if the Bureau were the only agency authorized to apply, enforce, interpret, or administer the provisions of this subchapter.

(i) Authority of the Board to prescribe rules

Notwithstanding subsection (a), the Board shall have authority to prescribe rules under this subchapter with respect to a person described in section 5519(a) of title 12. Regulations prescribed under this subsection may contain such classifications, differentiations, or other

provisions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this subchapter, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.

(Pub. L. 90-321, title I, §105, May 29, 1968, 82 Stat. 148; Pub. L. 96-221, title VI, §605, Mar. 31, 1980, 94 Stat. 170; Pub. L. 103-325, title I, §152(e)(2)(A), Sept. 23, 1994, 108 Stat. 2194; Pub. L. 104-208, div. A, title II, §§2102(b), 2104, Sept. 30, 1996, 110 Stat. 3009-399, 3009-401; Pub. L. 111-203, title X, §1100A(2), (4)-(7), title XIV, §1472(c), July 21, 2010, 124 Stat. 2107, 2108, 2190; Pub. L. 116-342, §2(a), Jan. 13, 2021, 134 Stat. 5134.)

Editorial Notes

REFERENCES IN TEXT

Section 1602(aa) of this title, referred to in subsecs. (a) and (f)(1), was redesignated section 1602(bb) of this title by Pub. L. 111-203, title X, §1100A(1)(A), July 21, 2010, 124 Stat. 2107.

The Real Estate Settlement Procedures Act of 1974, referred to in subsec. (b), is Pub. L. 93-533, Dec. 22, 1974, 88 Stat. 1724, which is classified principally to chapter 27 (§2601 et seq.) of Title 12, Banks and Banking. For complete classification of this Act to the Code, see Short Title note set out under section 2601 of Title 12 and Tables.

AMENDMENTS

2021—Subsec. (e). Pub. L. 116-342 added subsec. (e).

2010—Subsec. (a). Pub. L. 111-203, §1100A(2), (4), substituted “Bureau” for “Board” in two places, substituted “Except with respect to the provisions of section 1639 of this title that apply to a mortgage referred to in section 1602(aa) of this title, such regulations may contain such additional requirements,” for “Except in the case of a mortgage referred to in section 1602(aa) of this title, these regulations may contain such”, and inserted “all or” after “exceptions for”.

Subsec. (b). Pub. L. 111-203, §1100A(2), (5), substituted “Bureau” for “Board” wherever appearing in last three sentences and substituted first two sentences for former first sentence which read as follows: “The Board shall publish model disclosure forms and clauses for common transactions to facilitate compliance with the disclosure requirements of this subchapter and to aid the borrower or lessee in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures.”

Subsecs. (c), (d). Pub. L. 111-203, §1100A(2), substituted “Bureau” for “Board” wherever appearing.

Subsec. (f). Pub. L. 111-203, §1100A(2), (6), substituted “Bureau” for “Board” wherever appearing and inserted “all or” after “from all or part of this subchapter” in par. (1).

Subsec. (g). Pub. L. 111-203, §1100A(2), substituted “Bureau” for “Board” in pars. (1) and (2).

Subsec. (h). Pub. L. 111-203, §1472(c), which directed addition of subsec. (h) at end of section, was executed by adding subsec. (h) before subsec. (i), to reflect the probable intent of Congress and prior amendment by Pub. L. 111-203, §1100A(7). See below.

Subsec. (i). Pub. L. 111-203, §1100A(7), added subsec. (i).

1996—Subsec. (f). Pub. L. 104-208, §2102(b), added subsec. (f).

Subsec. (g). Pub. L. 104-208, §2104, added subsec. (g).

1994—Subsec. (a). Pub. L. 103-325 substituted “Except in the case of a mortgage referred to in section 1602(aa) of this title, these” for “These” in second sentence.

1980—Pub. L. 96-221 designated existing provisions as subsec. (a) and added subsecs. (b) to (d).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 1100A(2), (4)-(7) of Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

Amendment by section 1472(c) of Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-221 effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as a note under section 1602 of this title.

§ 1605. Determination of finance charge

(a) “Finance charge” defined

Except as otherwise provided in this section, the amount of the finance charge in connection with any consumer credit transaction shall be determined as the sum of all charges, payable directly or indirectly by the person to whom the credit is extended, and imposed directly or indirectly by the creditor as an incident to the extension of credit. The finance charge does not include charges of a type payable in a comparable cash transaction. The finance charge shall not include fees and amounts imposed by third party closing agents (including settlement agents, attorneys, and escrow and title companies) if the creditor does not require the imposition of the charges or the services provided and does not retain the charges. Examples of charges which are included in the finance charge include any of the following types of charges which are applicable:

(1) Interest, time price differential, and any amount payable under a point, discount, or other system or additional charges.

(2) Service or carrying charge.

(3) Loan fee, finder’s fee, or similar charge.

(4) Fee for an investigation or credit report.

(5) Premium or other charge for any guarantee or insurance protecting the creditor against the obligor’s default or other credit loss.

(6) Borrower-paid mortgage broker fees, including fees paid directly to the broker or the lender (for delivery to the broker) whether such fees are paid in cash or financed.

(b) Life, accident, or health insurance premiums included in finance charge

Charges or premiums for credit life, accident, or health insurance written in connection with any consumer credit transaction shall be included in the finance charges unless

(1) the coverage of the debtor by the insurance is not a factor in the approval by the creditor of the extension of credit, and this fact is clearly disclosed in writing to the per-