TRUTH IN LENDING ACT

(REGULATION Z)

DEFINITIONS

Definitions (Section 226.2)

Act
The Truth in Lending Act (15 U.S.C. 1601 et seq.).

Advertisement
A commercial message in any medium that promotes, directly or indirectly, a credit transaction.

Billing cycle or cycle
The interval between the days or dates of regular periodic statements. These intervals shall be equal and no longer than a quarter of a year. An interval will be considered equal if the number of days in the cycle does not vary more than 4 days from the regular day or date of the periodic statement.

Board
The Board of Governors of the Federal Reserve System.

Business day
A day on which the creditor's offices are open to the public for carrying on substantially all of its business functions. However, for purposes of rescission under § 226.15 and §226.23, and for purposes of § 226.31, the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

Card issuer
A person that issues a credit card or that person's agent with respect to the card.

Cardholder
A natural person to whom a credit card is issued for consumer credit purposes, or a natural person who has agreed with the card issuer to pay consumer credit obligations arising from the issuance of a credit card to another natural person. For purposes of §226.12(a) and (b), the term includes any person to whom a credit card is issued for any purpose, including business, commercial, or agricultural use, or a person who has agreed with the card issuer to pay obligations arising from the issuance of such a credit card to another person.

Cash price
The price at which a creditor, in the ordinary course of business, offers to sell for cash the property or service that is the subject of the transaction. At the creditor's option, the term may include the price of accessories, services related to the sale, service contracts and taxes and fees for license, title, and registration. The term does not include any finance charge.

Closed-end credit
Consumer credit other than open-end credit as defined in this section.

Consumer
A cardholder or a natural person to whom consumer credit is offered or extended. However, for purposes of rescission under §§ 226.15 and 226.23, the term also includes a natural person in whose principal dwelling a security interest is or will be retained or acquired, if that person's ownership interest in the dwelling is or will be subject to the security interest.

Consumer credit
Credit offered or extended to a consumer primarily for personal, family, or household purposes.

Consummation
The time that a consumer becomes contractually obligated on a credit transaction.

Credit
The right to defer payment of debt or to incur debt and defer its payment.

Credit card
Any card, plate, coupon book, or other single credit device that may be used from time to time to obtain credit. ***Charge card*** means a credit card on an account for which no periodic rate is used to compute finance charge.

Credit sale
A sale in which the seller is a creditor. The term includes a bailment or lease (unless terminable without penalty at any time by the consumer) under which the consumer:
(i) Agrees to pay as compensation for use a sum substantially equivalent to, or in excess of, the total value of the property and services involved; and
(ii) Will become (or has the option to become), for no additional consideration or for nominal consideration, the owner of the property upon compliance with the agreement.

Creditor means:
(i) A person

(A) who regularly extends consumer credit[1] that is subject to a finance charge or is payable by written agreement in more than 4 installments (not including a down payment), and
(B) to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.
(ii) For purposes of § 226.4(c)(8) (discounts), §226.9(d) (Finance charge imposed at time of transaction), and § 226.12(e) (Prompt notification of returns and crediting of refunds), a person that honors a credit card.
(iii) For purposes of subpart B, any card issuer that extends either open-end credit or credit that is not subject to a finance charge and is not payable by written agreement in more than 4 installments.
(iv) For purposes of subpart B (except for the credit and charge card disclosures contained in § 226.5(a) and §226.9(e) and (f), the finance charge disclosures contained in § 226.6(a) and §226.7 (d) through (g) and the right of rescission set forth in § 226.15) and subpart C, any card issuer that extends closed-end credit that is subject to a finance charge or is payable by written agreement in more than 4 installments.

Down payment
An amount, including the value of any property used as a trade-in, paid to a seller to reduce the cash price of goods or services purchased in a credit sale transaction. A deferred portion of a down payment may be treated as part of the down payment if it is payable not later than the due date of the second otherwise regularly scheduled payment and is not subject to a finance charge.

Dwelling
A residential structure that contains 1 to 4 units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

Open-end credit
Consumer credit extended by a creditor under a plan in which:
(i) The creditor reasonably contemplates repeated transactions;
(ii) The creditor may impose a finance charge from time to time on an outstanding unpaid balance; and
(iii) The amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.

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[1] A person regularly extends consumer credit only if it extended credit (other than credit subject to the requirements of § 226.32) more than 25 times (or more than 5 times for transactions secured by a dwelling) in the preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year. A person regularly extends consumer credit if, in any 12-month period, the person originates more than one credit extension that is subject to the requirements of § 226.32 or one or more such credit extensions through a mortgage broker.

Periodic rate
A rate of finance charge that is or may be imposed by a creditor on a balance for a day, week, month, or other subdivision of a year.

Person
Means a natural person or an organization, including a corporation, partnership, proprietorship, association, cooperative, estate, trust, or government unit.

Prepaid finance charge
Any finance charge paid separately in cash or by check before or at consummation of a transaction, or withheld from the proceeds of the credit at any time.

Residential mortgage transaction
A transaction in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained in the consumer's principal dwelling to finance the acquisition or initial construction of that dwelling.

Security interest
An interest in property that secures performance of a consumer credit obligation and that is recognized by State or Federal law. It does not include incidental interests such as interests in proceeds, accessions, additions, fixtures, insurance proceeds (whether or not the creditor is a loss payee or beneficiary), premium rebates, or interests in after-acquired property. For purposes of disclosure under § 226.6 and §226.18, the term does not include an interest that arises solely by operation of law. However, for purposes of the right of rescission under § 226.15 and § 226.23, the term does include interests that arise solely by operation of law.

State
Any state, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.