

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: December 2001 **NO.:** 01-RA-15

TO: All Credit Unions

SUBJECT: Amendment to Regulation Z
Truth in Lending

The purpose of this alert is to notify you that the Federal Reserve Board (FRB) has adjusted the dollar threshold for mortgage fees that trigger the requirements of the Home Ownership and Equity Protection Act of 1994 (HOEPA).

HOEPA imposes substantial limitations and additional disclosures on certain closed-end mortgage loans bearing rates or fees above a certain percentage or amount. Creditors formerly were required to comply with HOEPA if the total points and fees payable by the consumer at or before the loan consummation exceed \$400 or 8 percent of the loan, whichever is greater. Regulation Z requires the FRB to adjust this amount annually based on changes in the Consumer Price Index (CPI).

The FRB announced the dollar amount of the fee-based trigger has been adjusted to \$480. The increase was based on the annual percentage change reflected in the CPI in effect on June 1, 2001. The effective date of the amendment is January 1, 2002.

A press release describing the FRB's action and the amendment are available on the FRB's web site:

<http://www.federalreserve.gov/boarddocs/press/boardacts/2001>.

Sincerely,

Dennis Dollar
Chairman