In July 2008, Congress amended TILA with the Mortgage Disclosure Improvement Act to require early disclosures for
extensions of credit secured by a dwelling. Early disclosures, in the same format as the final TILA disclosures, must be
provided for all closed-end loans secured by a “dwelling of a consumer,” whether or not a principal dwelling. Disclosures must
delivered three business days after application (the current law for purchase mortgage transactions), but no less than seven
business days before closing. If the APR on the disclosures given seven days before closing is inaccurate beyond the
tolerances, the creditor must provide corrected disclosures at least three business days before closing. Congress also enhanced
mortgage disclosure by requiring a notice advising consumers that they need not complete the transaction simply because they
received the disclosure and, more significantly, by requiring disclosure of the maximum payment for loans where the regular
payment is variable. These changes are discussed at greater length at Chapter 4 [1], infra.

The FRB’s rule implementing these provisions, other than the maximum payment disclosure, became effective July 30,
2009. The FRB issued an interim rule on the maximum payment disclosure on September 24, 2010. Three months later, it
published several clarifying amendments to the interim rule. Creditors were allowed, at their option, to comply with the
interim rule for applications received as of October 25, 2010, and compliance is mandatory for applications received on or after
January 20, 2011. The Mortgage Disclosure Improvement Act also increased the range of statutory damages for closed-end
mortgage-related transactions from $200 to $2,000, up to $400 or $4,000.

Footnotes

(rule regarding disclosure of rate and payment examples, including the maximum rate and payment).


106 75 Fed. Reg. 81,836 (Dec. 29, 2010) (clarifying requirements regarding 5/1 ARMs, interest-only loans, and
negative amortization; leaving effective date unchanged).


108 See § 11.6.3 [2], infra.