The Truth in Lending Act is codified at 15 U.S.C. §§ 1601–1666j. It is technically title I of the Consumer Credit Protection Act. TILA is divided into five “parts” (if you are reading the U.S. Code) or “chapters” (if you are reading the pamphlet published by the FRB).

Part A contains general definitions, including the method for calculating the finance charge and annual percentage rate. It also outlines the administrative enforcement of the Act and provides criminal sanctions for willful violations. An uncodified section of the Consumer Credit Protection Act sets forth several rules of construction.

Part B of TILA distinguishes “open-end” credit, such as that employed with most credit cards, from closed-end, fixed-term credit transactions, such as most mortgages or automobile loans, and describes the particular disclosures required for each. It defines the consumer’s right of rescission in transactions involving the grant of a security interest in the consumer’s home. It also provides for the civil liability of creditors who fail to comply with the Act’s disclosure provisions. In addition, by amendment, Part B establishes standards for appraisals and underwriting. It also includes special protections for consumers in high-cost mortgages, creates disclosure rules for reverse mortgages, and provides certain lenders with immunity from liability for some violations of the Act.

Together, Parts A and B contain the heart of TILA. They govern what a consumer must be told when entering a credit transaction. The remaining three TILA chapters deal with separate, although related and important, credit issues. Part C addresses the advertising of credit terms. It forbids the practice of bait-and-switch advertising of credit terms (offering credit terms that are, in fact, not available) and forces a more complete disclosure of credit terms than an advertiser might otherwise give.

TILA Part D, the Fair Credit Billing Act, which was enacted in 1974 and took effect in 1975, outlines a resolution procedure for credit card billing disputes. Among other provisions, the chapter requires creditors to inform consumers of the dispute procedures when an account is opened, compels creditors to investigate and respond to a consumer’s complaints within a set time, and forbids the collection of finance charges on incorrectly billed amounts.

Finally, TILA Part E is the Consumer Leasing Act of 1976, governing advertising and disclosures for those consumer personal property leases whose terms exceed four months. Because of the four-month limitation, many consumer leases, particularly rent-to-own transactions, are not governed by the Consumer Leasing Act. The Leasing Act is administered not through Regulation Z, but separately through the CFPB’s Regulation M.

The Truth in Lending Act now contains several provisions unrelated to disclosures, but which give consumers important substantive rights. The Housing and Community Development Act of 1992 included a provision, codified in TILA although strictly speaking not a part of it, that outlaws the use of the Rule of 78s in any precomputed consumer credit transaction with a term longer than sixty-one months signed after September 30, 1993. Through statutory amendments and CFPB rulemaking, all mortgages are now subject to some substantive regulation. Additional protections apply to “higher-cost” and “high-cost” mortgages.

These restrictions are discussed in Chapter 9, infra, of this treatise. Also discussed in Chapter 9, infra, are the Dodd-Frank Act provisions regarding loan affordability, loan originator compensation, and other protections that apply to most closed-end mortgages. Chapter 8, infra, discusses substantive protections for home equity lines of credit. Chapter 2, infra, and Chapter 5, infra, discuss student loan protections, and Chapter 7, infra, discusses new substantive protections for credit card holders provided through both statutory amendments and rulemaking.

Footnotes

184 [184] Note that the sections are numbered differently, too. Appendix A [6], infra, contains both references.


186 [186] Section 502 of Pub. L. No. 90-321 provided that “Captions and catchlines are intended solely as aids to convenient reference, and no inference as to the legislative intent with respect to any provision enacted by this Act may
be drawn from them.” Section 503 provided:

In this Act:

(1) The word “may” is used to indicate that an action either is authorized or is permitted.
(2) The word “shall” is used to indicate that an action is both authorized and required.
(3) The phrase “may not” is used to indicate that an action is both unauthorized and forbidden.
(4) Rules of law are stated in the indicative mood.

These provisions can be found among the notes following 15 U.S.C. § 1601 in West’s U.S. Code Annotated.


192 \[192\] 15 U.S.C. § 1615. See generally § 3.7.2.3.3 \[10\], infra (discussing how this substantive consumer protection may interact with TILA disclosure requirements); National Consumer Law Center, Consumer Credit Regulation § 5.8.7.3 \[11\] (2d ed. 2015), updated at www.nclc.org/library (explanation of the Rule of 78s).

Source: National Consumer Law Center, Truth in Lending [10th ed.], updated at www.nclc.org/library
Source URL: https://library.nclc.org/til/0004

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