

BANKWISE

>>>> YOUR RIGHTS SIMPLIFIED

TRUTH IN LENDING ACT (REGULATION Z)

The **Truth in Lending Act (TILA)** requires lenders to disclose information about charges and fees associated with certain loans.

This law applies to most types of consumer loans such as mortgages, home equity loans, home equity lines of credit, car loans, and credit cards. By mandating transparency, TILA lets consumers compare credit offers and make informed financial decisions.

Regulation Z outlines the requirements under this law.

KEY PROTECTIONS



Standardized Disclosures

Requires lenders to provide clear, standardized information about loan terms, including the annual percentage rate (APR), finance charges, payment schedule, and late fees.



Right of Rescission

Borrowers have the right to cancel certain types of home loans, such as home equity loans or lines of credit, within three business days of closing without penalty.



Credit Card Protections

Protects consumers against inaccurate and unfair credit billing and credit card practices, sets liability limits for unauthorized credit card transactions, and restricts how and when lenders can change interest rates.



RESOURCES



Read: Learn more about [TILA](#).



Get assistance: The OCC's [HelpWithMyBank.gov](#) has answers to questions on a range of banking topics, including [credit scores and reports](#), and information on how customers may file a complaint against an OCC-supervised institution.



Find who regulates your financial institution: Visit [HelpWithMyBank.gov](#) to contact your bank's regulator for assistance. The [National Credit Union Administration](#) regulates most credit unions.

BANK REQUIREMENTS

Financial institutions are required to comply with TILA and its implementing regulation. In addition to the protections listed under the KEY PROTECTIONS section:

BANKS MUST:

- **provide accurate disclosures** that are clear and timely.
- **ensure that promotional materials are not misleading** and include essential terms, such as the APR, when required.
- **honor the right of rescission** by allowing borrowers to exercise their rights on applicable loans and return any fees paid within 20 calendar days if a borrower cancels the loan.

BANKS MAY NOT:

- **advertise credit terms that are not actually available** or use misleading terms in advertisements.
- **charge credit-related fees** that were not clearly disclosed up front.
- **engage in unfair billing practices** like double-cycle billing or retroactively applying higher interest rates to existing balances, with limited exceptions.

BANKS MAY (optional)

- **offer grace periods** in which customers can pay off their credit balance without incurring interest charges.
- **provide additional disclosure features** such as calculators or comparisons to aid consumer understanding.
- **offer flexible payment plan options** to allow consumers to manage their debts more effectively.



Office of the
Comptroller of the Currency

Promoting a Safe, Sound, and Fair Federal Banking System



The Office of the Comptroller of the Currency's (OCC) mission is to ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Disclaimer: This fact sheet is for informational purposes only and does not constitute legal advice. The terms "bank" and "banks" generally refer to national banks, federal savings associations, and federal branches or agencies of foreign banking organizations that are OCC-regulated. For specific legal questions or concerns, consult with a qualified attorney.