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Comments:

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Proposal: Regulation Z - Truth in Lending  
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Comments:

Regarding exemptions from the requirement to issue TILA disclosures, a new exemption, 226.20(a)(1)(ii)(D), should be added to read:..... (D) By decreasing the monthly payment with no other modifications except an extension of the loan term, and no fee is imposed on the consumer in connection with the modification..... Discussion: It is common that a debtor will approach his creditor and indicate that he is having difficulties paying the monthly payment. The creditor should have the ability to reduce the monthly payment and increase the term of the loan, while leaving the contract rate the same. 226.20(a)(1)(ii)(B) would already allow for this if the debtor is delinquent. It should be made clear that the creditor can have this same option available to help a struggling debtor even if the debtor is current on his loan. Otherwise, a creditor would have to inform the debtor seeking this reduction in his payment that the law would only allow it if he were delinquent on the loan.