Actual-Z™ Product Information Sheet

All consumer lenders, including retailers that sell their goods on credit, have responsibility to disclose accurate information to the consumer about the true cost of credit. This is all covered in the Truth in Lending Act (TILA), and implemented in Regulation Z.

For those in the business, many of these requirements are basic and have become second nature. Yet while the APR tolerance is widely known, most people don't realize that inaccurate Finance Charge disclosures can bring the same size fine and are based on a tolerance range 6-12 times smaller than the acceptable APR tolerance range for an average sized auto or personal loan.

Does your organization actually "determine" the APR, or do you just copy and paste the contract interest rate into the APR field on your TILA disclosure?

What is your current method of regularly testing your primary calculation tool to ensure any errors are deemed 'good faith' instead of being costly violations?

When you as the creditor unilaterally push back the payment date without accruing interest, do you also recalculate the APR and other TILA required terms to ensure the disclosed terms in the contract are still accurate?

Do you know the Finance Charge disclosure tolerance amount, and how small the APR variance could be to trigger a violation based on mis-disclosed Finance Charge?

Full regulatory compliance is always good business. But with the pendulum swinging from a position of deference to lenders' common practices to a position where regulations are enforced more strictly it's time to review business as usual.

Actual-Z™ offers batch review of your entire book or just a sample, as well as an online calculator for use at time of contract generation and/or verification. Contact us today

SELECTED REG Z TEXT:

DETERMINING THE APR:

"The annual percentage rate shall be determined in accordance with either the actuarial method or the United States Rule method."

RECTIFYING ERRORS:

"An error in disclosure of the annual percentage rate or finance charge shall not, in itself, be considered a violation of this part if:

(i) The error resulted from a corresponding error in a calculation tool used in good faith by the creditor; and

(ii) Upon discovery of the error, the creditor promptly discontinues use of that calculation tool for disclosure purposes and notifies the Bureau in writing of the error in the calculation tool."

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