

Federal Reserve System

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“iteration” procedure used to compute annual percentage rates under appendix J. Rather than restate this iteration process in full, the regulation cross-references the procedures found in appendix J. In other aspects the appendix reflects the special nature of reverse mortgage transactions. Special definitions and instructions are included where appropriate.

(b) *Instructions and equations for the total annual loan cost rate.*

(b)(5) *Number of unit-periods between two given dates.*

1. *Assumption as to when transaction begins.* The computation of the total annual loan cost rate is based on the assumption that the reverse mortgage transaction begins on the first day of the month in which consummation is estimated to occur. Therefore, fractional unit-periods (used under appendix J for calculating annual percentage rates) are not used.

(b)(9) *Assumption for discretionary cash advances.*

1. *Amount of credit.* Creditors should compute the total annual loan cost rates for transactions involving discretionary cash advances by assuming that 50 percent of the initial amount of the credit available under the transaction is advanced at closing or, in an open-end transaction, when the consumer becomes obligated under the plan. (For the purposes of this assumption, the initial amount of the credit is the principal loan amount less any costs to the consumer under section 226.33(c)(1).)

(b)(10) *Assumption for variable-rate reverse mortgage transactions.*

1. *Initial discount or premium rate.* Where a variable-rate reverse mortgage transaction includes an initial discount or premium rate, the creditor should apply the same rules for calculating the total annual loan cost rate as are applied when calculating the annual percentage rate for a loan with an initial discount or premium rate (see the commentary to § 226.17(c)).

(d) *Reverse mortgage model form and sample form.*

(d)(2) *Sample form.*

1. *General.* The “clear and conspicuous” standard for reverse mortgage disclosures does not require disclosures to be printed in any particular type size. Disclosures may be made on more than one page, and use both the front and the reverse sides, as long as the pages constitute an integrated document and the table disclosing the total annual loan cost rates is on a single page.

APPENDIX L—ASSUMED LOAN PERIODS FOR COMPUTATIONS OF TOTAL ANNUAL LOAN COST RATES

1. *General.* The life expectancy figures used in appendix L are those found in the U.S. Decennial Life Tables for women, as rounded to the nearest whole year and as published by

the U. S. Department of Health and Human Services. The figures contained in appendix L must be used by creditors for all consumers (men and women). Appendix L will be revised periodically by the Board to incorporate revisions to the figures made in the Decennial Tables.

[46 FR 50288, Oct. 9, 1981]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting supplement I of part 226, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

PART 227—UNFAIR OR DECEPTIVE ACTS OR PRACTICES (REGULATION AA)

Subpart A—Consumer Complaints

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Subpart A—Consumer Complaints

AUTHORITY: Sec. 18(f), Federal Trade Commission Act, as amended by Pub. L. 93-637.

§ 227.1 Definitions.

For the purposes of this part,¹ unless the context indicates otherwise, the following definitions apply:

(a) *Board* means the Board of Governors of the Federal Reserve System.

(b) *Consumer complaint* means an allegation by or on behalf of an individual, group of individuals, or other entity that a particular act or practice of a State member bank is unfair or deceptive, or in violation of a regulation issued by the Board pursuant to a Federal statute, or in violation of any other Act or regulation under which the bank must operate.

¹The words *this part*, as used herein, mean title 12, chapter II, part 227 of the Code of Federal Regulations, cited as 12 CFR part 227 and designated as Regulation AA.

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(c) *State member bank* means a bank that is chartered by a State and is a member of the Federal Reserve System.

(d) Unless the context indicates otherwise, *bank* shall be construed to mean a *State member bank*, and *complaint* to mean a *consumer complaint*.

[Reg. AA, 41 FR 44362, Oct. 8, 1976]

§ 227.2 Consumer complaint procedure.

(a) *Submission of complaints.* (1) Any consumer having a complaint regarding a State member bank is invited to submit it to the Federal Reserve System. The complaint should be submitted in writing, if possible, and should include the following information:

(i) A description of the act or practice that is thought to be unfair or deceptive, or in violation of existing law or regulation, including all relevant facts;

(ii) The name and address of the bank that is the subject of the complaint; and

(iii) The name and address of the complainant.

(2) Consumer complaints should be made to:

(i) The Director, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551; or

(ii) The Federal Reserve Bank of the District in which the bank is located. The addresses of the Federal Reserve Banks are as follows:

Federal Reserve Bank of Boston, 30 Pearl Street, Boston, MA 02106.

Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

Federal Reserve Bank of Philadelphia, 100 North 6th Street, Philadelphia, PA 19105.

Federal Reserve Bank of Cleveland, 1455 East Sixth Street, Cleveland, OH 44101.

Federal Reserve Bank of Richmond, 100 North Ninth Street, Richmond, VA 23261.

Federal Reserve Bank of Chicago, 230 South La Salle Street, Chicago, IL 60690.

Federal Reserve Bank of St. Louis, 411 Locust Street, St. Louis, MO 63166.

Federal Reserve Bank of Minneapolis, 250 Marquette Street, Minneapolis, MN 55480.

Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.

Federal Reserve Bank of Dallas, 400 South Akard Street, Dallas, TX 75222.

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Federal Reserve Bank of Atlanta, 104 Marietta Street NW., Atlanta, GA 30303.

Federal Reserve Bank of San Francisco, 400 Sansome Street, San Francisco, CA 94120.

(b) *Response to complaints.* Within 15 business days of receipt of a written complaint by the Board or a Federal Reserve Bank, a substantive response or an acknowledgment setting a reasonable time for a substantive response will be sent to the individual making the complaint.

(c) *Referrals to other agencies.* Complaints received by the Board or a Federal Reserve Bank regarding an act or practice of an institution other than a State member bank will be forwarded to the Federal agency having jurisdiction over that institution.

[Reg. AA, 41 FR 44362, Oct. 8, 1976, as amended at 42 FR 2950, Jan. 14, 1977]

Subpart B—Credit Practices Rule

AUTHORITY: 15 U.S.C. 57a.

SOURCE: Reg. AA, 50 FR 16697, Apr. 29, 1985, unless otherwise noted.

§ 227.11 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued by the Board under section 18(f) of the Federal Trade Commission Act, 15 U.S.C. 57a(f) (section 202(a) of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act, Pub. L. 93-637).

(b) *Purpose.* Unfair or deceptive acts or practices in or affecting commerce are unlawful under section 5(a)(1) of the Federal Trade Commission Act, 15 U.S.C. 45(a)(1). This subpart defines unfair or deceptive acts or practices of banks in connection with extensions of credit to consumers.

(c) *Scope.* This subpart applies to all banks and their subsidiaries, except savings banks that are members of the Federal Home Loan Bank System. Compliance is to be enforced by:

(1) The Comptroller of the Currency, in the case of national banks, banks operating under the code of laws for the District of Columbia, and federal branches and federal agencies of foreign banks;

(2) The Board of Governors of the Federal Reserve System, in the case of banks that are members of the Federal