



Website Triggering Term Placement

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

Question: We are looking at advertising loan programs to purchase fractional share ownerships of 1-4 family residences, on our Website. These would be consumer loans and covered by Reg. Z's advertising rules (triggering terms, etc.). Our question is, can we have triggering terms listed (terms, fees, etc.) with a link to the programs and required items for advertising under Reg. Z or does this information need to be visible on the same internet page as the triggering terms?

Answer: Take a look at Regulation Z, section [226.14\(d\)](#).

You can place the triggered disclosures on another page, as long as there is a conspicuous link at the triggering term in the main ad. So, for instance, if you mention the term of the loan, you should have a proximate link labeled something like "Click Here for additional important information."

Triggering Terms Require What Disclosures

Answer by John Burnett, BOL Guru

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Question: If I want to run an ad as follows, what disclosures do I need? 5.385% APR* 15 Year Mortgage No points. No origination fee. Other terms also available at competitive rates. Most cases, same day pre-approval. Call our representatives at 827-3600. *5.385% Fixed Annual Percentage Rate for 15 years. 80% LTV. New money only. Limited time offer. **Rate current as of 7.14.2004

Answer: I recommend you research the requirements of Regulation Z, [section 226.24](#) for your answer.

Oral quotes of Variable Card Rates

Answer by Andy Zavoina, BOL Guru

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A credit card customer calls up to find out the APR on his card. Please comment on the following questions:

1. Would it be a compliance error to merely mention the total APR (when APR is variable) and not break it up into Prime + XX% = YY.YY%?
2. Since prime is subject to change, the APR on a particular day may not hold good for the next day. To be compliant do we need to mention to the cardholder that his/her APR 'as of today' is Prime + xx.xx% = YY.YY% or YY.YY%? Here the significance is to the words "As of Today."

I would quote the APR and remind them it is for that time only. Being an existing customer they have already received disclosures describing the rate calculation method.

If they question why you added a caveat of "today", you may explain the disclosed information again.

Skip-a-Payment Offer

Answer by Andy Zavoina, BOL Guru

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Question: Our credit union is considering offering a "Skip a Payment" program. It would be a good marketing offer.

1. If we charge a fee for this are there additional Reg Z. disclosures in that this is interest and the APR is effected?
2. If the answer is governed by state law, is it the state that the credit union was chartered or the state the borrower resides?
3. Is there any restriction to offer a skip payment option to open end loans as we are currently considering offering the option for closed end consumer loans?
4. If the loan is secured by their primary residence (a home equity product) is that a factor?

Answer:

1. An extension is generally a payment amount that represents the interest for the period being extended. Your state laws will indicate if there is a minimum, maximum, standard amount, calculation method and possibly if this is paid when the extension is made, if you may add it to the end of the loan or if you may pay it yourself. Because this is an event after the closing, and is not planned, you will not redisclose your APR, finance charge, etc.
2. The ability to allow extensions is a matter of state law, although your primary regulator may also want to see a policy on this. How often will you allow extensions, how many are allowed at one time, does the account have to be current at the time of the extension and how do you track and monitor this? These are things that should be known to avoid "hiding" problem loans.
3. Restrictions will be imposed by your state laws. Your contract likely says "the terms of this contract are governed by the state of XYZ." That is what you need to go by.
4. If you are using a primary residence you have many considerations to make, some of which include state law. Do you need to do a new flood determination, is a rescission necessary based on however you handle the transaction and are new documents needed to be filed with the county?