

## EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

## EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-221 effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as a note under section 1602 of this title.

**§ 1614. Repealed. Pub. L. 96-221, title VI, § 616(b), Mar. 31, 1980, 94 Stat. 182**

Section, Pub. L. 90-321, title I, §115, as added Pub. L. 93-495, title IV, §413(a), Oct. 28, 1974, 88 Stat. 1520, related to liability of assignees. See section 1641 of this title.

## EFFECTIVE DATE OF REPEAL

Repeal effective on expiration of two years and six months after Mar. 31, 1980, with all regulations, forms, and clauses required to be prescribed to be promulgated at least one year prior to such effective date, and allowing any creditor to comply with any amendments, in accordance with the regulations, forms, and clauses prescribed by the Board prior to such effective date, see section 625 of Pub. L. 96-221, set out as an Effective Date of 1980 Amendment note under section 1602 of this title.

**§ 1615. Prohibition on use of “Rule of 78’s” in connection with mortgage refinancings and other consumer loans**

**(a) Prompt refund of unearned interest required**

**(1) In general**

If a consumer prepays in full the financed amount under any consumer credit transaction, the creditor shall promptly refund any unearned portion of the interest charge to the consumer.

**(2) Exception for refund of de minimus<sup>1</sup> amount**

No refund shall be required under paragraph (1) with respect to the prepayment of any consumer credit transaction if the total amount of the refund would be less than \$1.

**(3) Applicability to refinanced transactions and acceleration by the creditor**

This subsection shall apply with respect to any prepayment of a consumer credit transaction described in paragraph (1) without regard to the manner or the reason for the prepayment, including—

(A) any prepayment made in connection with the refinancing, consolidation, or restructuring of the transaction; and

(B) any prepayment made as a result of the acceleration of the obligation to repay the amount due with respect to the transaction.

**(b) Use of “Rule of 78’s” prohibited**

For the purpose of calculating any refund of interest required under subsection (a) for any

precomputed consumer credit transaction of a term exceeding 61 months which is consummated after September 30, 1993, the creditor shall compute the refund based on a method which is at least as favorable to the consumer as the actuarial method.

**(c) Statement of prepayment amount**

**(1) In general**

Before the end of the 5-day period beginning on the date an oral or written request is received by a creditor from a consumer for the disclosure of the amount due on any precomputed consumer credit account, the creditor or assignee shall provide the consumer with a statement of—

(A) the amount necessary to prepay the account in full; and

(B) if the amount disclosed pursuant to subparagraph (A) includes an amount which is required to be refunded under this section with respect to such prepayment, the amount of such refund.

**(2) Written statement required if request is in writing**

If the customer’s request is in writing, the statement under paragraph (1) shall be in writing.

**(3) 1 free annual statement**

A consumer shall be entitled to obtain 1 statement under paragraph (1) each year without charge.

**(4) Additional statements subject to reasonable fees**

Any creditor may impose a reasonable fee to cover the cost of providing any statement under paragraph (1) to any consumer in addition to the 1 free annual statement required under paragraph (3) if the amount of the charge for such additional statement is disclosed to the consumer before furnishing such statement.

**(d) Definitions**

For the purpose of this section—

**(1) Actuarial method**

The term “actuarial method” means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.

**(2) Consumer, credit**

The terms “consumer” and “creditor” have the meanings given to such terms in section 1602 of this title.

**(3) Creditor**

The term “creditor”—

(A) has the meaning given to such term in section 1602 of this title; and

(B) includes any assignee of any creditor with respect to credit extended in connection with any consumer credit transaction and any subsequent assignee with respect to such credit.

<sup>1</sup> So in original. Probably should be “de minimis”.