FEDERAL RESERVE
press release

REC'D IN RECORDS SECTION
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The Board of Governors of the Federal Reserve System today issued the attached interpretation of its Truth in Lending Regulation Z clarifying the treatment of "prepaid finance charges" in credit transactions. The interpretation states that the typical "add-on" or "discount" charge or other precomputed finance charge on an installment contract need not be labeled a "prepaid" finance charge.

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