

2023 Calendar

TBA

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## What is a Federal Reserve "Rate Hike?"

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The Federal Reserve is the central bank of the United States, and its general purpose is to promote the effective operation of the U.S. economy. When the Federal Reserve makes a "Rate Hike", it is designed to affect the supply of available money. By affecting the public's interest in their spending habits and business planning, rate changes are done in an effort to stabilize the financial and economic system.

The "Rate" in this situation is the Federal Funds Rate, which is the rate charged to commercial banks and other depository institutions that lend money to each other on an overnight basis to maintain the regulatory reserve limit required for the banks. The Federal Funds Rate is also referred to as the Federal Interest Rate, the Federal Reserve Rate, or the Federal Funds Target Rate.

The Prime Rate is the most common reference rate used as the base rate for many loans, credit cards, etc. The Federal Reserve does not set the Prime rate, but it is chosen by a majority of the top 25 banks based upon the target level of the Federal Funds Rate. Therefore, a Rate Hike affects the Prime Rate, which in turn affects the rates for charged for various short-term loans, mortgages, loans, credit card loans, etc., impacting both businesses and individual borrowers. The Federal Reserve publishes select interest rate daily at <https://www.federalreserve.gov/releases/h15/>.

In essence, the Federal Reserve uses the target rate to influence the supply of funds. A Rate Hike will encourage saving and will reduce consumer spending that results in a decrease in demand, and therefore should reduce the rate of inflation.

More Rates on Page 2...

## Two Job Opportunities at the Georgia Real Estate Commission

[Investigator](#) Click for More Information

[Information Specialist](#) Click for More Information

January 2023 Meeting - Commission Actions Taken	
Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	0
Cease & Desist Orders Issued	1
Citations Issued	2
Letter of Findings Issued	0
Consent Orders Entered Into	0
Final Orders of Revocation of Licensure	2
Cases Closed for Insufficient Evidence or No Apparent Violation	20
Licensing Cases - Applicant has a Criminal Conviction - License Issued	3
Licensing Cases - Applicant has a Criminal Conviction - License Denied	3
Total	31

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

**SUBMIT**Comments  
&  
Suggestions**Online  
Courses  
from GREC****\$10 each  
3 Hour CE  
Course  
Total of 9  
Hours CE  
Available**(Approved as  
License Law  
CE and  
approved as  
Instructor CE)**“Avoiding  
Trust  
Account  
Trouble”****“Practicing  
Real Estate &  
Staying Out  
of Trouble”****“Being a  
Broker and  
Staying Out  
of Trouble”****[Click Here](#)****Georgia Real Estate  
Commission**Suite 1000  
International Tower  
229 Peachtree Street NE  
Atlanta, GA 30303-1605  
Phone 404-656-3916

## Rates and More Rates

- **Interest** is the total sum paid or accrued for the use of money.
- **Interest Rate** is usually quoted as an annual percentage charged/paid for the loan or paid/received on a deposit, and is dependent on the prime rate, the type of financing, the length of term of financing, the business cycle availability for funds, and economic conditions.
- **Annual Percentage Rate (APR)** is not interest but does include interest. “Credit costs may vary depending on the interest rate, the amount of the loan and other charges, the timing and amounts of advances, and the repayment schedule. The APR, which must be disclosed in nearly all consumer credit transactions, is designed to take into account all relevant factors and to provide a uniform measure for comparing the cost of various credit transactions. The APR is a measure of the cost of credit, expressed as a nominal yearly rate. It relates the amount and timing of value received by the consumer to the amount and timing of payments made.” <sup>1</sup>
- “The **Finance Charge** is a total monetary measure of the cost of consumer credit .It includes loan points, loan service fees, mortgage broker fees, required credit insurance, required closing agent/3<sup>rd</sup> part fees, private mortgage insurance, Life of Loan charges such as flood, and taxes) and other fees that may be considered finance charges”. <sup>1</sup>
- The **Prime Rate** is an interest rate determined by individual banks. It is often used as a reference rate (also called the base rate) for many types of loans, including loans to small businesses and credit card loans.

## Truth In Lending Act (TILA) and Regulation Z

- The Truth in Lending Act (TILA) was enacted on May 29, 1968, as title I of the Consumer Credit Protection Act.
- The TILA is implemented by Regulation Z and became effective July 1, 1969.
- “The Truth in Lending Act is intended to ensure that credit terms are disclosed in a meaningful way so consumers can compare credit terms more readily and knowledgeably. Before its enactment, consumers were faced with a bewildering array of credit terms and rates. It was difficult to compare loans because they were seldom presented in the same format. Now, all creditors must use the same credit terminology and expressions of rates. In addition to providing a uniform system for disclosures, the act is designed to:
  - Protect consumers against inaccurate and unfair credit billing and credit card practices;
  - Provide consumers with rescission rights;
  - Provide for rate caps on certain dwelling-secured loans; and
  - Impose limitations on home equity lines of credit and certain closed-end home mortgages.” <sup>1</sup>

Most practitioners of residential real estate are very familiar with Regulation Z and its required disclosures in closing statements and loan transactions. Most Credit extended primarily for a business, commercial, or agricultural purposes are exempt from Regulation Z. Further detail regarding specific disclosures and exemptions can be found at the following resource links:

- <sup>1</sup> [https://www.federalreserve.gov/boarddocs/caletters/2008/0805/08-05\\_attachment1.pdf](https://www.federalreserve.gov/boarddocs/caletters/2008/0805/08-05_attachment1.pdf)  
<https://www.federalregister.gov/truth-in-lending-regulation-z->