

**Example of Rebate Calculation that Conforms with Appendix J of REG Z  
for a CILA Small Consumer Loan of \$1500 or Less**

TILA Disclosure amounts:

Loan date 5/14/2011  
Amount Financed \$300  
APR 98.3%  
Total Finance Charge \$106.00  
Monthly Payment \$58.00 x 7 beginning 6/14  
Acquisition Fee \$30

To calculate the rebate of the \$76 (Total Finance Charge – Acquisition Fee) interest portion of the finance charge, the monthly payment amount must be adjusted by deducting a portion of the acquisition fee equal to the total Acquisition Fee divided by the number of installment periods. This allows the interest to be actuarially allocated to installment periods without distortion from the acquisition fee.

$$\text{Adjusted payment amount} = \$58.00 - (\$30/7) = \$53.71$$

Calculate the interest attributed to each installment period using the same Appendix J methodology used to calculate the TILA APR: (The recalculated APR is 71.8353.)

Installment Period 1 ending 6/14	\$17.96
Installment Period 2 ending 7/14	\$15.82
Installment Period 3 ending 8/14	\$13.55
Installment Period 4 ending 9/14	\$11.15
Installment Period 5 ending 10/14	\$8.60
Installment Period 6 ending 11/14	\$5.90
Installment Period 7 ending 12/14	\$3.02

A Prepayment on 6/01:

Calculate interest earned 5/14-6/1:  $\$17.96/30 \times 18 \text{ days} = \$10.78$   
Deduct earned interest from total interest:  $\$76.00 - 10.78 = \$65.22$  REBATE

A Prepayment on 6/30:

The rebate is the sum of the interest scheduled to be earned after Installment Period 2:

$$\$13.55 + 11.15 + 8.60 + 5.90 + 3.02 = \$42.22 \text{ REBATE}$$