

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

March 29, 2011

To State Member Banks, Bank  
Holding Companies, Financial Holding  
Companies, and Foreign Bank Offices  
in the Twelfth Federal Reserve District

**Federal Reserve Expands Consumer Protection Regulations for Credit Transactions and Leases of Higher Dollar Amounts**

The Federal Reserve Board on March, 25, 2011 adopted two rules that would expand the coverage of consumer protection regulations to credit transactions and leases of higher dollar amounts.

The final rules amend Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) to implement a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Effective July 21, 2011, the Dodd-Frank Act requires that the protections of the Truth in Lending Act (TILA) and the Consumer Leasing Act (CLA) apply to consumer credit transactions and consumer leases up to \$50,000, compared with \$25,000 currently. This amount will be adjusted annually to reflect any increase in the consumer price index.

TILA requires creditors to disclose key terms of consumer loans and prohibits creditors from engaging in certain practices with respect to those loans. Currently, consumer loans of more than \$25,000 are generally exempt from TILA. However, private education loans and loans secured by real property (such as mortgages) are subject to TILA regardless of the amount of the loan.

The CLA requires lessors to provide consumers with disclosures regarding the cost and other terms of personal property leases. An automobile lease is the most common type of consumer lease covered by the CLA. Currently, a lease is exempt from the CLA if the consumer's total obligation exceeds \$25,000.

The notices that will be published in the *Federal Register* are attached.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco  
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**Attachment:** [Regulation M, Consumer Leasing \(45 KB PDF\)](#)

[Regulation Z, Truth in Lending \(112 KB PDF\)](#)