

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

June 27, 2011

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

Annual Adjustment of Dollar Threshold for Exempt Consumer Credit and Lease Transactions

The Federal Reserve Board on June 13, 2011 adjusted Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) by increasing the dollar threshold for exempt consumer credit and lease transactions. Transactions at or below the threshold are subject to the protections of the regulations. These adjustments reflect the annual percentage increase in the consumer price index that was in effect as of June 1, 2011. These annual adjustments are required by statute and will take effect on January 1, 2012.

Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amends the Truth in Lending Act and the Consumer Leasing Act to expand consumer protections by increasing the thresholds for exempt consumer credit transactions and consumer leases from \$25,000 to \$50,000. In addition, the Dodd-Frank Act provides that, on or after December 31, 2011, these thresholds must be adjusted annually by any annual percentage increase in the consumer price index.

Based on the adjustments announced Monday, the protections of the Truth in Lending Act and the Consumer Leasing Act generally will apply to consumer credit transactions and consumer leases of \$51,800 or less in 2012. 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 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
Banking Supervision and Regulation
(801) 322-7853

Attachment: [Regulation Z \(24 KB PDF\)](#)

[Regulation M \(24 KB PDF\)](#)