

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

November 29, 2012

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

Annual Increase in Dollar Thresholds in Regulation Z and M for Exempt Consumer Credit and Lease Transactions and Annual Update of HOEPA Fee Trigger

On November 20, 2012, The Federal Reserve Board (Board) and the Consumer Financial Protection Bureau (CFPB) announced increases in the dollar thresholds in Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) for exempt consumer credit and lease transactions. These increases are consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amendments to the Truth in Lending Act and the Consumer Leasing Act to adjust these thresholds annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers. Transactions at or below the thresholds are subject to the protections of the regulations.

The adjustments to the thresholds reflect the annual percentage increase in the consumer price index as of June 1, 2012 and will take effect on January 1, 2013.

Based on the adjustments announced today, the protections of the Truth in Lending Act and the Consumer Leasing Act generally will apply to consumer credit transactions and consumer leases of \$53,000 or less in 2013. However, private education loans and loans secured by real property (such as mortgages) are subject to the Truth in Lending Act regardless of the amount of the loan.

Although the Dodd-Frank Act generally transferred rulemaking authority under the Truth in Lending Act and the Consumer Leasing Act to the CFPB, the Board retains authority to issue rules for certain motor vehicle dealers. Therefore, the agencies are issuing these adjustments jointly.

In addition, the CFPB is separately adjusting the dollar amount that triggers additional protections for certain home mortgages under the Home Ownership and Equity Protection Act of 1994 (HOEPA), as required by statute. Consistent with the increase in the consumer price index, the dollar amount of the HOEPA fee trigger will increase to \$625 for 2013.

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

Attachments: [Federal Register Notice--Regulation M \(48 KB PDF\)](#) [Federal Register Notice--Regulation Z \(52 KB PDF\)](#) [Federal Register Notice--Regulation Z \(2\) \(82 KB PDF\)](#)