

consumers) and represents approximately 28 percent of the U.S. population. The adjustment reflects a 2.4 percent increase in the CPI-W from April 2011 to April 2012 and is rounded to the nearest \$100 increment. Accordingly, the Board and the Bureau are revising the commentaries to their respective regulations to add new subparagraph 2(e)-9.iv stating that, from January 1, 2013 through December 31, 2013, the threshold amount is \$53,000. These revisions are effective January 1, 2013.

### III. Administrative Law Matters

#### *Administrative Procedure Act*

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board and the Bureau find that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). This annual adjustment is required by statute. The amendment in this notice is technical and non-discretionary, and it applies the method previously established in the agencies' regulations for determining adjustments to the exemption threshold. For these reasons, the Board and the Bureau have determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendments are adopted in final form.

#### *Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required. 5 U.S.C. 603 and 604. As noted previously, the agencies have determined that it is unnecessary to publish a general notice of proposed rulemaking for this joint final rule. Accordingly, the RFA's requirements relating to an initial and final regulatory flexibility analysis do not apply.

#### *Paperwork Reduction Act*

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320), the agencies reviewed this final rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

### List of Subjects

#### *12 CFR Part 213*

Advertising, Consumer leasing, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements.

#### *12 CFR Part 1013*

Advertising, Consumer leasing, Reporting and recordkeeping requirements.

### Board of Governors of the Federal Reserve System

#### Text of Final Revisions

For the reasons set forth in the preamble, the Board amends Regulation M, 12 CFR part 213, as set forth below:

#### PART 213—CONSUMER LEASING (REGULATION M)

- 1. The authority citation for part 213 continues to read as follows:

**Authority:** 15 U.S.C. 1604 and 1667f; Pub. L. 111-203 § 1100E, 124 Stat. 1376.

- 2. In Supplement I to Part 213, under *Section 213.2—Definitions*, under 2(e) *Consumer Lease*, new paragraph 9.iv is added to read as follows:

#### Supplement I to Part 213—Official Staff Commentary to Regulation M

##### *Section 213.2 Definitions*

\* \* \* \* \*

##### *2(e) Consumer Lease.*

##### *9. Threshold amount.* \* \* \*

iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.

\* \* \* \* \*

### Bureau of Consumer Financial Protection

#### Authority and Issuance

For the reasons set forth in the preamble, the Bureau amends Regulation M, 12 CFR part 1013, as set forth below:

#### PART 1013—CONSUMER LEASING (REGULATION M)

- 1. The authority citation for part 1013 is revised to read as follows:

**Authority:** 15 U.S.C. 1604 and 1667f; Pub. L. 111-203 § 1100E, 124 Stat. 1376.

- 2. In Supplement I to part 1013, under *Section 1013.2—Definitions*, under 2(e) *Consumer Lease*, new paragraph 9.iv is added to read as follows:

#### Supplement I to Part 1013—Official Interpretations

\* \* \* \* \*

##### *Section 1013.2 Definitions*

\* \* \* \* \*

##### *2(e) Consumer Lease.*

##### *9. Threshold amount.* \* \* \*

iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, November 8, 2012.

**Robert deV. Frierson,**  
*Secretary of the Board.*

Dated: November 6, 2012.

**Richard Cordray,**  
*Director, Bureau of Consumer Financial Protection.*

[FR Doc. 2012-27996 Filed 11-20-12; 8:45 am]

BILLING CODE 6210-01-P; 4810-AM-P

### FEDERAL RESERVE SYSTEM

#### 12 CFR Part 226

[Docket No. 1450]

RIN 7100-AD94

### BUREAU OF CONSUMER FINANCIAL PROTECTION

#### 12 CFR Part 1026

[Docket No. CFPB-2012-0043]

#### Truth in Lending (Regulation Z)

**AGENCIES:** Board of Governors of the Federal Reserve System (Board); and Bureau of Consumer Financial Protection (Bureau).

**ACTION:** Final rules, official interpretations and commentary.

**SUMMARY:** The Board and the Bureau are publishing final rules amending the official interpretations and commentary for the agencies' regulations that implement the Truth in Lending Act (TILA). Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended TILA by increasing the threshold for exempt consumer credit transactions from \$25,000 to \$50,000 and requiring that, on or after December 31, 2011, this threshold be adjusted annually by any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Accordingly, the exemption threshold was adjusted to \$51,800 effective January 1, 2012. Based on the annual percentage increase in the CPI-W as of June 1, 2012, the Board and the Bureau are adjusting the exemption threshold from \$51,800 to \$53,000, effective January 1, 2013.

Because the Dodd-Frank Act also requires similar adjustments in the Consumer Leasing Act's threshold for exempt consumer leases, the Board and the Bureau are making similar amendments to each of their respective regulations implementing the Consumer Leasing Act elsewhere in the **Federal Register**.

**DATES:** This final rule is effective January 1, 2013.

**FOR FURTHER INFORMATION CONTACT:**

*Board:* Vivian W. Wong, Counsel, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

*Bureau:* David Friend, Counsel, Office of Regulations, Bureau of Consumer Financial Protection, at (202) 435-7700.

**SUPPLEMENTARY INFORMATION:****I. Background**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) increased the threshold in the Truth in Lending Act (TILA) for exempt consumer credit transactions<sup>1</sup> from \$25,000 to \$50,000, effective July 21, 2011.<sup>2</sup> In addition, the Dodd-Frank Act requires that this threshold be adjusted annually for inflation by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as published by the Bureau of Labor Statistics. In April 2011, the Board issued a final rule amending Regulation Z (which implements TILA) consistent with these provisions of the Dodd-Frank Act.<sup>3</sup>

Title X of the Dodd-Frank Act transferred rulemaking authority for a number of consumer financial protection laws from the Board to the Bureau, effective July 21, 2011. In connection with this transfer of rulemaking authority, the Bureau issued its own Regulation Z implementing TILA in an interim final rule, 12 CFR part 1026 (Bureau Interim Final Rule).<sup>4</sup> The Bureau Interim Final Rule substantially duplicated the Board's Regulation Z, including the revisions to the threshold for exempt transactions made by the Board in April 2011. Although the Bureau has the authority to issue rules to implement TILA for most entities, the Board retains authority to issue rules under TILA for certain motor vehicle dealers covered by section 1029(a) of the Dodd-Frank Act, and the Board's Regulation Z continues to apply to those entities.<sup>5</sup>

Section 226.3(b)(1)(ii) of the Board's Regulation Z and § 1026.3(b)(1)(ii) of the Bureau's Regulation Z, and their accompanying commentaries, provide that the exemption threshold will be adjusted annually effective January 1 of each year based on any annual percentage increase in the CPI-W that was in effect on the preceding June 1. Any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900. See comments 3(b)-1 in Supplements I of 12 CFR part 226 and 12 CFR part 1026.

**II. Adjustment and Commentary Revision**

Effective January 1, 2013, the adjusted exemption threshold amount is \$53,000. This adjustment is based on the CPI-W index in effect on June 1, 2012, which was reported on May 15, 2012. The Bureau of Labor Statistics publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. The CPI-W is a subset of the CPI-U index (based on all urban consumers) and represents approximately 28 percent of the U.S. population. The adjustment reflects a 2.4 percent increase in the CPI-W from April 2011 to April 2012 and is rounded to the nearest \$100 increment. Accordingly, the Board and the Bureau are revising the commentaries to their respective regulations to add new subparagraph 3(b)-1.iv to state that, from January 1, 2013 through December 31, 2013, the threshold amount is

motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both." 12 U.S.C. 5519(a). Section 1029(b) of the Dodd-Frank Act states: "Subsection (a) shall not apply to any person, to the extent that such person (1) provides consumers with any services related to residential or commercial mortgages or self-financing transactions involving real property; (2) operates a line of business (A) that involves the extension of retail credit or retail leases involving motor vehicles; and (B) in which (i) the extension of retail credit or retail leases are provided directly to consumers; and (ii) the contract governing such extension of retail credit or retail leases is not routinely assigned to an unaffiliated third party finance or leasing source; or (3) offers or provides a consumer financial product or service not involving or related to the sale, financing, leasing, rental, repair, refurbishment, maintenance, or other servicing of motor vehicles, motor vehicle parts, or any related or ancillary product or service." 12 U.S.C. 5519(b).

\$53,000. These revisions are effective January 1, 2013.

**III. Administrative Law Matters***Administrative Procedure Act*

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board and the Bureau find that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). This annual adjustment is required by statute. The amendment in this notice is technical and non-discretionary, and it applies the method previously established in the agencies' regulations for determining adjustments to the exemption threshold. For these reasons, the Board and the Bureau have determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendments are adopted in final form.

*Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required. 5 U.S.C. 603 and 604. As noted previously, the agencies have determined that it is unnecessary to publish a general notice of proposed rulemaking for this joint final rule. Accordingly, the RFA's requirements relating to an initial and final regulatory flexibility analysis do not apply.

*Paperwork Reduction Act*

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320), the agencies reviewed this final rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

**List of Subjects***12 CFR Part 226*

Advertising, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements, Truth in Lending.

*12 CFR Part 1026*

Advertising, Consumer protection, Credit, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth in Lending.

**Board of Governors of the Federal Reserve System****Text of Final Revisions**

For the reasons set forth in the preamble, the Board amends Regulation Z, 12 CFR part 226, as set forth below:

<sup>1</sup> Although consumer credit transactions above the threshold are generally exempt, loans secured by real property or by personal property used or expected to be used as the principal dwelling of a consumer and private education loans are covered by TILA regardless of the loan amount. See 12 CFR 226.3(b)(1)(i) and 12 CFR 1026.3(b)(1)(i).

<sup>2</sup> Public Law 111-203 § 1100E, 124 Stat. 1376 (2010).

<sup>3</sup> 76 FR 18354 (Apr. 4, 2011).

<sup>4</sup> 76 FR 79768 (Dec. 22, 2011).

<sup>5</sup> Section 1029(a) of the Dodd-Frank Act states: "Except as permitted in subsection (b), the Bureau may not exercise any rulemaking, supervisory, enforcement, or any other authority \* \* \* over a

**PART 226—TRUTH IN LENDING  
(REGULATION Z)**

■ 1. The authority citation for part 226 continues to read as follows:

**Authority:** 12 U.S.C. 3806; 15 U.S.C. 1604, 1637(c)(5), and 1639(l); Pub. L. 111–24 § 2, 123 Stat. 1734; Pub. L. 111–203, 124 Stat. 1376.

■ 2. In Supplement I to part 226, under *Section 226.3—Exempt Transactions*, under *3(b) Credit over applicable threshold amount*, new paragraph 1.iv is added to read as follows:

**Supplement I to Part 226—Official Staff Interpretations**

\* \* \* \* \*

**Subpart A—General**

\* \* \* \* \*

*Section 226.3 Exempt Transactions*

\* \* \* \* \*

*3(b) Credit over applicable threshold amount.*

1. *Threshold amount.* \* \* \*  
iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.

\* \* \* \* \*

**Bureau of Consumer Financial Protection****Authority and Issuance**

For the reasons set forth in the preamble, the Bureau amends Regulation Z, 12 CFR part 1026, as set forth below:

**PART 1026—TRUTH IN LENDING  
(REGULATION Z)**

■ 1. The authority citation for part 1026 is revised to read as follows:

**Authority:** 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 et seq.

■ 2. In Supplement I to part 1026, under *Section 1026.3—Exempt Transactions*, under *3(b) Credit over applicable threshold amount*, new paragraph 1.iv is added to read as follows:

**Supplement I to Part 1026—Official Interpretations**

\* \* \* \* \*

**Subpart A—General**

\* \* \* \* \*

*Section 1026.3 Exempt Transactions*

\* \* \* \* \*

*3(b) Credit over applicable threshold amount.*

1. *Threshold amount.* \* \* \*  
iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, November 8, 2012.

**Robert deV. Frierson,**

*Secretary of the Board.*

Dated: November 6, 2012.

**Richard Cordray,**

*Director, Bureau of Consumer Financial Protection.*

[FR Doc. 2012–27993 Filed 11–20–12; 8:45 am]

**BILLING CODE 6210–01–P; 4810–AM–P**

**BUREAU OF CONSUMER FINANCIAL PROTECTION****12 CFR Part 1026**

[Docket No. CFPB–2012–0044]

**Truth in Lending (Regulation Z)**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Final rule; official interpretation.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) is publishing a final rule amending the official interpretations for Regulation Z (Truth in Lending). The Bureau is required to adjust annually the dollar amount that triggers requirements for certain home mortgage loans bearing fees above a certain amount. The Home Ownership and Equity Protection Act of 1994 (HOEPA) sets forth rules for home-secured loans in which the total points and fees payable by the consumer at or before loan consummation exceed the greater of \$400 or 8 percent of the total loan amount. In keeping with the statute, the Bureau has adjusted the \$400 amount based on the annual percentage change reflected in the Consumer Price Index as reported on June 1, 2012. The adjusted dollar amount for 2013 is \$625.

**DATES:** This final rule is effective January 1, 2013.

**FOR FURTHER INFORMATION CONTACT:** David Friend, Counsel, Office of Regulations, at (202) 435–7700.

**SUPPLEMENTARY INFORMATION:****I. Background**

The Truth in Lending Act (TILA; 15 U.S.C. 1601–1666j) requires creditors to disclose credit terms and the cost of consumer credit as an annual percentage rate. 15 U.S.C. 1638(a)(4). TILA requires additional disclosures for loans secured by a consumer's home, and permits consumers to cancel certain transactions that involve their principal dwelling. TILA is implemented by the Bureau's Regulation Z (12 CFR part 1026). Supplement I to Regulation Z contains the Bureau's official

interpretations of the regulation, and provides guidance to creditors in applying the regulation to specific transactions.

In 1995, the Board of Governors of the Federal Reserve System (Board) published amendments to Regulation Z implementing HOEPA, which amended TILA and was contained in the Riegle Community Development and Regulatory Improvement Act of 1994, Public Law 103–325, 108 Stat. 2160. These amendments, reflected in §§ 1026.32 and 1026.34 of the regulation, impose substantive limitations and additional disclosure requirements on certain closed-end home mortgage loans bearing rates or fees above a certain percentage or amount. As enacted, the statute requires creditors to comply with the HOEPA requirements if the total points and fees payable by the consumer at or before loan closing exceed the greater of \$400 or 8 percent of the total loan amount. TILA and Regulation Z provide that the \$400 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index (CPI) that was reported on the preceding June 1. 15 U.S.C. 1602(bb)(3); 12 CFR 1026.32(a)(1)(ii). The Board adjusted the \$400 amount to \$611 for the year 2012 on June 13, 2011. The responsibility for promulgating rules under TILA was transferred from the Board to the Bureau effective July 21, 2011.<sup>1</sup> The Bureau restated Regulation Z on December 22, 2011, and the Bureau's Regulation Z is located at 12 CFR part 1026. 76 FR 79768 (Dec. 22, 2011).

The Bureau of Labor Statistics (BLS) publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of each month. The Bureau uses the Consumer Price Index for All Urban Consumers (CPI–U) index, which is based on all urban consumers and represents approximately 88 percent of the U.S. population, as the index for adjusting the \$400 figure. The adjustment to the CPI–U index reported by BLS on May 15, 2012, was the CPI–U index in effect on June 1, and reflects the percentage change from April 2011 to April 2012. The adjustment to the \$400 figure below reflects a 2.3 percent increase in the CPI–U index for this period and is

<sup>1</sup> See sections 1061 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Public Law 11–203, 124 Stat. 1376 (2010). Section 1029 of the Dodd-Frank Act excludes from this transfer of authority, subject to certain exceptions, any rulemaking authority over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.