PART 226—TRUTH IN LENDING (REGULATION Z)

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


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**

**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. 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. The Board adjusted the $400 amount to $611 for the year 2012. 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

---

See sections 1061 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Public Law 111–203, 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.
rounded to whole dollars for ease of compliance.

The fee trigger being adjusted in this
Federal Register notice pursuant to TILA section 103(bb) is used in determining whether a loan is covered by §1026.32. Such loans have generally been known as “HOEPA loans.” In July 2008, the Board revised Regulation Z to adopt additional protections for “higher-priced mortgage loans,” using its authority under TILA section 129(l)(2), since redesignated as section 129(p)(2). Those revisions define a class of dwelling-secured transactions, described in §1026.35, using a threshold based on average market rates. The adjustment published today does not affect the triggers adopted in July 2008 by the Board for higher-priced mortgage loans.

On July 9, 2012, the Bureau issued a proposed rule pursuant to, inter alia, section 1431 of the Dodd-Frank Act, which revises the statutory fee trigger for HOEPA loans. The Bureau is mindful of the need to coordinate implementation of this final rule with the effective date of the final rule adopting revisions to the HOEPA fee trigger pursuant to the July 9, 2012 proposal. Accordingly, the adjustment to the fee trigger that is being published today will become effective on January 1, 2013 and will apply for one year, or until final rules the Bureau proposed on July 9, 2012 to implement section 1431 of the Dodd-Frank Act become effective, whichever is earlier.

II. Adjustment and Commentary Revision

Effective January 1, 2013, for purposes of determining whether a home mortgage transaction is covered by §1026.32 (based on the total points and fees payable by the consumer at or before loan closing), a loan is covered if the points and fees exceed the greater of $625 or 8 percent of the loan amount. Comment 32(a)(1)(ii)–2, which lists the adjustments for each year, is amended to reflect the new dollar threshold amount for 2013.

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Bureau finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). Because the timing and method of the adjustment are set by statute and are technical and non-discretionary, the Bureau finds that notice and public comment on the change are unnecessary. 5 U.S.C. 553(b)(B).

Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not apply. 5 U.S.C. 601(2). In any event, the Bureau certifies that this amendment to Regulation Z will not have a significant economic impact on a substantial number of small entities. The only change is to increase the threshold for transactions requiring HOEPA disclosures and protections to reflect the annual percentage increase in the CPI-U. This change is required by statute. Furthermore, the Bureau finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). Because the timing and method of the adjustment are set by statute and are technical and non-discretionary, the Bureau finds that notice and public comment on the change are unnecessary. 5 U.S.C. 553(b)(B).

Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not apply. 5 U.S.C. 601(2). In any event, the Bureau certifies that this amendment to Regulation Z will not have a significant economic impact on a substantial number of small entities. The only change is to increase the threshold for transactions requiring HOEPA disclosures and protections to reflect the annual percentage increase in the CPI-U. This change is required by statute. Furthermore, the Bureau finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). Because the timing and method of the adjustment are set by statute and are technical and non-discretionary, the Bureau finds that notice and public comment on the change are unnecessary. 5 U.S.C. 553(b)(B).