

**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**12 CFR Part 1083**

**Civil Penalty Inflation Adjustments**

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

**ACTION:** Final rule.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) is adjusting for inflation the maximum amount of each civil penalty within the Bureau’s jurisdiction. These adjustments are required by the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Inflation Adjustment Act). The inflation adjustments mandated by the Inflation Adjustment Act serve to maintain the deterrent effect of civil penalties and to promote compliance with the law.

**DATES:** This final rule is effective January 15, 2021.

**FOR FURTHER INFORMATION CONTACT:** Willie Williams, Paralegal Specialist; Rachel Ross, Attorney-Advisor, Office of Regulations, at (202) 435–7700. If you require this document in an alternative electronic format, please contact [CFPB\\_Accessibility@cfpb.gov](mailto:CFPB_Accessibility@cfpb.gov).

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The Federal Civil Penalties Inflation Adjustment Act of 1990,<sup>1</sup> as amended by the Debt Collection Improvement Act of 1996<sup>2</sup> and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Inflation Adjustment Act),<sup>3</sup> directs Federal agencies to adjust for inflation the civil penalty amounts within their jurisdiction not later than July 1, 2016, and then not later than January 15 every year thereafter.<sup>4</sup> Each agency was required to make the 2016 one-time catch-up adjustments through an interim final rule published in the **Federal Register**. On June 14, 2016, the Bureau published its interim final rule (IFR) to make the initial catch-up adjustments to civil penalties within the Bureau’s jurisdiction.<sup>5</sup> The June 2016 IFR created a new part 1083 and in 1083.1 established the inflation-adjusted maximum amounts for each civil penalty within the Bureau’s jurisdiction.<sup>6</sup> The Bureau finalized the IFR on January 31, 2019.<sup>7</sup>

The Inflation Adjustment Act also requires subsequent adjustments to be made annually, not later than January 15, and notwithstanding section 553 of the Administrative Procedure Act (APA).<sup>8</sup> The Bureau annually adjusted its civil penalty amounts, as required by the Act, through rules issued in January 2017, January 2018, January 2019, and January 2020.<sup>9</sup>

Specifically, the Act directs Federal agencies to adjust annually each civil penalty provided by law within the

jurisdiction of the agency by the “cost-of-living adjustment.”<sup>10</sup> The “cost-of-living adjustment” is defined as the percentage (if any) by which the Consumer Price Index for all-urban consumers (CPI-U) for the month of October preceding the date of the adjustment, exceeds the CPI-U for October of the prior year.<sup>11</sup> The Director of the Office of Management and Budget (OMB) is required to issue guidance (OMB Guidance) every year by December 15 to agencies on implementing the annual civil penalty inflation adjustments. Pursuant to the Inflation Adjustment Act and OMB Guidance, agencies must apply the multiplier reflecting the “cost-of-living adjustment” to the current penalty amount and then round that amount to the nearest dollar to determine the annual adjustments.<sup>12</sup> The adjustments are designed to keep pace with inflation so that civil penalties retain their deterrent effect and promote compliance with the law.<sup>13</sup>

For the 2021 annual adjustment, the multiplier reflecting the “cost-of-living adjustment” is 1.01182.<sup>14</sup>

**II. Adjustment**

Pursuant to the Inflation Adjustment Act and OMB Guidance, the Bureau multiplied each of its civil penalty amounts by the “cost-of-living adjustment” multiplier and rounded to the nearest dollar.<sup>15</sup> The new penalty amounts that apply to civil penalties assessed after January 15, 2021, are as follows:

Law	Penalty description	Penalty amounts established under 2020 final rule	OMB “Cost-of-Living Adjustment” multiplier	New penalty amount
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(A).	Tier 1 penalty .....	\$5,883	1.01182	\$5,953
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(B).	Tier 2 penalty .....	29,416	1.01182	29,764
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(C).	Tier 3 penalty .....	1,176,638	1.01182	1,190,546
Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2).	Per violation .....	2,050	1.01182	2,074

<sup>1</sup> Public Law 101–410, 104 Stat. 890.

<sup>2</sup> Public Law 104–134, sec. 31001(s)(1), 110 Stat. 1321, 1321–373.

<sup>3</sup> Public Law 114–74, sec. 701, 129 Stat. 584, 599.

<sup>4</sup> Section 1301(a) of the Federal Reports Elimination Act of 1998, Public Law 105–362, 112 Stat. 3293, also amended the Inflation Adjustment Act by striking section 6, which contained annual reporting requirements, and redesignating section 7 as section 6, but did not alter the civil penalty adjustment requirements; 28 U.S.C. 2461 note.

<sup>5</sup> 81 FR 38569 (June 14, 2016). Although the Bureau was not obligated to solicit comments for the interim final rule, the Bureau invited public comment and received none.

<sup>6</sup> See 12 CFR 1083.1.

<sup>7</sup> 84 FR 517 (Jan. 31, 2019).

<sup>8</sup> Inflation Adjustment Act section 4, codified at 28 U.S.C. 2461 note. As discussed in guidance issued by the Director of the Office of Management and Budget (OMB), the APA generally requires notice, an opportunity for comment, and a delay in effective date for certain rulemakings, but the Inflation Adjustment Act provides that these procedures are not required for agencies to issue regulations implementing the annual adjustment. See Memorandum to the Exec. Dep’t & Agencies from Russell T. Vought, Director, Office of Mgmt. & Budget at 4 (Dec. 23, 2020), available at <https://www.whitehouse.gov/wp-content/uploads/2020/12/M-21-10.pdf>.

<sup>9</sup> 82 FR 3601 (Jan. 12, 2017); 83 FR 1525 (Jan. 12, 2018); 84 FR 517 (Jan. 31, 2019); 85 FR 2012 (Jan. 14, 2020).

<sup>10</sup> Inflation Adjustment Act sections 4 and 5, codified at 28 U.S.C. 2461 note.

<sup>11</sup> Inflation Adjustment Act sections 3 and 5, codified at 28 U.S.C. 2461 note.

<sup>12</sup> Inflation Adjustment Act section 5, codified at 28 U.S.C. 2461 note; see also Memorandum to the Exec. Dep’t & Agencies from Russell T. Vought, Director, Office of Mgmt. & Budget (Dec. 23, 2020), available at <https://www.whitehouse.gov/wp-content/uploads/2020/12/M-21-10.pdf>.

<sup>13</sup> See Inflation Adjustment Act section 2, codified at 28 U.S.C. 2461 note.

<sup>14</sup> Memorandum to the Exec. Dep’t & Agencies from Russell T. Vought, Director, Office of Mgmt. & Budget (Dec. 23, 2020), available at <https://www.whitehouse.gov/wp-content/uploads/2020/12/M-21-10.pdf>.

<sup>15</sup> Inflation Adjustment Act section 4, codified at 28 U.S.C. 2461 note.

Law	Penalty description	Penalty amounts established under 2020 final rule	OMB "Cost-of-Living Adjustment" multiplier	New penalty amount
Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2).	Annual cap .....	2,048,915	1.01182	2,073,133
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1).	Per failure .....	96	1.01182	97
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1).	Annual cap .....	192,768	1.01182	195,047
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(2)(A).	Per failure, where intentional .....	193	1.01182	195
SAFE Act, 12 U.S.C. 5113(d)(2) .....	Per violation .....	29,707	1.01182	30,058
Truth in Lending Act, 15 U.S.C. 1639e(k)(1) .....	First violation .....	11,767	1.01182	11,906
Truth in Lending Act, 15 U.S.C. 1639e(k)(2) .....	Subsequent violations .....	23,533	1.01182	23,811

**III. Procedural Requirements**

**A. Administrative Procedure Act**

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.<sup>16</sup> The adjustments to the civil penalty amounts are technical and non-discretionary, and they merely apply the statutory method for adjusting civil penalty amounts. These adjustments are required by the Inflation Adjustment Act. Moreover, the Inflation Adjustment Act directs agencies to adjust civil penalties annually notwithstanding section 553 of the APA,<sup>17</sup> and OMB Guidance reaffirms that agencies need not complete a notice-and-comment process before making the annual adjustments for inflation.<sup>18</sup> For these reasons, the Bureau has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. The amendments therefore are adopted in final form.

Section 553(d) of the APA generally requires publication of a final rule not less than 30 days before its effective date, except (1) a substantive rule which grants or recognizes an exemption or relieves a restriction; (2) interpretive rules and statements of policy; or (3) as otherwise provided by the agency for good cause found and published with the rule.<sup>19</sup> At minimum, the Bureau believes the annual adjustments to the civil penalty amounts in § 1083.1(a) fall under the third exception to section 553(d). The Bureau finds that there is good cause to make the amendments effective on January 15, 2021. The amendments to § 1083.1(a) in this final

rule are technical and non-discretionary, and they merely apply the statutory method for adjusting civil penalty amounts and follow the statutory directive to make annual adjustments each year. Moreover, the Inflation Adjustment Act directs agencies to adjust the civil penalties annually notwithstanding section 553 of the APA,<sup>20</sup> and OMB Guidance reaffirms that agencies need not provide a delay in effective date for the annual adjustments for inflation.<sup>21</sup>

**B. Regulatory Flexibility Act**

Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not require an initial or final regulatory flexibility analysis.<sup>22</sup>

**C. Paperwork Reduction Act**

The Bureau has determined that this final rule does not impose any new or revise any existing recordkeeping, reporting, or disclosure requirements on covered entities or members of the public that would be collections of information requiring approval by the Office of Management and Budget under the Paperwork Reduction Act.<sup>23</sup>

**D. Congressional Review Act**

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Bureau will submit a report containing this rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the United States prior to the rule taking effect. The Office of Information and Regulatory Affairs (OIRA) has designated this rule as not a "major rule" as defined by 5 U.S.C. 804(2).

**IV. Signing Authority**

The Deputy Associate Director for Research, Markets and Regulations, Dan S. Sokolov, having reviewed and approved this document, is delegating the authority to electronically sign this document to Grace Feola, a Bureau Federal Register Liaison, for purposes of publication in the **Federal Register**.

**List of Subjects in 12 CFR Part 1083**

Administrative practice and procedure, Consumer protection, Penalties.

**Authority and Issuance**

For the reasons set forth in the preamble, the Bureau amends 12 CFR part 1083, as set forth below:

**PART 1083—CIVIL PENALTY ADJUSTMENTS**

■ 1. The authority citation for part 1083 continues to read as follows:

**Authority:** 12 U.S.C. 2609(d); 12 U.S.C. 5113(d)(2); 12 U.S.C. 5565(c); 15 U.S.C. 1639e(k); 15 U.S.C. 1717a(a); 28 U.S.C. 2461 note.

■ 2. Section 1083.1 is revised to read as follows:

**§ 1083.1 Adjustment of civil penalty amounts.**

(a) The maximum amount of each civil penalty within the jurisdiction of the Consumer Financial Protection Bureau to impose is adjusted in accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (28 U.S.C. 2461 note), as follows:

<sup>16</sup> 5 U.S.C. 553(b)(B).

<sup>17</sup> Inflation Adjustment Act section 4, codified at 28 U.S.C. 2461 note.

<sup>18</sup> Memorandum to the Exec. Dep'ts & Agencies from Russell T. Vought, Director, Office of Mgmt. & Budget (Dec. 23, 2020), available at <https://www.whitehouse.gov/wp-content/uploads/2020/12/M-21-10.pdf>.

<sup>19</sup> 5 U.S.C. 553(d).

<sup>20</sup> Inflation Adjustment Act section 4, codified at 28 U.S.C. 2461 note.

<sup>21</sup> Memorandum to the Exec. Dep'ts & Agencies from Russell T. Vought, Director, Office of Mgmt.

& Budget (Dec. 23, 2020), available at <https://www.whitehouse.gov/wp-content/uploads/2020/12/M-21-10.pdf>.

<sup>22</sup> 5 U.S.C. 603(a), 604(a).

<sup>23</sup> 44 U.S.C. 3501–3521.

Law	Penalty description	Adjusted maximum civil penalty amount
12 U.S.C. 5565(c)(2)(A) .....	Tier 1 penalty .....	\$5,953
12 U.S.C. 5565(c)(2)(B) .....	Tier 2 penalty .....	29,764
12 U.S.C. 5565(c)(2)(C) .....	Tier 3 penalty .....	1,190,546
15 U.S.C. 1717a(a)(2) .....	Per violation .....	2,074
15 U.S.C. 1717a(a)(2) .....	Annual cap .....	2,073,133
12 U.S.C. 2609(d)(1) .....	Per failure .....	97
12 U.S.C. 2609(d)(1) .....	Annual cap .....	195,047
12 U.S.C. 2609(d)(2)(A) .....	Per failure, where intentional .....	195
12 U.S.C. 5113(d)(2) .....	Per violation .....	30,058
15 U.S.C. 1639e(k)(1) .....	First violation .....	11,906
15 U.S.C. 1639e(k)(2) .....	Subsequent violations .....	23,811

(b) The adjustments in paragraph (a) of this section shall apply to civil penalties assessed after January 15, 2021, whose associated violations occurred on or after November 2, 2015.

Dated: January 12, 2021.

**Grace Feola,**

*Federal Register Liaison, Bureau of Consumer Financial Protection.*

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**BILLING CODE 4810-AM-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2018-1046; Product Identifier 2018-CE-049-AD; Amendment 39-21371; AD 2020-26-16]

RIN 2120-AA64

#### Airworthiness Directives; Piper Aircraft, Inc. Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** The FAA is adopting a new airworthiness directive (AD) for certain Piper Aircraft, Inc. (Piper) Models PA-28-151, PA-28-161, PA-28-181, PA-28-235, PA-28R-180, PA-28R-200, PA-28R-201, PA-28R-201T, PA-28RT-201, PA-28RT-201T, PA-32-260, PA-32-300, PA-32R-300, PA-32RT-300, and PA-32RT-300T airplanes. This AD was prompted by a report of a wing separation caused by fatigue cracking in a visually inaccessible area of the lower main wing spar cap. This AD requires calculating the factored service hours for each main wing spar to determine when an inspection is required, inspecting the lower main wing spar bolt holes for cracks, and replacing any cracked main wing spar. The FAA is issuing this AD to address the unsafe condition on these products.

**DATES:** This AD is effective February 16, 2021.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of February 16, 2021.

**ADDRESSES:** For service information identified in this final rule, contact Piper Aircraft, Inc., 2926 Piper Drive, Vero Beach, Florida 32960; phone: (772) 567-4361; website: <https://www.piper.com>. You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 901 Locust, Kansas City, Missouri 64106. For information on the availability of this material at the FAA, call (816) 329-4148. It is also available at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2018-1046.

#### Examining the AD Docket

You may examine the AD docket at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2018-1046; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

**FOR FURTHER INFORMATION CONTACT:** Dan McCully, Aviation Safety Engineer, Atlanta ACO Branch, FAA, 1701 Columbia Avenue, College Park, Georgia 30337; phone: (404) 474-5548; fax: (404) 474-5605; email: [william.mccully@faa.gov](mailto:william.mccully@faa.gov).

#### SUPPLEMENTARY INFORMATION:

##### Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would

apply to certain Piper Models PA-28-140, PA-28-150, PA-28-151, PA-28-160, PA-28-161, PA-28-180, PA-28-181, PA-28-235, PA-28R-180, PA-28R-200, PA-28R-201, PA-28R-201T, PA-28RT-201, PA-28RT-201T, PA-32-260, and PA-32-300 airplanes. The NPRM published in the **Federal Register** on December 21, 2018 (83 FR 65592). The NPRM was prompted by a fatal accident involving wing separation on a Piper Model PA-28R-201 airplane. An investigation revealed a fatigue crack in a visually inaccessible area of the lower main wing spar cap. The NPRM included other model airplanes with similar wing spar structures as the Model PA-28R-201. Based on airplane usage history, the FAA determined that only those airplanes with higher risk for fatigue cracks (airplanes with a significant history of operation in flight training or other high-load environments) should be subject to the inspection requirements proposed in the NPRM.

Because airplanes used in training and other high-load environments are typically operated for hire and have inspection programs that require 100-hour inspections, the FAA determined the number of 100-hour inspections an airplane has undergone would be the best indicator of the airplane's usage history. Accordingly, the FAA developed a factored service hours formula based on the number of 100-hour inspections completed on the airplane.

In the NPRM, the FAA proposed to require a review of the airplane maintenance records to determine the number of 100-hour inspections and the application of the factored service hours formula to identify when an airplane meets the criteria for the proposed eddy current inspection of the lower main wing spar bolt holes. The FAA also proposed to require inspecting the lower main wing spar bolt holes for cracks once a main wing spar exceeds the specified factored service hours and