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CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Part 1026

Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA, and Qualified Mortgages)

AGENCY: Consumer Financial Protection Bureau.

ACTION: Final rule; official interpretation.

SUMMARY: The Consumer Financial Protection Bureau (Bureau or CFPB) is issuing this final rule amending the regulation text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The CFPB calculates the dollar amounts for several provisions in Regulation Z annually; this final rule revises, as applicable, the dollar amounts for provisions implementing TILA and amendments to TILA, including under the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The CFPB is adjusting these amounts, where appropriate, based on the annual percentage change reflected in the Consumer Price Index (CPI) in effect on June 1, 2023.

DATES: This final rule is effective January 1, 2024.

FOR FURTHER INFORMATION CONTACT: Anna Boadwee and Adrien Fernandez, Attorney-Advisors, Office of Regulations, at (202) 435–7700. If you require this document in an alternative electronic format, please contact *CFPB_Accessibility@cfpb.gov*.

SUPPLEMENTARY INFORMATION: The CFPB is amending the regulation text and official interpretations for Regulation Z, which implements TILA, to update the dollar amounts of various thresholds that it must adjust annually to reflect the annual percentage change in the CPI as published by the Bureau of Labor Statistics (BLS). Specifically, for open-end consumer credit plans under TILA, the threshold that triggers requirements to disclose minimum interest charges will remain unchanged at $1.00 in 2024. For HOEPA loans, the adjusted total loan amount threshold for high-cost mortgages in 2024 will be $26,092. The adjusted points-and-fees dollar trigger for high-cost mortgages in 2024 will be $1,305. For qualified mortgages (QMs) under the General QM loan definition in § 1026.43(e)(2), the thresholds for the spread between the annual percentage rate (APR) and the average prime offer rate (APOR) [1] in 2024 will be: 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $130,461; 3.5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $78,277 but less than $130,461; 6.5 or more percentage points for a first-lien covered transaction with a loan amount less than $78,277; 6.5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than $130,461; 3.5 or more percentage points for a subordinate-lien covered transaction with a loan amount greater than or equal to $78,277; or 6.5 or more percentage points for a subordinate-lien covered transaction with a loan amount less than $78,277. For all categories of QMs, the thresholds for total points and fees in 2024 will be 3 percent of the total loan amount for a loan greater than or equal to $130,461; $3,914 for a loan amount greater than or equal to $78,277 but less than $130,461; 5 percent of the total loan amount for a loan greater than or equal to $26,092 but less than $78,277; $1,305 for a loan amount greater than or equal to $16,308 but less than $26,092; and 8 percent of the total loan amount for a loan amount less than $16,308.[2]

I. Background

A. Credit Card Annual Adjustments

Minimum Interest Charge Disclosure Thresholds

Sections 1026.6(b)(2)(iii) and 1026.60(b)(3) of Regulation Z implement sections 127(a)(3) and 127(c)(1)(A)(ii)(II) of TILA. Sections 1026.6(b)(2)(iii) and 1026.60(b)(3) require creditors to disclose any minimum interest charge exceeding $1.00 that could be imposed during a billing cycle. These provisions also state that, for open-end consumer credit plans, the CFPB shall calculate the minimum interest charge thresholds annually using the CPI that was in effect on the preceding June 1; the CFPB uses the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) for this adjustment.[3] If the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in §§ 1026.6(b)(2)(iii) and 1026.60(b)(3) has risen by a whole dollar, the CFPB will increase the minimum interest charge amounts set forth in the regulation by $1.00. The CFPB bases its 2024 adjustment analysis on the CPI–W index in effect on June 1, 2023, as reported by BLS on May 10, 2023.[4] As a result, the adjustment reflects the percentage change in the CPI–W from April 2022 to April 2023. The adjustment analysis accounts for a 4.6 percent increase in the CPI–W from April 2022 to April 2023. This increase in the CPI–W when applied to the current amounts in §§ 1026.6(b)(2)(iii) and 1026.60(b)(3) does not trigger an increase in the minimum interest charge threshold of at least $1.00, and the CFPB, therefore, is not amending §§ 1026.6(b)(2)(iii) and 1026.60(b)(3).

[1] On April 20, 2023, the CFPB published a document announcing the availability of a revised version of its ''Methodology for Determining Average Prime Offer Rates,'' which describes the data and methodology used to calculate the average prime offer rate for purposes of Regulation C and Regulation Z. *See* 88 FR 24393. The methodology statement was revised to address the imminent unavailability of certain data the CFPB previously relied on to calculate average prime offer rates, as a result of a decision by Freddie Mac to make changes to its Primary Mortgage Market Survey® (PMMS). After evaluating potential sources, the CFPB determined that data from Intercontinental Exchange Mortgage Technology (ICE Mortgage Technology) is currently the most suitable option to replace PMMS. Beginning on April 24, 2023, the CFPB started using data provided by ICE Mortgage Technology and the revised methodology to calculate average prime offer rates.

[2] The QM categories in Regulation Z appear at 12 CFR 1026.43(e)(2), (e)(4), (e)(5), (e)(6), and (e)(7). Note that 12 CFR 1026.43(e)(6) applies only to covered transactions for which the application was received before April 1, 2016.

[3] The CPI–W is a subset of the Consumer Price Index for All Urban Consumers (CPI–U) index and represents approximately 30 percent of the U.S. population.

[4] BLS publishes Consumer Price Indices monthly, usually in the middle of each calendar month. Thus, the CPI–W reported on May 10, 2023, was the most current as of June 1, 2023.

B. HOEPA Annual Threshold Adjustments

Section 1026.32(a)(1)(ii) of Regulation Z implements section 1431 of the Dodd-Frank Act,[5] which amended the HOEPA points-and-fees coverage test. Under § 1026.32(a)(1)(ii)(A) and (B), in assessing whether a transaction is a high-cost mortgage due to points and fees the creditor is charging, the applicable points-and-fees coverage test depends on whether the total loan amount is for $20,000 or more, or for less than $20,000. Section 1026.32(a)(1)(ii) provides that the CFPB recalculate this threshold amount annually using the CPI index in effect on the preceding June 1; the CFPB uses the CPI–U for this adjustment.[6] The CFPB bases the 2024 adjustment on the CPI–U index in effect on June 1, 2023, as reported by BLS on May 10, 2023. As a result, the adjustment reflects the percentage change in the CPI–U from April 2022 to April 2023, which is an increase of 4.9 percent. The adjustment to $26,092 here reflects the 4.9 percent increase in the CPI–U index from April 2022 to April 2023 rounded to the nearest whole dollar amount for ease of compliance.

Under § 1026.32(a)(1)(ii)(B), the HOEPA points-and-fees threshold is the lesser of 8 percent of the total loan amount or $1,000. Section 1026.32(a)(1)(ii)(B) provides that the CFPB will recalculate the dollar amount threshold annually using the CPI index in effect on the preceding June 1; the CFPB uses the CPI–U for this adjustment. The CFPB bases the 2024 adjustment on the CPI–U index in effect on June 1, 2023, as reported by BLS on May 10, 2023. As a result, the adjustment reflects the percentage change in CPI–U from April 2022 to April 2023, which is an increase of 4.9 percent. The adjustment to $1,305 here reflects the 4.9 percent increase in the CPI–U index from April 2022 to April 2023 rounded to the nearest whole dollar amount for ease of compliance.

C. QM Annual Threshold Adjustments

The CFPB's Regulation Z implements sections 1411 and 1412 of the Dodd-Frank Act, which generally require creditors to make a reasonable, good-faith determination of a consumer's ability to repay any consumer credit transaction secured by a dwelling and establishes certain protections from liability under this requirement for QMs.

On December 10, 2020, the CFPB issued a final rule amending the General QM loan definition in § 1026.43(e)(2).[7] The final rule established pricing thresholds in § 1026.43(e)(2)(vi)(A) through (F) based on the spread of a loan's APR compared to the APOR for a comparable transaction as of the date the interest rate is set. To satisfy the General QM loan definition, a loan's APR must be below the applicable pricing threshold and must satisfy other requirements in § 1026.43(e)(2). Specifically, under § 1026.43(e)(2)(vi), a covered transaction is a QM if the APR does not exceed the APOR for a comparable transaction as of the date the interest rate is set by: 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $110,260 (indexed for inflation); 3.5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $66,156 (indexed for inflation) but less than $110,260 (indexed for inflation); 6.5 or more percentage points for a first-lien covered transaction with a loan amount less than $66,156 (indexed for inflation); 6.5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than $110,260 (indexed for inflation); 3.5 or more percentage points for a subordinate-lien covered transaction with a loan amount greater than or equal to $66,156 (indexed for inflation); or 6.5 or more percentage points for a subordinate-lien covered transaction with a loan amount less than $66,156 (indexed for inflation).[8] The rule states that the CFPB will adjust the loan amounts in § 1026.43(e)(2)(vi) annually on January 1 by the annual percentage change in the CPI–U that was in effect on the preceding June 1.[9]

Regulation Z also contains points and fees limits applicable to all categories of QMs. Under § 1026.43(e)(3)(i), a covered transaction is not a QM if the transaction's total points and fees exceed: 3 percent of the total loan amount for a loan amount greater than or equal to $100,000 (indexed for inflation); $3,000 (indexed for inflation) for a loan amount greater than or equal to $60,000 (indexed for inflation) but less than $100,000 (indexed for inflation); 5 percent of the total loan amount for loans greater than or equal to $20,000 (indexed for inflation) but less than $60,000 (indexed for inflation); $1,000 (indexed for inflation) for a loan amount greater than or equal to $12,500 (indexed for inflation) but less than $20,000 (indexed for inflation); or 8 percent of the total loan amount for loans less than $12,500 (indexed for inflation). Section 1026.43(e)(3)(ii) provides that the CFPB will recalculate the limits and loan amounts in § 1026.43(e)(3)(i) annually for inflation using the CPI–U index in effect on the preceding June 1.

The CFPB bases the 2024 adjustment to the loan amounts applicable to the pricing thresholds for the General QM loan definition and the points and fees limits for all categories of QM on the CPI–U index in effect on June 1, 2023, as reported by BLS on May 10, 2023. As a result, the adjustment reflects the percentage change in CPI–U from April 2022 to April 2023, which is an increase of 4.9 percent. The 2024 adjustment[10] adopted here reflects a 4.9 percent increase in the CPI–U index for this period rounded to whole dollars for ease of compliance.

II. Adjustment and Commentary Revision

A. Credit Card Annual Adjustments

Minimum Interest Charge Disclosure Thresholds—§§ 1026.6(b)(2)(iii) and 1026.60(b)(3)

The minimum interest charge amounts for §§ 1026.6(b)(2)(iii) and 1026.60(b)(3) will remain unchanged at

[5] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376 (2010).

[6] The CPI–U is based on all urban consumers and represents approximately 93 percent of the U.S. population.

[7] 85 FR 86308 (Dec. 29, 2020). This final rule was initially effective on March 1, 2021, with a mandatory compliance date of July 1, 2021. On April 27, 2021, the CFPB issued a final rule effective June 30, 2021, which extended the mandatory compliance date of the final rule published on December 29, 2020, at 85 FR 86308, until October 1, 2022. 86 FR 22844 (Apr. 30, 2021).

[8] The loan amounts in the regulatory text reflect the CPI–U in effect on June 1, 2020.

[9] *See* comment 43(e)(2)(vi)–3.

[10] For 2024, a covered transaction is a qualified mortgage if the APR does not exceed the APOR for a comparable transaction as of the date the interest rate is set by: 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $130,461; 3.5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $78,277 but less than $130,461; 6.5 or more percentage points for a first-lien covered transaction with a loan amount less than $78,277; 6.5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than $130,461; 3.5 or more percentage points for a subordinate-lien covered transaction with a loan amount greater than or equal to $78,277; or 6.5 or more percentage points for a subordinate-lien covered transaction with a loan amount less than $78,277. Additionally, a covered transaction is not a qualified mortgage if the transaction's total points and fees exceed 3 percent of the total loan amount for a loan amount greater than or equal to $130,461; $3,914 for a loan amount greater than or equal to $78,277 but less than $130,461; 5 percent of the total loan amount for loans greater than or equal to $26,092 but less than $78,277; $1,305 for a loan amount greater than or equal to $16,308 but less than $26,092; or 8 percent of the total loan amount for loans less than $16,308.

$1.00 for the year 2024. Accordingly, the CFPB is not amending these sections of Regulation Z.

B. HOEPA Annual Threshold Adjustment—Comments 32(a)(1)(ii)–1 and –3

Effective January 1, 2024, for purposes of determining under § 1026.32(a)(1)(ii) the points-and-fees coverage test under HOEPA to which a transaction is subject, the total loan amount threshold figure is $26,092, and the adjusted points-and-fees dollar trigger under § 1026.32(a)(1)(ii)(B) is $1,305. If the total loan amount for a transaction is $26,092 or more, and the points-and-fees amount exceeds 5 percent of the total loan amount, the transaction is a high-cost mortgage. If the total loan amount for a transaction is less than $26,092, and the points-and-fees amount exceeds the lesser of the adjusted points-and-fees dollar trigger of $1,305 or 8 percent of the total loan amount, the transaction is a high-cost mortgage. The CFPB is amending comments 32(a)(1)(ii)–1 and –3, which list the adjustments for each year, to reflect for 2024 the new points-and-fees dollar trigger and the new loan amount dollar threshold, respectively.

C. Qualified Mortgages Annual Threshold Adjustments

Effective January 1, 2024, to satisfy § 1026.43(e)(2)(vi) under the General QM loan definition, the annual percentage rate may not exceed the average prime offer rate for a comparable transaction as of the date the interest rate is set by the following amounts: 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $130,461; 3.5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to $78,277 but less than $130,461; 6.5 or more percentage points for a first-lien covered transaction with a loan amount less than $78,277; 6.5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than $130,461; 3.5 or more percentage points for a subordinate-lien covered transaction with a loan amount greater than or equal to $78,277; or 6.5 or more percentage points for a subordinate-lien covered transaction with a loan amount less than $78,277. Accordingly, the CFPB is amending comment 43(e)(2)(vi)–3, which lists the adjustments for each year, to reflect the new dollar threshold amounts for § 1026.43(e)(2)(vi)(A) through (F).

Effective January 1, 2024, a covered transaction is not a qualified mortgage if, pursuant to § 1026.43(e)(3), the transaction's total points and fees exceed 3 percent of the total loan amount for a loan amount greater than or equal to $130,461; $3,914 for a loan amount greater than or equal to $78,277 but less than $130,461; 5 percent of the total loan amount for loans greater than or equal to $26,092 but less than $78,277; $1,305 for a loan amount greater than or equal to $16,308 but less than $26,092; or 8 percent of the total loan amount for loans less than $16,308. The CFPB is amending comment 43(e)(3)(ii)–1, which lists the adjustments for each year, to reflect the new dollar threshold amounts for 2024.

III. Procedural Requirements

A. Administrative Procedure Act

The Administrative Procedure Act does not require notice and opportunity for public comment if an agency finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest.[11] Pursuant to this final rule, the CFPB adds comments 32(a)(1)(ii)–1.ix, 32(a)(1)(ii)–3.ix, 43(e)(2)(vi)–3.ii, and 43(e)(3)(ii)–1.ix to update the exemption thresholds. The amendments in this final rule are technical and non-discretionary, as they merely apply the method previously established in Regulation Z for determining adjustments to the thresholds. For these reasons, the CFPB 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.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.[12] As noted previously, the CFPB has determined that it is unnecessary to publish a general notice of proposed rulemaking for this final rule. Accordingly, the RFA's requirement relating to an initial and final regulatory flexibility analysis do not apply.

C. Paperwork Reduction Act

The information collections contained in Regulation Z which implements TILA are approved by OMB under Control number 3170–0015. The current approval for this control number expires on May 31st, 2026. In accordance with the Paperwork Reduction Act of 1995,[13] the CFPB reviewed this final rule. The CFPB has determined that this rule does not create any new information collections or substantially revise any existing collections.

D. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the CFPB 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).

List of Subjects in 12 CFR Part 1026

Advertising, Banks, banking, Consumer protection, Credit, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth-in-lending.

Authority and Issuance

For the reasons set forth in the preamble, the CFPB 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 continues to read as follows:

Authority: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 3353, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 *ET SEQ.*

■ 2. In Supplement I to Part 1026:
■ a. Under *Section 1026.32—Requirements for High-Cost Mortgages,* revise *Paragraph 32(a)(1)(ii);* and
■ b. Under *Section 1026.43—Minimum Standards for Transactions Secured by a Dwelling,* revise *Paragraph 43(e)(2)(vi)* and *Paragraph 43(e)(3)(ii).*

The revisions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

* * * * *

Section 1026.32—Requirements for High-Cost Mortgages

* * * * *

Paragraph 32(a)(1)(ii).

1. *Annual adjustment of $1,000 amount.* The $1,000 figure in § 1026.32(a)(1)(ii)(B) is adjusted annually on January 1 by the annual percentage change in the CPI that was in effect on the preceding June 1. The Bureau will publish adjustments after the June figures become available each year.

i. For 2015, $1,020, reflecting a 2 percent increase in the CPI–U from June 2013 to June 2014, rounded to the nearest whole dollar.

ii. For 2016, $1,017, reflecting a 0.2 percent decrease in the CPI–U from June 2014 to June 2015, rounded to the nearest whole dollar.

iii. For 2017, $1,029, reflecting a 1.1 percent increase in the CPI–U from June 2015

[11] 5 U.S.C. 553(b)(B).

[12] 5 U.S.C. 603(a), 604(a).

[13] 44 U.S.C. 3506; 5 CFR part 1320.

to June 2016, rounded to the nearest whole dollar.

iv. For 2018, $1,052, reflecting a 2.2 percent increase in the CPI–U from June 2016 to June 2017, rounded to the nearest whole dollar.

v. For 2019, $1,077, reflecting a 2.5 percent increase in the CPI–U from June 2017 to June 2018, rounded to the nearest whole dollar.

vi. For 2020, $1,099, reflecting a 2 percent increase in the CPI–U from June 2018 to June 2019, rounded to the nearest whole dollar.

vii. For 2021, $1,103, reflecting a 0.3 percent increase in the CPI–U from June 2019 to June 2020, rounded to the nearest whole dollar.

viii. For 2022, $1,148, reflecting a 4.2 percent increase in the CPI–U from June 2020 to June 2021, rounded to the nearest whole dollar.

ix. For 2023, $1,243, reflecting an 8.3 percent increase in the CPI–U from June 2021 to June 2022, rounded to the nearest whole dollar.

x. For 2024, $1,305, reflecting a 4.9 percent increase in the CPI–U from June 2022 to June 2023, rounded to the nearest whole dollar.

2. *Historical adjustment of $400 amount.* Prior to January 10, 2014, a mortgage loan was covered by § 1026.32 if the total points and fees payable by the consumer at or before loan consummation exceeded the greater of $400 or 8 percent of the total loan amount. The $400 figure was adjusted annually on January 1 by the annual percentage change in the CPI that was in effect on the preceding June 1, as follows:

i. For 1996, $412, reflecting a 3 percent increase in the CPI–U from June 1994 to June 1995, rounded to the nearest whole dollar.

ii. For 1997, $424, reflecting a 2.9 percent increase in the CPI–U from June 1995 to June 1996, rounded to the nearest whole dollar.

iii. For 1998, $435, reflecting a 2.5 percent increase in the CPI–U from June 1996 to June 1997, rounded to the nearest whole dollar.

iv. For 1999, $441, reflecting a 1.4 percent increase in the CPI–U from June 1997 to June 1998, rounded to the nearest whole dollar.

v. For 2000, $451, reflecting a 2.3 percent increase in the CPI–U from June 1998 to June 1999, rounded to the nearest whole dollar.

vi. For 2001, $465, reflecting a 3.1 percent increase in the CPI–U from June 1999 to June 2000, rounded to the nearest whole dollar.

vii. For 2002, $480, reflecting a 3.27 percent increase in the CPI–U from June 2000 to June 2001, rounded to the nearest whole dollar.

viii. For 2003, $488, reflecting a 1.64 percent increase in the CPI–U from June 2001 to June 2002, rounded to the nearest whole dollar.

ix. For 2004, $499, reflecting a 2.22 percent increase in the CPI–U from June 2002 to June 2003, rounded to the nearest whole dollar.

x. For 2005, $510, reflecting a 2.29 percent increase in the CPI–U from June 2003 to June 2004, rounded to the nearest whole dollar.

xi. For 2006, $528, reflecting a 3.51 percent increase in the CPI–U from June 2004 to June 2005, rounded to the nearest whole dollar.

xii. For 2007, $547, reflecting a 3.55 percent increase in the CPI–U from June 2005 to June 2006, rounded to the nearest whole dollar.

xiii. For 2008, $561, reflecting a 2.56 percent increase in the CPI–U from June 2006 to June 2007, rounded to the nearest whole dollar.

xiv. For 2009, $583, reflecting a 3.94 percent increase in the CPI–U from June 2007 to June 2008, rounded to the nearest whole dollar.

xv. For 2010, $579, reflecting a 0.74 percent decrease in the CPI–U from June 2008 to June 2009, rounded to the nearest whole dollar.

xvi. For 2011, $592, reflecting a 2.2 percent increase in the CPI–U from June 2009 to June 2010, rounded to the nearest whole dollar.

xvii. For 2012, $611, reflecting a 3.2 percent increase in the CPI–U from June 2010 to June 2011, rounded to the nearest whole dollar.

xviii. For 2013, $625, reflecting a 2.3 percent increase in the CPI–U from June 2011 to June 2012, rounded to the nearest whole dollar.

xix. For 2014, $632, reflecting a 1.1 percent increase in the CPI–U from June 2012 to June 2013, rounded to the nearest whole dollar.

3. *Applicable threshold.* For purposes of § 1026.32(a)(1)(ii), a creditor must determine the applicable points and fees threshold based on the face amount of the note (or, in the case of an open-end credit plan, the credit limit for the plan when the account is opened). However, the creditor must apply the allowable points and fees percentage to the ''total loan amount,'' as defined in § 1026.32(b)(4). For closed-end credit transactions, the total loan amount may be different than the face amount of the note. The $20,000 amount in § 1026.32(a)(1)(ii)(A) and (B) is adjusted annually on January 1 by the annual percentage change in the CPI that was in effect on the preceding June 1.

i. For 2015, $20,391, reflecting a 2 percent increase in the CPI–U from June 2013 to June 2014, rounded to the nearest whole dollar.

ii. For 2016, $20,350, reflecting a .2 percent decrease in the CPI–U from June 2014 to June 2015, rounded to the nearest whole dollar.

iii. For 2017, $20,579, reflecting a 1.1 percent increase in the CPI–U from June 2015 to June 2016, rounded to the nearest whole dollar.

iv. For 2018, $21,032, reflecting a 2.2 percent increase in the CPI–U from June 2016 to June 2017, rounded to the nearest whole dollar.

v. For 2019, $21,549, reflecting a 2.5 percent increase in the CPI–U from June 2017 to June 2018, rounded to the nearest whole dollar.

vi. For 2020, $21,980, reflecting a 2 percent increase in the CPI–U from June 2018 to June 2019, rounded to the nearest whole dollar.

vii. For 2021, $22,052 reflecting a 0.3 percent increase in the CPI–U from June 2019 to June 2020, rounded to the nearest whole dollar.

viii. For 2022, $22,969 reflecting a 4.2 percent increase in the CPI–U from June 2020 to June 2021, rounded to the nearest whole dollar.

ix. For 2023, $24,866 reflecting an 8.3 percent increase in the CPI–U from June 2021 to June 2022, rounded to the nearest whole dollar.

x. For 2024, $26,092, reflecting a 4.9 percent increase in the CPI–U from June 2022 to June 2023, rounded to the nearest whole dollar.

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Section 1026.43—Minimum Standards for Transactions Secured by a Dwelling

*   *   *   *   *

Paragraph 43(e)(2)(vi).

1. *Determining the average prime offer rate for a comparable transaction as of the date the interest rate is set.* For guidance on determining the average prime offer rate for a comparable transaction as of the date the interest rate is set, see comments 43(b)(4)–1 through –3.

2. *Determination of applicable threshold.* A creditor must determine the applicable threshold by determining which category the loan falls into based on the face amount of the note (the ''loan amount'' as defined in § 1026.43(b)(5)). For example, for a first-lien covered transaction with a loan amount of $75,000, the loan would fall into the tier for loans greater than or equal to $66,156 (indexed for inflation) but less than $110,260 (indexed for inflation), for which the applicable threshold is 3.5 or more percentage points.

3. *Annual adjustment for inflation.* The dollar amounts in § 1026.43(e)(2)(vi) will be adjusted annually on January 1 by the annual percentage change in the CPI–U that was in effect on the preceding June 1. The Bureau will publish adjustments after the June figures become available each year.

i. For 2022, reflecting a 4.2 percent increase in the CPI–U that was reported on the preceding June 1, to satisfy § 1026.43(e)(2)(vi), the annual percentage rate may not exceed the average prime offer rate for a comparable transaction as of the date the interest rate is set by the following amounts:

A. For a first-lien covered transaction with a loan amount greater than or equal to $114,847, 2.25 or more percentage points;

B. For a first-lien covered transaction with a loan amount greater than or equal to $68,908 but less than $114,847, 3.5 or more percentage points;

C. For a first-lien covered transaction with a loan amount less than $68,908, 6.5 or more percentage points;

D. For a first-lien covered transaction secured by a manufactured home with a loan amount less than $114,847, 6.5 or more percentage points;

E. For a subordinate-lien covered transaction with a loan amount greater than or equal to $68,908, 3.5 or more percentage points;

F. For a subordinate-lien covered transaction with a loan amount less than $68,908, 6.5 or more percentage points.

ii. For 2023, reflecting an 8.3 percent increase in the CPI–U that was reported on the preceding June 1, to satisfy § 1026.43(e)(2)(vi), the annual percentage rate may not exceed the average prime offer rate for a comparable transaction as of the date the interest rate is set by the following amounts:

A. For a first-lien covered transaction with a loan amount greater than or equal to $124,331, 2.25 or more percentage points;

B. For a first-lien covered transaction with a loan amount greater than or equal to

$74,599 but less than $124,331, 3.5 or more percentage points;

C. For a first-lien covered transaction with a loan amount less than $74,599, 6.5 or more percentage points;

D. For a first-lien covered transaction secured by a manufactured home with a loan amount less than $124,331, 6.5 or more percentage points;

E. For a subordinate-lien covered transaction with a loan amount greater than or equal to $74,599, 3.5 or more percentage points;

F. For a subordinate-lien covered transaction with a loan amount less than $74,599, 6.5 or more percentage points.

iii. For 2024, reflecting a 4.9 percent increase in the CPI–U that was reported on the preceding June 1, to satisfy § 1026.43(e)(2)(vi), the annual percentage rate may not exceed the average prime offer rate for a comparable transaction as of the date the interest rate is set by the following amounts:

A. For a first-lien covered transaction with a loan amount greater than or equal to $130,461, 2.25 or more percentage points;

B. For a first-lien covered transaction with a loan amount greater than or equal to $78,277 but less than $130,461, 3.5 or more percentage points;

C. For a first-lien covered transaction with a loan amount less than $78,277, 6.5 or more percentage points;

D. For a first-lien covered transaction secured by a manufactured home with a loan amount less than $130,461, 6.5 or more percentage points;

E. For a subordinate-lien covered transaction with a loan amount greater than or equal to $78,277, 3.5 or more percentage points;

F. For a subordinate-lien covered transaction with a loan amount less than $78,277, 6.5 or more percentage points.

4. *Determining the annual percentage rate for certain loans for which the interest rate may or will change.*

i. *In general.* The commentary to § 1026.17(c)(1) and other provisions in subpart C address how to determine the annual percentage rate disclosures for closed-end credit transactions. Provisions in § 1026.32(a)(3) address how to determine the annual percentage rate to determine coverage under § 1026.32(a)(1)(i). Section 1026.43(e)(2)(vi) requires, for the purposes of § 1026.43(e)(2)(vi), a different determination of the annual percentage rate for a qualified mortgage under § 1026.43(e)(2) for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due. An identical special rule for determining the annual percentage rate for such a loan also applies for purposes of § 1026.43(b)(4).

ii. *Loans for which the interest rate may or will change.* Section 1026.43(e)(2)(vi) includes a special rule for determining the annual percentage rate for a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due. This rule applies to adjustable-rate mortgages that have a fixed-rate period of five years or less and to step-rate mortgages for which the interest rate changes within that five-year period.

iii. *Maximum interest rate during the first five years.* For a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due, a creditor must treat the maximum interest rate that could apply at any time during that five-year period as the interest rate for the full term of the loan to determine the annual percentage rate for purposes of § 1026.43(e)(2)(vi), regardless of whether the maximum interest rate is reached at the first or subsequent adjustment during the five-year period. For additional instruction on how to determine the maximum interest rate during the first five years after the date on which the first regular periodic payment will be due, see comments 43(e)(2)(iv)–3 and –4.

iv. *Treatment of the maximum interest rate in determining the annual percentage rate.* For a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due, the creditor must determine the annual percentage rate for purposes of § 1026.43(e)(2)(vi) by treating the maximum interest rate that may apply within the first five years as the interest rate for the full term of the loan. For example, assume an adjustable-rate mortgage with a loan term of 30 years and an initial discounted rate of 5.0 percent that is fixed for the first three years. Assume that the maximum interest rate during the first five years after the date on which the first regular periodic payment will be due is 7.0 percent. Pursuant to § 1026.43(e)(2)(vi), the creditor must determine the annual percentage rate based on an interest rate of 7.0 percent applied for the full 30-year loan term.

5. *Meaning of a manufactured home.* For purposes of § 1026.43(e)(2)(vi)(D), manufactured home means any residential structure as defined under regulations of the U.S. Department of Housing and Urban Development (HUD) establishing manufactured home construction and safety standards (24 CFR 3280.2). Modular or other factory-built homes that do not meet the HUD code standards are not manufactured homes for purposes of § 1026.43(e)(2)(vi)(D).

6. *Scope of threshold for transactions secured by a manufactured home.* The threshold in § 1026.43(e)(2)(vi)(D) applies to first-lien covered transactions less than $110,260 (indexed for inflation) that are secured by a manufactured home and land, or by a manufactured home only.

* * * * *

Paragraph 43(e)(3)(ii).

1. *Annual adjustment for inflation.* The dollar amounts, including the loan amounts, in § 1026.43(e)(3)(i) will be adjusted annually on January 1 by the annual percentage change in the CPI–U that was in effect on the preceding June 1. The Bureau will publish adjustments after the June figures become available each year.

i. For 2015, reflecting a 2 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transactions total points and fees do not exceed;

A. For a loan amount greater than or equal to $101,953: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $61,172 but less than $101,953: $3,059;

C. For a loan amount greater than or equal to $20,391 but less than $61,172: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $12,744 but less than $20,391; $1,020;

E. For a loan amount less than $12,744: 8 percent of the total loan amount.

ii. For 2016, reflecting a 0.2 percent decrease in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transactions total points and fees do not exceed;

A. For a loan amount greater than or equal to $101,749: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $61,050 but less than $101,749: $3,052;

C. For a loan amount greater than or equal to $20,350 but less than $61,050: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $12,719 but less than $20,350; $1,017;

E. For a loan amount less than $12,719: 8 percent of the total loan amount.

iii. For 2017, reflecting a 1.1 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transactions total points and fees do not exceed:

A. For a loan amount greater than or equal to $102,894: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $61,737 but less than $102,894: $3,087;

C. For a loan amount greater than or equal to $20,579 but less than $61,737: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $12,862 but less than $20,579: $1,029;

E. For a loan amount less than $12,862: 8 percent of the total loan amount.

iv. For 2018, reflecting a 2.2 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $105,158: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $63,095 but less than $105,158: $3,155;

C. For a loan amount greater than or equal to $21,032 but less than $63,095: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $13,145 but less than $21,032: $1,052;

E. For a loan amount less than $13,145: 8 percent of the total loan amount.

v. For 2019, reflecting a 2.5 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $107,747: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $64,648 but less than $107,747: $3,232;

C. For a loan amount greater than or equal to $21,549 but less than $64,648: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $13,468 but less than $21,549: $1,077;

E. For a loan amount less than $13,468: 8 percent of the total loan amount.

vi. For 2020, reflecting a 2 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $109,898: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $65,939 but less than $109,898: $3,297;

C. For a loan amount greater than or equal to $21,980 but less than $65,939: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $13,737 but less than $21,980: $1,099;

E. For a loan amount less than $13,737: 8 percent of the total loan amount.

vii. For 2021, reflecting a 0.3 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $110,260: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $66,156 but less than $110,260: $3,308;

C. For a loan amount greater than or equal to $22,052 but less than $66,156: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $13,783 but less than $22,052: $1,103;

E. For a loan amount less than $13,783: 8 percent of the total loan amount.

viii. For 2022, reflecting a 4.2 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $114,847: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $68,908 but less than $114,847: $3,445;

C. For a loan amount greater than or equal to $22,969 but less than $68,908: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $14,356 but less than $22,969: $1,148;

E. For a loan amount less than $14,356: 8 percent of the total loan amount.

ix. For 2023, reflecting an 8.3 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $124,331: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $74,599 but less than $124,331: $3,730;

C. For a loan amount greater than or equal to $24,866 but less than $74,599: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $15,541 but less than $24,866: $1,243;

E. For a loan amount less than $15,541: 8 percent of the total loan amount.

x. For 2024, reflecting a 4.9 percent increase in the CPI–U that was reported on the preceding June 1, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed:

A. For a loan amount greater than or equal to $130,461: 3 percent of the total loan amount;

B. For a loan amount greater than or equal to $78,277 but less than $130,461: $3,914;

C. For a loan amount greater than or equal to $26,092 but less than $78,277: 5 percent of the total loan amount;

D. For a loan amount greater than or equal to $16,308 but less than $26,092: $1,305;

E. For a loan amount less than $16,308: 8 percent of the total loan amount.

* * * * *

Brian Shearer,

Senior Advisor, Consumer Financial Protection Bureau.

[FR Doc. 2023–20476 Filed 9–20–23; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2023–1212; Project Identifier MCAI–2022–00423–E; Amendment 39–22538; AD 2023–17–12]

RIN 2120–AA64

Airworthiness Directives; Rolls-Royce Deutschland Ltd. & Co. KG Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for all Rolls-Royce Deutschland Ltd. & Co. KG (RRD) Model RB211 Trent 768–60, 772–60, and 772B–60 engines. This AD was prompted by reports of cracks on affected intermediate-pressure compressor (IPC) rotor shaft balance lands. This AD requires repetitive on-wing or in-shop borescope inspections (BSIs) of the affected IPC rotor shaft balance land for cracks and replacement of any IPC rotor shaft if necessary and prohibits the installation of an affected IPC rotor shaft on any engine, as specified in a European Union Aviation Safety Agency (EASA) AD, which is incorporated by reference (IBR). The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective October 26, 2023.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of October 26, 2023.

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No.FAA–2023–1212; 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, the mandatory continuing airworthiness information (MCAI), 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.

Material Incorporated by Reference:

- For EASA service information identified in this final rule, contact EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; phone: +49 221 8999 000; email: *ADs@easa.europa.eu;* website: *easa.europa.eu.* You may find this material on the EASA website at *ad.easa.europa.eu.*
- You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 1200 District Avenue, Burlington, MA 01803. For information on the availability of this material at the FAA, call (817) 222–5110. It is also available at *regulations.gov* under Docket No. FAA–2023–1212.

FOR FURTHER INFORMATION CONTACT: Sungmo Cho, Aviation Safety Engineer, FAA, 2200 South 216th Street, Des Moines, WA 98198; phone: (781) 238–7241; email: *sungmo.d.cho@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 all RRD Model RB211 Trent 768–60, 772–60, and 772B–60 engines. The NPRM published in the **Federal Register** on June 14, 2023 (88 FR 38759). The NPRM was prompted by AD 2022–0055, dated March 23, 2022 (EASA AD 2022–0055) (also referred to as the MCAI), issued by EASA, which is the Technical Agent for the Member States of the European Union. The MCAI states that cracking on the IPC rotor shaft balance land has been historically observed on RRD Model Trent 700 engines. To address this unsafe condition, Rolls-Royce plc (RR) originally developed Modification 72–AG402, which introduced a revised balancing method that removed the original balancing weights from the IPC rotor shaft balance land and published RR Service Bulletin (SB) RB.211–72–