

Exemption Thresholds for Consumer Credit and Consumer Leasing Increase for First Time Since 2015

November 29, 2017 | Katie Hawkins

On November 9, 2017, the Consumer Financial Protection Bureau (CFPB) and the Federal Reserve Board announced an increase in the dollar thresholds for the Truth in Lending Act ("TILA") and its implementing regulation, Regulation Z, and the Consumer Leasing Act ("CLA") and its implementing regulation, Regulation M, that will apply in determining exempt consumer credit and consumer leasing transactions in 2018.

The Dodd-Frank Act provides that the dollar amount thresholds for TILA and the CLA must be adjusted annually based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W"). In the event there is no annual percentage increase in the CPI-W, there is no adjustment to the exemption threshold from the prior year.

Based on the annual percentage increase in the CPI-W as of June 1, 2017, the exemption threshold will increase from \$54,600 to \$55,800 as of January 1, 2018. Transactions at or below the threshold are subject to the protections of TILA and the CLA. However, private education loans and loans secured by real property (such as mortgages) are subject to TILA regardless of the loan amount.

The thresholds were last increased from \$53,500 to \$54,600 effective January 1, 2015.

Some states base their consumer credit protections on the thresholds applicable to TILA. Accordingly, the increased thresholds for 2018 may impact lending regulation in those states.

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