RESCINDED

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Consumer Leasing and Truth in Lending Acts: Change in Exempt Transaction Threshold

On April 4, 2011 the Board of Governors of the Federal Reserve System (the Board) published in the *Federal Register* the attached final rules amending the Consumer Leasing Act (CLA) and Regulation M along with the Truth in Lending Act (TILA) and Regulation Z. This amendment is required by the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 and is effective July 21, 2011. By this amendment, the Board has raised the threshold for exempt consumer leases and consumer credit transactions from $25,000 to $50,000. Additionally, on or after December 31, 2011, the threshold must be adjusted annually by any annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers.

The TILA requires creditors to disclose key terms of consumer loans and prohibits creditors from engaging in certain practices with respect to those loans. Currently, consumer loans of more than $25,000 are generally exempt from TILA. However, private education loans and loans secured by real property (such as mortgages) are subject to TILA regardless of the amount of the loan.

The CLA requires lessors to provide consumers with disclosures regarding the cost and other terms of personal property leases. An automobile lease is the most common type of consumer lease covered by the CLA. Currently, a lease is exempt from the CLA if the consumer's total obligation exceeds $25,000.

Please direct questions regarding this bulletin to your supervisory office or to the Compliance Policy Department at (202) 649-5470.

Grovetta N. Gardineer
Deputy Comptroller for Compliance Policy

Related Links

- Consumer Leasing Final Rule (PDF)
- Truth in Lending Final Rule (PDF)

To

Chief Executive Officers and Compliance Officers of All National Banks, Federal Branches and Agencies, Department and Division Heads, and All Examining Personnel