

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

INFORMATIONAL MEMORANDUM



December 12, 2012

To: Chief Executive Officer
All Farm Credit System Institutions

From: Samuel R. Coleman, Director and Chief Examiner
Office of Examination

A handwritten signature in black ink that reads 'Samuel R. Coleman'.

Subject: Truth in Lending and Consumer Leasing – Annual Adjustments

The purpose of this Informational Memorandum is to provide information regarding three final rules that make adjustments to Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing). The final rules are included in the attached PDF document.

All institutions should adopt appropriate procedures to ensure compliance with the adjustments.

Truth in Lending – Adjustment of Fee-Based Trigger for Additional Protections

The Consumer Financial Protection Bureau (CFPB) recently published its annual adjustment to the amount of fees that triggers additional protections under the Truth in Lending Act (TILA) and the Home Ownership and Equity Protection Act of 1994 (HOEPA). The HOEPA sets forth rules for home-secured loans in which the total points and fees payable by a consumer at or before loan consummation exceed the greater of a specified dollar amount or eight percent of the total loan amount.

As required by statute, the specified dollar amount has been adjusted to \$625 for 2013 based on the annual percentage change reflected in the consumer price index (CPI) that was in effect as of June 1, 2012. The adjustment will take effect on January 1, 2013.

Increase in Dollar Threshold for Exempt Consumer Credit and Lease Transactions

The CFPB also recently published its annual adjustments to the dollar thresholds in Regulation Z and Regulation M for exempt consumer credit and lease transactions. The annual

adjustments are based on the annual percentage increase in the CPI for Urban Wage Earners and Clerical Workers as of June 1 and take effect on January 1 of the following year. Effective January 1, 2013, consumer credit transactions and consumer leases of \$53,000 or less will generally be subject to the protections of Regulation Z and Regulation M. However, private education loans and loans secured by real property (such as mortgages) are subject to Regulation Z, regardless of the amount of the loan.

The Farm Credit Administration is providing this information as a courtesy to keep you informed of issues that may affect your institution. This information should not be seen as a replacement for management's due diligence in monitoring issues that may affect your institution.

If you have any questions about this Informational Memorandum, please contact Jennifer A. Cohn, Senior Counsel, Office of General Counsel, at (703) 883-4028, or by email at cohnj@fca.gov; and/or Dan Fennewald, Director, Examination Policy Division, Office of Examination, at 952-854-7151, extension 5032, or by email at fennewaldd@fca.gov.

Attachment