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## FEDERAL RESERVE SYSTEM

### 12 CFR Part 213

[Regulation M; Docket No. R-1423]

#### Consumer Leasing

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule, staff commentary.

**SUMMARY:** The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation M, which implements the Consumer Leasing Act (CLA). Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amends the CLA by increasing the threshold for exempt consumer leases from \$25,000 to \$50,000. In addition, the Dodd-Frank Act requires that this threshold be adjusted annually by any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Accordingly, based on the annual percentage increase in the CPI-W as of June 1, 2011, the Board is adjusting the exemption threshold from \$50,000 to \$51,800, effective January 1, 2012.

Because the Dodd-Frank Act also requires similar adjustments in the Truth in Lending Act's threshold for exempt consumer credit transactions, the Board is making similar amendments to Regulation Z elsewhere in today's **Federal Register**.

**DATES:** This final rule is effective January 1, 2012.

**FOR FURTHER INFORMATION CONTACT:**

Lorna M. Neill, Senior Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667 or 452-2412; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

**SUPPLEMENTARY INFORMATION:**

#### I. Background

Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) increases the threshold in the Consumer Leasing Act (CLA) for exempt consumer leases from \$25,000 to \$50,000. Public Law 111-203 § 1100E, 124 Stat. 1376 (2010). In addition, the Dodd-Frank Act requires that this threshold be adjusted annually for inflation by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as published by the Bureau of Labor Statistics. In April 2011, the Board issued a final rule amending Regulation M (which implements the CLA) consistent with these provisions of the Dodd-Frank Act. 76 FR 18349 (Apr. 4, 2011).

As amended, § 213.2(e)(1) of Regulation M provides that the exemption threshold will be adjusted annually effective January 1 of each year based on any annual percentage increase in the CPI-W that was in effect on the preceding June 1. Furthermore, any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900. See comment 2(e)-9.

#### II. Adjustment and Commentary Revision

Effective January 1, 2012, the adjusted exemption threshold amount is \$51,800. This adjustment is based on the CPI-W index in effect on June 1, 2011, which was reported on May 13, 2011. The Bureau of Labor Statistics publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. The CPI-W is a subset of the CPI-U index (based on all urban consumers) and represents approximately 32 percent of the U.S. population. The adjustment reflects a 3.6 percent increase in the CPI-W from April 2010 to April 2011 and is rounded to the nearest \$100 increment. Accordingly, the Board is revising comment 2(e)-9 (as amended effective July 21, 2011) to add a new

subparagraph 2(e)-9.iii stating that, from January 1, 2012 through December 31, 2012, the threshold amount is \$51,800. This revision is effective January 1, 2012.

Under the Administrative Procedures Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary. 5 U.S.C. 553(b)(B). This annual adjustment is required by statute. The amendment in this notice is technical and applies the method previously established in Regulation M for determining any adjustments to the exemption threshold. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendment is adopted in final form.

#### III. Regulatory Flexibility Analysis

The Board certifies that this amendment to Regulation M will not have a significant economic impact on a substantial number of small entities. The only change is to adjust the exemption threshold to reflect any annual percentage increase in the CPI-W. This change is required by statute. In addition, the Board believes that this amendment will not have a significant impact on a substantial number of small entities for the reasons stated in its April 2011 final rule. See 76 FR 18349, 18351-52.

#### List of Subjects in 12 CFR Part 213

Advertising, Consumer leasing, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements.

#### Text of Final Revisions

For the reasons set forth in the preamble, the Board amends Regulation M, 12 CFR part 213, as set forth below:

#### PART 213—CONSUMER LEASING (REGULATION M)

■ 1. The authority citation for part 213 continues to read as follows:

**Authority:** 15 U.S.C. 1604 and 1667f; Pub. L. 111-203 § 1100E, 124 Stat. 1376.

■ 2. In Supplement I to Part 213 as amended effective July 21, 2012 in 76 FR 18349 (Apr. 4, 2011), under *Section 213.2—Definitions*, under 2(e) *Consumer Lease*, paragraph 9.iii is added effective January 1, 2012.

The addition reads as follows:

**Supplement I to Part 213—Official Staff Interpretations**

\* \* \* \* \*

**Subpart A—General**

\* \* \* \* \*

**§ 213.2—Definitions**

\* \* \* \* \*

2(e) *Consumer Lease.*

9. *Threshold amount.* \* \* \*

\* \* \* \* \*

iii. From January 1, 2012 through December 31, 2012, the threshold amount is \$51,800.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, June 13, 2011.

**Jennifer J. Johnson,**

*Secretary of the Board.*

[FR Doc. 2011-15180 Filed 6-17-11; 8:45 am]

**BILLING CODE 6210-01-P**

**FEDERAL RESERVE SYSTEM**

**12 CFR Part 226**

[Regulation Z; Docket No. R-1424]

**Truth in Lending**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule, staff commentary.

**SUMMARY:** The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation Z, which implements the Truth in Lending Act (TILA). Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amends TILA by increasing the threshold for exempt consumer credit transactions from \$25,000 to \$50,000. In addition, the Dodd-Frank Act requires that this threshold be adjusted annually by any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Accordingly, based on the annual percentage increase in the CPI-W as of June 1, 2011, the Board is adjusting the exemption threshold from \$50,000 to \$51,800, effective January 1, 2012.

Because the Dodd-Frank Act also requires similar adjustments in the Consumer Leasing Act's threshold for exempt consumer leases, the Board is making similar amendments to Regulation M elsewhere in today's **Federal Register**.

**DATES:** This final rule is effective January 1, 2012.

**FOR FURTHER INFORMATION CONTACT:**

Lorna M. Neill, Senior Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667 or 452-2412; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

Effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) increases the threshold in the Truth in Lending Act (TILA) for exempt consumer credit transactions from \$25,000 to \$50,000. Public Law 111-203 § 1100E, 124 Stat. 1376 (2010). In addition, the Dodd-Frank Act requires that this threshold be adjusted annually for inflation by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as published by the Bureau of Labor Statistics. In April 2011, the Board issued a final rule amending Regulation Z (which implements TILA) consistent with these provisions of the Dodd-Frank Act. 76 FR 18354 (Apr. 4, 2011).

As amended, § 226.3(b)(1)(ii) of Regulation Z provides that the exemption threshold will be adjusted annually effective January 1 of each year based on any annual percentage increase in the CPI-W that was in effect on the preceding June 1. Furthermore, any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900. See comment 3(b)-1.

**II. Adjustment and Commentary Revision**

Effective January 1, 2012, the adjusted exemption threshold amount is \$51,800. This adjustment is based on the CPI-W index in effect on June 1, 2011, which was reported on May 13, 2011. The Bureau of Labor Statistics publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. The CPI-W is a subset of the CPI-U index (based on all urban consumers) and represents approximately 32 percent of the U.S. population. The adjustment reflects a 3.6 percent increase in the CPI-W from April 2010 to April 2011 and is rounded

to the nearest \$100 increment. Accordingly, the Board is revising comment 3(b)-1 (as amended effective July 21, 2011) to add a new subparagraph 3(b)-1.iii stating that, from January 1, 2012 through December 31, 2012, the threshold amount is \$51,800. This revision is effective January 1, 2012.

Under the Administrative Procedures Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary. 5 U.S.C. 553(b)(B). This annual adjustment is required by statute. The amendment in this notice is technical and applies the method previously established in Regulation Z for determining any adjustments to the exemption threshold. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendment is adopted in final form.

**III. Regulatory Flexibility Analysis**

The Board certifies that this amendment to Regulation Z will not have a significant economic impact on a substantial number of small entities. The only change is to adjust the exemption threshold to reflect any annual percentage increase in the CPI-W. This change is required by statute. In addition, the Board believes that this amendment will not have a significant impact on a substantial number of small entities for the reasons stated in its April 2011 final rule. See 76 FR 18354, 18360-61.

**List of Subjects in 12 CFR Part 226**

Advertising, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements, Truth in Lending.

**Text of Final Revisions**

For the reasons set forth in the preamble, the Board amends Regulation Z, 12 CFR part 226, as set forth below:

**PART 226—TRUTH IN LENDING (REGULATION Z)**

■ 1. The authority citation for part 226 continues to read as follows:

**Authority:** 12 U.S.C. 3806; 15 U.S.C. 1604, 1637(c)(5), and 1639(l); Pub. L. 111-24 § 2, 123 Stat. 1734; Pub. L. 111-203, 124 Stat. 1376.

**Subpart B—Open-End Credit**

■ 2. In Supplement I to Part 226 as amended effective July 21, 2011 in 76 FR 18354 (Apr. 4, 2011), under *Section 226.3—Exempt Transactions*, under 3(b)