



DOLLAR ADJUSTMENTS TO REGULATIONS Z AND M

The Dodd-Frank Act amended The Truth in Lending Act (TILA) by requiring that the dollar threshold for exempt consumer credit transactions be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the exemption threshold from the prior year is not adjusted. The Dodd-Frank Act requires similar adjustments in the Consumer Leasing Act's threshold for exempt consumer leases. TILA establishes special appraisal requirements for "higher-priced mortgage loans." The regulations implementing these requirements exempted transactions of \$25,000 or less and required that this loan amount be adjusted annually based on any annual percentage increase in the CPI-W.

Based on the reported 4.6% increase in the CPI-W as of June 1, 2023, the exemption threshold for TILA and Regulation Z will increase from \$66,400 to \$69,500, effective January 1, 2024. The exemption threshold for higher-priced mortgage loans under TILA will increase from \$31,000 to \$32,400, effective January 1, 2024. The exemption threshold for the Consumer Leasing Act and Regulation M will increase from \$66,400 to \$69,500, effective January 1, 2024.

A number of adjustable dollar amounts in state statutes are tied to these federal thresholds. See, e.g., Okla. Stat. Ann. tit. 14A, § 3-104(d). Consequently, the announced changes have wider implications than just the federal regulations and may affect statutory applicability in certain states.

Please let us know if you have questions.

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