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TRUTH IN LENDING ACT ANNUAL THRESHOLD ADJUSTMENTS

The Consumer Financial Protection Bureau (CFPB) has issued a final rule amending the regulatory text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). **The final rule became effective on January 1, 2023.**

The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z; with the final rule reviewing the dollar amounts for provisions implementing amendments to TILA under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These amounts are adjusted, where appropriate, based on the annual percentage change reflected in the Consumer Price Index in effect on June 1, 2022.

The minimum interest charge disclosure thresholds will remain unchanged at \$1 in 2023.

For HOEPA loans, the adjusted total loan amount threshold is \$24,866, effective January 1, 2023. The adjusted statutory points-and-fees trigger for HOEPA loans is \$1,243, effective January 1, 2023.

Effective January 1, 2023, for the purpose of creditor's determination of a consumer's ability to repay a transaction secured by a dwelling, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed 3% of the total loan amount for a loan greater than or equal to \$124,331; \$3,730 for a loan amount greater than or equal to \$74,599, but less than \$124,331; 5 percent of the total loan amount for a loan greater than or equal to \$24,866, but less than \$74,599; \$1,243 for a loan amount greater than or equal to \$15,541, but less than \$24,866; and 8 percent of the total loan amount for a loan amount less than \$15,541.

The foregoing Compliance Update is for informational purposes only and does not constitute legal advice. As a reminder, the NBA general counsel is the attorney for the Nebraska Bankers Association, not its member banks. The general counsel is available to assist members with finding resources to help answer their questions. However, for specific legal advice about specific situations, members must consult and retain their own attorney.