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To: Clients and Friends

From: David F. Dulock

Subject: Updated Exemption Thresholds for Consumer Credit Transactions and Higher-Priced Mortgage Loan Appraisals

In the November 23, 2018 issue of the *Federal Register* (83 FR 59276) ([click here](#)), the Board of Governors of the Federal Reserve System (“Board”) and the Bureau of Consumer Financial Protection (“CFPB”) published final rules increasing the threshold for consumer credit transactions exempt from the Truth In Lending Act. Also in the November 23, 2018 issue of the *Federal Register* (83 FR 59272) ([click here](#)), the Board, the CFPB and the Office of the Comptroller of the Treasury (“OCC”) published final rules increasing the threshold exemption from required appraisals for higher-priced mortgage loans. In both instances, the final rules will take effect on January 1, 2019.

For consumer credit transactions, the final rules increase the exemption threshold to \$57,200, effective from January 1, 2019 through December 31, 2019. The Board’s 2019 exemption threshold may be found in comment 3(b)-3.x. to §226.3(b) of Regulation Z. The CFPB’s 2019 exemption threshold may be found in comment 3(b)-3.x. to §1026.3(b) of Regulation Z. **Mortgage industry stakeholders are reminded that this exemption does not apply to loans secured by real property or by personal property used or expected to be used as a principal dwelling. These loans, as well as private educational loans, will continue to be covered under TILA regardless of the loan amount.**

For the appraisal exemption threshold for higher-priced mortgage loans, the final rules increase the exemption threshold to \$26,700, effective from January 1, 2019 through December 31, 2019. The Board’s 2019 exemption threshold may be found in comment 43(b)(2)-3.vi. to §226.43(b) of Regulation Z. The CFPB’s 2019 exemption threshold may be found in comment 35(c)(2)(ii)-3.vi. to §1026.35(c)(2)(ii) of Regulation Z. The OCC’s 2019 exemption threshold may be found in comment 34.203(b)(2)-3.vi. to §34.203(b)(2) of 12 CFR Part 34-Real Estate Lending and Appraisals. Under this final rule, higher-priced mortgage loans of \$26,700 or less will be exempt from the appraisal requirements of these Federal regulations, as applicable.

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