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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 9, 2017 issue of the *Federal Register* (82 FR 51977) ([click here](#)), the Board of Governors of the Federal Reserve System (“Board”) and the Bureau of Consumer Financial Protection (“CFPB”) published a final rule increasing the threshold for consumer credit transactions exempt from the Truth In Lending Act. Also in the November 9, 2017 issue of the *Federal Register* (82 FR 51973) ([click here](#)), the Board, CFPB and the Office of the Comptroller of the Treasury (“OCC”) published a final rule increasing the threshold exemption from required appraisals for higher-priced mortgage loans. In both instances, the final rules will take effect on January 1, 2018.

For consumer credit transactions, the final rule increases the exemption threshold to \$55,800, effective from January 1, 2018 through December 31, 2018. The Board’s 2018 exemption threshold may be found in comment 3(b)-3.ix. to §226.3(b) of Regulation Z. The CFPB’s 2018 exemption threshold may be found in comment 3(b)-3.ix. 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 rule increases the exemption threshold to \$26,000, effective from January 1, 2018 through December 31, 2018. The Board’s 2018 exemption threshold may be found in comment 43(b)(2)-3.v. to §226.43(b) of Regulation Z. The CFPB’s 2018 exemption threshold may be found in comment 35(c)(2)(ii)-3.v. to §1026.35(c)(2)(ii) of Regulation Z. The OCC’s 2018 exemption threshold may be found in comment 34.203(b)(2)-3.v. to §34.203(b)(2) of 12 CFR Part 34-Real Estate Lending and Appraisals. Under this final rule, higher-priced mortgage loans of \$26,000 or less will be exempt from the appraisal requirements of these Federal regulations, as applicable.

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