

CFPB Announces Annual Dollar Amount Adjustments

September 27, 2017 | Katie Hawkins

On August 30, 2017, the Consumer Financial Protection Bureau (CFPB) announced its required annual adjustments to certain dollar amounts under the Truth in Lending Act (TILA) and its implementing regulation, Regulation Z. The adjusted amounts are based on the annual percentage change reflected in the Consumer Price Index published by the Bureau of Labor Statistics as of June 1, 2017. The adjustments become effective on January 1, 2018.

Minimum Interest Charge Disclosure

Sections 1026.6(b)(2) and 1026.6(b)(3) of TILA require the disclosure of any minimum interest charge exceeding \$1.00 that could be imposed during a billing cycle. For open-end consumer credit plans, the minimum interest charge threshold must be recalculated each year. The threshold will remain at \$1.00 for 2018.

CARD ACT - Safe Harbor Penalty Fees

The Credit Card Accountability Responsibility and Disclosure (CARD) Act amendments to TILA establish a safe harbor provision allowing credit card issuers to impose penalty fees for violations of account terms without violating the restrictions on penalty fees established by the CARD Act. The penalty fees remain unchanged for 2018 at \$27.00 for the safe harbor for a first violation penalty fee and \$38.00 for the safe harbor for a subsequent violation penalty fee.

HOEPA Annual Threshold Adjustments

Each year the CFPB must recalculate the dollar amount threshold used to determine if a mortgage is a high-cost mortgage under Home Ownership and Equity Protection Act (HOEPA). The adjusted total loan amount threshold for 2018 will be \$21,032, up from \$20,579 in 2017. The adjusted points and fees dollar trigger is also increasing from the current \$1,029 to \$1,052.

Ability to Repay and Qualified Mortgages Annual Threshold Adjustments

Regulation Z implements Sections 1411 and 1412 of the Dodd-Frank Act, which generally require creditors to make a reasonable, good faith determination of a consumer's ability to repay a mortgage. Certain protections from liability are available for qualified mortgages. The thresholds to determine whether a mortgage is a qualified mortgage will

be adjusted for 2018 as follows:

- for a loan amount of \$105,158 or more, 3 percent of the total loan amount;
- for a loan amount of greater than or equal to \$63,095 but less than \$105,158, \$3,155;
- for a loan amount of greater than or equal to \$21,032 but less than \$63,095, 5 percent of the total loan;
- for a loan amount of greater than or equal to \$13,145 but less than \$21,032, \$1,052; and
- for a loan amount of less than \$13,145, 8 percent of the total loan amount.

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