

FEDERAL RESERVE SYSTEM

12 CFR Part 213

[Docket No. R-1545]

RIN 7100 AE-56

BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Part 1013

[Docket No. CFPB-2016-0036]

Consumer Leasing (Regulation M)

AGENCIES: Board of Governors of the Federal Reserve System (Board); and Bureau of Consumer Financial Protection (Bureau).

ACTION: Proposed rule; official interpretations.

SUMMARY: The Board and the Bureau are proposing to amend the official interpretations and commentary for the agencies' regulations that implement the Consumer Leasing Act (CLA). The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the CLA 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 Board and Bureau will not adjust this exemption threshold from the prior year. The proposal would memorialize this as well as the agencies' calculation method for determining the adjustment in years following a year in which there is no annual percentage increase in the CPI-W.

Because the Dodd-Frank Act also requires similar adjustments in the Truth in Lending Act's threshold for exempt consumer credit transactions, the Board and the Bureau are proposing similar amendments to the commentaries to each of their respective regulations implementing the

Truth in Lending Act elsewhere in the *Federal Register*.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are encouraged to submit written comments jointly to the Board and the Bureau. Commenters are encouraged to use the title “Consumer Leasing (Regulation M)” to facilitate the organization and distribution of comments among the agencies. Interested parties are invited to submit written comments to:

Board: You may submit comments, identified by Docket No. R-1545 or RIN 7100 AE-56, by any of the following methods:

- *Agency Web site:* <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.
- *Fax:* (202) 452-3819 or (202) 452-3102.
- *Mail:* Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

All public comments will be made available on the Board’s Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-

500 of the Board's Martin Building (20th and C Streets, NW.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Bureau: You may submit comments, identified by Docket No. CFPB-2016-0036 by any of the following methods:

- *Email:* FederalRegisterComments@cfpb.gov. Include Docket No. CFPB-2016-0036 in the subject line of the email.
- *Electronic:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Mail:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20552.
- *Hand Delivery/Courier:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1275 First Street, NE., Washington, DC 20002.

Instructions: All submissions should include the agency name and docket number or Regulatory Information Number (RIN) for this rulemaking. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1275 First Street, NE., Washington, DC 20002, on official business days between the hours of 10 a.m. and 5 p.m. eastern time. You can make an appointment to inspect the documents by telephoning (202) 435-7275.

All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as

account numbers or Social Security numbers, should not be included. Comments will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: *Board*: Vivian W. Wong, Senior Counsel, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

Bureau: Shaakira Gold-Ramirez, Paralegal Specialist, Jaclyn Maier, Counsel, Office of Regulations, Consumer Financial Protection Bureau, at (202) 435-7700.

SUPPLEMENTARY INFORMATION:

I. Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) increased the threshold in the Consumer Leasing Act (CLA) for exempt consumer leases from \$25,000 to \$50,000, effective July 21, 2011.¹ In addition, the Dodd-Frank Act requires that, on and after December 31, 2011, this threshold be adjusted annually for inflation by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as published by the Bureau of Labor Statistics. In April 2011, the Board issued a final rule amending Regulation M (which implements the CLA) consistent with these provisions of the Dodd-Frank Act along with a similar final rule amending Regulation Z (which implements the Truth in Lending Act) (collectively, the Board Final Threshold Rules).²

Title X of the Dodd-Frank Act transferred rulemaking authority for a number of consumer financial protection laws from the Board to the Bureau, effective July 21, 2011. In

¹ Public Law 111-203, section 1100E, 124 Stat. 1376 (2010).

² 76 FR 18349 (Apr. 4, 2011); 76 FR 18354 (Apr. 4, 2011).

connection with this transfer of rulemaking authority, the Bureau issued its own Regulation M implementing the CLA in an interim final rule, 12 CFR part 1013 (Bureau Interim Final Rule).³ The Bureau Interim Final Rule substantially duplicated the Board's Regulation M, including the revisions to the threshold for exempt transactions made by the Board in April 2011. In April 2016, the Bureau adopted the Bureau Interim Final Rule as final, subject to intervening final rules published by the Bureau.⁴ Although the Bureau has the authority to issue rules to implement the CLA for most entities, the Board retains authority to issue rules under the CLA for certain motor vehicle dealers covered by section 1029(a) of the Dodd-Frank Act, and the Board's Regulation M continues to apply to those entities.⁵

Section 213.2(e)(1) of the Board's Regulation M and § 1013.2(e)(1) of the Bureau's Regulation M, and their accompanying commentaries, provide that the exemption threshold will be adjusted annually effective January 1 of each year based on any annual percentage increase in the CPI-W that was in effect on the preceding June 1. Any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be

³ 76 FR 78500 (Dec. 19, 2011).

⁴ 81 FR 25323 (April 28, 2016).

⁵ Section 1029(a) of the Dodd-Frank Act states: "Except as permitted in subsection (b), the Bureau may not exercise any rulemaking, supervisory, enforcement, or any other authority *** over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both." 12 U.S.C. 5519(a). Section 1029(b) of the Dodd-Frank Act states: "Subsection (a) shall not apply to any person, to the extent that such person (1) provides consumers with any services related to residential or commercial mortgages or self-financing transactions involving real property; (2) operates a line of business (A) that involves the extension of retail credit or retail leases involving motor vehicles; and (B) in which (i) the extension of retail credit or retail leases are provided directly to consumers; and (ii) the contract governing such extension of retail credit or retail leases is not routinely assigned to an unaffiliated third party finance or leasing source; or (3) offers or provides a consumer financial product or service not involving or related to the sale, financing, leasing, rental, repair, refurbishment, maintenance, or other servicing of motor vehicles, motor vehicle parts, or any related or ancillary product or service." 12 U.S.C. 5519(b).

increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900.⁶ If there is no annual percentage increase in the CPI-W, the Board and Bureau will not adjust the exemption threshold from the prior year.

Since 2011, the Board and the Bureau have adjusted the Regulation M exemption threshold annually, consistent with these rules. The Board and the Bureau last published final rules implementing the exemption threshold in effect for January 1, 2016, through December 31, 2016, in November 2015.⁷

II. Commentary Revision

The Board and the Bureau are proposing new commentary to memorialize the calculation method used by the agencies each year to adjust the exemption threshold. Comment 2(e)-9 to the Board's and Bureau's Regulation M currently provides the threshold amount in effect during a particular period and details the rules the agencies use for rounding the threshold calculation to the nearest \$100 or \$1,000 increment, as discussed above in part I, "Background."

The Board and the Bureau are proposing to revise comment 2(e)-9 by moving the text regarding the threshold amount that is in effect during a particular period to a new proposed comment 2(e)-11. The discussion of how the agencies round the threshold calculation would remain in comment 2(e)-9.

As stated in the Board Final Threshold Rules, if there is no annual percentage increase in the CPI-W, the Board and Bureau will not adjust the exemption threshold from the prior year.⁸

⁶ See comments 2(e)-9 in Supplements I of 12 CFR part 213 and 12 CFR part 1013.

⁷ 80 FR 73945 (Nov. 27, 2015).

⁸ 76 FR 18354, 18355 n.1 (Apr. 4, 2011) ("[A]n annual period of deflation or no inflation would not require a change in the threshold amount.").

This position is consistent with Section 1100E(b) of the Dodd-Frank Act, which states that the threshold must be adjusted by the “annual percentage *increase*” in the CPI-W (emphasis added). The Board and the Bureau are proposing to memorialize this concept in proposed comment 2(e)-10, which would provide that if the CPI-W in effect on June 1 does not increase from the CPI-W in effect on June 1 of the previous year, the threshold amount effective the following January 1 through December 31 will not change from the previous year. For example, if the threshold in effect from January 1, 2019, through December 31, 2019, is \$55,500 and the CPI-W in effect on June 1 of 2019, indicates a 1.1 percent decrease from the CPI-W in effect on June 1, 2018, the threshold in effect for January 1, 2020, through December 31, 2020, will remain \$55,500.

Proposed comment 2(e)-10 would further set forth the calculation method the agencies would use in years following a year in which the exemption threshold was not adjusted because there was no increase in the CPI-W from the previous year. The proposed calculation method would ensure that the values for the exemption threshold keep pace with the CPI-W as contemplated by Section 1100E(b) of the Dodd-Frank Act.

Specifically, as set forth under proposed comment 2(e)-10, for the years after a year in which the threshold did not change because the CPI-W in effect on June 1 decreased from the CPI-W in effect on June 1 of the previous year, the threshold is calculated by applying the annual percentage change in the CPI-W to the dollar amount that would have resulted if the decreases and any subsequent increases in the CPI-W had been taken into account. Proposed comment 2(e)-10.i further states that, if the resulting amount is greater than the current threshold, then the threshold effective January 1 the following year will increase accordingly.

For example, assume that the threshold in effect from January 1, 2019, through December 31, 2019, is \$55,500 and that, due to a 1.1 percent decrease from the CPI-W in effect on June 1,

2018, to the CPI-W in effect on June 1, 2019, the threshold in effect from January 1, 2020, through December 31, 2020, remains at \$55,500. If, however, the threshold had been adjusted downward to reflect the decrease in the CPI-W over that time period, the threshold in effect from January 1, 2020, through December 31, 2020, would have been \$54,900. Further assume that the CPI-W in effect on June 1, 2020, increased by 1.6 percent from the CPI-W in effect on June 1, 2019. The calculation for the threshold that will be in effect from January 1, 2021, through December 31, 2021, is based on the impact of a 1.6 percent increase in the CPI-W on \$54,900, rather than \$55,500, resulting in a 2021 threshold of \$55,800.

Furthermore, comment 2(e)-10.ii states that, if the resulting amount calculated is equal to or less than the current threshold, then the threshold effective January 1 the following year will not change, but future increases will be calculated based on the amount that would have resulted. To illustrate, assume in the example above that the CPI-W in effect on June 1, 2020, increased by only 0.6 percent from the CPI-W in effect on June 1, 2019. The calculation for the threshold that will be in effect from January 1, 2021, through December 31, 2021, is based on the impact of a 0.6 percent increase in the CPI-W on \$54,900. The resulting amount is \$55,200, which is lower than \$55,500, the threshold in effect from January 1, 2020, through December 31, 2020. Therefore, the threshold in effect from January 1, 2021, through December 31, 2021, will remain \$55,500. However, the calculation for the threshold that will be in effect from January 1, 2022, through December 31, 2022, will apply the percentage change in the CPI-W to \$55,200, the amount that would have resulted based on the 0.6 percent change from the CPI-W in effect on June 1, 2019, to the CPI-W in effect on June 1, 2020.

The agencies request comment on all aspects of the proposed rule.

III. Regulatory Analysis

Bureau’s Dodd-Frank Act Section 1022(b)(2) Analysis

In developing this proposal, the Bureau has considered potential benefits, costs, and impacts.⁹ In addition, the Bureau has consulted, or offered to consult with, the prudential regulators, the Securities and Exchange Commission, the Department of Housing and Urban Development, the Federal Housing Finance Agency, the Federal Trade Commission, and the Department of the Treasury, including regarding consistency with any prudential, market, or systemic objectives administered by such agencies.

The Bureau has chosen to evaluate the benefits, costs and impacts of the proposed commentary against the current state of the world, which takes into account the current regulatory regime. The Bureau is not aware of any significant benefits or costs to consumers or covered persons associated with the proposal relative to the baseline. The Board previously stated that if there is no annual percentage increase in the CPI-W, then the Board (and now the Bureau) will not adjust the exemption threshold from the prior year.¹⁰ The proposal memorializes this in official commentary. The proposal also clarifies how the threshold would be calculated for years after a year in which the threshold did not change. The Bureau believes that this clarification memorializes the method that the Bureau would be expected to use: This method holds the threshold fixed until a notional threshold calculated using the Bureau’s methodology, but taking into account both decreases and increases in the CPI-W, exceeds the

⁹ Specifically, section 1022(b)(2)(A) calls for the Bureau to consider the potential benefits and costs of a regulation to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services; the impact on depository institutions and credit unions with \$10 billion or less in total assets as described in section 1026 of the Act; and the impact on consumers in rural areas.

¹⁰ 76 FR 18354, 18355 n.1 (Apr. 4, 2011) (“[A]n annual period of deflation or no inflation would not require a change in the threshold amount.”).

actual threshold. The Bureau requests comment on this point. Thus, the Bureau believes that the proposed rule does not change the regulatory regime relative to the baseline and creates no significant benefits, costs, or impacts.

The proposed rule will have no unique impact on depository institutions or credit unions with \$10 billion or less in assets as described in section 1026(a) of the Dodd-Frank Act or on rural consumers. The Bureau does not expect this final rule to affect consumers' access to credit.

Regulatory Flexibility Act

Board: The Regulatory Flexibility Act (RFA) requires an agency to publish an initial regulatory flexibility analysis with a proposed rule or certify that the proposed rule will not have a significant economic impact on a substantial number of small entities.¹¹ Based on its analysis, and for the reasons stated below, the Board believes that the rule will not have a significant economic impact on a substantial number of small entities. Nevertheless, the Board is publishing an initial regulatory flexibility analysis and requests public comment on all aspects of its analysis. The Board will, if necessary, conduct a final regulatory flexibility analysis after considering the comments received during the public comment period.

1. Statement of the need for, and objectives of, the proposed rule. The proposed rule would memorialize the calculation method used by the Board each year to adjust the exemption threshold in accordance with Section 1100E of the Dodd-Frank Act.

2. Small entities affected by the proposed rule. Motor vehicle dealers that are subject to the Board's Regulation M and offer consumer leases that may be exempt from Regulation M under 12 CFR § 213.2(e) would be affected. While the total number of small entities likely to be affected by the proposed rule is unknown, the Board does not believe the proposed rule will have

¹¹ See 5 U.S.C. 601 *et seq.*

a significant economic impact on the entities that it affects. The Board invites comment on the effect of the proposed rule on small entities.

3. Recordkeeping, reporting, and compliance requirements. The proposed rule would not impose any recordkeeping, reporting, or compliance requirements.

4. Other Federal rules. The Board has not identified any likely duplication, overlap and/or potential conflict between the proposed rule and any Federal rule.

5. Significant alternatives to the proposed revisions. The Board solicits comment on any significant alternatives that would reduce the regulatory burden associated on small entities with this proposed rule.

Bureau: The RFA generally requires an agency to conduct an initial regulatory flexibility analysis (IRFA) and a final regulatory flexibility analysis (FRFA) of any rule subject to notice-and-comment rulemaking requirements.¹² These analyses must “describe the impact of the proposed rule on small entities”.¹³ An IRFA or FRFA is not required if the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities.¹⁴ The Bureau also is subject to certain additional procedures under the RFA involving the

¹² 5 U.S.C. 601 *et seq.*

¹³ *Id.* at 603(a). For purposes of assessing the impacts of the proposed rule on small entities, “small entities” is defined in the RFA to include small businesses, small not-for-profit organizations, and small government jurisdictions. *Id.* at 601(6). A “small business” is determined by application of Small Business Administration regulations and reference to the North American Industry Classification System (NAICS) classifications and size standards. *Id.* at 601(3). A “small organization” is any “not-for-profit enterprise which is independently owned and operated and is not dominant in its field.” *Id.* at 601(4). A “small governmental jurisdiction” is the government of a city, county, town, township, village, school district, or special district with a population of less than 50,000. *Id.* at 601(5).

¹⁴ *Id.* at 605(b).

convening of a panel to consult with small business representatives prior to proposing a rule for which an IRFA is required.¹⁵

An IRFA is not required for this proposal because if adopted it would not have a significant economic impact on a substantial number of small entities. As discussed in the Bureau's Section 1022(b)(2) Analysis above, this proposal does not introduce costs or benefits to covered persons because the proposal seeks only to clarify the method of threshold adjustment which has already been established in previous Agency rules. Therefore this proposed rule would not have a significant impact on small entities.

Certification

Accordingly, the Bureau Director, by signing below, certifies that this proposal, if adopted, would not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995,¹⁶ the agencies reviewed this proposed rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the proposed rule.

List of Subjects

12 CFR Part 213

Advertising, Consumer leasing, Consumer protection, Federal Reserve System, Reporting and recordkeeping requirements.

12 CFR Part 1013

Advertising, Consumer leasing, Reporting and recordkeeping requirements, Truth in

¹⁵ *Id.* at 609.

¹⁶ 44 U.S.C. 3506; 5 CFR 1320.

Lending.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Text of Proposed Revisions

For the reasons set forth in the preamble, the Board amends Regulation M, 12 CFR part 213, as set forth below:

PART 213—CONSUMER LEASING (REGULATION M)

1. The authority citation for part 213 continues to read as follows:

Authority: 15 U.S.C. 1604 and 1667f; Pub. L. No. 111-203 § 1100E, 124 Stat. 1376.

2. In Supplement I to Part 213, under *Section 213.2—Definitions*, under 2(e) *Consumer Lease*, paragraph 9. is revised, and new paragraphs 10. and 11. are added, as follows:

Supplement I to Part 213—Official Staff Interpretations

* * * *

Section 213.2—Definitions

* * * *

2(e) Consumer Lease.

* * * *

9. *Threshold amount.* A consumer lease is exempt from the requirements of this Part if the total contractual obligation exceeds the threshold amount in effect at the time of consummation. The threshold amount in effect during a particular time period is the amount stated in comment 2(e)-11 for that period. The threshold amount is adjusted effective January 1 of each year by any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) that was in effect on the preceding June 1. Comment 2(e)-11 will be amended to provide the threshold amount for the upcoming year after the annual

percentage change in the CPI-W that was in effect on June 1 becomes available. Any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900. If a consumer lease is exempt from the requirements of this Part because the total contractual obligation exceeds the threshold amount in effect at the time of consummation, the lease remains exempt regardless of a subsequent increase in the threshold amount.

10. *No increase in the CPI-W.* If the CPI-W in effect on June 1 does not increase from the CPI-W in effect on June 1 of the previous year, the threshold amount effective the following January 1 through December 31 will not change from the previous year. When this occurs, for the years that follow, the threshold is calculated based on the annual percentage change in the CPI-W applied to the dollar amount that would have resulted if decreases and any subsequent increases in the CPI-W had been taken into account.

i. *Net increases.* If the resulting amount is greater than the current threshold, then the threshold effective January 1 the following year will increase accordingly.

ii. *Net decreases.* If the resulting amount calculated is equal to or less than the current threshold, then the threshold effective January 1 the following year will not change, but future increases will be calculated based on the amount that would have resulted.

11. *Threshold.* For purposes of § 213.2(e)(1), the threshold amount in effect during a particular period is the amount stated below for that period.

i. Prior to July 21, 2011, the threshold amount is \$25,000.

ii. From July 21, 2011 through December 31, 2011, the threshold amount is \$50,000.

- iii. From January 1, 2012 through December 31, 2012, the threshold amount is \$51,800.
- iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.
- v. From January 1, 2014 through December 31, 2014, the threshold amount is \$53,500.
- vi. From January 1, 2015 through December 31, 2015, the threshold amount is \$54,600.
- vii. From January 1, 2016 through December 31, 2016, the threshold amount is \$54,600.

BUREAU OF CONSUMER FINANCIAL PROTECTION

Authority and Issuance

For the reasons set forth in the preamble, the Bureau proposes to amend Regulation M, 12 CFR part 1013, as set forth below:

PART 1013—CONSUMER LEASING (REGULATION M)

- 3. The authority citation for part 1013 continues to read as follows:

Authority: 15 U.S.C. 1604 and 1667f; Pub. L. No. 111-203 § 1100E, 124 Stat. 1376.

- 4. In Supplement I to part 1013, under *Section 1013.2—Definitions*, under 2(e)—

Consumer Lease, paragraph 9 is revised, and paragraphs 10 and 11 are added, to read as follows:

Supplement I to Part 1013—Official Interpretations

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Section 1013.2—Definitions

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2(e) Consumer Lease

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9. Threshold amount. A consumer lease is exempt from the requirements of this part if the total contractual obligation exceeds the threshold amount in effect at the time of consummation. The threshold amount in effect during a particular time period is the amount

stated in comment 2(e)-11 for that period. The threshold amount is adjusted effective January 1 of each year by any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) that was in effect on the preceding June 1. Comment 2(e)-11 will be amended to provide the threshold amount for the upcoming year after the annual percentage change in the CPI-W that was in effect on June 1 becomes available. Any increase in the threshold amount will be rounded to the nearest \$100 increment. For example, if the annual percentage increase in the CPI-W would result in a \$950 increase in the threshold amount, the threshold amount will be increased by \$1,000. However, if the annual percentage increase in the CPI-W would result in a \$949 increase in the threshold amount, the threshold amount will be increased by \$900. If a consumer lease is exempt from the requirements of this part because the total contractual obligation exceeds the threshold amount in effect at the time of consummation, the lease remains exempt regardless of a subsequent increase in the threshold amount.

10. *No increase in the CPI-W.* If the CPI-W in effect on June 1 does not increase from the CPI-W in effect on June 1 of the previous year, the threshold amount effective the following January 1 through December 31 will not change from the previous year. When this occurs, for the years that follow, the threshold is calculated based on the annual percentage change in the CPI-W applied to the dollar amount that would have resulted if decreases and any subsequent increases in the CPI-W had been taken into account.

i. *Net increases.* If the resulting amount is greater than the current threshold, then the threshold effective January 1 the following year will increase accordingly.

ii. *Net decreases.* If the resulting amount calculated is equal to or less than the current threshold, then the threshold effective January 1 the following year will not change, but future increases will be calculated based on the amount that would have resulted.

11. *Threshold.* For purposes of § 1013.2(e)(1), the threshold amount in effect during a particular period is the amount stated below for that period.

- i. Prior to July 21, 2011, the threshold amount is \$25,000.
- ii. From July 21, 2011 through December 31, 2011, the threshold amount is \$50,000.
- iii. From January 1, 2012 through December 31, 2012, the threshold amount is \$51,800.
- iv. From January 1, 2013 through December 31, 2013, the threshold amount is \$53,000.
- v. From January 1, 2014 through December 31, 2014, the threshold amount is \$53,500.
- vi. From January 1, 2015 through December 31, 2015, the threshold amount is \$54,600.
- vii. From January 1, 2016 through December 31, 2016, the threshold amount is \$54,600.

**[THIS SIGNATURE PAGE PERTAINS TO THE PROPOSED RULE TITLED
“CONSUMER LEASING (REGULATION M)”]**

By order of the Board of Governors of the Federal Reserve System, July 19, 2016.

Robert deV. Frierson (signed)

Robert deV. Frierson.
Secretary of the Board.

[THIS SIGNATURE PAGE PERTAINS TO THE PROPOSED RULE TITLED
“CONSUMER LEASING (REGULATION M)”]

Dated: July 13, 2016.

Richard Cordray (signed)

Richard Cordray

Director, Bureau of Consumer Financial Protection.