
INFORMATIONAL MEMORANDUM



December 19, 2019

To: Chief Executive Officer
Each Farm Credit System Institution

From: Roger A. Paulsen, Director and Chief Examiner
Office of Examination

Subject: Revisions to Regulation C, Annual Threshold Adjustments Under Regulation Z
and Regulation M, and Compliance-Related Resources

This informational memorandum discusses the following updates and resources from the Consumer Financial Protection Bureau (CFPB):

- Revisions to Regulation C
- Annual threshold adjustments under Regulation Z, which implements the Truth in Lending Act (TILA), and Regulation M
- Resources on complying with the Home Mortgage Disclosure Act (HMDA), the TILA-Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule (TRID), and the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act)

CFPB revises Regulation C (HMDA)

The CFPB issued a final rule amending Regulation C and provided an overview of the changes in an [executive summary \(PDF\)](#). The primary change was to extend to January 1, 2022, the temporary threshold for reporting data about open-end lines of credit. Currently, the temporary threshold is 500 open-end lines of credit. Financial institutions that originate fewer than 500 open-end lines of credit in 2020 or 2021 will not need to collect, record, or report data with respect to open-end lines of credit.

The final rule was published in the Federal Register at [84 FR 57946](#) on October 29, 2019.

CFPB adjusts thresholds for Home Ownership and Equity Protection Act (HOEPA) and ability-to-repay/qualified mortgages

The CFPB issued a final rule that provides the 2020 annual threshold adjustments to provisions that implement the HOEPA of 1994, which is part of the TILA. These provisions govern ability-to-repay/qualified mortgages under the TILA.

Adjusted thresholds for the HOEPA

Under the HOEPA, a high-cost mortgage is any consumer credit transaction that is

- secured by the consumer's principal dwelling (unless it satisfies a regulatory exemption) and
- has an annual percentage rate above a specified rate or has total points and fees that exceed specified percentages or dollar amounts.

The following nonexempt consumer credit transactions are considered high-cost mortgages:

- A loan of \$21,980 or more, if its total points and fees exceed 5% of the total loan amount
- A loan of less than \$21,980, if its total points and fees exceed 8% of the total loan amount or \$1,099, whichever is less

Adjusted thresholds for ability-to-repay/qualified mortgages

When a creditor is determining a consumer's ability to repay a transaction secured by a dwelling, a covered transaction is considered to be a qualified mortgage only if the transaction's total points and fees are less than or equal to the following amounts or percentages:

- 3% of the total loan amount for a loan of \$109,898 or more
- \$3,297 for a loan greater than or equal to \$65,939 but less than \$109,898
- 5% of the total loan amount for a loan greater than or equal to \$21,980 but less than \$65,939
- \$1,099 for a loan greater than or equal to \$13,737 but less than \$21,980
- 8% of the total loan amount for a loan of less than \$13,737

The final rule for HOEPA and ability-to-repay/qualified mortgage adjustments were published in the Federal Register at [84 FR 37565](#) on August 1, 2019. These adjustments will become effective on January 1, 2020.

CFPB adjusts thresholds for exempt consumer credit and lease transactions and higher-priced mortgage loan special appraisal requirements

The CFPB issued rules to adjust the following thresholds:

- The threshold for consumer credit transactions to be exempt from Regulation Z and Regulation M will increase from \$57,200 to \$58,300. However, loans secured by real property or by personal property used or expected to be used as the principal dwelling of a consumer, as well as private education loans, are subject to the TILA regardless of the loan amount. These adjustments were published in the Federal Register at [84 FR 58020](#) (Regulation Z) and at [84 FR 58017](#) (Regulation M) on October 30, 2019.
- The threshold for higher-priced mortgage loans to be exempt from special appraisal requirements under Regulation Z will increase from \$26,700 to \$27,200. This adjustment was published in the Federal Register at [84 FR 58013](#) on October 30, 2019.

These adjustments will become effective on January 1, 2020.

CFPB issues several resources

The CFPB periodically issues and updates resources to help financial institutions understand, implement, and comply with its regulations. Recently, the CFPB issued the following:

- [Filing instructions guide for HMDA data collected in 2020 \(PDF\)](#)
- [Updated HMDA institutional coverage chart \(PDF\)](#)
- [Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart for HMDA Data Collected in 2020 \(PDF\)](#)
- [Updated TILA-RESPA Integrated Disclosure FAQs](#)
- [Secure and Fair Enforcement for Mortgage Licensing Act](#)

You can find the language of all CFPB rules, as well as resources for implementing and complying with the rules, on the [CFPB website](#). Since the CFPB constantly updates this information, be sure to check the website frequently. To receive updates on compliance resources as they become available, go to the [Compliance and guidance](#) page and sign up for email updates.

We are providing this information as a courtesy to keep you informed of issues that may affect your institution. This information should not be a replacement for reviewing CFPB regulations and resources or for your due diligence in monitoring issues that may affect your institution.

If you have any questions about this informational memorandum, please contact Jennifer Cohn, Senior Counsel, Office of General Counsel, at (720) 213-0440 or cohnj@fca.gov; or Lynn Major, Senior Examiner, Office of Examination, at (703) 883-4285 or majors@fca.gov.