
INFORMATIONAL MEMORANDUM



May 14, 2020

To: Chief Executive Officer
Each Farm Credit System Institution

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

Subject: Increase in HMDA reporting thresholds, mortgage loan transfer process guidance, 2020 threshold adjustment for escrow requirements, and compliance-related resources

This informational memorandum describes updates from the Consumer Financial Protection Bureau (CFPB) and the Federal Financial Institutions Examination Council (FFIEC). We are providing this information as a courtesy to keep you informed of issues that may affect your institution.

Increase in coverage threshold for HMDA reporting

The CFPB issued a final rule amending Regulation C and provided an overview of the changes in an [Executive Summary of the 2020 Home Mortgage Disclosure Act \(Regulation C\) Final Rule \(PDF\)](#). Regulation C requires financial institutions with loan counts above a certain number to collect and report data about their mortgage loans and purchases.

The final rule increases the permanent threshold for collecting and reporting data about closed-end mortgage loans from 25 to 100 loans effective July 1, 2020. The final rule also increases the permanent threshold for collecting and reporting data about open-end lines of credit from 100 to 200, effective January 1, 2022, when the current temporary threshold of 500 for open-end lines of credit expires.

You can read the final rule implementing this adjustment, as well as additional HMDA guidance, by going to the CFPB's [Home Mortgage Disclosure Act webpage](#). The final rule implementing these adjustments appeared in the Federal Register ([85 FR 28364 \(PDF\)](#)) on May 11, 2020.

CFPB guidance on mortgage loan transfer process

The CFPB, in a [compliance bulletin and policy guidance document \(PDF\)](#), outlined practices mortgage servicers can use to ensure they are complying with regulatory requirements and preventing harm to consumers during the transfer of residential mortgages. The purpose of this bulletin is to provide guidance to residential mortgage servicers regarding the transfer

of mortgage loans, including examples of practices designed to achieve the objectives of the regulatory requirements.

The CFPB, which began developing this guidance well before the coronavirus pandemic, explains its supervisory approach during the pandemic as follows:

Taking into consideration the coronavirus pandemic that led to the President's declaration of a national emergency on March 13, 2020 (National Emergency), and the economic and social dislocations caused by the pandemic, for the duration of the National Emergency and for 120 days thereafter, if a servicing transfer is requested or required by a Federal regulator or by the security issuer of "Government Loans" (as defined in the CARES Act), the [CFPB] intends, for activity during this period, to consider the challenges that entities may face as a result, including operational and time constraints related to the transfer, and to be sensitive to good-faith efforts demonstrably designed to transfer the servicing without adverse impact to consumers. The [CFPB] intends to focus supervisory feedback for institutions, if needed, on identifying issues, correcting deficiencies, and ensuring appropriate remediation to consumers.

FCA is adopting the same supervisory approach as the CFPB on the mortgage loan transfer process. The final rule implementing this adjustment appeared in the Federal Register ([85 FR 25281 \(PDF\)](#)) on May 1, 2020, and was applicable on the date of publication.

Exemption thresholds for escrow and other requirements

Regulation Z (12 CFR 1026) requires creditors to establish escrow accounts to pay property taxes and insurance premiums for certain first-lien higher-priced mortgage loans. However, the regulation allows certain small creditors operating primarily in rural or underserved areas to qualify for an exemption to this requirement.

For 2020, the CFPB increased the asset-size exemption threshold to \$2.202 billion. Therefore, if a Farm Credit System (System) institution had assets of less than \$2.202 billion as of December 31, 2019, and met certain other requirements, it is exempt from the escrow requirement for higher-priced mortgage loans in 2020. The institution is also exempt from the escrow requirement for any loan consummated in 2021 if the application is received before April 1, 2021.

The adjustment also increases the asset-size threshold for System institutions making small-creditor portfolio and balloon-payment qualified mortgages. In addition, balloon-payment qualified mortgages that satisfy certain criteria are also exempt from the prohibition against balloon payments for high-cost mortgages.

The final rule implementing this adjustment appeared in the Federal Register ([84 FR 70411 \(PDF\)](#)) on December 23, 2019, and it was effective on January 1, 2020.

Updated compliance-related resources

The CFPB and the FFIEC periodically provide resources to help financial institutions understand, implement, and comply with CFPB regulations. Recent guidance includes the following:

- [TILA-RESPA Integrated Disclosure FAQs](#)
- [TILA-RESPA Integrated Disclosures for Construction Loans: Guide for combined, one-transaction disclosures \(PDF\)](#)
- [TILA-RESPA Integrated Disclosures for Construction Loans: Guide for separate construction and permanent phase disclosures \(PDF\)](#)
- [Home Mortgage Disclosure Act FAQs](#)
- [Home Mortgage Disclosure \(Regulation C\): Small Entity Compliance Guide \(PDF\)](#)
- [A Guide to HMDA Reporting: Getting It Right!](#)
- [Factsheet: Transaction coverage under the ECOA Valuations Rule \(PDF\)](#)
- [Factsheet: Delivery of appraisals \(PDF\)](#)

The CFPB website

You can find the language of all CFPB rules, as well as resources for implementing and complying with its rules, on the [CFPB's website](#). Since the CFPB constantly updates this information, you should refer to the website frequently to ensure you have the latest information. To receive updates on compliance resources as they become available, go to the [Compliance and guidance](#) page and sign up for email updates.

Please note that reviewing this informational memorandum is not a substitute for reviewing the regulations and resources provided on the CFPB website. Reviewing this website is part of exercising 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.