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To: Clients and Friends

From: Daniel S. Engle

Subject: Regulation Z HOEPA and Qualified Mortgage Annual Threshold Adjustments

In the December 15, 2025 issue of the *Federal Register* (90 FR 57890 [click here](#)), the Consumer Financial Protection Bureau established the following 2026 thresholds for high-cost and qualified mortgages under §§1026.32 and 1026.43, respectively..

HOEPA (High-cost Mortgages) 2026 Threshold Adjustments

Effective January 1, 2026, a consumer loan secured by the consumer's principal dwelling and not otherwise exempt is a high-cost mortgage based on the total points and fees payable by the consumer under §1026.32(a)(1)(ii) if the points and fees exceed: (A) 5 percent of the total loan amount for a loan with a loan amount of **\$27,592** or more, or (B) the lesser of 8 percent of the total loan amount or **\$1,380** for a loan with a loan amount of less than **\$27,592**. Comment 32(a)(1)(ii)-1.xii is added to reflect the new **\$1,380** threshold amount for 2026. Comment 32(a)(1)(ii)-3.xii is added to reflect the new **\$27,592** threshold loan amount for 2026.

Qualified Mortgages 2026 Threshold Adjustments APOR Spread

Effective January 1, 2026, for purposes of determining whether a covered transaction is a qualified mortgage under the §1026.43(e)(2) general definition, a covered transaction is not a qualified mortgage unless the transaction's annual percentage rate does not exceed the average prime offer rate (APOR) as of the date the interest rate is set by: (A) For a first-lien covered transaction with a loan amount greater than or equal to **\$137,958**, 2.25 or more percentage points; (B) For a first-lien covered transaction with a loan amount greater than or equal to **\$82,775** but less than **\$137,958**, 3.5 or more percentage points; (C) For a first-lien covered transaction with a loan amount less than **\$82,775**, 6.5 or more percentage points; (D) For a first-lien covered transaction secured by a manufactured home with a loan amount less than **\$137,958**, 6.5 or more percentage points; (E) For a subordinate-lien covered transaction with a loan amount greater than or equal to **\$82,775**, 3.5 or more percentage points; (F) For a subordinate-lien covered transaction with a loan amount less than **\$82,775**, 6.5 or more percentage points. Comment 43(e)(2)(vi)-3.v is added to reflect the new threshold amounts for 2026.

Qualified Mortgages 2026 Threshold Adjustments Points and Fees

Effective January 1, 2026, for purposes of determining whether a covered transaction is a qualified mortgage under §1026.43(e), a covered transaction is not a qualified mortgage unless the transaction's total points and fees in §1026.43(e)(3)(i) do not exceed: (A) 3 percent of the total loan amount for a loan amount greater than or equal to **\$137,958**; (B) **\$4,139** for a loan amount greater than or equal to **\$82,775** but less than **\$137,958**; (C) 5 percent of the total loan amount for a loan amount greater than or equal to **\$27,592** but less than **\$82,775**; (D) **\$1,380** for a loan amount greater than or equal to **\$17,245** but less than **\$27,592**; and (E) 8 percent of the total loan amount for a loan amount less than **\$17,245**. Comment 43(e)(3)(ii)-1.xii is added to reflect the new threshold amounts for 2026.

The above threshold adjustments are effective January 1, 2026 and will require updates to your software calculations for high-cost and qualified mortgages closing on and after the effective date.

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