



August 20, 2020

8584 Katy Freeway, Suite 420

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Partners

Thomas E. Black, Jr.¹

Gregory S. Graham²

Shawn P. Black³

Managing Attorney Houston

Ryan Black⁴

Senior Lawyers

David F. Dulock

Diane M. Gleason

Daniel S. Engle⁵

Margaret Noles

Associates

Nick Stevens

Syndy Davis

Brandon Pieratt

Of Counsel

David M. Tritter

Calvin C. Mann, Jr.

Retired Partner(s)

Calvin C. Mann, Jr.

¹ Also Licensed in Iowa, New York, and Washington

² Also Licensed in Georgia

³ Also Licensed in Kentucky and New York

⁴ Also Licensed in Washington D.C.

⁵ Also Licensed in New York

To: Clients and Friends

From: David F. Dulock

Subject: Regulation Z HOEPA and Qualified Mortgage Annual Threshold Adjustments

In the August 19, 2020, issue of the *Federal Register* (85 FR 50944, [click here](#)), the Consumer Financial Protection Bureau established the following 2021 thresholds for high-cost and qualified mortgages under §§1026.32 and 1026.43, respectively.

HOEPA (High-cost Mortgages) 2021 Threshold Adjustments

- Effective January 1, 2021, 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 **\$22,052** or more, or (B) the lesser of 8 percent of the total loan amount or **\$1,103** for a loan with a loan amount of less than **\$22,052**. Comment 32(a)(1)(ii)–1.vii is added to reflect the new **\$1,103** threshold amount for 2021. Comment 32(a)(1)(ii)–3.vii is added to reflect the new **\$22,052** threshold loan amount for 2021.

Qualified Mortgages 2021 Threshold Adjustments

- Effective January 1, 2021, 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 **\$110,260**; (B) **\$3,308** for a loan amount greater than or equal to **\$66,156** but less than **\$110,260**; (C) 5 percent of the total loan amount for a loan amount greater than or equal to **\$22,052** but less than **\$66,156**; (D) **\$1,103** for a loan amount greater than or equal to **\$13,783** but less than **\$22,052**; and (E) 8 percent of the total loan amount for a loan amount less than **\$13,783**. Comment 43(e)(3)(ii)–1.vii is added to reflect the new threshold amounts for 2021.

The above threshold adjustments are effective January 1, 2021 and will require updates to your software calculations for high-cost and qualified mortgages closing on and after the effective date.

This Memorandum is provided as general information in regard to the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.