



December 22, 2016

To: Clients and Friends

From: Peter B. Idziak

Subject: Updated Asset-Size Exemption Thresholds to HMDA Data Collection and HPML Escrow Account Requirements for 2017.

In the December 21, 2016 issue of the Federal Register (81 FR 93580) (click here), the Consumer Financial Protection Bureau ("CFPB") announced the final rule maintaining the existing asset-size exemption threshold to the data collection requirements of the Home Mortgage Disclosure Act ("HMDA").

Also in the December 21, 2016 issue of the Federal Register (81 FR 93581) (click here), the CFPB announced the final rule updating the asset-size exemption threshold to the requirement to establish an escrow account for a higher-priced mortgage loan ("HPML").

Both rules are effective on January 1, 2017.

HMDA Asset-Size Exemption Threshold

The CFPB is amending the official commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure) to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 0.8 percent increase in the average of the CPI-W for the 12-month period ending in November 2016, the exemption threshold will remain at \$44 million. Therefore, banks, savings associations, and credit unions with assets of \$44 million or less as of December 31, 2016, are exempt from collecting data in 2017.

HPML Asset-Size Exemption Threshold

The CFPB also is amending the official commentary that interprets the requirements of the Bureau's Regulation Z (Truth in Lending) to reflect a change in the asset-size threshold for certain creditors to qualify for an exemption to the requirement to establish an escrow account for a higher-priced mortgage loan based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the 12-month period ending in November. The exemption threshold is adjusted to increase to \$2.069 billion from \$2.052 billion. The adjustment is based on the 0.8 percent increase in the average of the CPI-W for the 12-month period ending in November 2016.

Therefore, creditors with assets of less than \$2.069 billion (including assets of certain affiliates) as of December 31, 2016, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2017. This asset limit will also apply during a grace period, in certain circumstances, with respect to transactions with applications received before April 1 of 2018.

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The adjustment to the escrows exemption asset-size threshold will also increase a similar threshold for small-creditor portfolio and balloon-payment qualified mortgages. Balloon-payment qualified mortgages that satisfy all applicable criteria, including being made by creditors that have (together with certain affiliates) total assets below the threshold, are also excepted from the prohibition on balloon payments for high-cost mortgages.

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