

# CFPB Updates Regulation C and Regulation Z Asset-Size Exemption Threshold in 2020

January 2, 2020

The Consumer Financial Protection Bureau (“CFPB”) has updated the inflation-adjusted asset threshold applicable to the data collecting exemption under Regulation C, and the exemptions for escrow requirements and prohibition on balloon payments for high-cost mortgages under Regulation Z. These updated amounts were effective January 1, 2020.

## Asset-Size Exemption Threshold Adjustment under HMDA and Regulation C

Pursuant to the Home Mortgage Disclosure Act (“HMDA”) and its implementing Regulation C, a financial institution with assets below the asset-size threshold is exempt from the data collecting, reporting and disclosing requirements.

Since during the 12-month period ending in November 2019, the average of the Urban Wage Earners and Clerical Workers (“CPI-W”) increased by 1.6%, the exemption asset-size threshold is increased to \$47 million from \$46 million for 2020. As result of this increase, banks, savings associations, and credit unions with assets of \$47 million or less as of December 31, 2019, are exempt from HMDA requirements in 2020.

## Escrow and Qualified Mortgage Asset-Size Exemption Change under TILA and Regulation Z

Pursuant to the Truth in Lending Act (“TILA”) and its implementing Regulation Z, a financial institution with assets below the asset-size threshold is not subject to the escrow requirements for a higher-priced mortgage loan secured by a first lien on a principal dwelling.

Since there was a 1.6% increase in the average of the CPI-W for the 12-month period ending in November 2019, the asset-size exemption threshold has increased from \$2.167 billion to \$2.202 billion. Accordingly, creditors with assets of less than \$2.202 billion (including assets of certain affiliates) as of December 31, 2019, are exempt, if other requirements of Regulation Z also are met<sup>[1]</sup>, from having to establish escrow accounts for higher-priced mortgage loans in 2020 and any loan consummated in 2021 with applications received before April 1, 2021.

The adjustment to the escrow asset-size exemption 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 exempt from the prohibition on balloon payments for high-cost mortgages.

#### *Further Information*

For detailed information, please see the final rule amending Regulation C issued by the CFPB [here](#). The final rule amending Regulation Z issued by the CFPB can be found [here](#).

If you have any questions regarding the updated thresholds for 2020 or the Regulation C or Regulation Z in general, please feel free to contact Joseph D. Simon at (516) 357-3710 or via email at [jsimon@cullenllp.com](mailto:jsimon@cullenllp.com), Elizabeth A. Murphy at (516) 296-9154 or via email at [emurphy@cullenllp.com](mailto:emurphy@cullenllp.com), or Mandy Xu at (516) 357-3850 or via email at [mxu@cullenllp.com](mailto:mxu@cullenllp.com).

[1] Other requirements include: 1) the transaction was secured by a property located in an area that is either “rural” or “underserved”; and 2) the creditor and its affiliates extended no more than 2,000 covered transactions secured by first liens that were sold, assigned or transferred to another person during the applicable period. For detailed requirements, please see Regulation Z section 1026.36(b)(2)(iii).

## Practices

- Regulatory and Compliance

## Attorneys

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