

Mortgage Origination Rules: Transaction Coverage and Exemptions¹

Transaction Type	Ability-to-Repay (Reg Z) ²	HOEPA (Reg Z)	Pre-loan counseling list (Reg X, per HOEPA Rule)	Escrows (Reg Z)	Appraisals (Reg Z)	Valuations (Reg B)
Purchase mortgages, refinancings, home equity loans	Covered if secured by a dwelling [§1026.43(a)]	Covered if secured by principal dwelling [§1026.32(a)]	Covered [§1024.20(a)]	Covered if secured by first lien on principal dwelling and exceed certain rate thresholds [§1026.35(b)]	Covered if non-QM and not otherwise exempt [§1026.35(c)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
HELOCs	Exempt [§1026.43(a)(1)]	Covered [§1026.32(a)]	Covered [§1024.20(b)]	Exempt [§1026.35(a)]	Exempt [§1026.35(a)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Manufactured housing Loans	Covered [§1026.43(a)]	Covered [§1026.32(a)]	Covered [§1024.20(a)]	Covered if secured by first lien on principal dwelling and exceed certain rate thresholds [§1026.35(b)]	Subject to limited exemptions [§1026.35(c)(2)(ii) and (iii)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Construction Loans (Initial Construction)	Exempt [§1026.43(a)(3)(ii)-(iii)]	Exempt [§1026.32(b)(2)]	Exempt to the extent not federally related mortgage loans [§1024.20(a)]	Exempt [§1026.35(b)(2)(i)(B)]	Exempt [§1026.35(c)(2)(iv)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Loans Made by Small Creditors Operating in a Rural or Underserved Area	QM balloon loans permitted if other criteria met ² [§1026.43(f)]	Balloon payment permitted if other criteria met ³ [§1026.32(d)(1)(ii)(C)]	Covered [§1024.20(a)]	Exempt from escrow requirement if other criteria met ³ [§1026.35(b)(2)(iii)-(v)]	Covered [§1026.35(a)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Bridge Loans (12 months or less)	Exempt [§1026.43(a)(3)(ii)]	Exempt from balloon prohibition [§1026.32(d)(1)(ii)(B)]	Exempt to the extent not federally related mortgage loans [§1024.20(a)]	Exempt [§1026.35(b)(2)(i)(C)]	Exempt [§1026.35(c)(2)(v)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Timeshares	Exempt [§1026.43(a)(2)]	Exempt to the extent not principal dwellings [§1026.32(a)]	Exempt [§1024.20(c)(2)]	Exempt to the extent not principal dwellings [§1026.35(a)]	Exempt to the extent not principal dwellings [§1026.35(a)]	Covered if secured by first lien on a dwelling [§1002.14(a)]
Reverse Mortgages Subject to §1026.33	Exempt [§1026.43(a)(3)]	Exempt [§1026.32(a)(2)(i)]	Exempt [§1024.20(c)(1)]	Exempt [§1026.35(b)(2)(i)(D)]	Exempt [§1026.35(c)(2)(vi)]	Covered if secured by first lien on a dwelling [§1002.14(a)]

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This document reflects rules in effect on April 1, 2016.

1. This chart only contains information concerning general coverage and exemption of the above-referenced loan products for the Bureau's 2013 Ability-to-Repay, HOEPA, Escrows, Appraisals, and Valuations Final Rules (also note that the cited sections of the regulations apply after the applicable effective dates). It does not contain information regarding the Loan Originator Compensation or Servicing Final Rules and does not discuss all exemptions and exclusions under the Title XIV Rules. This chart is intended only to act as a quick reference and not as a substitute for the rules. Always consult the regulation text and official commentary concerning coverage or exemption of the above or any other mortgage products for any of the above-referenced rules.
2. On June 12, 2013, the Bureau published a final rule amending the Ability-to-Repay Rule (78 FR 35430). Among other things, the final rule created exemptions from the Ability-to-Repay requirements for extensions of credit made by community-focused creditors with certain designations and by certain nonprofits, as well as for credit extended pursuant to a program administered by a housing finance agency or pursuant to an Emergency Economic Stability Act program. On October 1, 2013, the Bureau published a final rule that, among other things, expanded eligibility for the balloon-payment qualified mortgage to small creditors who operated predominantly in rural or underserved areas in any of the previous three calendar years. On September 21, 2015 and March 22, 2016, the Bureau issued additional rules that revise which creditors can originate balloon-payment qualified mortgages. To be eligible to originate a balloon-payment qualified mortgage, a creditor must meet the small creditor origination limit and asset limit and operate in a rural or underserved area in the preceding calendar year, or for applications received before April 1 must meet these requirements in either of the two preceding calendar years.
3. On October 1, 2013, the Bureau published a final rule that, among other things, expanded eligibility for the HOEPA balloon-payment special provision to loans that satisfy § 1026.43(e)(6), and expanded eligibility for the escrow exemption to small creditors who operated predominantly in rural or underserved areas in any of the previous three calendar years. On September 21, 2015 and March 22, 2016, the Bureau issued additional rules further revising the eligibility for the HOEPA balloon-payment special provision and the escrow exemption. To be eligible to originate a higher-cost loan that includes a balloon payment or to be eligible for the escrow exemption, a creditor must meet the small creditor origination limit and asset limit and operate in a rural or underserved area in the preceding calendar year, or for applications received before April 1 must meet these requirements in either of the two preceding calendar years. A creditor must meet additional requirements to be eligible for the escrow exemption.



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