

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(a)-(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 Predominantly Serving Rural or Underserved Areas	QM balloon loans permitted if other criteria met ² [§1026.43(f)]	Exempt from balloon prohibition if other criteria met ³ [§1026.32(d)(1)(i)(C)]	Covered [§1024.20(a)]	Exempt from escrow requirement if other criteria met [§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)]	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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1 Note: 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 adopted §1026.43(e)(6), which provides a two-year transition period during which small creditors as defined by § 1026.43(e)(5) can originate balloon-payment qualified mortgages even if they do not operate predominantly in rural or underserved areas. The final rule also 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.

3 On October 1, 2013, the Bureau published a final rule that, among other things, amended § 1026.32(d)(1)(ii)(D) to expand eligibility for the HOEPA balloon exemption to loans that satisfy § 1026.43(e)(6); and also amended § 1026.35(b)(2)(i)(C) to expand eligibility for the escrows exemption to creditors who operated predominantly in rural or underserved areas in any of the previous three calendar years.