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Transmittal – See OCC 2020-11

Appraisals for Higher-Priced Mortgage Loans: 2016 Smaller Loan Exemption Threshold

Summary

On November 27, 2015, the Office of the Comptroller of the Currency (OCC) published in the *Federal Register* a revision to its higher-priced mortgage loan (HPML) appraisal rule. The revision provides the HPML exemption threshold for smaller loan transactions effective for 2016 based on the annual percentage change in the consumer price index. The rule becomes effective January 1, 2016.

Highlight

The exemption threshold for smaller loan transactions under the OCC's HPML appraisal rule will remain \$25,500 through December 31, 2016.

Note for Community Banks

Community banks that engage in HPML transactions of \$25,500 or less should review these revisions to determine whether the transactions are exempt from certain appraisal requirements contained in the HPML rule.

To

Chief Executive Officers of
National Banks and Federal
Savings Associations,
Department and Division Heads,
Examining Personnel, and Other
Interested Parties

Background

Section 1471 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Truth in Lending Act to add special appraisal requirements for higher-priced mortgages. In 2013, the OCC issued final regulations implementing section 1471. As originally promulgated, the OCC's regulations exempted, among other loan types, loan transactions of \$25,000 or less, and required that this loan amount be adjusted annually for inflation based on the year-to-year increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (12 CFR 34.203(b)(2)). If there is no increase in the CPI-W, the OCC does not make adjustments to the exemption threshold from the prior year.

The small-dollar exemption threshold will remain \$25,500 through December 31, 2016. This threshold amount is based on the CPI-W index in effect on June 1, 2015, which was reported on May 22, 2015. Because there was a 0.8 percent decrease in the CPI-W from April 2014 to April 2015, the OCC is not adjusting the threshold amount for 2016.

Further Information

Please contact Beth Knickerbocker, Counsel, Legislative and Regulatory Activities Division, at (202) 649-5490.

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Related Link

- ["Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Adjustment—Final Rule" \(PDF\)](#)

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