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To: Clients and Friends

From: Daniel S. Engle

Subject: Regulation Z HOEPA and Qualified Mortgage Annual Threshold Adjustments

In the December 2, 2024 issue of the *Federal Register* (89 FR 95080 [click here](#)), the Consumer Financial Protection Bureau established the following 2025 thresholds for high-cost and qualified mortgages under §§1026.32 and 1026.43, respectively..

HOEPA (High-cost Mortgages) 2025 Threshold Adjustments

Effective January 1, 2025, a consumer loan secured by the consumer's principal dwelling and not otherwise exempt is a high-cost mortgage based on the total points and fees payable by the consumer under §1026.32(a)(1)(ii) if the points and fees exceed: (A) 5 percent of the total loan amount for a loan with a loan amount of **\$26,968** or more, or (B) the lesser of 8 percent of the total loan amount or **\$1,348** for a loan with a loan amount of less than **\$26,968**. Comment 32(a)(1)(ii)-1.xi is added to reflect the new **\$1,348** threshold amount for 2025. Comment 32(a)(1)(ii)-3.xi is added to reflect the new **\$26,968** threshold loan amount for 2025.

Qualified Mortgages 2025 Threshold Adjustments APOR Spread

Effective January 1, 2025, for purposes of determining whether a covered transaction is a qualified mortgage under the §1026.43(e)(2) general definition, a covered transaction is not a qualified mortgage unless the transaction's annual percentage rate does not exceed the average prime offer rate (APOR) as of the date the interest rate is set by: (A) For a first-lien covered transaction with a loan amount greater than or equal to **\$134,841**, 2.25 or more percentage points; (B) For a first-lien covered transaction with a loan amount greater than or equal to **\$80,905** but less than **\$134,841**, 3.5 or more percentage points; (C) For a first-lien covered transaction with a loan amount less than **\$80,905**, 6.5 or more percentage points; (D) For a first-lien covered transaction secured by a manufactured home with a loan amount less than **\$134,841**, 6.5 or more percentage points; (E) For a subordinate-lien covered transaction with a loan amount greater than or equal to **\$80,905**, 3.5 or more percentage points; (F) For a subordinate-lien covered transaction with a loan amount less than **\$80,905**, 6.5 or more percentage points. Comment 43(e)(2)(vi)-3.iv is added to reflect the new threshold amounts for 2025.

Qualified Mortgages 2025 Threshold Adjustments Points and Fees

Effective January 1, 2025, for purposes of determining whether a covered transaction is a qualified mortgage under §1026.43(e), a covered transaction is not a qualified mortgage unless the transaction's total points and fees in §1026.43(e)(3)(i) do not exceed: (A) 3 percent of the total loan amount for a loan amount greater than or equal to **\$134,841**; (B) **\$4,045** for a loan amount greater than or equal to **\$80,905** but less than **\$134,481**; (C) 5 percent of the total loan amount for a loan amount greater than or equal to **\$26,968** but less than **\$80,905**; (D) **\$1,348** for a loan amount greater than or equal to **\$16,855** but less than **\$26,968**; and (E) 8 percent of the total loan amount for a loan amount less than **\$16,855**. Comment 43(e)(3)(ii)-1.xi is added to reflect the new threshold amounts for 2025.

The above threshold adjustments are effective January 1, 2025 and will require updates to your software calculations for high-cost and qualified mortgages closing on and after the effective date.

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