

Rules and Regulations

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CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Part 1003

Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold

AGENCY: Consumer Financial Protection Bureau.

ACTION: Final rule; official interpretation.

SUMMARY: The Consumer Financial Protection Bureau (Bureau) is amending official commentary interpreting requirements of the Bureau's Regulation C to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 2.5 average percent increase in the CPI-W for the 12-month period ending November 2025, the exemption threshold is adjusted to \$59 million from \$58 million. Institutions with assets of \$59 million or less as of December 31, 2025, are exempt from collecting data in 2026.

DATES: This rule is effective on January 7, 2026.

FOR FURTHER INFORMATION CONTACT: Dave Gettler, Paralegal Specialist, Office of Regulations, at (202) 435-7700 or at: <https://reginquiries.consumerfinance.gov>. If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov.

SUPPLEMENTARY INFORMATION: The Bureau is amending Regulation C, which implements the Home Mortgage Disclosure Act of 1975 (HMDA) asset thresholds, to establish the asset-sized exemption threshold for depository financial institutions for 2026. The asset threshold will be \$59 million for 2026.

I. Background

HMDA requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity.¹ Annually, lenders must report their data to the appropriate Federal agencies and make the data available to the public. The Bureau's Regulation C implements HMDA.²

Prior to 1997, HMDA exempted certain depository institutions as defined in HMDA (*i.e.*, banks, savings associations, and credit unions) with assets totaling \$10 million or less as of the preceding year-end. In 1996, HMDA was amended to expand the asset-size exemption for these depository institutions.³ The amendment increased the dollar amount of the asset-size exemption threshold by requiring a one-time adjustment of the \$10 million figure based on the percentage by which the CPI-W for 1996 exceeded the CPI-W for 1975, and it provided for annual adjustments thereafter based on the annual percentage increase in the CPI-W, rounded to the nearest multiple of \$1 million.

The definition of "financial institution" in § 1003.2(g) provides that the Bureau will adjust the asset threshold based on the year-to-year change in the average of the CPI-W, not seasonally adjusted, for each 12-month period ending in November, rounded to the nearest \$1 million. For 2025, the threshold was \$58 million. During the 12-month period ending in November 2025, the average of the CPI-W increased by 2.5 percent.⁴ As a result, the exemption threshold is increased to \$59 million for 2026. Thus, banks, savings associations, and credit unions with assets of \$59 million or less as of December 31, 2025, are exempt from collecting data in 2026. An institution's exemption from collecting data in 2026 does not affect its responsibility to report data it was required to collect in 2025.

¹ 12 U.S.C. 2801–2810.

² 12 CFR part 1003.

³ 12 U.S.C. 2808(b).

⁴ The non-seasonally adjusted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for October 2025 was not reported by the Bureau of Labor Statistics (BLS). Accordingly, the Bureau excluded October 2025 from its calculation of the average CPI-W for the 12-month period ending in November 2025.

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II. Procedural Requirements

A. Administrative Procedure Act

Under the Administrative Procedure Act (APA), notice and opportunity for public comment are not required if the Bureau finds that notice and opportunity for public comment are impracticable, unnecessary, or contrary to the public interest.⁵ Pursuant to this final rule, comment 2(g)–2 in Regulation C, supplement I, is amended to update the exemption threshold. The amendment in this final rule is technical and non-discretionary, and it merely applies the formula established by Regulation C for determining any adjustments to the exemption threshold. For these reasons, the Bureau has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendment is adopted in final form.

Section 553(d) of the APA generally requires publication of a final rule not less than 30 days before its effective date, except in the case of (1) a substantive rule which grants or recognizes an exemption or relieves a restriction; (2) interpretive rules and statements of policy; or (3) as otherwise provided by the agency for good cause found and published with the rule.⁶ At a minimum, the Bureau has determined that the amendment falls under the third exception to section 553(d). The Bureau finds that there is good cause to make the amendment effective as of the date of publication in the **Federal Register**. The amendment in this final rule is technical and non-discretionary, and it applies the method previously established in the agency's regulations for determining adjustments to the threshold.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.⁷ As noted previously, the Bureau has determined that it is unnecessary to publish a general notice of proposed rulemaking for this final rule. Accordingly, the RFA's requirement relating to an initial and

⁵ 5 U.S.C. 553(b)(B).

⁶ 5 U.S.C. 553(d).

⁷ 5 U.S.C. 603(a), 604(a).

final regulatory flexibility analysis does not apply.

C. Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 *et seq.*), Federal agencies are generally required to seek the Office of Management and Budget (OMB)'s approval for information collection requirements prior to implementation. Under the PRA, the Bureau may not conduct or sponsor and, notwithstanding any other provision of law, a person is not required to respond to an information collection unless the information collection displays a valid control number assigned by OMB.

The Bureau has determined that this final rule would not impose any new or revised information collection requirements (recordkeeping, reporting or disclosure requirements) that would constitute collections of information requiring OMB approval under the PRA.

D. Executive Order 12866

The Office of Information and Regulatory Affairs within the Office of Management and Budget (OMB) has determined that this action is not a “significant regulatory action” under E.O. 12866, as amended.

D. Congressional Review Act

Pursuant to the Congressional Review Act, the Bureau will submit a report containing this rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the United States prior to the rule taking effect.⁸ The Office of Information and Regulatory Affairs (OIRA) has designated this rule as not a “major rule” as defined by 5 U.S.C. 804(2).

List of Subjects in 12 CFR Part 1003

Banks, Banking, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations.

Authority and Issuance

For the reasons set forth above, the Bureau amends Regulation C, 12 CFR part 1003, as set forth below:

PART 1003—HOME MORTGAGE DISCLOSURE (REGULATION C)

■ 1. The authority citation for part 1003 continues to read as follows:

Authority: 12 U.S.C. 2803, 2804, 2805, 5512, 5581.

⁸ 5 U.S.C. 801 *et seq.*

■ 2. Supplement I to part 1003 is amended by revising 2(g) *Financial Institution* under the heading *Section 1003.2—Definitions* to read as follows:

Supplement I to Part 1003—Official Interpretations

* * * * *

Section 1003.2—Definitions

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2(g) Financial Institution

1. *Preceding calendar year and preceding December 31.* The definition of financial institution refers both to the preceding calendar year and the preceding December 31. These terms refer to the calendar year and the December 31 preceding the current calendar year. For example, in 2019, the preceding calendar year is 2018 and the preceding December 31 is December 31, 2018. Accordingly, in 2019, Financial Institution A satisfies the asset-size threshold described in § 1003.2(g)(1)(i) if its assets exceeded the threshold specified in comment 2(g)–2 on December 31, 2018. Likewise, in 2020, Financial Institution A does not meet the loan-volume test described in § 1003.2(g)(1)(v)(A) if it originated fewer than 25 closed-end mortgage loans during either 2018 or 2019.

2. *Adjustment of exemption threshold for banks, savings associations, and credit unions.* For data collection in 2026, the asset-size exemption threshold is \$59 million. Banks, savings associations, and credit unions with assets at or below \$59 million as of December 31, 2025, are exempt from collecting data for 2026.

3. *Merger or acquisition—coverage of surviving or newly formed institution.* After a merger or acquisition, the surviving or newly formed institution is a financial institution under § 1003.2(g) if it, considering the combined assets, location, and lending activity of the surviving or newly formed institution and the merged or acquired institutions or acquired branches, satisfies the criteria included in § 1003.2(g). For example, A and B merge. The surviving or newly formed institution meets the loan threshold described in § 1003.2(g)(1)(v)(B) if the surviving or newly formed institution, A, and B originated a combined total of at least 200 open-end lines of credit in each of the two preceding calendar years. Likewise, the surviving or newly formed institution meets the asset-size threshold in § 1003.2(g)(1)(i) if its assets and the combined assets of A and B on December 31 of the preceding calendar year exceeded the threshold described in § 1003.2(g)(1)(i). Comment 2(g)–4

discusses a financial institution's responsibilities during the calendar year of a merger.

4. *Merger or acquisition—coverage for calendar year of merger or acquisition.*

The scenarios described below illustrate a financial institution's responsibilities for the calendar year of a merger or acquisition. For purposes of these illustrations, a “covered institution” means a financial institution, as defined in § 1003.2(g), that is not exempt from reporting under § 1003.3(a), and “an institution that is not covered” means either an institution that is not a financial institution, as defined in § 1003.2(g), or an institution that is exempt from reporting under § 1003.3(a).

i. Two institutions that are not covered merge. The surviving or newly formed institution meets all of the requirements necessary to be a covered institution. No data collection is required for the calendar year of the merger (even though the merger creates an institution that meets all of the requirements necessary to be a covered institution). When a branch office of an institution that is not covered is acquired by another institution that is not covered, and the acquisition results in a covered institution, no data collection is required for the calendar year of the acquisition.

ii. A covered institution and an institution that is not covered merge. The covered institution is the surviving institution, or a new covered institution is formed. For the calendar year of the merger, data collection is required for covered loans and applications handled in the offices of the merged institution that was previously covered and is optional for covered loans and applications handled in offices of the merged institution that was previously not covered. When a covered institution acquires a branch office of an institution that is not covered, data collection is optional for covered loans and applications handled by the acquired branch office for the calendar year of the acquisition.

iii. A covered institution and an institution that is not covered merge. The institution that is not covered is the surviving institution, or a new institution that is not covered is formed. For the calendar year of the merger, data collection is required for covered loans and applications handled in offices of the previously covered institution that took place prior to the merger. After the merger date, data collection is optional for covered loans and applications handled in the offices of the institution that was previously covered. When an institution remains not covered after

acquiring a branch office of a covered institution, data collection is required for transactions of the acquired branch office that take place prior to the acquisition. Data collection by the acquired branch office is optional for transactions taking place in the remainder of the calendar year after the acquisition.

iv. Two covered institutions merge. The surviving or newly formed institution is a covered institution. Data collection is required for the entire calendar year of the merger. The surviving or newly formed institution files either a consolidated submission or separate submissions for that calendar year. When a covered institution acquires a branch office of a covered institution, data collection is required for the entire calendar year of the merger. Data for the acquired branch office may be submitted by either institution.

5. *Origination*. Whether an institution is a financial institution depends in part on whether the institution originated at least 25 closed-end mortgage loans in each of the two preceding calendar years or at least 200 open-end lines of credit in each of the two preceding calendar years. Comments 4(a)–2 through –4 discuss whether activities with respect to a particular closed-end mortgage loan or open-end line of credit constitute an origination for purposes of § 1003.2(g).

6. *Branches of foreign banks—treated as banks*. A Federal branch or a State-licensed or insured branch of a foreign bank that meets the definition of a “bank” under section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)) is a bank for the purposes of § 1003.2(g).

7. *Branches and offices of foreign banks and other entities—treated as nondepository financial institutions*. A Federal agency, State-licensed agency, State-licensed uninsured branch of a foreign bank, commercial lending company owned or controlled by a foreign bank, or entity operating under section 25 or 25A of the Federal Reserve Act, 12 U.S.C. 601 and 611 (Edge Act and agreement corporations) may not meet the definition of “bank” under the Federal Deposit Insurance Act and may thereby fail to satisfy the definition of a depository financial institution under § 1003.2(g)(1). An entity is nonetheless a financial institution if it meets the

definition of nondepository financial institution under § 1003.2(g)(2).

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Russell Vought,
Acting Director, Consumer Financial Protection Bureau.

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CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Part 1026

Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold

AGENCY: Consumer Financial Protection Bureau.

ACTION: Final rule; official interpretation.

SUMMARY: The Consumer Financial Protection Bureau (Bureau) is amending the official commentary to its Regulation Z in order to make annual adjustments to the asset-size thresholds exempting certain creditors from the requirement to establish an escrow account for a higher-priced mortgage loan (HPML). The exemption threshold for creditors and their affiliates that regularly extended covered transactions secured by first liens is adjusted to \$2.785 billion and the exemption threshold for certain insured depository institutions and insured credit unions with assets of \$10 billion or less is adjusted to \$12.485 billion.

DATES: This rule is effective on January 7, 2026.

FOR FURTHER INFORMATION CONTACT: Dave Gettler, Paralegal Specialist, Office of Regulations, at (202) 435-7700 or at: <https://reginquiries.consumerfinance.gov>.

SUPPLEMENTARY INFORMATION:
I. **Background**

Section 129D of the Truth in Lending Act (TILA) generally requires creditors to establish escrow accounts for certain first-lien higher-priced mortgage loan transactions. However, TILA section 129D also permits the Bureau to exempt creditors from this higher-priced mortgage loan escrow requirement if they meet certain requirements, including any asset-size threshold that the Bureau may establish.

In the 2013 Escrows Final Rule,¹ the Bureau established an asset-size

threshold of \$2 billion, to adjust automatically each year, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for each 12-month period ending in November, with rounding to the nearest million dollars.² In 2015, the Bureau made two general revisions to the threshold. It revised the threshold to count the assets of the creditor’s affiliates that regularly extended covered transactions secured by first liens during the applicable period. It also added a grace period to allow an otherwise eligible creditor that exceeded the asset limit in the preceding calendar year (but not in the calendar year before the preceding year) to continue to operate as a small creditor with respect to transactions with applications received before April 1 of the current calendar year.³ For 2025, the threshold was \$2.717 billion.

During the 12-month period ending in November 2025, the average of the CPI-W increased by 2.5 percent.⁴ As a result, the exemption threshold is increased to \$2.785 billion for 2026.⁵ Thus, if the creditor’s assets together with the assets of its affiliates that regularly extended first-lien covered transactions during calendar year 2025 are less than \$2.785 billion on December 31, 2025, and it meets the other requirements of § 1026.35(b)(2)(iii), the creditor will be exempt from the escrow-accounts requirement for higher-priced mortgage loans in 2026 and will also be exempt from the escrow-accounts requirement for higher-priced mortgage loans for purposes of any loan consummated in 2027 with applications received before April 1, 2027. The adjustment to the escrows asset-size exemption threshold

² See 12 CFR 1026.35(b)(2)(iii)(C).

³ See 80 FR 59943, 59951 (Oct. 2, 2015). The Bureau also issued an interim final rule in March 2016 to revise certain provisions in Regulation Z to effectuate the Helping Expand Lending Practices in Rural Communities Act’s amendments to TILA (Pub. L. 114-94, sec. 89003, 129 Stat. 1312, 1800-01 (2015)). The rule broadened the cohort of creditors that may be eligible under TILA for the special provisions allowing origination of balloon-payment qualified mortgages and balloon-payment high-cost mortgages, as well as for the escrows exemption. See 81 FR 16074 (Mar. 25, 2016).

⁴ The non-seasonally adjusted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for October 2025 was not reported by the Bureau of Labor Statistics (BLS). Accordingly, the Bureau excluded October 2025 from its calculation of the average CPI-W for the 12-month period ending in November 2025.

⁵ Adjusted dollar amounts throughout this final rule are calculated by applying the relevant consumer price index to the previous year’s unrounded dollar amount before rounding to the nearest million dollars. Accordingly, applying the rounded consumer price index figures to the previous year’s rounded dollar amounts may not add up to the total dollar amount shown.