

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

October 30, 2014

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

2015 “Rural” and “Rural or Underserved” Counties Lists

On October 27, 2014, the Consumer Financial Protection Bureau (CFPB) posted new “rural” and “rural or underserved” counties lists to their [website](#). As noted in the CFPB’s corresponding [press release](#), several rules affect creditors that operate predominately in “rural or underserved” counties or that originate mortgage loans in “rural” counties. Specifically:

- *Escrows Rule* – The [Escrow Requirements under the Truth in Lending Act rule](#) (Escrows Rule) requires creditors to establish and maintain escrow accounts for higher-priced mortgage loans (HPMLs); however, the rule exempts small creditors that operate predominately in rural or underserved counties.
- *Ability-to-Repay Rule* – Under the [Ability-to-Repay and Qualified Mortgage Standards under the Truth in Lending Act rule](#) (ATR Rule), mortgage loans with balloon payments generally do not qualify as qualified mortgages (QMs). However, certain small creditors that operate predominately in rural or underserved counties are eligible to originate balloon-payment QMs. All other small creditors are provided this exemption through January 10, 2016.
- *Home Ownership and Equity Protection Act (HOEPA) Rule* – These same creditors are exempt, when making these balloon-payment QMs, from restrictions on balloon payments for certain high-cost mortgages under the CFPB’s [High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act rule](#).
- *Appraisals for Higher-Priced Mortgage Loans (HPML) Rule* – Lastly, certain HPMLs are exempt from the additional appraisal requirements if they are originated in rural counties under the interagency [Appraisals for Higher-Priced Mortgage Loans rule](#).

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco’s website, at <http://www.frbsf.org/banking-supervision/publications/district-circular-letters/>.

For additional information, please contact:

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