

“Small Creditor” & “Small Servicer” Criteria & Exemptions

Small Creditor ¹ Exemption/Benefit	Asset-Size Limit	Transaction Test	Lending Pattern/ Activity Test
Escrow Exemption for 1st Lien HPMLs <i>(§1026.35(b)(2)(iii))</i>	Less than \$2.236 billion as of preceding Dec. 31 ² - include affiliate assets ³	In preceding calendar year, creditor and affiliates originated no more than 2,000 first lien mortgage loans secured by a dwelling that were sold or subject to sale	<ul style="list-style-type: none"> ▪ In the preceding calendar year, the creditor must have made at least ONE first lien mortgage loans secured by a property located in “rural” or “underserved” areas (“Rural test”); AND ▪ Creditor & affiliate do not maintain escrow accounts other than escrow accounts for HPMLs with application dates between April 1, 2010 and June 17, 2021; or as an accommodation to distressed borrowers post-consummation.
Escrow Exemption for 1st Lien HPMLs <i>((§1026.35(b)(2)(vi))</i>	\$10.473 billion or less as of preceding Dec. 31 ² - include affiliate assets ³	In preceding calendar year, creditor and affiliates originated no more than 1,000 mortgage loans secured by a first lien on a principal dwelling – include all loans whether sold or held in portfolio	<ul style="list-style-type: none"> ▪ In the preceding calendar year, the creditor must have made at least ONE first lien mortgage loans secured by a property located in “rural” or “underserved” areas (“Rural test”); AND ▪ Creditor & affiliate do not maintain escrow accounts other than escrow accounts for HPMLs with application dates between April 1, 2010 and June 17, 2021; or as an accommodation to distressed borrowers post consummation.
Balloon Payment Qualified Mortgage (BPQM) <i>(§1026.43(f))</i>	Less than \$2.236 billion as of preceding Dec. 31 ² - include affiliate assets ³	In preceding calendar year, no more than 2,000 mortgage loans were originated ⁴	Rural test
Small Creditor Portfolio Qualified Mortgage <i>(§1026.43(e)(5))</i>	Less than \$2.236 billion as of preceding Dec. 31 ² - include affiliate assets ³	In preceding calendar year, no more than 2,000 mortgage loans were originated ⁴	NA

¹ The definition of “small creditor” is found in Regulation Z at §1026.35(b)(2)(iii)-(v) and in the Interagency Flood rules at 12 CFR 339.5(c)(1).

² Asset size as of 12/31/2021. Amount is adjusted annually.

³ Include assets of creditor AND affiliates that “regularly extend covered transactions” (first-lien mortgage loans)

⁴ Count 1st lien mortgage loans secured by borrower’s principal dwelling originated by creditor AND its affiliates that are sold to investors or originated under commitment for sales to another. Do NOT include loans originated and held within creditor’s own portfolio.

“Small Creditor” & “Small Servicer” Criteria & Exemptions

Small Servicer ⁵ Exemption/Benefit	Asset-Size Limit	Transaction Test	Lending Pattern/ Activity Test
Force-place Hazard Insurance Provision Exemption Limited exemption applies allowing small servicer to purchase force-placed insurance (rather than overdraw escrow account to purchase hazard insurance) if force place policy is less expensive than escrow payment for borrower’s hazard policy (§1024.37)	NA	Servicer and its affiliate cannot service more than 5,000 mortgage loans ⁶ , all of which the servicer (or an affiliate) is the creditor or assignee ⁷ (“5,000 loan limit”)	NA
Policy and Procedure Exemption for General Mortgage Servicing (§1024.38)	NA	5,000 loan limit	NA
Early Mortgage Servicing Intervention Requirements Exemption (§1024.39)	NA	5,000 loan limit	NA
Policy and Procedures Exemption for Loss Mitigation (Small Servicers may not file for foreclosure when borrower is 120 or fewer days delinquent or if borrower is performing pursuant to a loss mitigation agreement) (§1024.41)	NA	5,000 loan limit	NA
Periodic Mortgage Statements Exemption (§1026.41)	NA	5,000 loan limit	NA

⁵ The definition of “small servicer” is found in Regulation Z at §1026.41(e)(4).

⁶ Include in count closed-end, consumer credit transactions secured by a dwelling. If the servicer services any loans for which it is neither originated or owns, the servicer cannot be considered a small servicer for this purpose. The servicer is not a small servicer because it services mortgage loans for which the servicer (or an affiliate) is not the creditor or assignee, notwithstanding that the servicer services fewer than 5,000 mortgage loans.

⁷ Evaluation is based on mortgage loans serviced by the servicer and any affiliates as of January 1 and for the remainder of the calendar year. A servicer that ceases to qualify as a small servicer will have six months from the time it ceases to qualify or until the next January 1, whichever is later, to comply with any requirements.