**Summary of Content Changes
2024.1 Update – January 2024**

**General Notes**

As usual, this quarterly update contains policy revisions related to threshold changes that occur every year, as further outlined in more detail below:

1. [Regulation Z – Appraisals for HPMLs Exemption Threshold](https://www.govinfo.gov/content/pkg/FR-2023-11-29/pdf/2023-25047.pdf?utm_campaign=subscription+mailing+list&utm_medium=email&utm_source=federalregister.gov) is reviewed each year and is typically adjusted based on inflation. HPMLs under this threshold are not required to have an appraisal conducted under the rules. The loan amount for 2024 increased to $32,400.
2. [Regulation Z – High-Cost Mortgage Loan Fee Threshold](https://www.govinfo.gov/content/pkg/FR-2023-09-21/pdf/2023-20476.pdf). Credit unions originating a high-cost mortgage have loans with points and fees that exceed thresholds established by the CFPB. These are adjusted annually. Effective on January 1, 2024, a transaction is high-cost if its points and fees exceed:
	1. 5% of the total loan amount for a loan greater than or equal to $26,092.
	2. 8% of the total loan amount or $1,305 (whichever is less) for a loan amount less than $26,092.
3. [Regulation Z – Qualified Mortgage Thresholds.](https://www.govinfo.gov/content/pkg/FR-2023-09-21/pdf/2023-20476.pdf)  Under the ability to repay rules, credit unions are provided with a safe harbor if they originate a qualified mortgage. Among other criteria, the loan is considered a qualified mortgage if the loan’s points and fees are below certain thresholds. Those thresholds are adjusted annually. Effective on January 1, 2024:

|  |  |
| --- | --- |
| **Loan Amount** | **Points and Fees Limit** |
| **$130,461 or more** | **3%** |
| **$78,277 - $130,461** | **$3,914** |
| **$26,092 - $78,277** | **5%** |
| **$16,308 - $26,092** | **$1,305** |
| **Less than $16,308** | **8%** |

In addition, for the “general qualified mortgage” category, the loan’s APR cannot exceed the threshold over the APOR for a comparable transaction as of the date by which the interest rate is set:

* 1. 2.25% or more for a first-lien loan with an amount greater than or equal to $130,461;
	2. 3.5% or more for a first-lien loan with an amount equal to $78,277 but less than $130,461;
	3. 6.5% or more for a first-lien loan with an amount less than $78,277;
	4. 6.5% or more for a first-lien loan secured by a manufactured home with a loan amount less than $130,461;
	5. 3.5% or more for a subordinate-lien loan with an amount greater than or equal to $78,277; or
	6. 6.5% or more for a subordinate-lien loan with an amount less than $78,277.
1. [IRS – Health Savings Accounts (HSA) Contribution Limits.](https://www.irs.gov/pub/irs-drop/rp-23-23.pdf)  These limits are adjusted by the IRS annually. Credit unions should ensure contributions to HSAs do not exceed these limits. For January 1, 2024, contributions must be no more than $4,150 for an individual plan and $8,300 for a family plan. This is an increase from 2023.
2. [Regulation M – Consumer Leasing.](https://www.govinfo.gov/content/pkg/FR-2023-11-29/pdf/2023-25049.pdf)  The threshold for determining if a contract is considered a consumer lease is adjusted annually. While there are not policies within CU PolicyPro to reflect this threshold, we are providing the reference for information only. The amount will increase from the prior year for 2024 to $69,500.
3. [Regulation Z – Asset Size Exemption](https://www.govinfo.gov/content/pkg/FR-2023-12-21/pdf/2023-28076.pdf) There is a threshold change for credit unions that qualify for an exemption to the requirement for establishing an escrow account for higher-priced mortgage loans (HPMLs). This asset size threshold is $2.640 billion for 2024. Credit unions under this asset size and that meet other criteria, may be exempt from this requirement.
4. [Regulation C – Home Mortgage Disclosure Act Asset Size Exemption Threshold](https://www.govinfo.gov/content/pkg/FR-2023-12-21/pdf/2023-28079.pdf) is $56 million for 2024. Credit unions are exempt from the HMDA reporting requirements if they have assets below this threshold.
5. [Regulation D – Reserve Requirements of Depository Institutions](https://www.federalreserve.gov/newsevents/pressreleases/bcreg20231127a.htm) have been updated for 2024, even though the reserve ratios are still set at zero.

Contained in this update is the creation of model procedures for reconsiderations of value. These were driven by the [Interagency Guidance](https://www.govinfo.gov/content/pkg/FR-2023-07-21/pdf/2023-12609.pdf) published by the Agencies (including the NCUA). The Fair Lending policy was also updated to reference corresponding model procedures.

Also contained in this update are procedures and corresponding updates for the long-awaited FinCEN “[Access Rule](https://www.fincen.gov/news/news-releases/fincen-issues-final-rule-regarding-access-beneficial-ownership-information)” for credit unions to access the newly created database for beneficial ownership information for legal entities, which was just published on December 21st and becomes effective on February 20, 2024.

The update also includes updates based on the [NCUA’s final rule](https://www.govinfo.gov/content/pkg/FR-2023-11-21/pdf/2023-25749.pdf) related to charitable donation accounts,

**Policy 2110 – Bank Secrecy Act / Anti-Money Laundering Program**

**2024-1**

This policy was updated to include information on the potential use of FinCEN’s beneficial ownership information (BOI) database within the final Access Rule. Credit unions should also use the corresponding procedures (2110.20) if they are planning to access the database. **(Recommended)**

**2110.20 – Beneficial Ownership Information Access Procedures \*\*NEW PROCEDURE\*\***

**2024-1**

This procedure was created to comply with the new FinCEN “[Access Rule](https://www.fincen.gov/news/news-releases/fincen-issues-final-rule-regarding-access-beneficial-ownership-information)” for beneficial ownership information. The effective date is February 20, 2024. **(Recommended)**

**Policy 2145 – Office of Foreign Assets Control**

**2024-1**

This policy was updated to provide additional context to the components of an effective OFAC Sanctions Compliance Program. **(Recommended)**

**2210.14 – Health Savings Accounts**

**2024-1**

Each year the [IRS changes](https://www.irs.gov/pub/irs-drop/rp-23-23.pdf) the contribution limits that can be made to health savings accounts for both individual and family plans. Those changes for 2024 are reflected in the revisions. **(Required)**

**Policy 2400 – Funds Availability**

**2024-1**

This policy was reviewed and updated to be more modernized, consistent, and easier to read. **(Recommended)**

**Policy 6300 – Charitable Donation Accounts**

**2024-1**

This policy was updated to reflect the addition of a non-profit entity recognized as exempt from taxation under 501(c)(19) as a [qualified charity](https://www.govinfo.gov/content/pkg/FR-2023-11-21/pdf/2023-25749.pdf) that a credit union may contribute using a charitable donation account. **(Recommended)**

**Policy 7120 – Fair Lending**

**2024-1**

This policy was updated to reflect the [Joint Statement](https://www.federalregister.gov/documents/2023/10/18/2023-22968/joint-statement-on-fair-lending-and-credit-opportunities-for-noncitizen-borrowers-under-the-equal) on Fair Lending and Credit Opportunities for Noncitizen Borrowers under the Equal Credit Opportunity Act and the [Interagency Guidance](https://www.govinfo.gov/content/pkg/FR-2023-07-21/pdf/2023-12609.pdf) on reconsiderations of value. **(Recommended)**

**Policy 7302 – Residential Real Appraisals**

**2024-1**

This policy was revised to reflect the higher priced mortgage loan appraisal exemption threshold. The [threshold changes each year based on the consumer price index](https://www.govinfo.gov/content/pkg/FR-2023-11-29/pdf/2023-25047.pdf?utm_campaign=subscription+mailing+list&utm_medium=email&utm_source=federalregister.gov) and increased to $32,400 for 2024. In addition, this policy was updated to reference reconsiderations of value procedures. **(Required)**

**7302.10 – Reconsideration of Value Procedures \*\*NEW PROCEDURE\*\***

**2024-1**

These model procedures were created to assist Credit Unions in compliance with the [Interagency Guidance on Reconsideration of Value of Residential Real Estate Valuations.](https://www.federalregister.gov/documents/2023/07/21/2023-12609/interagency-guidance-on-reconsiderations-of-value-of-residential-real-estate-valuations) **(Recommended)**

**Policy 7330 – Residential Real Estate Loans**

**2024-1**

This policy was revised to adjust the [asset-based threshold](https://www.govinfo.gov/content/pkg/FR-2023-12-21/pdf/2023-28076.pdf) for determining if a credit union is a small creditor under the rules. This threshold has increased over 2023. **(Required)**

**Policy 7350 – Ability to Repay**

**2024-1**

Policy 7350 was revised to comply with the annual changes made to the [points and fee thresholds](https://www.govinfo.gov/content/pkg/FR-2023-09-21/pdf/2023-20476.pdf) to determine if a mortgage is considered a qualified mortgage under the rules, based on the Consumer Price Index. These changes become effective on January 1, 2024. Changes were also made to reflect the price-based thresholds for the general qualified mortgage definition, also effective on January 1, 2024. **(Required)**

**Policy 7351 – Small Creditor Ability to Repay**

**2024-1**

Policy 7351 was revised to comply with the annual changes made to the [points and fee thresholds](https://www.govinfo.gov/content/pkg/FR-2023-09-21/pdf/2023-20476.pdf) to determine if a mortgage is considered a qualified mortgage under the rules, based on the Consumer Price Index. These changes become effective on January 1, 2024.

**(Required)**

**Policy 7370 – HOEPA Rule Requirement**

**2024-1**

The [thresholds for determining if a loan is covered under HOEPA](https://www.govinfo.gov/content/pkg/FR-2023-12-21/pdf/2023-28079.pdf) were also adjusted for January 1, 2024 and these amounts were updated in the policy accordingly. **(Required)**

**Policy 9200 – Home Mortgage Disclosure Act**

**2024-1**

This policy was updated to reflect the [annual threshold change](https://www.govinfo.gov/content/pkg/FR-2023-12-21/pdf/2023-28079.pdf) to determine asset size coverage for the rule, which has increased to $56 million. Credit unions below this asset size, will not be required to report HMDA data. **(Required)**

**Policy 9220 – Home Ownership and Equity Protection Act**

**2024-1**

Similar to the changes made to Policy 7370, this policy was also revised to adjust the [thresholds for determining if a loan is covered under HOEPA](https://www.govinfo.gov/content/pkg/FR-2023-09-21/pdf/2023-20476.pdf), effective January 1, 2024. **(Required)**

**Policy 9420 – Regulation D – Monetary Control Act**

**2024-1**

Even though the reserve requirements are still set at zero, the [reserve requirements thresholds](https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20231127a1.pdf) amounts are updated each year. These changes are now reflected within the policy. The low reserve tranche has decreased from 2023. **(Required)**

**Policy 10010 – Records Retention Table 10: Security Records**

**2024-1**

An additional record was added to maintain the legal entity consent for accessing information from the FinCEN database until 5 years after it is last relied upon. **(Recommended)**