

EMB HPML Determination

The Federal Financial Institution Examination Council (FFIEC) rate spread calculator generates the spread between the Annual Percentage Rate (APR) and a survey based estimate of APR's using Average Prime Offer Rates (APOR). An APOR is an APR that is derived from average interest rates, points, or other loan pricing terms currently offered to consumers. The calculated "Rate Spread" is used to determine whether a loan qualifies as a Higher Priced Mortgage Loan (HPML).

- Emerging Mortgage Bankers (EMBs) can access the Rate Spread Calculator at cfpb.github.io/hmda-platform-tools/rate-spread/.
- EMBs must submit a printout of the HPML determination with their closed loan package.

Rate Spread Calculator for HPML Determination

<ol style="list-style-type: none"> 1. Action Taken Type: This will default to "1". No action is required. 2. Reverse Mortgage: This will default to "2". No action is required. 3. Amortization Type: This will default to "Fixed." User action is only required if the loan is an Adjustable Rate Mortgage (ARM). If this is the case, select "Variable". 4. Rate Set Date: The EMB will input the date that the loan was locked with the borrower. 5. APR%: The EMB will input the APR from the final CD executed at consummation. 6. Loan Term: The EMB will input the term of the loan. 7. Rate Spread: This will appear after all fields are filled out and <i>Calculate rate spread</i> is clicked. <ul style="list-style-type: none"> • If "Rate Spread" is less than, but not equal to 1.5 on a regular (non-jumbo) loan, then the loan is not HPML. • If "Rate Spread" is less than, but not equal to 2.5 on a Jumbo loan, then the loan is HPML. 	<div style="margin-bottom: 10px;"> 1 Action Taken Type <small>If Action Taken Type is 3, 4, 5, 6, or 7, report Rate Spread as NA</small> <input checked="" type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 8 </div> <div style="margin-bottom: 10px;"> 2 Reverse Mortgage <small>If Reverse Mortgage is 1, report Rate Spread as NA</small> <input checked="" type="radio"/> 2 </div> <div style="margin-bottom: 10px;"> 3 Amortization Type <input checked="" type="radio"/> Fixed <input type="radio"/> Variable </div> <div style="margin-bottom: 10px;"> 4 Rate Set Date <small>Rate set date must be between 01/02/2017 and today's date</small> <input type="text" value="01/24/2018"/> </div> <div style="margin-bottom: 10px;"> 5 APR% <input type="text" value="4.215"/> </div> <div style="margin-bottom: 10px;"> 6 Loan Term <input type="text" value="30"/> </div> <div style="margin-bottom: 10px; text-align: center;"> <input type="button" value="Calculate rate spread"/> </div> <div style="background-color: #e0f2f1; padding: 10px;"> 7 Rate Spread 0.125 </div>
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