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**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**Notice of Availability of Revised Methodology for Determining Average Prime Offer Rates**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Notice of availability.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) announces the availability of a revised methodology statement, entitled the “Methodology for Determining Average Prime Offer Rates.” The methodology statement describes the data and the methodology used to calculate average prime offer rates for purposes of Regulation C and Regulation Z. The statement has been revised to reflect the fact that the Bureau is using a different source of survey data for the one-year variable rate mortgage product to calculate average prime offer rates.

**ADDRESSES:** The revised methodology statement is available on the web site of the Federal Financial Institutions Examination Council (FFIEC) at <https://www.ffiec.gov/ratespread/newcalchelp.aspx#4>.

**FOR FURTHER INFORMATION CONTACT:** Terry J. Randall, Counsel, Office of Regulations, at 202-435-7700.

**SUPPLEMENTARY INFORMATION:** The average prime offer rates (APORs) are annual percentage rates derived from average interest rates, points, and other loan pricing terms offered to borrowers by a representative sample of lenders for mortgage loans that have low-risk pricing characteristics. APORs have implications for data reporters under Regulation C and creditors under Regulation Z. Regulation C requires covered financial institutions to report, for certain

transactions, the difference between a loan's annual percentage rate (APR) and the APOR for a comparable transaction.<sup>1</sup> Under Regulation Z, a creditor may be subject to certain special provisions if the difference between a loan's APR and the APOR for a comparable transaction exceeds certain thresholds.<sup>2</sup>

The Bureau calculates APORs on a weekly basis according to a methodology statement that is available to the public. The Bureau has revised the methodology statement to reflect a change in the source of survey data for the one-year variable rate mortgage product that it began using to calculate the weekly APORs on July 7, 2016. The Freddie Mac Primary Mortgage Market Survey<sup>®</sup> (PMMS) previously provided survey data for that mortgage product that, together with data for other products from the same survey, has been used to calculate the weekly APORs. Freddie Mac has discontinued publishing the one-year variable rate mortgage data. Beginning on July 7, 2016, the Bureau started using data provided by HSH Associates for the one-year variable rate mortgage product to calculate the weekly APORs, while continuing to derive the other data used by the methodology from the PMMS. The Bureau has revised the methodology statement in light of that change. No other substantive changes have been made to the methodology statement.

Dated: August 2, 2016.

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**Richard Cordray,**

*Director, Bureau of Consumer Financial Protection.*

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<sup>1</sup> 12 CFR 1003.4(a)(12)(i).

<sup>2</sup> 12 CFR 1026.35(a) and 1026.32(a)(1)(i).

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