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**INTERPRETIVE LETTER RE: “CONVENTIONAL MORTGAGE RATE”
DEFINITION IN 9-A M.R.S. § 8-506(1)(D)**

The Maine Consumer Credit Code (Title 9-A M.R.S.) uses the term “conventional mortgage rate” (CMR) in the “Maine Truth in Lending Act” (9-A M.R.S. Article 8-A) to determine whether certain discount points can be excluded from a mortgage loan’s points and fees as “bona discount points,” as well as to define a conventional prepayment penalty.

9-A M.R.S. 8-506(1)(D) states: ““Conventional mortgage rate” means the most recently published annual yield on conventional mortgages published by the Board of Governors of the Federal Reserve System, as published in statistical release H.15 or any superseding publication (Fed CMR), as of the applicable time set forth in 12 Code of Federal Regulations, Section 1026.32(a)(1)(i).”

As of October 11, 2016, the Board of Governors of the Federal System (“Fed”) discontinued the publication of conventional mortgage rates in statistical release H.15. When the Fed discontinued publication of conventional mortgage rates in statistical release H.15 as of October 11, 2016, it reasoned that the conventional mortgage rate was not a figure produced by the Fed and was already available from its original source – Freddie Mac. Specifically, the Fed obtained the conventional mortgage rate from Freddie Mac’s Primary Mortgage Market Survey (“PMMS”).

Freddie Mac publishes the CMR, also known as “The Primary Mortgage Market Survey”, every Thursday at 10 a.m. ET. Freddie Mac also publishes an Excel spreadsheet of “current mortgage rates data since 1971” on the same page of their website. Both the most current rate and the historical rate data may be found at <https://www.freddiemac.com/pmms>.

The Maine Bureau of Consumer Credit Protection (BCCP) will use the Freddie Mac PMMS rate as a substitute for the discontinued Fed CMR in interpretation and enforcement of 9-A M.R.S. Article 8-A. The appropriate date for determination of “the most recently published annual yield on conventional mortgages” will be the weekly rate published by Freddie Mac for the week immediately prior to closing of the loan.

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