



# Seller Guide Update



SEL-2021-033: Revised General Qualified Mortgage Rule

June 18, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

## Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
<input checked="" type="checkbox"/>	Conv. (Portfolio)
<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

## Effective Dates:

- **Application Dates on and after July 1, 2021:** All Conventional Loans are required to comply with the Revised General Qualified Mortgage Rule as outlined in this announcement.
- **Application Dates prior to July 1, 2021:** All Conventional Loans that do not comply with Revised General Qualified Mortgage Rule must be purchased by U.S. Bank **no later than July 30, 2021.**

## Recent GSE Communications

The GSEs published [Fannie Mae LL-2021-09](#) and [Freddie Mac Bulletin 2021-13](#) on April 8, 2021 announcing changes to loan eligibility requirements due to the Preferred Stock Purchase Agreement (the "PSPA") and revised General Qualified Mortgage Rule. U.S. Bank will update our guidelines to include the new requirements as outlined in this announcement.

## Additional Background

Fannie Mae and Freddie Mac, through the FHFA as their conservator, entered into a Letter Agreement dated January 14, 2021 (the "PSPA") with the Department of the Treasury to amend the Amended and Restated Preferred Stock Purchase Agreement. Under the amended PSPA, Fannie Mae and Freddie Mac will no longer be permitted to purchase Qualified Mortgages under the GSE Patch and instead, will be required to comply with the Revised General Qualified Mortgage Rule set forth in [12 CFR §1026.43\(e\)\(2\)](#).

All covered transactions will be required to comply with the APR to Average Prime Offer Rate (APOR) spreads as required by the **Revised General Qualified Mortgage Rule** as outlined below.

## The Rate thresholds set forth in the General QM Final Rule are:

- For a first lien covered transaction with loan amounts greater than or equal to \$110,260, the APR cannot exceed the APOR by 2.25% or greater.
- For a first lien covered transaction with loan amounts equal to or greater than \$66,156 but less than \$110,260, the APR cannot exceed the APOR by 3.5% or greater.
- For a first lien covered transaction with loan amounts less than \$66,156, the APR cannot exceed the APOR by 6.5% or greater.
- For a first-lien covered transaction secured by a manufactured home with a loan amount less than \$110,260, the APR cannot exceed the APOR by 6.5% or greater.
- For a subordinate-lien covered transaction with a loan amount greater than or equal to \$66,156, the APR cannot exceed the APOR by 3.5% or greater.

For a subordinate-lien covered transaction with a loan amount less than \$66,156, the APR cannot exceed the APOR by 6.5% or greater.

## Guide Update: Section 400.19: Truth in Lending Act (TILA) and Regulation Z



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## Product-Specific Requirements and Updates

### Portfolio Loans

Effective with new applications taken on and after July 1, 2021, U.S. Bank Portfolio underwriting guidelines will no longer reference Appendix Q. Portfolio underwriting guidelines will be updated and communicated at that time.

### Agency Loans

Lenders are reminded to continue to originate and underwrite loans to both Agency and U.S. Bank guidelines, as applicable.

### Government Loans

Lenders are reminded of the importance to continue to originate and underwrite government loans (VA, FHA and USDA) to the agency specific QM final rules.

### Construction Conversion

Construction Conversion loans that do not comply with Revised General Qualified Mortgage Rule must be purchased by U.S. Bank no later than July 30, 2021.

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## HFA Loans

The TILA exemption from Ability to Repay and Qualified Mortgage rules for certain HFA loan programs has not changed. For instruction on ATR/QM exempt mortgages, please see 12 C.F.R. § 1026.43(a).

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## Reminder: Expiration of ATR/QM Rule Cure Provision

As published in **SEL-2021-030**, with the expiration of QM Points and Fees Cure Provision, covered transactions with consummation dates after January 10, 2021, where the total points and fees exceed the applicable limits, creditors or assignees will no longer be allowed the option to cure the transaction after consummation and bring it into QM compliance. Impacted loans will not be eligible for purchase.

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## Questions



**Correspondent:** Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

**HFA:** Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.

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