



# Understanding & Implementing Qualified Mortgage Revisions (Webinar)

April 7, 2021 ☐ 10:00am - 12:00pm

The Ability to Repay/Qualified Mortgage rules have always provided several options for compliance. Now one option is expiring, another option is undergoing major revisions, and a new option is being created. All financial institutions must make decisions on which options to adopt and how to implement the option(s) chosen.

In a final rule released on October 20, 2020 (the Extension Final Rule), the Consumer Financial Protection Bureau (CFPB) amended Regulation Z to replace the January 10, 2021 sunset date of the Temporary GSE QM loan definition with a provision stating that the Temporary GSE QM loan definition will be available only for covered transactions for which the creditor receives the consumer's application before the mandatory compliance date of final amendments to the General QM loan definition in Regulation Z.

On December 10, 2020, the (CFPB) issued two final rules related to qualified mortgage (QM) loans. The first final rule, the General QM Rule, replaces the current requirement for General QM loans that the consumer's debt-to-income ratio (DTI) not exceed 43 percent with a limit based on the loan's pricing. The second final rule, reveals a new Seasoned QM.

The new and revised rules are effective on or about mid-February 2021, which is 60 days after the final rules are published in the Federal Register.

- Compliance with the revised General QM rule is mandatory on July 1, 2021 with optional compliance between the effective date and July 1, 2021 mandatory date.
- The existing Temporary GSE QM option expires on the effective date, and creditors using that option must select an alternative option by the effective date.
- The seasoned QM rule will apply to covered transactions for which creditors receive an application on or after the effective date. The CFPB concludes that 60 days will provide creditors and the secondary market adequate implementation time for this final rule, which adds a new QM definition but does not require creditors or other stakeholders to take any action if they do not intend to rely upon the new QM definition. The CFPB has decided not to apply the final rule to loans in existence prior to the effective date. Thus, this final rule applies to covered transactions for which creditors receive an application on or after the effective date.

This two-hour program explains the changes resulting from the recent final rules that amend the qualified mortgage options contained in 12 CFR 1026.43.

## TOPICS

- The revised General QM rule, including the:
  - ◆ Prohibition on loan features
  - ◆ Underwriting requirements. The final rule:
    - ◇ Replaces the existing General QM loan definition with its 43 percent DTI limit with a price-based General QM loan definition
    - ◇ Grants QM status only if the annual percentage rate (APR) exceeds the average prime offer rate (APOR) for a comparable transaction by less than 2.25 percentage points as of the date the interest rate is set
    - ◇ Provides higher thresholds for loans with smaller loan amounts, for certain manufactured housing loans, and for subordinate-lien transactions
    - ◇ Retains the existing product-feature and underwriting requirements and limits on points and fees
    - ◇ Requires that the creditor consider the consumer's current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan, debt obligations, alimony, child support, and DTI ratio or residual income and verify the consumer's current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan and the consumer's current debt obligations, alimony, and child support.
    - ◇ Removes appendix Q
    - ◇ Preserves the current threshold separating safe harbor from rebuttable presumption QMs, under which a loan is a safe harbor QM if its APR does not exceed APOR for a comparable transaction by 1.5 percentage points or more as of the date the interest rate is set (or by 3.5 percentage points or more for subordinate-lien transactions).
- ◆ Effective date



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- The new Seasoned QM rule:
  - ◆ The definition of a covered transaction
  - ◆ Product Restrictions
  - ◆ Points and fees limits
  - ◆ Debt-to-income ratio
  - ◆ The concept of the seasoning period
  - ◆ Performance Requirements
  - ◆ Effective Date
- The elimination of the Temporary GSE QM rule

### Who Will Benefit

The program is designed for Compliance Officers, Loan Officers, Loan Processors, Auditors, and others with responsibilities related to the origination and servicing of mortgage loans.

### Webinar Speaker

**Jack Holznecht** is the CEO of Compliance Resource, LLC. He has been delivering the word on lending compliance for 45 years. In 40 years as a trainer over 150,000 bankers (and many examiners) have participated in Jack's live seminars and webinars. Jack's career began in 1976 as a federal bank examiner. He later headed the product and education divisions of a regional consulting company. There he developed loan and deposit form systems and software. He also developed and presented training programs to bankers in 43 states. Jack has been an instructor at compliance schools presented by a number of state bankers associations. As a contractor he developed and delivered compliance training for the FDIC for ten years. He is a Certified Regulatory Compliance Manager and a member of the National Speakers Association.

### Registration Form

*(for additional registrations, please make copies)*

#### Registrant 1

#### Registrant 2

Mr./Mrs./Ms. _____	Mr./Mrs./Ms. _____
Bank _____	Bank _____
Email Address _____	Email Address _____
Branch Street Address _____	Branch Street Address _____
City, State, Zip _____	City, State, Zip _____
Office Phone _____	Office Phone _____
Cell _____	Cell _____

#### **Payment Options:**

Check (Made payable to the Louisiana Bankers Association)

Visa                       MasterCard                       American Express

Card # \_\_\_\_\_ Expiration Date \_\_\_\_\_

Billing address \_\_\_\_\_

Name on Card (Please Print) \_\_\_\_\_

Signature \_\_\_\_\_ Amount to be Charged on Card \$ \_\_\_\_\_

**Registration Fee**  
\$165, LBA member per connection  
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\$165 (LBA members)

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This training will be covered under SBET (Small Business Employee Training Program). Please provide an email address on the line below to receive the necessary documentation for reimbursement: \_\_\_\_\_

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