

Ability to Repay / Qualified Mortgage (ATRM/QM) Rule FAQs

Q1. What's changing with the ATR/QM rule?

Over the last several years, loans have primarily been originated as “Qualified Mortgages.” Qualified Mortgages (“QMs”) have several types with the “QM GSE Patch” and “General QM” definitions being the most routinely used to meet the Ability to Repay standards.

There were two major changes concerning QMs: 1) the QM GSE Patch is no longer available for loan applications dated on or after July 1, 2021; and 2) the General QM definition was revised.

Q2. Now that the GSE Patch is expired, what does this mean for us?

Since transitioning to the new QM rules, all loans must meet the General QM definition and will no longer have use of the QM GSE Patch.

Q3. Do the new changes to the QM rule affect FHA, VA, or USDA loans?

The new changes do not affect FHA, VA and USDA loans or how those loans have been originated in the past.

Q4. What's changed with the new QM General definition?

Previously, all loans meeting the QM General definition must have been originated with a Debt-to-Income Ratio of 43% or less. This Debt-to-Income Ratio requirement was replaced with an APR versus APOR price-based test. The other requirements of the QM General definition remained the same (i.e., points & fees limitations). The new APR versus APOR comparison requirements can be found in Regulation Z at [1026.43\(e\)\(2\)\(vi\)](#).

For example, all first lien covered transactions with a loan amount greater than or equal to \$110,260 cannot have a variance between the APR and APOR greater than 2.25%. Furthermore, all first lien covered transactions with a loan amount greater than or equal to \$66,156 but less than \$110,260 cannot have a variance between the APR or APOR greater than 3.5%. Please refer to the [General QM Final Rule Job Aid](#) for the remainder of requirements concerning loans under \$66,156, manufactured housing, and subordinate lien loans.

Q5. How does the revised QM General definition affect the “Safe Harbor” and “Rebuttable Presumption of Compliance” standards?

The ATR component of the regulation requires lenders to make a reasonable and good faith determination at or before closing that the borrower will have a reasonable ability to repay the loan. The regulation permits lenders to meet the burden of this requirement by optionally achieving a “Safe Harbor” to compliance, receiving a “Rebuttable Presumption of Compliance,” or by independently making the determination under the other specific requirements of the regulation.

The difference between achieving the Safe Harbor or receiving the Rebuttable Presumption of Compliance is whether the loan is classified as a higher priced mortgage loan or not. In both cases, the loan must always be a QM loan. Therefore, the Safe Harbor and Rebuttable Presumption of Compliance requirements are only impacted by the General QM definition changed (as discussed above in Q4).

Additional Resources:

- [CFPB Compliance Resources](#)
- [MBA Summary of CFPB's General QM Final Rule](#)