

**ATR/QM Features, Limitations and Requirements**  
**For applications received March 1, 2021 – September 30, 2022**

	ATR Standard	DTI-based General QM <sup>1</sup>	Price-based General QM <sup>2</sup>	Temporary Agency/GSE QM <sup>1</sup>	Seasoned QM <sup>2</sup>	Balloon QM	Small Creditor QM
<b>Creditor requirements</b>	None	None	None	None	None		
As of December 31, 2021, together with affiliates, had less than \$2.236 billion in assets <sup>3</sup>						X	X
During preceding calendar year, the creditor and affiliates originated 2,000 or fewer first-lien covered transactions <sup>4</sup>						X	X
During preceding calendar year, originated at least ONE first lien mortgage loan secured by a property located in a “rural” or “underserved” area.						X	
<b>Loan Feature Limitations and Requirements</b>	None						
Regular periodic payments required		X	X	X	X	X	X
Negative amortization prohibited		X	X	X	X	X	X
Interest only payments prohibited		X	X	X	X	X	X
Balloon payments prohibited		X	X	X	X		X
Loan cannot be subject to commitment to be acquired by another					X <sup>8</sup>	X	X
Loan must be held in lender’s portfolio for at least 3 years					X <sup>9</sup>	X	X
Maximum loan term of 30 years		X	X	X	X	X	X
Minimum loan term of 5 years						X	
First Lien Only					X		
<b>Pricing Limits</b>	None						
Points and Fees limits in §1026.43(e)(3)		X	X	X	X	X	X
APR to comparable APOR rate spread limit in §1026.43(e)(2)(vi)			X <sup>5</sup>				
<b>Mortgage Payment Calculation for Repayment Analysis</b>							
Variable rate - use greater of fully indexed or introductory rate	X						
HPML Balloon - use max payment over loan term (balloon payment)	X						
Non-HPML Balloon - use max payment during first 5 years after 1st payment due date	X						
Use max interest rate possible during first 5 years after 1 <sup>st</sup> payment due date		X	X		X		X
Use scheduled periodic payment, <b>excluding</b> balloon						X	
Per Agency/GSE requirements (Fannie, Freddie, VA, FHA, USDA, etc.)				X			
<b>Underwriting Requirements – Regulatory reference</b>	43(c)(2),(3) & (4)	Appendix Q	43(e)(2)(v)(A)&(B)	43(e)(4)	43(e)(2)(v)(A) & (B)	43(f)(1)(iii)	43(e)(5)(i)(A)&(B)
Written policies and procedures			Required				
Current or reasonably expected income or assets	Consider & verify	Per App. Q	Consider & verify	GSE/Agency rules	Consider & verify	Consider & verify	Consider & verify
Employment status	Consider & verify	Per App. Q	No requirement <sup>6</sup>	GSE/Agency rules	No requirement <sup>6</sup>	No requirement <sup>6</sup>	No requirement <sup>6</sup>
Monthly payment on covered transaction	Consider & verify	Include in DTI	Consider & verify	GSE/Agency rules	Consider & verify	Consider & verify	Consider & verify
Mortgage-related obligations (taxes, ins., PMI, HOA dues, etc.)	Consider & verify	Include in DTI	Consider & verify	GSE/Agency rules	Consider & verify	Consider & verify	Consider & verify
Simultaneous loan taken out	Consider & verify	Include in DTI	Consider & verify	GSE/Agency rules	Consider & verify	Consider & verify	Consider & verify
Debt, alimony, and child support	Consider & verify	Per App. Q	Consider & verify	GSE/Agency rules	Consider & verify	Consider & verify	Consider & verify
DTI or Residual Income	Limit per bank policy <sup>7</sup>	Must be ≤ 43%	Limit per bank policy <sup>7</sup>	GSE/Agency rules	Limit per bank policy <sup>7</sup>	Limit per bank policy <sup>7</sup>	Limit per bank policy <sup>7</sup>
Credit history	Consider & verify	No requirement <sup>6</sup>	No requirement <sup>6</sup>	GSE/Agency rules	No requirement <sup>6</sup>	No requirement <sup>6</sup>	No requirement <sup>6</sup>

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Creditor protections	QM's APR exceeds comparable APOR by:						
Safe Harbor – 1 <sup>st</sup> lien		Less than 1.5%	Less than 1.5%	Less than 1.5%		Less than 3.5%	Less than 3.5%
Safe Harbor – Subordinate lien		Less than 3.5%	Less than 3.5%	Less than 3.5%		Less than 3.5%	Less than 3.5%
Rebuttable Presumption – 1 <sup>st</sup> lien		1.5% or more	Based on loan amount <sup>10</sup>	1.5% or more		3.5% or more	3.5% or more
Rebuttable Presumption – Subordinate lien		3.5% or more	Based on loan amount <sup>11</sup>	3.5% or more		3.5% or more	3.5% or more
Successful completion of seasoning period					X <sup>12</sup>		

**IMPORTANT FOOTNOTES:**

<sup>1</sup> The original, DTI-based General QM expires for applications received on or after Oct. 1, 2022. The Temporary GSE/Agency QM option expires the earlier of applications dated Oct. 1, 2022 or the GSE's exit from conservatorship.

<sup>2</sup> The revised Price-based General QM and Seasoned QM is available for applications received on or after March 1, 2021.

<sup>3</sup> Asset size as of 12/31/2021 and is adjusted annually.

<sup>4</sup> *Covered transaction* means a consumer credit transaction that is secured by a dwelling, as defined in § 1026.2(a)(19), including any real property attached to a dwelling, other than a transaction exempt from coverage. Count 1st lien mortgage loans originated by creditor AND its affiliates that are sold to investors or originated under commitment for sale to another. Do NOT include creditor's portfolio loans.

<sup>5</sup> The price-based limit loan amounts are adjusted annually and for 2022 are as follows: Less than 2.25% for 1<sup>st</sup> lien loans (including manufactured home loans) with loan amounts greater than or equal to \$114,847; Less than 3.5% for 1<sup>st</sup> lien loans with loan amounts greater than or equal to \$68,908 but less than \$114,847 and subordinate liens greater than or equal to \$68,908; and less than 6.5% for 1<sup>st</sup> and subordinate lien loans with loan amounts less than \$68,908 and first or subordinate lien loans in an amount less than \$114,847 secured by a manufactured home.

<sup>6</sup> The QM rule does not specifically address this issue; subject to creditor's own underwriting requirements.

<sup>7</sup> The rule does not set DTI cap and instead permits the bank to establish its own cap but does require DTI be calculated according to §1026.43(c)(7) which requires inclusion of the following verified amounts in the calculation: income or assets, debts, alimony, child support, payment on covered transaction, including mortgage related obligations and simultaneous loans.

<sup>8</sup> May be sold, assigned or transferred ONCE before end of seasoning period, provided transaction is not securitized as part of sale, assignment or transfer.

<sup>9</sup> 36-month period starts with the first periodic payment due date after consummation and may be extended if loan is 30 days or more past due at the end of the seasoning period until loan is no longer delinquent.

<sup>10</sup> All first lien QMs w/ rate spreads less than 1.5% receive safe harbor protections regardless of loan amount. Rebuttable presumption protections are available based on loan amount as follows: greater than 1.5% but less 2.25% for loan amounts of \$114,847 or more; less than 3.5% for loan amounts equal to or greater than \$68,908 but less than \$114,847; and 6.5% for loan amounts less than \$68,908 and first lien manufactured home loans less than \$114,847. Loan amounts are adjusted annually.

<sup>11</sup> All subordinate lien QMs w/ rate spreads less than 3.5% receive safe harbor protections regardless of loan amount. Rebuttable presumption protections are available for small subordinate lien loans (loan amounts less than \$68,908) if loan's APR is 3.5% or more above comparable APOR but less than 6.5% above the comparable APOR. The small subordinate lien loan amount will be adjusted annually.

<sup>12</sup> No more than 2 delinquencies of 30 days (i.e. one month) or more AND no 60 days (i.e. two months) or more delinquencies during seasoning period. Consumer is not considered delinquent if ALL the following apply: Servicer does not treat payment as delinquent per RESPA, payment is deficient by \$50 or less; AND no more than 3 such deficient payments occur during seasoning period.