

Comparison of Original DTI-based General QM & Revised Price-based General QM

	Original DTI-based General QM ¹	Revised Price-based General QM ²
Creditor requirements	None	None
Loan feature requirements and limitations		
Regular periodic payments required	X	X
Negative amortization prohibited	X	X
Interest only payments prohibited	X	X
Balloon payments prohibited	X	X
Price-based limit - compare loan's APR to comparable APOR		X ³
Maximum loan term	30 years	30 years
Subject to Points and Fees limitation of § 1026.43(e)(3)	X	X
Mortgage Payment Calculation for Repayment Analysis		
Use Max interest rate possible during first 5 years after 1 st payment due date	X	X
Underwriting Requirements – Regulatory reference	Appendix Q	43(e)(2)(v)(A)&(B)
Current or reasonably expected income or assets	Per App. Q	Consider & verify
Employment status	Per App. Q	No requirement ⁴
Monthly payment on covered transaction	Include in DTI ⁵	Consider
Mortgage-related obligations (taxes, ins., PMI, HOA dues, etc.)	Include in DTI ⁵	Consider
Simultaneous loan taken out	Include in DTI	Consider
Debt, alimony, and child support	Per App. Q	Consider & verify
DTI or Residual Income	Must be ≤ 43%	Per bank policy
Credit history	No requirement ⁶	Per bank policy
Creditor protections		
Safe Harbor – 1 st lien	Less than 1.5%	Less than 1.5%
Safe Harbor – Subordinate lien	Less than 3.5%	Less than 3.5%
Rebuttable Presumption – 1 st lien	1.5% or more	Based on loan amount ⁷
Rebuttable Presumption – Subordinate lien	3.5% or more	Based on loan amount ⁸

IMPORTANT FOOTNOTES:

¹ The original, DTI-based General QM expires for applications received on or after Oct. 1, 2022.

² The revised Price-based General QM option is available for applications received on or after March 1, 2021.

³ The price-based limit loan amounts are adjusted annually and for 2022 are as follows: Less than 2.25% for 1st lien loans (including manufactured home loans) greater than or equal to \$114,847; less than 3.5% for 1st lien loans 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 1st and subordinate lien loans less than \$68,908 and 1st or subordinate lien loans less than \$114,847 secured by a manufactured home.

⁴ The revised QM rule does not specifically address this issue; subject to creditor's own underwriting requirements.

⁵ The QM rule does not require the creditor to separately "consider and verify" this factor; however, a creditor must include this amount when calculating the borrower's DTI.

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

⁷ All first lien QMs w/ rate spreads less than 1.5% receive safe harbor protections regardless of loan amount. Rebuttable presumption protections are available for smaller first lien loans with rate spreads of 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.

⁸ 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.