



Summary of CFPB's Proposed Rule Delaying the General QM Loan Definition Mandatory Compliance Date

March 3, 2021

Background

- The General QM Final Rule finalized in December 2020 replaced the DTI/Appendix Q QM framework with a QM framework based on loan pricing. The rule included an optional compliance date of March 1, 2021 and a mandatory compliance date of July 1, 2021.
- In a rule finalized in October 2020, the Bureau provided that the GSE "Patch" QM would remain available until the mandatory compliance date of the new General QM Final Rule.
- Under both final rules, a transaction's eligibility for coverage under the new General QM rule is determined based on the date of the consumer's application. Thus, for transactions for which the creditor receives the consumer's application after the new General QM Rule's March 1, 2021 optional compliance date, but before the new rule's July 1, 2021 mandatory compliance date, creditors have the option of complying with either the DTI/Appendix Q standards, the GSE "Patch" QM standard, or the new General QM rule's price-based standards.

Proposed Delay of the General QM Loan Definition's Mandatory Compliance Date

The Bureau's [proposed rule](#) would delay the mandatory compliance date of the General QM Final Rule until October 1, 2022. If finalized as proposed, transactions for which creditors receive an application on or after March 1, 2021 and before October 1, 2022, could be originated under either the DTI/Appendix Q standards, the GSE "Patch" QM standard, or the new General QM rule's price-based standards. For transactions for which a creditor received the consumer's application on or after October 1, 2022, only the new General QM rule based on loan price would be available for creditors seeking to originate General QMs. (*The proposed rule does not address the merits of the new General QM framework.*)

The Bureau asserts the proposed delay is necessary given that "maintaining the July 1, 2021 mandatory compliance date may leave some struggling homeowners with fewer options by reducing the flexibility of creditors to respond to the effects of the pandemic." While the Bureau previously acknowledged the potential for pandemic-driven market disruption, this rule contends that the risk may not have been given sufficient weight when the Bureau decided on the July 1, 2021 mandatory compliance date. The proposed rule mentions several specific justifications, including the potential market effects of the foreclosure moratoriums and the expiration of COVID-19 forbearance plans, as well as the potential for constrained access to credit stemming from pandemic-related market volatility and stress.

Effective Date

The Bureau proposes that a final rule delaying the mandatory compliance date would become effective 60 days after it is published in the Federal Register.

Comment Period

The Bureau requests comment on all aspects of its proposal to delay the mandatory compliance date of the General QM Final Rule, including on whether the extension should be longer or shorter than the proposed delay to October 1, 2022. Comments must be received on or before April 5, 2021. MBA will be commenting on the proposed rule.

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If you have any questions, please feel free to contact Justin Wiseman (jwiseman@mba.org), Lucia Jacangelo (ljacangelo@mba.org), or Blake Chavis (bchavis@mba.org).