General Comparison of Ability-to-Repay Requirements with Qualified Mortgages[1]

	ATR Standard	General QM Definition	Temporary Agency/ GSE QM	Balloon-Payment QM
Loan feature limitations	No limitations	No negative amortization, interest-only, or balloon payments	No negative amortization, interest-only, or balloon payments	No negative amortization or interest-only payments
Loan term limit	No limitations	30 years	30 years	30 years
Points & fees limit	No limitations	3%	3%	3%
Payment Underwriting	Greater of fully indexed or introductory rate	Max rate in first 5 years	As applicable, per GSE or agency requirements	Amortization schedule no more than 30 years; loan term no less than 5 years
Mortgage-related obligations	Consider and verify	Included in underwriting monthly payment[2] and DTI[3]	As applicable, per GSE or agency requirements	Consider and verify
Income or assets	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify
Employment status	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement
Simultaneous loans	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement
Debt, alimony, child support	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify
DTI or Residual Income	Consider and verify	DTI ≤ 43 percent	As applicable, per GSE or agency requirements	Consider and verify
Credit History	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement

General Comparison of Ability-to-Repay Requirements with Qualified Mortgages[1]

1 This chart compares the general ATR requirements with the requirements for originating QM loans. Additional requirements may apply, particularly for balloon-payment QM loans. This chart is not a substitute for the rule. Only the rule and its Official Interpretations can provide complete and definitive information regarding its requirements. The complete rule, including the Official Interpretations and small entity compliance guide, is available at http://www.consumerfinance.gov/regulations/ability-to-repay-and-qualified-mortgage-standards-under-the-truth-in-lending-act-regulation-z/.

2 “Included in underwriting monthly payment” means that the rule does not require the creditor to separately consider and verify this factor. However, a creditor must consider and verify this factor when underwriting the consumer’s monthly payment under the rule.

3 “Included in underwriting DTI” means that the rule does not require the creditor to separately consider and verify these factors. However, a creditor considers and verifies these factors when determining whether the consumer’s debt-to-income ratio meets the 43 percent debt-to-income threshold.