

Small Creditor Qualified Mortgages – This document reflects rules in effect on April 1, 2016

Small Creditor Qualification      Loan Features      Balloon Payment Features

**Did you and your affiliates that regularly extended first-lien covered transactions during the last calendar year have:**  
 Assets below \$2 billion (adjusted annually) at the end of the last calendar year?  
 [§§ 1026.43(e)(5)(i)(D), (e)(6)(i)(B), (f)(1)(vi), 35(b)(2)(iii)(C)]

**Did you and your affiliates:**  
 Extend 2,000 or fewer first-lien covered transactions in the last calendar year? You can exclude loans that you originated and kept in portfolio or that your affiliate originated and kept in portfolio.  
 [§§ 1026.43(e)(5)(i)(D), (e)(6)(i)(B), (f)(1)(vi), 35(b)(2)(iii)(B)]

**Did you and your affiliates that regularly extended first-lien covered transaction have:**  
 Assets below \$2 billion (adjusted annually) at the end of either of the two immediately preceding calendar years  
 [§§ 1026.43(e)(5)(i)(D), (e)(6)(i)(B), (f)(1)(vi), 35(b)(2)(iii)(C)]

**Did you and your affiliates:**  
 Extend 2,000 or fewer first-lien covered transactions in either of the two immediately preceding calendar years? You can exclude loans that you originated and kept in portfolio or that your affiliate originated and kept in portfolio.  
 [§§ 1026.43(e)(5)(i)(D), (e)(6)(i)(B), (f)(1)(vi), 35(b)(2)(iii)(B)]

Not Eligible to Originate Balloon-Payment QMs and/or Small Creditor QMs;  
 Eligible to Originate General Definition QMs [§ 1026.43(e)(2)] and/or Temporary Definition QMs [§ 1026.43(e)(4)]

Did you receive the application before April 1<sup>st</sup> of the current year?

**Does the loan have ANY of the following characteristics?:**  
 (1) negative amortization;  
 OR  
 (2) interest-only features;  
 OR  
 (3) a loan term of more than 30 years.  
 [§ 1026.43(e)(2)(i)-(ii), (e)(5)(i)(A), (f)(1)(i)]

STOP = Non-QM

Does the loan include a balloon payment?

**Balloon-Payment QM Special Features: Does the loan have ALL of the following characteristics?**  
 (1) loan term of 5 years or longer? [§ 1026.43(f)(1)(iv)(C)];  
 AND  
 (2) an interest rate that does not increase? [§ 1026.43(f)(1)(iv)(B)];  
 AND  
 (3) substantially equal payments calculated using an amortization period of 30 years or less? [§ 1026.43(f)(1)(iv)(A)];  
 AND  
 (4) per your determination, the consumer is able to make the scheduled periodic payments (including mortgage-related obligations) other than the balloon payment? [§ 1026.43(f)(1)(ii)]

STOP = Non-QM

Potential Small Creditor QM

Potential Balloon-Payment QM

In the preceding calendar year, did you originate at least one first-lien covered transaction secured by a property in a rural or underserved area?  
 [§§ 1026.43(e)(6), (f)(1)(vi), 35(b)(2)(iii)(A)]

Did you receive the application before April 1<sup>st</sup> of the current year?

In either of the two preceding calendar years, did you originate at least one first-lien covered transaction secured by a property in a rural or underserved area? [§§ 1026.43(e)(6), (f)(1)(vi), 35(b)(2)(iii)(A)]



