



1700 G Street NW, Washington, DC 20552

April 27, 2021

Unofficial Redline of the General QM Mandatory Compliance Date Delay Final Rule

On April 27, 2021, the Consumer Financial Protection Bureau (Bureau) issued a final rule to delay until October 1, 2022, the mandatory compliance date of the final rule titled Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition.

The Bureau is releasing this unofficial, informal redline to assist industry and other stakeholders in reviewing the changes that this final rule makes to Regulation Z's commentary.

The underlying (unmarked) text in this document reflects the existing text of the relevant provisions of Regulation Z's commentary. The changes that this final rule makes to Regulation Z's commentary are marked in **red**.

This redline is not a substitute for reviewing Regulation Z, its commentary, or the final rule. If any conflicts exist between this redline and the text of Regulation Z, its commentary, or the final rule, the documents published in the *Federal Register* are the controlling documents.

PART 1026—TRUTH IN LENDING (REGULATION Z)

Authority: 12 U.S.C. 2601, 2603-2605, 2607, 2609, 2617, 3353, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 *et seq.*

Subpart E—Special Rules For Certain Home Mortgage Transactions

§ 1026.43 Minimum standards for transactions secured by a dwelling.

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Supplement I to Part 1026—Official Interpretations

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Section 1026.43—Minimum standards for transactions secured by a dwelling.

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(2) *General QM Amendments Effective on March 1, 2021.* The Bureau’s revisions to Regulation Z contained in Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition published on December 29, 2020 (2021 General QM Amendments) apply with respect to transactions for which a creditor received an application on or after March 1, 2021 (effective date). Compliance with the 2021 General QM Amendments is mandatory with respect to transactions for which a creditor received an application on or after ~~July 1, 2021~~ October 1, 2022 (mandatory compliance date). For a given transaction for which a creditor received an application on or after March 1, 2021 but prior to ~~July 1, 2021~~ October 1, 2022, a person has the option of complying either: with 12 CFR part 1026 as it is in effect; or with 12 CFR part 1026 as it was in effect on February 26, 2021, together with any amendments to 12 CFR part 1026 that become effective after February 26, 2021, other than the 2021 General QM Amendments. For transactions subject to § 1026.19(e), (f), or (g), creditors determine the date the creditor received the consumer’s application, for purposes of this comment, in accordance with § 1026.2(a)(3)(ii). For transactions that are not subject to § 1026.19(e), (f), or (g), creditors can determine the date the creditor received the consumer’s application, for purposes of this comment, in accordance with either § 1026.2(a)(3)(i) or (ii).

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43(e)(2) Qualified mortgage defined—general.

(1) *General QM Amendments Effective on March 1, 2021.* Comment 43-2 provides that, for a transaction for which a creditor received an application on or after March 1, 2021 but prior to October 1, 2022, a person has the option of complying either: with 12 CFR part 1026 as it is in effect; or with 12 CFR part 1026 as it was in effect on February 26, 2021, together with any amendments to 12 CFR part 1026 that become effective after February 26, 2021, other than the revisions to Regulation Z contained in Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition published on December 29, 2020 (2021 General QM Amendments). Prior to the effective date of the 2021 General QM Amendments, § 1026.43(e)(2) provided a qualified mortgage definition that, among other things, required that the ratio of the consumer’s total monthly debt to total monthly income at

the time of consummation not exceed 43 percent. The 2021 General QM Amendments removed that requirement and replaced it with the annual percentage rate thresholds in § 1026.43(e)(2)(vi), among other revisions. Both the qualified mortgage definition in § 1026.43(e)(2) that was in effect prior to the 2021 General QM Amendments and the qualified mortgage definition in § 1026.43(e)(2) as amended by the 2021 General QM Amendments are available to creditors for transactions for which a creditor received an application on or after March 1, 2021 but prior to October 1, 2022. See comment 43-2 for an explanation of how creditors determine the date the creditor received the consumer’s application for purposes of that comment.

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43(e)(4) Qualified mortgage defined—other agencies.

1. *General.* The Department of Housing and Urban Development, Department of Veterans Affairs, and the Department of Agriculture have promulgated definitions for qualified mortgages under mortgage programs they insure, guarantee, or provide under applicable law. Cross-references to those definitions are listed in § 1026.43(e)(4) to acknowledge the covered transactions covered by those definitions are qualified mortgages for purposes of this section.

2. *Mortgages for which the creditor received the consumer’s application prior to ~~July 1, 2021~~ October 1, 2022.* Covered transactions that met the requirements of § 1026.43(e)(2)(i) ~~through~~ through (iii), were eligible for purchase or guarantee by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) (or any limited-life regulatory entity succeeding the charter of either) operating under the conservatorship or receivership of the Federal Housing Finance Agency pursuant to section 1367 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4617), and for which the creditor received the consumer’s application prior to the mandatory compliance date of ~~July 1, 2022~~ October 1, 2022, continue to be qualified mortgages for the purposes of this section, including those covered transactions that were consummated on or after ~~July 1, 2021~~ October 1, 2022.

3. *Mortgages for which the creditor received the consumer’s application on or after March 1, 2021 ~~and but~~ prior to ~~July 1, 2021~~ October 1, 2022.* For a discussion of the optional early compliance period for the 2021 General QM Amendments, please see comment 43-2.

4. [Reserved].

5. [Reserved].

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