

General Comparison of Ability-to-Repay Requirements with Qualified Mortgages

This document reflects rules issued on or before April 27, 2021 but does not reflect amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act.

	ATR Standard	General QM Definition	Temporary GSE QM ²	Small Creditor QM	Balloon-Payment QM ³	Seasoned 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, interest-only, or balloon payments	No negative amortization or interest-only payments	No negative amortization, interest-only, or balloon payments. Must be a fixed-rate, first-lien loan
Loan term limit	No limitations	30 years	30 years	30 years	No more than 30 years, no less than 5 years	30 years
Points & fees limit	No limitations	3% ⁴	3% ⁴	3% ⁴	3% ⁴	3% ⁴
Payment Underwriting	Greater of fully indexed or introductory rate ⁵	Max rate in first 5 years	As applicable, per GSE or agency requirements	Max rate in first 5 years	Amortization schedule no more than 30 years	Applicable fixed rate
Mortgage-related obligations	Consider and verify	Included in underwriting monthly payment ⁶ and DTI ⁷	As applicable, per GSE or agency requirements	Included in underwriting monthly payment ⁶ and DTI ⁷	Included in underwriting monthly payment ⁶ and DTI ⁷	Included in underwriting monthly payment ⁶ and DTI ⁷
Income or assets	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Employment status	Consider and verify	No specific requirement, but included in underwriting income and DTI ⁸	As applicable, per GSE or agency requirements	No specific requirement, but included in underwriting income and DTI ⁸	No specific requirement, but included in underwriting income and DTI ⁸	No specific requirement, but included in underwriting income and DTI ⁸
Simultaneous loans	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	Included in underwriting DTI	Included in underwriting DTI	Included in underwriting DTI
Debt, alimony, child support	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
DTI or Residual Income	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Credit History	Consider and verify	No specific requirement, but may be included in underwriting debt and DTI ⁹	As applicable, per GSE or agency requirements	No specific requirement but may be included in underwriting debt and DTI ⁹	No specific requirement but may be included in underwriting debt and DTI ⁹	No specific requirement, but may be included in underwriting debt and DTI ⁹

This is a Compliance Aid issued by the Consumer Financial Protection Bureau. The Bureau published a Policy Statement on Compliance Aids, available at www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/policy-statement-compliance-aids/, that explains the Bureau's approach to Compliance Aids.

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- 1 This chart compares the general ATR requirements with the requirements for originating QM loans. Additional requirements may apply, for example the APR thresholds for safe harbor category of QMs or the portfolio retention requirements for Small Creditor QMs or Seasoned QMs.
- 2 This QM category is temporary. It is available for applications a creditor receives before October 1, 2022, unless the GSEs exit conservatorship prior to that date. If a GSE exits conservatorship before October 1, 2022, the Temporary GSE QM category expires with regard to that GSE on the date it exits conservatorship. Note that the availability of the Temporary GSE QM loan definition may be affected by policies or agreements created by parties other than the Bureau, such as the Preferred Stock Purchase Agreements, which include restrictions on GSEs purchases that rely on the Temporary QM definition after July 1, 2021.
- 3 To be eligible to originate a Small Creditor Balloon QM, a creditor must meet the small creditor origination limit and asset limit and operate in a rural or underserved area in the preceding calendar year, or for applications received before April 1, must meet these requirements in either of the two preceding calendar years.
- 4 Higher thresholds are permitted for loans with smaller loan amounts. Initially, higher thresholds were permitted for loans with loans amounts of less than \$100,000. This number is adjusted annually for inflation and is \$110,260 for 2021. See 12 CFR 1026.43(e)(3)(i) and (ii).
- 5 Special rules apply for loans with a balloon payment, interest-only loans, and negative amortization loans.
- 6 “Included in underwriting monthly payment” means that the rule does not require the creditor to consider and verify this factor separately. However, a creditor must consider this factor when underwriting the consumer’s monthly payment under the rule.
- 7 “Included in underwriting DTI” means that the rule does not require the creditor to consider and verify these factors separately. However, a creditor considers and verifies these factors when calculating the consumer’s debt-to-income ratio.
- 8 “No specific requirement, but included in underwriting income and DTI” means that the rule does not require the creditor to consider and verify this factor separately. However, a creditor considers this factor when underwriting the consumer’s income and DTI under the rule.
- 9 “No specific requirement, but may be included in underwriting debt and DTI” means that the rule does not require the creditor to consider and verify this factor separately. However, a creditor may consider this factor when underwriting the consumer’s debt and DTI under the rule.