

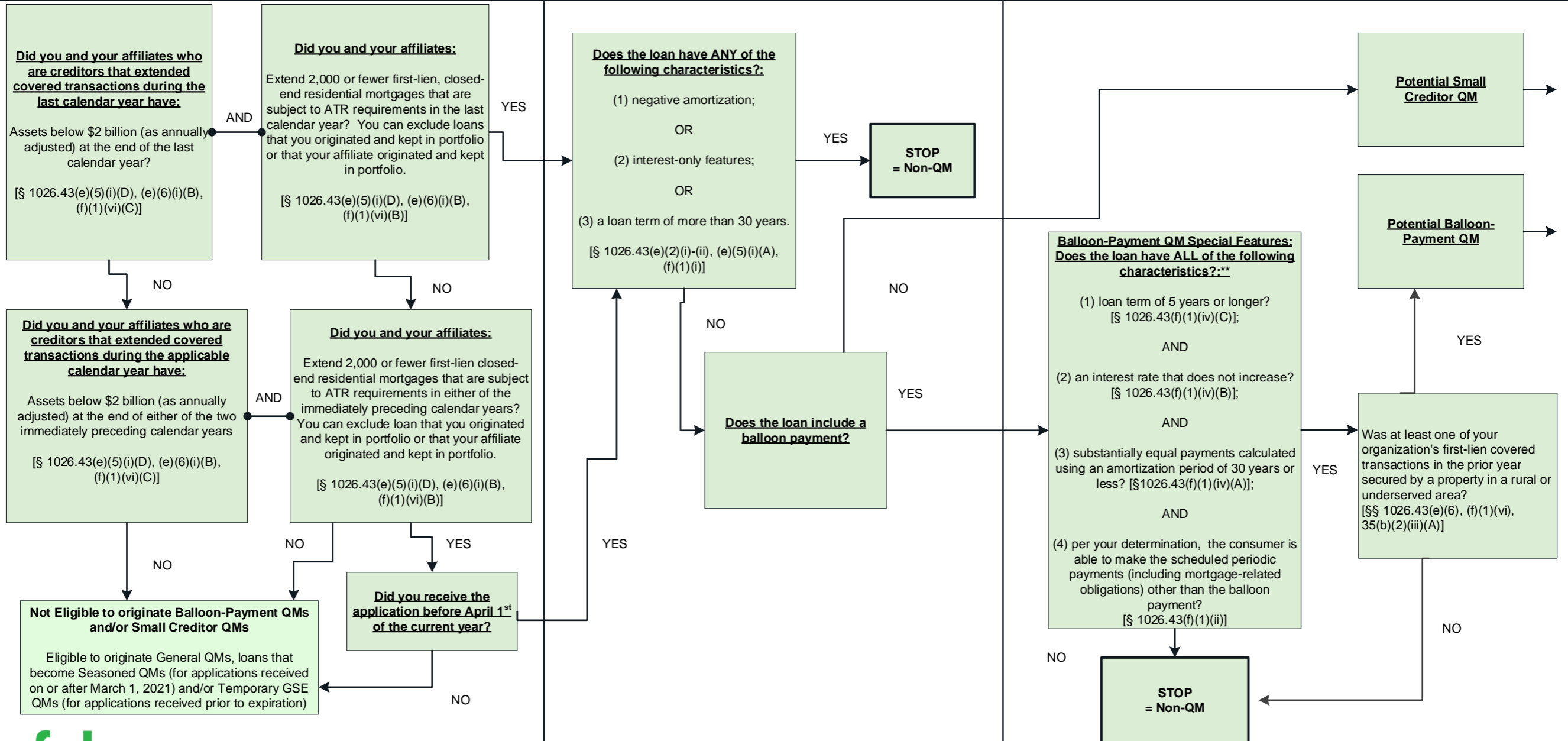
Small Creditor Qualified Mortgages

Reflects rules in effect on March 1, 2021 but does not reflect amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act.

Small Creditor Qualification

Loan Features

Balloon Payment Features



Underwriting	Points and Fees	Portfolio	Type of Compliance Presumption: Higher-Priced Loan
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Did you do ALL of the following?:

→ (1) Consider and verify the consumer's debt obligations and income or assets? [via § 1026.43(c)(7), (e)(2)(v)];

AND

→ (2) Calculate the consumer's monthly payment on the loan? [via § 1026.43(e)(2)(iv) (Small Creditor QMs); (f)(iv)(A) (Balloon-Payment QMs)];

AND

(3) Consider the consumer's monthly debt-to-income ratio (DTI) or residual income (RI)? [via § 1026.43(c)(7), (e)(2)(vi) (Small Creditor QMs), (f)(iv)(A) (Balloon-Payment QMs)]

[§ 1026.43(e)(5)(B), (f)(1)(iii)]

YES

Does the loan amount fall within the following points-and-fees limits?

Points-and-fees caps (adjusted annually)

If Loan Amount ≥ \$100,000, then = 3% of total
 If \$100,000 > Loan Amount ≥ \$60,000, then = \$3,000
 If \$60,000 > Loan Amount ≥ \$20,000, then = 5% of total
 If \$20,000 > Loan Amount ≥ \$12,500, then = \$1,000
 If Loan Amount < \$12,500, then = 8% of total

[§ 1026.43(e)(2)(iii), (e)(3), (e)(5)(i)(A), (f)(1)(i)]

YES

At the time of consummation:

Was the loan subject to forward commitment?
 [§ 1026.43(e)(5)(i)(C), (f)(1)(v)]

YES

STOP
 = Non-Small Creditor QM
 = Non-Balloon-Payment QM

NO

Is the loan still held by the originating creditor?

YES

The loan is a Small Creditor QM or a Balloon-Payment QM. Is it a "higher-priced" loan for QM purposes?

A Small Creditor or Balloon-Payment QM is higher-priced if the APR, when the interest rate is set, exceeds the APOR by 3.5 percentage points or more.

[§ 1026.43(b)(4)]

YES

Rebuttable Presumption Applies

(QM is presumed to comply with ATR requirements if it's a higher-priced loan, but consumers can rebut the presumption by showing insufficient residual income based on information available at the time of consummation)

[§ 1026.43(e)(1)(ii)]

NO

If the loan was transferred after consummation, was it either:

(1) Sold more than three years after consummation?

(2) Sold—at any time—pursuant to a supervisory action or agreement?

(3) Transferred—at any time—as part of a merger or acquisition of or by the creditor? or

(4) Sold—at any time—to another creditor who meets the criteria for:

(a) [Small Creditor QM] Number of originations (< 2,000) and asset size (below \$2B)?

(b) [Balloon-Payment QM] Number of originations (< 2,000), asset size (below \$2B), and operating in rural or underserved communities (at least one of the organization's first-lien covered transactions in the prior calendar year was secured by a property in a "Rural" OR "Underserved" area)?

[§ 1026.43(e)(5)(ii), (f)(2)]

YES

NO

STOP
 = Non-Small Creditor QM
 = Non-Balloon-Payment QM

NO

Safe Harbor Applies

(QM is conclusively presumed to comply with ATR requirements when it is not a higher-priced loan)

[§ 1026.43(e)(1)(i)]

STOP
 = Non-Small Creditor QM
 = Non-Balloon-Payment QM

STOP
 = Non-QM