



## MFM Bulletin: 008-2021

**Date:** June 7, 2021

**Subject:** Fannie Mae and Freddie Mac Loan Eligibility Changes due to revised General QM Rule

On April 8, 2021, the GSEs published Fannie Mae LL-2021-09 and Freddie Mac Bulletin 2021-13 announcing changes to loan eligibility requirements due to the General Qualified Mortgage Rule.

### Background

Fannie Mae and Freddie Mac, through the FHFA as their conservator, entered into an agreement with the Department of the Treasury and will no longer be permitted to purchase Qualified Mortgages under the Temporary Qualified Mortgage category, also known as the GSE Patch.

All covered transactions under Regulation Z will be required to comply with the Revised General Qualified Mortgage Rule. This is being done despite the fact the CFPB has delayed the implementation of the new rule until October, 2022.

All covered transactions will be required to comply with the APR to Average Prime Offer Rate (APOR) spreads as required by the Revised General Qualified Mortgage Rule. See the table below:

Loan Amount	APR - APOR Spread	Category
Any	< 1.50	QM Safe Harbor
≥ 110,260	1.50 to < 2.25	QM Rebuttable Presumption - HPML
≥ 66,156 < 110,625	1.50 to < 3.50	QM Rebuttable Presumption - HPML
< 66,156	1.50 to < 6.50	QM Rebuttable Presumption - HPML

### Short-term ARMs QM APR Calculation:

When calculating the APR for APR-APOR threshold purposes for covered ARM loans with initial fixed rate periods of 5 years or less, the APR must be calculated using the maximum interest rate that may apply during the first five years after the date on which the first regular periodic payment will be due.

Loans must also still meet the following requirements:

- Mortgage must be fully amortizing
- Mortgage term cannot exceed 30 years
- Mortgage must meet current points and fees test

### Timing:

- Loans with Application Dates on and after July 1, 2021 will be required to comply with the Revised General Qualified Mortgage Rule.
- Loans with Application Dates prior to July 1, 2021 that do not comply with Revised General Qualified Mortgage Rule must close no later than August 1, 2021. Otherwise, they must comply with the revised General QM Rule.



This will not affect the risk assessment in DU or LPA. Loans must still be Approved Eligible/Accept and must be documented to the requirements per the AUS findings.

This also does not affect FHA, VA, USDA loans. Credit Union Port Loans must still meet all the requirements of the current QM rule including the maximum 43% DTI and underwriting based on Appendix Q standards.

We will provide further instruction on system changes that will take place within Blue Sage and Compliance Ease to accommodate these requirements. Please contact the MFM Underwriting department ([underwriting@memberfirstmortgage.com](mailto:underwriting@memberfirstmortgage.com)) if you have any questions or concerns.

Thank you