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Revised General QM Rule Now Applies for the Key Loan Program

Truist Bank (Truist) implements the Consumer Financial Protection Bureau's (CFPB) amended Revised General Qualified Mortgage (QM) Rule for the Key Loan Program. The Revised General QM Rule refers to the CFPB's QM rule in Regulation Z, C.F.R. § 1026.43(e)(2), that became effective on March 1, 2021 and requires mandatory compliance by October 1, 2022.

Effective Dates

To be eligible for purchase by Truist:

- All Key loans with application dates on or after September 2, 2022 must meet the "General QM" definition under the **Revised** General QM Rule.
- As previously announced, all Agency loans with application dates on or after July 1, 2021 must meet the "General QM" definition under the **Revised** General QM Rule.

Background Information

The Consumer Financial Protection Bureau (CFPB) amended the Qualified Mortgage (QM) requirements of the Ability to Repay (ATR) rule that generally requires lenders to make a reasonable, good faith determination of a borrower's "ability to repay" before originating a mortgage loan and establishes certain protections from liability for "qualified mortgages." Lenders must determine that borrowers have a reasonable ability to repay a loan based on consideration and verification of factors indicative of a consumer's credit capacity, including income/assets, employment status, monthly housing payment (PITI, HOAs, and subordinate financing), other debt obligations, DTI, and credit history.

Bulletin Details

Qualified Mortgage/Ability-to Repay

- Every qualified mortgage must:
 - Have a fully amortizing payment (fixed rate or ARM),
 - Have a term of 30 years or less,
 - Not have points and fees in excess of 3% of the loan amount (subject to different standards for lower-balance loans and the permitted exclusion for investment property purchase and rate/term refinance transactions),
 - Have an annual percentage rate (APR) that does not exceed a threshold of 2.25% over the Average Prime Offer Rate (APOR), as of the date the interest rate is set (subject to higher thresholds for loans with smaller loan amounts, for certain manufactured housing loans, and for subordinate-lien transactions),

Bulletin Details, continued

Qualified Mortgage/Ability-to Repay

Notes:

- For ARMs, with an initial fixed period of five (5) years or less, lenders must calculate the APR using the maximum interest rate that could apply during the first five years after the first payment is due.
- Truist does not purchase manufactured home loans.
- For Agency loans, be eligible for sale to the GSE per published guidelines.
- Truist may require additional underwriting criteria over and above the terms allowed under the Revised General QM Rule that demonstrate our interpretation of the spirit and intent of the ability to repay requirements. Any additional criteria beyond the Revised General QM Rule requirements will be denoted as an overlay and/or guideline.

Qualified Mortgage/APR Test Requirement

- The Qualified Mortgage APR test is required for Agency and Key Loan Programs.
- Truist will not knowingly purchase or fund any loan delivered that fails the Qualified Mortgage APR Test.
- Coverage applies to:
 - purchase money, refinance, and equity loans secured by the owner’s primary residence or second home, and
 - investment property cash-out refinance loans.

Note: Truist views cash-out refinances of investment properties as consumer purpose loans; therefore, they are subject to qualified mortgage requirements.

- **APR Test:** A loan is classified as a Qualified Mortgage if the APR for the loan exceeds the average prime offer rate (APOR) for a comparable transaction by less than the applicable threshold as of the date the interest rate is set.
- For ARMs, with an initial fixed period of five (5) years or less, lenders must calculate the APR using the maximum interest rate that could apply during the first five years after the first payment is due.
- Loans that exceed the stated thresholds will be considered non-QM mortgages and not eligible for purchase by Truist.
- Correspondent lenders are urged to consult with their Compliance Officer or Legal Counsel for information, interpretation, and/or additional requirements related to the Qualified Mortgage APR Test.

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all guideline revisions

Revised Materials

Click [Underwriting](#) and [Compliance Overview](#) to review the revised material.

Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former guidelines.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.