



Housing Policy Council
1750 K Street NW Suite 300
Washington, DC 20006
202-589-1923
www.housingpolicycouncil.org

March 30, 2021

Comment Intake – QM Compliance Date Delay
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC
20552

Re: Docket No. CFPB-2021-0003; RIN 3170-AA98; Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition; Delay of Mandatory Compliance Date

To Whom It May Concern:

The Housing Policy Council¹ (HPC) appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (Bureau) proposed rule (Proposed Rule) to delay the mandatory compliance date of the 2020 General QM Rule² and expiration of the 2013 General QM definition, which includes the Temporary GSE QM definition (collectively, the 2013 QM Rule).³ For the following reasons, HPC opposes any delay in the mandatory implementation of the 2020 General QM Rule and expiration of the 2013 QM Rule:

- The 2020 General QM Rule resulted from an extensive and disciplined rulemaking process that reflects the thorough analysis and public input required under the Administrative Procedure Act (APA);
- The Bureau has not provided a sufficient rationale for delaying implementation, given the more expansive access to credit provided under the 2020 General QM Rule relative to the 2013 QM Rule;
- The benefits of implementing the 2020 General QM Rule outweigh the benefits of delaying expiration of the 2013 QM Rule, as evidenced by the Bureau's data and analysis; and
- Delayed expiration of the 2013 QM Rule, in order to facilitate reconsideration of the 2020 General QM Rule, is not in the public interest.

The 2020 General QM Rule is the result of a thorough and extensive APA process, and the Bureau has not provided a sufficient justification for the delay. In the preamble to the Proposed Rule, the Bureau identifies some challenges consumers and the mortgage market face due to the COVID-19 pandemic. We agree that the pandemic has created challenges for all stakeholders in the mortgage market. However, the implementation of the 2020 General QM Rule and concurrent expiration of the 2013 QM Rule will not contribute to those challenges. There is no nexus between the pandemic-related

¹ The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers, mortgage and title insurers, and technology and data companies. HPC advocates for the mortgage and housing marketplace interests of its members in legislative, regulatory, and judicial forums. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth-building for families. For more information, visit www.housingpolicycouncil.org.

² *Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition*, 85 Fed. Reg. 86308 (Dec. 29, 2020).

³ *Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act (Regulation Z)*, 78 Fed. Reg. 6407 (Jan. 30, 2013).

issues facing the mortgage market and the full execution of the 2020 General QM Rule, and the Bureau does not establish one in the Proposed Rule.

The benefits of implementing the 2020 General QM Rule, with full expiration of the 2013 QM Rule outweigh the benefits of delay. The Bureau suggests that an additional 33,000 consumers could benefit from the proposed delay. However, the Bureau has not provided any data or evidence to support this estimate. In contrast, the administrative record in support of the 2020 General QM presents a material positive impact on consumers. The new QM rule would expand access to credit to almost one million consumers and will also cover borrowers who were previously deemed QM under the Temporary GSE QM definition. In addition, the Bureau has not properly considered the costs to covered persons that the delay will create – mainly from the uncertainty that will result.

In other words, there is a clear administrative record that consumers and covered persons would benefit from implementation of the 2020 General QM Rule, and no similar evidence for additional consumer or covered person benefit based upon delay. As a result, the Bureau’s position, which neglects to present this impact, may be contrary to the statutory standards governing rulemaking by the Bureau, which require the agency to consider the potential benefit and costs to covered persons and consumers, including consumers’ *access* to financial products.⁴

We also are concerned that the Proposed Rule’s real purpose is to set the stage for the Bureau to reopen the 2020 General QM Rule. We firmly believe that reopening the 2020 General QM Rule would not be in the public interest. As noted above, the 2020 General QM Rule was a product of prolonged and in-depth deliberation by the Bureau that included input from all stakeholders. That deliberative process demonstrated that there are no alternatives that will expand access to safe, affordable, and well-underwritten QM loans in the manner that the 2020 General QM Rule can. Each of the alternatives considered as part of that rulemaking created new constraints on access to credit and operational complications that would make it more difficult to assist traditionally underserved segments of the population. If the Bureau wants to explore modifications to the 2020 General QM Rule, it should follow the standard APA rulemaking process, without delaying the mandatory compliance date.

The proposed delay will create a substantial amount of uncertainty in the mortgage market, and creditors may be hesitant to move forward with the implementation of the 2020 General QM Rule. As a result, innovations in underwriting that have the potential to help solve significant issues in housing finance, including historical racial inequity and the Black and Hispanic homeownership gaps that are core components of the homeownership policy dialogue today, may be stifled due to this delay. Again, as a result of the extensive evaluation undertaken during the rulemaking process, it does not appear that any significant modifications to the 2020 General QM Rule would result in a better outcome for consumers. In its deliberate rulemaking, the Bureau already has considered, and rejected, various other approaches, and concluded that the final General QM is the best way to provide broad access to prime mortgages that fulfill the Ability to Repay mandate and the QM safe product features to qualified borrowers.

We urge the Bureau to move forward with the mandatory compliance date of July 1, 2021, as set forth in the 2020 General QM Rule, published on December 29, 2020. Similarly, we ask that the 2013

⁴ 12 U.S.C. § 5512(b)(2) (emphasis added).

QM Rule, including the Temporary GSE QM definition expire on July 1, 2021, as contemplated in the final extension of the sunset date rule published on October 26, 2020.

I. Discussion

a. *The 2020 General QM Rule is the result of a thorough and extensive process.*

The 2020 General QM Rule is the result of a thorough and extensive APA process. That process, which took more than two years, involved: (1) a detailed assessment by the Bureau of the shortcomings associated with the original Ability-to-Repay and Qualified Mortgage (ATR/QM) Rule; (2) the publication of an advance notice of rulemaking (ANPR) that explored possible revisions to General QM as the Bureau did not intend to make the Temporary GSE QM provision permanent; (3) the publication of a notice of proposed rulemaking (NPR) that proposed removing the 43% debt-to-income (DTI) limit and Appendix Q, enhancing the “consider and verify requirement” and imposing a pricing cap; and (4) the publication of a final rule. In addition to all this, Bureau officials had numerous discussions and meetings with a wide range of stakeholders over this period to ask questions and gather additional insight. Based upon this comprehensive effort, the Bureau determined that the revised General QM provides the best framework within the bounds of existing law to expand access to responsible, affordable credit without relying on the GSEs’ underwriting standards.

The 2019 Assessment Report

The Bureau’s January 2019 Assessment Report on the ATR/QM Rule concluded that, contrary to the goals of the Rule, the exception for temporary GSE QM originations had overtaken and displaced the General QM rule.⁵ The Bureau found that, at least for loans intended for sale in the secondary market, creditors generally offered a Temporary GSE QM loan even when a General QM loan could be originated.⁶ This led to the elimination of between 63 and 70 percent of non-GSE eligible, high DTI loans from home purchase, from 2014 to 2016.⁷ Additionally, the Bureau found that a non-QM market has not emerged as anticipated, due to the breadth of the Temporary GSE QM category and the market’s unwillingness to accept the potential litigation risk associated with non-QM loans.⁸ Furthermore, the Bureau found that innovation is occurring in the Temporary GSE QM market, but that has not spurred growth and innovation in other areas including General QM due to the constraints imposed by the 43 DTI requirement and Appendix Q instructions, nor in non-QM, due to lender liability concerns.⁹

The ANPR

The Bureau issued the ANPR in July 2019 in order to identify possible revisions to the ATR/QM Rule in order to address the problems highlighted in the Assessment Report.¹⁰ In the ANPR, the Bureau noted that as long as the Temporary GSE QM loan provision continues, the private market would be less

⁵ CFPB, [Ability-to-Repay and Qualified Mortgage Rule Assessment Report](#) (Assessment Report), p 190 (Jan. 2019). ([The] “continued prominence of temporary GSE QM originations is contrary to the Bureau’s expectations at the time of the rulemaking, and certain goals of the Rule have therefore not been met.”)

⁶ Assessment Report, p 192.

⁷ Assessment Report, p 117 (“The Bureau’s analysis of detailed application data from nine large lenders... indicates that the Rule displaced between 63 and 70 percent of approved applications for *home purchase* among non-QM High DTI borrowers during the period of 2014 – 2016”).

⁸ Assessment Report, p 205.

⁹ Assessment Report, p 206.

¹⁰ [Qualified Mortgage Definition Under the Truth in Lending Act \(Regulation Z\)](#), 84 Fed. Reg. 37155 (July 31, 2019).

likely to rebound.¹¹ Thus, the Bureau concluded that “making the Temporary GSE QM loan provision permanent appears to be inconsistent with the purpose of TILA’s ATR provision, and with the Bureau’s mandate.”¹²

The NPR

The Bureau received nearly 100 comments on the ANPR. Based on that feedback, the Bureau proposed revising the General QM definition because it concluded that retaining the existing General QM loan definition with the DTI limit after the Temporary GSE QM loan definition expires “would result in a significant reduction in the scope of QM and could reduce access to responsible, affordable mortgage credit...”¹³ Specifically, the Bureau proposed to: (1) remove the 43% DTI limit; (2) remove Appendix Q; (3) enhance the “consider and verify” requirement; (4) impose a pricing cap to qualify for QM; and (5) as part of a separate rulemaking, extend the Temporary GSE QM provision until the new rule would be implemented.

The Bureau proposed to remove the 43% DTI limit, a constraint that likely would lead to a “significant reduction in access to responsible, affordable credit when the Temporary GSE QM definition expires.”¹⁴ The Bureau stated that a DTI limit in General QM may unduly restrict access to credit because it provides an “incomplete picture of the consumer’s financial capacity.”¹⁵

Relatedly, the Bureau proposed to remove Appendix Q, recognizing that Appendix Q’s definitions of debt and income are “rigid and difficult to apply and do not provide the level of compliance certainty that the Bureau anticipated.”¹⁶

To prevent uncertainty that may result from the removal of Appendix Q, the proposal clarified the requirements to “consider and verify” a consumer’s income and debt. Under the proposal, a creditor must consider the consumer’s income or assets, debt obligations, alimony, child support, and monthly DTI ratio or residual income, using verified amounts. The Bureau’s objective is to “ensure that a loan for which a creditor disregards these factors cannot obtain QM status, while ensuring that creditors and investors can readily determine if a loan is a QM.”¹⁷

Further, the Bureau proposed a pricing cap based upon comparing a loan’s annual percentage rate (APR) to the Average Prime Offer Rate (APOR) for a comparable transaction. The Bureau stated that this approach was a strong indicator of a consumer’s ability to repay and a more holistic and realistic measure of a consumer’s ability to repay, reaffirming compliance with ATR better than a stand-alone DTI.

Simultaneously, the Bureau proposed to extend the Temporary GSE QM loan category until the new General QM rule would be in effect. The Bureau recognized that without this extension, consumers who would have obtained loans under the Temporary GSE QM loan definition and who would be able to

¹¹ 84 Fed. Reg. 37155, 37159.

¹² 84 Fed. Reg. 37155, 37160

¹³ [Qualified Mortgage Definition Under the Truth in Lending Act \(Regulation Z\): General QM Loan Definition](#), 85 Fed. Reg. 41716, 41717 (July 10, 2020).

¹⁴ 85 Fed. Reg. 41716, 41731.

¹⁵ 85 Fed. Reg. 41716, 41717.

¹⁶ 85 Fed. Reg. 41716, 41729.

¹⁷ 85 Fed. Reg. 41716, 41747.

obtain loans under the revised General QM would not be able to obtain loans at all if the Temporary GSE QM expired before the revised General QM was in effect.¹⁸

The Final Rule

The Bureau issued the final rule on December 29, 2020, after reviewing 85 comments on the NPR. The final rule incorporated the key reforms proposed in the NPR. The Bureau concluded that the “bright-line pricing thresholds strike the best balance between ensuring consumers’ ability to repay and ensuring access to responsible, affordable mortgage credit.”¹⁹ In other words, General QM status should be determined by a simple, bright-line rule to provide certainty of QM status. Further, the Bureau concluded that providing a safe harbor for prime first-lien and subordinate-lien loans is “necessary and proper to facilitate compliance with and to effectuate the purposes of section 129C and TILA, including to assure that consumers are offered and receive residential mortgage loans on terms that reasonably reflect their ability to repay the loans.”²⁰

In finalizing these reforms, including the extension of the sunset date, the Bureau rejected an “overlap period” requested by some commenters, deciding to maintain this definition “only as long as necessary” and “no longer,” because of the “negative effects of the Temporary GSE QM loan definition on the mortgage market.”²¹ The Bureau adopted an “optional early compliance period” for the revised General QM loan definition, concluding that establishing this optional early compliance period would “facilitate a smooth and orderly transition to a revised General QM loan definition without prolonging the negative effects of the Temporary GSE QM loan definition...”²²

The Bureau’s APA process was collaborative. For well over two years, the Bureau repeatedly sought and received input from all parties affected by the rule. Industry and consumer advocacy organizations collaborated through each step of the process, seeking to build consensus for a rule that would align the statutory mandate to protect consumers and provide reliable access to responsible, affordable mortgage credit. The 2020 General QM Rule achieves these goals.

Additionally, it is evident from the APA process that the Bureau considered a multitude of alternatives. In every stage of the rulemaking, the Bureau sought input on specific alternatives and asked open-ended questions seeking other ideas to achieve the Bureau’s goals. The Bureau determined that the end result – the 2020 General QM Rule – was the best way to implement the statute and achieve the Bureau’s goals. The effects of the COVID-19 pandemic have not changed that conclusion.

b. The Bureau has not established a sufficient basis for delaying the Rule.

Given the extensive and disciplined APA rulemaking effort that went into developing the 2020 General QM Rule, we assume that any delay in its implementation and concurrent delay in expiration of the 2013 QM Rule would not be undertaken without a sufficient basis for that delay. Yet, the Bureau has not established a strong case for delay. Admittedly, the COVID-19 pandemic has created significant economic challenges for consumers. However, full adoption of the 2020 General QM Rule and expiration

¹⁸ [Qualified Mortgage Definition Under the Truth in Lending Act \(Regulation Z\): Extension of Sunset Date](#), 85 Fed. Reg. 41448, 41452 (July 10, 2020).

¹⁹ 85 Fed. Reg. 86308, 86317.

²⁰ 85 Fed. Reg. 86308, 86346.

²¹ [Qualified Mortgage Definition Under the Truth in Lending Act \(Regulation Z\): Extension of Sunset Date](#), 85 Fed. Reg. 67938, 67951 (Oct. 26, 2020).

²² 85 Fed. Reg. 86308, 86385.

of the 2013 QM Rule will not contribute to those challenges. There is no nexus between the pandemic-related issues facing the mortgage market and replacement of the 2013 QM Rule with the 2020 General QM Rule, and the Bureau does not establish one in the Proposed Rule.

The Bureau focuses on potential disruptions in the market when COVID-19 forbearance plans and foreclosure moratoriums expire. Specifically, “consumers who need to sell their homes may benefit from a broader QM definition that encourages more potential purchasers to enter the market and buy properties that might otherwise go into foreclosure.”²³ The Bureau provides no analysis or data to support the implied concern that the 2020 General QM Rule would not support sufficiently broad access to credit and therefore, the 2013 QM Rule, with the 43 DTI and Temporary GSE QM features would be needed. In fact, the 2020 General QM Rule is more expansive than the 2013 QM Rule and therefore, will not constrain home financing. Further, the observable market dynamic today reflects very high demand for affordable residential properties and associated high demand for and access to home financing, driven by low interest rates. Additionally, the GSEs and government agencies are offering streamlined post-forbearance loss mitigation options, with the goal of keeping families in their homes, which should limit the need for families to liquidate their properties voluntarily or involuntarily. High levels of home equity²⁴ are likely to reduce the use of deeds-in-lieu or short-sales as well. Finally, additional programs could be designed within the framework of the 2020 General QM Rule, if warranted.

Delaying the implementation of the 2020 General QM Rule and expiration of the 2013 QM Rule will not have negative effects on creditors or market demand. Maintaining the compliance date will not reduce flexibility for creditors. The Bureau emphasizes that it wants to provide “flexibilities” for creditors so as to not strain the market. Such flexibilities are unnecessary; they already are provided in the 2020 General QM Rule, which is more expansive than the 2013 QM Rule.

In its final rule, the Bureau decided to permit an optional early compliance period to help with the transition. From March 1, 2021 until June 30, 2021, the old regime and the new regime co-exist. As the Bureau noted in finalizing the revised General QM rule and the sunset extension, the optional early compliance period provides for a smooth and orderly transition. Another 15 months of an overlap period is simply not necessary. It only calls into question the Bureau’s commitment to the 2020 General QM Rule, which lenders were implementing prior to the publication of this NPR. The market conditions created due to the pandemic do not materially affect the ability of creditors to effectively use the provided transition time and, as just noted, introduce uncertainty about the permanence of the new rule.

c. *The 2020 General QM Rule will expand access to credit for consumers whereas the benefits of delay are speculative, and minimal, at best.*

The Bureau’s purported rationale for the Proposed Rule is the mandatory compliance date of July 1, 2021 could reduce access to credit, particularly for certain consumer segments.²⁵ In support of this rationale, the Bureau cites data on new credit originated for consumers with credit scores below

²³ Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition; Delay of Mandatory Compliance Date, 86 Fed. Reg. 12839, 12849 (March 5, 2021).

²⁴ Andy Walden, [Deferred Payments During Forbearance Beginning to Erode Equity Positions](#), Black Knight, Inc. (Feb. 3, 2021).

²⁵ 86 Fed. Reg. 12839, 12850 (“The Bureau is concerned that despite the record origination volumes, access to low interest-rate refinances and purchase mortgage in these unique circumstances may be less widely available for consumers with weaker credit relative to consumers with stronger credit.”).

700. We do not dispute the data the Bureau puts forward. However, the Bureau provides no data or evidence that a delay would result in more credit availability for this segment of the market. In other words, the Bureau does not provide evidence that this segment of borrowers would be negatively affected if there were no change to the mandatory compliance date. These borrowers should be well-served under the 2020 QM Rule.

Additionally, the Bureau states that pandemic-related capacity constraints could cause the supply of mortgage credit to fall short of demand from creditworthy consumers.²⁶ In response, the Bureau believes that creditors may impose credit overlays for certain products that are time-consuming. Separately, the Bureau found that, while credit overlays imposed at the beginning of the pandemic have eased,²⁷ access to credit for higher-risk but creditworthy consumers remains an ongoing concern due to the expiration of foreclosure moratoriums and COVID-19 forbearance plans on the mortgage market as well as lender capacity constraints.²⁸ Yet, once again, the Bureau provides no data or evidence to substantiate these concerns. Nor does the Bureau offer any analysis as to how a delay in the implementation of the 2020 General QM Rule would mitigate these concerns, even if they were substantiated.

The Bureau also asserts that there would be a *slightly smaller* QM market and potentially reduced access to credit in a market in which creditors were limited to making General QM loans under the 2020 General QM loan definition.²⁹ The Bureau estimates that between July 1, 2021 and October 1, 2022, approximately 33,000 additional consumers would obtain conventional QM loans priced 2.25 percentage points or higher above APOR under the proposal due to the previous General QM loan definition and the Temporary GSE QM definition.³⁰

Here too, it is difficult, if not impossible, to evaluate this estimate. The Bureau provides no support for the figures presented. There are no citations or background as to how it made these assumptions. By comparison, the cost benefit analysis conducted by the Bureau when it issued the revised General QM rule included a robust analysis that cited sources and assumptions. In the 2020 General QM Rule, the Bureau estimated that 959,000 additional over-43-Percent DTI loans could be originated as General QMs, taking into account that QMs originated under the Temporary GSE QM definition would be qualified under the new General QM definition. Assuming the figures in the Proposed Rule are accurate, the statement that the delaying the mandatory compliance date will provide greater access to credit is only marginally accurate, at best.

As the Bureau is aware, almost all GSE loans will satisfy the revised General QM definition. The exceptions are: (1) loans priced 2.25 percentage points or higher above APOR; (2) high LTV/streamlined

²⁶ 86 Fed. Reg. 12839, 12851.

²⁷ 86 Fed. Reg. 12839, 12845.

²⁸ 86 Fed. Reg. 12839, 12845.

²⁹ 86 Fed. Reg. 12839, 12853.

³⁰ 86 Fed. Reg. 12839, 12855. In the Dodd-Frank Act Section 1022(b) analysis, the Bureau notes that when the mandatory compliance date is reached, the main loans affected would be those priced 2.25 percentage points or higher above APOR that are either conventional loans with DTI ratios at or below 43 percent (Under-43-Percent DTI conventional loans) or GSE-eligible loans. If the GSEs do not originate loans priced 2.25 percentage points or higher above APOR, the estimate drops to 28,000 additional consumers. The Bureau notes that some of the 33,000 consumers may be able to obtain General QM loans priced below 2.25 percentage points over APOR due to creditor responses to the General QM Final Rule or obtain QM loans under the Small Creditor QM definition. Others may instead obtain FHA loans or non-QM loans. The Bureau also notes that the proposal would benefit those obtaining GSE streamlined refinance loans as they would not qualify under the revised General QM rule.

refinances;³¹ and (3) short-reset ARMs. On the other hand, the revised General QM rule greatly expands access to credit for the non-GSE market, particularly for jumbo loans and those such as self-employed that could not qualify under Appendix Q. These borrowers were unable to qualify under the previous regime. The 2020 General QM Rule also will allow for innovative QM underwriting without the constraints of the dated and static Appendix Q. In the final QM, the 43% DTI limit and related Appendix Q are replaced with a simple, objective evidentiary standard. The lender must have evidence in the loan file that debt and income are verified, and DTI considered.

Furthermore, the Bureau acknowledges that the ability to produce QM loans under the Temporary GSE QM standards may be affected by “external factors” such as the Preferred Stock Purchase Agreements (PSPAs). Beginning July 1, Temporary GSE QM loans will not be eligible for acquisition by the GSEs.³² As already noted, most GSE loans will qualify under the new General QM loan definition, so the PSPA QM requirements are not constricting access to credit.³³

However, the PSPA provisions do call into question the purpose of and rationale for the proposal to delay expiration of the 2013 QM Rule. The PSPAs prohibit delivery of Temporary GSE QM loans and therefore, the only “flexibility” that the Proposed Rule is preserving are loans made in accordance with the 43 DTI and Appendix Q standards, an option that is far more limiting than the new General QM definition will allow. While the Bureau recognizes that the PSPAs may have some impact on this rule, there is no assessment or quantification of this effect in the section 1022(b) analysis. The impact of the PSPAs is further proof that the Proposed Rule is unnecessary and will not have any benefit to consumers or the mortgage market.

In summary, the 2020 General QM Rule will expand access to credit for consumers, whereas the benefits of delay are speculative, and minimal, at best. The Bureau’s failure to fully consider this impact may be contrary to the statutory standards governing rulemaking by the agency, which requires it to consider the potential benefit and costs to covered persons and consumers, including consumers’ access to financial products.³⁴

d. Reopening the 2020 General QM Rule is contrary to the public interest.

In the preamble to the Proposed Rule, the Bureau states that it plans to “evaluate” whether to initiate another rulemaking on the General QM rule.³⁵ We firmly believe that reopening the 2020 General QM Rule is unnecessary and contrary to the public interest. As noted above, that rule was a product of prolonged and in-depth deliberation by the Bureau that included input from all stakeholders, and it will have a demonstrable positive impact on access to mortgage credit for consumers. In contrast, the prospect that the Bureau will reopen the final rule, combined with the proposed delay, will complicate compliance and would not result in a better outcome for consumers.

Since the issuance of the 2020 General QM Rule, and in good faith reliance upon the agency’s deliberations, the mortgage industry has undertaken implementation activities that have associated

³¹ Under the PSPA, these loans would still be eligible for GSE purchase/guarantee.

³² Specifically, under the PSPAs a qualified mortgage, as defined in 12 CFR § 1026.43(e)(2), (5), (6), (7), or (f) are eligible for acquisition by the GSEs.

³³ Technically, the language of the PSPAs permits the purchase of “general” QM loans, which, by definition would include 43% DTI loans. However, since those DTI loans must be underwritten in accordance with Appendix Q and not GSE guidelines, the effect is that the only loans eligible for purchase are the new, APOR QM loans.

³⁴ 12 U.S.C. § 5512(b)(2) (emphasis added).

³⁵ 86 Fed. Reg. 12839, 12840.

material costs. The proposed delay in expiration of the 2013 QM Rule, coupled with the Bureau's statements that it may reopen the 2020 General QM Rule, creates a substantial amount of uncertainty in the mortgage market. In fact, the mere issuance of the Proposed Rule is disruptive to creditors and vendors' operational readiness to implement the 2020 General QM Rule by July 1, 2021. Creditors may be reticent to move forward with the 2020 General QM Rule knowing that the Bureau is considering more changes in the next year and a half. Additionally, investments into innovative underwriting that would be permissible under the 2020 General QM Rule may be crippled by this uncertainty. We firmly believe that innovative underwriting can help solve significant issues in housing finance, including racial inequity – a priority for HPC and the Administration. Stifling this innovation is not in the public interest and would delay significant progress that would help marginalized consumers. The best path forward for consumers, the industry, and to achieve the Administration's goals is to implement the 2020 General QM Rule and allow expiration of the 2013 QM Rule without delay.

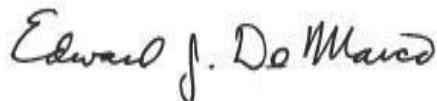
Nor, in our opinion, would reopening the final rule result in a better outcome for consumers. In developing the 2020 General QM Rule, the Bureau already has considered, and rejected, various other revisions, and concluded that the final General QM rule represents the best approach to ensuring the availability of mortgage credit to qualified borrowers.

II. Conclusion

The Bureau engaged in a thorough, APA-compliant rulemaking process that resulted in a rule that achieves the statutory goals through providing broad access to responsibly underwritten credit and ending the heavy reliance on the GSEs. A delay to a complete transition to this new rule is unwarranted and is already leading to significant uncertainty. If the Bureau wants to change the final General QM rule, the Bureau should engage in a new rulemaking process, without imposing this delay. We ask the Bureau to retain the mandatory compliance date of July 1, 2021.

Thank you for the opportunity to comment on this Proposed Rule. Should you have any questions regarding these comments, please contact Meg Burns, Executive Vice President, at 202-589-1926.

Yours truly,



Edward J. DeMarco

President

Housing Policy Council