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By [Michael C. Flynn](#)

CFPB Extends Compliance Deadline for New Qualified Mortgage Definition to October 1, 2021

On April 27, the CFPB published a final rule extending the date for mandatory compliance with the new “general” Qualified Mortgage (QM) rule (General QM Rule) until October 1, 2021. In December, 2020, the CFPB published the final General QM Rule. As discussed in Buchalter’s December 17, 2020 Client Alert, [Coming in 2021: CFPB Finalizes Changes to “Qualified Mortgage” Definition and Creates a New “Seasoned QM” Loan Category](#), the General QM Rule changed the general definition for a QM (General QM definition), replacing the 43 percent DTI limit with a price-based limit and removing the application of Appendix Q.

The CFPB has previously announced that it will review the General QM Rule to determine if it should be modified or revoked, leaving uncertainty for lenders as to whether the new General QM definition will be permanent.

In the meantime, for loans where the lender receives the consumer’s application before October 1, 2021, the general QM definition requirements can be met by applying any of the following:

- The new, price-based General QM definition;
- The old, DTI-based General QM definition; or
- The GSE Patch (unless the GSEs exit conservatorship prior to October 1, 2022)

On April 8, 2021, Freddie Mac and Fannie Mae announced that, due to restrictions in their amended Preferred Stock Purchase Agreements with the Treasury Department, they will not buy mortgages with an application date after July 1, 2021 which apply the GSE Patch. If the GSEs maintain this position, this would effectively limit the available standards for a General QM from July 1, 2021 until October 1, 2022 to the new General QM definition or the old, DTI-based definition.

Buchalter’s Mortgage Banking Practice Group is available to help lenders understand and address the full range of mortgage banking related issues. Feel free to contact any of the Buchalter Mortgage Banking Industry Group.



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