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To: Clients and Friends

From: David F. Dulock

Subject: CFPB Final Rule Amends General Qualified Mortgage Loan Definition

In the December 29, 2020 issue of the *Federal Register* (85 FR 86308, [click here](#)) the Bureau of Consumer Financial Protection (Bureau) published a final rule that amends the General Qualified Mortgage Loan definition in §1026.43(e)(2) of Regulation Z (General QM Loan) by removing the General QM Loan definition's 43 percent total monthly debt to total monthly income ratio (DTI Limit) in paragraph (e)(2)(vi) and replacing it with price-based thresholds. The final rule also removes from paragraph (e)(2)(v) the requirement to use appendix Q in verifying the consumer's current or reasonably expected income or assets (subparagraph (e)(2)(v)(A)) and the consumer's current debt obligations, alimony, and child support (subparagraph (e)(2)(v)(B)).

The final rule is effective on March 1, 2021. However, the mandatory compliance date is July 1, 2021.

The final rule removes appendix Q to Part 1026 and makes the following amendments to §1026.43 and its Official Interpretations in Supplement I to Part 1026:

- Amend §1026.43 by revising paragraphs (b)(4), (e)(2)(v) and (vi), (e)(4), (e)(5)(i)(A) and (B), and (f)(1)(i) and (iii);
- Remove appendix Q to part 1026;
- In supplement I to part 1026, under *Section 1026.43—Minimum Standards for Transactions Secured by a Dwelling*:
 - Under introductory paragraph 1, add introductory paragraph 2;
 - Revise sections 43(b)(4) *Higher-priced covered transaction*, 43(c)(4) *Verification of income or assets*, and 43(c)(7) *Monthly debt-to-income ratio or residual income*;
 - Revise *Paragraph 43(e)(2)(v)*;
 - Add *Paragraphs 43(e)(2)(v)(A)* and *43(e)(2)(v)(B)* after *Paragraph 43(e)(2)(v)*;
 - Revise *Paragraph 43(e)(2)(vi)*;
 - Revise section 43(e)(4); and
 - Revise *Paragraph 43(e)(5)* and *Paragraphs 43(f)(1)(i)*, *43(f)(1)(ii)*, *43(f)(1)(iii)*, *43(f)(1)(iv)*, *43(f)(1)(v)*, and *43(f)(1)(vi)*.

Below is a summary of the final rule taken from the *Federal Register* publication:

§1026.43 paragraph (b)(4): This paragraph defines higher-priced covered transactions for the purposes of §1026.43. The final rule revises paragraph (b)(4) to add a special rule for those General QM Loans under paragraph (e)(2) for which the interest rate may or will change within the first five years after the date on which the loan's first regular periodic payment will be due. For such General QM Loans, the creditor is required to determine the annual percentage rate, for purposes of determining whether the loan is a higher-priced covered transaction under paragraph (b)(4), by treating the maximum interest rate that may apply during that five-year period as the interest rate for the full term of the loan.

(8 pages)

Official Interpretations Comment 43(b)(4): The final rule adds comment -4 to comment 43(b)(4) to explain that provisions in subpart C of part 1026, including commentary to §1026.17(c)(1), address how to determine the annual percentage rate disclosures for closed-end credit transactions. It explains that the revision to §1026.43(b)(4) requires, only for purposes of a General QM Loan under paragraph (e)(2), a different determination of the annual percentage rate for purposes of paragraph (b)(4) for a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due and it cross-references new comment 43(e)(2)(vi)-4 for how to determine the annual percentage rate of such a loan.

§1026.43 paragraph (e)(2)(v): The final rule amends the definition of a General QM loan under paragraph (e)(2) by deleting current paragraphs (e)(2)(v)(A) and (B), including the requirement to use appendix Q to consider and verify at or before consummation the consumer's current or reasonably expected income or assets and the consumer's current debt obligations, alimony, and child support. It adds revised paragraphs (e)(2)(v)(A), (B)(I) and (2), which provide, at or before consummation, as follows:

- Revised paragraph (e)(2)(v)(A) requires the creditor to consider the consumer's current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan, debt obligations, alimony, child support, and monthly debt-to-income ratio or residual income, using the amounts determined from revised paragraph (e)(2)(v)(B)(I) and (2); determine the consumer's monthly debt-to-income ratio or residual income in accordance with paragraph (c)(7); and, calculate the consumer's monthly payment on the covered transaction, including the monthly payment for mortgage-related obligations, in accordance with paragraph (e)(2)(iv).
- Revised paragraph (e)(2)(v)(B)(I) and (2) require the creditor to (I) verify the consumer's current or reasonably expected income or assets, other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan, using third-party records that provide reasonably reliable evidence of the consumer's income or assets, in accordance with paragraph (c)(4); and (2) verify the consumer's current debt obligations, alimony, and child support using reasonably reliable third-party records in accordance with paragraph (c)(3).

Official Interpretations Comment 43(c)(4): The final rule adds comment -4 to comment 43(c)(4) to clarify that a creditor does not meet the requirements of §1026.43(c)(4) if it observes an inflow of funds into the consumer's account without confirming that the funds are income. New comment 43(c)(4)-4 contains the following example: "a creditor would not meet the requirements of §1026.43(c)(4) where it observes an unidentified \$5,000 deposit in the consumer's account but fails to take any measures to confirm or lacks any basis to conclude that the deposit represents the consumer's personal income and not, for example, proceeds from the disbursement of a loan."

Official Interpretations Comment 43(c)(7): The final rule removes from the second sentence of comment 43(c)(7)-1 the reference to §1026.43(e) because pursuant to the final rule a General QM loan under §1026.43(e)(2) no longer "prescribe[s] a specific monthly debt-to-income ratio with which creditors must comply."

Official Interpretations Comment 43(e)(2)(v): The final rule removes current comments -2 and -3 from comment 43(e)(2)(v) because these comments are no longer needed considering the final

rule’s revisions to §§1026.43(e)(2)(v) and (vi). The final rule adds comments 43(e)(2)(v)(A)-1 to -3 and 43(e)(2)(v)(B)-1 to -3, which are summarized below:

- Comment 43(e)(2)(v)(A)-1: New comment 43(e)(2)(v)(A)-1 explains that, in order to comply with the consider requirement in §1026.43(e)(2)(v)(A), a creditor must take into account current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan, debt obligations, alimony, child support, and monthly debt-to-income ratio or residual income in its ability-to-repay determination. It also explains that a creditor must maintain written policies and procedures for how it takes into account, pursuant to its underwriting standards, these factors in its ability-to-repay determination. Comment 43(e)(2)(v)(A)-1 further explains that a creditor must retain documentation showing how it took into account these factors in its ability-to-repay determination, including how it applied its policies and procedures in order to meet this consider requirement and thereby meet the General QM Loan requirements under §1026.43(e)(2). As examples of such documentation, comment 43(e)(2)(v)(A)-1 explains that it may include an underwriter worksheet or a final automated underwriting system certification, in combination with the creditor’s applicable underwriting standards and any applicable exceptions described in its policies and procedures, that shows how these required factors were taken into account in the creditor’s ability-to-repay determination.

- Comment 43(e)(2)(v)(A)-2: New comment 43(e)(2)(v)(A)-2 explains that creditors have flexibility in how they consider monthly debt-to-income ratio or residual income and that the final rule does not prescribe a specific monthly debt-to-income ratio or residual income threshold. Comment 43(e)(2)(v)(A)-2 gives two examples of how to comply with the requirement to consider monthly debt-to-income ratio or residual income. In the first example, a creditor may consider monthly debt-to-income ratio or residual income by establishing monthly debt-to-income or residual income thresholds for its own underwriting standards and documenting how it applied those thresholds to determine the consumer’s ability to repay. In the second example, a creditor may also consider these factors by establishing monthly debt-to-income or residual income thresholds and exceptions to those thresholds based on other compensating factors, and documenting application of the thresholds along with any applicable exceptions.

- Comment 43(e)(2)(v)(A)-3: New comment 43(e)(2)(v)(A)-3 explains that the requirement in §1026.43(e)(2)(v)(A) to consider income or assets, debt obligations, alimony, child support, and monthly debt-to-income ratio or residual income does not preclude the creditor from taking into account additional factors that are relevant in making its ability-to-repay determination. Comment 43(e)(2)(v)(A)-3 further provides that creditors may look to comment 43(c)(7)-3 for guidance on considering additional factors in determining the consumer’s ability-to-repay. (*Comment 43(c)(7)-3 explains that creditors may consider additional factors when determining a consumer’s ability to repay and provides an example of looking to consumer assets other than the dwelling, including any real property attached to the dwelling, such as a savings account.*)

- Comment 43(e)(2)(v)(B)-1: New comment 43(e)(2)(v)(B)-1 explains that §1026.43(e)(2)(v)(B) does not prescribe specific methods of underwriting that creditors must use. Comment 43(e)(2)(v)(B)-1 clarifies that, so long as a creditor complies with the provisions of §1026.43(c)(3) with respect to debt obligations, alimony, and child support and §1026.43(c)(4) with respect to income and assets, the creditor is permitted to use any reasonable verification methods and criteria.

- Comment 43(e)(2)(v)(B)-2: New comment 43(e)(2)(v)(B)-2 clarifies that “current and reasonably expected income or assets other than the value of the dwelling (including any real

property attached to the dwelling) that secures the loan” is determined in accordance with §1026.43(c)(2)(i) and its commentary and that “current debt obligations, alimony, and child support” has the same meaning as under §1026.43(c)(2)(vi) and its commentary. Comment 43(e)(2)(v)(B)–2 further clarifies that §1026.43(c)(2)(i) and (vi) and the associated commentary apply to a creditor’s determination with respect to what inflows and property it may classify and count as income or assets and what obligations it must classify and count as debt obligations, alimony, and child support, pursuant to its compliance with §1026.43(e)(2)(v)(B).

- Comment 43(e)(2)(v)(B)-3.i: The final rule provides a verification safe harbor for compliance with §1026.43(e)(2)(v)(B) in new comment 43(e)(2)(v)(B)-3.i, which states that a creditor complies with §1026.43(e)(2)(v)(B) if it complies with verification standards in one or more of the following manuals:

- A. Chapters B3–3 through B3–6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020;

- B. Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020;

- C. Sections II.A.1 and II.A.4–5 of the Federal Housing Administration’s Single Family Housing Policy Handbook, issued October 24, 2019;

- D. Chapter 4 of the U.S. Department of Veterans Affairs’ Lenders Handbook, revised February 22, 2019;

- E. Chapter 4 of the U.S. Department of Agriculture’s Field Office Handbook for the Direct Single Family Housing Program, revised March 15, 2019; and

- F. Chapters 9 through 11 of the U.S. Department of Agriculture’s Handbook for the Single Family Guaranteed Loan Program, revised March 19, 2020.

- Comment 43(e)(2)(v)(B)-3.ii: New comment 43(e)(2)(v)(B)–3.ii clarifies that a creditor complies with §1026.43(e)(2)(v)(B) if it complies with requirements in the manuals listed in comment 43(e)(2)(v)(B)–3.i for creditors to verify income, assets, debt obligations, alimony and child support using specified reasonably reliable third-party documents or to include or exclude particular inflows, property, and obligations as income, assets, debt obligations, alimony, and child support.

- Comment 43(e)(2)(v)(B)-3.iii: New comment 43(e)(2)(v)(B)–3.iii clarifies that, for purposes of compliance with §1026.43(e)(2)(v)(B), a creditor need not comply with requirements in the manuals listed in comment 43(e)(2)(v)(B)–3.i other than those that require creditors to verify income, assets, debt obligations, alimony, and child support using specified documents or to classify and count particular inflows, property, and obligations as income, assets, debt obligations, alimony, and child support.

- Comment 43(e)(2)(v)(B)-3.iv: New comment 43(e)(2)(v)(B)–3.iv clarifies that a creditor also complies with §1026.43(e)(2)(v)(B) if it complies with revised versions of the manuals listed in comment 43(e)(2)(v)(B)–3.i, provided that the two versions are substantially similar. (*The Bureau states in the preamble to the final rule on page 86357 that “the Bureau intends to provide further clarity to creditors by releasing guidance, as appropriate, regarding whether future revisions of manuals qualify as ‘substantially similar’ for purposes of the verification safe harbor.” In addition, the Bureau lists three illustrations to show how the Bureau may evaluate future changes to the manuals.*)

- Comment 43(e)(2)(v)(B)-3.v: New comment 43(e)(2)(v)(B)–3.v clarifies that a creditor complies with §1026.43(e)(2)(v)(B) if it complies with the verification standards in one or more of the manuals specified in comment 43(e)(2)(v)(B)–3.i. and that a creditor may, but need not,

comply with §1026.43(e)(2)(v)(B) by complying with the verification standards from more than one manual (in other words, by “mixing and matching” verification standards).

§1026.43 paragraph (e)(2)(vi): The final rule amends the definition of a General QM loan in paragraph (e)(2) by removing from paragraph (e)(2)(vi) the specific 43 percent ratio of consumer total monthly debt to total monthly income (DTI Limit) and the use of appendix Q and replaces them with the following price-based thresholds that define a covered transaction under §1026.43 as a General QM loan for which the annual percentage rate does not exceed the average prime offer rate for a comparable transaction as of the date the interest rate is set by the applicable thresholds set out below, so that a loan priced below the applicable threshold would be eligible for General QM status under paragraph (e)(2) and a loan priced at or above the applicable threshold would not be eligible for General QM status under paragraph (e)(2):

- For a first lien covered transaction with a loan amount greater than or equal to \$110,260 (indexed for inflation), 2.25 or more percentage points;
- For a first lien covered transaction with a loan amount greater than or equal to \$66,156 (indexed for inflation) but less than \$110,260 (indexed for inflation), 3.5 or more percentage points;
- For a first lien covered transaction with a loan amount less than \$66,156 (indexed for inflation), 6.5 or more percentage points;
- For a first lien covered transaction secured by a manufactured home with a loan amount less than \$110,260 (indexed for inflation), 6.5 or more percentage points;
- For a subordinate lien covered transaction with a loan amount greater than or equal to \$66,156 (indexed for inflation), 3.5 or more percentage points;
- For a subordinate lien covered transaction with a loan amount less than \$66,156 (indexed for inflation), 6.5 or more percentage points.

The final rule, however, preserves the current thresholds in paragraph (e)(1)(i) that separate safe harbor qualified mortgages from rebuttable presumption qualified mortgages in paragraph (e)(1)(ii).

Revised paragraph (e)(2)(vi) provides that the above specified loan amounts will be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) that was reported on the preceding June 1. It also provides that for purposes of revised paragraph (e)(2)(vi), the creditor is required to determine the annual percentage rate for a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due by treating the maximum interest rate that may apply during that five-year period as the interest rate for the full term of the loan (*the special rule*).

Official Interpretations Comment 43(e)(2)(vi): The final rule removes current comment 43(e)(2)(vi)-1 and adds new comments 43(e)(2)(vi)-1 to -5 summarized below:

- Comment 43(e)(2)(vi)-1: New comment 43(e)(2)(vi)-1 provides guidance on determining the average prime offer rate for a comparable transaction as of the date the interest rate is set by a cross-reference to comments 43(b)(4)-1 through -3.
- Comment 43(e)(2)(vi)-2: New comment 43(e)(2)(vi)-2 states that a creditor must determine the applicable rate spread threshold based on the face amount of the note, which is the “loan amount” as defined in §1026.43(b)(5), and provides an example.

- Comment 43(e)(2)(vi)-3: New comment 43(e)(2)(vi)-3 states that the Bureau will publish the annually adjusted loan amounts to reflect changes in the CPI-U.
- Comment 43(e)(2)(vi)-4: New comments 43(e)(2)(vi)-4.i to -4.iv explain the special rule in §1026.43(e)(2)(vi) that the creditor must determine the annual percentage rate for a loan for which the interest rate may or will change within the first five years after the date on which the first regular periodic payment will be due (“short-reset loans”) by treating the maximum interest rate that may apply during that five-year period as the interest rate for the full term of the loan:
 - Comment 43(e)(2)(vi)-4.i explains that this special rule for determining the annual percentage rate for General QM short-reset loans under §1026.43(e)(2)(vi) will not modify other provisions in Regulation Z for determining the annual percentage rate for other purposes. It also explains that an identical special rule for determining the annual percentage rate for General QM short-reset loans applies to General QM short-reset higher-priced loans in revised §1026.43(b)(4).
 - Comment 43(e)(2)(vi)-4.ii explains that this special rule for General QM short-reset loans applies to adjustable-rate mortgages that have a fixed-rate period of five years or less within that first five year period and to step-rate mortgages for which the interest rate changes within that five-year period.
 - Comment 43(e)(2)(vi)-4.iii explains that to determine the annual percentage rate for General QM short-reset loans for purposes of §1026.43(e)(2)(vi), a creditor must treat the maximum interest rate that could apply at any time during that first five-year period as the interest rate for the full term of the loan, regardless of whether the maximum interest rate is reached at the first or subsequent adjustment during that five-year period and cross-references comments 43(e)(2)(iv)-3 and -4 for additional instruction on how to determine the maximum interest rate during that five-year period.
 - Comment 43(e)(2)(vi)-4.iv provides an example of a General QM short-reset loan to demonstrate the special rule that the maximum interest rate during that first five-year period as the interest rate for the full term of the loan for the purpose of determining the annual percentage rate for the loan.
- Comment 43(e)(2)(vi)-5: This new comment provides a definition of a manufacture home for the purposes of the manufactured home price-based threshold in §1026.43(e)(2)(vi).

§1026.43 paragraph (e)(4): The final rule revises the agency qualified mortgage provisions in paragraph (e)(4) as follows:

- First, the final rule removes the Temporary GSE QM Loan definition in paragraph (e)(4)(ii)(A). Although the Temporary GSE QM Loan definition will not appear in §1026.43(e)(4) after the final rule’s March 1, 2021 effective date, creditors may continue to use it for covered transactions for which they received the consumer’s application prior to the final rule’s July 1, 2021 mandatory compliance date, unless the applicable GSE ceases to operate under conservatorship before July 1, 2021. (*See* revised comments 43(e)(4)-2 and -3 and new comment 43-2.)
- Second, because the January 10, 2021 sunset date for the agency qualified mortgage loan categories in current paragraphs (e)(4)(ii)(B), (C), (D), and (E) has expired because each agency has issued a rule to define a qualified mortgage pursuant to its authority under TILA section 129C(b)(3)(ii) (*see* current paragraph (e)(4)(iii)(A)), the final rule amends paragraph (e)(4) to state that, notwithstanding §1026.43(e)(2), a qualified mortgage is a covered transaction that is defined as a qualified mortgage by HUD under 24 CFR 201.7 and 24 CFR 203.19, by VA under 38 CFR 36.4300 and 38 CFR 36.4500, or by USDA under 7 CFR 3555.109.

Official Interpretations Comment 43(e)(4): The final rule amends comments 43(e)(4)-1, -2 and -3 as summarized below:

- Comment 43(e)(4)-1: Revised comment 43(e)(4)-1 reflects the cross references to the qualified mortgage definitions of HUD, VA, and USDA disclosed in revised §1026.43(e)(4) and acknowledges that a covered transaction that meets one of those agencies qualified mortgage definitions is a qualified mortgage for purposes of §1026.43.
- Comment 43(e)(4)-2: Revised comment 43(e)(4)-2 clarifies that covered transactions that met the requirements of §1026.43(e)(2)(i) through (iii), were eligible for purchase or guarantee by Fannie Mae or Freddie Mac (or any limited-life regulatory entity succeeding the charter of either) operating under the conservatorship or receivership of the Federal Housing Finance Agency, and for which the creditor received the consumer’s application prior to the mandatory compliance date of July 1, 2021 continue to be qualified mortgages for the purposes of §1026.43, including those covered transactions that were consummated on or after July 1, 2021.
- Comment 43(e)(4)-3: Revised comment 43(e)(4)-3 cross-references new comment 43-2 for a discussion of the optional early compliance period for the 2021 General QM amendments (*i.e.*, on or after March 1, 2021 and prior to July 1, 2021).
- Current Comments 43(e)(4)-4, and -5: The final rule removes the text of these comments and states they are reserved for future use.

Official Interpretations Comment 43-2: New comment 43-2 explains that, for transactions for which a creditor received the consumer’s application on or after March 1, 2021, and prior to July 1, 2021, creditors seeking to originate QMs have the option of complying with either the current QM loan definitions (*i.e.*, the version in effect on February 26, 2021) or the revised QM loan definitions. This comment also explains that, for transactions for which a creditor received the consumer’s application on or after July 1, 2021, creditors seeking to originate QMs must use the revised QM loan definitions. Comment 43–2 also specifies the meaning of “application” for these purposes (*i.e.*, §1026.2(a)(3)(ii) for loans subject to §1026.19(e), (f), or (g); and either §1026.2(a)(3)(i) or (ii) for loans not subject to §1026.19(e), (f), or (g) .

§1026.43 paragraph (e)(5)(i)(A) and (B): Existing paragraph (e)(5)(i)(A) provides that as part of the small creditor qualified mortgage definition in paragraph (e)(5)(i), loans must satisfy the requirements of paragraph (e)(2) other than (e)(2)(vi) and without regard to appendix Q. The final rule’s revisions to paragraph (e)(5)(i)(A) provide that qualified mortgages under paragraph (e)(5)(i) do not have to comply with paragraphs (e)(2)(v) and (e)(2)(vi). The final rule also deletes the reference to appendix Q because the final rule removes appendix Q from Regulation Z.

The final rule does not revise existing paragraph (e)(5)(i)(B) and renames it as paragraph (e)(5)(i)(B)(3). The final rule adds new paragraphs (e)(5)(i)(B)(1) and (2). New paragraph (e)(5)(i)(B)(1) requires the creditor to consider and verify at or before consummation the consumer’s current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) securing the loan, in accordance with paragraphs (c)(2)(i) and (c)(4) of §1026.43. New paragraph (e)(5)(i)(B)(2) requires the creditor to consider and verify at or before consummation the consumer’s current debt obligations, alimony, and child support in accordance with paragraphs (c)(2)(vi) and (c)(3) of §1026.43.

Official Interpretations Comment 43(e)(5): The final rule makes conforming changes to comments 43(e)(5)-1 and -2 that small creditor qualified mortgage loans under paragraph (e)(5)(i)

do not have to comply with paragraphs (e)(2)(v) and (e)(2)(vi) and deletes the reference to appendix Q.

§1026.43 paragraph (f)(1)(i): Existing paragraph (f)(1)(i) states that a balloon-payment qualified mortgage must satisfy the requirements for a qualified mortgage in paragraphs (e)(2)(i)(A), (e)(2)(ii), (e)(2)(iii), and (e)(2)(v), but without regard to the standards in appendix Q. The final rule deletes from paragraph (f)(1)(i) the requirement to satisfy paragraph (e)(2)(v) and deletes the reference to appendix Q because the final rule removes appendix Q from Regulation Z.

Official Interpretations Comment 43(f)(1)(i): The final rule makes conforming changes to comment 43(f)(1)(i)-1 that balloon-payment qualified mortgages made by certain creditors under §1026.43(f)(1)(i) do not have to comply with paragraph (e)(2)(v).

§1026.43 paragraph (f)(1)(iii): The final rule does not revise existing paragraph (f)(1)(iii), except to correct typographical error “(f)((iv)(A)” to “(f)(1)(iv)(A),” and renames paragraph (f)(1)(iii) as paragraph (f)(1)(iii)(C).

Official Interpretations Comment 43(f)(1)(iii): The final rule makes conforming changes to comment 43(f)(1)(iii)-1 by renaming paragraph (f)(1)(iii) as paragraph (f)(1)(iii)(C).

Official Interpretations Comment 43(f)(1)(vi): The final rule revises comment 43(f)(1)(vi)-1.i to add the following language to the definition of rural: “or a county or a census block that has been designated as ‘rural’ by the Bureau pursuant to the application process established in 2016. See Application Process for Designation of Rural Area under Federal Consumer Financial Law; Procedural Rule, 81 FR 11099 (Mar. 3, 2016).” The final rule revises comment 43(f)(1)(vi)-1.i.A to add the following rural language: “A property is also located in an area that qualifies as ‘rural,’ if the Bureau has designated that area as rural under §1026.35(b)(2)(iv)(A)(3) and published that determination in the Federal Register. See Application Process for Designation of Rural Area under Federal Consumer Financial Law; Procedural Rule, 81 FR 11099 (Mar. 3, 2016).”

Official Interpretations Comments 43(f)(1)(ii), (iv), and (v): The final rule states that these comments were revised (see amendatory instruction 4.g.). The author did not find any revisions to these comments.

Appendix Q to Part 1026: Appendix Q contains standards for calculating and verifying debt and income for purposes of determining whether a mortgage satisfies the 43 percent DTI Limit for General QM loans. The final rule removes appendix Q from Regulation Z.

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