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To: Clients and Friends

From: David F. Dulock

Subject: Rural Housing Service Issues Qualified Mortgage Proposed Rule

In the March 5, 2015, issue of the Federal Register (80 FR 11950, click here) the Rural Housing Service (RHS) issued a proposed rule to amend its Single Family Housing Guaranteed Loan Program regulations in 7 CFR Part 3555 to provide that a loan guaranteed by RHS is a Qualified Mortgage if it meets certain requirements set forth in 12 CFR 1026.43(e) of Regulation Z. The proposed rule amends §3555.10 by adding a "Qualified mortgage" definition and by adding new §3555.109 providing for an RHS qualified mortgage, as set forth below:

§ 3555.10 Definitions and abbreviations.

Qualified mortgage. A qualified mortgage is a guaranteed loan under this part which meets all Agency requirements as well as the restrictions in 12 CFR 1026.43(e)(2)(i) through (iii) and the points and fees limits in 12 CFR 1026.43(e)(3).

§ 3555.109 Qualified mortgage.

A qualified mortgage is a guaranteed loan meeting the requirements of this part and applicable Agency guidance, as well as the requirements in 12 CFR 1026.43(e)(i) through (iii) [sic] and 12 CFR 1026.43(e)(3).

In the proposed rule, the RHS also is proposing to amend its Single Family Housing Guaranteed Loan Program in matters regarding indemnification (§3555.108), principal reduction (§§3555.10 and .304) and refinancing, including a new streamline-assist refinance (§3555.10 and .101).

Written or email comments on the proposed rule must be received by the RHS on or before May 4, 2015, by any one of the following methods:

- Federal eRulemaking Portal: http://www.regulations.gov. Follow the instructions for submitting comments electronically.
Mail: Submit written comments via the U.S. Postal Service to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department of Agriculture, STOP 0742, 1400 Independence Ave. SW., Washington, DC 20250-0742.
Hand Delivery/Courier: Submit written comments via Federal Express mail, or other courier service requiring a street address to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department of Agriculture, 300 7th Street SW., 7th Floor, Washington, DC 20024.

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