Everyone is Talking About ATR & QM

November 2019

These training materials are not legal advice or a legal opinion. Your legal counsel should be consulted regarding the requirements of Dodd-Frank and the CFPB Rules.

YOU-CENTRIC SOLUTIONS THAT MATTER

Genworth®
Mortgage Insurance

Agenda

In Today's Session we will cover the ATR & QM Story

- The Who & Why
  - Dodd-Frank Wall Street Reform & Consumer Protection Act
- The Enforcer
  - Consumer Financial Protection Bureau (CFPB)
- The Basic Rule
  - Ability-to-Repay (ATR) Rule
- The Agencies Reaction
  - Fannie Mae Release Notes 9.1
  - Freddie Mac Bulletin
- The Quality Definition
  - Qualified Mortgages (QM)
- CFPB References
- Genworth's QM Products
- Genworth's QM Resources & Tools

The Who

Dodd-Frank Wall Street Reform & Consumer Protection Act

The Dodd-Frank Bill

- Massive piece of legislation intended to address countless problem areas that are believed to have caused the financial crisis

- More than 2,300 pages long and includes 16 titles

- Dodd-Frank calls for many regulations to be promulgated over the next year to implement the provisions of the legislation

- Law enacted back in July 2010, - still a lot of rulemaking to come

- 2014 enacted QM, ATR, QRM
- 2015 enacted The Know Before You Owe Disclosures aka TRID

http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf

The Action

Dodd Frank

In July 2010, Congress passed and President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- Title X -Created the **Consumer Financial Protection Bureau (CFPB)**
- Title XIV (The Mortgage Reform and Anti-Predatory Lending Act)

The CFPB:

- Consolidates federal consumer financial protection rule-making **in one place**.

The Enforcer- CFPB

As of July 2011, the Consumer Financial Protection Bureau, created with the passage of the Dodd-Frank Act, is the principal federal agency responsible for enforcement of RESPA laws and regulations.

- State attorneys general, state insurance commissioners and other state agencies also have authority to enforce RESPA

In January of 2012, President Obama appointed Richard Cordray to be the first Director of the CFPB.

Kathy Kraninger is the current Director.

In addition to requiring that they write rules to implement consumer protection statutes, the Dodd-Frank Act requires the CFPB to review some of their rules within five years after they take effect. These required reviews are called assessments. They are conducting an assessment of our ATR/QM rule, and will issue a report of the assessment by January 2019.

CFPB Functions

Oversees rule-making for federal consumer financial protection laws.

Supervises large banks and most non-banks for compliance with federal consumer financial laws.

Restricts unfair, deceptive, or abusive acts or practices.

Enforces laws that outlaw discrimination and other unfair treatment in consumer finance.

Enforces federal consumer financial protection laws.

Takes, investigates, and responds to consumer complaints.

Promotes and conducts financial education programs.

Collects, researches, monitors, and publishes information to identify risks to consumers and the proper functioning of markets.

The Rule

CFPB's Ability-to-Repay (ATR) Rule

Final CFPB rule, *January 10, 2014*, requires mortgage lenders to consider consumers' ability to repay loans *before* extending credit

– Excludes open-end credit, timeshare plans, reverse mortgages and certain temporary loans

Ability-to-Repay (ATR) Rule

Key concepts of the new rule:

– *The creditor must make a reasonable and good faith determination that the consumer has the ability to repay the loan.*

- Mortgage borrowers must provide ample financial documentation; lenders must verify the documents.
- In order to be approved for a particular home loan, the borrower must have sufficient income and assets to repay the loan.

Ability-to-Repay (ATR) Rule

At minimum, creditors must consider:

1. Current or reasonably expected income or assets
2. Current employment status
3. Monthly payment on the covered transaction
4. Monthly payment on any simultaneous loan
5. Monthly payment for mortgage-related obligations
6. Current debt obligations, alimony, and child support
7. Monthly debt-to-income ratio or residual income
8. Credit history

Creditors must *verify the information using* reliable third party records

Appendix Q contains the standards for determining monthly debt and income.

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Ability-to-Repay (ATR) Rule

Borrowers must be able to repay the mortgage:

- **Lenders must make a reasonable and good faith determination**
- **Lender must review the borrower's available income and assets**

Applicant must provide certain documents that show income and assets. These documents include, but are not limited to-

Bank statements	**IRS W-2 forms**
Tax returns	**Payroll statements**

See Appendix Q for documentation & calculation requirements

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Ability-to-Repay (ATR) Rule

Deceptive 'teaser rates' are prohibited

- **The mortgage rate shown to a borrower cannot mask the true cost of the loan**

Mortgage lenders cannot measure the borrower's ability to repay the loan based on a teaser rate

- **(A teaser rate is an introductory interest rate that is lower than the long-term rate. They are typically associated with adjustable-rate mortgage loans.)**
- **In determining a borrower's ability to repay the creditor must base that determination on the fully-indexed rate and the fully amortizing monthly payments, not the monthly payment during the introductory or teaser period.**

Agency Reaction

Fannie Mae SEL 2013-06

Ability to Repay or ATR and Qualified Mortgages

- Max loan term 30 years
- Must be fully amortizing
- Total fees/points not to exceed 3% of the loan amount *(note there are some exceptions)*

https://www.consumerfinance.gov/eregulations/1026-32/2013-12125#1026-32-b

FannieMae

Selling Guide Announcement SEL-2013-06

August 20, 2013

Selling Guide Updates Related to Ability to Repay and Qualified Mortgages

The Consumer Financial Protection Bureau (CFPB) issued a final rule on January 10, 2013, and subsequent amendments on May 29, 2013 and July 10, 2013, implementing the "ability to repay" (ATR) provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended the Truth in Lending Act (TILA). The rule generally requires lenders to make a reasonable, good faith determination of a consumer's ability to repay before originating a mortgage loan and establishes certain protections from liability for "qualified mortgages."

At the direction of the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac have worked together to formulate and align on certain requirements that address the CFPB rule. Fannie Mae is updating the *Selling Guide* to implement these requirements and as a follow-up to Lender Letter LL-2013-06, *Additional Information about Ability to Repay and Qualified Mortgage Requirements*. In addition, Fannie Mae is making a number of other related policy changes.

The *Selling Guide* has been updated for the following:

- Ability to Repay and Qualified Mortgages
- Other Related *Selling Guide* Updates Not Subject to Alignment

Each of the updates is described below. The affected topics are dated August 20, 2013, and are listed in the Attachment to the Announcement. Lenders should review each topic to gain a full understanding of the policy changes.

Effective Date

The new and updated policies are effective for mortgage loans with application dates on or after January 10, 2014.

Ability to Repay and Qualified Mortgages

ATR Covered Loan Eligibility Requirements

An ATR Covered Loan is a mortgage loan that is subject to the TILA's ability to repay requirements under Regulation Z, and is otherwise not an ATR Exempt Loan (defined below), with an application date on or after January 10, 2014. An ATR Covered Loan must meet the following requirements, in addition to the other underwriting and eligibility requirements in the *Selling Guide*:

- have a loan term not exceeding 30 years;
- be a fully amortizing loan, as defined in Regulation Z; and
- have total points and fees not in excess of 3% of the total loan amount (or such different amount as provided in 12 CFR §1026.43(e)(3)), all as determined in accordance with Regulation Z.

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Fannie Mae
Updates ARM Qualifying Ratio in DU

Updated Qualifying Rate Requirements

DU Version 9.1 will qualify all 7/1 and 10/1 Fannie Mae ARMs at the greater of the fully indexed rate or note rate. DU will use the following interest rates to determine the proposed PITI used when qualifying the borrower:

Mortgage Type	Qualifying Interest Rate
Fixed-Rate Mortgages	Note Rate
6-Month to 5-Year ARMs[1]	Greater of the fully indexed rate or the note rate + 2.0%
7- to 10-Year ARMs[1]	Greater of the fully indexed rate or the note rate
Lender ARM Plans	
Lender ARM Plans	Interest rate entered in the *ARM Qualifying Rate* field. If an interest rate is not entered, DU uses the note rate + 2.0%.

[1] The fully indexed rate is defined here as the index plus the margin as entered in the online loan application. The index and margin are required for all Fannie Mae ARM loans submitted to DU.

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Freddie Mac Bulletin 2013-16

Updates in Response to CFPB final rule on ATR (ability to repay)

- Retiring Mortgages with original maturities >30 years
- Retiring Prepayment Penalty Mortgages
- New Points & Fees Thresholds to replace the existing 5% threshold
- Updates requirements for HPML's on Relief refinance Mortgages and ARM's with Initial Periods of 7 or 10 years

See next slide

Freddie Mac
We make home possible®

Bulletin

NUMBER: 2013-16

TO: Freddie Mac Sellers | August 20, 2013

SUBJECT: UPDATES IN RESPONSE TO THE CFPB FINAL RULE ON ABILITY TO REPAY

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin updates our requirements in response to the final rule of the Consumer Financial Protection Bureau (CFPB) implementing the ability to repay provisions ("ATR") under the Truth-in-Lending Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("CFPB final rule"). The updated requirements include:

- Retiring Mortgages with original maturities in excess of 30 years as eligible Freddie Mac Mortgages
- Retiring Prepayment Penalty Mortgages as eligible Freddie Mac Mortgages
- Introducing new points and fees thresholds to replace the existing Freddie Mac 5% threshold
- Updating our requirements for Higher-Priced Mortgage Loans (HPMLs) for the following Mortgages:
  - Freddie Mac Relief Refinance Mortgages℠
  - ARMs with Initial Periods of 7 or 10 years

In the context of the CFPB final rule, we are also providing Sellers with additional information about Mortgages evaluated through Loan Prospector®, our representation and warranty framework, government Mortgages and ULDD Data Points.

EFFECTIVE DATE

The changes announced in this Bulletin are effective for Mortgages with Application Received Dates on or after **January 10, 2014**.

In addition, Mortgages with original maturities in excess of 30 years and Prepayment Penalty Mortgages must have a Freddie Mac Settlement Date on or before July 31, 2014.

BACKGROUND

On January 10, 2013, the CFPB final rule was issued, which generally requires a Seller to make a reasonable, good faith determination of a Borrower's ability to repay before originating a Mortgage and establishes certain protections from liability for qualified mortgages. The CFPB final rule includes amendments subsequently released by the CFPB on May 29, 2013 and July 10, 2013 and will be effective for Mortgages with applications received on or after January 10, 2014.

At the direction of the Federal Housing Finance Agency (FHFA), Freddie Mac and Fannie Mae have worked together in an effort to align updated requirements in response to the CFPB final rule.

Additional Guidance

https://www.consumerfinance.gov/eregulations/1026-32/2013-12125#1026-32-b

eRegulations | 12 CFR Part 1026 (Regulation Z)

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SUBPART A - General

§ 1026.1
Authority, purpose, coverage, organization, enforcement, and liability.

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§ 1026.3
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§ 1026.4
Finance charge.

SUBPART B - Open-End Credit

§ 1026.5
General disclosure requirements.

§ 1026.6
Account-opening disclosures.

Subpart E | §1026.32(a)(2)(iii) Effective Date: 6/1/2013

b. **Definitions.**

For purposes of this subpart, the following definitions apply:

1. For purposes of paragraph (a)(1)(ii) of this section, **points and fees** means:

   i. All items required to be disclosed under § 1026.4(a) and 1026.4(b), except interest or the time-price differential;

   OFFICIAL INTERPRETATION TO 32(b)(1)(i) SHOW

   ii. All compensation paid to mortgage brokers;

   OFFICIAL INTERPRETATION TO 32(b)(1)(ii) SHOW

   iii. All items listed in § 1026.4(c)(7) (other than amounts held for future payment of taxes) unless the charge is reasonable, the creditor receives no direct or indirect compensation in connection with the charge, and the charge is not paid to an affiliate of the creditor; and

   iv. Premiums or other charges for credit life, accident, health, or loss-of-income insurance, or debt-cancellation coverage (whether or not the debt-cancellation coverage is insurance under applicable law) that provides for cancellation of all or part of the consumer's liability in the event of the loss of life, health, or income or in the case of accident, written in connection with the credit transaction.

   OFFICIAL INTERPRETATION TO 32(b)(1)(iv) SHOW

Ability-to-Repay (ATR) Rule

Exemptions for refinance loans:

– *There is an exception to the ATR rule for homeowners who are trying to refinance out of a risky mortgage and into a more stable loan. Per the ATR rule, nonstandard loans with interest-only payments or negative amortization features can be refinanced under certain conditions without following the ATR requirements if lenders are refinancing the homeowner into a standard mortgage.*

Qualified Mortgages (QM)

A Qualified Mortgage is a home loan that meets certain standards set forth by CFPB

Lenders that generate such loans will be presumed to have also met the ATR Rule mandated by the Dodd-Frank Act

The QM Rule, as defined by CFPB, is designed to create safer loans by prohibiting or limiting certain high-risk products and features

- **Lenders that make QM loans will receive some degree of legal protection against borrower lawsuits, either in the form of a safe harbor or rebuttable presumption**

Qualified Mortgages (QM)

Qualified Mortgages have different legal protections for a lender depending on whether the loan is a higher-priced transaction (APR exceeds the average prime offer rate for a comparable transaction by 1.5 percentage points or more).

- *A higher-priced loan that is a QM has a rebuttable presumption of compliance with the ATR requirements, meaning the consumer can rebut the presumption by providing evidence that the creditor did not make a reasonable and good faith determination of the consumer's ability to repay.*
- *However, if the QM loan is not a higher-priced transaction (APR does not exceed APOR by 1.5%), the lender is provided a safe harbor from liability, meaning the loan is deemed to comply with the ATR requirements.*

Qualified Mortgages (QM)

Generally, a QM loan has: (i) substantially equal monthly payments, (ii) a loan term <= 30 years,

(iii) points and fees that do not exceed 3%,

(iv) been underwritten using the maximum interest rate that may apply during the first 5 years (and with amortizing monthly payments),

Qualified Mortgages (QM)

(v) the creditor considers and verifies the borrower's income, assets and debts in accordance with Appendix Q, and

(vi) a DTI that does not exceed 43%. However, for a transitional period, loans that are eligible for purchase by Fannie or Freddie, FHA, VA, USDA, Rural Housing Service, a mortgage is a QM loan if it meets conditions (i)-(iii) above. **Note the loan only needs to be eligible for purchase; actual sale to Fannie/Freddie isn't required.**

GSE Patch

Consumer Financial Protection Bureau

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Qualified Mortgage AN

JUL 25, 2019

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Washington, D.C. – The Consumer Financial Protection Bureau (Bureau) today issued an Advance Notice of Proposed Rulemaking (ANPR) seeking information relating to the expiration of the temporary qualified mortgage provision applicable to certain mortgage loans eligible for purchase or guarantee by the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, in the Bureau's Ability to Repay/Qualified Mortgage (ATR/QM) Rule. This provision, also known as the GSE patch, is scheduled to expire no later than Jan. 10, 2021.

The ANPR states that the Bureau currently plans to allow the GSE Patch to expire in January 2021 or after a short extension, if necessary, to facilitate a smooth and orderly transition away from the GSE Patch.

The Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Truth in Lending Act (TILA) to establish ability-to-repay requirements for most residential mortgage loans. TILA identifies factors a creditor must consider in making a reasonable and good faith assessment of a consumer's ability to repay or ATR. TILA also defines a category of loans called qualified mortgages for which creditors may presume compliance with the ability-to-repay (ATR) requirements. The GSE Patch, adopted in the Ability to Repay/Qualified Mortgage Rule, expanded the definition of qualified mortgage to include certain mortgage loans eligible for purchase or guarantee by the GSEs, and in most cases these loans are granted a safe harbor from legal liability in connection with the ATR requirements. These Temporary GSE QM loans generally qualify for that safe harbor from legal liability even if their debt-to-income ratio exceeds the 43 percent threshold otherwise generally required for loans to obtain qualified mortgage status.

https://www.consumerfinance.gov/about-us/newsroom/bureau-releases-qualified-mortgage-anpr/

HPML & HPCT

HIGHER-PRICED MORTGAGE LOAN (HPML)
The Guide glossary
A first-lien Mortgage secured by a Primary Residence that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders. An HPML does not include a second home or Investment Property.

HIGHER-PRICED COVERED TRANSACTION (HPCT)
The Guide glossary
A first-lien Mortgage secured by a Primary Residence, a second home or Investment Property not exempt from ability-to-repay requirements under the Truth-in-Lending Act and its implementing regulations that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders. For purposes of this Guide, a Higher-Priced Covered Transaction that is secured by a Primary Residence is also a Higher-Priced Mortgage Loan.

From Freddie Mac's Learning Glossary- http://www.freddiemac.com/learn/lo/glossary/

Qualified Mortgages (QM)

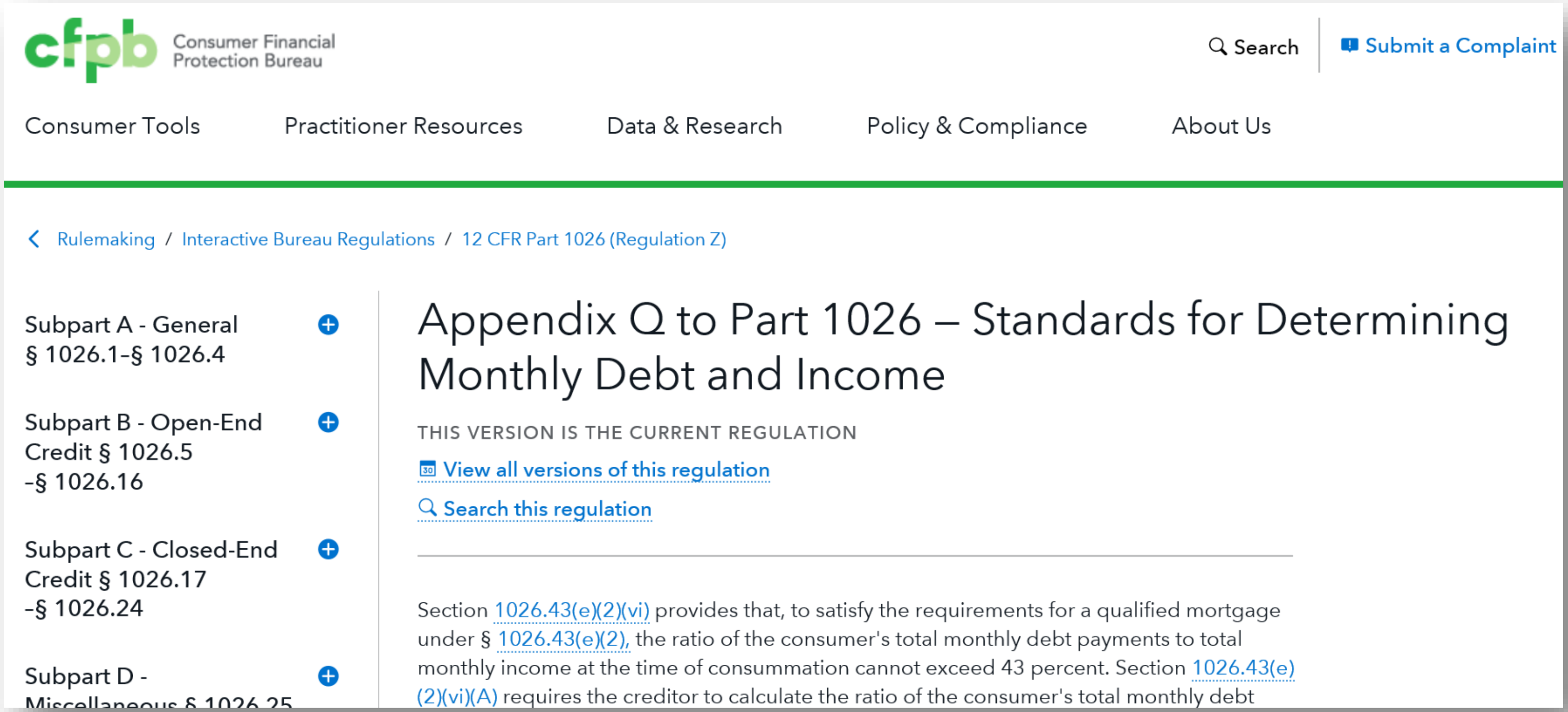
In the lead up to the crisis, too many consumers took on risky loans that they didn't understand. They didn't realize their debt or payments could increase, or that they weren't building any equity in the home.

Before the crisis, many consumers took on mortgages that raised their debt levels so high it was nearly impossible for them to repay the mortgage considering all their financial obligations

Qualified Mortgages (QM)

Appendix Q

Provides additional guidance for determining Monthly Debt & Income



https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1026/Q/

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Qualified Mortgages (QM)

Liability Exposure

- **General TIL Damages**
- **Statutory Damages**
  - ***damages as set forth in TILA***
- **Foreclosure Provision**
  - ***a defense to a foreclosure action regardless of any statute of limitations on a private cause of action***

http://www.consumerfinance.gov/regulations

JANUARY 10, 2013

What the new Ability-to-Repay rule means for consumers

cfpb Consumer Financial Protection Bureau

What to do if your lender doesn't follow the rules

If you think your lender is not following following the Ability-to-Replay/Qualified Mortgage rule, the Consumer Financial Protection Bureau wants to know. You can get in touch with us these ways:

Online: www.consumerfinance.gov/complaint
By telephone (in 187 languages):

(855) 411-CFPB (2372)
Español (855) 411-CFPB (2372)
TTY/TDD (855) 729-CFPB
(2372)

8 a.m. to 8 p.m. Eastern, Monday–Friday:

By mail: Consumer Financial Protection Bureau
P.O. Box 4503
Iowa City, Iowa 52244
By fax: (855) 237-2392

The Ability-to-Repay/Qualified Mortgage rule is one of many rules that protect you when you get a mortgage.

You can find more information about these home mortgage rules at http://consumerfinance.gov/regulations.

You can see answers to frequently asked questions about home mortgages at http://consumerfinance.gov/askcfpb/.

6 WHAT THE NEW ABILITY-TO-REPAY RULE MEANS FOR CONSUMERS, JANUARY 2013

http://www.consumerfinance.gov/regulations

General Comparison of Ability-to-Repay Requirements with Qualified Mortgages[1]

	ATR Standard	General QM Definition	Agency/GSE QM (Temporary)	Balloon-Payment QM	Small Creditor QM	Small Creditor Balloon-Payment QM (Temporary)
Loan feature limitations	No limitations	No negative amortization, interest-only, or balloon payments	No negative amortization, interest-only, or balloon payments	No negative amortization or interest-only payments	No negative amortization, interest-only, or balloon payments	No negative amortization or interest-only payments
Loan term limit	No limitations	30 years	30 years	No more than 30 years, no less than 5 years	30 years	No more than 30 years, no less than 5 years
Points & fees limit	No limitations	3%	3%	3%	3%	3%
Payment Underwriting	Greater of fully indexed or introductory rate	Max rate in first 5 years	As applicable, per GSE or agency requirements	Amortization schedule no more than 30 years	Max rate in first 5 years	Amortization schedule no more than 30 years
Mortgage-related obligations	Consider and verify	Included in underwriting monthly payment[2] and DTI[3]	As applicable, per GSE or agency requirements	Included in underwriting monthly payment[2] and DTI[3]	Included in underwriting monthly payment[2] and DTI[3]	Included in underwriting monthly payment[2] and DTI[3]
Income or assets	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Employment status	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement	No specific requirement	No specific requirement
Simultaneous loans	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	Included in underwriting DTI	Included in underwriting DTI	Included in underwriting DTI
Debt, alimony, child support	Consider and verify	Consider and verify	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
DTI or Residual Income	Consider and verify	DTI ≤ 43 percent	As applicable, per GSE or agency requirements	Consider and verify	Consider and verify	Consider and verify
Credit History	Consider and verify	Included in underwriting DTI	As applicable, per GSE or agency requirements	No specific requirement	No specific requirement	No specific requirement

cfpb Consumer Financial Protection Bureau

Version 2.0, Published 08/14/2013 1

http://www.consumerfinance.gov/regulations

March 2016

This guide has not been updated to reflect amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act.

An updated guide will be posted when it's available.

Ability-to-Repay and Qualified Mortgage Rule

Small entity compliance guide

cfpb Consumer Financial Protection Bureau

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

S. 2155

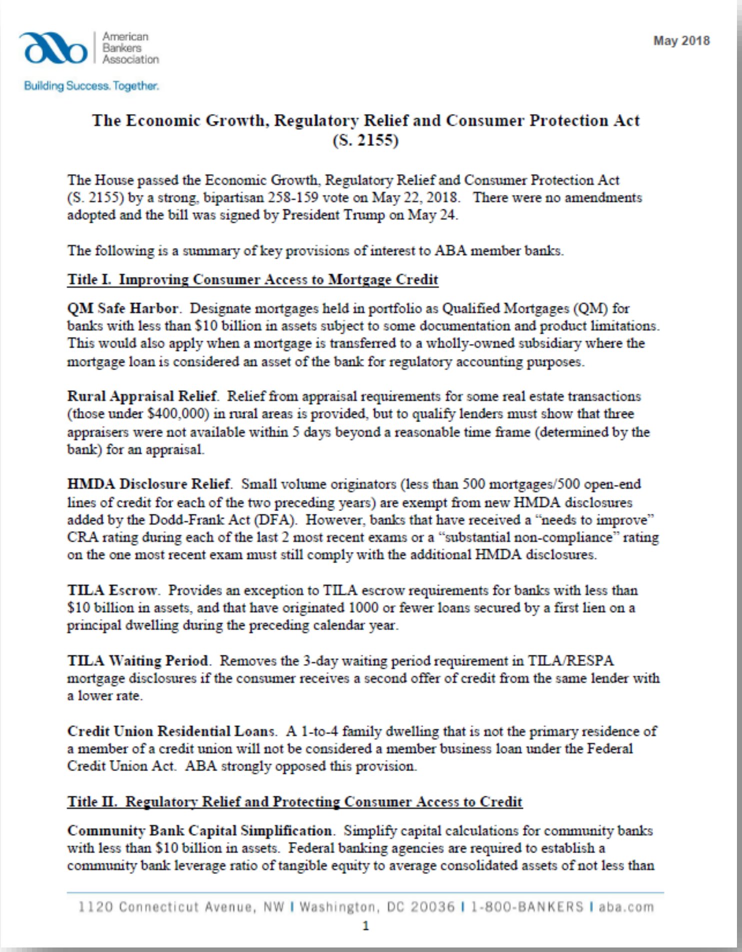
One Hundred Fifteenth Congress
of the
United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Wednesday, the third day of January, two thousand and eighteen

https://www.congress.gov/bill/115th-congress/senate-bill/2155/text#toc-id85fe90d9cb9347b5be06fbbf343b0cdf

S 2155



American Bankers Association
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May 2018

The Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155)

The House passed the Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155) by a strong, bipartisan 258-159 vote on May 22, 2018. There were no amendments adopted and the bill was signed by President Trump on May 24.

The following is a summary of key provisions of interest to ABA member banks.

Title I. Improving Consumer Access to Mortgage Credit

QM Safe Harbor. Designate mortgages held in portfolio as Qualified Mortgages (QM) for banks with less than $10 billion in assets subject to some documentation and product limitations. This would also apply when a mortgage is transferred to a wholly-owned subsidiary where the mortgage loan is considered an asset of the bank for regulatory accounting purposes.

Rural Appraisal Relief. Relief from appraisal requirements for some real estate transactions (those under $400,000) in rural areas is provided, but to qualify lenders must show that three appraisers were not available within 5 days beyond a reasonable time frame (determined by the bank) for an appraisal.

HMDA Disclosure Relief. Small volume originators (less than 500 mortgages/500 open-end lines of credit for each of the two preceding years) are exempt from new HMDA disclosures added by the Dodd-Frank Act (DFA). However, banks that have received a "needs to improve" CRA rating during each of the last 2 most recent exams or a "substantial non-compliance" rating on the one most recent exam must still comply with the additional HMDA disclosures.

TILA Escrow. Provides an exception to TILA escrow requirements for banks with less than $10 billion in assets, and that have originated 1000 or fewer loans secured by a first lien on a principal dwelling during the preceding calendar year.

TILA Waiting Period. Removes the 3-day waiting period requirement in TILA/RESPA mortgage disclosures if the consumer receives a second offer of credit from the same lender with a lower rate.

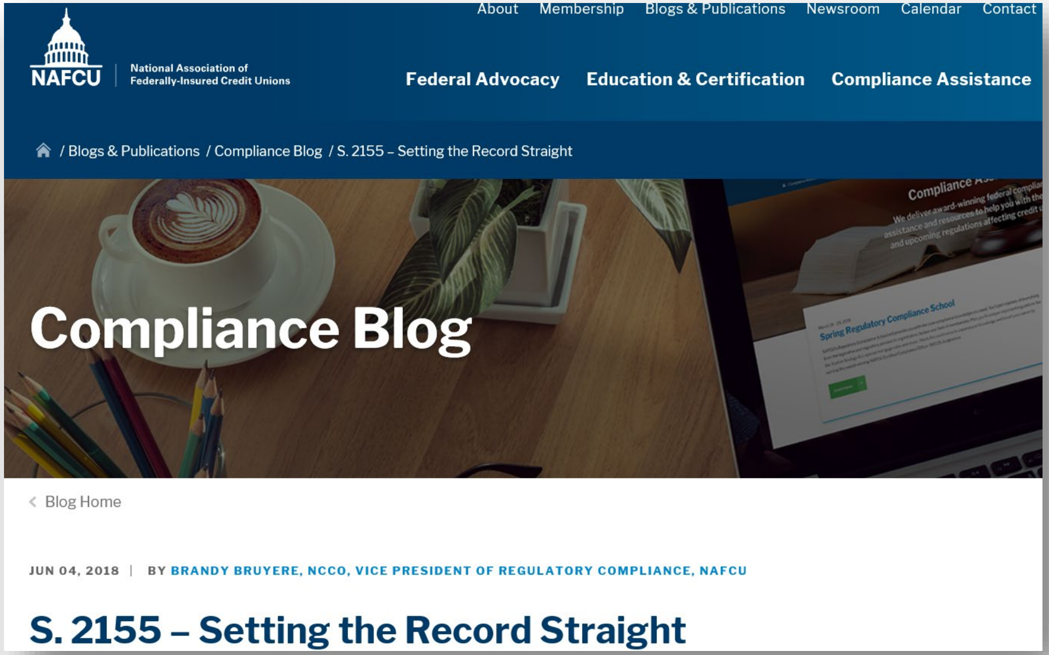
Credit Union Residential Loans. A 1-to-4 family dwelling that is not the primary residence of a member of a credit union will not be considered a member business loan under the Federal Credit Union Act. ABA strongly opposed this provision.

Title II. Regulatory Relief and Protecting Consumer Access to Credit

Community Bank Capital Simplification. Simplify capital calculations for community banks with less than $10 billion in assets. Federal banking agencies are required to establish a community bank leverage ratio of tangible equity to average consolidated assets of not less than

1120 Connecticut Avenue, NW | Washington, DC 20036 | 1-800-BANKERS | aba.com

1



https://www.aba.com/Compliance/Documents/Executive-Summary-S2155-Enacted.pdf

https://www.nafcu.org/compliance-blog/s-2155-setting-record-straight

Genworth’s QM Resources & Tools

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800 444.5664

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MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING

Qualified Mortgage (QM) Resources

Handy resources to help you select the right Genworth QM-friendly mortgage insurance plan for you and your borrower.

PDF

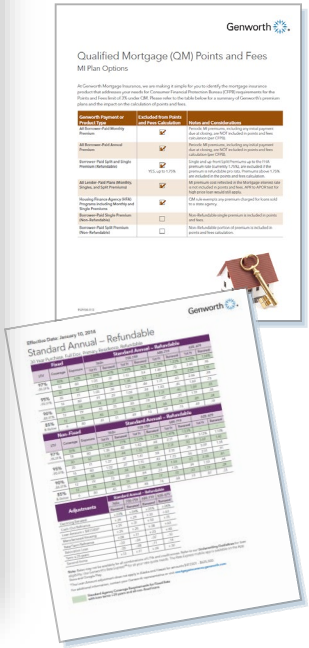
MI Product Options for QM Points and Fees

We’ve provided a convenient table to help you identify which Genworth MI product best addresses your Consumer Financial Protection Bureau (CFPB) requirements for the QM Points and Fees 3% limit.

PDF

Understanding the QM Requirements

An overview of the QM Final Rule from the Consumer Financial Protection Bureau (CFPB) under the Dodd-Frank Wall Street Reform and Consumer Protection Act.



https://new.mortgageinsurance.genworth.com/regulatory-resources

Product Positioning & Points & Fees Considerations

Product positioning and marketing is focused on products that have limited to no implementation and Points and Fees impacts for customers.

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Qualified Mortgage (QM) Points and Fees

MI Plan Options

At Genworth Mortgage Insurance, we are making it simple for you to identify the mortgage insurance product that addresses your needs for Consumer Financial Protection Bureau (CFPB) requirements for the Points and Fees limit of 3% under QM. Please refer to the table below for a summary of Genworth's premium plans and the impact on the calculation of points and fees.

Genworth Payment or Product Type	Excluded from Points and Fees Calculation	Notes and Considerations
All Borrower-Paid Monthly Premium	☑	Periodic MI premiums, including any initial payment due at closing, are NOT included in points and fees calculation (per CFPB).
All Borrower-Paid Annual Premium	☑	Periodic MI premiums, including any initial payment due at closing, are NOT included in points and fees calculation (per CFPB).
Borrower-Paid Split and Single Premium (Refundable)	☑ YES, up to 1.75%	Single and up-front Split Premiums up to the FHA premium rate (currently 1.75%), are excluded if the premium is refundable pro rata. Premiums above 1.75% are included in the points and fees calculation.
All Lender-Paid Plans (Monthly, Singles, and Split Premiums)	☑	MI premium cost reflected in the Mortgage interest rate is not included in points and fees. APR to APOR test for high price loan would still apply.
Housing Finance Agency (HFA) Programs including Monthly and Single Premiums	☑	QM rule exempts any premium charged for loans sold to a state agency.
Borrower-Paid Single Premium (Non-Refundable)	☐	Non-Refundable single premium is included in points and fees.
Borrower-Paid Split Premium (Non-Refundable)	☐	Non-Refundable portion of premium is included in points and fees calculation.

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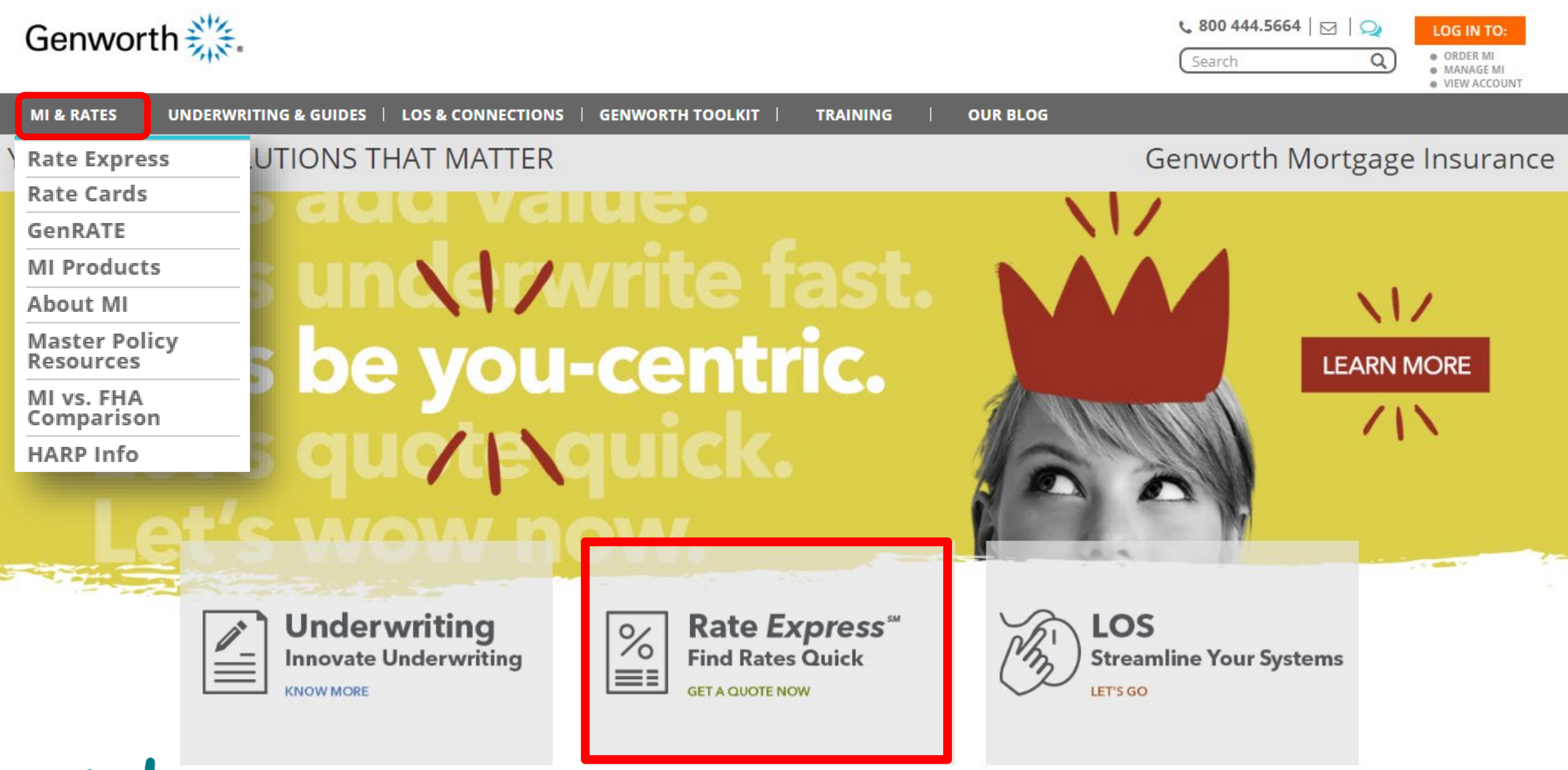

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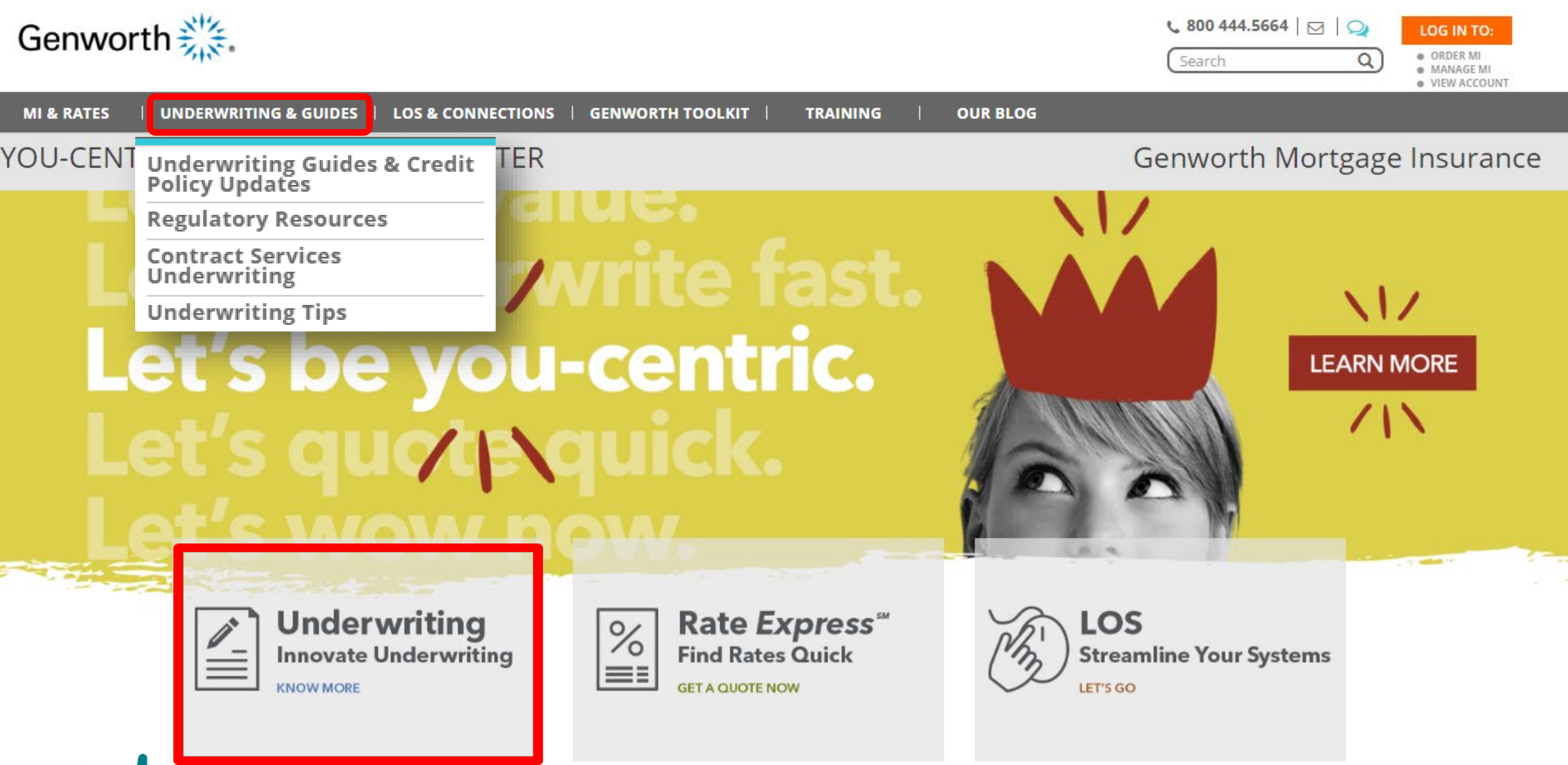

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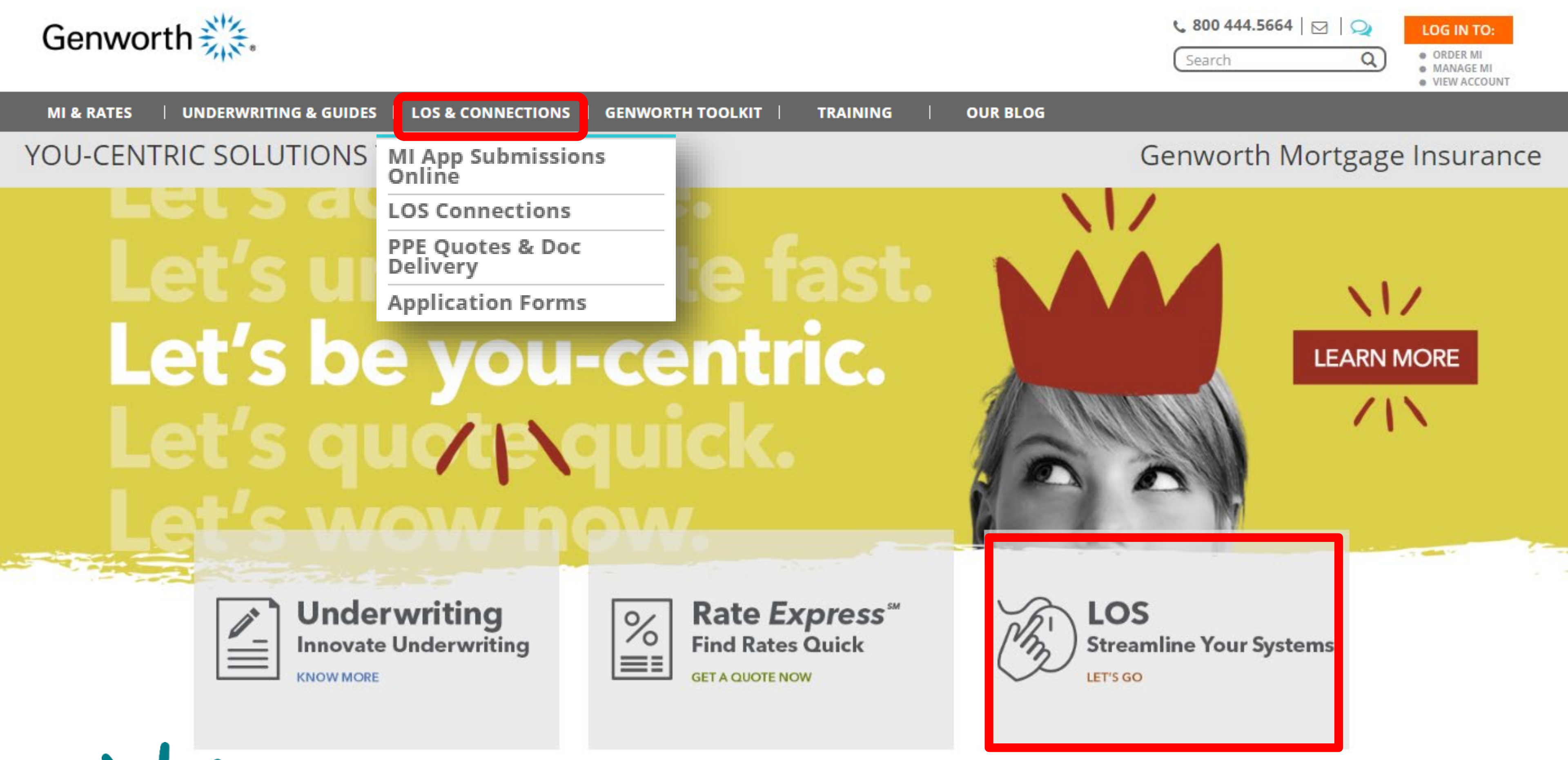

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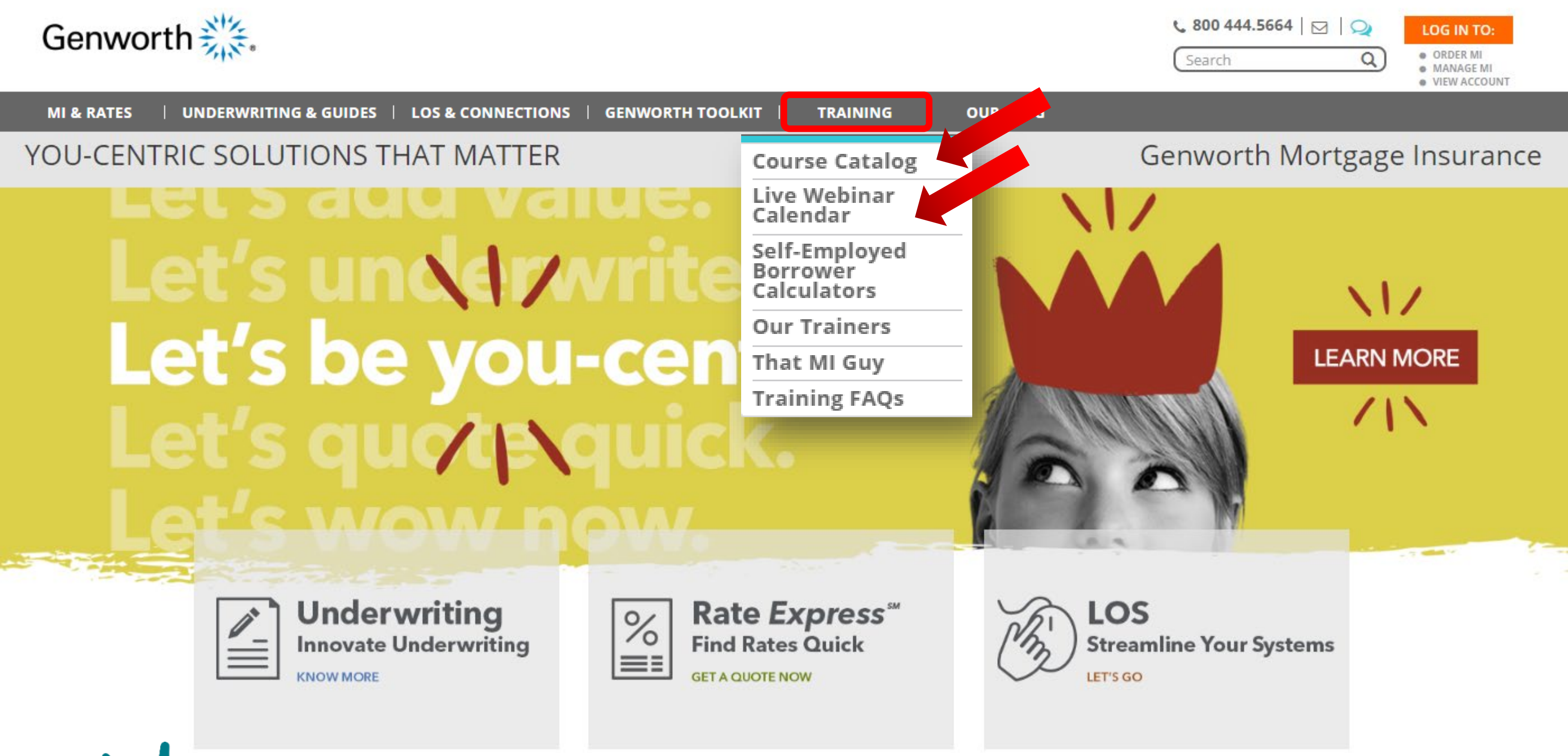

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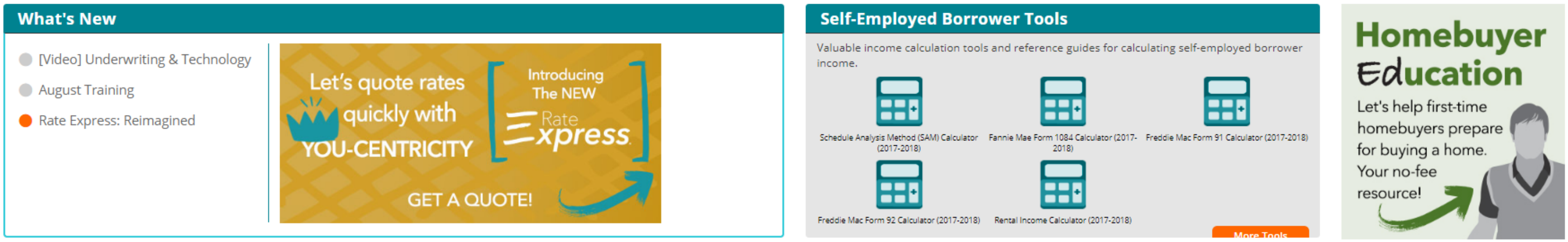

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