To:	All Customers	From:	Credit Policy
Date:	06/17/21	Memo#:	21080
Subject:	**Revised General QM Rule for Agency-Eligible Loans**		

On April 8, 2021, Fannie Mae and Freddie Mac announced revised loan eligibility requirements due to the senior Preferred Stock Purchase Agreement (PSPA), including the requirement to meet the Revised General QM Rule definition that became effective March 1, 2021. Under the PSPA, they will no longer accept loans in the Temporary QM (i.e. "GSE Patch") category that do not also meet the Revised General QM Rule.

FLAGSTAR REQUIREMENTS

Flagstar will require all Agency loans with application dates on or after July 1, 2021 to comply with the Revised General QM Rule which include the following new requirements:

- APR-APOR spread categories:
  - QM Safe Harbor – the loan APR does not exceed APOR by 1.50% or more.
  - QM Rebuttable Presumption – the loan APR does not exceed APOR by 2.25% for loan amounts greater than or equal to $110,260; or where loan amount is between $66,156 and $110,260 and does not exceed APOR by 3.50%; or where loan amount is less than $66,156 and does not exceed APOR by 6.50%.
- Consider and verify requirements to analyze, verify and document borrowers' income, obligations, and debt-to-income:
  - Prior to consummation, the creditor must make a reasonable and good faith determination of the borrowers' ability to repay the loan, based on a consideration of the borrowers' current or reasonably expected income, debt obligations, and assets (other than the value of the subject property) so that a monthly debt-to-income ratio or a monthly residual income amount (as appropriate) can be calculated.
  - Any Mortgage Loan Documents required in connection with the underwriting of the loan must be received by the creditor prior to closing.

Loans with application dates prior to July 1, 2021 that do not comply with the Revised General QM Rule must be purchased by July 31st. Conditions will be added to all pipeline loans after July 31st which require adherence to Revised General QM Rule requirements.

Compliance, Doc. #4801 and the *Conventional Underwriting Guidelines* will be updated to reflect the changes. These changes do not apply to existing requirements for non-Agency loans.

ADDITIONAL RESOURCES

- Fannie Mae LL-2021-09 and Fannie Mae LL-2021-11
- Freddie Mac Bulletin 2021-13 and Freddie Mac Bulletin 2021-19

If you have any questions on the contents on this memo, please contact the General Support Desk at (866) 945-9872, option #3.