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Rural, Small Creditor Exemptions Expanded

Eligibility for specific exemptions to the Qualified Mortgage (QA) that apply to small creditors operating in **rural or underserved areas**Eligibility for specific exemptions to the Qualified Mortgage (QA) that apply to small creditors operating in rural or underserved areas has been expanded by the Consumer Financial Protection Bureau (CFPB) effective March 31. The change came in an interim final rule that CFPB says it has issued to implement recent congressional legislation. According to CFPB Director Richard Cordray. "This rule provides broader eligibility for lenders serving those areas to originate balloon-payment qualified and high-cost mortgages."

Under the Ability to Repay rule which went into effect in January 2014, a category of loans called Qualified Mortgages, which cannot include certain risky loan features for consumers, are presumed to comply with ability-to-repay requirements. Several provisions affect certain **small creditors**, including those operating in rural or underserved areas including allowing origination of mortgages with balloon payments and higher-priced mortgages without escrow accounts.

Since the rules were first issued CFPB has expanded definitions of "small creditors" and "rural area" but in December 2015 Congress passed the Helping Expand Lending Practices in Rural Communities (HELP) Act which **further broadened the category** of rural small creditors that may be eligible for certain provisions under the Truth in Lending Act. CFPB's interim final rule reflects those congressional changes.

Prior to the new legislation a small creditor was eligible for exemptions if it operated predominantly in rural or underserved areas. The Bureau interpreted this to mean that **more than half** of a creditor's covered mortgage loans were made the prior year on properties in rural or underserved areas. HELP changed that to provide eligibility if a creditor operates a rural or underserved area, even if that is not the predominant area of its operations. CFPB now extends those special provisions to a creditor if it originates at least one covered mortgage per calendar year in such an area.

The C**FPB will accept comments** on the interim final rule for 30 days after its publication in the Federal Register. The final rule can be read in its entirety here.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.12	0.00
15YR Fixed	6.92%	+0.09	0.00
30YR FHA	6.89%	+0.07	0.00
30YR Jumbo	7.40%	+0.03	0.00
7/6 SOFR	6.80%	+0.31	0.00
30YR VA	6.90%	+0.07	0.00

Rates as of: 11/10

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.43	-0.62
10 YR Treasury	4.9860	+0.0952
30 YR Treasury	5.3557	+0.0737

Pricing as of: 11/10 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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