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Rural, Small Creditor Exemptions Expanded

Eligibility for specific exemptions to the Qualified Mortgage (QM) 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 **CFPB 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



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/5

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

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	Value	Change
30 Year Fixed Rate	Mar 51	+6.25%

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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