



441 G St. N.W.
Washington, DC 20548

B-332824

January 11, 2021

The Honorable Mike Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Maxine Waters
Chairwoman
The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Bureau of Consumer Financial Protection: Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Bureau of Consumer Financial Protection (Bureau) entitled "Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition" (RIN: 3170-AA98). We received the rule on December 15, 2020. It was published in the *Federal Register* as a final rule; official interpretation on December 29, 2020. 85 Fed. Reg. 86308. The effective date of the rule is March 1, 2021.

The Bureau stated that this final rule amends the General qualified mortgage (QM) loan definition in Regulation Z. Among other things, according to the Bureau, the final rule removes the General QM loan definition's 43 percent debt to total monthly income limit and replaces it with price-based thresholds. Additionally, with regard to extension of the Temporary government-sponsored enterprise (GSE) QM loan definition, the Bureau stated that this final rule adopts the amendments to the General QM loan definition that are referenced in a rule published on October 26, 2020. 85 Fed. Reg. 67938.

Enclosed is our assessment of the Bureau's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Christopher Shelton
Senior Counsel, Legal Division
Bureau of Consumer Financial Protection

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
BUREAU OF CONSUMER FINANCIAL PROTECTION
ENTITLED
“QUALIFIED MORTGAGE DEFINITION UNDER THE
TRUTH IN LENDING ACT (REGULATION Z):
GENERAL QM LOAN DEFINITION”
(RIN: 3170-AA98)

(i) Cost-benefit analysis

The Bureau of Consumer Financial Protection (Bureau) stated that it considered the benefits, costs, and impacts of this final rule against the baseline in which the Bureau takes no action and the Temporary government-sponsored enterprise (GSE) qualified mortgage (QM) loan definition expires when the GSEs cease to operate under conservatorship. According to the Bureau, this analysis considered the (1) benefits and costs to covered persons and consumers; (2) potential impact on depository institutions and credit unions with \$10 billion or less in total assets, as described in section 1026 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (July 21, 2010); and (3) potential impact on consumers in rural areas.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

The Bureau certified that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Bureau is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On July 31, 2019, the Bureau published a proposed rule. 84 Fed. Reg. 37155. The Bureau received approximately 85 comments from businesses in the mortgage industry (including creditors), consumer advocates, elected officials, individuals, and research centers. The Bureau responded to comments in this final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

The Bureau determined that this final rule does not contain any new or substantively revised information collection requirements other than those previously approved by the Office of Management and Budget (OMB) under OMB Control Number 3170-0015, which is the Bureau's OMB control number for Regulation Z.

Statutory authorization for the rule

The Bureau promulgated this final rule pursuant to sections 2601, 2603-2605, 2607, 2609, 2617, 3353, 5511, 5512, 5532, and 5581 of title 12, United States Code, and sections 1601 *et seq.* of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, the Bureau is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, the Bureau is not subject to the Order.