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May 13, 2021

The Honorable Sherrod Brown
Chairman
The Honorable Patrick J. Toomey
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; Delay of Mandatory Compliance Date*

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; Delay of Mandatory Compliance Date" (RIN: 3170-AA98). We received the rule on April 30, 2021. It was published in the *Federal Register* as a final rule; official interpretation on April 30, 2021. 86 Fed. Reg. 22844. The effective date is June 30, 2021.

According to the Bureau, it issued this final rule to delay, until October 1, 2022, the mandatory compliance date for the final rule titled, "Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition" (General QM Final Rule). See 85 Fed. Reg. 86308 (Dec. 29, 2020). The Bureau stated that it is taking this action to help ensure access to responsible, affordable mortgage credit and to preserve flexibility for consumers affected by the COVID-19 pandemic and its economic effects.

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: Edward J. Lovett
Senior Congressional Liaison
Bureau of Financial Consumer 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;
DELAY OF MANDATORY COMPLIANCE DATE”
(RIN: 3170-AA98)

(i) Cost-benefit analysis

The Bureau of Consumer Financial Protection (Bureau) conducted an analysis of the potential benefits, costs, and impacts of this final rule. This analysis included an overview, a description of the data and evidence used, and the establishment of a baseline against which the changes imposed by this final rule could be measured. The analysis discussed the: 1) benefits and costs to covered persons and consumers; 2) impact of the final rule on depository institutions and credit unions with \$10 billion or less in total assets; and 3) impact of the proposed provisions on consumers in rural areas.

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

According to the Bureau, it certified, in a proposed rule, that an initial regulatory flexibility analysis was not required because the proposed rule, if adopted, would not have a significant economic impact on a substantial number of small entities. *See generally Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition; Delay of Mandatory Compliance Date*, 86 Fed. Reg. 12839 (proposed Mar. 5, 2021) (Proposal). The Bureau stated that it did not receive comments on its analysis of the impact of the Proposal on small entities. The Bureau stated further that it does not expect the final rule to impose costs on small entities relative to the baseline.

(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. *See* 2 U.S.C. §§ 658(1), 1502(1); 44 U.S.C. § 3502.

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

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

According to the Bureau it released the Proposal to delay the compliance date of the final rule titled, “Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition” (General QM Final Rule). *See generally* 85 Fed. Reg. 86308 (Dec. 29, 2020). The Bureau stated that the Proposal would delay the General QM Final Rule’s mandatory compliance date from July 1, 2021, to October 1, 2022. The Bureau also stated that in the Proposal, it preliminarily concluded that delaying the mandatory compliance date to October 1, 2022, would help ensure access to responsible, affordable mortgage credit and preserve flexibility for consumers affected by the COVID-19 pandemic and its economic effects. The

Bureau stated further that the comment period for the Proposal ended on April 5, 2021. The Bureau noted that it received 24 unique comments on the Proposal and that it summarized and responded to these comments in the preamble of the final rule.

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

According to the Bureau this final rule will amend 12 C.F.R. part 1026 (Regulation Z), which implements the Truth in Lending Act. See *generally* Truth in Lending Act, Pub. L. No. 90-321, title I, 82 Stat. 146 (May 29, 1968). The Bureau stated that Office of Management and Budget (OMB) control number 3170-0015 is its OMB control number for Regulation Z. The Bureau also stated that it has determined that this final rule does not contain any new or substantively revised information collection requirements other than those previously approved under OMB control number 3170-0015.

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 Codes; and the Truth in Lending Act, Pub. L. No. 90-321, title I, 82 Stat. 146 (May 29, 1968).

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.