



Contact us (855) 411-2372

[HOME](#) [INSIDE THE CFPB](#) [GET ASSISTANCE](#) [PARTICIPATE](#) [LAW & REGULATION](#) [SUBMIT A COMPLAINT](#)
[HOME](#) > [PRESS RELEASES](#) > CFPB FINALIZES APRIL CLARIFICATIONS TO MORTGAGE RULES

JUL 10 2013



CFPB Finalizes April Clarifications to Mortgage Rules

Rule Will Improve Consumer Protections in Qualified Mortgages and Mortgage Servicing

WASHINGTON, D.C. — Today, the Consumer Financial Protection Bureau (CFPB) finalized corrections, clarifications, and amendments to its Ability-to-Repay and mortgage servicing rules. Today's clarifications were first proposed in April 2013 and reflect the Bureau's commitment to facilitating implementation in order to better protect consumers.

"We know that effective implementation helps our rules deliver their intended value to consumers," said CFPB Director Richard Cordray. "We are listening closely to feedback on our rules, and today's clarifications show our willingness to make appropriate adjustments to achieve that goal."

The CFPB finalized several mortgage rules in January 2013. Of those, today's rule focuses on the Ability-to-Repay and Servicing rules. The Ability-to-Repay rule protects consumers from irresponsible mortgage lending by requiring that lenders make a reasonable, good-faith determination that prospective borrowers have the ability to repay their loans. The mortgage servicing rules establish strong protections for homeowners as they repay their loans, and especially for those facing foreclosure.

Among other things, today's final rule:

- Clarifies how to determine a consumer's debt-to-income (DTI) ratio:** Under the Ability-to-Repay rule, a lender may make a Qualified Mortgage (QM), a loan for which certain features are prohibited and fees that can be charged are limited. The main type of Qualified Mortgage requires that a consumer's monthly debt payments, including the mortgage, will not be more than 43 percent of the consumer's monthly income. Today's rule clarifies and amends how several factors can be used to calculate a consumer's DTI ratio. Such factors include a consumer's employment record and income, business credit reports and other documents relating to self-employed consumers, Social Security income, and non-employment related income such as from a trust or rental property.
- Explains that CFPB's RESPA rule does not preempt the field of servicing regulation by states:** The preamble to the Bureau's final mortgage servicing rules made clear that CFPB authority on servicing, from the Real Estate Settlement Procedures Act (RESPA), does not preempt the field of possible mortgage servicing regulation by states. In today's final rule, the Bureau is adding a comment to expressly state this point and explain how RESPA preemption works.
- Establishes which mortgage loans to consider in determining small servicer status:** The servicing rules issued in January included an exemption from some requirements for small servicers. Today's changes clarify which mortgage loans will be considered in determining whether a servicer qualifies as small. For example, loans serviced on a charitable basis will not be considered in making that determination.
- Clarifies the eligibility standard of the temporary QM provision:** Under the Ability-to-Repay rule, a loan can be a Qualified Mortgage if it is eligible for purchase, guarantee, or insurance by government sponsored enterprises (GSEs) or by certain federal agencies, provided the loan does not contain certain risky loan features and meets certain limitations on points and fees. Today's rule clarifies the standards that a loan must meet if the creditor is underwriting it based on GSE or agency guidelines. For example, where a loan is eligible for GSE or agency purchase, guarantee, or insurance, creditors do not need to satisfy the types of procedural and technical requirements that are completely unrelated to the consumer's ability to repay.

The CFPB is committed to facilitating the mortgage industry's compliance with the new consumer protections. Throughout 2013, the CFPB has been working for a smooth transition to compliance with the rules. It has issued other clarifications and updates to the rules to help with implementation. The CFPB has published plain-language guides and plans to educate the public about their protections under the new rules. The Bureau plans to publish additional interim examination procedures. The CFPB will also soon publish its first round of exam

procedures for the Ability-to-Repay and mortgage servicing rules.

The Bureau recently published a new Regulatory Implementation web page, which consolidates all of the new 2013 mortgage rules and related implementation materials. The Regulatory Implementation web page can be found here:

<http://www.consumerfinance.gov/regulatory-implementation>

A copy of today’s final rule can be found at: http://files.consumerfinance.gov/f/201307_cfpb_final-rule_titlexiv.pdf

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov.



Consumer Financial Protection Bureau

[Privacy policy and legal notices](#)

[Accessibility](#)

[Plain writing](#)

[No FEAR Act](#)

[FOIA](#)

[USA.gov](#)

[Office of Inspector General](#)

[Ombudsman](#)

Visite nuestro sitio web en español

ESPAÑOL

[Contact us](#) | [Newsroom](#) | [Jobs](#) | [Open government](#)