

# PPDOCS, INC. MEMORANDUM

**From:** Randy Carey, Compliance Specialist

**Date:** June 29, 2021

**Subject:** July 1<sup>st</sup> 2021 and Qualified Mortgages

To Our Valued Clients and Friends,

Fannie Mae (“FNMA”) and Freddie Mac (“FHLMC”) and most major secondary market investors have announced that for applications received on or after July 1<sup>st</sup>, 2021, loans will have to meet the revised General Qualified Mortgage requirements and loans that met the previous GSE Patch or Temporary Qualified Mortgage requirements will no longer be eligible for sale.

As such, PPDocs.com has updated the Qualified Mortgage tests available for selection within our order forms to perform the appropriate tests. The Qualified Mortgage tests available for selection, depending which order form is selected, are as follows.

## **Revised General QM (Effective March 1, 2021)**

This will become the required General QM test on loans eligible for sale to FNMA and FHLMC and most major secondary market investors for applications received on or after July 1<sup>st</sup>, 2021.

## **Agency QM (Effective March 1, 2021)**

This will become the required QM test on all FHA, VA or USDA loans eligible for sale to most major secondary market investors for applications received on or after July 1<sup>st</sup>, 2021.

## **General QM (Sunsets October 1, 2022)**

This is the legacy General QM test that remains available for portfolio loans.

## **Temporary QM (Sunsets October 1, 2022)**

This is the legacy GSE Patch or Temporary QM that can only be used on secondary market loans with application dates prior to July 1<sup>st</sup>, 2021.

## **Seasoned QM (Effective March 1<sup>st</sup>, 2021)**

Available for selection on portfolio loans for loan applications received after March 1<sup>st</sup>, 2021.

## **Balloon-Payment QM**

Remains available for small-creditor portfolio loans.

## **Small Creditor QM**

Remains available for small-creditor portfolio loans.

## **ATR Standard**

Remains available for non-QM transactions that meet the ability to repay standards.

For additional information about the various Qualified Mortgage Categories, please refer to our document entitled: Section 1026.43 (Ability-to-Repay (ATR) §1026.43(c)(1) and Qualified Mortgage (QM) §1026.43(e), (f))

The link to this document can be found here:

<https://1e6d36a04c8f99a5d1a2-8c18c2dfd7134d7cb32bd63167bf4c6c.ssl.cf1.rackcdn.com/Section%2043%20%20Final%206-10-21.pdf>

**This Memorandum is for general informational purposes only. It is not intended to be, nor should it be construed as, legal advice for a particular transaction.**