



Consumer Finance Regulatory Compliance ADVISORY ■

MARCH 19, 2015

USDA-RHS Proposes Its Own Qualified Mortgage Rule

Introduction

On March 5, 2015, the U.S. Department of Agriculture-Rural Housing Service (USDA-RHS) finally released a proposed rule to amend the regulations for the Single Family Housing Guaranteed Loan Program to provide that a loan guaranteed by the USDA-RHS is a qualified mortgage (QM) if it meets certain requirements set forth by the Consumer Financial Protection Bureau (CFPB). In addition, the USDA-RHS proposed to add the definition of “qualified mortgage” to its regulations. The proposal follows the adoption of separate QM definitions for FHA and VA loans last year.

Proposed Rule Highlights

The proposed rule also seeks to: (1) expand the USDA-RHS’s lender indemnification authority for loss claims in certain instances, such as fraud, misrepresentation and noncompliance with loan origination requirements; (2) add a new special loan servicing option; (3) revise the interest rate reduction requirement for refinances; and (4) add a streamlined-assist refinance option.

Comments to the proposed rule must be received on or before May 4, 2015.

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