



VIA E-MAIL ONLY

August 10, 2020

Bureau of Consumer Financial Protection
Comment Intake-QM Extension of Sunset Date
1700 G Street N.W.
Washington, DC 20552
Docket No. CFPB-2020-0021 or RIN 3170-AA98,
www.regulations.gov

RE: Docket No. CFPB-2020-0021 or RIN 3170-AA98; QM Extension of Sunset Date

Dear Ladies and Gentlemen,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 220 state and nationally chartered banks, savings and loan associations, and savings banks. WBA appreciates the opportunity to comment on the Bureau of Consumer Financial Protection's (CFPB's) proposal to amend Regulation Z to extend the sunset date of the temporary qualified mortgage (QM) category currently available for loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, government-sponsored enterprises, GSEs), while operating under the conservatorship or receivership of the Federal Housing Finance Agency (FHFA).

When creating the GSE QM category in 2013, CFPB intended the category to be temporary. The category is to expire the earlier of January 10, 2021, or when the GSEs exit conservatorship; the GSEs are still in conservatorship.

Based upon CFPB's own data, loan originations made under the GSE QM category still represent a substantial share of the residential mortgage loan market. CFPB has also identified that a significant number of GSE QM loans would not qualify under Regulation Z's General QM category because the loans have too high a debt-to-income (DTI) ratio to meet the 43% DTI limit under the General QM category or do not meet underwriting practices required under Regulation Z, Appendix Q standards.

WBA appreciates CFPB's recognition of the current level of use by the residential mortgage marketplace of the GSE QM category and of the miss-alignment of underwriting practices between the GSE and General QM categories. WBA also appreciates CFPB's desire to limit any disruption in the residential mortgage marketplace once the GSE QM category expires.

In connection with a separate proposed rule meant to revise Regulation Z's General QM category, CFPB recommends under this proposed rule to extend the sunset date of the GSE QM category until it publishes a final rule regarding revisions to the General QM category.

WBA generally supports this proposal. However, to help ensure only *de minimis* marketplace disruption, WBA recommends CFPB allow for an implementation process of at least a year from publication of a General QM category final rule to allow industry participants, including



financial institutions, system software vendors, and investors to update policies, procedures, and train appropriate staff of the new QM category standards before the sunset of the GSE QM category. A thoughtful implementation period will also help ensure consumers maintain robust mortgage loan options.

Once again, WBA appreciates the opportunity to comment on the proposal.

Respectfully,

A handwritten signature in black ink, reading "Rose Oswald Poels". The signature is written in a cursive style with a large initial "R".

Rose Oswald Poels
President/CEO