

September 16, 2019

The Honorable Kathleen L. Kraninger, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Response to ANPR on the Qualified Mortgage Definition
(RIN 3170-AA98)

Dear Director Kraninger:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Advance Notice of Proposed Rulemaking (ANPR) on the Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z).

We appreciate the efforts of the Consumer Financial Protection Bureau (CFPB or Bureau) to solicit our independent views regarding the Ability to Repay / Qualified Mortgage (ATR-QM) rule and the impact of the expiration of the Government-Sponsored Enterprise (GSE) Patch on market participants.

HCUA proposes the following for the ATR-QM rule, to coincide with the expiration of the GSE Patch, to preserve access to sustainable loans for creditworthy borrowers and avoid market disruption:

1. Eliminate from the general QM category the debt-to-income (DTI) ratio requirement and the associated Appendix Q;
2. Maintain and enhance the existing ATR regulatory language; and
3. Maintain the existing QM statutory safe product restrictions that prohibit certain risky loan features (e.g., no terms over 30 years, no negative amortization, no interest-only payments, no balloon payments, documented and verified income, etc.) and clarify provisions related to documentation and verification of income.

The CFPB designed the original ATR-QM rule with three core components that mutually reinforce the statutory mandate for creditors to lend to consumers safely: i) ATR requires comprehensive underwriting; ii) QM establishes a set of product restrictions that reinforce the law's safeguards that consumers have the ability to repay their loans; and iii) Safe Harbor protections create an incentive for mortgage creditors to produce ATR-compliant, QM loans. These three regulatory levers collectively encourage creditors to serve customers through fully-underwritten, safe, and affordable mortgages. Because of this layered regulatory framework, the proposal described above would enable continued access to credit without introducing additional credit risk to the marketplace or disrupting access to credit.

Today, all mortgage loans must be underwritten in accordance with the ATR statute. This requirement should continue to be the bedrock of compliance, and nothing we are proposing would change that reality.^{vi} We believe that consumers and creditors alike would also benefit from further clear guidance in the future on the ATR statutory underwriting requirements, including that creditor underwriting practices aimed at "equity stripping" and collateral-based lending is expressly prohibited.

Sincerely,



Brad Douglas
President/CEO