



***Dodd-Frank: Mortgage-Related Reforms***  
National Conference of State Legislatures

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# Chronology of the QM Rulemaking



- July 2010: Dodd-Frank signed into law
- May 11, 2011: Round 1—Fed proposed QM rule
- July 21, 2011: Rulemaking/authority transferred to CFPB
- May 31, 2012: Round 2—CFPB requests additional comment and data relevant to ATR standard for QM.
- January 2013: Final rule

# QM statutory consumer protections

- Fully amortizing—no IO, no neg am
- No balloons
- Maximum 3 percent fees
- No teaser ARMS— fully underwritten for 5 years
- Documentation standards

# CRL's QM Comments: 3 basic concepts

- QM should be broadly defined
- QM definition includes clear, bright line standards, including standards probative of ATR
- Rebuttable presumption, not a safe harbor

# Mortgage Servicing Rulemaking

- August 2012 – CFPB proposes national mortgage servicing standards
- October 2012 – Comment deadline
- January 2013 – Final rule expected

# CRL Mortgage Servicing Comments

- #1: Align mortgage servicing standards with existing servicer best practices that benefit borrowers.
- #2: Require loss mitigation review process & loan modification options for most servicers.
- #3: Require early loss mitigation outreach for delinquent borrowers.

# CRL Mortgage Servicing Comments, cont.

- #4: Include requirements for servicers to timely process complete applications, to work with borrowers who submit incomplete applications, to disclose specific reasons for a denied application, and to offer an appeals process.
- #5: Prohibit referring loans to foreclosure while considering a loss mitigation application submitted in the pre-referral time period.

# CRL Mortgage Servicing Comments, cont.

- #6: Post-foreclosure referral, prohibit servicers from advancing the foreclosure process while evaluating a complete application.
- #7: Complete application deadline should be 14 days – not 90 days – before a scheduled foreclosure sale.