



September 8, 2020

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

Re: Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition, RIN 3170-AA98

Dear General QM Amendments Division:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Bureau of Consumer Financial Protection's Proposed Rulemaking for Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z): General QM Loan Definition. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.6 million consumers.

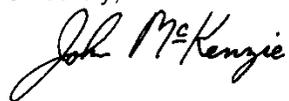
Regarding the two Notices of Proposed Rulemaking to address the impending expiration of the Government-Sponsored Enterprises Patch (GSE Patch), we believe it will benefit our members by allowing credit unions to continue providing mortgages in the same way they have been since the GSE patch was introduced. With the GSE Patch scheduled to expire in January 2021 or when the GSEs (Fannie Mae and Freddie Mac) exit conservatorship (whichever comes first), these two rules need to be implemented so credit unions can continue to lend under the qualified mortgage definition, especially to low- and moderate-income individuals.

A debt-to-income ratio (DTI) should not be the sole determining factor for mortgage loan approval. We support CFPB's efforts to allow credit unions to establish their own DTI thresholds. A 43% DTI is an arbitrary threshold that should be increased. More flexibility should be given to credit unions in the evaluation of the person's character, overall credit qualification and the borrower's ability to repay. The new price-based approach will not define what is approvable, so more time will be used to make sure the loan is approvable and still in the safe-harbor area. In fact, this new pricing threshold may have an adverse effect. Some lenders may push rates lower in order for loans to gain QM status; thus actually making it more difficult for certain borrowers to obtain a loan, including first-time home buyers (as only the best applications would now be approved at such a lower rate). If CFPB does not create a replacement to the GSE Patch, it will cause a disruption in the mortgage market and limit mortgages available to borrowers.

We also agree with the removal of Appendix Q, as it is antiquated and ambiguous as the Bureau suggests. The removal of Appendix Q and the inclusion of requirements within the regulations themselves will lessen the compliance implementation for credit unions. We also appreciate the Bureau's proposed safe harbor of verification standards, so long as lenders use one of the standards provided by the Bureau. As proposed, the safe harbor allows credit unions flexibility and affords a guarantee of the compliance requirements. We suggest the safe harbor should be expanded, or at least be more flexible. To do this, the Bureau should allow the mixing and matching of verification standards, without the risk of losing safe harbor status, and should allot for changes to those standards that are similar. The Bureau should also give the marketplace sufficient lead time before the rules are effective. A 24-month implementation period would allow credit unions to coordinate and change policies, procedures, and forms, and to work with third party vendors.

We appreciate the opportunity to comment on the proposed rule. We agree on passing the two Notices of Proposed Rulemaking to address the impending expiration of the Government-Sponsored Enterprises Patch (GSE Patch). We ask The Bureau to consider these recommended changes. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, prominent "J" and "M".

John McKenzie
President, Indiana Credit Union League