



September 28, 2020

Comment Intake—Seasoned QM  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

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

Dear Sir or Madam:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Consumer Financial Protection Bureau's (CFPB) proposed rule amending Qualified Mortgage (QM) Definition Under the Truth in Lending Act (Regulation Z): Seasoned 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.

Credit unions are member-focused and historically are known for providing sound, affordable mortgages to their members. At the same time, credit unions are smaller, and flexibility is needed. The proposed new category of QMs is positive and welcomed.

We agree that evidence of a borrower making timely payments for a determined period should be considered as reliable evidence that the creditor's Ability to Repay determination at origination was completed successfully. We also believe that adding this new category of QMs expands the mortgage products offered to borrowers in a judicious way, without forcing lenders to burden themselves with unnecessary exposure. The proposed seasoned category should expand the mortgage offerings by generating QMs and giving credit unions a safe harbor when they originate loans for borrowers who have the Ability to Repay, but might have other credit limitations, such as non-traditional income sources.

Additionally, the proposal would require the new QM category to have no more than two 30-day delinquencies and no 60-day delinquencies, unless there is a "qualifying change" in connection with a disaster or pandemic directly related a national emergency. We applaud the CFPB for considering any potential "qualifying change" to broadly contemplate the challenges that credit unions and members have and will experience in the future. We, however, would like the CFPB to consider allowing up to three 30-day delinquencies during the proposed period to allow the flexibility needed by credit unions and members to continue working through any potential economic challenges caused by the current pandemic. This would include a pandemic-affected skip-a-pay or modifications.

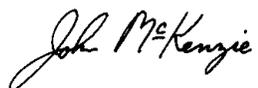
We suggest that the CFPB consider allowing loans currently being held in portfolio to be eligible for the new Seasoned QM category. We also suggest that any loan meeting the stipulated requirements in the proposed rule be considered a Seasoned QM as of the effective date of the rule to ensure broader utility.

We believe the proposed new category is too narrow and should also include adjustable-rate mortgages and closed-end subordinate lien mortgages particularly because these loans are included in the scope found in Regulation Z (1026.43).

In conclusion, we support the proposed new category of QMs. The proposal will assist credit unions with providing sound mortgage products to their members, particularly low-to-moderate income individuals who typically would not qualify for traditional mortgage products. However, we do believe allowing three 30-day delinquencies, current loans that meet the new category criteria held in portfolio to count as QMs and adding closed-end, subordinate liens and adjustable rate mortgages to this new category QMs would further enhance this proposed rule. This would better align the proposed rule with the specifications contemplated in Regulation Z and the current economic environment.

We appreciate the opportunity to comment on the proposed rule. We ask CFPB to consider our comments as discussed above. 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, stylized initial "J" and "M".

John McKenzie  
President, Indiana Credit Union League