

The QM Patch

Atlanta Federal Reserve Bank
Financial Markets Conference
Amelia Island



May 2019

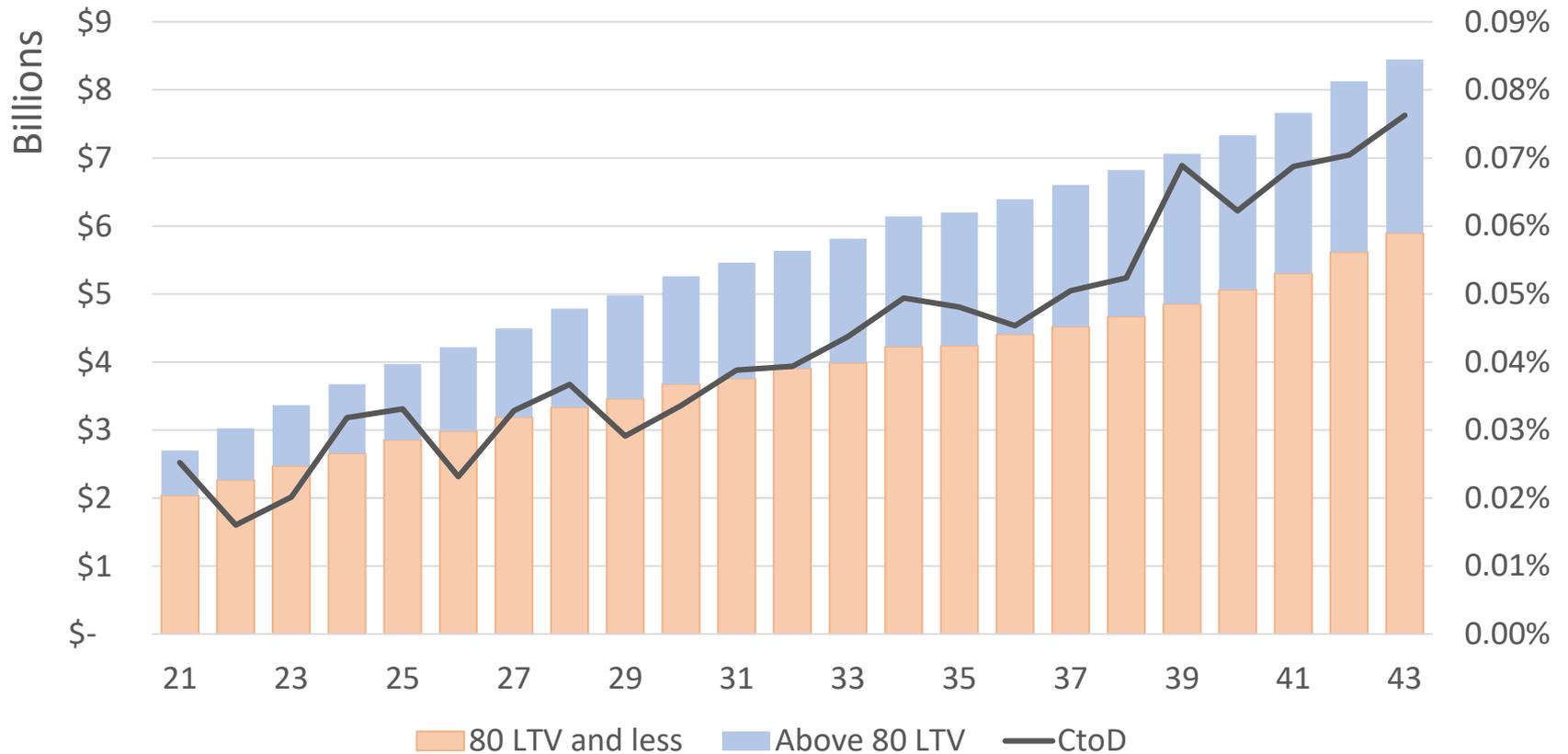
QM and QM Patch

- Qualified Mortgage Rule limits liability for originators when mortgages have required features including:
 - Fixed Rate
 - Limited Fees
 - DTI at or below 43%
- Under the so-called Patch, Fannie and Freddie approved loans are automatically QM

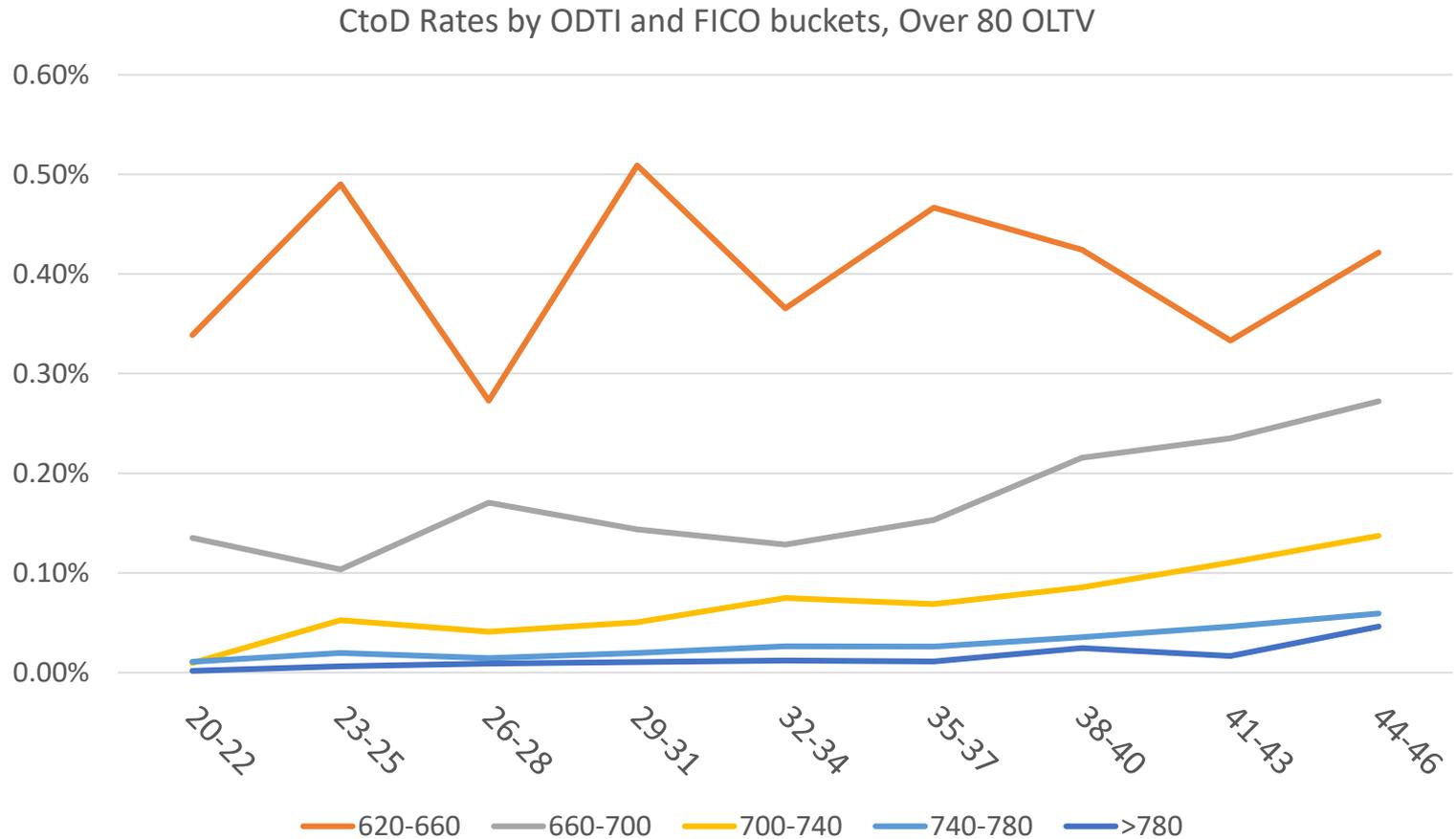


QM DTI cut-off

2016 30YR Original Balance by DTI and OLVTV Group

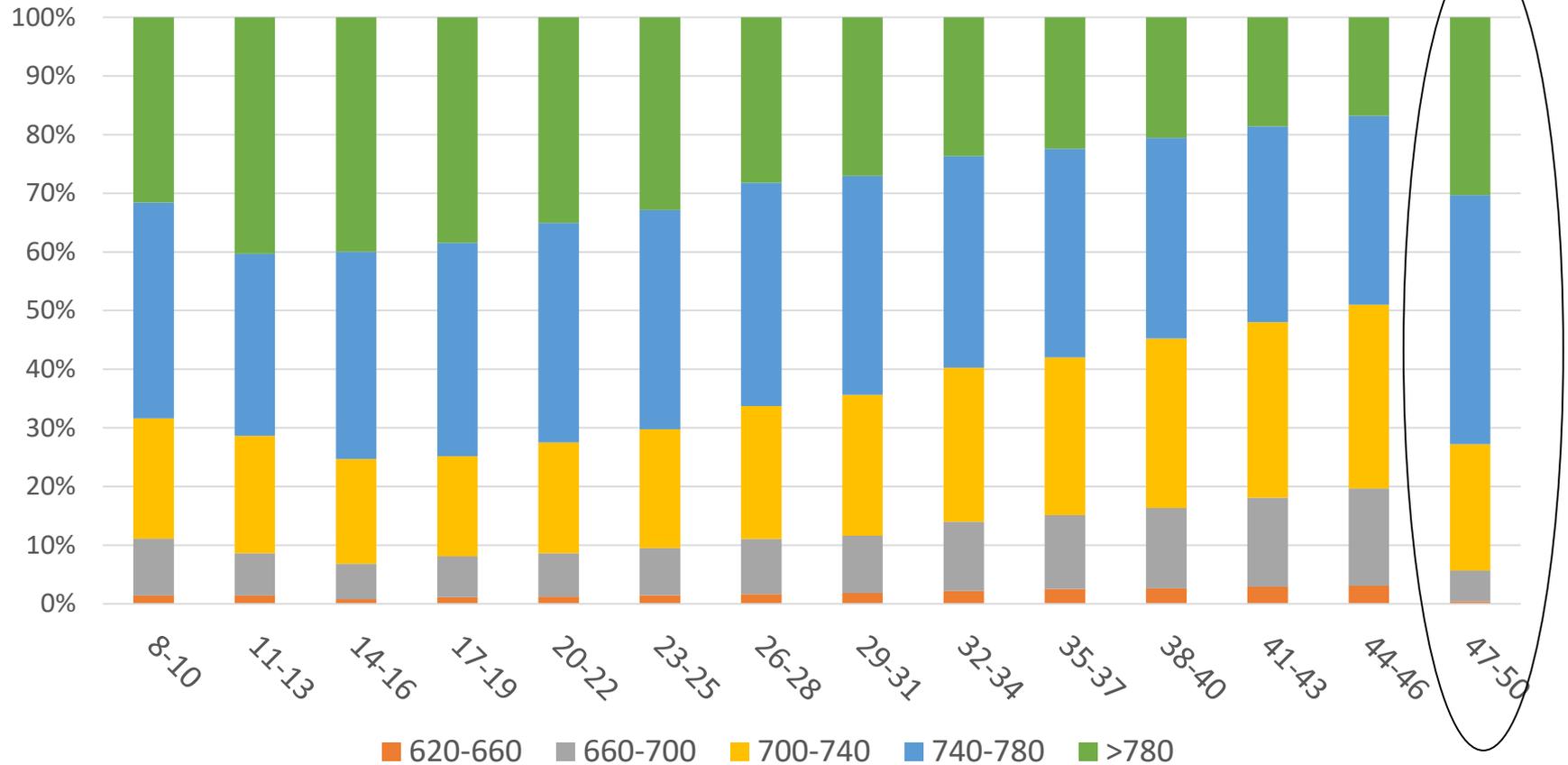


New Delinquencies by Credit Score



Credit Score Mix by DTI

Balances by ODTI and FICO Buckets, Over 80 OLTV



Compensating Factors Reduce Defaults

2016 30YR Original Balance by DTI and OLV Group

