MGIC Investment Corporation

MGIC

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President and Chief Operating Officer

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Via www.regulations.gov
Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington, DC 20410-0500

RE: Qualified Mortgage Definition for HUD Insured and Guaranteed Single Family Mortgages Docket No. FR 5707-P-01

Sir or Madam:

MGIC, the nation's oldest and largest provider of private mortgage insurance (MI), is pleased to take this opportunity to comment on the U.S. Department of Housing and Urban Development's (HUD) proposed Qualified Mortgage Definition for HUD Insured and Guaranteed Single Family Mortgages (Proposed Rule). HUD refers to FHA's "mission" in the Proposed Rule, so MGIC was surprised to find no discussion regarding the potential effect of the Proposed Rule on MI providers, especially within the economic analysis prepared in support of the Proposed Rule. MGIC and FHA serve substantially similar borrowers. For example, while only 13% of 2012 conventional loan originations were for the purchase of a home by a family with less than 150% of the area median income, that population accounted for 42% of MGIC- insured loans and 47% of FHA's.[i] More generally, almost half of borrowers who received loans insured with MI in 2012 had low-to-moderate incomes.[ii] The public outcry would be substantial if FHA were a public policy direct lending facility with that degree of overlap and HUD omitted any discussion in its Proposed Rule about affected lenders[iii]-- particularly within a context where HUD has committed publicly to promote the use of private capital and reduce the market footprint of FHA.[iv] MGIC believes the omission regarding MI needs to be corrected by HUD in order for the Proposed Rule to represent thoughtful public policy and not leave private enterprise at a significant competitive disadvantage.

Put more simply, ultimately FHA's mission is to correct, not create, market failure. The Proposed Rule establishes a materially different "qualified mortgage" (QM) standard for FHA-insured mortgages than the Consumer Financial Protection Bureau's (CFPB) QM standard for conventional mortgage loans. The Proposed Rule falls short in terms of substance and process for three reasons:

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- **First**, HUD seems to rely upon an overly expansive "mission" justification for creating a different QM rule than the one established by the CFPB. To the extent the mission of FHA is to ensure credit access to under-served people, such a distinction may be appropriate. However, the great majority of FHA-insured lending in recent years has been related to a different purpose, to provide backstop countercyclical liquidity in a housing market decline. This activity has resulted in outsized losses, which have led to substantial premium rate increases that have, in turn, required creation of an alternative QM standard for FHA-insured loans. This countercyclical activity is not discussed in the Proposed Rule, so it is unclear how this activity relates to the mission justification cited. Substantially different QM rules distort markets and delay the return of FHA to its primary mission.

- **Second**, HUD's assessment of the probable effects of the Proposed Rule on important mortgage market stakeholders is not well supported, particularly when compared with the CFPB QM rule. There should be a more rigorous effort to present how FHA-insured borrowers would fare under the CFPB QM rule, why a different approach was needed, and how the alternative chosen ensures a consistent ability to repay – particularly given the historically higher delinquency and default rates that characterize FHA-insured loans. And, even if analysis has been undertaken on some issues, there has been no attempt to describe the effect of the Proposed Rule on MI providers, which provide price, product, and service competition to FHA that benefits borrowers. The approach proposed by HUD is likely to make it harder, not easier, for MGIC and other loan-level credit enhancement providers to compete with FHA – in effect, creating a larger population of "under-served borrowers" and a circular justification for the Proposed Rule.

- **Third**, the 30-day comment period is too short to identify and compare policy alternatives and their likely consequences fully, especially when compared to the time used by the CFPB to explore the issues involved in creating a QM rule. The implications of CFPB QM rule implementation, during a period of market uncertainty, could affect the FHA profoundly. For example, the fair lending implications of the CFPB QM rule and the possible related distributional effects on the FHA have been addressed only recently and indirectly,[v] and it is unclear whether the Proposed Rule resolves those concerns appropriately (by, among other things, encouraging further concentration of minority borrowers within the FHA). The other agencies responsible for Government-guaranteed housing programs (the Veterans' Administration for the VA loan guaranty program, and the U.S. Dept. of Agriculture, for the USDA and Rural Housing Service) have not rushed to complete alternative QM standards on short notice. Neither should HUD.

<u>In summary, MGIC believes the Proposed Rule (or at least the portions related to Title II) should be withdrawn until HUD assesses the likely ramifications more thoroughly and systematically</u>. An additional period of discussion and analysis, during which the current temporary QM definition is used, is preferable to creating a different QM standard with unintended potential consequences. Observation and further analysis might permit adoption of a FHA QM rule that is more comparable and consistent with the CFPB QM rule and current legislative efforts to reform the housing finance system. Further adjustments of the CFPB QM rule might be merited. Given the ultimate public policy aim of reforming the existing housing finance system on a comprehensive basis, MGIC thinks deferring action could result in a better rule and stands ready to participate in that process.

<u>However, to the extent that HUD concludes that the the Proposed Rule must be implemented concurrently with the CFPB QM rule, MGIC recommends two alternative steps: (i) FHA should be required to compare its new insurance written against a CFPB QM rule baseline, periodically report the variance, and the reasons for the variance; and (ii) FHA should modify its Mortgagee Letter 2013-05 to require manual underwriting for all loans with a total fixed payments to effective income ratio (DTI) exceeding 43%</u>. Because the Proposed Rule does not include the 43% DTI maximum found in the CFPB QM rule, it is reasonable to expect some diversion of loans to the FHA. The percentage of FHA-insured loans exceeding 43% DTI is already high. Given FHA's weakened financial condition, a manual underwriting requirement could help to ensure that FHA is prepared for the incremental effect of any shift in higher DTI loans to FHA without compromising its renewed commitment to credit risk management.

<u>Discussion</u>

The FHA's "Mission" Rationale for the Proposed Rule Should Be Clarified

Any reference to, or reliance on, a general "mission" justification for establishing a different QM standard should be considered carefully because of the potential effect on market preferences for loan-level credit enhancement. The Dodd-Frank Act recognized the uniqueness of Government-supported mortgage programs by, among other things, permitting HUD, VA, and USDA to adapt the QM standard as needed. However, by including this flexibility within a title requiring consultation with the CFPB about the QM standard adopted, Congress intended to condition the discretion of HUD. Implicit within this process is the need to make certain judgments regarding the role of the FHA. The Joint Forum characterized FHA generally as a facility that "specializes in subprime loans," for example.[vi] An FHA "mission" premised on meeting the needs of under-served low down-payment borrowers considered to be borderline or non-commercial risks might justify a greater departure from the general CFPB QM market standard because there is a limited risk of market-distorting effects. MGIC would also include the Indian and Hawaiian housing programs within this category. However, the Proposed Rule lists, rather than analyzes, other "mission" categories: low/moderate income, under-served, central city, rural, and minority borrowers. Analysis is important, because MGIC's business significantly overlaps with FHA's in each of those categories.

Additionally, MGIC believes a "mission" primarily concerned with providing backstop countercyclical capacity for the general market arguably should seek to meet CFPB QM standards in order to provide liquidity without materially increasing credit risk to the FHA. FHA's countercyclical "mission" is not discussed in the Proposed Rule even though the credit losses experienced by FHA (and subsequent premium rate increases) performing this countercyclical role are the principal cause of the Proposed Rule. HUD's failure to discuss how the Proposed Rule relates to FHA's future countercyclical activities is a key omission. As the Congressional Budget Office has noted, the recent countercyclical efforts have been costly to the FHA.[vii] Other alternatives might be explored as part of a broader housing policy discussion. For example, under extreme circumstances, the CFPB QM standards could be relaxed to facilitate liquidity needs across the entire market, and not just for FHA-insured loans. Or housing finance reform could give FHA authority to provide liquidity via reinsurance of MGIC and other MI providers subject to CFPB standards. Such an approach would reduce potential competitive distortions as well. The need to provide countercyclical liquidity periodically is not a sufficient justification for applying a different QM standard to FHA. Both the competitive and potential taxpayer implications are significant.

MGIC suggests that HUD should be more forthcoming regarding the substance of the consultation between HUD and CFPB to better identify the "mission" rationale(s) used. HUD should present QM alternatives based on the FHA meeting the needs of a discrete sub-set of low down-payment borrowers (like VA, USDA, and RHS), a counter-cyclical role for the FHA that includes a broader market (which is larger than the GSEs currently), and the advantages/disadvantages of each approach. At a minimum, HUD should disclose a full comparison regarding (i) how the CFPB QM rule would have applied to FHA's insurance volumes, particularly on new insurance written since passage of Dodd-Frank; and (ii) how the Proposed Rule relates specifically to the "mission" justification offered as a rationale.
As discussed further below, MGIC supports a constructive role for FHA in meeting the needs of the under-served and serving in a countercyclical capacity, but believes the roles should be undertaken with a goal of minimal market distortion.

The Effect of the Proposed Rule on Mortgage Market Stakeholders Should Be Examined

MGIC believes HUD's assessment of the probable effects of the Proposed Rule on important mortgage market stakeholders is not well supported. Borrowers, lenders, U.S. taxpayers, and other private market participants have important interests that have not been analyzed within a robust cost/benefit framework.

<u>Individual borrowers</u>

Individual borrowers will receive less legal protection than if their loans were originated subject to the CFPB QM rule. The Proposed Rule refers to litigation avoided, which MGIC agrees is generally a useful outcome. However, the primary purpose of the ATR/QM provision in Dodd-Frank is not to reduce litigation costs generally, but to ensure a borrower's ability to pay and, secondarily, to give lenders an incentive to originate loans that meet this standard. Objectively, it is unclear to MGIC why two otherwise identical borrowers should have different QM protection based on the program under which the loan was originated. HUD defended its proposal to adopt the same points/fees measure for FHA-insured loans as the CFPB QM rule as not giving the lender an incentive to choose on the basis of a different (and perhaps higher) points/fees measure for FHA-insured loans. Similar concerns apply to the loan-level credit enhancement choice, not generally made, but paid for, by the borrower. HUD should consider the potential loss of additional price, product, and service choices for the borrower that might be reduced by the use of a different QM standard. HUD's economic analysis did not consider the issue of MI as a borrower alternative at all.

It is also unclear whether initial market resistance to making non-QM loans is changing as the origination environment changes, how that will affect borrowers, and how that in turn will affect the FHA. The pending Senate FHA Solvency bill (which HUD supports) requires, among other things, a thorough review of FHA underwriting standards, so the Proposed Rule's effort to characterize nearly all FHA-insured loans as QMs might be reversing the process needed to balance consumer protection, credit access, and credit risk management appropriately.[viii] MGIC believes HUD should assess borrower interests more carefully.

Lenders

Lenders will need to maintain two (or more) distinct QM qualifying standards. The Proposed Rule justifies the short (30-day) comment period by the need to meet lender implementation deadlines for the CFPB QM rule. For their part, lenders have requested further simplification in order to meet the implementation deadline. Although MGIC is unclear why HUD needed to wait until the CFPB QM rule was finalized before releasing the Proposed Rule, the more important issue is substantive. An earlier release might have resulted in alternative approaches, and perhaps a consolidated, simplifying QM rule applied across the entire market. After all, the interagency effort in which HUD participated to develop a "qualified residential mortgage" (QRM) definition has proposed a simplified, preferred approach in which QM = QRM rather than requiring lenders to implement two different standards (the QRM New Proposed Rule).[ix] The existence of distinct statutory provisions for QM and QRM was not a sufficient barrier to prevent the proposed QM = QRM approach in the QRM New Proposed Rule. Lenders with low down-payment borrowers commonly examine conventional and Government mortgage insurance/guarantee alternatives, so the reasoning and intent used in the QRM New Proposed Rule also would seem to apply within the QM context.

If anything, the scope for reducing complexity, implementation cost, and operational risk would seem to be even greater regarding QM. Here the choice is not QRM versus non-QRM, but between CFPB, GSE, FHA, VA, and USDA/RHS potential varieties of QM. Using the same "QM" designation to describe different categories, and not considering the effect of a full adoption of the CFPB QM rule, represents an opportunity lost for less mortgage market complexity and reduced operational risk for lenders. The temporary QM definition applicable to

FHA loans allows HUD sufficient time within which to observe market developments and examine the relative merits of a distinct or similar QM standard. CFPB Director Cordray has emphasized consistently that non-QM loans can be good quality loans (as can loans with a rebuttable presumption rather than a safe harbor).[x] Indeed, the Proposed Rule hints at such an approach by inquiring whether lenders would make FHA-insured loans outside the proposed "safe harbor". Because HUD chose not to develop its approach collaboratively with CFPB before CFPB finalized its QM rule, MGIC believes HUD might be better served now by allowing its QM effort to be broader, less time-constrained, and more informed by actual market practice once the CFPB QM rule is implemented.

Taxpayers

Taxpayers might face additional exposure to more potentially risky loans at a time when the FHA continues to face unprecedented financial challenges. The QRM New Proposed Rule recognizes the QM standard does more than ensure borrower protection. QM is a risk management standard for lenders and investors as well. HUD's use of FHA as a public policy-directed insurance facility already ensures that FHA will incur higher levels of loan delinquency and default losses over time than MGIC and other MI providers. HUD should acknowledge the other mortgage market actions that might affect the Proposed Rule as well: for example, Fannie Mae recently announced that it will follow Freddie Mac's practice of generally requiring a 5% minimum down-payment (except, in Fannie Mae's case, for loans delivered through programs operated by housing finance agencies).[xi] It is reasonable to assume that this >95% loan-to-value (LTV) volume will be re-directed to the FHA, which is already concentrated in the >95% LTV portion of the market. HUD's decision to not include a DTI limit in the Proposed Rule could increase the number of riskier credit quality borrowers to the FHA in an origination environment where conventional loans must meet the more stringent CFPB QM standard. This result is inconsistent with HUD's stated goal to foster private market, not FHA, activity as steps are taken to reduce Fannie Mae and Freddie Mac's position in the market.

Thus, any comparative weakening of the CFPB QM definition within a program like FHA, in which the U.S. Government assumes 100% of the credit risk, could result in additional default risk exposure to taxpayers. Unfortunately, the default risk is not diminished for FHA by applying a QM designation to the loan. Neither the Proposed Rule nor HUD's supporting economic analysis consider the broader mortgage market context, the interaction between the Proposed Rule and the CFPB QM rule, and lender incentives to minimize litigation risk. MGIC suggests that HUD should examine the likely credit risk management and loan performance consequences to FHA of reduced conventional access to higher LTV loans, combined with the more expansive QM standard included in the Proposed Rule.

MI companies

MGIC and other MI companies will be competing subject to a different QM standard. The Proposed Rule favors FHA. To begin with, the Dodd-Frank Act favors FHA over MI: an MI premium that is payable at closing is counted in the points/fees calculation unless the borrower is entitled to a pro rata refund on loan pay-off, while an FHA premium payable at closing is excluded from the points/fee calculation even though the borrower is not entitled to a refund unless the borrower refinances into another loan insured by the FHA. The CFPB has reinforced FHA's statutory advantage by not giving clear guidance regarding what "pro rata" means for MI companies.[xii]

The Proposed Rule adds two additional advantages for FHA:

- The Proposed Rule omits any reference to DTI, so FHA will benefit from any underwriting judgment calls on loan applications around 43% DTI limit, which is not a trivial number of loans. Approximately 20% of 2013 FHA originations in the MGIC LenderLandscape database have DTIs in excess of 43%. HUD's economic analysis suggests the >43% DTI percentage might be higher still.
- The Proposed Rule uses a different measure for "safe harbor" and "rebuttable presumption" QM categories: average prime offer rate (APOR) + FHA annual premium + 115 basis points, versus APOR + 150 basis points for the conventional test.

In turn, the QM standard in the Proposed Rule measure gives FHA three further advantages:

- **First**, FHA's typical annual premium rate today is 1.35, putting FHA's typical APR threshold at APOR + 2.5, a larger margin than the 1.5 QM standard in the CFPB QM rule. Indeed, New York recently had to revise its subprime loan definition (including, among other things, a 1.75 threshold) to exclude FHA-insured loans.[xiii] If FHA were purely a residual insurance facility that provided cover only after MI cover was refused or unavailable (*i.e.,* to under-served borrowers), then the different thresholds would be less important. However, in a "best execution" environment in which compliance risk is becoming a more important consideration, the different QM thresholds applicable to MI and FHA could have important competitive consequences.

- **Second**, the interest rate on FHA-insured loans has been lower on average than conventional loans in recent history. Because the APOR index includes data on only conventional loans, this allows for an additional cushion for the average FHA APR on a comparative basis.

- **Third**, most conventional loans are subject to GSE delivery fees, and lenders generally increase the note rate to cover delivery fees. FHA does not charge delivery fees.

The Proposed Rule could create short-term distributional effects because an MI provider like MGIC does not solicit borrowers for insurance business on a direct basis. Loan applications with FICO credit scores of 660 or less are more likely to be directed toward the FHA even though MGIC is willing to insure these loans because the combination of MI premiums and GSE loan-level price adjustment fees often will exceed CFPB QM "safe harbor" of 150 bps. The Proposed Rule's combination of no DTI cut-off and an easier "safe harbor" designation could increase the number of lower credit score borrowers for the FHA, in effect making its "mission" rationale a self-fulfilling prophecy (although without clarifying the actual "mission" rationale).

Applying two different QM standards to functionally similar insurance products (MI and FHA) could have more profound long-term effects. The Proposed Rule gives FHA flexibility not available to MGIC or any other MI provider. To be sure, FHA plays an important role in the U.S. housing finance system, but the practical result when the CFPB QM rule and the Proposed Rule are enacted could be reduced choice, higher mortgage insurance premiums, and no ability to cancel those premiums over the life of the mortgage loan if the borrower is directed, by lenders seeking "safe harbor" status, toward the FHA without other alternatives being fully considered. The Proposed Rule does not consider those credit access or distributional consequences. Significant questions remain unanswered regarding the likely effect of the Proposed Rule on the size and allocation of the insured low down-payment market. HUD should examine those questions before issuing a final rule.

<u>The U.S. housing finance system</u>

The U.S. housing finance system remains complex and unreformed following the Great Financial Crisis. MGIC has followed the discussions regarding housing finance reform with great interest and enthusiastically supports efforts to simplify the existing system. In that respect, the Proposed Rule represents a missed opportunity.

HUD and the U.S. Treasury Department stated their goal to promote the use of private capital and reduce the FHA's role in their paper on reforming America's housing finance market (the White Paper).[xiv] Although not a strict legal requirement, MGIC considers the dual aim to be an appropriate standard with which to assess housing policy actions taken subsequent to the White Paper. As noted above, the Proposed Rule does not discuss the likely distributional effects, present a comparative baseline against the CFPB QM rule, or discuss how the Proposed Rule will be coordinated with the other QM standards that need to be developed under the Dodd-Frank Act. And, even within the Proposed Rule, MGIC suggests that the appropriate policy outcome sought under the Dodd-Frank Act is greater consumer protection (including preservation of consumer choice), not simply ensuring that nearly all FHA-insured mortgages are designated "safe harbor" qualified mortgages.

More generally, the respective roles of MI and FHA within the low down-payment portion of the U.S. residential mortgage market remain unaddressed. MGIC has stated its concerns regarding the Proposed Rule's "mission" rationale because the substantial market overlap between MI and

FHA is often accompanied by a cross-subsidy justification – *i.e.,* FHA needs to insure strong credit quality loans to offset the risk of weaker credit quality loans. Unfortunately, traditional application of this logic exposes MGIC to significant competitive risk, particularly if FHA is able to benefit from different regulatory and operating standards. MGIC believes there are more constructive, collaborative alternatives that respond to the White Paper's policy aims. However, these alternatives are difficult to offer within a context where the Proposed Rule and other rulemaking initiatives fail to consider the public/private overlap.

Conclusion

The Proposed Rule Should Be Withdrawn Pending Further Analysis

MGIC believes the Proposed Rule should be withdrawn (or at a minimum the portion pertaining to Title II), and the temporary FHA QM definition should remain until HUD completes a more fundamental assessment of the QM alternatives available and their effect on borrowers, mortgage market stakeholders, and the evolving legislative discussion regarding U.S. housing finance reform (which includes substantive FHA reform). In short, the same borrower whose lender applies for MGIC MI, subject to the CFPB QM rule, should not be treated differently than when the same lender applies for FHA mortgage insurance, subject to the Proposed Rule, unless there are compelling reasons to justify a targeted approach for a discrete sub-set of low down-payment borrowers. Additionally, HUD's omission of any discussion of MI, the potential competitive effects on MI providers, and the related effect on consumer choice needs to be addressed.
The issues and complexity involved are considerable, and deserve a more extended period of discussion and reflection than that provided by HUD for the Proposed Rule. The CFPB should remain involved as well. Ultimately, MGIC thinks a simplified housing finance system characterized by uniform standards will be more efficient and fair than one divided into silos – and then retro-fitted through regulation to create a false equivalence of different standards with similar labels.

MGIC recognizes that MI represents only part of the larger analysis, but stands ready to participate in the effort.

Alternatively, HUD Should Require Additional Prudential Steps in the Proposed Rule

MGIC is sympathetic regarding the implementation task faced by lenders for QM and other regulations developed as a result of the Dodd-Frank Act. For this reason, MGIC supports efforts by members of Congress to ensure that lenders have sufficient time in which to meet these additional compliance challenges. However, to the extent that HUD concludes the Proposed Rule must be implemented concurrently with the CFPB QM rule, MGIC recommends two alternative prudential steps:

- **First**, FHA should be required to compare its new insurance written against a CFPB QM rule baseline, periodically report the variance, and the reasons for the variance. This information would allow policy-makers to determine whether subsequent adjustments to the Proposed Rule are needed, and also would inform Congress in its efforts to reform the housing finance system. MGIC views this compilation and reporting activity as an extension of the consultation required by the Dodd-Frank Act between HUD/FHA and the CFPB.

- **Second**, HUD should require FHA to modify its Mortgagee Letter 2013-05 to require manual underwriting for all loans with a DTI exceeding 43%. The modification should not be difficult given the adjustments already made by FHA and lenders to implement Mortgagee Letter 2013-05. Pending housing finance reform legislation in Congress has proposed FHA adoption of a residual income underwriting factor like the one used by VA, but that approach has not been agreed to yet. The additional underwriting diligence is necessary for systemic and institutional reasons, at least for an initial period as a market monitoring and risk screening mechanism. The Proposed Rule's omission of a DTI maximum is likely to encourage the submission of higher DTI loan applications to FHA. This activity should be monitored to identify any fundamental shifts in market behavior. Institutionally, FHA needs to be vigilant like any insurer regarding moral hazard and adverse selection: operating under a more liberal QM standard requires HUD to ensure that FHA is prepared for this possibility without compromising its renewed commitment to credit risk management.

Please do not hesitate to contact me if MGIC can provide further assistance with the Proposed Rule.

Sincerely yours,

Patrick Sinks

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[i] Source: 2012 HMDA data

ii Statement of Rohit Gupta Before the Senate Committee on Banking, Housing, and Urban Affairs, Hearing on the Essentials of a Functioning Housing Finance System for Consumers (Oct. 29, 2013) at 3. http://www.banking.senate.gov/public/index.cfm?FuseAction=Hearings.Testimony&Hearing_ID=6398a9fd-fee5-4c89-a86d-a677a25df444&Witness_ID=a6698942-6077-4822-a9e0-ecd3cc351366

iii The American Bankers Association's actions regarding the Farm Credit System suggest the likely response. http://www.aba.com/Advocacy/LetterstoCongress/Documents/FCS-HouseAgLetter-100713.pdf.

[iv] "Going forward we will coordinate reforms of Fannie Mae and Freddie Mac with changes at FHA to help ensure the private market, not FHA, fills the market opportunities created by reform." U.S. Dept. of the Treasury and U.S. Dept. of Housing and Urban Development, Reforming America's Housing Finance Market: A Report to Congress (Feb. 2011) at 14. http://www.treasury.gov/initiatives/documents/reforming%20america's%20housing%20finance%20market.pdf.

[v] http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20131022a1.pdf.

[vi] The Joint Forum, Mortgage insurance: market structure, underwriting cycle and policy implications (Aug. 2013) at 2-3, https://www.bis.org/publ/joint33.pdf.

[vii]

http://www.cbo.gov/publication/44628?utm_source=feedblitz&utm_medium=FeedBlitzEmail&utm_content=812526&utm_campaign=0.

[viii] http://www.banking.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=230fb6c1-ffc0-4ea7-beee-c2b4e6d9d261. The FHA Solvency Act bill summary states that "[t]his section [6] directs the Secretary to evaluate and revise as necessary FHA's underwriting standards using criteria similar to the CFPB's criteria for Qualified Mortgages. Such criteria includes a borrower's income and financial resources, monthly mortgage payment, other debts, employment status if employment income is included in financial resources, debt-to-income ratio, and credit history."

[ix] http://www.occ.treas.gov/news-issuances/bulletins/2013/bulletin-2013-25.html.

[x] http://www.consumerfinance.gov/newsroom/director-cordray-remarks-at-the-american-mortgage-conference/.

[xi] https://www.fanniemae.com/content/release_notes/du-do-release-notes-11162013.pdf.

[xii] http://www.mortgagenewsdaily.com/channels/pipelinepress/10282013-mortgage-insurance-qm.aspx.

[xiii] http://www.dfs.ny.gov/legal/regulations/emergency/banking/re302l.pdf.

[xiv] See footnote iv above.