

Eligibility for making Qualified Mortgages

This chart illustrates when a creditor is eligible to make different types of qualified mortgages under Regulation Z, 12 CFR 1026.43(e), (f), and is intended only to act as a quick reference and not as a substitute for Regulation Z or any rule.

Type of QM	Creditor (and affiliates) must meet origination limit ¹	Creditor (and affiliates) must meet asset limit ²	Creditor must operate in a rural or undeserved area ³
General definition QM	No	No	No
Special rules QM	No	No	No
Small Creditor Portfolio QM (application received any time during year)	Yes for the preceding calendar year	Yes at the end of the preceding calendar year	No
Small Creditor Portfolio QM (application received before April 1 of current year)	Yes for either of the two preceding calendar years	Yes at the end of either of the two preceding calendar years	No
Balloon Payment QM (application received any time during year)	Yes for the preceding calendar year	Yes at the end of the preceding calendar year	Yes during the preceding calendar year
Balloon Payment QM (application received before April 1 of current year)	Yes for either of the two preceding calendar years	Yes at the end of either of the two preceding calendar years	Yes during either of the two preceding calendar years

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¹ A creditor meets the origination limit if the creditor and its affiliates together did not originate more than 2000 first-lien covered transactions. The creditor only counts first-lien covered transactions that were transferred or were subject to a commitment to be acquired at the time of consummation.

² A creditor meets the asset limit if the creditor and its affiliates that regularly extend first-lien covered transactions had assets of less than \$2 billion (adjusted annually).

³ A creditor operates in a rural or underserved area if the creditor originated at least one covered transaction secured by a first lien on a property located in an underserved or rural area. An underserved area is a county in which no more than two creditors extended covered transactions secured by first liens on properties in the county five or more times, as shown in the HMDA data for the preceding calendar year. A rural area is: (1) a county that is neither in a metropolitan statistical area nor in a micropolitan statistical area that is adjacent to a metropolitan statistical area, as those terms are defined by the US OMB and as they are applied under currently applicable UICs, established by the USDA-ERS ; (2) a census block that is not in an urban area, as defined by the US Census Bureau using the latest decennial census; or (3) until December 4, 2017, a county or a census block that has been designated as rural by the Bureau pursuant to the application process.