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## **ICBA Welcomes CFPB Final Rule Implementing ICBA-Advocated Changes to Qualified Mortgage Rules**

### ***CFPB Finalizes Reforms to Mitigate Impact on Consumer Access to Credit***

**Washington, D.C. (Sept. 21, 2015)**—The Independent Community Bankers of America® (ICBA) welcomed today’s Consumer Financial Protection Bureau final rule that broadens the small-creditor designation under its Qualified Mortgage rule. The ICBA-advocated change will allow more community banks to receive QM legal safe-harbor protection for mortgage loans they originate and retain in portfolio. The CFPB also expanded the number of communities designated as rural, which will provide additional relief from mandatory escrow requirements and include more balloon-payment loans as qualified mortgages.

“ICBA strongly supports the CFPB’s reforms to its QM rules, which will help ensure community banks can continue making mortgage loans in their communities,” said ICBA Chairman Jack Hartings, president and CEO of The Peoples Bank Co. in Coldwater, Ohio. “The additional flexibility CFPB has provided will enable community banks to better meet the mortgage credit needs of their customers who may not fit a standardized mold.”

Today’s final rule includes the following ICBA-advocated revisions:

- **Expanded Small-Creditor Definition:** The final rule expands who can qualify as a small creditor to include banks that make fewer than 2,000 loans annually, up from the previous threshold of 500. Loans held in portfolio—in which community banks retain 100 percent of the credit risk and a direct stake in the loan’s performance—will not count toward the loan total.
- **Expanded Access to Credit for Rural Customers:** Further, the final rule expands the definition of “rural” to include not only certain rural counties, but any census blocks that are not in an urban area as defined by the Census Bureau. This will enable more community banks operating in rural areas to meet the unique mortgage needs of rural homeowners by deeming portfolio balloon mortgage loans they make to be Qualified Mortgages.

The changes follow this year’s release of ICBA’s [2014 Community Bank Lending Survey](#), in which three-quarters of community bank respondents said new mortgage regulations are keeping

them from making more residential mortgage loans. ICBA continues to support statutory changes under its [Plan for Prosperity](#) legislative platform to provide loans originated and held in portfolio by community banks with less than \$10 billion in assets, including balloon-payment loans, automatic QM safe harbor legal status and an automatic exemption from certain escrow requirements.

**About ICBA**

*The Independent Community Bankers of America®, the nation's voice for more than 6,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.*