

Loan Delivery Information for Qualified Mortgage (QM) Edits

Updated Jan 20, 2023

As a reminder (as stated in [Lender Letter LL-2021-11](#) and the [Loan Eligibility Under the Revised QM Definition FAQs](#)), Fannie Mae does not use our systems to enforce compliance with industry regulations and applicable law. Instead, we rely on our lenders' representations and warranties with regard to compliance with applicable law as outlined in the Selling Guide. Lenders should check with their legal counsel on how to comply with the Revised QM Rule.

Lender Letter LL-2021-11 reminded lenders of the current requirement to deliver a number of data elements related to Qualified Mortgage (QM) in the Uniform Closing Dataset (UCD) file (submitted to us at or before loan delivery), including the method by which the creditor satisfied the Ability to Repay (ATR) requirements or reason for exemption, the Annual Percentage Rate (APR) and Average Prime Offer Rate (APOR) percentages, and points and fees.

We utilize the UCD and Uniform Loan Delivery Dataset (ULDD) (aligned with Freddie Mac), as provided, to perform the checks at time of delivery/purchase. See the Business Rule section below for details on edits.

Loan eligibility APR-APOR thresholds and points and fees requirements per the Lender Letter (allowable loan amounts and values may change each year – review the Consumer Finance Protection Bureau ([CFPB](#)) site for the latest information):

2023 Loan Amounts and Value Thresholds - Based on Note Date

Regulation Z Section	Eligibility Criteria	Current Selling Guide Requirements												
1026.43(e)(2)(iii)	Points and fees	<p>ATR Covered loans (Loan Delivery edits C87 and C88):</p> <table border="1" data-bbox="479 1066 1432 1455"> <thead> <tr> <th data-bbox="482 1071 1214 1161">Original Loan Amount</th> <th data-bbox="1218 1071 1425 1161">Max Allowable Points and Fees</th> </tr> </thead> <tbody> <tr> <td data-bbox="482 1165 1214 1220">less than \$15,541</td> <td data-bbox="1218 1165 1425 1220">8%</td> </tr> <tr> <td data-bbox="482 1224 1214 1278">greater than or equal to \$15,541 and less than \$24,866</td> <td data-bbox="1218 1224 1425 1278">\$1,243</td> </tr> <tr> <td data-bbox="482 1283 1214 1337">greater than or equal to \$24,866 and less than \$74,599</td> <td data-bbox="1218 1283 1425 1337">5%</td> </tr> <tr> <td data-bbox="482 1341 1214 1396">greater than or equal to \$74,599 and less than \$124,331</td> <td data-bbox="1218 1341 1425 1396">\$3,730</td> </tr> <tr> <td data-bbox="482 1400 1214 1455">greater than or equal to \$124,331</td> <td data-bbox="1218 1400 1425 1455">3%</td> </tr> </tbody> </table> <p>Exempt loans (Loan Delivery edit C47): 5% of the total loan amount</p>	Original Loan Amount	Max Allowable Points and Fees	less than \$15,541	8%	greater than or equal to \$15,541 and less than \$24,866	\$1,243	greater than or equal to \$24,866 and less than \$74,599	5%	greater than or equal to \$74,599 and less than \$124,331	\$3,730	greater than or equal to \$124,331	3%
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Regulation Z Section	Eligibility Criteria	Current Selling Guide Requirements														
1026.43(e)(2)(vi)	Annual Percentage Rate-Average Prime Offer Rate (APR-APOR) Spread	<p>ATR Covered loans: The loan’s APR cannot exceed the APOR by the spread in the tables below:</p> <p>First-lien covered transaction (<i>Loan Delivery edit C85</i>):</p> <table border="1" data-bbox="480 489 1433 789"> <thead> <tr> <th>Original Loan Amount</th> <th>Max Allowable Spread</th> </tr> </thead> <tbody> <tr> <td>less than \$74,599</td> <td>6.5000%</td> </tr> <tr> <td>greater than or equal to \$74,599 less than \$124,331</td> <td>3.5000%</td> </tr> <tr> <td>greater than or equal to \$124,331</td> <td>2.2500%</td> </tr> </tbody> </table> <p>First-lien covered transaction secured by a manufactured home (<i>Loan Delivery edit C86</i>):</p> <table border="1" data-bbox="480 842 1433 1050"> <thead> <tr> <th>Original Loan Amount</th> <th>Max Allowable Spread</th> </tr> </thead> <tbody> <tr> <td>less than or equal to \$124,331</td> <td>6.5000%</td> </tr> <tr> <td>greater than \$124,331</td> <td>2.2500%</td> </tr> </tbody> </table> <p>Exempt loans: The loan’s APR cannot exceed the APOR by 6.5000% or more calculated in accordance with the Revised General QM rule in TILA. (<i>Loan Delivery edit C52</i>).</p> <p>For short term ARMs, lenders must calculate the APR using the maximum interest rate that could apply during the first five years after the first payment is due.</p>	Original Loan Amount	Max Allowable Spread	less than \$74,599	6.5000%	greater than or equal to \$74,599 less than \$124,331	3.5000%	greater than or equal to \$124,331	2.2500%	Original Loan Amount	Max Allowable Spread	less than or equal to \$124,331	6.5000%	greater than \$124,331	2.2500%
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2022 Loan Amounts and Value Thresholds - Based on Note Date

Regulation Z Section	Eligibility Criteria	Current Selling Guide Requirements														
1026.43(e)(2)(iii)	Points and fees	<p>ATR Covered loans (<i>Loan Delivery edits C76 and C77</i>):</p> <table border="1" data-bbox="496 415 1430 800"> <thead> <tr> <th>Original Loan Amount</th> <th>Max Allowable Points and Fees</th> </tr> </thead> <tbody> <tr> <td>less than \$14,356</td> <td>8%</td> </tr> <tr> <td>greater than or equal to \$14,356 and less than \$22,969</td> <td>\$1,148</td> </tr> <tr> <td>greater than or equal to \$22,969 and less than \$68,908</td> <td>5%</td> </tr> <tr> <td>greater than or equal to \$68,908 and less than \$114,847</td> <td>\$3,445</td> </tr> <tr> <td>greater than or equal to \$114,847</td> <td>3%</td> </tr> </tbody> </table> <p>Exempt loans (<i>Loan Delivery edit C47</i>): 5% of the total loan amount</p>	Original Loan Amount	Max Allowable Points and Fees	less than \$14,356	8%	greater than or equal to \$14,356 and less than \$22,969	\$1,148	greater than or equal to \$22,969 and less than \$68,908	5%	greater than or equal to \$68,908 and less than \$114,847	\$3,445	greater than or equal to \$114,847	3%		
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1026.43(e)(2)(vi)	Annual Percentage Rate-Average Prime Offer Rate (APR-APOR) Spread	<p>ATR Covered loans: The loan's APR cannot exceed the APOR by the spread in the tables below:</p> <p>First-lien covered transaction (<i>Loan Delivery edit C74</i>):</p> <table border="1" data-bbox="496 999 1430 1297"> <thead> <tr> <th>Original Loan Amount</th> <th>Max Allowable Spread</th> </tr> </thead> <tbody> <tr> <td>less than \$68,908</td> <td>6.5000%</td> </tr> <tr> <td>greater than or equal to \$68,908 less than \$114,847</td> <td>3.5000%</td> </tr> <tr> <td>greater than or equal to \$114,847</td> <td>2.2500%</td> </tr> </tbody> </table> <p>First-lien covered transaction secured by a manufactured home (<i>Loan Delivery edit C75</i>):</p> <table border="1" data-bbox="496 1350 1430 1560"> <thead> <tr> <th>Original Loan Amount</th> <th>Max Allowable Spread</th> </tr> </thead> <tbody> <tr> <td>less than or equal to \$114,847</td> <td>6.5000%</td> </tr> <tr> <td>greater than \$114,847</td> <td>2.2500%</td> </tr> </tbody> </table> <p>Exempt loans: The loan's APR cannot exceed the APOR by 6.5000% or more calculated in accordance with the Revised General QM rule in TILA. (<i>Loan Delivery edit C52</i>).</p> <p>For short term ARMs, lenders must calculate the APR using the maximum interest rate that could apply during the first five years after the first payment is due.</p>	Original Loan Amount	Max Allowable Spread	less than \$68,908	6.5000%	greater than or equal to \$68,908 less than \$114,847	3.5000%	greater than or equal to \$114,847	2.2500%	Original Loan Amount	Max Allowable Spread	less than or equal to \$114,847	6.5000%	greater than \$114,847	2.2500%
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Business Rules for Loan Delivery and EarlyCheck

The edits validate that the data related to the APR-APOR thresholds and points and fees provided in UCD meets the requirements outlined in the Lender Letter. When lenders are researching loans impacted by these new edits, **we recommend that you contact your closing team who submitted the UCD data or the correspondent that submitted the UCD data for assistance in validating that the data in the UCD submission is correct.**

- If the data points are incorrect in UCD
 - Update the data in your system that creates the UCD XML file and re-submit the UCD XML file in the UCD Collection Solution
 - Re-run the edits in the Loan Delivery Application. The fatal edit(s) should be resolved
- If all the data points are correct in UCD
 - If you continue receiving the fatal edits in Loan Delivery, the loan **is not eligible** for delivery

When validating the UCD data for the edits, verify the following applicable data points are correct in the UCD XML file:

- | | | |
|-------------------------------------|--------------------------------|---------------------------------------|
| • AbilityToRepayExemptionReasonType | • AveragePrimeOfferRatePercent | • MortgageType |
| • AbilityToRepayMethodType | • CurrentRateSetDate | • RegulationZTotalLoanAmount |
| • AmortizationType | • LienPriorityType | • RegulationZTotalPointsAndFeesAmount |
| • APRPercent | • LoanPurposeType | |

NOTE: *Additional Data elements to review when validating UCD data*

- AutomatedUnderwritingSystemType
- AutomatedUnderwritingSystemTypeOtherDescription
- LoanManualUnderwritingIndicator

NOTE: *There is the potential that this edit could also fire in EarlyCheck when submitting a MISMO 3.0 ULDD file format, the steps to resolve the issue are the same as above.*

Exempt Loans

If a loan is considered Exempt from Regulation Z's Ability to Repay (ATR) requirements, the file should be submitted in UCD with the following data points if the loan is classified as Exempt:

- AbilityToRepayMethodType=Exempt
- AbilityToRepayExemptionReasonType=PropertyUsage or LoanProgram

NOTE: *Use PropertyUsage for investment properties, use LoanProgram for Housing Finance Agency (HFA).*

NOTE: *As of March 1, 2022, single-closing construction-to-permanent loans must meet QM requirements and may require an update to the UCD submission if a modification impacts QM data points (i.e., APR, Average Prime Offer Rate, Note Amount, etc.).*

APR-APOR Spread Edits

The following edits are in Loan Delivery and EarlyCheck. These edits transitioned to Fatal severity on 9/1/2021 enforcing the APR-APOR spread threshold requirements.

NOTE: *The Loan Delivery edits will calculate the spread based on the APR and APOR values submitted in the UCD casefile. Providing a value of zero for the APOR datapoint in UCD may result in the Loan Delivery edit being issued (if the calculated spread (APR-APOR) is above the allowable threshold). The applicable APOR value should be provided in the UCD file and resubmitted in UCD (contact your closing team or correspondent that submitted the UCD data for assistance if needed). If you need further assistance contact the [UCD Mailbox](#).*



Edit No.	Loan Delivery Edit Feedback Message	EarlyCheck	Corresponding UCD Edit
C52	UCD indicates this loan is exempt from Qualified Mortgage requirements. APR spread greater than 6.5% is not permitted for Conventional, First Lien loans exempt from QM requirements. Validate the data in UCD and LD to ensure accuracy. Refer to the Loan Delivery Qualified Mortgage (QM) Edit job aid for further assistance.	MISMO 3.0 file only	There are no 1 to 1 edits that correspond to this edit in UCD. The underlying datapoints are being used by Loan Delivery and are enforced as part of the Phase 1 UCD Critical Edit Mandates. Lenders will need to Verify the data in the UCD data submission for accuracy
C53/C74/C85	UCD indicates this loan must meet Qualified Mortgage requirements. The APR spread is greater than the allowed APR spread for the Original Loan Amount provided for this Conventional, First Lien Qualified Mortgage. Validate the APR and APOR in UCD to ensure accuracy. Refer to the Loan Delivery Qualified Mortgage (QM) Edit job aid for further assistance.	MISMO 3.0 file only	
C54/C75/C86	UCD indicates this loan must meet Qualified Mortgage requirements. The APR spread is greater than the allowed APR spread for the Original Loan Amount provided for this Conventional, First Lien, Manufactured Home Qualified Mortgage. Validate the APR and APOR in UCD to ensure accuracy. Refer to the Loan Delivery Qualified Mortgage (QM) Edit job aid for further assistance.	MISMO 3.0 file only	

NOTE: The APR-APOR calculations in the Loan Delivery edits are based off the APR and APOR data provided in the UCD submission and the original loan amount in Loan Delivery. The Loan Delivery data point HMDA Rate Spread (SID 208) is not used.

Total Points and Fees Edits

The following edits were introduced in Loan Delivery and EarlyCheck on 10/1/2021 and 10/25/2021 as Fatal severity.

NOTE: The edits use the original loan amount provided in Loan Delivery for the original loan amount range. The Regulation Z Total Loan Amount is used from UCD in the calculation for the max allowable Points and Fees amount. The Regulation Z Total Loan Amount is calculated by the Original Loan Amount/Note Amount minus the finance charges and therefore, it should not exceed the Original Loan Amount/Note Amount.

Edit No.	Loan Delivery Edit Feedback Message	EarlyCheck	Corresponding UCD Edit
C47	UCD indicates this loan is exempt from Qualified Mortgage requirements. A Calculated Regulation Z Total Points and Fees Amount of greater than 5% of the Regulation Z Total Loan Amount is not permitted for loans exempt from QM requirements. Validate the data in UCD and LD to ensure accuracy. Refer to the Loan Delivery Qualified Mortgage (QM) Edits job aid for further assistance.	MISMO 3.0 file only	There are no 1 to 1 edits that correspond to this edit in UCD. The underlying datapoints are being used by Loan Delivery and are enforced as part of the Phase 1 UCD Critical Edit Mandates. Lenders will need to Verify the data in the UCD data submission for accuracy
C48/C76/C87	UCD indicates this loan must meet Qualified Mortgage requirements. A calculated Points And Fees percentage (based on the UCD Regulation Z Total Points and Fees Amount divided by the Regulation Z Total Loan Amount) is greater than allowed for the applicable Original Loan Amount under Qualified Mortgage regulations. Validate the data in UCD and LD to ensure accuracy. Refer to the Loan Delivery	MISMO 3.0 file only	



Edit No.	Loan Delivery Edit Feedback Message	EarlyCheck	Corresponding UCD Edit
	Qualified Mortgage (QM) Edits job aid for further assistance.		
C49/C77/C88	UCD indicates this loan must meet Qualified Mortgage requirements. A provided Regulation Z Total Points and Fees Amount is greater than allowed for the applicable Loan Amount under Qualified Mortgage regulations is not allowed for loans that must meet QM requirements. Validate the data in UCD and LD to ensure accuracy. Refer to the Loan Delivery Qualified Mortgage (QM) Edits job aid for further assistance.	MISMO 3.0 file only	

Edit Updates for Uniform Closing Dataset (UCD) Closing Solution

The following UCD edits transitioned to fatal severity on 7/31/2021 in the UCD Closing Solution application, as part of the UCD Phase 1 critical edits. The edits enforce the requirement to deliver a number of data elements related to QM in the UCD file, including the method by which the creditor satisfied the ATR requirements or reason for exemption, the APR and APOR percentages, and points and fees. These QM related fields are now used in the Loan Delivery business rules.

We recommend Fannie Mae sellers contact their closing team who submitted the UCD data or the correspondent that submitted the UCD data for assistance in validating the data in UCD submission is correct.

UCD Edit ID	UCD Edit Feedback Message	Associated Data Point(s)	MISMO definition	Resolution
3015	Annual Percentage Rate is required and must be greater than 0.0%. Data must be numeric up to 3 digits, with up to 4 decimal places.	APRPercent	The annual percentage rate for the loan based on the accepted industry standard defined by Regulation Z (Section 12 C.F.R. 1026.18(e)) used for Qualified Mortgages and general disclosure purposes.	Must Exist
3026	Ability to Repay Method Type is required and must be a valid enumeration.	AbilityToRepayMethodType	Specifies the method by which the creditor satisfied Regulation Z Ability-to-Repay requirements.	Must exist and be one of the following Enumerations <ul style="list-style-type: none"> "General" - A loan made subject to Regulation Z general Ability-to-Repay standards. "Exempt" - A loan that is exempt from Regulation Z Ability-to-Repay requirements.
3027	Average Prime Offer Rate Percent is required and must be greater than 0.0%. Data must be numeric up to 3 digits, with up to 4 decimal places.	AveragePrimeOfferRatePercent	An annual percentage rate that is derived from average interest rates, points, and other loan pricing terms currently offered to consumers by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics. The Federal Reserve Board publishes average prime offer rates for a broad range of types of transactions in a table updated at least weekly. This rate is used in determining Higher Priced Mortgage Loans (HPML).	Must Exist



UCD Edit ID	UCD Edit Feedback Message	Associated Data Point(s)	MISMO definition	Resolution
3029	Regulation Z Total Loan Amount is required and must be greater than 0.0%. Data must be numeric up to 9 digits, with up to 2 decimal places.	RegulationZTotalLoanAmount	The total loan amount, expressed in dollars, calculated in accordance with Regulation Z, Truth in Lending. This amount is used in calculations for both Qualified Mortgage and HOEPA.	Must Exist
3030	Current Rate Set Date is required. Provide the data in the YYYY-MM-DD format.	CurrentRateSetDate	Date on which the interest rate for the loan was set by the lender for the final time before closing.	Must exist
3122	If Ability to Repay Method Type equals Exempt, then Ability to Repay Exemption Reason Type is required and must be a valid enumeration.	AbilityToRepayExemptionReasonType AbilityToRepayMethodType	Specifies the reason that transaction is exempt from Regulation Z Ability-To-Repay requirements.	AbilityToRepayMethodType = "Exempt" then provide one of the following values <ul style="list-style-type: none"> "LoanProgram" - Indicates that transaction is exempt from Regulation Z ability-to-repay requirements because the loan program is exempt from requirements "PropertyUsage" - Indicates that transaction is exempt from Regulation Z ability-to-repay requirements because the occupancy type for the property is exempt from requirements
3123	If Regulation Z Excluded Bona Fide Discount Points indicator is true, then Loan Price Quote Interest Rate Percent is required and must be greater than 0.0%. Data must be numeric up to 3 digits, with up to 4 decimal places.	LoanPriceQuoteInterestRatePercent RegulationZExcludedBonaFideDiscountPointsIndicator	The mortgage loan interest rate for which the price quote is calculated.	Must Exist
3125	If Loan Discount Points is greater than zero, then Regulation Z Excluded Bona Fide Discount Points Indicator is required. Provide the data as true or false.	FeeType FeeTotalPercent RegulationZExcludedBonaFideDiscountPointsIndicator	When true, indicates that excluded bona fide discount points were charged for this loan.	If Discount point exist and are greater than zero, provide a value of TRUE or FALES for Regulation Z Excluded Bona Fide Discount Points Indicator
3126	If Regulation Z Excluded Bona Fide Discount Points Indicator is true, then Regulation Z Excluded Bona Fide Discount Points	RegulationZExcludedBonaFideDiscountPointsPercent RegulationZExcludedBonaFideDiscountPointsIndicator	The bona fide discount points, expressed as a percent, that are excluded from points and fees calculated in accordance with Regulation Z, Truth in Lending.	Must Exist



UCD Edit ID	UCD Edit Feedback Message	Associated Data Point(s)	MISMO definition	Resolution
	Percent is required and must be greater than 0. Data must be numeric up to 3 digits with up to 4 decimal places.			
3128	Regulation Z Total Points and Fees Amount is required. Enter the total points and fees excluding bona fide discount points. Data should be numeric up to 9 digits, with up to 2 decimal places and cannot be negative.	RegulationZTotalPointsAndFeesAmount RegulationZExcludedBonaFideDiscountPointsIndicator	The total amount of points and fees, expressed in dollars, calculated in accordance with Regulation Z, Truth in Lending. This amount is used in calculations for both Qualified Mortgage and HOEPA purposes.	Must Exist
3311	Regulation Z Total Affiliate Fees Amount is required and must be greater than or equal to 0. Data must be numeric up to 9 digits, with up to 2 decimal places.	RegulationZTotalAffiliateFeesAmount	The total amount of fees, expressed in dollars, paid to an affiliate(s) of the creditor.	Must Exist

The following UCD edit has a warning severity in the UCD Closing Solution application, as part of the UCD Phase 1 critical edits.

UCD Edit ID	UCD Edit Feedback Message	Associated Data Point(s)	MISMO definition	Resolution
3317	The Regulation Z Total Points and Fees Amount provided is \$0.00. Validate the amount to ensure the accuracy of the value provided. For additional information on the Regulation Z Total Points and Fees Amount contact your Compliance Team.	RegulationZTotalPointsAndFeesAmount	The total amount of points and fees, expressed in dollars, calculated in accordance with Regulation Z, Truth in Lending. This amount is used in calculations for both Qualified Mortgage and HOEPA purposes.	Must Exist

Additional Resources

[FAQs: Loan Eligibility Under the Revised QM Definition](#)

[Loan Delivery Release Notes](#)



[Loan Delivery Business Rules Dictionary](#) (login required)

[UCD Critical Edits Transition Resources](#)

[Ask Poli Selling](#)

Appendix – Previous Thresholds

2021 Loan Amounts and Value Thresholds - Based on Note Date														
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