STRUCTURED
FINANCE
ASSOCIATION

SFA: Seasoned Loans –Compliance Only Review - Optional

ATR QM Scope of Review Task Force – November 2025

Introduction and Background

The goal of this updated version of the Structured Finance Association ("SFA") ATR/QM Workgroup's Third-Party Review ("TPR") Scope documentation is to create a uniform standard to be utilized across TPR firms pertaining to an alternative compliance due diligence scope available for seasoned loans subject to 1026.43(c), the Ability to Repay ("ATR") rule. –The approach outlined in this document results from industry participant discussions across TPR firms, rating agencies, law firms, and other members of SFA's workgroup. This documentation establishes an industry-wide best practices approach among TPRs when performing an alternative review scope for seasoned loans meeting the eligibility limitations for pre-securitization testing in the due diligence process. There may be shifts in the requirements should there be future CFPB rulemakings or formal guidance, market development, or as case law develops.

The focus of SFA's TPR Scope of Review for Seasoned ATR Loans is to document the approaches available to clients utilizing a TPR firm to perform due diligence on seasoned ATR loans (aka "non-QM loans") that have a documented pay history of 36+ months and neither the lender, investor, nor the TPR Firm has reason to believe the loan failed to comply with the requirements of 12 C.F.R. § 1026.43(c) at or before consummation. The ATR rule lists several factors that determine whether a lender has met their obligations to ensure that a borrower has the ability to repay the loan. Industry experience has led the market to adopt the position that a borrower successfully paying their mortgage is a strong indicator that—at the time of origination—the lender fulfilled their obligations under 1026.43. Likewise, the Consumer Financial Protection Bureau ("CFPB") adopted a similar posture when creating the revised QM rules that went into effect in 2021. Under the new QM rules, a loan that—along with other requirements—has a demonstrated pay history of 36 months can achieve a seasoned QM status. Taken together, current industry practice for determining ATR compliance, combined with the CFPB's recognition of the importance of loan seasoning and the borrower's demonstrated pay history, has led SFA to publish the Seasoned ATR Scope.

Note the conclusions set forth herein do not necessarily reflect how courts and regulators, including the CFPB, may view ATR considerations presently, or in the future. As appropriate, SFA and its members will continue to work with the CFPB toward the goal of receiving formal regulatory guidance for the benefit of the consumer, primary, and secondary mortgage markets. This is not intended to be legal advice and is strictly for general informational purposes only and shall not be relied on by any third party as legal advice. If you have received this document and have questions about laws applicable to you, your business, or a particular transaction, you should consult with your legal counsel.

Overview

Throughout 2023 - 2025, SFA convened members to discuss the Ability to Repay rules set forth under 12 CFR § 1026.43. Industry stakeholders explored creation of a QM scope of review for the new General QM rule effective in 2021, as well as a separate ATR scope of review for seasoned loans going back to the effective date of 2014 of the original ATR rules. This document represents culmination of efforts to establish a scope of review for seasoned ATR loans.

The need for a standard scope of review for seasoned loans that are subject to the ATR rule is particularly acute as some loan files are over ten years old and – through the passage of time – now have missing or incomplete documentation related to the original underwriting decision. Some seasoned loan files are missing loan level documentation or origination guidelines, this will result in a lower compliance grade if the TPR is performing a full Credit and Compliance review. However, some TPR firms currently use some method of considering the documented pay history in place of reviewing the loan files and guidelines for ATR considerations. SFA's Seasoned ATR scope of review seeks to standardize the approach when performing a compliance review on seasoned loans using this alternative approach among TPRs, including establishing consistent compliance grades for identified exceptions to be provided to rating agencies and investors.

Since July 2024, the participating members of the workgroup have met to address these questions, and to determine where industry practices can align to provide direction and clarity. This provides a framework for increasing standardization and helps delineate for market participants any outstanding questions or concerns. In the various instances where questions remain unanswered, further work among industry participants and additional clarification(s) from regulators will aid in the implementation of any additional updates to this guidance.

SFA's workgroup has developed this Seasoned Loan Compliance Only Scope to solve a narrowly tailored industry-wide issue whereby loans that were compliant at or before consummation no longer have documentation necessary to establish compliance with the ATR Rule. For the avoidance of doubt, this Seasoned Loan Compliance Only Scope is inapplicable to, and shall not be used to, cure loans that were non-compliant, with 12 C.F.R. § 1026.43(c) at or before consummation.

One proposal to ensure that the scope was not used to "cure" defective loans that were known to be out of compliance with 12 C.F.R. § 1026.43(c) was to have the seller attest that there were no known defects with the loans being submitted for review by a due diligence firm under the Seasoned Loan Scope. The task force initially drafted an attestation related to the use of the Seasoned Scope, whereby the seller would make a good faith certification that they did not knowingly withhold information pertaining to other adverse characteristics within the loan file that would impact ATR. However, a number of issues arose with utilizing an attestation, which tended towards a standard of known compliance with 12 C.F.R. § 1026.43(c). Additionally, the existing guardrails, including the form 15E Due Diligence report under § 17 CFR 240.17g-10, as well as the 36 month pay history requirement, were deemed sufficient limitations to ensure the scope is utilized for its intended purpose. As the Seasoned Scope is designed to be a risk analysis tool, and not a strict compliance tool, the task force has proposed to not include the attestation as part of the Seasoned Loan Scope of Review.

SFA Seasoned Loan Compliance Only Review = Scope of Review

SFA's industry group discussions revealed that TPR firms currently use internally derived calculations and methodologies in establishing compliance grades for ATR loan reviews. However, in performing an alternative compliance review scope on seasoned performing loans, there is a lack of consistency in how TPR firms utilize borrower pay history and the compliance grades for exceptions identified as part of the review. The lack of consistency includes factors like the number of months being evaluated, the delinquency permissibility, and the impact on the compliance grades. The eligibility parameters currently may vary by TPR firm when undertaking a seasoned compliance review on a performing loan that is subject to ATR.

Eligibility Parameters

To be considered for the alternate compliance scope, loans must be seasoned at least 36 months, neither the lender, nor subsequent purchaser(s), nor the investor, nor the TPR Firm has reason to believe the loan failed to comply with the requirements of 12 C.F.R. § 1026.43(c) at or before consummation, and the original terms cannot have been modified. In addition, a loan must meet one of the following parameters:

1. Fixed Rate Loan;
2. Adjustable-Rate Mortgage with start rate at or above fully Indexed rate;
3. Adjustable-Rate Mortgage with initial discounted rate that has seasoned 3 years after the rate adjustment to the fully indexed rate; or
4. Interest Only loan seasoned 36 months after recast to the fully amortizing payment.

Note: If the loan closed with a payment buydown feature, in addition to the above, the loan must have seasoned 36 months after the buydown subsidy expired.

Compliance Only Review with Pay History and Loan Approval

The review will not perform testing to confirm adherence to 1026.43, however, the other securitization compliance testing remains in scope. (Including but not limited to the anti-predatory lending testing including HPML and TILA rescission, tolerances and TRID testing.)

ATR testing is not performed on these loans, the evaluation is limited to the two positive attribute testing of the pay history and the loan approval being present in the loan file. The review does not confirm the relevant factors relating to the origination of the mortgage loans in compliance with 1026.43. The third-party review firm would review the complete and accurate payment histories for the preceding 36 months from the mortgage loan servicer and/or loan originator.

Loan Eligibility

Eligible loans include seasoned loans (i.e. loans with first payment date 36 months* or more prior to TPR review date) subject to 1026.43 with an Application Date on or after 1/10/2014.
In addition to being seasoned at least 36 months* and having not been modified from the original loan terms, to be eligible for consideration under this Review Scope a loan must meet one of the following parameters:

1. Fixed Rate Loan,
2. Adjustable-Rate Mortgage with start rate at or above fully Indexed rate,
3. Adjustable-Rate Mortgage with initial discounted rate that has seasoned 3 years after the rate adjustment to the fully indexed rate, or
4. Interest Only loan seasoned 36 months after recast to the fully amortizing payment.

*First payment (or first fully-indexed, fully-amortized payment for loans with features that allow for rate or payment adjustments adjustments) is at least 36 months from TPR review date

Note: If the loan was originated with a payment buydown feature, in addition to the above, the loan must have seasoned 36 months after the buydown subsidy expired.

If the loan does not meet the above referenced eligibility requirements an EV3-C level exception will be cited to clarify that based on the terms of the transaction the loan is not eligible for the optional compliance scope.

Loan Designations

1. **Seasoned Reduced ATR Risk – Approval and clean pay history -** Loans that meet the 36-month clean pay history requirement and the file contains the loan approval, AUS or 1008.

   There will **not** be a compliance exception cited on the loan pertaining to the omitted 1026.43 testing.
2. **Seasoned– Approval, No clean pay history** – Loans that do not meet the pay history requirements but the file contains the loan approval, AUS or 1008.

   There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the pay history either not being provided or the payment lates indicate the consumer has not paid as agreed.
3. **Seasoned – No Approval, Clean pay history** – Loans that meet the pay history requirement but the file does not contain a loan approval, AUS or 1008.

   There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the loan approval, AUS, or 1008 not being provided.
4. **Seasoned – No Approval, No clean pay history** – Loans that do not meet the pay history requirements and the file does not contain a loan approval, AUS or 1008.

   There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the pay history either not being provided or the payment lates indicate the consumer has not paid as agreed and the issue with the loan approval, AUS, or 1008 not being provided.
5. **Ineligible for Seasoned Review** – Loans that do not meet the criteria to be considered for the reduced compliance scope.

   There will be an EV3-C level compliance exception cited on the loan that identifies the issue that causes the loan to not be eligible for the SFA Seasoned ATR Scope. (e.g. The loan is not seasoned 36 months from origination or from rate recast.)

Risk Chart

Seasoned Loans - Optional Compliance Review		Clean Pay History for the last 36 months	
		Yes	No / Missing
Loan Approval reflecting the the Creditor's Underwriting	Yes	Reduced Risk	Moderate Risk
	No / Missing	Moderate Risk	Elevated Risk

Additional Considerations

- Non-QM Loans - Seasoned loans subject to 1026.43 that are reviewed to this alternative scope will not be evaluated for General ATR considerations. The third-party review firm will confirm the file contains evidence the lender completed a loan approval, AUS, or 1008 to evidence the lender performed the repayment ability determination but will not be issued a Non-QM loan designation.
- **The compliance review on seasoned loans will not include an independent sourcing and recalculation of the income, liabilities, and payment considerations.** The lenders underwriting values from the 1008, loan approval, AUS findings, or other underwriter worksheet will be captured for DTI values.
- Paid as agreed - The Optional Compliance Review requires a pay history review to determine whether the consumer has timely paid as agreed per the terms of the Note without modification. The loan designation will be impacted if the pay history review is not performed, or there are more than two delinquencies of 30 or more days or any delinquencies of 60 or more days.
  Assume a loan is consummated on October 15, 2022, that the consumer's periodic payment is due on the 1st of each month, and that the consumer timely made the first periodic payment due on December 1, 2022. For purposes of this scope, the consumer is 30 days delinquent if the consumer fails to make a payment (sufficient to cover the scheduled January 1, 2023 periodic payment of principal, interest, and escrow (if applicable)) before February 1, 2023. For purposes of this scope, the consumer is 60 days delinquent if the consumer then fails to make two payments (sufficient to cover the scheduled January 1, 2023 and February 1, 2023 periodic payments of principal, interest, and escrow (if applicable)) before March 1, 2023.
- Under this limited review, seasoned loans will not be tested for conformity with the guidelines in place at the time of origination.
- This is not a scope for testing for compliance with 1026.43(e)(7) Qualified mortgage defined – seasoned loans. That Qualified mortgage seasoned loan scope is separate and requires the initial 36 months, or more of the pay history, the full credit review and other testing including the transfer and securitization history of the fixed rate loan file.
- A full credit/compliance review to the origination guidelines can be performed in place of this Optional Compliance Review.

There was not a consensus among the Rating Agencies regarding the severity of the exception to be cited in the event the loan reviewed under this alternative scope when the file does not meet the pay history considerations and the loan approval is missing or incomplete. The exception when not meeting either positive attribute will be cited as C grade for one specific Rating Agencies.

There is one Rating Agency that would only expect the use of this scope in the event the documentation to perform the full ATR/QM review is not available and would require the TPR provide a reason it was not tested for full ATR. (The basis for use of the reduced scope will be provided to the TPR by the client.)

FAQs – May 2025

Delinquencies and Missing Pay History

1. **Q.** Will servicing transfer related delinquencies be considered for this scope?

   A. Yes, at this time, delinquencies will be considered delinquencies without additional consideration of special circumstances or external factors that may have adversely impacted the consumer's payment history. Maximum 2 x 30 days delinquent (including delinquencies caused by servicing transfer.) If the loan has one or more 60-day delinquencies the loan will not be eligible for the" Clean Pay History" loan designations.

2. **Q.** How will missing pay history be distinguished from partial or incomplete pay history?

   A. TPRs will determine the best method to implement this type of variance in the exception:

   i. Cite a different exception depending on whether the pay history is missing, is incomplete/partial, or reflects delinquencies.
   ii. Cite one exception for not meeting the pay history aspect and referencing the cause within the exception commentary.

   Understanding the expectation to perform the review is that the files contain a complete pay history for the most recent 36 months, in the event the specific file does not have the full 36 months, the loan will be given a loan designation indicative of the risk related to an incomplete, partial, or a gap in the history. Note, the full 36 months refers to the required 36 months of pay history (if the file has 48 months of pay history from consummation but is missing the last 6 months from date of due diligence review, this will be considered incomplete pay history).

3. **Q.** How will delinquency for pay-ahead loans be verified? If the pay ahead payment happened before the review period and no payments are received during the review period?

   A. Lacking a sample or copy of a pay-ahead loan product on residential mortgages, that will have no payments due for a 36-month period. These would be excluded from this review scope.) Pending identification of a pay-ahead loan Note for repayment considerations

Operationalization

4. **Q.** Would the full credit/compliance review to origination guidelines be performed first before the Optional Compliance Review scope can be utilized?

   A. No, this is not absolute, some deals will begin with the seasoned compliance scope, others will begin as full credit/compliance scope and based on the identified omission of documents on the seasoned loans, the missing documents make the change to the alternative scope justified.

5. **Q.** What restrictions will be in place to keep this scope from being used as an end-run around ATR requirements?

   A. This scope should not replace a full credit/compliance review performed on loans that have identified ATR issues. This scope can be used when the missing guidelines or missing loan file documents that could indicate ATR related omissions from loans may be missing due to an incomplete loan package.

6. **Q.** Other than missing guidelines, what would be considered an "incomplete loan package" or "missing loan file documents" that would qualify for this scope?

   A. Examples: missing a reasonable reliable third-party record(s)

   i. Some income documents in the file, but incomplete or missing for co-borrower
   ii. Income and Asset documents in file, but not employment status documentation

7. **Q.** Will the seller or the buyer provide the TILA ATR/QM Loan Designation required to be submitted to the TPR under the Seasoned ATR Scope?
   A. Similar to the current processes for full credit compliance reviews, the TPR is provided with the loan designation, this can come from the seller or from the buyer on the loan.
   However, if it is known in advance that the review will be to the SFA Seasoned Scope, then a "Seasoned" status should be provided to the TPR. In both cases, FAQ #8 below will apply.

8. **Q.** In the event there is a redesignated TILA ATR/QM loan designation provided for a loan reviewed to this reduced scope should an exception be cited.
   A. If the loan designation provided to the TPR is not correct, an exception will be cited on the loan. If the loan designation is subsequently provided that indicates the seller agrees with the TPR firm's loan designation, the exception will be downgraded.

9. **Q.** If the loan designation provided to the TPR firm under FAQ 7. Is a QM designation, is the loan eligible for the SFA Seasoned scope?
   A. Yes. There will be times when the same missing guideline or documentation issues can be present for a QM loan that are present for a non-QM loan.
   If the SFA Seasoned scope is applied, then such loans will still only be eligible for the 5 "Seasoned" loan statuses that apply to the Seasoned Review scope.

10. **Q.** What is the difference between the five loan designation outcomes of the scope?
    A. The five loan designations are reflected below with the associated definition of each.

    Seasoned Reduced ATR Risk – Approval and clean pay history - Loans that meet the 36-month clean pay history requirement, and the file contains the loan approval, AUS or 1008.

    There will **not** be a compliance exception cited on the loan pertaining to the omitted 1026.43 testing. (Therefore, no impact on the Compliance Grade)

    Seasoned– Approval, No clean pay history – Loans that do not meet the pay history requirements, but the file contains the loan approval, AUS or 1008.

    There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the pay history either not being provided or the payment lates indicate the consumer has not paid as agreed.

    Seasoned – No Approval, Clean pay history – Loans that meet the pay history requirement, but the file does not contain a loan approval, AUS or 1008.

    There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the loan approval, AUS, or 1008 not being provided.

    Seasoned – No Approval, No clean pay history – Loans that do not meet the pay history requirements and the file does not contain a loan approval, AUS or 1008.

    There will be an **EV2-B** level compliance exception cited on the loan that identifies the issue with the pay history either not being provided or the payment lates indicate the consumer has not paid as agreed and the issue with the loan approval, AUS, or 1008 not being provided.

    Ineligible for Seasoned Review – Loans that do not meet the criteria to be considered for the reduced compliance scope.

    There will be an **EV3-C** level compliance exception cited on the loan that identifies the issue that causes the loan to not be eligible for the SFA Seasoned ATR Scope. (e.g. The loan is not seasoned 36 months from origination or from rate recast.) If transferred to full scope, then EV1-A

11. **Q.** If the loan is a business purpose loan, what will the ATR/QM loan designation be under this review?
    A. ATR - Exempt

12. **Q.** If the loan was originated by a CDFI lender, what will the ATR/QM loan designation be under this review?
    A. ATR - Exempt

13. **Q.** Will the review require the pay history for the most recent 36 months?
    A. Yes, If the seller cannot provide the most recent 36-month pay history, then the loan will not pass the minimum requirements, it will receive an exception and one of the two loan designations that identify the Pay History deficiency. The loan will not receive the best ATR/QM loan designation under this scope of "**Seasoned Reduced ATR Risk"**

14. **Q.** When presented with a loan for the Alternate Seasoned ATR Scope review, how will the TPR determine if the loan has not been modified from the original loan terms?
    A. The pay history will reflect the monthly mortgage payment and the Note within the loan file will also reflect the monthly mortgage payment. (This will be a little more complex for seasoned ARM loans that are 36 months or more after recast.) The TPR firm will use the data tape as a starting point to identify any modified loans by mod flags, mod dates and deferred monies. The TPR firm will also make sure the current terms disclosed are in line with the audited origination data to identify any loans that are modified but not flagged on the data tape.

15. **Q.** Is the 36-month pay history review only considering the subject mortgage loan itself or does it also extend to other trades on the borrower's credit report within that 36-month period (e.g., auto loan, student loan, etc.)? That is, is the determination of a clean pay history only looking at the pay history for the subject mortgage loan?
    A. The review is only looking at the pay history for the subject loan.

16. **Q.** Does the 36-month pay history review look back from the start of the TPR review such that if the only delinquencies that occurred were more than 36 months from review, they would not adversely impact the review in any way?
    A . This is not a life of loan pay history review, only the most recent 36 months prior to the diligence review.

17. **Q.** Is there an option to test loans for Seasoned QM (1026.43(e)(7))?
    A . No. This specific scope is not applicable for a Seasoned QM review as that would require the full Consider and Verify evaluation and loan term limitations. (30-year, no I/O or neg-am and points and fees limits)

18. **Q.** Please clarify the measurement for the ARM loans that the three-year period after the initial discounted rate. If the ARM had an initial discounted rate and has subsequently adjusted to the fully indexed rate in place at origination, is the 3-year clock from the adjustment that yielded a rate that would have been fully indexed at origination?
    A. The three-year clock for loans after reaching the recast period would be based on the fully indexed rate at the time of origination.
    i) In the event the start rate exceeds the fully indexed rate, then the review can be performed based on thirty-six payments from origination.
    ii) If the fully indexed rate exceeds the start rate, then three years after the loan's interest rate is set to reach the fully-indexed rate based on the terms of the Note (taking initial and periodic caps, index in effect at consummation, margin, and rounding method). (The fully indexed rate at the time of origination may exceed the interest rate at the time the loan meets the fully indexed rate. The testing would be unable to determine payment ability at or above the original fully indexed rate based on market conditions.) Testing the most recent 3 years pay history after the rate adjusted to the current index + margin with no impact by adjustment caps would be sufficient for

the testing. Example: 3/1 ARM loan with 2/1/5 caps closed on 10/1/2018 with a starting rate of 4.5% index of 5% and margin of 3%. The three-year period will start after 10/1/2023 (after the interest rate is scheduled to reach the fully-indexed rate based on the terms of the loan and using the index value at consummation)

19. **Q.** Would there be a method to clear or cure failures with alternative documentation, such as verified income? Or would the only recourse be to submit the loan under a different scope if it did not meet the requirements of the seasoned review?
    A. A different scope would be required, the seasoned compliance scope would not include a credit review or the acceptance of alternative documentation such as verified income to alter the review findings.

20. **Q.** Are fixed step-rate loans eligible if they are fully amortizing?
    A. 36 months after the loan reaches the full elevated payment at the top step.

21. **Q.** Are fixed rate buydown loans eligible if they are fully amortizing?
    A. 36 months after the loan reaches the full elevated payment after the end of the buydown period.

22. **Q.** Are balloons without an IO period eligible? (Updated November 2025)
    A . Possibly, see below limitations. If the balloon loan has a term of more than 5 years after the first payment and it is **not** a higher-priced covered transaction, it will be eligible for this scope, however:
    i. If the balloon loan is a higher-priced covered transaction, the loan will not be eligible for this scope.
    ii. If the balloon loan has a term of less than or equal to 5 years after the first payment, (the first five years after the date on which the first regular periodic payment will be due), the loan will not be eligible for this scope.

23. **Q.** Will the reduced scope impact any compliance testing outside of those specific to 1026.43?
    A. No, the other compliance testing will still be included. (The only test impacted and excluded when using this scope will be the credit review and the corresponding ATR/QM compliance evaluations under 1026.43(c)-(f)).

24. **Q.** Why are the ATR/QM loan designations for both moderate risk and elevated risk identified as "Seasoned"?
    A. The loans that are run through this review are "Seasoned" and the scope is in alignment with historical seasoned compliance only reviewed scopes with the addition of the two positive attributes of a loan approval and 36-month recent pay history review.

25. **Q.** Interest Only loan seasoned 36 months after recast to the fully amortizing payment. Is there a need to verify and test the date of recast to fully amortizing payment?
    A. Yes, If the loan is a 5-year interest only fixed rate, then the payment history must be for the period of 36 months after the recast period of 5 years to a fully amortizing payment. If an ARM that is also an Interest only loan, the 3 years will run from three years after recast to fully amortizing at the fully indexed rate.

26. **Q.** What are the acceptable Loan Approval documents?
    A. AUS, (LP, DU, etc), 1008, 1077, or loan approval or underwriting worksheet

27. **Q.** Has any prudential regulator "blessed" this scope?

A. No, although there was a meeting with CFPB to walk through the scope and the basis for the evaluation they did not “bless” the scope, but one or more participants did appear to agree, albeit informal feedback, this would be considered as a risk tolerance consideration, not as a compliance consideration.

28. **Q.** Were Ratings Agencies involved in the design of this scope?
    A. The major Rating Agencies participated in the SFA Seasoned Loan Scope of Review Task Force. However, they were not involved in the design of the Scope. Instead, their participation was limited to providing feedback based on their published criteria for how they would evaluate different options that were proposed and discussed by other task force constituencies, including issuers, diligence firms, and law firms. As decisions on the design and structure of the Scope were made by other task force constituencies, Rating Agencies also asked questions around implementation and use of the Scope.

29. **Q.** Can sampling be used for this reduced scope?
    A. For market participants looking to utilize this scope, it is recommended to reach out ahead of time to rating agencies directly to understand the impact of doing so. On the specific question of sampling, rating agencies have indicated that the use of this scope would be a factor in the overall determination of whether a pool can be rated using sampling, as well as what rating is assigned. Other factors impacting sampling would include the sample size and results of the sampling.

30. **Q.** What if the TPR firm cannot determine the fully indexed rate at closing to determine whether the loan had a teaser/introductory rate by virtue of missing documentation?
    A. In the event the index used by the originating lender is not documented within the loan file, the TPR will determine the index to use by selecting the lowest index values published within the lookback period from consummation. *(The current TRID Grid does not reference the index to be considered or the method to determine the index to be used by the TPR when the appropriate index value is not provided in the loan file for the index type reflected on the note. This will be updated in a future TRID GRID.)*

31. **Q.** For loans that indicate a minimal difference in the start rate in comparison to the fully indexed rate, can the start rate be considered adequate to confirm the consumer had the positive attribute of payments being made for the first 3 years or would the review still require the three years after the initial rate adjustment?
    A. Based on discussions, the workgroup agreed that for the purpose of this iteration of the scope, and possibly future versions as well, an initial interest rate on an ARM loan will be considered as discounted rate whether it is 0.05% or 3.50% lower than the calculated fully indexed rate.
    It was determined that a threshold should not be considered. Examples discussed are reflected below:

Terms	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8
UPB	750,000	750,000	750,000	750,000	1,625,000	1,625,000	1,625,000	1,625,000
Rate	5.9375%	6.000%	5.99%	6.00%	5.9375%	6.000%	5.99%	6.00%
Term (Months)	360	360	360	360	360	360	360	360
Payment	$4,466.54	$4,496.63	$4,491.81	$4,496.63	$9,677.50	$9,742.70	$9,732.25	$9,742.70
	Pmt Diff	$30.09	Pmt Diff	$4.82	Pmt Diff	$65.20	Pmt Diff	$10.45
Income PI = 35%	$ 12,761.54	$ 12,847.51	$ 12,833.74	$ 12,847.51	$ 27,650.00	$ 27,836.29	$27,806.43	$27,836.29
	Monthly	$ 85.97		$ 13.77	Monthly	$ 186.29		$ 29.86
	Annual	$ 1,031.66		$ 165.26	Annual	$ 2,235.43		$ 358.29

FI Rate	Rounded
5.9325	5.875
5.9375	6.000
5.9425	6.000

STRUCTURED FINANCE ASSOCIATION

FAQs – (Update November 2025)

32. **Q.** What is the recency expectation for pay histories in relationship to the TPR diligence?
A. The pay history through date must be within three (3) months of the deal start date for the review.

33. **Q.** If the pay history met the recency expectations based on the deal start date, but some loans in the deal were not reviewed until after the three-month recency consideration may have passed are updated payment histories required for the remaining loan files?
A. As long as the pay histories meet the recency requirements at the time of the deal start, updated payment histories are not required for the SFA Seasoned Review.

34. **Q.** Will updates to the pay history for pool selection considerations or Rating Agency model considerations impact previously completed SFA Seasoned pay- history reviews?
A. No, although the updated payment histories may be used for loan inclusion/exclusion considerations and can be used by Rating Agencies in their performance models.

35. **Q.** In the event the loan approval indicates the transaction was underwritten as a Stated Income/Stated Asset loan file would that satisfy the Loan Approval consideration requirements?
A. If the approval in the loan file indicates the lender did not consider and verify the consumer's income or assets, then the loan would not be considered to meet ATR and therefore would warrant an EV3-C level exception.

36. **Q.** In the event the loan approval indicates the lender did not consider either the DTI or the Residual Income as part of their underwriting would this satisfy the loan approval requirements?
A. If the approval in the loan file indicates the lender did not consider either the DTI or Residual Income, then the loan would not be considered to meet ATR and therefore would warrant an EV3-C level exception.

37. **Q.** Will credit reports be acceptable as a sole source of payment history?
A. Credit reports will not be acceptable to be relied upon for the payment history. The pay history review will be based on the servicer's loan payment history.

38. **Q.** Will the SFA Seasoned Review Scope alter or exclude any state level or other federal compliance testing outside of 12 C.F.R. § 1026.43(c)-(f)?
A. The SFA Seasoned Review Scope does not alter or exclude any other federal compliance testing or state level compliance testing. States with an Ability to repay component required will still be tested in accordance with the TPR firms existing processes for performing that evaluation. The reduction in the 12 C.F.R. § 1026.43(c)-(f) testing scope will not alter the need to test for compliance with state laws and other federal regulations.