

BULLETIN #2014-01

TO: Distribution

DATE:

January 10, 2014

RE: Correspondent Lending ATR/QM Guidance

EFFECTIVE DATE:

January 10, 2014

Correspondent Lending ATR/QM Guidance

This bulletin supersedes our previous guidance published on December 23, 2013 in Bulletin 2013-22. This bulletin modifies and clarifies CMG Financial Correspondent Lending's Policies pertaining to the Qualified Mortgage and Ability to Repay Rules established by the CFPB. This is effective for any and all applications dated on or after January 10, 2014. We further provide guidance for Truth in Lending modifications required by Dodd Frank implemented on January 1, 2014.

- CMG Policy ATR/QM
<http://docs.cmgfi.com/correspondent/cmg-financial-correspondent-atr-and-qm-guidance.pdf>
- CMG ATR/QM Quick Reference Guide
http://docs.cmgfi.com/correspondent/ATR_QM_Points-and-Fees-Quick-Reference-Correspondent.pdf
- Truth in Lending RESPA Section 8 Policy
<http://docs.cmgfi.com/correspondent/RESPA-Policy-Section-8-and-MSAs-et-al.pdf>
- Truth in Lending REG Z Policy/Homeownership Counseling
<http://docs.cmgfi.com/correspondent/Truth-in-Lending-and-Reg-Z-Policy-Homeownership-Counseling-Correspondent-Final.pdf>
- Truth in Lending REG Z Policy Disclosing LO
<http://docs.cmgfi.com/correspondent/Truth-in-Lending-and-Reg-Z-Policy-Disclosing-Loan-Originator-Info-on-Loan-Docs-and-1003s-CORRESPONDENT-Final.pdf>

Please note the following items have been amended from our Interim Policy sent on 12/23:

- FHA Manual Underwrites will be considered for purchase based on FHA manual underwriting guidelines referenced in the December 11, 2013 HUD final rule. CMG will require the MIC prior to purchase for FHA Manual loans.
- VA Manual Underwrites are allowed per VA guidelines subject to max DTI of 43%
- VA IRRRL are subject to income qualification and VA residual income guidelines. See VA Circular 26-14-1 (http://www.benefits.va.gov/homeloans/documents/circulars/26_14_1.pdf).
- Conventional and Jumbo loans require the Income/Debt Worksheet completed in each file.
- Conventional Loans with a DTI over 43% will be subject to our Residual Income thresholds.
- FHA and VA HPML loans are allowable with an AUS Approval and on FHA streamline refinances.
- Conventional HPML will only be allowed on HARP DU REFI Plus and LP Open Access loans.
- HPML will not be permitted on any Investment Property loans.
- GUS approved USDA loans are eligible for purchase. USDA Manuals and Streamlines will not be considered for purchase.
- On Truth in Lending Reg Z Disclosing LO – Loan Officer information is required on last page only of NOTE.
- On Truth in Lending RegZ Homeownership Counseling, a list of HUD-approved Counselors must be included in the initial RESPA disclosures for all loans, regardless whether the loan is subject to Section 32.

View a full copy of CFPB's Ability to Repay and Qualified Mortgage Standards under the Truth in Lending Act Reg Z Rule http://files.consumerfinance.gov/f/201305_cfpb_final-rule_atr-concurrent-final-rule.pdf

We realize that although the Dodd-Frank Act was passed in 2010, many of the rules and guidance regarding implantation from the CFPB and HUD have just recently been released or are still forthcoming. As a result, we will continually review our policies and are committed to keeping you informed. We appreciate your continued support and welcome any comments or feedback. Please send your questions and feedback to kraymond@cmgfi.com.

In our continuing effort to provide you with valuable tools we are providing some information via Webinars presented by Melissa Richards, CMB, Chief Legal & Risk Officer for CMG Financial:

- Understanding the Ability to Repay Rule and QM Underwriting Webinar
<http://docs.cmghi.com/compliance/Understanding-the-Ability-To-Repay-Rule-and-QM-Underwriting-Requirements-2013-10-08-09-59.wmv>
- Understanding Points and Fees Calculations for Section 32 and QM
<http://docs.cmghi.com/compliance/Understanding-Points-and-Fees-Calculations-for-Section-32-and-QM-9-19.wmv>

Resource Tab will Include Additional Industry Information regarding the Points and Fees test:

- Guidance from CFPB on Excluding Affiliate Fees
http://docs.cmghi.com/correspondent/cfpb_guidance_questions_and_answers_on_qm_affiliate_fees_final.pdf
- Guidance from CFPB on Appropriate Interest Rate for Excluding Discount points
http://docs.cmghi.com/correspondent/takeaways_from_cfpb_discount_point_meeting.pdf

All of this information and more resources are posted on our website under our **Seller Resources Tab** and the **Internal Dashboard**.

***Please contact your Correspondent Regional Manager or
your Correspondent Liaison with any questions.***

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