

BULLETIN #2014: 13

TO: Distribution

DATE: April 16, 2014

RE: Amended Correspondent Lending ATR/QM FINAL Guidance

EFFECTIVE DATE: April 16, 2014

Correspondent Lending ATR/QM Guidance

CMG Financial Correspondent Lending's policy pertaining to the Qualified Mortgage and Ability to Repay Rules, established by the CFPB, has been amended.

The following items have been amended from the ATR/QM Policy that was sent via bulletin number 2014I02 on January 14, 2014:

- VA IRRRL transactions will not require the LGC prior to purchase; however, evidence the funding fee has been paid or the loan is exempt will be required prior to purchase.
- NonI IRRRL VA loans that are manually underwritten will require the LGC prior to purchase.
- FHA streamline refinances will not require the MIC prior to purchase; however, evidence the upfront MIP has been paid will be required prior to purchase.
- FHA nonI streamline transactions that are manually underwritten will require the MIC prior to purchase.
- CMG will no longer require the seller to complete the residual income portion of the income debt worksheet on a transaction that has an AUS approval with a DTI over 43%. CMG auditors will calculate the residual income and determine if the file meets the CMG residual income threshold requirement. The minimum residual income requirement is posted on our income debt worksheet and is tiered based on reserves and occupancy. We reserve the right to decline to purchase a file that has a DTI over 43% with very low residual income and low reserves.

Please see Quick Reference Chart links below:

- CMG ATR/QM Quick Reference Guide:
http://docs.cmgfi.com/correspondent/041514_Correspondent_Quick_Reference.pdf
- CMG ATR/QM Amended Policy: http://docs.cmgfi.com/correspondent/041514_corr_Qm_policy_amended.pdf
- CMG Income/Debt/Residual Income Worksheet:
<http://docs.cmgfi.com/correspondent/IncomeI andI DebtI Worksheet.pdf>

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

We realize that although the DoddI Frank Act was passed in 2010, many of the rules and guidance regarding implementation 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 contact Kelly Raymond at kraymond@cmgfi.com with any further questions.

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