

**BULLETIN #2015-40**

**TO: Distribution**

**DATE: December 23, 2015**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- Superfund Site- What is it and why should you care?
- QM Points and Fees Thresholds
- Section 32 HOEPA Points & Fees Thresholds

**HEY, DID YOU KNOW THE EPA HAS A SUPERFUND SITE? WHAT IS IT AND WHY SHOULD YOU CARE?**

**Summary-** EPA's Superfund program is responsible for cleaning up some of the nation's most contaminated land and responding to environmental emergencies, oil spills and natural disasters. The Superfund site assessment process evaluates potential or confirmed releases of hazardous substances that may pose a threat to human health or the environment. The location of a subject property in a Superfund site or the proximity to a Superfund site may be evident via information in the purchase contract, appraisal, title work, and/or LoanSafe report. Current/potential contamination, marketability, or legal issues need to be addressed and reviewed and the adequacy of property as security for the mortgage determined.

**LoanSafe:**

- **Example Loan Safe Alert:** The subject property is located in the same zip as a Superfund site (an uncontrolled or abandoned place where hazardous waste is located) recognized by the EPA.
- **LoanSafe Recommended Action:** Verify status of Superfund site through the EPA website. Ensure any environmental hazards have been addressed on the appraisal, any required notifications are given to transaction participants, and loan is eligible for the intended program. Confirm all appropriate legal requirements for transfer of the property.

**Resources:**

- Fannie Mae Guidance: <https://www.fanniemae.com/content/guide/selling/b4/1.4/08.html>
- EPA & Superfund sites here: <http://www.epa.gov/superfund>
- EPA site assessment process: <http://www.epa.gov/superfund/superfund-site-assessment-process>
- Lookup a specific Superfund site here: <http://www.epa.gov/superfund/search-superfund-sites-where-you-live>

**Action to Take:** Review file for potential environmental hazards, research Superfund sites when applicable, and contact the EPA for additional information as needed:

- Disclose any information regarding environmental hazards to the appraiser and note the individual mortgage file accordingly if the real estate broker, the property seller, the property purchaser, or any other party to the mortgage transaction informs the lender that an environmental hazard exists in or on the property, or in the vicinity of the property.
- The lender must disclose such information to the borrower, and comply with any state or local

environmental laws regarding disclosure.

The lender must make the final decision about the need for inspections and the adequacy of the property as security for the mortgage. (The appraiser to comment on the effect of a hazard on the value and marketability of the subject property & the appraiser would have to note when there is market resistance to an area because of environmental hazards or any other conditions that affect well, septic, or public water facilities.)

### QM POINTS & FEES THRESHOLDS

**Effective on loans with a consummation/signing date of 1/1/2016 or after:**

The CFPB has updated the loan amount thresholds for the QM Points and Fees test. A loan is a Qualified Mortgage if the loan's total points and fees do not exceed the following thresholds:

- 3% of the total loan amount for a loan greater than or equal to \$101,749;
- \$3,052 for a loan amount greater than or equal to \$61,050 but less than \$101,749;
- 5% of the total loan amount for a loan greater than or equal to \$20,350 but less than \$61,050;
- \$1,017 for a loan amount greater than or equal to \$12,719 but less than \$20,350; and
- 8% of the total loan amount for a loan amount less than \$12,719

ComplianceEase and IDS will update their QM Points and Fees test effective 1/1/2016.

The updated [CMG Policy Quick Reference Guide](#) will be posted by 1/1/2016 and will state the following:

≥ \$101,749: 3% of the total loan amount  
\$61,050 - \$101,748: \$3,052  
\$20,350 - \$61,049: 5% of the total loan amount  
\$12,719 - \$20,349: \$1,017  
< \$12,719: 8% of the total loan amount

**Effective Date:** January 1, 2016

### SECTION 32 HOEPA POINTS & FEES THRESHOLDS

**Effective on loans with a consummation/signing date of 1/1/2016 or after:**

APR Threshold:

The APR threshold remains unchanged for 2016. To be a Section 32 high cost mortgage, the loan's APR will exceed the Average Prime Offer Rate (APOR) by more than 6.5% (or 8.5% for subordinate liens).

Points & Fees Threshold:

Both the loan amount limit and the flat rate limit were updated. To be a Section 32 high cost mortgage, the loan's total points and fees will exceed:

- 5% of the total loan amount for a loan greater than or equal to \$20,350, or
- The lesser of 8% of the total loan amount or \$1,017 for a loan less than \$20,350.

**Note:** The Section 32 HOEPA thresholds only apply to a loan for the borrower's principal dwelling.

ComplianceEase and IDS will update their Section 32 HOEPA Points and Fees test effective 1/1/2016.

The updated [CMG Policy Quick Reference Guide](#) will be posted by 1/1/2016 and will state the following:

≥ \$20,350: 5% of the total loan amount  
< \$20,350: lesser of 8% of the total loan amount or \$1,017

**Effective Date:** January 1, 2016

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

3160 Crow Canyon Road, Suite 400, San Ramon, CA. 94583 | 800.501.2001 | NMLS #1820 | [www.cmgfi.com](http://www.cmgfi.com)

© 2015 CMG Financial, All Rights Reserved. CMG Financial is a registered trade name of CMG Mortgage, Inc., NMLS #1820 in most, but not all states. CMG Mortgage, Inc. is an equal opportunity lender, licensed by the Department of Business Oversight under the California Residential Mortgage Lending Act No. 4150025, California Finance Lenders Law No. 6053674. For information about our company, please visit us at [www.cmgfi.com](http://www.cmgfi.com). To verify our complete list of state licenses, please visit [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org). For more information on State licenses, please visit <http://www.cmgfi.com/corporate/licensing>.

