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## Overview

CMG Mortgage, Inc., dba CMG Financial, NMLS #1820, (“CMG”) follows Department of Veterans Affairs guidance with regards to fees charged to the veteran on a VA loan. Lenders are permitted to charge an origination fee of up to one percent of the new loan amount after adding the funding fee to the loan, if the funding fee will be paid from loan proceeds (refer to VA Form 26-8923 for IRRRLs). If the full one percent origination fee is charged, only Allowable Fees may be charged to the borrower. If less than one percent origination is charged, then Unallowable Fees may only be charged up to one percent.

## Ownership

<b>Document Owner:</b>	Corporate Credit
<b>Applicable Channel(s):</b>	All Channels
<b>Process Responsibility:</b>	All production staff

## Allowable Fees Policy

CMG maintains the following restrictions on fees that are charged to the veteran for VA loans. All itemized fees and charges must be reasonable and customary, disclosed to the borrower in accordance with CMG’s compliance disclosure standards, and the origination fee may not exceed a one percent flat charge. The one percent calculation must be based on the new loan amount after adding the funding fee to the loan, if the funding fee will be paid from loan proceeds (refer to VA Form 26-8923 for IRRRLs); reasonable discount points may be charged.

If the full one percent origination is charged to the borrower:

- Only Allowable Fees as listed below may be charged in addition to the origination fee
  - All itemized fees must be reasonable, customary, and documented with invoices where applicable

If less than the full one percent origination is charged to the borrower:

- Unallowable Fees plus origination may be charged in sum total of up to one percent of the new loan amount after adding the funding fee to the loan, if the funding fee will be paid from loan proceeds (refer to VA Form 26-8923 for IRRRLs)
- Allowable Fees may be charged even if they exceed one percent

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**Allowable Fees**

The veteran/borrower may pay any or all of the following itemized fees and charges in amounts that are reasonable and customary:

- Appraisal and Compliance Inspections (excluding those requested by CMG or seller for reconsideration of value)
- Recording Fees
- Credit Report (see section below on Credit Report/AUS Fees)
- Prepaid Items (including taxes, assessments, and similar items for the current year chargeable to the borrower and the initial deposit for the tax and insurance account)
- Hazard Insurance Premium (including flood insurance, if applicable)
- Flood Zone Determination (must be for actual amount charged by third party, not CMG or seller fee)
- Survey (must have prior approval of VA if in connection with a condominium loan)
- Title Examination and Title Insurance (including an environmental protection lien endorsement, if required by CMG or lender)
- Special Mailing Fees for Refinancing Loans (only when saved per diem interest cost will exceed the cost of special handling)
- VA Funding Fee (applicable to all VA loans unless exempt)
- MERS Fee

Whenever a charge relates to services performed by a third party, the amount paid by the borrower must be limited to the actual charge of that third party and be properly documented in the loan file.

**Unallowable Fees**

If CMG or the seller charges the full one percent loan origination fee (for IRRRLs, the one percent flat charge is based on the principal balance of the current mortgage), they cannot charge unallowable fees. Unallowable fees are those that are not expressly specified in 38 CFR 36.4313 (examples below). Note: VA treats pest inspection fees the same as any other unallowable fee.

Third-party overcharges are not treated the same as unallowable fees for purposes of determining the aggregate one percent limit; third-party charges are limited to the invoice charge, regardless of the amount charged for the loan origination fee. In the case of appraisals, the amount charged cannot exceed VA’s published rates.

Subordination fees are treated differently than unallowable and third-party fees. Subordination fees cannot be financed into the loan, regardless of the amount charged for the loan origination fee. A subordination fee may be charged on the HUD-1 Settlement Statement; however, the Veteran must either pay this fee in cash or have a premium pricing credit large enough to cover the subordination charge.

Examples of unallowable VA fees (cost must be covered by flat fee):

- CMG/Lender’s appraisals
- CMG/Lender’s inspections
- Loan closing or settlement fees
- Document preparation fees
- Preparing loan papers or conveyancing fees
- Attorney’s services other than for title work

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- Photographs
- Interest rate lock-in fees
- Postage and other mailing charges, stationery, telephone calls, and other overhead
- Amortization schedules, pass books, and membership or entrance fees
- Escrow fees or charges
- Notary fees
- Commitment fees or marketing fees of any secondary purchaser of the mortgage and preparation and recording of assignment of mortgage to such purchaser
- Trustee’s fees or charges
- Loan application or processing fees
- Fees for preparation of truth-in-lending disclosure statement
- Fees charged by loan brokers, finders or other third parties
- Tax service fees
- **Termite Inspection**

Note: Chapter 8 of the VA Lender’s Handbook states Additional fees attributable to local variances may be charged to the veteran **only** if specifically authorized by VA. The lender may submit a written request to the Regional Loan Center for approval if the fee is normally paid by the borrower in a particular jurisdiction and considered reasonable and customary in the jurisdiction. The VA posts a table with details of the current allowable state and territory fees and charges deviations (exceptions) from fees normally considered unallowable:

[http://www.benefits.va.gov/homeloans/documents/docs/state\\_deviations.pdf](http://www.benefits.va.gov/homeloans/documents/docs/state_deviations.pdf)

**Credit Report/AUS Fees**

VA requires that both credit report charges and AUS charges are substantiated by evidence with corresponding invoices. The combined total for all credit reports cannot exceed \$100. The combined total for AUS submissions cannot exceed \$100. The only time where both a credit report and an AUS can be charged to the Veteran is on AUS “Refer” cases. A maximum total of \$100 still applies for the combined total of the credit report and AUS charges.

AUS fees charged to Veterans are limited to the actual evaluation fee charged to the lender in lieu of a credit report charge not to exceed a maximum total of \$100. The invoice must be included in the loan file. If invoices cannot substantiate the charge to the Veteran on the HUD-1, a refund would be due to the Veteran.

Itemization of Fees Policy

For loan applications completed on or after October 3, 2015, files must contain the Closing Disclosure. Lenders are not required to submit the HUD-1 itemization because this information must be provided on the Closing Disclosure.

**Discount Points and Premium Pricing Transactions**

There cannot be a credit for premium pricing and a charge for discount points in the same transaction.

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## Additional Information

*External Resources:*

- VA – Circular 26-15-24: [http://www.benefits.va.gov/HOMELOANS/documents/circulars/26\\_15\\_24.pdf](http://www.benefits.va.gov/HOMELOANS/documents/circulars/26_15_24.pdf)
- VA – Lender Handbook Chapter 8  
<http://benefits.va.gov/WARMS/docs/admin26/handbook/ChapterLendersHanbookChapter8.pdf>
- VA – Circular 26-14-36  
[http://www.benefits.va.gov/homeloans/documents/circulars/26\\_14\\_36.pdf](http://www.benefits.va.gov/homeloans/documents/circulars/26_14_36.pdf)
- VA – Circular 26-15-6  
[http://www.benefits.va.gov/HOMELOANS/documents/circulars/26\\_15\\_6.pdf](http://www.benefits.va.gov/HOMELOANS/documents/circulars/26_15_6.pdf)