COMPLIANCE UPDATE: QM POINTS & FEES THRESHOLDS

Effective on loans with a consummation/signing date of 1/1/2017 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 $102,894;
- $3,087 for a loan amount greater than or equal to $61,737 but less than $102,894;
- 5% of the total loan amount for a loan greater than or equal to $20,579 but less than $61,737;
- $1,029 for a loan amount greater than or equal to $12,862 but less than $20,579; and
- 8% of the total loan amount for a loan amount less than $12,862.

ComplianceEase and IDS will update their QM Points and Fees test effective 1/1/2017.

The updated Correspondent Lending Policy Quick Reference Guide will be posted by 1/1/2017 and will state the following:

- $\geq$ $102,894$: 3% of the total loan amount
- $61,737$ - $102,894$: $3,087$
- $20,579$ - $61,737$: 5% of the total loan amount
- $12,862$ - $20,579$: $1,029$
- $< $12,862$: 8% of the total loan amount

COMPLIANCE UPDATE: SECTION 32 HOEPA POINTS & FEES THRESHOLDS

Effective on loans with a consummation/signing date of 1/1/2017 or after:
The CFPB has updated the thresholds for the Section 32 HOEPA Points and Fees test. In order to be a Section 32 high cost mortgage, the loan will exceed either the APR or the Points & Fees thresholds.

**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 $20,579, or
- The lesser of 8% of the total loan amount or $1,029 for a loan less than $20,579.

**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 1/1/2017.

The updated [Correspondent Lending Policy Quick Reference Guide](#) will be posted by 1/1/2017 and will state the following:

- $\geq 20,579$: 5% of the total loan amount
- $< 20,579$: lesser of 8% of the total loan amount or $1029

**CMG does not purchase Section 32 High Cost loans.**

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