

Qualified Mortgage FAQ

COMPENSATION PLANS	
Q: Can compensation amounts vary between Borrower and Lender Paid?	A: Yes, compensation amounts can vary. The amount of Borrower Paid compensation can be less or more than the Lender Paid election.
Q: Can a Broker now reduce Lender Paid Compensation as a result of QM in certain circumstances?	A: No, the Broker cannot reduce Lender Paid Compensation under any circumstance. As a reminder, HomeBridge permits Brokers to change their Lender Paid Compensation election on a monthly basis.
3% POINTS AND FEES TEST	
Q: Is the 3% Points and Fees QM test computed off of the Note loan amount?	A: No. Per the regulation, the total loan amount is used for computation of the 3% Points and Fees Test. In most instances the total loan amount will be less than the Note loan amount. As a reminder, HomeBridge has reduced its maximum Lender Paid Compensation election bucket to 2.75% to facilitate transactions passing the 3% Points and Fees Test.
Q: If my lender is charging an Underwriting Fee, how will that effect my compensation?	A: The lender's Underwriting Fee is included in the 3% Points and Fees Test.
Q: Is FHA's financed UFMIP counted in the 3% Points and Fees Test?	A: No. FHA UFMIP is not included in the 3% Points and Fees Test.
Q: Does excess yield spread premium offset points and fees in the test?	A: No.
Q: Are Borrower Paid Single Premium MI loans acceptable?	A: Yes, loans with Borrower Paid Single Premium MI are acceptable.
Q: Will affiliate fees of the Broker be included in the 3% Points and Fees Test?	A: Yes, the portion of the fee that is retained by the Broker or an affiliate will be included in the 3% Points and Fees test.
Q: Are escrows for taxes and insurance included in the 3% Points and Fees Test?	A: No, escrows for taxes and insurance are not included.
Q: What options are available if a loan fails the 3% Points and Fees Test?	A: Options to resolve include Broker reducing compensation on Borrower Paid transactions or switching from Lender Paid to Borrower Paid compensation.
Q: For an FHA refinance that requires a full month interest in the payoff, is it considered a prepayment penalty and included in the 3% Points and Fees Test?	A: No, FHA monthly interest accrual is not considered a prepayment penalty. As such it is not included in the Points and Fees Test.

Qualified Mortgage FAQ

GENERAL QM/ATR	
Q: Is a Broker considered a creditor?	A: No. The Lender is considered the creditor.
Q: What does HPML stand for? Will HomeBridge continue to accept HPML loans?	A: Higher Priced Mortgage Loan. Yes, HomeBridge will follow existing policies in place regarding HPML loans. As a result of QM, HPML loans are not eligible on Jumbo transactions.
Q: Will HomeBridge offer Non-QM loans?	A: No, not at this time.
Q: Will HomeBridge require a certification from the Broker confirming they believe the loan to be QM compliant?	A: No. HomeBridge is not requiring a Broker certification at this time.
Q: Are Jumbo transactions covered in QM?	A: Yes, QM applies to Jumbo transactions with Broker applications dated January 10, 2014 and later.
Q: What loan products does QM impact?	A: All loan products fall under QM (conventional, FHA, VA, USDA and Jumbo).
Q: Will QM rules apply to investment properties?	A: HomeBridge will not apply QM rules to investment properties that are used for business purposes. See Bulletin 14-03 at www.homebridgewholesale.com for more details.
CREDIT IMPLICATIONS	
Q: Is DTI capped at 43% under QM?	A: No, DTI guidelines remain unaffected by QM. HomeBridge will continue to follow its current guidelines in place.
Q: Who is responsible for the final determination of a lenders "reasonableness and good faith" efforts to determine the borrower's Ability to Repay?	A: The agency, investor, or regulatory body in which the question is being raised makes the final determination.
Q: Will there be additional Residual Income guidelines as it pertains to the 8 underwriting factors?	A: Residual income guidelines will continue to apply only to VA loans.
Q: What is the borrower's responsibility to make a self-determination of their Ability to Repay?	A: The borrower does not have any responsibility. The responsibility lies with the Lender.

Qualified Mortgage FAQ

HOEPA COUNSELING DISCLOSURE	
Q: Will the Broker be required to provide proof a Homeownership Counseling Disclosure was provided to the borrower?	A: Yes. HomeBridge will require a borrower signed Homeownership Counseling Disclosure on all applications dated 1/10 and later. Refer to Bulletin 14-07 at www.homebridgewholesale.com for details.
Q: On a Mini-Banker transaction, is the Mini-Banker responsible to provide the Borrower with the Homeownership Counseling Disclosure?	A: Yes, the Mini-Banker is responsible to provide the borrower with the Homeownership Counseling Disclosure. HomeBridge Underwriting will condition for the disclosure.
ECOA VALUATIONS RULE	
Q: Will the Broker be required to provide proof a Notice of Right to Receive Copy of Appraisal disclosure was provided to the borrower?	A: Yes. HomeBridge will require a borrower signed Notice of Right to Receive Copy of Appraisal on all applications dated 1/18 and later. Refer to Bulletin 14-06 at www.homebridgewholesale.com for details.
Q: On a Mini-Banker transaction, is the Mini-Banker responsible to provide the Right to Receive an Appraisal disclosure to the borrower?	A: Yes, the Mini-Banker is responsible to provide the Right to Receive an Appraisal disclosure to the borrower. HomeBridge Underwriting will condition for the disclosure.
Q: With the new ECOA Valuations Rule, is just the appraisal required to be sent to the borrower by the lender?	A: HomeBridge as the lender will be required to provide the borrower with a copy of the appraisal(s) and all other written valuations of the property (i.e. AVM, field review, desk review, and second appraisal).
Q: On a Mini-Banker transaction, is the Mini-Banker responsible to provide the appraisal(s) and valuation(s) to the borrower three (3) days prior to closing?	A: Yes, the Mini-Banker is responsible to provide the appraisal(s) and valuation(s) to the borrower three (3) business days prior to closing. HomeBridge Underwriting will condition for proof the Mini-Banker complied.
Q: Do timing requirements apply to the delivery of the appraisal(s) and valuation(s)? How is the wait period measurement defined?	A: Yes, the lender must provide the documentation no later than three (3) business days prior to closing. Case-by-case exceptions for waivers are available on non-HPML loans. For HPML loans, there are no exceptions. The three (3) business day period begins the day the appraisal(s) and or valuation(s) were emailed or mailed to the borrower by HomeBridge.



Qualified Mortgage FAQ

MISCELLANEOUS	
Q: Does QM impact the ability of a LO to also be a licensed Realtor?	A: No, there is no impact.
Q: Is the Commitment Fee buyout option available for all locked loans or just for loans locked January 10, 2014 and later?	A: The Commitment Fee buyout option is available for loans locked January 10, 2014 and later. The option is available on new and existing pipeline.
Q: For a Borrower Paid transaction does a MLO have to be a salaried or hourly employee?	A: The payment and compensation of the MLO, as well as compliance with regulations, is the responsibility of the Broker.