

## Bulletin 20-04

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### **Change to Points and Fees and State/Federal High-Cost Tests on Qualified Mortgage Transactions**

Homebridge is revising the way the 3% points and fees and state/federal high-cost tests are run on Qualified Mortgage (QM) transactions using Lender Paid Compensation (LPC) based on investor clarifications.

Effective March 9, 2020 and later the points and fees and high-cost tests on QM transactions will be run using:

- **Actual** LPC figures, **and**
- **Actual** origination points/**actual** discount points

Tests will **no longer** be run reducing the LPC by the amount of the origination points when the discount points are a result of the LPC.

#### **Examples**

- **Current Test**
  - 1.5% origination points
  - 2% LPC
  - Test run using 1.5% origination points and .5% LPC (2% LPC minus 1.5% discount; LPC reduced by the amount of the origination points)
- **New Test – Effective 3/9/2020 and later**
  - 1.5% origination points
  - 2% LPC
  - Test will be run using 1.5% origination points and 2% LPC

As a reminder, Non-QM transactions are **not** impacted.

If you have any questions, please contact your Account Executive