



## ATR/QM Points and Fees

This document is intended to assist clients in meeting PennyMac's purchase requirements in regard to QM points and fees.

### PennyMac Interpretation by Topic

Topic	PennyMac Will Allow:	PennyMac Will Not Allow:
<b>Lender Credits</b>	PennyMac will permit lender credits to offset fees for the purposes of points and fees if those credits are itemized on the Closing Disclosure or other itemization.	PennyMac will not permit lender credits to offset fees for the purposes of points and fees without documents that verify the application of those credits.
<b>Lender Credits and Broker Compensation</b>	PennyMac will allow lender credits to offset all fees other than broker compensation for origination services.	PennyMac will not allow lender credits to offset broker compensation.
<b>Lender Credits and Broker Compensation</b>	PennyMac will allow lender credits to offset fees paid to brokers for non-origination related services.	PennyMac will not allow lender credits to offset broker compensation for the purposes of points and fees.
<b>Lender Credits and Broker Affiliates</b>	PennyMac will allow lender credits to offset fees paid to broker affiliates for non-origination services, such as: administrative activities; negotiation of a loan modification by a servicer; real estate broker activities; third parties providing advisory services like an attorney; loan processing; underwriting; credit approval; and production management.	PennyMac will not allow lender credits to offset fees paid to broker affiliates for origination services, which includes taking an application, offering an extension of credit, or assisting a consumer to obtain an extension of credit.
<b>Seller Credits</b>	PennyMac will allow seller credits to offset all finance charges, including discount points (except for broker compensation).	PennyMac will not allow seller credits to offset non-finance charges (such as title charges retained by the creditor affiliate) and broker compensation.
<b>Broker Compensation</b>	PennyMac will allow broker compensation to be reduced in connection with an unforeseen circumstance.	PennyMac will not allow broker compensation to be reduced to cure a TILA or QM points and fees cure.
<b>Creditor Affiliates and amount retained</b>	PennyMac will allow a lender to exclude from points and fees amounts paid to but not retained by an affiliate of the creditor (with the proper documentation, including invoices).	PennyMac will not allow a lender to exclude from points and fees amounts retained by the creditor affiliate.
<b>Creditor Affiliates and real estate related fees</b>	PennyMac will allow a lender to exclude annual hazard insurance premiums not paid into escrow from points and fees.	PennyMac will not allow a lender to exclude from points and fees hazard insurance premiums that are both paid into escrow and retained by the creditor or creditor affiliate.
<b>PMI</b>	PennyMac will allow a lender to exclude from points and fees up front PMI that is refundable over the life of the policy and that is not in excess of FHA limits.	PennyMac will not allow a lender to exclude from points and fees up front PMI that is refundable over 3 or 5 years.
<b>Forms</b>	PennyMac will accept the Encompass Fee Detail Worksheet, Calyx LoanScoreCard, Wells Fargo Fee Detail Worksheet and DTI Worksheet.	PennyMac will not require the use of any particular form to provide points and fees or DTI information.
<b>Residual Income</b>	PennyMac will accept residual income calculations.	PennyMac will not require evidence of the borrower's residual income.
<b>Discount Points</b>	PennyMac will allow a lender to exclude discount points from points and fees if they are bona fide, and with the proper documentation.	PennyMac will not allow a lender to exclude discount points from points and fees without a rate lock sheet, without an adjusted rate stack, or other documentation from which to derive the undiscounted rate.
<b>Business Purpose Exemption to QM</b>	PennyMac will purchase a loan that is exempt from QM, such as an investment property, subject to the applicable purchase requirements.	PennyMac will not purchase a loan regarding an investment property with greater than 5% points and fees.
<b>Non-Standard to Standard Exemption to QM</b>	PennyMac will purchase a QM loan that also meets the requirements of the Non-Standard to Standard Exemption.	PennyMac will not purchase a non-QM loan because it meets the Non-Standard to Standard Exemption to QM.
<b>Construction phase of Construction to Perm Exemption to QM</b>	PennyMac will purchase Construction to Permanent loans without subjecting the Construction phase to QM requirements.	PennyMac will not purchase Construction to Permanent loans if the permanent phase of the loan does not meet QM requirements.
<b>QM Application Date-Construction loans.</b>	PennyMac will continue to purchase loans with application dates prior to January 10, 2014. Such loans are not subjecting to QM requirements.	PennyMac will not purchase non-QM loans with application dates on or after Jan 10, 2014.
<b>Disclosure of Home Ownership Counseling Organization List</b>	PennyMac will purchase loans where the lender provided the borrower with either a list of homeownership counseling organizations or a disclosure containing a link to the counseling organization list. PennyMac will only purchase loans providing a link to the website if the lender is presently working on systems to generate the list automatically.	PennyMac will not purchase loans if the lender did not comply with the all requirements regarding the Disclosure of the Home Ownership Counseling Organization List.
<b>FHA-QM Cure</b>	PennyMac will purchase loans which have been cured so that the loans meet the applicable points and fees threshold before insurance endorsement by the FHA.	PennyMac will not purchase loans which have been cured so that they meet the applicable points and fees threshold after insurance endorsement by the FHA.
<b>CFPB QM Cure</b>	PennyMac will purchase loans that have been cured so that the loans meet the applicable points and fees threshold, include interest based on the note rate, and were delivered to the borrower within 210 days of consummation.	PennyMac will not purchase loans that have been cured so that the loans meet the applicable points and fees threshold, if the cure did not include interest, or was cured more than 210 days after consummation.

The purpose of this announcement is to help Correspondents understand PennyMac's requirements related to the ATR/QM rule. This announcement is not legal advice and PennyMac does not represent that following this guidance will ensure compliance with any regulatory requirements. This document is not intended to provide a comprehensive account or description of regulatory requirements; Correspondents must consult with their external and internal legal counsel and compliance departments to determine what steps are necessary to ensure compliance with all applicable legal and regulatory requirements. Nothing in this document should be construed as a modification or waiver of the terms of the Loan Purchase Agreement, including any representations and warranties made therein.