

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:
Lender Credits	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.
Lender Credits and Broker Compensation	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.
Lender Credits and Broker Compensation	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.
Lender Credits and Broker Affiliates	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.
Seller Credits	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.
Broker Compensation	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.
Creditor Affiliates and amount retained	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.
Creditor Affiliates and real estate related fees	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.
PMI	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.
Residual Income	Pennymac will accept residual income calculations.	Pennymac will not require evidence of the borrower's residual income.
Discount Points	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.
Business Purpose Exemption to QM	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.
Non-Standard to Standard Exemption to QM	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.
Construction phase of Construction to Perm Exemption to QM	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.
Disclosure of Home Ownership Counseling Organization List	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.
QM Cure	Pennymac will purchase loans that have been cured prior to loan closing via itemized credits to points and fees.	Pennymac will not purchase loans that have been cured after closing.

The purpose of this document is to help Correspondents understand Pennymac's requirements related to the ATR/QM rule. This document 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.

