QM Safe Harbor vs QM Rebuttable Presumption:

The Difference

We only accept Safe Harbor Loans

QM

Safe Harbor

Passes Safe Harbor/ HPML Tests*

Meets ATR

Passes QM Pts & Fee Test

Rebuttable Presumption

HPML

*Excluding FHA exception
All loans not Early TIL or Folder Receive by January 10th will be subject to the following 3 tests:
**HPML and Safe Harbor:**

What is the test?

<table>
<thead>
<tr>
<th>TO PASS</th>
<th>Conventional &amp; VA</th>
<th>FHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safe Harbor Test</td>
<td>APR &lt; APOR + 1.50%</td>
<td>APR &lt; APOR + 1.50% + 1.15 for FHA UFMIP, + Annual MI</td>
</tr>
<tr>
<td>HPML Test</td>
<td>APR &lt; APOR + 1.50%</td>
<td>APR &lt; APOR + 1.50%</td>
</tr>
</tbody>
</table>

**FHA Exception to the HPML Test:**

- With FHA, we are allowed to have a higher priced mortgage loan (HPML) so long as the loan passes the FHA Safe Harbor Test.
  - In this instance, the loan can fail the HPML Test and still be QM Safe Harbor.
  - A full appraisal (interior and exterior) is required to be completed by a licensed and certified appraiser.
  - If the loan is a Purchase “flip”, two full appraisals are required and second appraisal must be paid for by the Lender.

**Connecticut, Maryland, New York and North Carolina** have state regulations that restrict all HPML loans.

Therefore, in these four states an FHA loan must pass both the Safe Harbor and HPML Test.
When will we run HPML Test?
• This test will be run at every status starting at Registration.
• If the loan is not passing HPML, your Rocket Launcher, Folder Receive Analyst, CCS/SPS or Suspense Analyst will call you to advise test failed.
• A loan will not be able to move to the next status if it is failing HPML.

How can you fix it?
• Your Rocket Launcher, Folder Receive Analyst, CCS/SPS or Suspense Analyst will send you our QM Findings Worksheet and call you to work on solutions of how to fix.
• You will need to send in a Change in Circumstance (CIC) form to CIC@quickenloans.com to make any changes to fix the loan after Folder Receive.

Lock:
• You will not be able to lock if a loan is failing HPML.

When will we run Safe Harbor Test?
• This test will be run throughout the process starting at Registration.
• If the loan is not passing Safe Harbor, your CCS/SPS or Suspense Analyst will call you to advise Safe Harbor Test failed.
• A loan will not be able to move to the next status if it is failing Safe Harbor.

How can you fix it?
• Your Rocket Launcher, Folder Receive Analyst, CCS/SPS or Suspense Analyst will send you our QM Findings Worksheet and call you to work on solutions of how to fix.
• You will need to send in a CIC form to CIC@quickenloans.com to make any changes to fix the loan after Folder Receive.
What you will see on the Portal:
• A client condition will auto trigger when a loan fails Safe Harbor.
• Condition will auto clear once the loan is passing Safe Harbor.

Lock:
• You will not be able to lock if a loan is failing Safe Harbor.

**QM Points & Fees Test:**

What is the test?

*Points & Fees Test Limitations*
• Standard QM requirement
• Points and fees will be restricted at certain loan amounts
• Capped at 3% for loan amounts ≥ $100k (Total compensation is still capped at 3%)
• Cap is adjusted upward for loan amounts < $100k

The table below outlines the points and fees restrictions at different loan amounts.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000 and up</td>
<td>3% of QM total loan amount</td>
</tr>
<tr>
<td>$60,000 up to $100k</td>
<td>$3,000</td>
</tr>
<tr>
<td>$20,000 up to $60k</td>
<td>5% of QM total loan amount</td>
</tr>
<tr>
<td>$12,500 up to $20k</td>
<td>$1,000</td>
</tr>
<tr>
<td>Less than $12,500</td>
<td>8% of QM total loan amount</td>
</tr>
</tbody>
</table>

We will run an automated QM Points and Fees Test that will let us know if the total Points and Fees are within limitation.
When will we run QM Points and Fees Test?
- This test will be run throughout the process starting after the initial underwrite.
- We will not hold up a loan from moving downstream until Final Signoff Pending. After this status, a loan will need to be passing the Points and Fees Test to move forward.
- Prior to Conditional Approval or Suspense, whichever comes first, you can email or call our SOS Team (SOS@quickenloans.com or 800-443-2556) to have the points and fees breakdown sent to you.

How can you fix it?
- Your CCS/SPS or Suspense Analyst will send you our QM Findings Worksheet and call you to work on solutions of how to fix if the Points and Fees Test fails.
- You will need to send in a CIC form to CIC@quickenloans.com to make any changes to fix the loan after Folder Receive.

What you will see on the Portal:
- A client condition will auto trigger when a loan fails the Points and Fees Test.
- Condition will auto clear once the loan is passing the Points and Fees Test.

Lock:
- You will be able to lock a loan if it is failing the Points and Fees Test.
- We will restrict you from locking at Final Signoff Pending if a loan is failing the Points and Fees Test.
Fees Included in the Points & Fees Calculation:

Our Legal Team will continue to review and evaluate these fees to ensure that we are making accurate interpretations of the QM Rule as defined by the CFPB. Your QLMS Account Executive and Operations Team Members will be sure to communicate any updates made to this list as soon as they are implemented.

- LO Comp/Origination Fee
- Underwriting Fee
- Processing Fee
- Property Inspection Waiver
- Discount Points (non bona fide)
- Flood Life of Loan Coverage
- Life of Loan Tax Service Fee
- Tax Certification Fee
- Subordination Fee
- Condo Questionnaire
- Condo Budget/ByLaws/Master
- Wire Fee
- Settlement or Closing Fee
- Notary Fees
- Attorney Fees
- Bankruptcy Search/CEMA Processing Fee/Travel Fee/Admin Closing
- Patriot Act Searches/Copies of Supporting Documents
- Additional Title Charges
- Miscellaneous Closing Fees
- Express Mail/Courier Fee
- Payoff Request Fee

The following fees are excluded from the test, unless it is paid to/charged by an Affiliate of QLMS or Partner. In this case, the fee will be included.

- AMC Fee
- Abstract or Title Search
- Title Examination
- Title Insurance Binder
- Doc Preparation Fee
- Additional Closing Fees
- Lender’s Title Insurance
- Owner’s Title Insurance
- ALTA and Endorsement Fees
Frequently Asked Questions:

1. How do I know if we have an Affiliate Relationship?

   Every Partner should have completed an Affiliate Agreement form. We have taken this and set up our system to recognize the Affiliate Relationship if there is one. We will be able to check our Affiliate Database to see whether we have a particular company on file, but you should always verify with the owner of your company as well. You can use the following link to update your list of Affiliates, http://www.qlmortgageservices.com/affiliate-renewal

2. How does the process of an Affiliate work with regards to QM?

   The main Affiliates that we are concerned about are AMC, closing agents and title companies. At Submit Full Package you will be asked if you are using an Affiliate or if you are using another 3rd party agent. If using an Affiliate, the fees charged to the Client will carry over into our system and be included in the Points & Fees Test.

3. Why does QLMS include some fees in the Points & Fees Test that do not need to be included if charged by an Affiliate of the ‘originator’?

   We are evaluating several fees based on evolving interpretations, and at this time we are including these fees. We expect to make changes in upcoming weeks and will keep our Partners informed as they are implemented.

4. What if I want to ask a question about QM or an affiliated business before I submit a loan?

   Please continue to reach out to our SOS Team at SOS@quickenloans.com. We have a team of QM Experts in place to help get your questions answered as quickly as possible.