

Finding information for ATR / QM Testing

First you must know where to find the ATR/QM Tests.
It is built into MBOT.

1) To find the MBOT Test first go here within the MBOT file. Screen shot below:

The screenshot shows the 'Loan Estimate' page in the MBOT system. The top navigation bar includes 'FINASTRA FUSION MORTGAGE BOTLOS' and 'jheinrich - Originator Manager'. The main content area is titled 'Loan Estimate' and has tabs for 'Loan Estimate' and 'Fees'. A red arrow points to the 'MBOT' icon in the top navigation bar. The page displays a warning: 'This application exceeds the 10% tolerance baseline.' Below this, there are sections for 'Origination Charges' and 'Discount Points'.

Fee Name	Current	Paid By	Paid To	Details
Origination Charge	\$3,196.02	Borrower	Lender	
Discount to balance	(\$0.21)	Borrower	Lender	
Origination Charge	\$981.88	Borrower	Lender	

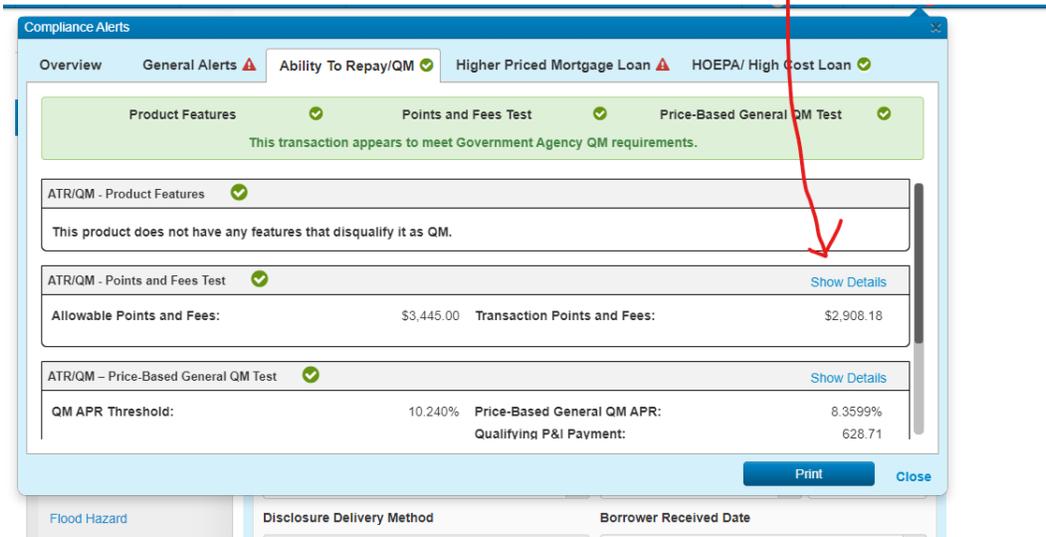
2) Then go to the Ability to Repay test as shown below.

The screenshot shows the 'Compliance Alerts' page in the MBOT system. A red arrow points to the 'Ability To Repay/QM' tab. The page displays loan details and important dates.

Loan Details	
Amortization Type:	Fixed
Amortization Term:	360
Lien Position:	First
AUS Approval Date:	11/15/2022
Product:	FHA 30
Note Rate:	6.625%
PITI:	\$834.94
Loan Purpose:	Purchase
Occupancy:	Primary
Residence:	Residence
Rate Status:	Floating

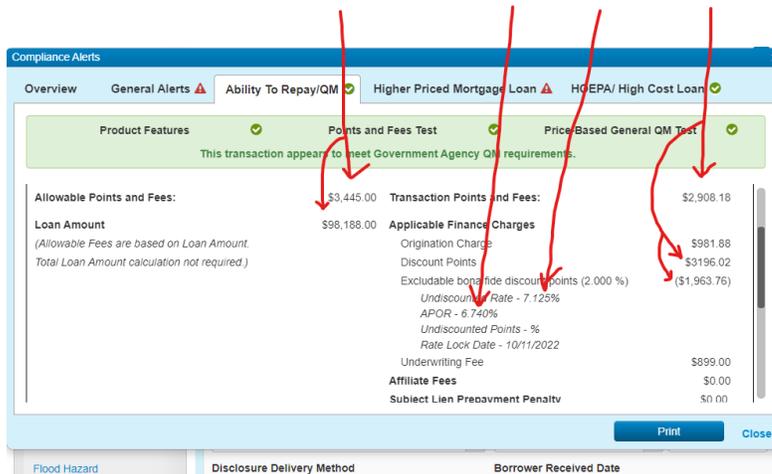
Important Dates	
Application Received:	10/11/2022
Intent to Proceed Expressed:	10/11/2022
Initial Loan Estimate Provided:	10/11/2022
Initial Loan Estimate Received:	10/14/2022
Redisclosure Required Date:	11/5/2022
Revised Loan Estimate Provided:	11/2/2022
Revised Loan Estimate Received:	11/5/2022
Closing Cannot Occur Until:	11/10/2022

3) Then click on the first ATR Points and Fees test, "Show Details".



4) Under the show details, you will see the below information. There are many data points to reference on this page. Those are:

- The allowed fees for each loan which is auto calculated by MBOT based on annual CFPB figures, by each different loan amount. The percentage of fees that can be charged decreases the larger the loan size.
- The current total fees we are charging AFTER any excludable discount points and lender credits are backed out.
- The total of the excluded discount points.
- The APOR on the transaction. Note you will want to write down this number and add 1%, and 2% for later use. Ex. APOR is 6.74%, write down 7.74%, & 8.74% for later use.



5) If the Ability to Repay tab is GREEN, it passes feel free to print these tests. If you have any questions on any of the tests discuss it further with your direct manager.

Loan Pipeline Search Results 171173 916 - Sterling

Compliance Alerts

Overview General Alerts Ability To Repay/QM Higher Priced Mortgage Loan HOEPA/ High Cost Loan

Product Features Points and Fees Test Price-Based General QM Test

This transaction appears to meet Government Agency QM requirements.

ATR/QM - Product Features

This product does not have any features that disqualify it as QM.

ATR/QM - Points and Fees Test

Allowable Points and Fees: \$3,445.00 Transaction Points and Fees: \$2,908.18

ATR/QM - Price-Based General QM Test

QM APR Threshold: 10.240% Price-Based General QM APR: 8.3599%

Qualifying P&I Payment: 628.71

Print Close

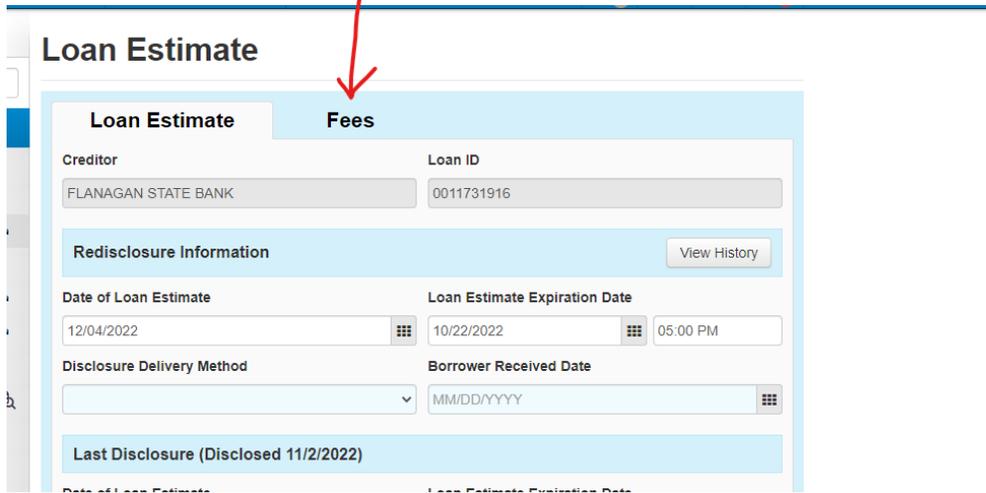
Discount to balance (\$0.21) Borrower Lender

Origination Charge \$981.88 Borrower Lender

ATR / QM Testing Training

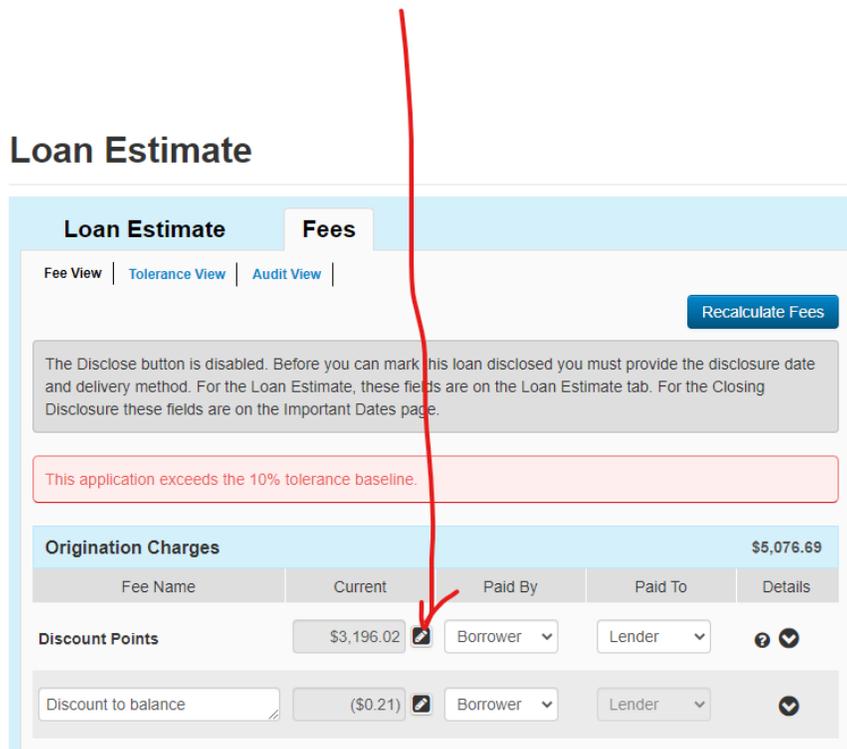
How the Discount Screen Should be Set-Up

1. See the first screen shot to get to the discount fee on the Loan Estimate



The screenshot shows the 'Loan Estimate' interface with the 'Fees' tab selected. A red arrow points from the text above to the 'Fees' tab. The interface includes fields for 'Creditor' (FLANAGAN STATE BANK) and 'Loan ID' (0011731916). Below these are sections for 'Redislosure Information' with a 'View History' button, 'Date of Loan Estimate' (12/04/2022), 'Loan Estimate Expiration Date' (10/22/2022 05:00 PM), 'Disclosure Delivery Method', and 'Borrower Received Date' (MM/DD/YYYY). A 'Last Disclosure (Disclosed 11/2/2022)' section is also visible.

2. After you get to the Fees Tab on the LE, click on the PENCIL on the discount fee line item



The screenshot shows the 'Loan Estimate' interface with the 'Fees' tab selected. A red arrow points from the text above to a pencil icon on a 'Discount Points' line item in a table. The interface includes a 'Recalculate Fees' button and a message: 'The Disclose button is disabled. Before you can mark this loan disclosed you must provide the disclosure date and delivery method. For the Loan Estimate, these fields are on the Loan Estimate tab. For the Closing Disclosure these fields are on the Important Dates page.' A red warning box states: 'This application exceeds the 10% tolerance baseline.'

Origination Charges					\$5,076.69
Fee Name	Current	Paid By	Paid To	Details	
Discount Points	\$3,196.02	<input checked="" type="checkbox"/>	Borrower	Lender	
Discount to balance	(\$0.21)	<input checked="" type="checkbox"/>	Borrower	Lender	

3. After you click on the PENCIL you will see a screen that looks like the below come up

The screenshot shows a 'Fee Change' form with the following fields and values:

%	Total	Undiscounted Rate	Undiscounted Points
<input type="text" value="3.2550%"/>	<input type="text" value="\$3,196.02"/>	<input type="text" value="7.1250%"/>	<input type="text" value="0.0000%"/>

Below the table are three sections:

- Change Event Date:** with a calendar icon.
- Reason for Change:** A dropdown menu.
- Notes:** A large text area.

At the bottom right, there are 'Cancel' and 'Submit' buttons.

4. The most important field for the ATR/QM test to figure correctly is the undiscounted rate field. This field should ALWAYS be the maximum rate that is available on the FSB Rate Sheet, BUT this field should ONLY be filled in if the actual rate on the loan is lower than that maximum rate. If the actual rate on your loan is ALSO the maximum rate on the FSB Rate Sheet, then you would NOT fill in this field. See an example below. In this example the actual rate is 6.625% and the maximum rate on this day was 7.125%.

This screenshot is identical to the one above, but with a red arrow pointing to the 'Undiscounted Rate' field, which contains the value 7.1250%.

- The second field that is important, but should be very seldomly used, is the undiscounted points field. A Screen shot of this field is below:

The screenshot shows a 'Fee Change' form with the following fields and values:

%	Total	Undiscounted Rate	Undiscounted Points
<input type="text" value="3.2550%"/>	<input type="text" value="\$3,196.02"/>	<input type="text" value="7.1250%"/>	<input type="text" value="0.0000%"/>

Below the table are three sections:

- Change Event Date:**
- Reason for Change:**
- Notes:**

At the bottom right, there are 'Cancel' and 'Submit' buttons.

- This field should NOT be used and left blank or at zero. Note, there are times when this field could be used but there are very few times when this would be the case.
- To know what discounts should be excluded you must know the ATR / QM Rules that allow you to exclude bona-fide discount points. Those rules are below:

Exclude up to 2 *bona fide* discount points **if** the interest rate before the discount does not exceed the APOR for a comparable transaction by more than 1 percentage point; or exclude up to 1 *bona fide* discount point **if** the interest rate before the discount does not exceed the APOR for a comparable transaction by more than 2 percentage points.

In the attached example, our APOR is 6.74%, and therefore we will compare based on the rules above to 7.74%, and 8.74%.

8. To ascertain the excludable discount points, you must look at the MBOT compliance test and check the APOR on the loan. A screen shot of this as an example is below:

The screenshot shows a 'Compliance Alerts' window with several tabs: Overview, General Alerts (with a warning icon), Ability To Repay/QM (with a checkmark), Higher Priced Mortgage Loan (with a warning icon), and HOEPA/ High Cost Loan (with a checkmark). Below the tabs, there are three green checkmarks for 'Product Features', 'Points and Fees Test', and 'Price-Based General QM Test'. A message states: 'This transaction appears to meet Government Agency QM requirements.' Below this, there is a section for 'ATR/QM - Points and Fees Test' with a checkmark and a 'Hide Details' link. The main table displays the following data:

Allowable Points and Fees:		Transaction Points and Fees:	
Allowable Points and Fees:	\$3,445.00	Transaction Points and Fees:	\$2,908.18
Loan Amount	\$98,188.00	Applicable Finance Charges	
<i>(Allowable Fees are based on Loan Amount. Total Loan Amount calculation not required.)</i>		Origination Charge	\$981.88
		Discount Points	\$3196.02
		Excludable bona fide discount points (2.000 %)	(\$1,963.76)
		Undiscounted Rate - 7.125%	
		APOR - 6.740%	
		Undiscounted Points - %	
		Rate Lock Date - 10/11/2022	
		Underwriting Fee	\$899.00

At the bottom of the window, there are 'Print' and 'Close' buttons. Below the window, a partial view of another interface shows 'Discount to balance' with a value of '\$(0.21)', a 'Borrower' dropdown, and a 'Lender' dropdown.

9. In the example, our APOR is 6.74%, and therefore we will compare the above to the 1% above at 7.74%, and the 2% above at 8.74%.

10. The starting rate (Undiscounted Rate) in our example is 7.125%. This rate is below the first comparison rate of 7.74%. Therefore, we can exclude 2 discount points from the ATR Calculation. The second calculation is NOT viable as 2 discount points are already excludable. However, if our starting rate was at 8.125%, then we could only exclude 1 discount point (8.125% vs. 8.74%).

11. Entering Undiscounted Rate and Points to the Discount "PENCIL":

For the numbers from step 10 to figure correctly within our MBOT Test, we simply enter 7.125% in the undiscounted rate field AND leave the undiscounted points field BLANK. See a screen shot below:

The screenshot shows a 'Fee Change' form with a blue header and a light blue body. The form contains several input fields and a table. A red arrow points from the top of the page down to the 'Undiscounted Rate' field, and another red arrow points from the top of the page down to the 'Undiscounted Points' field.

Fee Change			
%	Total	Undiscounted Rate	Undiscounted Points
<input type="text" value="3.2550%"/>	<input type="text" value="\$3,196.02"/>	<input type="text" value="7.1250%"/>	<input type="text" value="0.0000%"/>
Change Event Date	Reason for Change	Notes	