

HPML and QM APR Testing Guide

QM applies to Agency, VA and USDA loans with an application dated on or after January 10, 2014 and to FHA loans with a case number assigned on or after January 10, 2014 and are owner-occupied, second home and non-business use investment properties.

	Conventional*, VA, and USDA		FHA	
	Loan Eligible	Appraisal Delivery Waiver Eligible	Loan Eligible	Appraisal Delivery Waiver Eligible
PASS HPML and PASS QM APR Test	Yes	Yes	Yes	Yes
FAIL HPML and FAIL QM APR Test	<p>Yes</p> <ul style="list-style-type: none"> VA manual underwrite (“Refer” or manual downgrade). Max 41% DTI USDA manual underwrite or Streamlined Refinance. Max 43% DTI <p>Ineligible</p> <ul style="list-style-type: none"> USDA Pilot Refinance 	No	<p>Yes</p> <p>FHA manual underwrite (“Refer” or manual downgrade). Max 43% DTI</p>	No
FAIL HPML and PASS QM APR TEST	<p>N/A as threshold is the same.</p> <p>Results will be either: PASS/PASS or FAIL/FAIL (see applicable category above for eligibility)</p>	N/A	<p>Yes</p> <p>FHA manual underwrite (“Refer” or manual downgrade) DTI > 43% exception basis only</p>	No
PASS HPML and FAIL QM APR Test	<p>N/A as threshold is the same.</p> <p>Results will be either: PASS/PASS or FAIL/FAIL. (see applicable category above for eligibility)</p>	<p>N/A - Owner-occupied</p> <p>Yes – Second home</p>	Yes	Yes

As a reminder, all QM loans must pass the 3% Points and Fees Test. The 3% Points and Fees Test is independent of the QM APR Test.

*Includes Fannie Mae HomeStyle and FHA 203(k) Full Consultant and Streamlined