

PPDocs, Inc. Compliance Certificate

Lender: Peirson & Patterson
Borrower(s): Webinar Demo, a single man
Property: 2310 W Interstate 20, Arlington, TX 76017
Loan Type: First Lien Fixed Rate Conventional Loan
Loan Purpose: Purchase
Loan Number: 4651320
Closing Date: 02/12/2014
Ordered By: Peirson & Patterson
Investor: * No Investor *
Loan Term: 360 months P&I
Order Number: 201401030090

HCML	HPML	QM	State High Cost	FNMA 5%	MDIA	HUD 1
✓	✓	✗	✓	✓	✓	✓

Legend

- ✓ Passed
- ✗ Failed

Section 32: High-Cost Mortgage Analysis:

The following points and fees test methodology, format, and terminology directly tracks the points and fees calculation text published by the CFPB on pages 37 through 41 of the Ability-to-Repay And Qualified Mortgage Rule Small Entity Compliance Guide, the most recent version of which is located at: http://files.consumerfinance.gov/f/201310_cfpb_atr-qm-small-entity_compliance-guide.pdf. PPDocs, Inc. has only added applicable calculations to support the CFPB's published methodology.

Points and Fees Test

1. Finance Charges. In general, include all items included in the finance charge (see § 1026.32(b)(1)(i))

<u>Description</u>	<u>Amount</u>
Tax service	\$125.00
Flood certification	\$17.00
Daily interest charges	\$209.59
Mortgage insurance premium	\$150.00
Settlement or closing fee	\$350.00
Loan origination fee	\$1,000.00
Underwriting fee	\$150.00
Processing fee	\$365.00
Application fee	\$50.00
Closing fee	\$150.00
Amortization fee	\$25.00
TOTAL	\$2,591.59

\$2,591.59

However, you may **exclude** the following types and amounts of charges, even if they normally would be included in the finance charge:

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-Interest or the time-price differential: (\$209.59)

-Private mortgage insurance (PMI) premiums: Exclude monthly or annual PMI premiums. You may also exclude up-front PMI premiums if the premium is refundable on a prorated basis and a refund is automatically issued upon loan satisfaction. However, even if the premium is excludable, you must include any portion that exceeds the up-front MIP for FHA loans. Those amounts are published in HUD Mortgagee Letters. \$0.00

-Bona fide third-party charges not retained by the creditor, loan originator, or an affiliate of either.

<u>Description</u>	<u>Amount</u>
Flood certification	(\$17.00)
Settlement or closing fee	<u>(\$350.00)</u>
TOTAL	(\$367.00)

(\$367.00)

-Bona fide discount points (§ 1026.32(b)(1)(i)(E) and (F) and (b)(3)).

--None, because there are no discount fees or the fees are not bona fide, discount fees may not be excluded.

\$0.00

Total charges that must be included in the calculations \$2,015.00

2. Loan originator compensation (§ 1026.32(b)(1)(ii))

Include compensation paid directly or indirectly by a consumer or creditor to a loan originator other than compensation paid by a mortgage broker or creditor to an employee. Include compensation that is attributable to the transaction, to the extent that such compensation is known as of the date the interest rate for the transaction is set.

Compensation paid directly by a consumer to a mortgage broker:	\$150.00
Compensation paid by a creditor to a mortgage broker:	\$75.00
Compensation paid by a consumer or creditor to a manufactured home retailer:	\$0.00
Compensation included in the sales price of a manufactured home:	\$0.00

Total compensation that must be included in the calculations \$225.00

3. Real estate-related fees (§ 1026.32(b)(1)(iii))

The following categories of charges are **excluded** from points and fees **only if**:

- a. The charge is reasonable;
- b. The creditor receives no direct or indirect compensation in connection with the charge; and
- c. The charge is not paid to an affiliate of the creditor.

If one or more of those three conditions is **not** satisfied, **you must include** these charges in points and fees even if they would be excluded from the finance charge:

<u>Description</u>	<u>Amount</u>
Document preparation	<u>\$150.00</u>
Total fees that must be included in the calculations	\$150.00

4. Premiums for credit insurance; credit property insurance, other life, accident, health, or loss-of-income insurance where the creditor is beneficiary; or debt cancellation or suspension coverage payments (§ 1026.32(b)(1)(iv)) \$0.00

5. Maximum prepayment penalty (§ 1026.32(b)(1)(v)) \$0.00

6. Prepayment penalty paid in a refinance (§ 1026.32(b)(1)(vi)) \$1,000.00

7. Charges paid by third parties. (Comment 32(b)(1)-2)

<u>Description</u>	<u>Amount</u>
Warranty Deed Review by seller	<u>\$100.00</u>

Less Seller's Points:

<u>Description</u>	<u>Amount</u>
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Seller credit for Processing fee (\$100.00) \$0.00

8. Creditor-paid charges. (Comment 32(b)(1)-2)

Charges paid by the creditor, other than loan originator compensation paid by the creditor that is required to be included in points and fees under § 1026.32(b)(1)(ii), can be excluded from points and fees.

<u>Description</u>	<u>Amount</u>	
Lender credit for Closing fee	<u>(\$150.00)</u>	(\$150.00)
TOTAL ACTUAL POINTS AND FEES		\$3,240.00

Note amount: \$100,000.00

"Amount Financed" per Truth-In-Lending (Regulation Z): \$97,658.41

"Total Loan Amount" per Truth-In-Lending (Regulation Z): \$96,508.41

Limits on points and fees for High-Cost Mortgage Loan:

- (i) 5 percent of the total loan amount for a transaction with a loan amount of \$20,000 or more; or
- (ii) The lesser of 8 percent of the total loan amount or \$1,000 for a transaction with a loan amount of less than \$20,000;

	<u>Amount</u>	<u>Percent</u>
ALLOWED MAXIMUM POINTS AND FEES	\$4,825.42	5.00%
LESS TOTAL ACTUAL POINTS AND FEES	\$3,240.00	
CUSHION	\$1,585.42	32.86%
POINTS AND FEES TEST		PASSED

Prepayment Penalty Test

No prepayment penalty may be charged after 36 months	Passed
Prepayment penalty may not exceed 2% of amount prepaid	Passed
PREPAYMENT PENALTY TEST	PASSED

APR Test

APR (According to 32(a)(3)): 4.8518

APOR: 4.6000%

Maturity Term: 30 Year

Published Date: Monday, January 06, 2014

Lien Position: First lien

APR - APOR: 0.2518

The APR must not exceed the Average Prime Offer Rate (APOR) by:

- (i) 6.5% if the loan amount is greater than or equal to \$50,000.00 and it is a first lien
- (ii) 8.5% if the loan amount is less than \$50,000.00 and it is a first lien
- (iii) 8.5% if the loan is a subordinate lien

APR TEST PASSED

Section 35: Higher-Priced Mortgage Analysis:

If the loan's APR exceeds the Average Prime Offer Rate as published by the Federal Reserve Board in effect when the rate is set by 1.5% or more (2.5% for 1st lien jumbo, 3.5% for 2nd liens), this loan is a higher-priced mortgage loan.

Application Date	01/10/2014
Lock Date	01/10/2014

Compliance Certificate

Annual Percentage Rate*	4.85 %
Average Prime Offer Rate (30-year maturity published on 01/06/2014)	<u>- 4.60 %</u>
APR minus Average Prime Offer Rate	0.25 %

*The following fees were excluded from the APR calculation. The following fees and charges have been excluded from the APR calculation. These are fees that are normally designated as an APR fee.

Document preparation	150.00
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SUMMARY

This loan is not an HPML loan.

Section 43: >Qualified Mortgage Analysis:

Loan Information

QM Type: General QM
 Lien Position: First Lien
 Rate Type: Fixed Rate
 This Loan has a 30 year term.
 The interest rate on this Loan was set on Friday, January 10, 2014
 The applicable APOR date is: Friday, January 10, 2014
 The APOR to compare this Loan to is: 4.6000%
 This Loan's APR is: 4.8518%
 This Loan is not an HPCT loan

The following points and fees test methodology, format, and terminology directly tracks the points and fees calculation text published by the CFPB on pages 37 through 41 of the Ability-to-Repay And Qualified Mortgage Rule Small Entity Compliance Guide, the most recent version of which is located at: http://files.consumerfinance.gov/f/201310_cfpb_atr-qm-small-entity_compliance-guide.pdf. PPDocs, Inc. has only added applicable calculations to support the CFPB's published methodology.

Points and Fees Test

1. Finance Charges. In general, include all items included in the finance charge (see § 1026.32(b)(1)(i))

<u>Description</u>	<u>Amount</u>
Tax service	\$125.00
Flood certification	\$17.00
Daily interest charges	\$209.59
Mortgage insurance premium	\$150.00
Settlement or closing fee	\$350.00
Loan origination fee	\$1,000.00
Underwriting fee	\$150.00
Processing fee	\$365.00
Application fee	\$50.00
Closing fee	\$150.00
Amortization fee	<u>\$25.00</u>
TOTAL	\$2,591.59
	\$2,591.59

However, you may **exclude** the following types and amounts of charges, even if they normally would be included in the finance charge:

-Interest or the time-price differential:	(\$209.59)
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Compliance Certificate

-Private mortgage insurance (PMI) premiums: Exclude monthly or annual PMI premiums. You may also exclude up-front PMI premiums if the premium is refundable on a prorated basis and a refund is automatically issued upon loan satisfaction. However, even if the premium is excludable, you must include any portion that exceeds the up-front MIP for FHA loans. Those amounts are published in HUD Mortgage Letters. \$0.00

-Bona fide third-party charges not retained by the creditor, loan originator, or an affiliate of either.

<u>Description</u>	<u>Amount</u>	
Flood certification	(\$17.00)	
Settlement or closing fee	<u>(\$350.00)</u>	
TOTAL	(\$367.00)	\$367.00

-Bona fide discount points (§ 1026.32(b)(1)(i)(E) and (F) and (b)(3)).

--None, because there are no discount fees or the fees are not bona fide, discount fees may not be excluded.

\$0.00

Total charges that must be included in the calculations \$2,015.00

2. Loan originator compensation (§ 1026.32(b)(1)(ii))

Include compensation paid directly or indirectly by a consumer or creditor to a loan originator other than compensation paid by a mortgage broker or creditor to an employee. Include compensation that is attributable to the transaction, to the extent that such compensation is known as of the date the interest rate for the transaction is set.

Compensation paid directly by a consumer to a mortgage broker:	\$150.00
Compensation paid by a creditor to a mortgage broker:	\$75.00
Compensation paid by a consumer or creditor to a manufactured home retailer:	\$0.00
Compensation included in the sales price of a manufactured home:	\$0.00

Total compensation that must be included in the calculations \$225.00

3. Real estate-related fees (§ 1026.32(b)(1)(iii))

The following categories of charges are **excluded** from points and fees **only if**:

- a. The charge is reasonable;
- b. The creditor receives no direct or indirect compensation in connection with the charge; and
- c. The charge is not paid to an affiliate of the creditor.

If one or more of those three conditions is **not** satisfied, **you must include** these charges in points and fees even if they would be excluded from the finance charge:

<u>Description</u>	<u>Amount</u>	
Document preparation	<u>\$150.00</u>	
Total fees that must be included in the calculations		\$150.00

4. Premiums for credit insurance; credit property insurance, other life, accident, health, or loss-of-income insurance where the creditor is beneficiary; or debt cancellation or suspension coverage payments (§ 1026.32(b)(1)(iv)) \$0.00

5. Maximum prepayment penalty (§ 1026.32(b)(1)(v)) \$0.00

6. Prepayment penalty paid in a refinance (§ 1026.32(b)(1)(vi)) \$1,000.00

7. Charges paid by third parties. (Comment 32(b)(1)-2)

<u>Description</u>	<u>Amount</u>
Warranty Deed Review by seller	<u>\$100.00</u>

Less Seller's Points:

<u>Description</u>	<u>Amount</u>
Seller credit for Processing fee	<u>(\$100.00)</u>

Compliance Certificate

\$0.00

8. Creditor-paid charges. (Comment 32(b)(1)-2)

Charges paid by the creditor, other than loan originator compensation paid by the creditor that is required to be included in points and fees under § 1026.32(b)(1)(ii), can be excluded from points and fees.

<u>Description</u>	<u>Amount</u>	
Lender credit for Closing fee	<u>(\$150.00)</u>	(\$150.00)
TOTAL ACTUAL POINTS AND FEES		\$3,240.00

Note amount: \$100,000.00

"Amount Financed" per Truth-In-Lending (Regulation Z): \$97,658.41

"Total Loan Amount" per Truth-In-Lending (Regulation Z): \$96,508.41

Limits on points and fees for QM:

(i) A covered transaction is not a qualified mortgage unless the transaction's total points and fees, as defined in § 1026.32(b)(1), do not exceed:

(A) For a loan amount greater than or equal to \$100,000 (indexed for inflation): 3 percent of the total loan amount;

(B) For a loan amount greater than or equal to \$60,000 (indexed for inflation) but less than \$100,000 (indexed for inflation): \$3,000 (indexed for inflation);

(C) For a loan amount greater than or equal to \$20,000 (indexed for inflation) but less than \$60,000 (indexed for inflation): 5 percent of the total loan amount;

(D) For a loan amount greater than or equal to \$12,500 (indexed for inflation) but less than \$20,000 (indexed for inflation): \$1,000 (indexed for inflation);

(E) For a loan amount less than \$12,500 (indexed for inflation): 8 percent of the total loan amount.

(ii) The dollar amounts, including the loan amounts, in paragraph (e)(3)(i) of this section shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) that was reported on the preceding June 1.

	Amount	Percent
ALLOWED MAXIMUM POINTS AND FEES	\$2,895.25	3.00%
LESS TOTAL ACTUAL POINTS AND FEES	\$3,240.00	
CUSHION VIOLATION	\$344.75	

POINTS AND FEES TEST FAILED

Toxic Features Test

Loan term must be 30 years or less.	Passed
Loan may not contain negative amortization	Passed
Loan must have substantially equal payments, fixed interest rate, and loan term of 5 years or longer for a balloon.	Passed

TOXIC FEATURES TEST PASSED

State High Cost Analysis:

A. POINTS AND FEES TEST

The following fees and charges have been designated to be included in the calculation to determine whether this loan is subject to the Texas High Cost Home Loan Law:

Appraisal fee	250.00
Credit report	10.00

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Tax service	125.00
Flood certification	17.00
Document preparation	0.00
Mortgage insurance premium	150.00
Settlement or closing fee	350.00
Warranty Deed Review	100.00
Loan origination fee	1,000.00
Underwriting fee	150.00
Processing fee	365.00
Application fee	50.00
Closing fee	150.00
Amortization fee	25.00
	0.00
Document preparation	150.00
Overnight fee	30.00
Courtesy Closing	+ 125.00
Total Points and Fees	3,047.00
Total Loan Amount	97,008.41
Total Points and Fees / Loan Amount (3,047.00 / 97,008.41)	3.141 %

If the points and fees meets or exceeds 8% of the total loan amount, this loan is a high-cost home loan.

B. APR TEST

Loan Term	30 years
Application Date	01/10/2014
Annual Percentage Rate*	4.852 %
Treasury Rate (30-year maturity published on 12/13/2013)	- 3.880 %
APR minus Treasury Rate	0.972 %

If the loan's APR exceeds the interest rate of a treasury security having a comparable maturity by more than 8% (10% for subordinate lien), this loan is a high-cost home loan.

*The following fees were excluded from the APR calculationThe following fees and charges have been excluded from the APR calculation. These are fees that are normally designated as an APR fee. Without the inclusion of these fees, the APR may be misleading.

Document preparation	150.00
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SUMMARY

This loan is not a high cost loan.

Fannie Mae Fee Cap Analysis:

The following fees and charges have been designated to be included in the calculation to determine whether this loan is subject to the Fannie Mae 5% Fee Cap.

Tax service	125.00
Loan origination fee	1,000.00

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Underwriting fee	150.00
Processing fee	365.00
Application fee	50.00
Closing fee	150.00
Amortization fee	+ 25.00
Total Fees	1,865.00

Total Fees Divided By Total Loan Amount (1,865.00 / 100,000.00) 1.865 %

SUMMARY

This loan passes the Fannie Mae fee cap test.

MDIA Summary:

APR Summary

<u>Interest Rate</u>	<u>APR</u>	<u>Disclosed APR</u>	<u>Point Difference</u>
4.5000%	4.8518%	4.9000%	-0.0482

This loan was **OVERDISCLOSED** by 0.0482%

Date Analysis

Application Date:	1/10/2014
Initial TIL Sent Date:	11/1/2013
Initial TIL Received Date:	11/5/2013
Earliest Allowable Closing Date:	11/9/2013
Closing Date:	2/12/2014

SUMMARY

Point difference between Disclosed APR and actual APR is within tolerance. Closing Date timing is valid.

HUD 1 Tolerance Summary:

Charges That Cannot Increase

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>	<u>Cure Amt</u>
Our origination charge	801	\$1,980.00	\$1,740.00	N/A
Credit or charge for interest rate	802	\$2,000.00	\$0.00	N/A
Your adjusted origination charges	803	\$3,980.00	\$1,740.00	N/A
Transfer taxes	1203	\$0.00	\$0.00	N/A

Charges That in Total Cannot Increase More Than 10%

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>
Government recording charges	1201	\$125.00	\$125.00
Appraisal fee	804	\$250.00	\$250.00
Credit report	805	\$10.00	\$10.00

Compliance Certificate

Tax service	806	\$125.00	\$125.00
Flood certification	807	\$17.00	\$17.00
Mortgage insurance premium	902	\$1,800.00	\$150.00
Total Charges:		\$2,327.00	\$677.00
Increase between GFE and HUD Charges:		\$-1,650.00	or N/A
Maximum Increase Allowed:		\$232.70	or 10.0000%
Amount to Cure:		\$0.00	or 0.0000%

Charges That Can Change

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>
Initial deposit for your escrow account	1001	\$0.00	\$0.00
Daily interest charges	901	\$123.29	\$209.59
Homeowner's insurance premium	903	\$744.00	\$744.00
Title services and lender's title insurance	1101	\$1,015.40	\$1,014.40
Owner's title insurance	1103	\$890.40	\$890.40

PPDocs, Inc. certifies that the above calculations are accurate based on the information the user has entered.

NOTICE: This Compliance Certificate is the product of the various tests that PPDocs, Inc. analyzed for this transaction. The findings above are intended to act as a tool to correct any potential errors before a package is generated for closing and to assist in understanding the various rules and regulations currently in place. This includes certain audits we have programmed where appropriate to warn the user if the loan created exceeds limits or thresholds for federal high cost (Section 32/HCML); higher-priced mortgage loans (Section 35/HPML); state high cost home loans; Texas home equity loans (also referred to as Texas 50(a)6 loans) requiring a 3% fee maximum and 80% LTV maximum; or FNMA/FHLMC's 5% limit on fees. Please be aware that audits may change periodically due to client input, and updates to both federal and state regulations.

It should be noted that our audits are only as good as the information entered and is ultimately the user's responsibility. Our closers are not responsible for determining which fees are to be included and which are not. Our system uses certain assumptions based on standard requirements to include or exclude items in these calculations such as discount points (which may be considered "bona fide"), or lender and affiliate fees to be included in high cost calculations. However, the user may flag or un-flag any item as needed and at their discretion