1. What is a higher priced mortgage loan?
   - In general, a higher priced mortgage loan (HPML) is a loan with an annual percent rate (APR) that is higher than a set tolerance calculated from the Average Prime Offer Rate (APOR).

2. What is an annual percentage rate?
   - The annual percentage rate (APR) is the interest representation of the mortgage interest rate in combination with points, fees, and mortgage insurance.

3. What is the Average Prime Offer Rate?
   - The Average Prime Offer Rate (APOR) is the average of an annual percentage rate that is based on average interest rates, fees, and other terms on a mortgage offered to highly qualified borrowers on a given day. The APOR of the lock date of your loan will be used to calculate the HPML tolerance. If your loan is not locked yet, the application date is used to calculate the APOR.

4. Where do I look on the Mavent to determine if my loan is a HPML?
   - There are alerts under the ATR/QM and/or the Higher Priced sections of the Mavent (shown below in red boxes). Read the details of the alert(s) to clarify exactly for what the Mavent is alerting. For Conv/VA primary property loans, the relevant alert is found under the Higher Priced section. For all FHA loans and Conv/VA secondary or investment properties, the relevant alert is under the ATR/QM section.

Contact the Branch Relations Department if you have any questions on handling an HPML loan. Please contact them at 714-831-4334 or branchrelations@afncorp.com
5. Where do I find the HPML threshold?
• For Conv/VA primary property loans, the threshold is under the Higher Priced section. For all FHA loans and Conv/VA secondary or investment properties, the threshold is under the ATR/QM section.
• Example of alert under the Higher Priced section (HPML threshold in red box in this example):

6. How do I calculate the HPML threshold for a Conventional or VA loan?
• The HPML threshold for a Conventional or VA loan is: APOR + 1.5%. If the loan is locked, use the lock date APOR, and if not locked use the application date APOR. (APOR rate is shown on the alert; tables are online at: http://www.ffiec.gov/ratespread/aportables.htm)

7. How do I calculate the HPML threshold for a FHA loan?
• The HPML threshold for a FHA loan is: APOR + 1.15% + the annual MIP rate (aka the MMI rate). If the loan is locked, use the APOR of the lock date. If the loan is not locked yet, use the APOR of the application date.

8. How do I apply a specific lender credit?
• Keep in mind that putting a lump sum lender credit on page 3 of the 1003 will not affect the current APR.
• To apply a specific lender credit, go to the 2015 Itemization under the Forms tab and mark paid by “L” in the “Paid By” column to pay for the whole fee. (Paid By column shown in red box, and paid by “L” shown in green box in the example below.)

9. How do I identify an APR affecting fee?
• A fee is APR affecting if the box in the “A” column of the 2015 Itemization is marked. (Shown in the red box in the example below.)

10. What do I do if I have exhausted one of the three options and the current APR is still above the HPML threshold?
• In this case you will need to use a combination of the three options.
• For example, if lender credits were applied to APR fees on the 2015 Itemization (as shown in #8 above) but the current APR is still over the HPML threshold, consider also decreasing the interest rate and/or increasing the loan amount. Keep in mind when you decrease the interest rate, there may be a charge for the rate associated the interest rate decrease. The charge for rate is an APR fee so if the charge for rate increases, the APR will increase as well. Balance these three options to best suit the borrower and scenario.