

Regulation Title	Regulator	Applies to	Disclosure	Highlights/Features of the Law
Real Estate Settlement Procedures Act RESPA Regulation X	Department of Housing and Urban Development – HUD (also supervises FHA, GNMA, Housing Programs)	Application	Good Faith Estimate of Closing Cost <u>Special Information Booklet</u> –“ HUD Guide to Closing Costs”	Residential Only, < 25 Acres, Lot Loans, Commercial Exempt. Borrower provides SS, Name, Prop Addr. Sales Price, Loan Amount and Income for GFE Application. Lender provides GFE within 3 business days. Can only Charge Credit report until customer sees GFE. 0% Change between App and Closing on Mortgage Fees, Transfer Tax< 10% on Title and Required Providers, unless customer shops. GFE fees locked for 10 Business days (Bus day = M-F, Fed Holidays).
		Business Practices	Section 8 - Anti-Kickback Provision	No “thing of value” in exchange for referrals. Payment for referral when no service is rendered is considered Kickback. Gifts must be given to all. Penalty – up to \$10,000 per. Ownership interest excluded in compensation.
		Business Practices	Controlled/Affiliated Business Arrangement Disclosure	Interested parties must disclose nature of business relationship at time of sale – only owners may receive compensation. Arrangement MUST add value to consumer or considered “Sham”
		Closing	HUD-1 Settlement Statement	24 hours prior to closing borrower may inspect HUD-1- Compare GFE to HUD-1 – any variance must be cured at closing.
		Application/ Servicing	Transfer of Servicing/Servicing Practices - Initial/Annual Aggregate Escrow Disclosure	Signed disclosure within 3 bus days. Borrower has right to 1.) Annual analysis, 2.) 15 day notice of servicing sale from selling and buying lender 3.) Max “cushion” 3 months (2+1)
Truth-in-Lending Act TILA Regulation Z Includes Mortgage Disclosure Improvement Act MDIA changes	Federal Reserve Board (Soon to be regulated under Consumer Financial Protection Agency – CFPA)	Application/ Closing	APR Disclosure - (OO -Owner Occupied Only)	Truth in Lending delivered to borrower within 3 business days of application and minimum 7 days prior to closing. No borrower fee (ex credit rpt) before TIL. Re-disclose any change > tolerance. Tolerance for change </> .125%. Discloses cost of credit, prepayment, late charges and other loan terms. (Precise Bus Day = Mon-Sat ex Fed Holidays/General Bus Day = Day your company is open (ie: M-F))
		Application	ARM/Non-traditional Loan Disclosure (Non-Trad. or Hybrid = anything with < 5 Year fixed and changing payments) HELOC	If loan is an ARM, borrower receives ARM disclosure (terms, index, history and CHARM (Consumer Handbook on ARMs) Booklet “Consumer Handbook on Adjustable Rate Mortgages” booklet HELOCs – Borrower receives “When Your Home is on the Line” booklet
		Business Practices	Advertising	Advertised interest rates must give APR at same type size. Quoting rates – must quote APR before contract rate. Trigger terms – anything specific to loan type, rate, fees – require complete disclosure
		Closing	Right of Rescission – (OO)	Owner Occupied Refinance only. Each borrower has 3 day right to cancel transaction. Each borrower must receive 2 copies.
		Application/ Closing	Home Ownership Equity Protection Act (OO) (Section 32 – High Cost Loans) Disclosure and Truth in Lending. HOEPA	Loans with rate > 8% (10% for 2nds) over Treasury, > 8 points are considered “High Cost”. NO 1.) Negative Amortization, 2.) Balloons < 5 years 3.) Prepayment Penalties 4.) Demand/Call provision 5.) 50% DTI, 6.) Lending without regard to repayment, 7.) HOEPA to HOEPA refi within 12 months, 8.) HELOCs exempt, but may not structure loan as HELOC to avoid. Borrower has 3 days PRIOR to closing + 3 days after Closing to Cancel.
			Section 35 – “Higher Priced Mortgage Loans” (OO) HPML	1.5% (3.5% for 2 nd) over FHLMC Prime Rate Survey (From FHFA site) – Disclosure, No: Prepay, Lending without regard to repayment, no-documentation.
Equal Credit Opportunity Act ECOA Regulation B	Bank - OCC Mortgage Banker/Broker - FTC	Application	Non-Discrimination Disclosure Decisioning Guidelines – Fair Lending	No discrimination on Race/Ethnicity, Gender, Childbearing, Age. Cannot discourage applicant from applying. Must give written notice of status within 30 days. Credit report, app, pre-qualification starts timing. Borrower has right to appraisal copy – request within 90 days of app – send within 30 days. State Married/Unmarried only
		Processing	Fair Credit Reporting	State ALL reasons and provide all sources for adverse information. Borrower may receive copy of credit report. Fair and Accurate Transactions (FACTA) Identity Red Flags must be reviewed and reported
Home Mortgage Disclosure Act HMDA – Reg C	Federal Reserve Board	Application	1003 Data Collection	Reporting Data to identify discriminatory practices. Request Borrower Data – Must guess if borrower refuses. State “Lender Designation”. HMDA Threshold for high Cost is 3%/5% (1 st /2 nd) over comparable treasury security for reporting.

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Gramm-Leach-Bliley – Financial Privacy Act	FTC	Application Servicing	Financial Privacy and Information Sharing	Consumers must be given option to “opt out” of information sharing. Prohibits “pretexting” – calling to for permission to share personal information under the guise of needing it for the purpose of a transaction. CUSTOMER only (established business relationship)
			Safeguarding	Lender has duty to protect borrower “personal identifiable” data (See FACTA) – social security, date of birth, account numbers. Must properly destroy or dispose of credit reports. Company must have information security procedure.
Fair and Accurate Credit Transactions FACTA - FTC		Application	Identity Theft	Lenders must have identity theft plan – detect identity theft red flags at application, processing, closing, servicing. Vendors must have plan.
		Application	Credit Score Disclosure/Risk Based Premium Disclosure	Lender must provide borrower with credit score and description of impact on interest rate and loan terms. At Application
HOPA – Home Ownership Protection Act - FTC		Application Servicing	PMI Cancellation	Mandatory PMI cancellation at 78%LTV for non-high risk loans, 77% for High risk (FHA, non-prime)
SAFE – Secure and Fair Enforcement for Mortgage Licensing HUD		Business Practices	Loan Originator Licensing	Non-Fed Originators (LO’s and Companies) must be licensed by states, must have credit standards; Must complete 20 hrs Pre-Lic Ed/8 Hours Cont Ed. Pass State/National Test. (States still issue license) Effective Feb 1, 2011 Fed Originators (bank) must be registered in NMLS (Due 7/31/2011)
Appraisal Independence – Dodd Frank (Formerly Home Valuation Code of Conduct – HVCC)		Appraisal Process		Borrower must receive appraisal copy 4 days prior to closing/note date. Production staff may not order/talk to appraisers. QC 10% of appraisals.
Telephone Consumer Protection Act Telemarketing and Consumer Fraud Abuse Prevention Act		Sales Process		Do Not Call list – 31 days to remove you once you register. If customer, can still call.