



**WEINER
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**Virginia Mortgage Lenders Association
Legislative and Regulatory Update**

June 4, 2013

– presented by –

Jack Konyk

Executive Director, Government Affairs

VMLA Legislative and Regulatory Update

June 4, 2013

What's In Store, and When ?

- Ability to Repay and “QM” - 1/10/14
- High-Cost Mortgages & Homeownership Counseling – 1/10/14
- Escrow Accounts for Higher-Priced Loans – 6/01/13
- Mortgage Servicing – 1/10/14
- Appraisals for Higher-Priced Mortgage Loans – 1/18/14
- ECOA Appraisals Requirements – 1/18/14
- Loan Originator Compensation and Qualification – 1/10/14
- Financing of Credit Insurance – *delayed until 1/10/14*

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Breaking News !!!!

- **Elimination of *some* double-counting in Points and Fees**
 - Payments to *employees* from their *employers* not double counted
 - Payments from *creditors* to others (like brokers) still counted
 - Payments to affiliated companies still counted
- **Temporary Relaxation of Balloon QM (2 years)**
 - Loans don't have to be in rural/underserved areas if portfolioed
 - Get full safe harbor if APR doesn't exceed APOR by more than 3.5%
- **New Small Creditor Portfolio QM**
 - Under \$2 B in assets; less than 500 loans last year (including affiliates)
 - NOT required to be in rural/underserved areas
 - Must conform to General QM standards *except* 43% DTI (can exceed)
 - Loses status if held in portfolio less than 3 years
 - Get full safe harbor if APR doesn't exceed APOR by more than 3.5%
- **Exemptions for *certain* others**
 - Loans under EESA (like HAMP, Hardest Hit, etc.), or under HFA's
 - CDFI's, CHDO's, Downpayment Assistance Provider of Secondary Fin.
 - 501(c)(3)'s doing \leq 200 loans/yr in low/mod areas

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New Rules Yet To Come

- **TILA / RESPA Integration**
 - Final rule expected sometime this summer (September?)
 - Establishes 2 new documents
 - Loan Estimate – combines Initial TIL and GFE
 - Closing Disclosure – combines Final TIL and HUD-1
 - Proposal includes possible expansion of Finance Charge definition

- **Credit Risk Retention**
 - Final rule expected before end of 2013
 - Six agencies must agree
 - Requires securitizer to hold up to 5% of risk
 - Contains QRM – safe enough loans that won't require retained risk

- **HMDA Expansion**
 - Significantly increase reported information
 - Not effective until CFPB issues final rule

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Interesting Developments Of Late

- **Third-Party Vendor Oversight**
 - CFPB fines Capital One, American Express Bank and Discover Card Bank
 - CFPB issues Bulletin describing expected monitoring and oversight

- **Fair Lending**
 - CFPB adopts HUD intent to use Disparate Impact as basis for enforcement
 - CFPB issues bulletins addressing concerns in different business lines
 - Most common shortcomings in CFPB exam findings:
 - Missing or outdated policies
 - Lack of training
 - Lack of monitoring
 - Lack of Management involvement and oversight
 - Most common claims in complaints
 - Pricing disparities (outpacing approval disparities)
 - Underwriting
 - Redlining
 - Steering / Reverse Redlining

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Interesting Developments Of Late

- **Mortgage Advertising**
 - FTC issues Mortgage Advertising Practices (MAP) Rule
 - CFPB / FTC issue warnings to lenders, brokers, realtors, builders, etc.
- **Basel III**
 - Amends capital requirements for BANKS, but not for non-banks
 - Potential for quantum shift in mortgage access, pricing, players
- **Eminent Domain**
 - Fundamental assault on sanctity of contract
 - Controversial, but many communities considering
- **Joint Ventures and Marketing Agreements**
 - HUD issues Home Warranty Company interpretive rule
 - CFPB reopens HUD investigations into joint title ventures after transfer

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Questions ?

Jack Konyk

Executive Director, Government Affairs

Weiner Brodsky Kider PC

202-728-4471

konyk@thewbkfirm.com

www.thewbkfirm.com