MORTGAGE LENDING REGULATIONS GUIDE
A supplement to the Mortgage Lending Regulations Book

CUNA
RegTraC

Credit Union National Association
Table of Contents

Preface ................................................................. iv
Legal Review ......................................................... iv
Introduction .......................................................... iv

Closed-End Home Secured Loans ................................. 1
On or With the Application .......................................... 1
  Adjustable-rate mortgage loan disclosures and booklet
    (Reg. Z section 1026.19) ...................................... 1
  Home Mortgage Disclosure Act (HMDA) ....................... 1
Receipt of Applications ........................................... 1
  Loan estimates under Regulation Z
    (Reg. Z sections 1026.18 and 1026.19) .................... 2
  Good Faith Estimate (GFE) (Reg. X section 1024.7) ....... 3
  Special Information Booklet (Reg. X 1024.6) ............... 3
  Servicing Disclosure (Reg. X section 1024.21) ............ 4
  Homeownership Counseling Notice (Reg. X section 1024.20) .... 4
  Appraisal Notice (Reg. B section 1002.14) ............... 4
Underwriting ......................................................... 5
  Determining the Ability to Repay (Reg. Z section 1026.43) .... 5
  Qualified Mortgages (QMs) .................................. 6
  Curing a Points and Fees Overage .......................... 9
  High-Cost Mortgages (Reg. Z section 1026.32) ........... 10
  Higher-priced Mortgages (Reg. Z section 1026.35) ....... 11
  Appraisal Delivery (Reg. B section 1002.14) ............ 13
  Flood Determination & Flood Notice ........................ 15
  Adverse Actions (Reg. B section 1002.9) ................. 15
  FCRA/FACTA Notices (15 U.S.C. Section 1681g and 1681h) .... 15
  Flood Insurance ............................................... 16
Consummation ...................................................... 16
  Right of Rescission (Reg. Z section 1026.23) ............ 16
  HUD-1 or HUD-1A Settlement Statement
    (Reg. X section 1024.8) ................................ 19
  Final Truth in Lending Disclosures (Reg. Z section 1026.18) .... 20
Adjustable Rate Mortgage (ARM) Disclosures
(Reg. Z section 1026.20) ............................................ 20

Servicing ................................................................. 21
   FCRA / FACTA Negative Information Notice
       (15 U.S.C. 1681s-2(a)(7)). ................................. 21
   Adjustable Rate Mortgage Disclosures
       (Reg. Z section 1026.20) ................................. 21
   RESPA and TILA Servicing ................................. 21
   Servicing issues for payments, late fees and
       payoff statements (Reg. Z section 1026.36) .......... 22
   Periodic statements for residential mortgages
       (Reg. Z section 1026.41) ................................. 23
   RESPA Servicing Provisions ............................... 24
   Mortgage Servicing Transfers (Reg. X section 1024.33) .. 24
   Timely Escrow Payments and Treatment of
       Escrow Balances (Reg. X section 1024.34) .......... 25
   Error Resolution Procedures (Reg. X section 1024.35) .. 25
   Requests for Information (Reg. X section 1024.36) .... 27
   Force-placed Insurance (Reg. X section 1024.37) ....... 29
   General Servicing Policies, Procedures and Requirements
       (Reg. X section 1024.38) ................................. 30
   Early Intervention Requirements for Certain Borrowers
       (Reg. X section 1024.39) ................................. 33
   Continuity of Contact (Reg. X section 1024.40) ........ 34
   Loss Mitigation Procedures (Reg. X section 1024.41) ... 35

Appendix A: Definitions ........................................... 37
Appendix B: Loan Estimate Requirements (1026.18) ......... 43
Appendix C: Good Faith Estimate .............................. 51
Appendix D: Closed-End Mortgage Disclosure Checklist .... 55
Appendix E: Ability to Repay Decision Tree .................. 57
Legal Review

The RegTraC books are designed to provide general information regarding regulations affecting credit unions. They are not intended to substitute for legal advice based upon specific facts in any individual case, and credit unions with regulatory concerns are advised to consult with attorneys or specialists to obtain advice directed to their specific circumstances.

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If you have further questions, please contact CUNA at 800-356-9655, ext. 4249, or e-mail RegTraC@cuna.com.

Introduction

This guide is intended to generally identify the major regulatory disclosure requirements for closed-end home secured loans, primarily the requirements under the Truth in Lending Act (TILA)/Regulation Z and the Real Estate Settlement Procedures Act (RESPA)/Regulation X. It starts with the requirements at the time of application and identifies requirements through servicing of the closed-end mortgage loan. The guide also references other areas and regulations which are covered in more detail in the CUNA RegTraC Mortgage Lending Regulations book, as well as additional resources that may be helpful in understanding the regulatory provisions.

For information on the specific types of closed-end home secured loans covered by the regulations and provisions in the guide, it is important to review the specific regulation. In addition, the Consumer Financial Protection Bureau (CFPB) has provided a chart that helps identify the applicability of the 2013 mortgage rule amendments.
Closed-End Home Secured Loans

On or With the Application

Adjustable-rate mortgage loan disclosures and booklet (Reg. Z section 1026.19)

Section 1026.19(b) of Regulation Z requires credit unions to provide a special variable-rate disclosure and a booklet entitled Consumer Handbook on Adjustable-Rate Mortgages to members who apply for variable-rate mortgage loans. These types of loans are better known as adjustable-rate mortgages (ARMs). You must give the ARM disclosure and booklet at the time you give the application. If you charge a nonrefundable fee before you provide the application, you must give the disclosure and booklet before charging the fee. This disclosure requirement is in addition to, not in place of, the other disclosures required under Regulation Z. If the application is accessed by the member in an electronic form, the ARM disclosures and booklet must be provided in an electronic form on or with the application.

Credit unions must provide the ARM disclosure and booklet to any member who applies for an adjustable-rate loan with a term greater than one year that will be secured by the member’s principal dwelling. The ARM disclosures must contain the information listed here.

Section 1026.19(b)(2) requires credit unions to provide a loan program disclosure for each variable-rate program in which a member expresses an interest.

This means that if you offer more than one type of variable-rate loan program, you must prepare separate disclosures for each program. If an applicant expresses an interest in a particular ARM program or in more than one program, you must provide disclosures for each program.

Home Mortgage Disclosure Act (HMDA)

HMDA and Regulation C require that credit unions collect certain information at the time of application. The government monitoring information requirements for HMDA reporting credit unions are found in the CUNA RegTrac Mortgage Lending Module: Section 3–Home Mortgage Disclosure Act and Regulation C.

Receipt Of Application

Section 1026.19(a) of Regulation Z requires credit unions to timely provide residential mortgage loan applicants with a good faith estimate of the disclosures that constitute a disclosure statement under section 1026.18. This requirement applies to all applications for loans that meet the definition of a residential mortgage loan under Regulation Z and are subject to RESPA and Regulation X.