

CUNA RegTraC

MORTGAGE LENDING REGULATIONS GUIDE

A supplement to the Mortgage Lending Regulations Book



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Preface

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.