

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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SECOND CFPB RELEASE RE: EXAM PROCEDURES FOR MORTGAGE RULES

Today the CFPB provided valuable guidance relative to the new mortgage regulations originally issued in January 2013. The new update is intended to help financial institutions and mortgage companies comprehend and prepare for what the Bureau will be looking for as most of the rules become effective in January 2014. To quote, "...we have worked hard to provide industry with advance notice of what we will be expecting."

The current update addresses the Ability to Repay/Qualified Mortgages, high cost mortgages and appraisals for higher priced mortgage loans, as well as new amendments related to the escrows rule.

Bullet points of the exam procedures covered in the release include, among other things:

- ✚ Requiring lenders to evaluate a borrower's ability to pay back the loan.
- ✚ Banning or limiting certain points, fees and risky features.
- ✚ Requiring servicers to provide monthly statements and disclosures.
- ✚ Restricting dual tracking.
- ✚ Requiring access to servicing personnel and a fair review process.
- ✚ Requiring creditors to use a certified or licensed appraiser.

You can locate details of the CFPB updated information in the applicable sections of the exam procedure manuals for TILA and RESPA.

RESPA: http://files.consumerfinance.gov/f/201308_cfpb_respa_narrative-exam-procedures.pdf

TILA: http://files.consumerfinance.gov/f/201308_cfpb_tila_narrative-exam-procedures.pdf [As of this date link is experiencing problems so you may have to try another approach.]

The information should prove helpful in the coming months.

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past three decades, members of the firm have represented

Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.

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