

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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CFPB PROPOSES FLEXIBILITY IN COLLECTING INFORMATION FOR ECOA

The Consumer Financial Protection Bureau on March 24, released a proposal to amend the Equal Credit Opportunity Act to provide flexibility for mortgage lenders in the collection of consumer ethnicity and race information. The CFPB believes the changes will provide clarity to lenders regarding their obligations, while promoting compliance intended to ensure consumers are treated fairly.

CFPB Director Richard Cordray said *"This proposal will help the industry comply with the law and help protect consumers against illegal discrimination."*

As we know the Equal Credit Opportunity Act is a federal law that protects against discrimination. Regulation B, the rule implementing ECOA, includes restrictions regarding a

lenders' ability to ask consumers about their race, color, religion, national origin or sex, except in certain circumstances which include required collection of the information for some mortgage applications under Regulation B.

Under the proposal, lenders would not be required to maintain different practices depending on their loan volume or other characteristics, allowing more lenders to adopt application forms that include expanded requests for information regarding a consumer's ethnicity and race, including the revised Uniform Residential Loan Application.

The proposal also contains other changes to Regulation B to facilitate compliance with requirements for the collection of information about the ethnicity, race, and sex of applicants.

A copy of the proposal is available at:

[http://files.consumerfinance.gov/f/documents/201703_cfpb NPRM-to-amend-Regulation-B.pdf](http://files.consumerfinance.gov/f/documents/201703_cfpb_NPRM-to-amend-Regulation-B.pdf)

ABOUT ALT & ASSOCIATES

Alt & Associates publishes the *Lenders Update* via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their business operations. Legal counsel provided to the mortgage industry includes, but is not limited to:

- **Regulatory assistance, both state and federal**
- **Compliance work**
- **Operational advice**
- **Transactional work**
- **Agreements such as Loan Officer Compensation Agreements etc.**
- **Various forms of employee, officer, and/or manager contracts**
- **Litigation representation**

You may direct any questions or comments directly to:

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