

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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CFPB PROPOSES MINOR CHANGES TO MORTGAGE RULES

On April 30 the Consumer Finance Protection Bureau announced several proposed Rule changes with the stated intent of ensuring consumer access to credit. The proposed rule is available on the bureau's website at:

www.consumerfinance.gov/newsroom/cfpb-proposes-minor-changes-to-mortgage-rule

RE: NON-PROFITS

The proposal contains a change in the Rule to allow certain non-profit small servicers an exemption from some of the Bureau's new Mortgage Servicing Rule. It also includes a proposal to allow, on a limited basis, certain 501(c) (3) nonprofit groups, such as Habitat for Humanity, an exemption from the provisions of the Ability to Repay Rule.

RE: QUALIFIED MORTGAGE

Of more universal interest, the CFPB is proposing a limited exception to allow a refund of excess points and fees to bring loans within the QM threshold. As we know,

the points and fees charged to a consumer on a Qualified Mortgage cannot exceed 3%. When a lender offers a QM and then discovers that it has exceeded this limit, lenders would be allowed to refund the excess and still meet the QM requirements. Certain conditions apply, including a refund within 120 days and a policy requiring the creditor to maintain policies and procedures for reviewing loans and providing refunds.

Once again these are proposals and are not yet effective. If you wish to make comment you can do so as provided in the proposal (see the link provided above).

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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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