



Know Before You Disclose

2013 Mortgage Rules

Some of the first rules the CFPB issued have come to be known as the 2013 Mortgage Rules. Most were issued in January, 2013 and most of the provisions had an effective date of sometime in January, 2014. The rules can be found on the CFPB website. The rules are published in the Federal Register, which is a daily publication that makes available to the public the rules, regulations and other legal notices issued by federal administrative agencies, including the CFPB. These rules amend the Code of Federal Regulations. If you have access to legal research software or a law library, you can look up the new or amended regulation online or in a book.

The Rules

Below is a brief description of each of the 2013 Mortgage Rules:

Ability to Repay and Qualified Mortgage Standards Under the TILA (Reg. Z)

- ▶ Effective 1/10/14
- ▶ Requires lenders to make a reasonable, good faith determination of a borrower's ability to repay any consumer credit transaction secured by a dwelling. There are a few exceptions.
- ▶ Establishes certain protections if the loan meets the "qualified mortgage" requirements and limits prepayment penalties.

High-Cost Mortgage and Homeownership Counseling Amendments to the TILA (Reg. Z) and Homeownership Counseling Amendments to the RESPA (Reg. X)

- ▶ Effective 1/10/14
- ▶ Expands the types of mortgage loans subject to the Home Ownership and Equity Protections Act of 1994 (HOEPA) and makes other changes including a pre-loan counseling requirement

Escrow Requirements under the TILA (Reg. Z)

- ▶ Effective 6/1/2013
- ▶ Deals with mandatory escrow accounts for taxes and insurance on higher-priced mortgages

2014 RESPA (Reg. X) & TILA (Reg. Z) Mortgage Servicing Final Rules

- ▶ Effective 1/10/2014
- ▶ Regulates certain aspects of mortgage servicing

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Appraisals for Higher-Priced Mortgage Loans

- ▶ Effective 1/18/2014
- ▶ Requires appraisals to meet certain specified standards when a loan's interest rate exceeds a certain limit

Disclosure and Delivery Requirement for Copies of Appraisals and Other Written Valuations Under Equal Credit Opportunity Act (ECOA)(Reg. B)

- ▶ Effective 1/18/14
- ▶ Requires lenders to provide borrowers with free copies of appraisals and other written valuations in connection with first lien loans on dwellings

Loan Originator Compensation Requirements under TILA (Reg. Z)

- ▶ § 1026.36(h) effective 6/1/13; remainder effective 1/10/14
- ▶ Regulates loan originator compensation; qualification, registration or licensing of loan originators; and various other issues including seller carryback loans

The Impact

You may be wondering what impact the 2013 Mortgage Rules will have. In 2013, lenders were busy reviewing the regulations, upgrading their systems and training their employees. In January of 2014, lenders began to implement the regulations and maintain compliance with the rules. These rules may also affect some seller carryback loans as of January 1, 2014.

Next Step

Test your understanding of these rules by playing First American's 2013 Mortgage Rules Wheel spin game (it's perfectly acceptable to refer to this document while you play)!

[Click here to play](#)

NOTE: this game is mobile compatible, or you can use Internet Explorer 9 or higher, FireFox, Google Chrome or Safari to access the game on your computer.

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