



FEDERAL DEPOSIT INSURANCE CORPORATION

**National Banker Teleconference
Timely and Comprehensive Information
from the FDIC**

**Consumer Compliance-related Provisions of the Economic
Growth, Regulatory Relief, and Consumer Protection Act
October 25, 2018**

Agenda

Title I – Improving Consumer Access to Mortgage Credit

Title II – Regulatory Relief and Protecting Consumer Credit

Title III – Protections for Veterans, Consumers, and Homeowners

Title IV – Protections for Student Borrowers

Discussion of Resources

Questions

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BankerTeleconference@fdic.gov

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Title I

Improving Consumer Access to Mortgage Credit

Title I – Section 101

Minimum Standards for Residential Mortgages

Background

- **Ability to Repay (ATR) Requirement**
 - Must consider ability to repay a closed-end residential mortgage loan according to its terms
- **Qualified Mortgage (QM)**
 - Presumed to meet ATR requirement
 - Flexibility for small creditors

Title I - Section 101

Minimum Standards for Residential Mortgages

New QM Category

- Originated and retained in portfolio by IDI with <\$10 billion in total consolidated assets
- In compliance with respect to prepayment penalties
- Total points and fees do not exceed 3 percent
- No negative amortization or interest-only features
- IDI considered & documented debt, income, and financial resources.

Title I - Section 102

Safeguarding Access to Habitat for Humanity Homes

Appraisal Donation

Provides that a fee appraiser's voluntary donation of appraisal service to a tax-deductible eligible organization is considered customary and reasonable.

Title I - Section 103

Exemption for Appraisals in Rural Areas

Appraisal
Not
Required
if:

Property located in a rural area as described in 1026.35(b)(2)(iv)(A)

Contacted at least 3 State certified appraisers

Documented that no State appraiser was available within 5 business days beyond customary and reasonable fee and timeliness standards

Transaction value is less than \$400,000

Oversight of a Federal financial institution regulatory agency

Title I - Section 104

Home Mortgage Disclosure Act

Partial Exemption Thresholds

Closed-end mortgage loans:

Fewer than 500 in each of the preceding two calendar years

Open-end lines of credit:

Fewer than 500 in each of the preceding two calendar years

Title I - Section 104

Home Mortgage Disclosure Act

Partial Exemption Qualification Criteria

Last two CRA Performance
Evaluations:

Rating cannot be
“needs to improve”

Last CRA Performance
Evaluation:

Rating cannot be
“substantial noncompliance”

Title I - Section 104

Home Mortgage Disclosure Act

Data Fields Covered by the Economic Growth Act's Partial Exemptions

- Universal Loan Identifier
- Property Address
- Rate Spread
- Credit Score
- Reasons for Denial
- Total Loan Costs or Total Points and Fees
- Origination Charges
- Discount Points
- Lender Credits
- Interest Rate
- Prepayment Penalty Term
- Debt-to-Income Ratio
- Combined Loan-to-Value Ratio
- Loan Term
- Introductory Rate Period
- Non-Amortizing features
- Property Value
- Manufactured Home Secured Property Type
- Manufactured Home Land Property Interest
- Multifamily Affordable Units
- Application Channel
- Mortgage Loan Originator Identifier
- Automated Underwriting System
- Reverse Mortgage Flag
- Open-End Line of Credit Flag
- Business or Commercial Purpose Flag

Title I - Section 104

Home Mortgage Disclosure Act

Data Fields Not Covered by the Partial Exemptions

- Application Date
- Loan Type
- Loan Purpose
- Preapproval
- Construction Method
- Occupancy Type
- Loan Amount
- Action Taken
- Action Taken Date
- State
- County
- Census Tract
- Ethnicity
- Race
- Sex
- Age
- Income
- Type of Purchaser
- HOEPA Status
- Lien Status
- Number of Units
- Legal Entity Identifier

Title I -Section 104

Home Mortgage Disclosure Act

Resources

- [FFIEC Filing Instructions Guide for HMDA Data Collected in 2019 \(October 2018\)](#)
- [FIL-58-2018](#), HMDA: Bureau Interpretive Rule on Partial Exemptions
- [FFIEC Filing Instructions Guide for HMDA Data Collected in 2018 \(August 2018\)](#)
- [FIL-36-2017](#), HMDA Examiner Transaction Testing Guidelines
- [FIL-51-2017](#), FDIC Releases Interagency Designated Key HMDA Data Fields List
- [FIL-36-2018](#), Home Mortgage Disclosure Act: Statement on the Implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act Amendments
- [FIL-63-2017](#), Home Mortgage Disclosure Act: Statement on Institutions' Good Faith Compliance Efforts

Title I - Section 106

Eliminating Barriers to Jobs for Loan Originators

Temporary Authority to Originate Loans

Loan originators moving from a depository institution to a non-depository institution

State-licensed loan originators moving interstate

Title I - Section 107

Protecting Access to Manufactured Homes

Retailer or Manufacturer of Manufactured Homes



Title I - Section 108


Escrow Requirements Relating to Certain Consumer Credit Transactions

Small Institution Exemption Criteria

(to be implemented by regulation)



\$10 Billion or less in assets



Originated 1,000 or fewer loans secured by a first lien on a principal dwelling during the preceding calendar year



Other criteria: extend credit secured by a first lien on property in a rural or underserved area;

Except for specified escrow accounts, do not maintain escrow accounts for any credit extension secured by real property at consummation; and

Transaction not subject to transfer or sale to any person not eligible for the rural and underserved exemption under current criteria

Title I - Section 109(a)

No Wait for Lower Mortgage Rates

Timing Requirements and Waiting Periods

- ❑ TILA Section 128(b)
 - Mortgage Disclosure Improvement Act

- ❑ TILA Section 129(b)
 - Home Ownership and Equity Protection Act



Title II

Regulatory Relief and Protecting Consumer Access to Credit

Title II - Section 208

Expedited Funds Availability Act

Extended Geographies

- Amends the Expedited Funds Availability Act (EFAA)
- EFAA expanded to include American Samoa, Guam and the Northern Mariana Islands.

Title II - Section 213

Making Online Banking Initiation Legal and Easy

Use of Scanned ID to Open Accounts

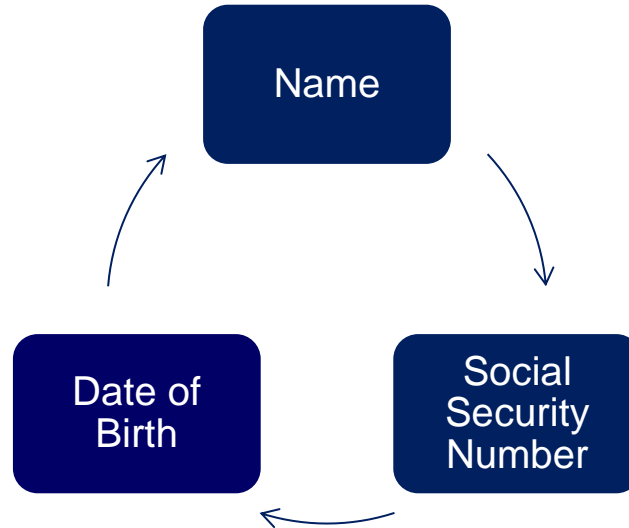


Preempts state law regarding scanned IDs to the extent of any conflict

Title II - Section 215

Reducing Identity Fraud

Social Security Administration Database Access
with Written Customer Consent





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Title III

**Protections for Veterans,
Consumers, and Homeowners**

Title III - Section 301

Protecting Consumers' Rights



AMENDMENT TO THE FAIR CREDIT REPORTING ACT:

Consumer Reporting Agency – Consumer direct request for Security Freeze preventing release of credit information from consumers changed from 90 days to one year)

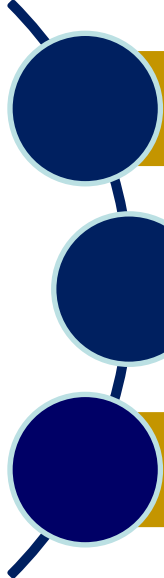
Received by Mail: Place 3 business days after receipt;
Received Electronically: Place 1 business day after receipt

CRA Sends Notice: by 5th day after placement – Confirmation of placement; how to remove; how to authenticate the consumer; and consumer rights

No fee can be charged

Title III - Section 301

Protecting Consumers' Rights

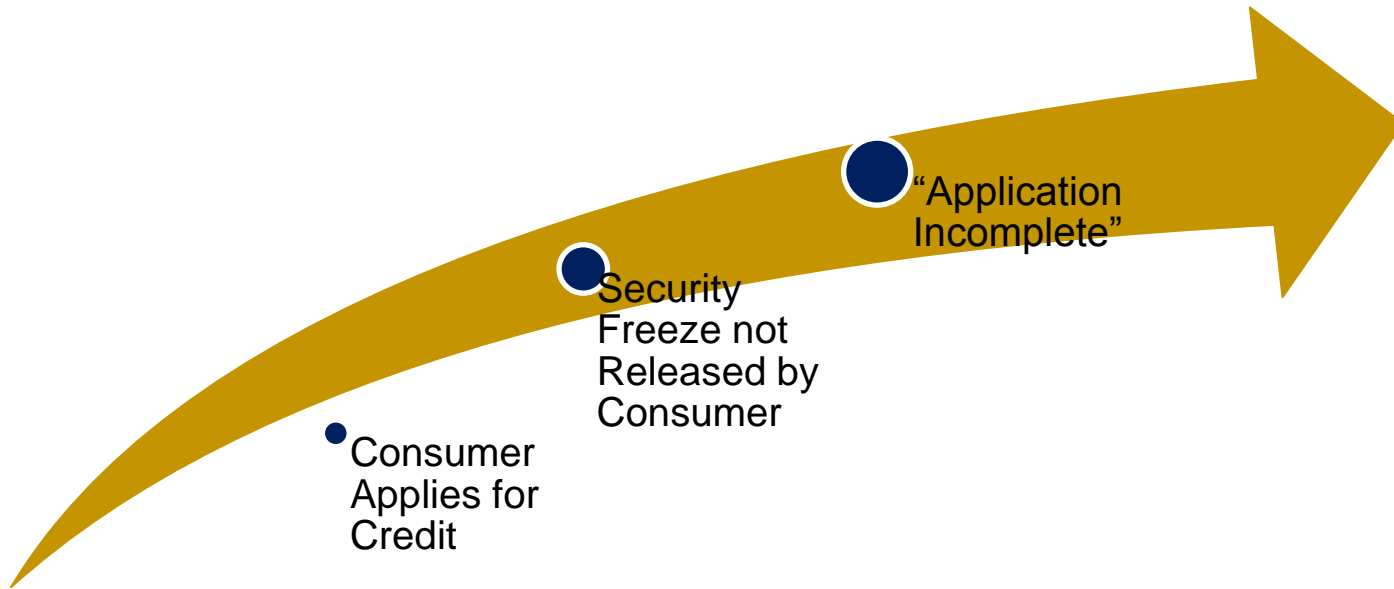


Consumer Reporting Agency – Removal of Security Freeze on Credit Report Requests from Consumers

Mail: Remove 3 business days after receipt;
Electronic: Remove 1 hour day after receipt

No fee can be charged

Title III - Section 301 Protecting Consumers' Credit



Title III - Section 302

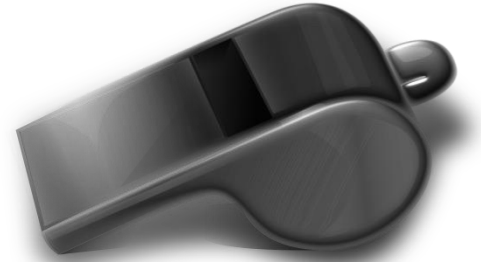
Protecting Veterans' Credit

- ❑ Amendment to the FCRA
 - ❑ Definition of “Veteran’s Medical Debt”
 - ❑ A medical collection debt of a veteran owed to a non-Department of Veterans Affairs health care provider that was submitted to the Department for payment for health care authorized by the Department of Veterans Affairs
 - ❑ Veteran Medical Debt removal from credit report process
 - ❑ Military Member Free Credit Monitoring Service
 - ❑ Effective date: May 24, 2019

Title III - Section 303

Immunization from Suit for Disclosure of Financial Exploitation

- ❑ “Exploitation” – The fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including caregiver or a fiduciary, that:
 - ❑ Uses senior’s resources for personal benefit
 - ❑ Deprives senior access to or use of rightful resources, belongings, or assets



Title III - Section 303

Immunization from Suit for Disclosure of Financial Exploitation



- Generally, no liability for disclosing the suspected exploitation of a senior citizen if at the time of the disclosure:
 - The disclosure was made in good faith
 - Training was received

- Among other things, the training must:
 - instruct individuals on how to identify and report suspected exploitation of a senior citizen
 - discuss the need to protect the privacy and respect the integrity of customers of the FI

Title III - Section 304

Restoration of the Protecting Tenants at Foreclosure Act

- Sunset provision repealed
- Effective Date: 30 days after enactment



Title III - Section 307

Property Assessed Clean Energy Financing



- Amends the Truth in Lending Act
- Directs the Bureau to prescribe regulations that apply ability to repay requirements to PACE loans.

Title III - Section 308

GAO Report on Consumer Reporting Agencies

- Legal and regulatory review
- Consumer appeal process review
- Cause of reporting error review
- Data furnisher responsibility review
- Data security review
- Access and use review
- Control and ownership of information review
- Supervisory and enforcement, and data security law review

Title III - Section 309

Protecting Veterans from Predatory Lending

Refinancing of Housing Loans VA Loan Guarantee

Certification of loan fee
recoupment schedule

Fees must be
recouped within
36 Months after
loan issuance

Recoupment
calculated through
regular monthly
payments*

*Other than taxes, amounts held in escrow, and fees paid as a result of the refinanced loan.

Title III - Section 309

Protecting Veterans from Predatory Lending

Refinancing of Housing Loans VA Loan Guarantee

Net Tangible
Benefit Test

Fixed Rate to
Fixed Rate
reduction is not
less than 50
basis points

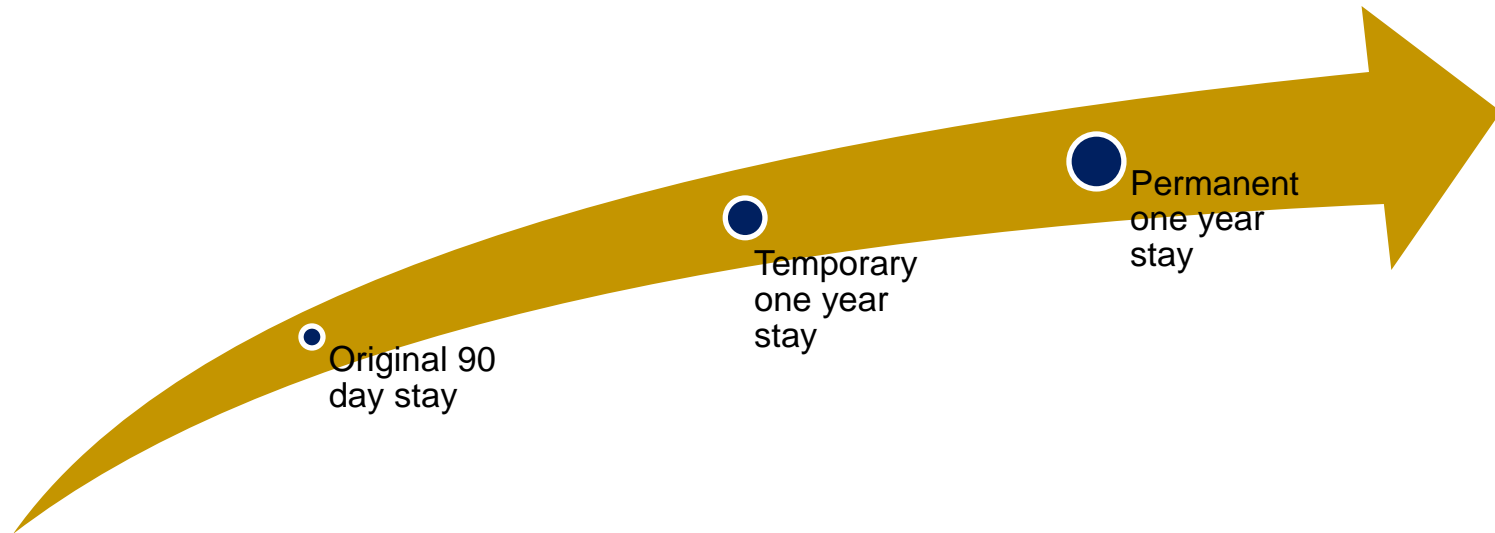
Fixed Rate to
Adjustable Rate
reduction is not
less than 200
basis points

Rate Reduction
not Solely due to
Discount Points

Loan to be
Refinanced is
seasoned
210 days after 1st
payment date, and
6th monthly
payment is made

Title III - Section 313

Foreclosure Relief and Extension for Servicemembers





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Title VI

Protections for Student Borrowers

Title VI - Section 601

Protections for Student Loan Borrowers

TILA Amendment

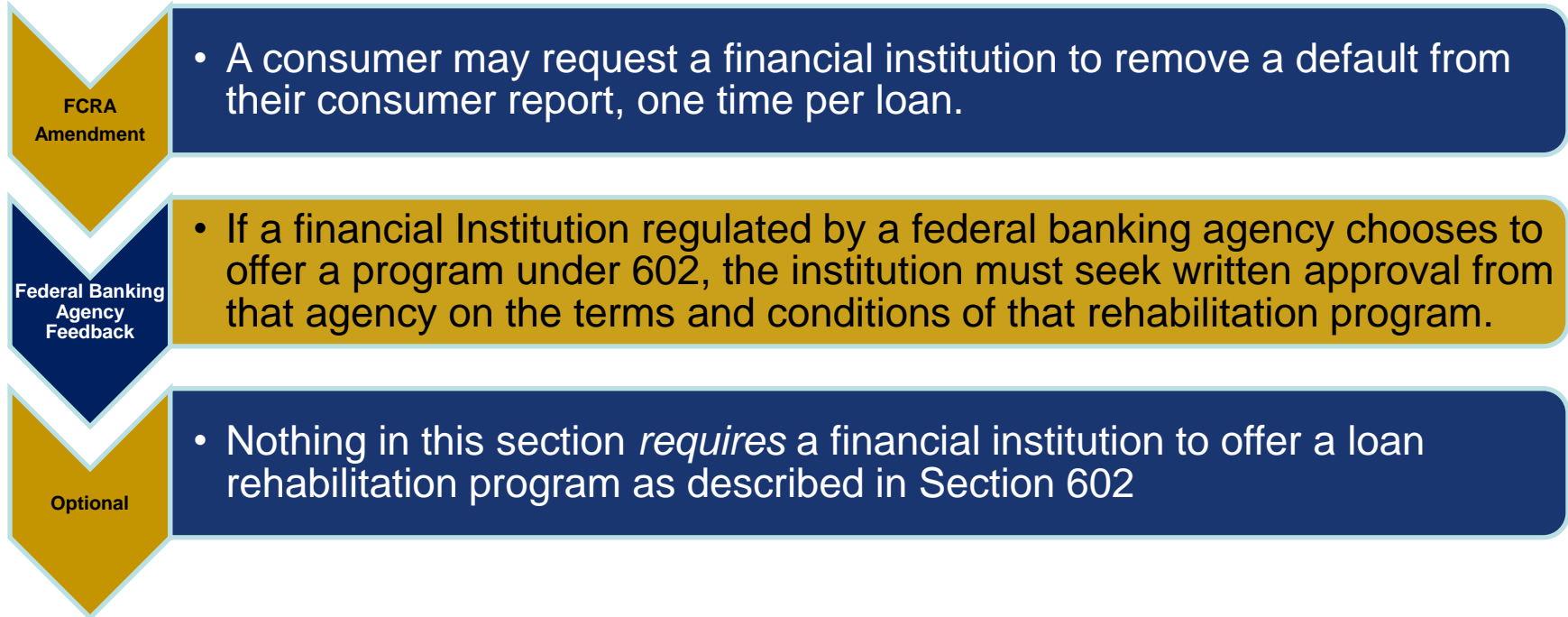
- Generally provides protections for student borrowers and cosigners in the event of death or bankruptcy.
- The law applies only to private education loans

Private Education Loans

- Prohibits a creditor from declaring default or accelerating the debt on the sole basis of debt or bankruptcy of a cosigner.
- Release of cosigner upon death of borrower

Title VI - Section 602

Rehabilitation of Private Education Loans



Title VI - Section 603

Best Practices For Higher Education Financial Literacy

FLEC Responsibilities

- Solicit public comment

- Establish best practices
 - ❑ Teaching financial literacy
 - ❑ Providing useful and necessary information to help students at institutions of higher education to make student borrowing decisions

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