



Presented by:
David Luna, CMP

David C. Luna

- Industry Veteran – over 30 years
- Past Regional Manager for a California Bank
- Past Vice-President for a Federal Credit Union
- Past Regulator – American Association of Residential Mortgage Regulators
- Consultant for Banks and Credit Unions
- Speaker at CUES events
- Mortgage Expert

Mortgage Educators and Compliance

Established 1992

We have training programs for:
Mortgage Loan Originators, Processors,
Underwriters, Quality Control Officers, SAFE Act
Compliance Officers and all Mortgage related
Operation Staff.



ANNIVERSARY

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1992~2012

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Mortgage Educators & Compliance

Partial List of companies & organizations helped



Live Poll

Please take out your cell phones.
Let's do a poll of the audience right now.

What you expect from this session?
What questions would you like answered?
Why are you here today to learn?

What happened?

Newsweek: “Now that the debate over how to prevent the next collapse has begun, it might not be a bad idea to figure out how the last one happened. The only near-consensus is on the question of what triggered the not-quite-a-depression.

Newsweek –

Continued

- In 2007 the housing bubble burst, leading to a high rate of defaults on subprime mortgages. Exposure to bad mortgages doomed Bear Stearns in March 2008 and then led to a banking crisis that fall. A global recession became inevitable once the government decided not to rescue Lehman Brothers.”
- Newsweek Jan 8, 2010 - Jacob Weisberg

How many lost their homes?

- The Great Recession was marked by the collapse of the housing market. Over four million foreclosure actions occurred between 2006 and 2008 (RealtyTrac 2010).
- As a percentage of 2005 housing stock, this represented 8% of all homes in the United States.

Was anyone harmed?

- Financial Institutions?
- Consumers/Customers?
- Municipalities?
- Any jobs lost?
- Any income or revenue lost?
- Were projects delayed or eliminated?

- Everyone, somehow was touched!

Is Mortgage Lending Back?

- NAR – (May 30, 2013) - Home contract activity is at the highest level since the index hit 110.9 in April 2010. “Because of inventory shortages, higher home sales will push up home values to the highest level in five years”
- Zillow – (June 12, 2013) - National Inventory Crunch Eases in First Half of 2013

Is Mortgage Lending Back?

Continued

- Origination News – June 17, 2013 – “May featured the largest year-over-year median home price increase in California in the past 33 years, the California Association of Realtors said.”
- CNN Money (June 17, 2013) – “Builders say Housing is back”

Is Mortgage Lending Back?

Continued

MORTGAGE
News Daily

GO

TOP HEADLINES

Monday, June 24, 2013

Lowest REO Sales Since October 2007 in California

The California Association of Realtors® (C.A.R.) reports that May sales of bank-owned properties (REO) were at the lowest level since October 2007. Equity home sales (i.e. non-distressed property sales) grew to nearly four out of every five sales while sales of foreclosed homes were in the single...

Mortgage Servicing News

Monday, June 24, 2013

By Brad Finkelstein
JUN 10, 2013 4:52pm ET

Mortgage Insurers Once Again Pace Industry Stocks

The private mortgage insurers once again recorded the highest gains from their previous close, as gainers outpaced losers 10-7 in the Mortgage Industry Equity Composite for Monday.

Radian was up 4.34% over its close on Friday, while MGIC Investment Corp. was up 4.08%. Technology stock Ellie Mae was third, up 3.99%.

abc NEWS

HOT TOPICS: Zimmerman Trial Live • Spinning Statue • Kim

US Home Re-Sales Surpass 5 Million in May

AP Associated Press By MARTIN CRUTSINGER AP Economics
WASHINGTON June 20, 2013 (AP)

f Share

59

U.S. sales of previously occupied homes surpassed the 5 million mark in May, the first time that's happened in 3 1/2 years. The gain shows the housing recovery is strengthening.

Homebuilders struggle to find workers

CNNMoney

By Les Christie @CNNMoney June 3, 2013: 3:04 AM ET

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PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

The National Association of Home Builders reported that 46% of its members have fallen behind schedule on finishing projects because they can't find enough workers.

So what changed?

What is the **Dodd-Frank** Wall Street Reform and Consumer Protection Act?

Does it affect financial institutions, and if so how?

The sweeping financial reform measure that passed Congress in July 2010 required federal agencies to write **398** rules to put the act's provisions into effect.

SAFE Act

What is the SAFE Act?

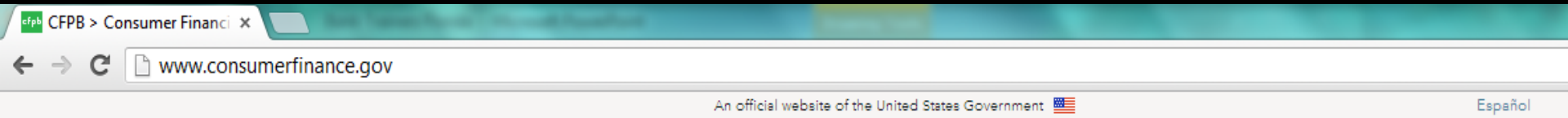
- The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) was enacted on July 30, 2008, and mandates a nationwide licensing and registration system for residential mortgage loan originators (MLOs).

NMLS&R

Who or what is the NMLS&R?

- The SAFE Act requires that federal registration and state licensing and registration be accomplished through the same online registration system, the Nationwide Mortgage Licensing System and Registry (The Registry).

Where is more information?



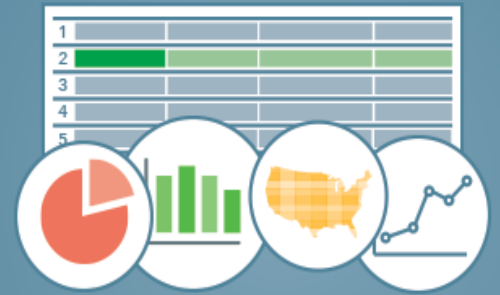
Contact us **(855) 411-2372**

- HOME
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- GET ASSISTANCE
- PARTICIPATE
- LAW & REGULATION
- SUBMIT A COMPLAINT

Now available: Credit report and money transfer complaint data

We've added complaints about credit reports and money transfers to our [database of complaints](#) we've received about financial products and services. You can see data about things like the type of complaint, the company it's about, and the timeliness of the company's response. [Learn more about our Consumer Complaint Database.](#)



[Changes to federal student loan interest rates](#)

Here are some answers to your questions about the changes in federal student loan interest rates that are scheduled to take effect on July 1. [Learn more about the changes.>>](#)

JUN 19

[Starting a small business when you have student debt](#)

JUN 19

[An update on trial disclosures](#)

CFPB

What powers does the CFPB have and what changes are shortly coming about?

- On July 28, 2010, the OCC, Board, FDIC, OTS, NCUA, and FCA (collectively **the Agencies**) published similar regulations implementing the SAFE Act federal registration requirements.

CFPB

- On July 21, 2011, Title X of the Dodd-Frank Act transferred rule-making authority for the SAFE Act from the Agencies to the Consumer Financial Protection Bureau (CFPB).
- What changes will the CFPB shortly roll out as it pertains to mortgage lending?

If you didn't know?

- There will be no GFE or TIL in the future!
- Both are being combined into a new Disclosure.

What's this new disclosure called?

- The HUD-1 is going away.

What will replace it?

- What do the disclosures look like, will your institution like them, is there anything about them that is new?

Loan Estimate

FICUS BANK




4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 1/21/2013
APPLICANTS James White and Jane Johnson
 123 Anywhere Street, Apt 678
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$240,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT 5 Year Interest Only, 5/3 Adjustable Rate
LOAN TYPE Conventional FHA VA _____
LOAN ID # 123456789
RATE LOCK NO YES, until 3/22/2013 at 5:00 p.m. EST
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 2/4/2013 at 5:00 p.m. EST

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$211,000	NO	
Interest Rate 	4.375%	YES 	<ul style="list-style-type: none"> • Adjusts every three years starting in year 6 • Can go as high as 8% in year 9 • See AIR table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$769.27	YES 	<ul style="list-style-type: none"> • Adjusts every three years starting in year 6 • Can go as high as \$1,622 in year 9 • Includes only interest and no principal until year 6 • See AP table on page 2 for details
		Does the loan have these features?	
Prepayment Penalty		NO	
Balloon Payment		NO	

Loan Estimate

Additional Information About This Loan

LENDER Ficus Bank
NMLS/LICENSE ID
LOAN OFFICER Joe Smith
NMLS ID 12345
EMAIL jsmith@ficusbank.com
PHONE 111-222-3333

MORTGAGE BROKER Pecan Mortgage Broker Inc.
NMLS/LICENSE ID 222222
LOAN OFFICER Jane Jones
NMLS ID 67890
EMAIL jjones@pecanmortgagebroker.com
PHONE 333-444-5555

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years

\$57,324 Total you will have paid in principal, interest, mortgage insurance, and loan costs.
\$0 Principal you will have paid off.

Annual Percentage Rate (APR)

5.231% Your costs over the loan term expressed as a rate. This is not your interest rate.

Loan Estimate

Additional Information About This Loan

LENDER Ficus Bank
NMLS/LICENSE ID
LOAN OFFICER Joe Smith
NMLS ID 12345
EMAIL jsmith@ficusbank.com
PHONE 111-222-3333

MORTGAGE BROKER Pecan Mortgage Broker Inc.
NMLS/LICENSE ID 222222
LOAN OFFICER Jane Jones
NMLS ID 67890
EMAIL jjones@pecanmortgagebroker.com
PHONE 333-444-5555

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years

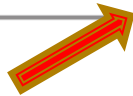
\$57,324 Total you will have paid in principal, interest, mortgage insurance, and loan costs.
\$0 Principal you will have paid off.

Annual Percentage Rate (APR)

5.231% Your costs over the loan term expressed as a rate. This is not your interest rate.

Total Interest Percentage (TIP)

99.104% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.



Closing Disclosure

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$292,420.88
Finance Charge. The dollar amount the loan will cost you.	\$123,997.58
Amount Financed. The loan amount available after paying your upfront finance charge.	\$156,964.47
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.441%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.468%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%



Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

The new FDIC Chairman

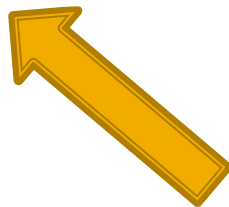
Martin Gruenberg

Chairman, FDIC

Martin J. Gruenberg is the 20th Chairman of the FDIC, receiving Senate confirmation on November 15, 2012 for a five-year term. Mr. Gruenberg served as Vice Chairman and Member of the FDIC Board of Directors from August 22, 2005 until his confirmation as Chairman. He served as Acting Chairman from July 9, 2011 to November 15, 2012, and also from November 16, 2005 to June 26, 2006. [>>More.](#)



Get expert advisement on the implementation of CFPB rules to be compliant by January 10, 2014



Mortgage Bankers Association of Missouri

BY ROB CHRISMAN, Jun 24 2013

QM's Impact on Lending, NAR and MBA Weigh in on QM and H.R. 1077

“The National Association of Realtors, America's largest trade organization and a group that you'd want on your side, said that **Congress should consider redefining the new ability-to-repay requirements (ATR)** for Qualified Mortgages (QM) to avoid limiting affordable borrowing options for creditworthy buyers.”

National Association of Federal Credit Unions (NAFCU)

And in a letter to CFPB director Richard Cordray, **NAFCU president and CEO Fred Becker asked the CFPB to re-evaluate** the rule that exempts credit unions that have \$2 billion or less in assets and that originated 500 or fewer mortgages per year. While the change would help many smaller credit unions, Becker's letter notes that there are a number of small lenders already approaching or surpassing the 500-loan threshold.

Congressional Hearing

- **Jerry Reed, chief lending officer for Alaska USA FCU**, told a subcommittee of the House Financial Services Committee the new Ability-to-Repay (ATR) mortgage rule passed by the CFPB will have many unintended effects and preventing many low-income borrowers from obtaining home loans.

Congressional Hearing

Continued

- “Those expected to feel the impact of these rules the most are first-time, lower-income buyers; those with credit scores below 720, the self-employed and anyone wanting a reduced initial downpayment,” Reed told the panel exploring the impact of the rule, due to take effect next January.

The \$5.3 billion Alaska USA serves 470,000 members all over the country—mainly in Alaska, Washington and California—and is one of the biggest mortgage lenders among credit unions

MBA Chairman

Deb Still testified today before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit at a hearing titled, "**Examining How the Dodd-Frank Act Hampers Home Ownership.**" Of all of the Dodd/Frank rules, QM will have the single most significant impact on consumer access to credit and a vibrant, competitive marketplace...

From the CFPB website

Final rules issued by the CFPB so far in 2013

May 29

Ability-to-Repay (ATR) and Qualified Mortgage (QM) (Reg. Z)
Loan Originator Compensation (Regulation Z);
Prohibition on Financing Credit Insurance Premiums;

May 16 - Amendments to the 2013 Escrows Final Rule
(Regulation Z)

April 30 - Electronic Fund Transfers (Regulation E)

April 26 - Consumer Financial Civil Penalty Fund Rule

March 22 - Truth in Lending (Regulation Z)

From the CFPB website

March 21 - Amendments to Disclosures at Automated Teller Machines (Reg. E)

February 15 - Disclosure of Records and Information

January 20 - Loan Originator Compensation (Reg. Z)

January 18 - Disclosure and Delivery Requirements for Copies of Appraisals Under the ECOA (Reg. B)

Appraisals for Higher-Priced Mortgage Loans

January 17 - 2013 RESPA (Regulation X) and TILA (Reg. Z) Mortgage Servicing Final Rules

January 10 - Escrow Requirements under TILA (Reg. Z)
High-Cost Mortgage and Homeownership Counseling
Amendments (Reg. Z)

Homeownership Counseling Amendments to the RESPA (Reg. X)
Ability to Repay and Qualified Mortgage Standards (Regulation Z)

We have trainings on:

- QM – Qualified Mortgage
- ATR – Ability to Repay
- Safe Harbor
- Loan Officer Compensation
- TILA Sec. 32 and 35 Changes
- SAFE Act Audits
- CFPB Audits
- Fair Lending
- Disparate Impact
- Escrow Requirements

As well as:

- NEW trainings rolling out all the time
- We have Custom trainings
- Template Trainings (not customized)
- We can provide the training material to you for you to do most of the trainings. (Train the Trainer)
- If you have robust P&P's we tailor a customized training for those affected.
- Pricing is available for an "a la carte" or bundled solution.

Where do we go from here?

We need to be mindful of the current trends:

- Fair Lending and Disparate Impact
- Challenges from the CFPB
- Recent testimony from the House Financial Services Committee

It is difficult to be an expert on everything at all times.

“What should I be training on now?”

CFPB Training

- Part of CFPB Examination will be to interview LO's and Staff about their policy and procedures.
 - Are they properly trained to know enough to answer those questions?
 - Does senior management know the answers?

The trend we are seeing

OREGON AMENDS MORTGAGE LICENSING EXEMPTIONS

Previously, subsidiaries and affiliates of financial holding companies, bank hold companies, and savings and loan holding companies were exempt from mortgage licensure. However, Oregon has recently removed these exemptions. This means that any such entities that were previously exempt must now obtain licensure ... This amendment is effective January 1, 2014.

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We have all the Mortgage and Compliance trainings you need. Many you can do and some you cannot.

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 - Pre-License Education and Continuing Education
- Compliance
 - Trainings

Mortgage

Loan Officer Training:

- All loan programs and portfolio products
- FHA - 203 (b), 203(k), Reverse, Streamlines
- VA, Purchase, Refinances an IRRRL's,
- USDA, Conventional - FNMA, FHLMC, HELOC
- Self Employed Borrower (Tax Return Analysis)
- Processor and Underwriter Training and Certification
 - As well as all the lending laws – RESPA, TILA, ECOA, HOEPA, MDIA, HMDA, GLBA, PMI Act, SAFE Act, Fair Housing Act, etc.

Compliance

- Policy and Procedures
- Training for Red Flags, AML, BSA
- Privacy Act
- Fair Lending Laws - ECOA, Fair Housing Act, Disparate Impact
- Advertising - UDAAP
- New QM, New HOEPA, New ATR, New APR, New Disclosures, New Rules...

Thank you

M | E | C

Mortgage Educators & Compliance

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