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09.03.09

Legislative Update Report

Federal Legislation

Fed Publishes Proposed Rules on Home-Secured Credit; Comments Due by December 24. On August 26, the Federal Reserve Board (Fed) published in the *Federal Register* its proposed rules that would amend Regulation Z by, among other things, modifying the disclosures provided to consumers in (i) closed-end mortgage and (ii) home equity line of credit (HELOC) transactions. The proposed rules would also significantly expand the scope of Regulation Z by effectively banning yield spread premiums and heavily regulating compensation paid to loan officers of mortgage brokers and lenders. The proposed rule for closed-end mortgage transactions recommends changing the disclosures provided to borrowers at and after application and before and after consummation. The proposed rule for HELOCs recommends changing the disclosures provided to borrowers at application and account opening, as well as in periodic statements and change-in-terms notices. Comments on the proposed rules are due by December 24, 2009. For a copy of the proposed rules, please see <http://edocket.access.gpo.gov/2009/pdf/E9-18119.pdf> and <http://edocket.access.gpo.gov/2009/pdf/E9-18121.pdf>

Fed Adjusts Fee-Based HOEPA Trigger to \$579. On August 10, the Federal Reserve Board (Fed) announced its annual adjustment to the Home Ownership and Equity Protection Act (HOEPA) fee-based trigger. The new dollar amount for 2010 -- which is based on the annual percentage change reflected in the Consumer Price Index in effect on June 1, 2009 -- is \$579. The adjustment becomes effective January 1, 2010. It does not affect the new rules for "higher-priced mortgage loans" adopted by the Fed in July 2008. For a copy of the press release, please see <http://www.federalreserve.gov/newsevents/press/bcreg/20090810a.htm>.

Data Security Bill Introduced in U.S. Senate. On July 22, Senator Patrick Leahy (D-VT) introduced S. 1490, the "Personal Data Privacy and Security Act of 2009." If enacted, the bill would require certain entities to develop and implement administrative, technical, and physical safeguards to protect the security of sensitive personally identifiable information, as well as impose notification requirements in connection with a security breach of such information. The provision requiring the safeguarding of information, however, would not apply to financial institutions subject to compliance with the Gramm-Leach-Bliley Act that are also subject to state or federal examination or compliance. The text of the bill may be found at: <http://www.thomas.gov/cgi-bin/bdquery/D?d111:1:/temp/~bdIz4C:@@L&summ2=m&/bss/111search.html>

Other Industry News

FHA Won't Implement HVCC. The Federal Housing Administration has no plans to implement the Home Valuation Code of Conduct, Commissioner David Stevens told a delegation from the National Association of Mortgage Brokers. NAMB's FHA chairman John Councilman, who attended the meeting, reported that Mr. Stevens said he was well aware of the problems originators have been having with the code, which only applies to loans sold to Fannie Mae and Freddie Mac. That being said, the commissioner added FHA is looking at alternatives it feels would insulate appraisers from pressure from originators.

HUD Revises FAQs on Revised RESPA Rule. On August 19, the U.S. Department of Housing and Urban Development (HUD) revised its "Frequently Asked Questions" regarding its 2008 amendments to Regulation X, the Real Estate Settlement Procedures Act's (RESPA) implementing regulation. The guidance addresses various aspects of the revised RESPA rule, including the delivery of a written list of settlement service providers to consumers, the changed circumstances re-delivery rule, the completion of the GFE and HUD-1/1A, and the electronic delivery of required disclosures. For a copy of the revised FAQs, please see <http://www.hud.gov/offices/hsg/ramh/res/faqfinalrev4.pdf>.