

Compliance Matrix

November 2009

Topic	Regulation(s)	Requirements
Tracking new loan applications and the action taken on them	Equal Credit Opportunity Act -Reg B (ECOA)	Clearly identifying when a loan application is taken. Typically, this includes one or more of the following Credit data, debt ratio, property address or any discussion of available rates and terms. A decision needs to be made regarding the offering of credit within 30 days
Initial Application Disclosures	Truth In Lending Act Reg Z (TILA), Mortgage Disclosure Improvement Act (MDIA), Real Estate Settlement Procedures Act -Reg X (RESPA), Equal Credit Opportunity Act -Reg B (ECOA), Fair Credit Reporting Act (FCRA),	Good Faith Estimate, Truth in Lending Disclosure, Servicing Disclosure Statement, Privacy Policy, PMI Disclosures, Program/ Disclosures, Agency/Investor Disclosures, Acknowledgement and Acceptance of Electronic Disclosures, Affiliated Business Arrangement Disclosure, HUD Settlement Booklet, Charm Booklet. Additional state laws may apply. Redisclosures are required for revised APR changes with specific tolerances
Requirements to reissue Loan and Program Disclosures	Privacy Act, Home Mortgage Protection Act, Home Mortgage Disclosure Act (HMDA),	Updated Good Faith Estimate, Truth in Lending, and Program disclosures based on changes to the APR by 1/8% or Financed Fees by \$100 or more
Loan Closing Disclosures	Flood Disaster Protection Act (FDPA), E-Sign Act	Final Truth in Lending Disclosure, HUD-1 Settlement Statement, Escrow/Impounds/Reserves Disclosure, Right of Rescission (For refinances)
Brokering Loans	Various state laws	Disclosures are required when the Lender is acting as a Broker. Information must include the fees being charged, when the fees are refundable, and the services being provided
Hazard Insurance	Various state laws	Borrower must be informed that they have the right to select the hazard insurer of their choice, subject to the Lender's reasonable requirements

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Credit reporting access, disclosure, and tracking the sharing of reports	Fair Credit Reporting Act (FCRA), Fair and Accurate Credit Transactions Act (FACTA)	The regulatory guidelines require lenders to provide data from the credit reports to the applicant when credit has been denied. The disclosure and copies of credit reports must be archived for a minimum of two years. Notice must also be given that the Lender may provide negative credit information to credit reporting bureaus if the Borrower does not meet their obligations
Flood Zone determination, disclosure, and reporting	Flood Disaster Protection Act (FDPA)	All federally regulated and/or insured lenders must notify prospective borrowers if the property they are financing is located within a federally designated flood area (SPHA). Properties located within a designated flood area have mandatory flood insurance requirements
Mortgage Insurance disclosure and termination requirements	Homeowner Protection Act (PMI Act)	Lenders must disclose terms of mortgage insurance when provided to an applicant. Lenders must require applicants to have mortgage insurance based on specific equity/principal reduction guidelines
Appraisal Reports ordering process	Home Valuation Code of Conduct (HVCC)	The Home Valuation Code of Conduct prohibits brokers, realtors or loan agents from ordering appraisals through independent appraisers for loans targeted for sale to FNMA and/or FHLMC. Alternatively, Lenders have to order through individual lenders' specified departments or an independent Appraisal Management Company (AMC)
Appraisal Reports for Borrowers	Equal Credit Opportunity Act (ECOA)	Lenders must provide a copy of the appraisal report used for underwriting or disclose that a copy will be provided upon request

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Predatory Lending and High Cost Loans	Home Ownership and Equity Protection Act (HOEPA), Section 32, State specific Net Tangible Benefits	Borrowers must have the ability to repay. Refinances must be in the borrower's best interest, unnecessary insurance must not be required on a transaction. Special disclosures must be in place for loans with 8 percent or more in loan fees or if the rate is more than 8% higher than the comparable Treasury Security. Additional state, county, and city restrictions may apply
State Licensing tracking	Loan Officer Licensing, Bricks and Mortar Laws, Continuing education	Lenders are required to ensure their originators and third party broker relationships are properly licensed with the appropriate physical office and educational requirements as established by the states in which they are lending
Anti Terrorism and Money Laundering	USA Patriot Act, Office of Foreign Asset Control (OFAC)	Lenders must obtain and document two forms of identification to validate applicants name, address, date of birth, and social security number to determine if the applicant is associated with terrorism and/or money laundering. Information must be archived for a minimum of 5 years
Loan Fraud	As established by US Department of the Treasury, Federal Bureau of Investigation, and State specific agencies	Lenders are responsible for establishing and maintaining processes that validate the accuracy of data provided by applicants and the activities of their employees and third party originators relationships
HUD, Agency, and Investor Compliance	As established by the entities that set loan purchase/ securitization requirements	Product eligibility, price adjustments, verbal verification of employment, and product disclosures must be supported to ensure loans meet investor guidelines and are priced appropriately for income and risk

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Third Party Audits	As established by FFIEC, HUD, and Correspondent Lenders	Loan files (Pre and Post closing) should have random and independent validation of income, credit, asset, and collateral documentation as well as compliance processes/disclosures. Third party service providers should have policies and procedures that support the requirements established for its customers. These policies and procedures should be validated with an independent SAS-70 report
Lending Activity Reporting	Home Mortgage Disclosure Act -Reg C (HMDA), Community Reinvestment Act (CRA)	Lenders are required to report on the credit provided to/denied based on Race/National Origin, Sex, Income, and property location
Protecting Your Customers Information	Privacy Act (Reg P), Sarbanes Oxley Act, Gramm-Leach Bliley, Red Flag rules	Regulates the sharing of non-public personal information. Access provided on a "Need to know" basis. Data should be behind firewalls at all times. Employees should not have the right to remove data. Lenders must disclose their Privacy Policy and Opt Out option(s). Password policies must be implemented and maintained
Data/File management, access, retention, and disposal	Various federal and state laws	Data and images must be properly stored, made available for access, archived, and destroyed when appropriate. HMDA requires 3 years retention. PMI Act 3 years. Additional state laws may apply