



CFPB Delays Effective Date for Dodd-Frank

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On Friday, November 16, 2012, the Consumer Financial Protection Bureau (CFPB) published a final rule which delays the effective date for compliance with the new mortgage disclosure rules included in Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The CFPB's rule provides an exemption from compliance with Dodd-Frank's mortgage disclosure requirements until such time as the final rules governing integrated RESPA-TILA mortgage disclosures, not yet issued by the CFPB take effect. The CFPB proposal published on July 9, 2012, among other things, combines RESPA and TILA disclosure requirements for closed end transactions secured by real property.

In this final rule, the CFPB acknowledges that final rules governing the integrated mortgage disclosures are not expected by January 21, 2013, at which time Dodd-Frank's statutory requirements self-effectuate; therefore, an official delay is necessary to eliminate the confusion that would result from industry efforts to comply with those requirements absent finalized rules.

Importantly, the CFPB's exemption applies regardless of whether a transaction will be subject to the proposed Integrated RESPA-TILA disclosure. For example, compliance with Dodd-Frank mortgage disclosure requirements for Reverse mortgages, HELOCs, and loans secured by dwellings that are not real property is likewise postponed. Below is a list of mortgage disclosure requirements covered by the CFPB's exemption:

- Negative amortization feature warning
- State anti-deficiency protection disclosure
- Creditor partial-payment policy disclosure
- Mandatory escrow or impound account disclosure
- Waiver of escrow disclosure
- Cancellation of escrow disclosure
- Monthly payment, including escrow, disclosure (at initial and fully-indexed rate for variable rate loans)
- Repayment analysis disclosure including amount of escrow payments for taxes and insurance

- Disclosure of the aggregate amount of settlement charges (amount included in loan and amount to be paid at closing), the approximate amount of the wholesale rate of funds, and the aggregate amount of other fees or required payments
- Disclosure of aggregated mortgage originator fees and amount of fees paid by the consumer and the creditor
- Disclosure of total interest as a percentage of principal
- Notice of reset of hybrid adjustable rate mortgage
- Notification regarding appraisals for higher-risk mortgages
- Notice of right to receive an appraisal copy
- Disclosure of appraisal management company fees (optional)

Please note specific information with respect to these mortgage disclosures, including delivery requirements, is not the subject of this article. For additional information, the CFPB's rule may be viewed in its entirety on its website:

http://files.consumerfinance.gov/f/201211_cfpb_final-rule_title-XIV-disclosures-extension.pdf



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