



Bankers Advisory

COMPLIANCE MONITOR

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CFPB Announces Implementation Plan for New Mortgage Rules

By Anna DeSimone

On February 13, 2013 the Consumer Financial Protection Bureau (CFPB) announced an implementation plan regarding the new consumer protections that go into effect in January 2014. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB was required to issue new mortgage rules by Jan. 21, 2013. The CFPB met that deadline and set a January 2014 deadline for industry to comply.

Included in the new mortgage rules are the **Ability-to-Repay** rule and the **Mortgage Servicing** rules.

Other new rules address appraisals, escrow accounts, protections for high-cost mortgages, and compensation and qualifications for loan originators. In an effort to support rule implementation and ensure industry is ready for the new borrower protections, the CFPB will:

Coordinate with Other Agencies

The CFPB is coordinating with other federal government regulators that also conduct examinations of mortgage companies to ensure all regulators have a shared understanding of the CFPB's new rules. The CFPB expects this will help promote a consistent regulatory experience for industry.

Publish Plain-language Guides

The CFPB will publish easy-to-understand summaries of the regulations in both written and video form. The guides, available in the spring, will be particularly helpful to smaller businesses with limited staff for compliance.

Publish Updates to the Official Interpretations

Over the next year, the CFPB plans to issue updates of the "official interpretations," which provide guidance on how to comply with the rules. These updates will allow the CFPB to address important questions raised by industry, consumer groups, or other agencies. Priority for these updates will be given to issues that are important to a large number of providers or consumers, and that critically affect mortgage companies' implementation decisions. The Bureau expects to issue the first one in the spring and issue additional updates, as needed.

Publish Readiness Guides

This summer, the CFPB will publish readiness guides to help mortgage originators and servicers prepare to comply with the new rules. The guides will include helpful check-lists, such as suggesting that implementation plans include items like revising policies and procedures and finalizing training plans for staff. More in-depth examination procedures are expected to be published later this year by the Federal Financial Institutions Examination Council. Industry members will be able to use these examination procedures to conduct self-assessments and internal reviews of their readiness and compliance.

Educate Consumers

As the January 2014 date approaches, the CFPB will give consumers information about their new protections under these rules through a broad-reaching consumer education campaign.



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