CFPB Final Rule – Amendments to the Truth in Lending Act – High Cost and Homeownership Counseling

The CFPB finalized rules requiring the disclosure of a list of homeownership counselors who can provide counseling to the borrower. This disclosure and the list of counseling agencies are required for ALL new applications, even if the loan isn’t a high cost loan.

For wholesale applications, QLMS will be providing the disclosure and list of counselors to the client in our TIL package, regardless if the partner has previously provided. For correspondent applications, we require the Partner to include the disclosure and list of counseling agencies that were provided to the client in the loan submission package.

HOMEOWNERSHIP COUNSELING REQUIREMENT

The new rule requires that not later than three business days after a lender or mortgage broker receives an application, the lender must provide the loan applicant a written list of homeownership counseling organizations that provide relevant counseling services in the loan applicant’s location. The list of homeownership counseling organizations provided under this section may be combined and provided with other mortgage loan disclosures required pursuant to Regulation Z. The list of homeownership counseling organizations distributed to each loan applicant under this section shall be obtained no earlier than 30 days prior to the time when the list is provided to the loan applicant from either:

(i) The website maintained by the CFPB for lenders to use; link below
http://www.consumerfinance.gov/find-a-housing-counselor/ or

(ii) The lender may generate lists by independently using the same HUD data that the Bureau uses on HUD-approved counseling agencies, in accordance with the Bureau’s list instructions. Please visit the link below for additional details.

In a wholesale transaction, if a mortgage broker has provided the required list of homeownership counseling organizations, the lender is not required to provide an additional list. However, the lender is responsible for ensuring that the list of homeownership counseling organizations is provided to a loan applicant in accordance with this section.
Housing Counseling Agency Notice

The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD) and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost to you. This list shows you several approved agencies in your area. You can find other approved agencies on the Consumer Financial Protection Bureau’s (CFPB) website: http://www.consumerfinance.gov/find-a-housing-counselor/ or by calling 1-855-411-CFPB (2372). You can also access a list of nationwide HUD-approved counseling intermediaries: http://portal.hud.gov/hudportal/HUD?src=/ohc_nint, or search homeownership counselors by state via website: http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm.