

Governance, Risk & Compliance

# What's New with the Documents

ComplianceOne® assumptions

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## Governance, Risk & Compliance

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## What's New

### MULTI-STATE

#### Closing Disclosure

The Closing Disclosure has been revised to print the appropriate label ("Sale Price" or "Appraised Prop. Value" or "Estimated Prop. Value") for the Closing Information at the top of page 1 for a transaction with Mobile Home and Raw Land as collateral where the **Sales Price** and **Appraisal Value** are entered for the Mobile Home but not the Raw Land.

In addition, we have revised the Cash to Close checkboxes "To Borrower" and "From Borrower" to avoid a UCD error when submitting the Closing Disclosure. The "From Borrower" checkbox will now be selected when the cash to close amount is zero where previously neither box was being marked.

#### Demographic Information Addendum

The Demographic Information Addendum has been revised due to technical corrections and clarifying amendments to the Home Mortgage Disclosure Act (HMDA) and Regulation C by the Consumer Financial Protection Bureau (CFPB). The Addendum will select for loans when you indicate that you want to collect the HMDA disaggregated demographic data separate from the credit application and either the 2018 HMDA rule applies or government monitoring applies.

When you are using the Universal Credit Application Real Estate documents and **2018 HMDA Rule Applies** is selected on the Loan Definition page, by default you will receive the new credit application **Universal Credit Application Real Estate-HMDA** which includes the disaggregated demographic data within the application and a separate **Demographic Information Addendum** is not selected. If you would like to use the separate Demographic Information Addendum with the Universal Credit Application Real Estate, select **Demographic Information Collected Separately** found on the Document Data page under each of the Borrower and Cosigner sections.

When you are using the Fannie Mae 1003 Freddie Mac 65 Universal Residential Loan Application and select **2018 HMDA Rule Applies**, please note that you will continue to receive a separate Demographic Information Addendum as the 1003 does not include the disaggregated demographic data within the application. Please note that in this type of transaction, you will see **Demographic Information Collected Separately** found on the Document Data page under each of the Borrower and Cosigner sections defaulted checked. If **Demographic Information Collected Separately** is unselected, you will not receive a Demographic Information Addendum for this party.

You should keep the following points in mind:

- Classifying the parties appropriately as a Co-Applicant or not is your responsibility based on minimal regulatory guidance.
- You are encouraged to consult with your legal counsel and/or compliance consultants to determine whether and when to collect information on a Cosigner.

## Government Monitoring Information

The Government Monitoring Information document has been revised to conform to the CFPB's amendments to Regulation B (ECOA). The document will now select when **Government Monitoring Information For ECOA (Regulation B) is Requested** is selected on the Document Data page in the Transaction Data section and you select **Government Monitoring Information Collected Separately** found also on the Document Data page under the Borrower and Cosigner sections to indicate that you want to use a document that is separate from the application. The document will not select if HMDA applies or if you have selected the Demographic Information Addendum.

## Loan Estimate

The Loan Estimate has been revised to print the appropriate label (SALE PRICE or EST. PROP. VALUE) at the top of page 1 for a transaction with Mobile Home and Raw Land as collateral where the **Sales Price** and **Appraisal Value** are entered for the Mobile Home but not the Raw Land. The label "SALE PRICE" will print for a seller transaction when a **Sales Price** is entered for the real estate collateral. Otherwise the label will be "EST. PROP. VALUE".

## Non-Refundable Fee Disclosure

The Non-Refundable Fee Disclosure has been revised so the document title prints above the date and parties section.

## Notice to Home Loan Applicant

The Notice to Home Loan Applicant has been revised to update the TransUnion ZIP Code, to add a street address for Experian, and to add "Your acknowledgment below signifies that this written notice was provided to you" along with signature lines.

## Risk Based Pricing Notice Account Review

The Risk Based Pricing Notice Account Review has been revised to no longer select for a loan secured by a mobile home when you select **A Risk Based Pricing Notice is required for this transaction** on the Financial Analysis page.

## Risk Based Pricing Notice Alternate for Residential Real Property

The Risk Based Pricing Notice Alternate for Residential Real Property has been revised to select for a loan secured by a mobile home when you select **A Risk Based Pricing Notice is required for this transaction** on the Financial Analysis page and **Risk Based Pricing Notice - Alternate for Residential Real Property** on the Document Data page. Note that **Risk Based Pricing Notice - Alternate for Residential Real Property** will be visible in the Transaction Data section only when you have not selected **Provide the Risk Based Pricing Notice - Credit Score** in that same section.

## Universal Credit Application Real Estate

The Universal Credit Application Real Estate has been revised with several changes. The document selection rules have been revised due to technical corrections and clarifying amendments to the Home Mortgage Disclosure Act (HMDA) and Regulation C by the Consumer Financial Protection Bureau (CFPB). The document will not be selected when the Demographic Information Addendum is being used to collect data for HMDA submission or when the Government Monitoring Information is being used to collect data for ECOA Regulation B. The field for "county or parish" has been revised to print the county after the street address for the Subject

Property Address field in section 3. The Lender Case No./HMDA ULI field has been revised to print the **Loan Number** from the Loan Definition page if the ULI is not printed. Page 1 has been revised to include the name of the loan origination company (previously only the address was printing).

### **Universal Credit Application Real Estate WOG**

The Universal Credit Application Real Estate WOG (Without Government Monitoring) has been revised with several changes. The document selection rules have been revised due to technical corrections and clarifying amendments to the Home Mortgage Disclosure Act (HMDA) and Regulation C by the Consumer Financial Protection Bureau (CFPB). The document will be selected when the Demographic Information Addendum is being used to collect data for HMDA submission and you are not using the new Universal Credit Application Real Estate-HMDA or the Fannie Mae 1003 Freddie Mac 65 Universal Residential Loan Application. The field for "county or parish" has been revised to print the county after the street address for the Subject Property Address field in section 3. The Lender Case No./HMDA ULI field has been revised to print the **Loan Number** from the Loan Definition page if the ULI is not printed. Page 1 has been revised to include the name of the loan origination company (previously only the address was printing).

### **Universal Credit Application Real Estate-HMDA**

The Universal Credit Application Real Estate-HMDA has been added in response to technical corrections and clarifying amendments to the Home Mortgage Disclosure Act (HMDA) and Regulation C by the Consumer Financial Protection Bureau (CFPB). The Universal Credit Application Real Estate-HMDA was created to align with the flexibility permitted in the 2017 Amended Rules to Regulation B for Ethnicity and Race, effective January 1, 2018. This new form includes the HMDA disaggregated demographic data and may be used by financial institutions for HMDA-covered transactions in 2017 under a prior 2016 amendment to Regulation B. This new application will select for loans secured by real estate when the Fannie Mae 1003 Freddie Mac 65 Universal Residential Loan Application is not selected, and you have selected **2018 HMDA Rule Applies** on the Loan Definition page. To continue to use the separate Demographic Information Addendum with your credit application, select **Demographic Information Collected Separately** found on the Document Data page under each of the Borrower and Cosigner sections.

## **CALIFORNIA**

### **Comparison of Sample Mortgage Features-CA**

### **Comparison of Sample Mortgage Features Overflow-CA**

The Comparison of Sample Mortgage Features-CA and Overflow document have been revised to only select for variable rate loans and fixed rate loans without an installment repayment method.

### **Notice to Home Loan Applicant-CA**

The Notice to Home Loan Applicant has been revised to update the TransUnion ZIP Code, to add a street address for Experian, and to add "Your acknowledgment below signifies that this written notice was provided to you" along with signature lines.

## **ILLINOIS**

### **Notice of Servicing Transfer-IL**

The Notice of Servicing Transfer-IL has been revised based on revisions to the Illinois Residential Mortgage License Act of 1987 in 38 Illinois Administrative Code 1050, effective October 6, 2017, to repeal sections that conflict with current statutes; implement federal regulations (notices, disclosures, loan estimates, and payoff statements) and repeal obsolete provisions for registration of loan originators. The most notable changes are

the change of the document name from Notice of Servicing Transfer-IL to Notice of Servicing Transfer-HE, the removal of the section relating to where the next three payments should be sent, and the removal of the new servicer's regulator.

## **IOWA**

### **Payment Reduction Fee Disclosure-IA**

The Payment Reduction Fee Disclosure-IA has been revised to collect the **Current Rate At Par Percent** on the Document Data page in the Note section for the Current Market Interest Rate that would apply for a loan without a payment reduction fee rather than simply printing the calculated initial rate.

## **NEW JERSEY**

### **Application Fees Disclosure-NJ**

The Application Fees Disclosure-NJ has been revised to match the new model form issued by the New Jersey Department of Banking and Insurance and, along with the Loan Estimate, covers the requirements described in N.J.A.C. 3:1-16.3(d). As a result, the Settlement Service Fees Estimate-NJ-1015 is no longer required and has been removed.

### **Settlement Service Fees Estimate-NJ-1015**

The Settlement Service Fees Estimate-NJ-1015 is no longer required and has been removed. The Application Fees Disclosure-NJ has been revised to match the new model form issued by the New Jersey Department of Banking and Insurance and, along with the Loan Estimate, covers the requirements described in N.J.A.C. 3:1-16.3(d).

## **OREGON**

### **Multiple Recordable Documents**

Multiple recordable documents have been revised to remove the reference to MERS as Grantee from below the document title for property located in Oregon.

## **TEXAS**

### **Acknowledgment of Fair Market Value of Homestead Property-TX**

### **Home Equity Affidavit and Agreement Refinance Of Texas 50a6-TX (NEW)**

### **Home Equity Notice Concerning Refi Of Existing HE Loan Spanish-TX (NEW)**

### **Home Equity Notice Concerning Refinance Of Existing HE Loan-TX (NEW)**

### **Home Equity Terms and Conditions Agreement Concerning Refinance-TX (NEW)**

Four new documents have been added and an existing document updated to support the new four conditions refinance that was approved in the Texas Constitutional amendment on November 7, 2017. This new refinance option is often called the "Four Conditions Refinance," since four conditions must be met in order to do this type of transaction. If the four conditions are met, then you can refinance a Texas Home Equity transaction into a transaction that will be done outside of the traditional Texas Home Equity requirements found in Section 50(a)(6) (which means that you would NOT select either General Interest Law – Home Equity or Secondary Mortgage Loans – Home Equity for the **Loan Act** on the Loan Definition page). The four conditions that must be met to document a transaction under the Four Conditions Refinance Option under Section 50(f) are:

- 1) The refinance is not closed before the first anniversary of the date of the loan getting refinanced;
- 2) Does not include cash out other than funds to refinance a non-50(a)(6) loan in addition to a 50(a)(6) loan and



actual costs and reserves required by the lender to refinance the debt;

3) The refinance of the extension of credit is of a principal amount that when added to the aggregate total of outstanding principal balances of all other indebtedness secured by the home does not exceed 80% of the fair market value on the date of closing;

4) The lender provides the new required disclosure under 50(f) not later than the third business day after the date of the loan application to the lender and at least 12 days before the date of the refinance.

Once you have included at least one piece of residential real estate collateral located in Texas, you will have the option to select **Texas Home Equity Four Condition Refinance** from within the State Specific Options section on the Collateral page. Selecting **Texas Home Equity Four Condition Refinance** will:

- Include the Home Equity Notice Concerning Refinance of Existing HE Loan-TX in your list of documents in the application phase where you can access it through the Upfront or Processing phases. To include the Spanish version of the notice, select 'Spanish' from **Language Preference Type** for each applicable Borrower on the Document Data page.
- Include the Home Equity Affidavit and Agreement Refinance Of Texas 50a6-TX, Home Equity Terms and Conditions Agreement Concerning Refinance-TX, and Acknowledgment of Fair Market Value of Homestead Property-TX in your list of documents in the closing phase.
  - By signing the Terms and Conditions Agreement, the parties agree to include its provisions into the Deed of Trust. While there are no specific requirements for when the Terms and Conditions Agreement must be signed, it would be a best practice to sign this document at the same time as the Deed of Trust, and after the consumer receives and reviews the promissory note and the Acknowledgment of Fair Market Value of Homestead Property-TX.

#### **Home Equity Closing Affidavit and Agreement-TX**

#### **Home Equity Notice-TX**

#### **Home Equity Notice-TX-Spanish**

#### **Home Equity Terms and Conditions Agreement-TX**

The documents listed above have been revised in light of Senate Joint Resolution 60, which amended Section 50(a)(6) of the Texas Constitution regarding home equity lending. This joint resolution was approved by voters on November 7, 2017 and becomes effective on January 1, 2018. The documents will be selected when **The loan is a Texas home equity loan as defined by the mandatory 50(a)(6) amendment to the Texas constitution in effect January 1st, 2018** found in the Transaction Data section of the Document Data page is checked.

The Home Equity Closing Affidavit and Agreement-TX has been revised so that when you indicate that the transaction is a Texas home equity loan as defined by the mandatory amendment to the Texas constitution, you will see the following changes:

- Section (H) will no longer appear, since agricultural homestead will now be a permitted collateral type.
- The sections have been renumbered due to the deletion of Section (H)
- Subsection (6) of Section (X) (renumbered to now be Section (W)) has been removed regarding the limitation on HELOC advances that was eliminated with SJR 60.

The Home Equity Notice-TX & Home Equity Notice-TX-Spanish have been revised so that when you indicate that the transaction is a Texas home equity loan as defined by the mandatory amendment to the Texas constitution, you will see the following changes:

- Subsection (E) will reflect changes to the fee limitations for Texas home equity lending.
- Subsection (I) will no longer appear, since agricultural homestead will now be a permitted collateral type.
- The subsections will be renumbered due to the deletion of Subsection (I).
- Subsection (Q)(6) will be revised to reflect 80% of the fair market value; it previously read 50%.

The Home Equity Terms and Conditions Agreement-TX has been updated for all closed-end Texas Home Equity Loans (loans made under Section 50(a)(6), Article XVI, of the Texas Constitution). As previously communicated, the document was created as a result of the case Garofolo v. Ocwen Loan Servicing, LLC. The Court in Garofolo determined, among other things, that in order for a Texas Home Equity loan to be “foreclosure eligible,” the transaction documents must include the terms (Section 50(a)(6)(A)-(P)) and conditions (Section 50(a)(6)(Q)(i)-(xi)) from the Texas Constitution. The parties, including you, must agree to the terms and conditions. By signing the Terms and Conditions Agreement, the parties agree to include its provisions into the Deed of Trust. While there are no specific requirements for when the Terms and Conditions Agreement must be signed, it would be a best practice to sign this document at the same time as the Deed of Trust, and after the consumer receives and reviews the promissory note and the Acknowledgment of Fair Market Value of Homestead Property-TX.

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### Important

Changes become effective on January 1, 2018 and early compliance is not permitted therefore you should not select **The loan is a Texas home equity loan as defined by the mandatory 50(a)(6) amendment to the Texas constitution in effect January 1st, 2018 or Texas Home Equity Four Condition Refinance** until January 1st, 2018 or later.

A Texas Home Equity loan cannot close until 12 days after either the consumer has filled out an application or the home equity notice has been given to the consumer, whichever is later. This effectively means that you cannot close a Texas Home Equity loan in 2018 until at least January 13th.

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