

Comparison of H.R. 3915 (Frank Bill), Federal Reserve’s Final HOEPA Rule and Draft Mortgage Improvement and Regulation Act (MIRA)

Concept	H.R. 3915 as enrolled in the House of Representatives	Federal Reserve Board’s HOEPA Final Rule	MIRA
BACKGROUND			
Status	<p>Passed by House of Representatives on November 15, 2007, 110th Congress. Expected to be reintroduced in 111th Congress.</p> <p>Sponsored by Chairman Frank and Ranking Member Bachus (hereinafter called “Frank” bill or “H.R. 3915”)</p>	<p>On July 30, 2008, the Board of Governors of the Federal Reserve (Board) adopted its final “HOEPA Rule,”¹ amending its Truth in Lending (TILA) Rules, Regulation Z. The rule prohibits specific acts and practices in mortgage lending under TILA and the HOEPA.</p>	<p>Proposal released March 24, 2009.</p>
Summary/Overview	<p>Would regulate virtually all mortgages in four categories, with regulation increasing in numerical order:</p> <ol style="list-style-type: none"> 1. Qualified Mortgages 2. Qualified Safe Harbor Mortgages 3. Not Qualified Mortgages 4. High Cost Mortgages <p>Would:</p> <ol style="list-style-type: none"> 1) Require registration for all originators and minimum standards for state-licensed originators; 2) Establish new anti-steering provisions that limit yield spread premiums (YSPs) and equivalent compensation for mortgages that are “not qualified mortgages;” 3) Require that a lender determine in good faith that a consumer has the ability to repay his or her mortgage and that refinance loans provide a net tangible benefit. Note: “Qualified mortgages” and “qualified safe harbor; mortgages” would be presumed to meet these requirements; the presumption is rebuttable against lenders for “qualified safe harbor mortgages;” 4) Prohibit prepayment penalties for “not qualified mortgages;” 5) Expand the coverage of HOEPA and its restrictions governing high-cost mortgages; 6) Facilitate and fund counseling programs and require counseling for some borrowers; 7) Establish new escrow and appraisal requirements including requiring escrow accounts and appraisals for certain borrowers; 8) Establish new disclosure requirements for all loans; 9) Include enforcement and remedy provisions; and 10) Other miscellaneous provisions. 	<p>Would establish: (1) a new level of regulation for higher-priced mortgage loans, meant to be essentially nonprime mortgage loans (2) new protections for all loans to go along with; (3) the current protections for the highest cost loans called high-cost HOEPA loans.</p> <p>For higher priced mortgage loans would establish new:</p> <ol style="list-style-type: none"> 1) Requirements for lenders to determine borrower’s ability to repay; 2) Limits on prepayment Penalties; 3) Documentation in underwriting; and 4) Mandatory escrow accounts. <p>Would also establish new requirements for all mortgage loans regarding:</p> <ol style="list-style-type: none"> 1) Appraisals 2) Loan Administration/ servicing; 3) Advertising; and 4) Early disclosures. 	<p>Would establish rigorous Uniform National Mortgage Standards (UNMS) that would replace the patchwork of state laws. Places HOEPA final rule provisions into legislative language, takes some provisions from the Frank bill and adds” Restore the Faith Initiatives,” e.g. establishing a duty of care for originators.</p> <p>Also establishes Federal Mortgage Regulatory Authority (FMRA) to be an independent office in Government, possibly in another agency, headed by a Director. Assigns FMRA and Director responsibilities of: (1) implementing UNMS and establishing supplemental standards, as necessary, in conjunction with a Council of State and Federal Regulators (CSFR); (2) regulating nondepository mortgage bankers and brokers; (3) establishing uniform Federal licensing and registration standards for nondepository mortgage bankers and mortgage brokers in partnership with state financial regulators who also shall review for compliance with and examine and enforce the UNMS for such entities; (4) consulting with federal and state financial regulators which shall examine, review and enforce the UNMS for federal and state depository institutions which they regulate respectively; (5) operating a national financial literacy and counseling program including requiring mandatory counseling for certain mortgage products.</p> <p>UNMS, as indicated consistent with Fed Rules, Restoring the Faith Initiatives and Frank bill, would require:</p> <ol style="list-style-type: none"> 1) National licensing and

¹ Final Amendments to Regulation Z (Truth in Lending) to be published at 12 CFR Part 226. The rule becomes effective October 1, 2009.

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	<p>It provides a limited preemption for assignee liability provisions.</p>		<p>registration of originators in accordance with SAFE Act Standards for all loans;</p> <ol style="list-style-type: none"> 2) New anti-steering provisions including much greater transparency requirements for all loans; 3) Lender determination 4) consumer has ability to repay higher-priced mortgage loans; 5) Documentation for higher-priced mortgage loans; 6) Restrictions on prepayment penalties for higher-priced mortgage loans; 7) Expansion of HOEPA high cost loan restrictions to cover purchase loans; 8) Facilitation and funding of counseling programs including mandatory counseling for a limited sphere of loan product, e.g., HOEPA highest cost loans, under certain important conditions such as availability of resources to avoid unnecessarily denying or delaying access to needed credit (below); 9) Prohibitions against appraiser coercion and other appraisal protections for all mortgage loans; 10) New servicing requirements including requirements for posting of payments and provision of payoff statements for all mortgage loans; 11) Prohibitions against unfair, misleading and deceptive advertising for all mortgage loans; 12) Requiring HUD and the Federal Reserve to work in consultation with FMRA to develop uniform, national disclosure forms and consumer information. This would include combined and coordinated RESPA and TILA Good Faith Estimate (GFE) disclosures, HUD-1 and final TILA disclosures as well as consumer handbook information. 13) Providing additional resources to address and enforce against those committing mortgage fraud. <p>Regulated entities would be assessed the costs of regulation. To avoid duplicate charges, Federal and participating state regulators</p>

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			<p>would split regulatory assessments considering amounts made available to states from licensure and registry.</p> <p>Preemption - New law would preempt state laws and would serve as a “dynamic ceiling” which would be revised by Federal and state regulators as necessary acting in partnership to address abuses.</p>
CATEGORIES OF LOAN REGULATION			
Least Regulated Class of Mortgages	<p>“Qualified mortgages”; loans with APRs not equal to or greater than tH.R.ee percent over comparable Treasuries or 175 basis points over the Federal Reserve’s H.15 for first lien loans, and five percent and 375 basis points for non-first lien loans. All FHA and VA loans are qualified loans regardless of their APRs. Qualified mortgages are presumed to meet the ability to repay and net tangible benefit standard. The presumption is not rebuttable.</p>	<p>Mortgages that are not high-cost HOEPA loans and are not “higher-priced mortgage loans” as defined in the next section. However, regulation would add restrictions on appraisals, servicing and advertizing for all loans.</p>	<p>Takes Federal Reserve’s HOEPA Final Rule approach and converts Board’s regulatory language into statute, adds new appraisal and servicing provisions and new MBA restore faith in the market initiatives. For other provisions below, this may be noted as “Takes HOEPA Final Rule approach plus ” or “Takes Board Approach Plus.”</p>
More Regulated Class of Mortgages	<p>“Not qualified mortgages”; loans that have APRs in excess of tH.R.ee percent over comparable Treasuries and 175 basis points over the Federal Reserve’s H.15 for first lien loans, and five percent and 375 basis points for non-first lien loans, and not an FHA or VA loan.</p> <p>Note: Not qualified mortgages that meet the qualified safe harbor</p>	<p>New category of “higher-priced mortgage loans” defined as consumer credit transactions secured by consumers’ principal dwellings² that for first lien loans are 1.5 percentage points above the average prime offer rate issued by Freddie Mac, and for second- lien loans are 3.5 percentage points over the same index. For the foreseeable future, the Board will obtain or, as applicable, derive</p>	<p>Takes HOEPA Final Rule approach.</p>

² The final rule’s requirements for “higher-priced loans” extend to home purchase and home improvement loans.

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	standards are subject to a rebuttable presumption that they meet the ability to repay and net tangible benefit standards (below).	average prime offer rates for a wide variety of types of transactions from the Primary Mortgage Market Survey® (PMMS) conducted by Freddie Mac, and publish these rates on at least a weekly basis. The Board will adjust these rates to include points. Board dropped original proposal to define “higher-priced mortgages” using indices over comparable Treasury securities.	
Most Regulated Class of Mortgages	High-cost HOEPA mortgages.	High-cost HOEPA mortgages: For loans consummated after October 1, 2002, the APR must exceed the yield on a Treasury security having a comparable maturity by 8 percentage points, or the total points and fees must exceed 8 percent of the total loan amount or \$547 for 2007 adjusted annually. For loans consummated prior to October 1, 2002, APR trigger was higher, 10 percentage points.	Takes HOEPA Final Rule approach.
HOEPA MORTGAGES – Highest Cost Mortgages			
HOEPA Loans	Would amend HOEPA in several ways, including (1) expanding its coverage to purchase loans; (2).while the bill would maintain the APR trigger at eight percent above Treasury securities, it would lower the point and fee trigger from eight percent of the total loan amount to five percent; (3) expanding the definition of points and fees to include all compensation paid directly or indirectly to a mortgage broker, premiums for credit life insurance not paid on a monthly basis and all prepayment penalty fees. The bill would also create a third trigger to qualify a loan as a HOEPA loan – a prepayment penalty that applies for more than 36 months or the penalty exceeds more than two percent of the amount prepaid.	HOEPA Covered Loans – Generally extends new higher priced loan restrictions to HOEPA Covered Loans except where statutory conflict, e.g., prepayment penalties.	Takes HOEPA Final Rule approach. Also would extend HOEPA to purchase loans.
Higher Priced Mortgages			
Name of Loan Class	Not qualified mortgage loans.	Higher-priced mortgage loans.	Takes HOEPA Final Rule approach.
Ability to Repay Standard	Not qualified mortgages must be underwritten according to the standards of applicable to all loans under the bill (<i>see next section</i>). They must also satisfy the requirements of a safe harbor to avoid significant liability (<i>see</i>	Includes ability to repay standard: Prohibits creditors from extending a higher-priced mortgage or a HOEPA-covered loan without considering borrowers’ ability to repay the loan based on the consumer’s income or assets.	Takes HOEPA Final Rule approach and includes same standard for higher-priced mortgage loans but establishes safe harbor rather than rebuttable presumption.

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	<p><i>below</i>).</p> <p>All loans including for “not qualified mortgages,” to make reasonable and good faith determination based on verified and documented information that at closing the consumer had a reasonable ability to repay the loan according to its terms and to pay all applicable taxes and insurance. These terms would be finalized through rulemaking by the federal financial regulators.</p> <p>Note: Not Qualified Mortgages that meet the safe harbor requirements (below) and become Qualified Safe Harbor mortgages are presumed to meet this requirement, subject to rebuttal.</p>	<p>Rebuttable presumption of Compliance for certain acts is detailed below.</p> <p>Notably, drops proposed rule requirement that pattern or practice must be shown for violation and therefore prohibits creditor from extending any HOEPA-covered loan or higher-priced loan based on collateral without regard to repayment ability.</p>	
Net Tangible Benefit Standard	<p>Prohibits creditors from extending credit for refinance transactions, including for “not qualified mortgages,” unless the creditor reasonably and in good faith determines based on information known to or obtained in good faith that the refinance will provide a net tangible benefit to the consumer pursuant to regulations prescribed by the banking agencies.</p> <p>Note: Not Qualified Mortgages that meet the safe harbor requirements (below) and become Qualified Safe Harbor mortgages are presumed to meet this requirement, subject to rebuttal.</p>	No standard.	Takes HOEPA Final Rule approach and excludes standard.
Documentation	<p>To qualify as a Qualified Safe Harbor Mortgage, the income and financial resources of the consumer must be verified and documented.</p> <p>For all mortgage loans no creditor may make a residential mortgage loan unless the creditor bases determination of ability to repay on verified and documented information.</p>	<p>Includes documentation requirement.</p> <p>Prohibits creditor from relying on amounts of income (except for expected income) or assets to assess repayment ability for higher-priced loan or HOEPA-covered loan secured by consumer’s principal dwelling unless the creditor verifies the amounts. Authorizes creditor to rely on W-2 forms, tax returns, payroll receipts, financial records or any other document providing reasonably reliable evidence, except statement only from the consumer. Final rule provides a defense where creditor can show amounts of consumer’s income or assets the creditor relied on were not materially greater than what the creditor could have documented at closing.</p>	Takes HOEPA Final Rule approach for documentation requirement prior to entering higher-priced mortgage loan.
Safe Harbor/Rebuttable Presumption	Any lender and any assignee or securitizer of a residential	Includes rebuttable presumption of compliance.	Takes Board’s Final Rule approach and makes presumption of

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	<p>mortgage loan may presume that the loan has met the ability to repay and net tangible benefit requirements if the loan is a Qualified Mortgage or a Qualified Safe Harbor Mortgage where:</p> <ol style="list-style-type: none"> 1) The income and financial resources of the consumer are verified and documented; 2) Underwriting is based on the fully-indexed rate and takes into account all applicable taxes, insurance and assessments; 3) Mortgage repayment schedule does not provide for negative amortization; 4) Meets other rule(s) set by federal regulators; <p style="text-align: center;"><i>And one of the following applies:</i></p> <ol style="list-style-type: none"> a) Fixed payment for at least five years; b) For ARMs, APR varies based on a margin that is less than tH.R.ee percent over a generally accepted interest-rate index; or c) Loan does not result in a debt-to-income (DTI) ratio that exceeds a percentage prescribed by regulation. <p>The presumption is rebuttable against the creditor or lender of a Qualified Safe Harbor mortgage.</p>	<p>Establishes a presumption of compliance with requirement where a creditor satisfies tH.R.ee requirements: (1) verifies and documents repayment ability of borrower; (2) determines repayment ability using the fully indexed rate and fully amortizing payment, except in certain circumstances, and considering other mortgage-related obligations such as property taxes and homeowners insurance; and (3) assesses the consumer’s repayment ability using either ratio of the consumer’s total debt obligation to income (DTI) or income the consumer will have after paying debt obligations. Does not prescribe particular thresholds for the DTI or the residual income ratio.</p> <p>Variable Rate Loans - Presumption of compliance generally requires creditors underwrite to fully indexed rate (the sum of the index value and margin) as of consummation or the initial rate, if greater. Creditor may use discounted initial rate, if rate is fixed for at least seven years. Also, while presumption of compliance generally requires use of fully amortizing payment, requirement does not pertain under interest-only loans where initial payment is fixed for at least seven years and for balloon loans with a term of at least seven years.</p>	<p>compliance conclusive.</p>
STANDARDS FOR ALL LOANS			
Coverage	Includes all first lien loans less than 3% above comparable Treasuries, 5% for junior lien loans.	Includes all first lien loans 1.5 % above Freddie Mac rate, 3.5 % for junior lien loans.	Takes HOEPA Final Rule Approach Plus.
Duty of Care Standard	All originators required to diligently work to present the consumer with a range of loan products for which the consumer likely qualifies and which are “appropriate” to the consumer’s existing circumstances, based on information known by or obtained in good faith by the originator, make full and timely disclosures to each consumer of comparative costs and benefits of each loan product offered or discussed, the nature of the originator’s relationship to the consumer (including the costs of the services provided to the originator including and disclose to the consumer	No provision.	<p>Takes HOEPA Final Rule Approach Plus Adopts much of H.R. 3915’s approach to establish a new, objective duty of care for lenders, mortgage brokers and their loan officers and clearer requirements for disclosures in dealing with consumers. Such an objective standard is not a suitability or fiduciary standard that would invite litigation and increase borrowers’ costs but instead provides clear and objective guidance to loan originators.</p> <p>The new duty of care would require that all loan originators including loan officers for mortgage lenders</p>

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	<p>whether the originator is or is not acting as an agent. “Appropriate” means that a borrower has a reasonable Ability to Repay and, in addition, provides a Net Tangible Benefit for a refinance loan.</p>		<p>(lender loan officers) and loan officers for mortgage brokers (mortgage broker loan officers): (1) comply with all licensing and registration requirements; (2) present the consumer with a choice of loan products for which the consumer likely qualifies from that lender and which may be appropriate to the consumer’s existing circumstances, based on information known by or obtained by the originator; and (3) make full and timely disclosures to each consumer of (a) comparative costs and benefits of each loan product offered or discussed, and (b) whether the originator is or is not acting as an agent for the consumer.</p> <p>The duty of care would also require that before a consumer applies for a loan: (4) the mortgage broker loan officer provide the borrower a disclosure of the mortgage broker’s total compensation including any amounts that the broker may receive from the lender based on a higher rate or the terms of the loan; (5) loan officers also provide the borrower a disclosure that the loan officer may receive a commission based on a higher rate or the terms of the loan, if this is the case; and (6) a consumer must affirmatively, opt-in, in writing, to an adjustable rate or a nontraditional mortgage product³ after the lender’s loan officer or mortgage broker discloses the costs and benefits of the loan to the borrower, also in writing.</p>

³ A nontraditional mortgage product is a mortgage product that allows a borrower to defer principal or interest, such as a payment option ARM or an interest-only loan.

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Ability to Repay Standard	<p>Prohibits creditors from extending credit for refinance transactions unless the creditor reasonably and in good faith determines based on information known to or obtained in good faith that the refinance will provide a net tangible benefit to the consumer pursuant to regulations prescribed by the banking agencies.</p> <p>Note: Qualified Mortgages and Not Qualified Mortgages that meet the safe harbor requirements (see below) and become Qualified Safe Harbor mortgages are presumed to meet this requirement and net tangible benefit requirement below for refinances. Presumption is rebuttable for Qualified Safe Harbor Mortgages.</p>	No provision.	Takes HOEPA Final Rule approach - No standard for all loans but standard for higher-priced mortgage loans.
Documentation Requirement	For all mortgage loans no creditor may make a residential mortgage loan unless the creditor bases determination of ability to repay on verified and documented information.	Rule does not propose standard for all loans – only higher-priced and HOEPA covered.	Takes HOEPA Final Rule approach - No standard for all loans but standard for higher-priced mortgage loans.
Net Tangible Benefit	<p>Under regulations prescribed by the federal banking agencies, a lender must make a reasonable and good faith determination based on information known to or obtained in good faith that a refinance loan will provide a net tangible benefit to the consumer. Prohibits creditors from extending credit for refinance transactions unless the creditor reasonably and in good faith determines based on information known to or obtained in good faith that the refinance will provide a net tangible benefit to the consumer pursuant to regulations prescribed by the banking agencies.</p> <p>Note: Qualified Mortgages and Not Qualified Mortgages that meet the safe harbor requirements (below) and become Qualified Safe Harbor mortgages are presumed to meet this requirement and the ability to repay requirement above. Presumption is rebuttable for Qualified Safe Harbor Mortgages.</p>	No provision for all loans.	Takes HOEPA Final Rule approach and includes no standard.
Rebuttable Presumption	Any lender and any assignee or securitizer of a residential mortgage loan may presume that the loan has met the ability to repay and net tangible benefit requirements if the loan is a qualified mortgage or a qualified	No provision for all loans. Rebuttable presumption only applies to “higher-priced mortgage loans.”	Takes HOEPA Final Rule approach and presumption applies only to higher-priced mortgage loans.

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	safe harbor mortgage. The presumption is rebuttable against the creditor or lender of a qualified safe harbor mortgage.		
Safe Harbor	A “qualified safe harbor mortgage” satisfy’s the following requirements: 1) document income; 2) underwrite for PITI and to the fully-indexed rate; 3) no negative amortization; 4) other rule(s) set by federal regulators; <i>and one of the following:</i> a) fixed payments for at least 7 years; b) for ARMs, APR that varies less than 3% over interest-rate index; or c) DTI ratio no great than prescribed by regulation. Refinance loans, in addition, must provide a net tangible benefit that is advantageous to the consumer (which will be defined by regulation.)		No “qualified safe harbor mortgage.”
Qualified Mortgage	First lien mortgage that does not equal or exceed the percentage points over a U.S. Treasury with a comparable maturity or has an APR that does not equal or exceed the most recent “conventional mortgage rate” published in the FRB’s H.15 document by more than 175 basis points. A mortgage that is not a first lien mortgage that either has an APR less than five percentage points over Treasury of a comparable maturity, or has an APR that does not equal or exceed the most recent conventional mortgage. All FHA and VA loans are considered “qualified mortgages” regardless of APR.		
LICENSING AND REGISTRATION			
People Required to be Licensed and Registered	All individuals who engage in the business of loan origination including taking mortgage applications, assisting consumers in obtaining mortgage loans or offering or negotiating terms of mortgage loans.	No provision.	Requires that all non-depository mortgage banker and broker originators to be licensed and registered. Allows regulator to establish tougher S.A.F.E. Act requirements for nondepository mortgage bankers and mortgage brokers. Requires licensing and registry as part of duty of care. Regulator also must establish net worth and bonding requirements

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			Regulator also will establish uniform licensing standards to be applied by states.
Licensing and/or Registry System	Requires originators be registered with, and maintain a unique identifier through a nationwide mortgage licensing system and registry. All licensing laws for state-licensed loan originators would be required to meet specified standards for registration and license issuance, as well as testing and continuing education requirements. If the Secretary of HUD determines that a state’s licensing law does not meet the licensing and registration standards in H.R. 3915 a year after the law’s enactment (or after two years for states with legislatures that do not meet annually), licensing regulations developed by the Secretary of HUD shall apply. H.R. 3915 also requires federal banking agencies to develop and maintain a system for registering employees of federally regulated depository institutions.	No provision.	Adopts Frank’s approach and requires that originators be licensed and registered in accordance with the S.A.F.E. Act and allows regulator to establish tougher S.A.F.E. Act requirements for nondepository mortgage bankers and mortgage brokers.
COMPENSATION			
Yield Spread Premiums (YSPs)/ Anti-Steering Provisions	Characterized as anti-steering provisions.-Prohibits mortgage originators from receiving or paying any incentive compensation, directly or indirectly (including yield spread premiums or any equivalent incentive compensation) that is based on or varies with the terms (other than the amount of principal) of a mortgage that is not a Qualified Mortgage. No provision of this section is to be construed as limiting the ability of a mortgage originator to sell residential mortgage loans to subsequent purchasers or to be paid based on the number of loans originated. Also, nothing restricts a consumer’s ability to finance origination fees if they are fully and clearly disclosed to the consumer earlier in the application process and do not vary based on	Board originally proposed and then withdrew the following: Prohibit creditor payments to a mortgage broker unless the broker enters into a written agreement with the consumer before the consumer applies or pays any fee to the broker that clearly and conspicuously states (1) the total dollar amount of compensation the broker will receive and retain from all sources; (2) the consumer will pay the entire compensation the broker will receive, even if all or part is paid directly by the creditor; and (3) that a creditor’s payment to a broker can influence the broker to offer loan terms or products that are not in the consumer’s interest or are not the most favorable the consumer otherwise could obtain. Also, would prohibit creditor from paying broker more than the	Takes Board’s <u>Proposed</u> Rule approach. Prohibits creditor payments to a mortgage broker unless the broker enters into a written agreement with the consumer before the consumer applies or pays any fee to the broker that clearly and conspicuously states (1) the total dollar amount of compensation the broker will receive and retain from all sources; (2) the consumer will pay the entire compensation the broker will receive, even if all or part is paid directly by the creditor; and (3) that a creditor’s payment to a broker can influence the broker to offer loan terms or products that are not in the consumer’s interest or are not the most favorable the consumer otherwise could obtain. Also, would prohibit creditor from paying broker more than the amount stated in the agreement,

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	the terms of the mortgage or the consumer's decision to finance such fees.	amount stated in the agreement, reduced by any amounts paid directly by the consumer or by any other source.	reduced by any amounts paid directly by the consumer or by any other source. Also adopts duty of care for all lenders, mortgage brokers and their loan officers. (See above) which requires broker YSP disclosure and disclosure from all loan officers paid on commission.
PREPAYMENT PENALTIES			
Restrictions	No restrictions for Qualified Mortgages. Prepayment penalties are prohibited for all loans that are not qualified mortgages.	No provision for all loans. Prohibits prepayment penalties for any higher-priced loan or HOEPA-covered loan where payments can change during the four year period following loan consummation. For other higher-priced loans, where payments do not change for four years, prohibits prepayment penalties exceeding two years from loan consummation or applicable to refinancing by creditor or its affiliate.	Takes HOEPA Final Rule approach – No provision for all loans but limits for higher-priced mortgage loans.
NEGATIVE AMORTIZATION			
Restrictions	Creditor must also take into account any balance increase that may accrue from negative amortization, in making a determination of ability to repay, in accordance with regulations prescribed by the federal banking regulators.	No restriction for all loans.	Takes HOEPA Final Rule approach – No provision for all loans.
DISCLOSURE REQUIREMENTS			
Generally	Would add several new disclosures for consumers including: 1) Under variable loans, the maximum payment amount; 2) For loans with escrows, the amounts paid in the first year to cover taxes and insurance; 3) The aggregate amount of settlement charges for all services provided in connection with the loan and the amount of charges that are included in the loan; 4) A new disclosure to appear on the good faith estimate summarizing key loan terms (see next box below) ; and 5) Borrowers with hybrid ARMs must be given notice six months prior to reset and must disclose the options available to avoid payment shock.	Requires changes to the requirements for TILA early mortgage disclosures. TILA Section 128(b) (1) currently provides that the primary closed end disclosure which includes the APR and other material disclosures such as a payment schedule with payments must be delivered "before the credit is extended". A separate rule applies to residential mortgage transactions subject to RESPA and requires that the good faith estimate and the mortgage loan disclosure be made before the credit is extended or delivered or placed in the mail not later than the 3rd business days after the after the creditor receives the consumer's application whichever is earlier. The Board proposes to amend Regulation Z to extend the early disclosure requirement to other types of closed-end residential mortgage transactions including mortgage refinancings, home equity loans and reverse mortgages	Requires HUD to withdraw its RESPA rule regarding GFE and HUD-1 disclosures and to collaborate with FRB, in consultation with FMRA and CSFR, to propose a simplified, single set of combined TILA and RESPA disclosures that shall be uniform and used nationally These joint efforts of the Board and HUD should be placed on an aggressive timetable established by Congress which would implement the new disclosures in a coordinated manner that would avoid confusion and reduce consumer costs. Require HUD and the Board to issue combined Special Information Booklet and CHARMS Booklet for all loans. Also require these agencies to develop forms to facilitate lender, broker and their loan officers' duty of care for consumers: (1) to

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		secured by a consumer's principal dwelling.	provide information regarding their circumstances including the consumer's risk appetite to assist the loan officer or mortgage broker in deciding which loan products should be presented to the consumer; (2) to affirmatively opt-in to an adjustable rate loan following a disclosure explaining the option, including the risks and benefits of an adjustable loan; and (3) to disclose the amount of a mortgage broker's compensation and/or whether the loan officer is receiving a commission that will increase based on a higher rate loan or other terms.
Truth in Lending Disclosure/Good Faith Estimate Disclosure	Amend RESPA to provide a new disclosure to appear on the good faith estimate summarizing key loan terms including: the loan amount; whether the loan has a fixed or variable rate; estimated interest rate; estimated monthly payment and percentage of borrower's income; rate-lock period; whether the loan has a prepayment penalty; total estimated settlement costs; and cash needed to close.	Creditors required to provide an early mortgage loan disclosure, which includes the annual percentage rate (APR) and a schedule of payments for mortgage refinancings, home equity loans and reverse mortgages, within 3 days after a consumer applies for any mortgage secured by a consumer's principal dwelling. This early disclosure is already required for other residential mortgage transactions and proposal would conform timing to RESPA Good Faith Estimate (GFE) disclosures. Also, proposes to require that early mortgage disclosures be delivered before the consumer pays any fee for the transaction with the exception of a fee for obtaining information on the borrower's credit history.	New RESPA rule includes Frank information on GFE. But concern about contradictory TILA disclosure, requires HUD to withdraw its RESPA rule regarding GFE and HUD-1 disclosures and to collaborate with FRB, in consultation with FMRA, to propose a single set of combined TILA and RESPA disclosures to describe settlement costs and key loan terms. Mortgage Disclosure Improvement Act (MDIA) in Housing and Economic Recovery Act (HERA) also requires early disclosure 7 days before loan consummation and final disclosure 3 days before consummation if APR changes.
Negative Amortization	Prohibited unless the creditor discloses to the consumer the following: 1) The transaction will or may result in negative amortization; 2) Describe negative amortization as set forth by the federal regulators; 3) Negative amortization increases the outstanding principal of the account; 4) Negative amortization reduces the consumer's equity in the property; and 5) For first-time borrowers seeking a not qualified mortgage, the consumer is required to attend HUD-certified homeownership counseling.	No provision.	Requires disclosure as part of combined RESPA/TILA disclosure and counseling for first-time borrowers with negative amortization loans conditioned on availability of resources.
Escrows	Must disclose the amount paid in the first year to cover taxes and insurance.	No disclosure provision but requirement for escrow account for higher-priced loan for one year	Adopts Board approach on mandatory escrows for higher-priced mortgage loans. Also

Comparison of H.R. 3915 (Frank Bill), Federal Reserve's Final HOEPA Rule and Draft Mortgage Improvement and Regulation Act (MIRA)

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		which would trigger RESPA disclosure requirements.	requires HUD and the Board work together to issue combined RESPA and TILA disclosures including escrows.
Reduced Documentation	No disclosure provision.	No disclosure provision.	Takes HOEPA Final Rule approach.
Variable Rate Loans	Must disclose the maximum payment amount.	No separate disclosure provision but commitment of Board to move forward to improve TILA disclosures.	Takes Frank approach and requires in HUD-Board disclosure.
Payment Shock / Hybrid ARM Reset	During loan repayment, for borrowers with hybrid ARMs, notice must be given six months prior to reset and must disclose 1) the index or options to be used used in making adjustment, 2) a good faith estimate of the amount of the payment after reset, 3) the options available to avoid adjustment or reset, and descriptions of the actions consumers must take to pursue these alternatives, including-- <ul style="list-style-type: none"> `(A) refinancing; `(B) renegotiation of loan terms; `(C) payment forbearances; and `(D) pre-foreclosure sales. (4) The names, addresses, telephone numbers, and Internet addresses of counseling agencies	No provision.	Takes Frank approach and supports disclosure.
Origination Costs and Fees	The aggregate amount of settlement charges for all services provided in connection with the loan and the amount of charges that are included in the loan.	Prohibit originators from taking any application fee (except a fee for a credit report) until disclosures are received.	Board approach adopted in MDIA/HERA and Board Final Rules. RESPA final rule requires aggregation of costs.
Availability of Counseling	No provision.	No provision.	Assigns FMRA responsibility for operating a national financial literacy and counseling program including requiring mandatory counseling for certain products under certain conditions.
LOAN ADMINISTRATION AND ESCROW			
Standard or Duty for Servicers	No provision.	No provision as such, but several servicing provisions applies to all loans: Prohibitions Against Certain Servicing Practices – Prohibits certain practices by servicers of closed-end consumer credit transactions secured by consumer's principal dwelling, including: (i) failing to credit a consumer's full periodic payment as of the date received, but creditors are not required to credit partial payments, and whether a payment is a full or partial payment is governed by the loan agreement or promissory note; (ii) imposing a late fee or	Generally takes HOEPA Final Rule Plus approach in servicing making additions to HOEPA Rule. Also requires regulator to prescribe servicing standards. From HOEPA rule, includes Prohibitions Against Certain Servicing Practices described below – Prohibits certain practices by servicers of closed-end consumer credit transactions secured by consumer's principal dwelling, including: (i) failing to credit a consumer's full periodic payment as of the date received, but creditors are not required to credit partial payments, and whether a payment

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		delinquency charge where the only basis is consumer’s failure to include in a current payment delinquency charge imposed on earlier payments; and (iii) failing to provide an accurate payoff statement within reasonable time after request.	is a full or partial payment is governed by the loan agreement or promissory note; (ii) imposing a late fee or delinquency charge where the only basis is consumer’s failure to include in a current payment delinquency charge imposed on earlier payments; and (iii) failing to provide an accurate payoff statement within reasonable time after request.
Servicer Safe Harbor			<p>Includes a safe harbor to facilitate loan modifications which is to be implemented by FMRA. The safe harbor would:</p> <ol style="list-style-type: none"> 1. Help servicers implement strong streamlined modification programs using either the FDIC-style program, their own variants or the forthcoming standards to be issued by the Government pursuant to the Administration’s Making Home Affordable Plan; 2. Provide an official mechanism for a review of alternatives to or variations of the FDIC program, and allows them to be deemed within the safe harbor; 3. Standardize the net present value (“NPV”) test and allows servicers to modify a loan if the NPV of a loan mod is greater than the NPV of foreclosure (i.e., there is no requirement to maximize the investor return on each individual loan mod); 4. Provide a specific indemnification for losses to a securitization vehicle or investor regarding loan modifications authorized by this Section as long as the servicer acts in good faith in accordance with this Section; 5. Mitigate the risk of constitutional challenges by creating a right of recovery through the Troubled Assets Relief Program (TARP) for securitization vehicles and investors if they can show that a servicer’s streamlined modification program has injured them and the safe harbor has resulted in a

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			taking; 6. Set a workable standard of proof for the investor to prove that a streamlined mod program has damaged them; and 7. Allow removal of actions to federal court.
Mini-Miranda Warning			Would amend Fair Debt Collection Act to accept servicers from the “mini-Miranda requirement under Fair Debt Collection Practices Act (FDCPA). FDCPA requires a debt collector to provide a debtor with a “Miranda tyoe” warning upon initial contact with debtor, and a shorter “mini-Miranda” in all subsequent contacts (written and oral) for the life of the loan. Unfortunately mortgage servicers are considered “debt collectors” in the vast majority of cases and must state that they are attempting to collect a debt and that any information will be used for that purpose. This statement is misleading when applied to loss mitigation activity and serves to chill borrower’s willingness to work with the servicer to provide information required to execute loss mitigation. Therefore amends FDCPA to exclude mortgage servicers of first lien residential mortgages from the Miranda notice requirement. All of the other consumer protections under FDCPA would continue to apply. Thus a mortgage servicer who, whether by assignment, sale or transfer, becomes the person responsible for servicing mortgage loans secured by first liens that include loans that were in default at the time such person became responsible for the servicing of such mortgage loans shall be exempt from the FDCPA Miranda requirements in connection with the collection of any debt arising from such a defaulted related mortgage loan.
Escrows	Creditors would be required to establish escrow or impound accounts for at least five years and until sufficient equity has been built up for all first liens on principal dwellings, other than open-end credit plans, where the loan has one of several characteristics including but not limited to: a first	Requires creditor to establish escrow account for property taxes and homeowners insurance on higher-priced loans secured by first lien on consumer’s principal dwelling with exceptions for loans secured by cooperative apartments and certain condominium loans. Permits, but does not require,	Takes HOEPA Final Rule approach which includes requirement for escrow for higher-priced mortgage loans.

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	<p>lien loan 3 points above comparable Treasury; DTI ratio in excess of 50 percent; LTV above 90 percent (95 percent CLTV); or the loan is made, guaranteed or insured by a government agency. Detail disclosures about escrow account required 3 days prior to closing. Applicable to loans made one year after publication of final regulations.</p> <p>Consumers who choose not to escrow must be informed of their responsibility to pay taxes and insurance and consequences of non-payment. Applicable 180 days after final regulations.</p>	<p>creditors to offer borrowers option to cancel escrow account no sooner than 12 months after loan consummation. Provides extended compliance periods for establishing escrows, with longer period for manufactured housing, to give creditors and servicers time to develop infrastructure (see below).</p>	
Ancillary Fees	<p>Late fees for high-cost HOEPA mortgages may not be levied which:</p> <ol style="list-style-type: none"> 1) Exceed 4 percent of the amount past due; 2) Unless the loan documents specifically authorize the fee; 3) Before the 15-day period beginning on the date the payment is due, or the 30-day period for loans where interest is paid in advance; or 4) The fee is charged more than once with respect to a single late payment. 	<p>Prohibit servicers from “pyramiding” of late fees, i.e., prohibiting a service from imposing a late fee on a consumer for an otherwise timely payment that would be the full amount currently due except for its failure to include a previously assessed late fee.</p> <p>Also, prohibits servicers from failing to provide a current schedule of all specific servicing fees and charges within a reasonable time after a request.</p>	Takes HOEPA Final Rule approach.
Crediting of Payments	<p>Require lender or servicer to accept and credit, or treat as credit, on the business day received to extent borrower made full contractual payment and provide sufficient information to credit the account.</p> <p>In addition, if any payment received is not credited or treated as credit borrower must be notified with an explanation and provided a means to correct within 10 business days by mail.</p>	<p>Prohibit servicers from failing to credit a payment to a consumer’s account as of the same date it is received.</p>	Takes HOEPA Final Rule approach.
Payoff Statement	No provision.	<p>Prohibit servicers from failing to provide an accurate payoff statement within a reasonable time after a request.</p>	Takes HOEPA Final Rule approach.
Force-Placed Insurance	<p>Servicer may not obtain force-placed insurance unless the servicer has a reasonable basis to believe the borrower has failed to comply with a requirement to maintain property insurance. Prior to imposing any charge for force-placed insurance, the servicer must notify the borrower in</p>	No provision.	<p>Amend RESPA to allow FMRA to establish standards for forced placed hazard and flood insurance including proper notice and refunds when duplicative insurance is in place.</p>

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Concept	H.R. 3915 as enrolled in the House of Representatives	Federal Reserve Board's HOEPA Final Rule	MIRA
	accordance with the bill.		
Required in Periodic Statement	Periodic statements must include the following statements: 1) Total principal; 2) Current interest rate; 3) Date of reset; 4) Amount of the prepayment penalty, if any; 5) Description of any late fees; 6) Contact information for information about the mortgage; and 7) Other information the Federal Reserve Board may require through regulation.	No requirement.	Takes HOEPA Final Rule approach – No provision but regulator assigned responsibility for servicing standards.
Qualified Written Request			Amend RESPA to decrease the time to respond to valid qualified written requests but also provide 30 day extension upon notification to the borrower that more time is needed to research the request.
Notice of Transfer of Servicing	No provision.	No provision.	No provision.
FORECLOSURE			
Defense to Foreclosure	Gives a consumer – who has the right to rescind – the ability to assert that right as a defense to foreclosure. If the foreclosure begins after the statute of limitations expires, the consumer may, where there is a valid basis for the claim, seek actual damages and reasonable attorneys' fees.	No provision.	Takes HOEPA Final Rule approach – No provision.
Counseling and Postponement of Foreclosure (See Counseling more generally below.)	No provision.	No provision.	Takes HOEPA Final Rule approach – No provision.
Tenants with Preexisting Lease	Successor to a foreclosed property takes the property subject to the rights of a bona fide tenant (not the mortgagor) under a lease entered into before the notice of foreclosure, for the remaining term of the lease or six months after the date of the notice of foreclosure, whichever occurs first, as long as the tenant receives a notice 90 days before the effective date of the notice to vacate. Tenants without leases cannot be evicted for 90 days after foreclosure sale.	No provision.	Includes provision to protect bona fide tenants. It provides: A successor to a foreclosed property shall take the property subject to the rights of a bona fide tenant (not the mortgagor) under a lease entered into before the date of the notice of foreclosure for 30 days after the date of a foreclosure, as long as the tenant receives notices from the servicer at the time the foreclosure is instituted stating that the property has entered the foreclosure process and that the tenant must vacate the property no later than 30 days after the foreclosure is complete, unless the successor waives this requirement.
COUNSELING			
Generally	Would establish an Office of Housing Counseling within HUD to provide research, public outreach, policy development and up to \$45 million in grants. The Office would	No provision.	Achieves Frank purpose. Would authorize regulator to operate national counseling program and establish counseling standards. Require mandatory counseling only

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Concept	H.R. 3915 as enrolled in the House of Representatives	Federal Reserve Board's HOEPA Final Rule	MIRA
	assure that specified standards for housing counselors are met certify software to help counseling efforts and issue booklets on the home buying and mortgage process.		for specified classes, i.e., first time homebuyer-negative amortization loans and highest priced HOEPA loans under certain conditions (below).
Mandated for Certain Consumers	First time borrowers seeking not qualified mortgages with a negative amortization feature must receive counseling prior closing and all borrowers must receive counseling prior to entering into HOEPA loans.	No mandate.	Adopts Frank approach and requires mandatory counseling under certain conditions for, first time borrowers seeking higher priced mortgages with a negative amortization feature and borrowers entering into HOEPA loans. These conditions include: <ol style="list-style-type: none"> 1) The product involved and the type of borrower present unusual risks of the consumer losing their home, notwithstanding the provision of written information on the mortgage product, to provide a compelling need for the costs of counseling; 2) There are a sufficient supply of qualified, independent counselors to assure that borrowers will be well served, and not be delayed from obtaining a particular financing option, by a mandatory counseling requirement; 3) The borrower may pay the costs of counseling; and 4) The lender may rely on a signed certification from a counseling entity that the counseling has been completed to go forward with the loan.
APPRAISALS			
Standards for Appraisals/Pressuring Appraisers	Creditors required to obtain written appraisal, completed by a physical inspection of the exterior and interior, prior to providing a high-cost HOEPA mortgage. Such appraisal must be performed a "qualified appraiser," who is 1) certified and licensed by the state where the property is located, and 2) performs appraisals in accordance with USPAP and Title XI of FIRREA.	Prohibits creditors, mortgage brokers and their affiliates from coercing, pressuring or otherwise encouraging appraisers to misstate or misrepresent dwelling's value, for all closed-end residential loans. Further, prohibits creditor from extending credit if creditor knew of violation, i.e., that appraiser has been encouraged by creditor, mortgage broker or affiliate of either (including any of their employees) to misstate or misrepresent principal dwelling's value, unless the creditor acts with reasonable diligence to determine that the appraisal was accurate or extends credit based on a separate appraisal untainted by coercion. While final rule removes explicit provision for liability where lender has "reason to know" of violation, the preamble makes clear that creditors may not extend credit in willful disregard of facts that	Takes HOEPA Final Rule approach plus. Prohibits Coercing or Otherwise Pressuring Appraisers - Prohibits creditors, mortgage brokers, real estate brokers, anyone else interested in the transaction and their agents and affiliates from coercing, extorting, colluding, inducing, bribing, intimidating, pressuring, or otherwise encouraging an appraiser to misstate or misrepresent a dwelling's value, for all closed-end residential loans. Further, prohibits creditor from extending credit if creditor knew of violation, e.g., that appraiser has been encouraged by creditor, mortgage broker or affiliate of either (including any of their employees) to misstate or misrepresent principal dwelling's value, unless the creditor acts with reasonable diligence to determine that the appraisal was accurate or

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		evidence a violation of rule.	<p>extends credit based on a separate appraisal untainted by coercion.</p> <p>Prohibits Appraiser Misconduct No appraiser conducting an appraisal may have a direct or indirect interest, financial or otherwise, in the property or transaction involving the appraisal.</p> <p>Requires FMRA to prescribe regulations and guidelines to:</p> <ol style="list-style-type: none"> 1. Implements the foregoing prohibitions including detailing conduct which is permissible and impermissible under each section combining the guidance in the HOEPA rule and H.R. 3915. 2. Prohibit other practices which are unfair or deceptive in the appraisal process including establishing reasonable safeguards against flipping and to otherwise ensure adequate and independent appraisals. <p>Establishes an Appraisal Oversight Board of Federal and State Regulatory Officials to monitor appraisal practices and abuses and advise FMRA on the development of rules and guidance.</p> <p>Permits mortgage lenders to establish procedures including appropriate organizational structures to allow them to order appraisals or to engage the services of in-house appraisal staff for the purpose of attaining an independent and accurate appraisal, provided adequate safeguards, to be set by the Appraisal Standards Board to ensure that the ordering and operations of the lender that are consistent with and do not violated the prohibitions of this section.</p> <p>Establishes penalties for violations of appraisal requirements. Assigns GAO responsibility to study the appraisal process and standards for appraisers in each of the states and the District of Columbia and recommend whether uniform national standards and a National Mortgage Fraud database are warranted for appraisers similar to the standards for loan originators</p>
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			and report to the Congress and FMRA on this subject and other improvements to the appraisal process within one year.
Bonding	No provision.	No provision.	Takes HOEPA Final Rule approach – No provision.
Second Appraisal	Second appraisal, from a different qualified appraiser, may be obtained at no cost to the consumer for a HOEPA loan within 180 days if the purchase price of the property was lower than the current sale price of the property. The second appraisal shall analyze the different prices, market conditions and improvements made between the date of the previous sale and the current sale.	No provision.	Takes HOEPA Final Rule approach – No provision.
Penalties for Appraisal Violations	Each person who commits a violation shall pay a civil penalty no more than \$10,000 for each day a violation continues for first violations, and \$20,000 for each day a violation continues for subsequent violations, in addition to the enforcement provisions of TILA Section 130 (15 USC 1640),	Provisions include liability as discussed in Liability Generally (below). Consumers who bring action against creditors for violations may seek: (1) actual damages; (2) statutory damages in an individual action of up to \$2,000 or, in a class action, total statutory damages for the class of up to \$500,000 or one percent of the creditor's net worth, whichever is less; (3) special statutory damages equal to the sum of all finance charges and fees paid by the consumer; and (4) court costs and attorney fees. Refinance mortgages are also subject to the right of rescission.	Same as HOEPA Final Rule Approach.
Appraisal Subcommittee Mission and Rulemaking Authority	Establish a consumer protection mandate and shall report annually the results of all audits of state appraiser regulators and provide an accounting of disapproved actions and warnings taken in the previous year. Subcommittee may prescribe regulations addressing 1) temporary practice, 2) national registry, 3) information sharing, and 4) enforcement after notice for public comment. Makes grants to state appraiser regulators.	No provision.	Takes HOEPA Final Rule approach – No provision.
Registry	States with appraiser certifying and licensing agency whose qualifications comply with title XI of FIREA shall transmit reports on sanctions, disciplinary actions, license and certification revocations, and license and certification suspensions on a timely basis to the registry of the	No provision.	Takes HOEPA Final Rule approach – No provision.

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Concept	H.R. 3915 as enrolled in the House of Representatives	Federal Reserve Board’s HOEPA Final Rule	MIRA
	Appraisal Foundation.		
FRAUD			
Appropriations	Authorizes \$31,250,000 from 2008 through 2012 for new employees at the Department of Justice dedicated to combating mortgage fraud, and \$750,000 for the same period for additional funding for a mortgage fraud interagency task force.	No provision.	Adopts H.R.3915 approach and authorizes additional appropriations to fight mortgage fraud.
ADVERTISING			
New Requirements	No provision.	The revised rules would ban advertising practices that include: (a) advertising fixed-rate loans when payments are fixed only for a limited period of time; (b) comparing an actual or hypothetical loan to an advertised loan unless the advertisement states the rate or payments over the full term of the advertised loan; (c) falsely advertising loan products as “government” or “government sponsored” loans programs; (d) prominently displaying a current lender’s name in an advertisement without disclosing that the advertising lender is not affiliated with the current lender; (e) advertising claims of debt elimination if the product is merely replacing one debt obligation with that of another; (f) advertising that creates a false impression that a mortgage broker or lender has a fiduciary relationship with the consumer; and (g) foreign language advertisements in which some information like the teaser rate is provided in the foreign language and other disclosure are in English. The prohibitions would not apply to postal envelopes, and banner and pop-up advertisements on the Internet.	Adopts HOEPA Final Rule Approach and puts advertising prohibitions into MIRA.
LIABILITY			
Generally	Loans that do not qualify as “Qualified Safe Harbor Mortgages” or Qualified Mortgages can expose assignees and lenders to liability. Plaintiff can seek rescission or damages as well as attorney’s fees.	Consumers who bring action against creditors for violations may seek: (1) actual damages; (2) statutory damages in an individual action of up to \$2,000 or, in a class action, total statutory damages for the class of up to \$500,000 or one percent of the creditor’s net worth, whichever is less; (3) special statutory damages equal to the sum of all finance charges and fees paid by the consumer; and (4) court costs and attorney fees. Refinance mortgages are also subject to the right of rescission.	Adopts HOEPA Final Rule approach.

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Rescission	Where the Ability to Repay and Net Tangible Benefit Standards are not met, a consumer may rescind the loan. The bill permits only individual actions for rescission. In addition to any other liability for a violation by a creditor of subsection (a) or (b) (for example under section 130 of TILA) civil action may be maintained against a creditor for a violation of subsection (a) or (b) with respect to a residential mortgage loan for the rescission of the loan, and such additional costs as the obligor may have incurred as a result of the violation and in connection with obtaining a rescission of the loan, including a reasonable attorney's fee.	No provision beyond current law.	Supports civil money penalties and private remedies instead of rescission or refund of finance charges for minor infractions and infractions that trigger from on-going or periodic servicing or lending responsibilities.
Assignee Liability	Permit individual action to be maintained against any assignee or securitizer of a residential mortgage loan, who has acted in good faith, for rescission and such additional costs as the obligor may have incurred as a result of the violation and in connection with obtaining a rescission of the loan, including a reasonable attorney's fee. In addition, provides for actions to cure, but not rescind, a loan in violation when a creditor or assignee ceases to exist in law, in receivership, or liquidated.	No provision.	Include assignee liability provisions which would provide conclusive safe harbor (See below).
Assignee Liability Safe Harbor	Assignees will not be held liable for damages or rescission if within 90 days after receipt of a claim that a loan violates the Ability to Repay and Net Tangible Benefit Standards the Assignee or Seller provides a cure or the assignee or securitizer: 1) Has a policy against buying loans that are not Qualified Mortgages or Qualified Safe Harbor Mortgages; 2) Policy is intended to verify seller or assignor compliance with the representations and warranties that the seller is not selling any loan that is not a Qualified Mortgage or Qualified Safe Harbor Mortgage; and 3) Conducts due diligence per regulations issued by SEC and banking regulators including through adequate, through and consistently applied sampling procedures.	No provision.	Include assignee liability provisions with more inclusive safe harbor than H.R.3915.

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Lender Liability Safe Harbor	Lenders will not be liable where a loan meets the Qualified Safe Harbor standards. However, for lenders and assignees, a borrower can rebut the presumption that the loan meets those standards. A lender will not be liable if the loan is cured within 90 days of receiving notice from the consumer.	No provision.	Adopts Board's approach. No safe harbor structure for higher-priced mortgage loans. Simplify requirements and conclusive safe harbors within those requirements.
Lender Opportunity to Provide Prompt Remedial Action - Cure	Creditor will not be liable for rescission with respect to a residential mortgage loan if, no later than 90 days after the receipt of notification from the consumer that the loan violates subsection (a) or (b), the creditor provides a cure. For a violation of the Ability to Repay or Net Tangible Benefit standard, a cure requires modification or refinancing of the loan at no cost to the consumer to provide terms that would have satisfied the Ability to Repay and Net Tangible Benefit standards.	No provision.	Adopts Frank's approach. Creditor will not be liable for rescission with respect to a residential mortgage loan if, no later than 90 days after the receipt of notification from the consumer that the loan violates subsection (a) or (b), the creditor provides a cure.
Other Liability Considerations	Would permit damages for any failure by a mortgage originator to comply with any requirement up to a maximum amount of three times the direct and indirect compensation or gain accruing to the originator for the loan involved in the violation.	Extensive liability provisions discussed above for all loans.	Adopts Board's approach generally but will be more precise and narrower in some areas.
MISCELLANEOUS			
Regulatory Responsibility	Regulations would be issued by the federal banking regulators – the Federal Reserve, Comptroller of Currency, Office of Thrift Supervision, the Federal Deposit Insurance Corporation and the National Credit Union Administration – in consultation with the Federal Trade Commission are assigned regulatory responsibility for several portions of the bill. The HUD Secretary is assigned regulating responsibility for the licensing and counseling provisions and the Federal Reserve for the revised HOEPA provisions.	Issued by the Board of Governors of the Federal Reserve as a proposed rule with comments due April 8, 2008.	Rules issued by new regulator. Requires the Director to implement the UNMS to regulate mortgage lending activities nationally; to supplement the UNMS as necessary in conjunction with the CSFR; to regulate activities of non-depository mortgage bankers and mortgage brokers including establishing uniform licensing and registry requirements for such entities in conjunction with the CSFR (including net worth and bonding requirements) with licensing and registration requirements to be applied by state officials; to work in partnership with state regulators to examine, review and enforce the UNMS for non-depository mortgage bankers and brokers; and to consult with federal and state financial regulators which shall examine, review and enforce the UNMS for federal and state depository institutions which they regulate respectively.

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Costs of Regulation	No provision.	No provision.	Would defray regulatory costs through assessments on regulated entities and/or appropriations. States would receive licensure and registry fees and would share in fees on regulated entities to extent appropriate to avoid duplicate charges on regulated entities.