



Compliance eNewsletter

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InfoSight News

RESPA's Borrower Protections and Prohibited Practices

As mentioned in an article in today's newsletter, it's a good idea to be reminded of those activities that are considered a "kickback" when it comes to RESPA-related loans. The Detailed Analysis in the Loans and Leasing channel provides more specific details for your review.

Compliance News

Review of RESPA's Anti-kickback Provision

Section 8 of RESPA prohibits anyone from giving or accepting a fee, kickback, or anything of value in exchange for referrals of settlement services in connection with any loan covered by RESPA. The Act also prohibits fee splitting and receiving unearned fees for services not actually performed. These restrictions apply in any situation where settlement services are related to a federally related loan. The rendering of services by a mortgage broker is a "settlement service" for purposes of the rule.

Some examples: Let's suppose a real estate agent hosts an open house for brokers, and a mortgage lender offers to pay for lunch at the open house. This would violate RESPA because the mortgage lender has just provided a thing of value (lunch) in consideration for the referral of business in violation of RESPA's anti-kickback provision. Now, what if instead, the lender gave the real estate agent marketing materials, such as desk calendars, pens, and notepads, all of which promote the mortgage lender company's name. While this seems like it would be a "thing of value" on par with lunch, there is actually an exception in RESPA for normal promotional and educational activities that are not conditioned on the referral of business and that do not defray expenses that otherwise would be incurred by persons in a position to refer settlement service business. Likewise, if the mortgage lender had attended the open house to market its services or make a presentation, then paying for the lunch could be also be lawful. What about providing gifts or promotional gift cards in the context of a settlement service? This is not acceptable in most cases. In the past, HUD has settled with an appraiser who gave a mortgage company's employees restaurant gift certificates in exchange for referrals.

Another example: what if a real estate agent and a mortgage lender agree to place a joint advertisement in the paper together and both split the cost of the advertisement 50/50?

Provided the ads were of equal size and the fees were split evenly, this would not be a RESPA violation. Nothing is RESPA prevents joint advertising, provided each party is paying their pro-rata share.

Source: CUNA Compliance Blog

Bureau updates TRID FAQs

The Consumer Financial Protection Bureau has updated its [TILA-RESPA Integrated Disclosure \("TRID"\) FAQs](#). The FAQs address questions relating to:

- Corrected closing disclosures and the three business-day waiting period before consummation
 - Model forms
 - Construction loans (added)
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CFPB Launches Financial Education Tool for Active-Duty Servicemembers

The Consumer Financial Protection Bureau (CFPB) significantly expanded its Misadventures in Money Management financial education tool to active duty servicemembers. Misadventures in Money Management (MIMM.gov) was initially developed for future servicemembers who signed a contract to enlist in the armed forces, but had not yet shipped off to basic military training. Today the CFPB is expanding the program to be available for all servicemembers on active duty, including in the Reserve or the National Guard.

Source: CFPB

Register Now for June 18 Flood Insurance Webinar

[Online registration](#) is open for a June 18 webinar discussing [updates to the flood insurance rule](#).

The webinar, hosted by the National Credit Union Administration and four other federal financial regulatory agencies, is scheduled to begin at 2 p.m. Eastern and run approximately one hour. Participants will be able to log into the webinar and view it on mobile devices using the registration link.

Staff from the NCUA, the Board of Governors of the Federal Reserve System, the Farm Credit Administration, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency will cover topics including:

- Mandatory acceptance of private flood insurance,
- Mandatory acceptance compliance aid,
- Discretionary acceptance of private flood insurance,
- Flood coverage provided by mutual aid societies, and

- Recommended preparations for compliance with the new rule.

A question-and-answer session will follow the presentation. Participants also may submit questions in advance at fedwebinar@sf.frb.org. Credit unions may wish to review the [NCUA's online flood insurance resources](#).

Source: NCUA

Advocacy Highlight

CUNA's Advocacy Resources

- [This Week in Washington – June 3, 2019](#)
- [CUNA's 2019 Advocacy Agenda](#)
- [Input to lawmakers and regulators](#)
- [CUNA Advocacy page](#)
- [CUNA's Removing Barriers blog](#)
- [CUNA's Priorities](#)
- [Actions You Can Take](#)

Compliance Calendar

- June 21st, 2019: Return for Questionable Transaction (Effective Date)
- July 1st, 2019: Loans in Areas Having Special Flood Hazards (Effective Date)
- July 4th, 2019: Independence Day - Federal Holiday
- August 19th, 2019: Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)
- September 2nd, 2019: Labor Day - Federal Holiday

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