April 23, 2015

2015 Inland Northwest Fair Housing Conference

Presentation Title: Fair Lending
Session A-3 / 1:00pm – 2:00pm
Instructor: Steven W. Driscoll
Course Provider: Northwest Fair Housing Alliance

I. Subjects to be Presented:
- Federal Protected Classes
- Recognized Methods of Lending Discrimination
- Fair Lending Laws
- Mortgage Foreclosures Rescue Scams:
    - Mortgage Assistance Relief Services Rule (MARS)
    - What mortgage rescue companies must & cannot do.
    - Common clues to mortgage rescue scams.

II. Handout Documents for Attendees:
- Syllabus: Curriculum & Learning Objectives
- Temporary Leave Income Calculation Worksheet
- List of Protected Classes, Recognized Methods of Lending Discrimination, and Fair Lending Laws.

Fair Lending
Syllabus: Curriculum and Learning Objectives

I. Presentation Details:
- **Presentation Title:** Fair Lending.
- **Date & Time:** April 23, 2015; 1:00pm – 2:00pm
- **Presentation Provider:** Northwest Fair Housing Alliance:
  Ex. Dir.: MarleyHochendoner: Tel: 509-209-2667 / Email: Execdir@NWFairHouse.org
  Northwest Fair Housing Alliance: 35 W. Main, Suite 250, Spokane, Washington 99201
- **Instructor:** Steven W. Driscoll, Fair Lending Specialist, NWFHA
  Tel: 509-209-2873 / Email: Steven@NWFairHouse.org
  Available to answer questions: Monday – Friday, 9:00am – 5:00pm
- **Instructor Background:** Steven Driscoll has over fourteen years of mortgage lending experience which includes being a mortgage loan officer, branch manager, professional trainer, and author of six mortgage training manuals and books. He is an experienced trainer and has given live and online presentations on residential mortgage loan products and services. Steven has been the Fair Lending Specialist for Northwest Fair Housing Alliance for almost three years. He received his Bachelors of Science degree, from San Francisco State University in Banking, and MBA in Organizational Development, from National University in San Diego, California.

II. Presentation Description:
- This presentation will discuss those national regulations and laws that focus on fair lending for depository and non-depository financial institutions and loan originators. Those fair lending regulations and laws presented will be those that specifically address any forms of discrimination during the marketing, qualifying, and originating of federally related mortgage loans.

III. Upon Completion of this Presentation, Attendees will be Able To:

Lending Discrimination:
- Understand the definitions of Fair Lending.
- Know the various federal Protected Classes.
- Identify the three types of Discriminatory Practices.

Fair Lending Laws:
- Know the Fair Lending Laws and Regulations that focus on discrimination.
- Understand the definitions of those listed regulations and laws prohibiting discrimination.
- Recognize some of the changes brought about by Title XIV of the Dodd-Frank Act.

Qualifying Loan Customers:
- Know how to income qualify women who are on or going on maternity leave following the closing of their home loan.
- Know how to income qualify loan customers using public assistance for a home loan.
- Know what a loan officer can and cannot ask or say to a disabled person.

Available Resources:
- Know who to contact for additional information and/or questions.

TEMPORARY LEAVE QUALIFYING INCOME CALCULATION

I. Monthly Temporary Leave Income: $_____$

(That she will be receiving from her employer)

II. Available Liquid Assets Per Month:

Total Liquid Assets of Borrower: $_____$

*Closing Costs of Loan: (-) _____

Available Net Liquid Assets: $ _____

Total Months on Temporary Leave: _____

Available Liquid Assets per Month: $_____$

(Divide Avail. Net Liquid Assets by Total Mo. on Temp. Leave)

III. Qualifying Temporary Leave Income per Month: $_____$

(Add Mo. Temp. Leave Income + Available Liquid Assets per Month)

Fannie Mae Selling Guide Notes:

- The prospective borrower's calculated Qualifying Temporary Leave Income per month may not exceed the borrower's normal regular monthly employment income.

- The lender must reduce the amount of the borrower's total liquid assets by the amount of reserves used to supplement the temporary income used in this calculation. Thereby, avoiding the borrower's reserves being used for both income and assets.

Note:

- ❖ Closing Costs of Loan represents the actual amount of funds that the borrower will need to bring to the closing table. If the home loan has been structured (as in a home refinance loan) whereby the home loan borrower does not need to bring any funds to the closing table then this line item would be zero (0).

Fair Lending

I. Federally recognized Protected Classes:
 1. Fair Housing Act:
- Race
- Color
- National Origin
- Religion
- Sex (includes Gender Identity)
- Disability
- Familial Status

 2. Equal Credit And Opportunity Act:
- Race
- Color
- National Origin
- Religion
- Sex
- Marital Status
- Age
- Income derived from Public Assistance
- Exercised any rights under any Consumer Credit Protection Law

II. Methods of Discriminatory Practices:
1. Overt Disparate Treatment
2. Comparative Disparate Treatment
3. Disparate Impact

III. Fair Lending Laws:
- Fair Housing Act (FHA)
- Community Reinvestment Act (CRA)
- Home Mortgage Disclosure Act (HMDA)
- Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA)
- Servicemembers Civil Relief Act (SCRA)
- Equal Credit Opportunity Act (ECOA)

Familial Status:
Calculating qualifying income for women who are on or will be on maternity leave after the closing of their home loan.

Public Assistance Income:
HUD Mortgagee Letter 12-15: If no expiration date is on the individual's Award Letter then their disability (SSA) income will continue for at least the next 3 years. Letters from physicians documenting the continuance of this income source are no longer required.