

# Inland Northwest Fair Housing Conference

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## Fair Lending Essentials

A Presentation

By

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### Topics & Presenters:

- Fair Lending Laws  
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- Fair Lending Testing:  
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## TEMPORARY LEAVE INCOME CALCULATION WORKSHEET

**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 Available Net Liquid Assets by total months on Temp. Leave)

**III. Qualifying Temporary Leave Income /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.
- 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 Laws List

### **I. Federally recognized Protected Classes:**

#### **1. Fair Housing Act:**

- Race
- Color
- National Origin
- Religion
- Sex
- Disability
- Familial Status

#### **2. Equal Credit Opportunity Act:**

- Race
- Color
- National Origin
- Religion
- Sex
- Marital Status
- Age
- Income derived from Public Assistance
- Any exercised 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)
- Equal Credit Opportunity Act (ECOA)
- Community Reinvestment Act (CRA)
- Home Mortgage Disclosure Act (HMDA)
- Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA)
- Servicemembers Civil Relief Act (SCRA)

**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 annual Award Letter then their disability (SSA) income is expected to continue for at least the next 3 years. Letters from physicians documenting continuance of this income source is no longer required.