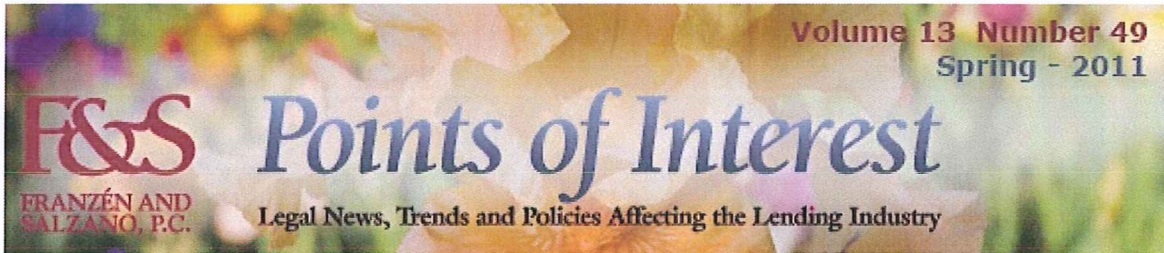


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In This Issue

[Welcome Sharmin Arefin](#)

[Federal Highlights](#)

[States in Brief](#)

[Talking the Talk](#)

[Complyshare](#)

[Join Our Mailing List!](#)

Please Welcome Sharmin Arefin to the firm



D. Sharmin Arefin focuses her practice in consumer protection, regulatory compliance and civil litigation. Sharmin served as a Deputy Attorney General for the State of New Jersey and then as a Staff Attorney for the Georgia Governor's Office of Consumer Protection. She received her B.A. in Political Science and Sociology from Rutgers

University in 1999 and her J.D. from Seton Hall University School of Law in 2002. Sharmin is admitted to practice in New Jersey, New York and Georgia.

Federal Highlights



The FRB issued a final rule revising Regulation Z higher-priced mortgage provisions to provide for a separate, higher threshold for determining whether or not an escrow account is mandatory for jumbo loans. This final rule is effective for applications received by the creditor on or after April 1, 2011.

NMLS released updated information regarding the Mortgage Call Report. According to information published by NMLS, the system functionality to submit the report should be available on May 2, 2011. The first quarterly report will be due May 15, 2011.

The FRB issued final rules under Regulation Z which increase the threshold for exempt consumer credit transactions from \$25,000 to \$50,000. These rules are effective July 21, 2011 (the designated transfer date). The FRB also issued final rules under Regulation M (consumer leasing) which also increase the threshold for exempt transactions under

Regulation M from \$25,000 to \$50,000, effective July 21, 2011.

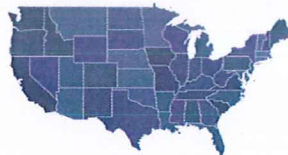
The FRB, along with the OCC, FDIC, SEC, FHFA and HUD, released proposed rules regarding the 5% credit risk retention requirement established by Dodd-Frank. In addition to setting forth the general risk retention requirements, the proposed rules define the term "qualified residential mortgage." Qualified residential mortgages are exempt from the risk retention requirement. Comments are due by June 10, 2011.

The FRB issued proposed rules amending Regulation Z regarding the ability to repay requirement and definition of "qualified mortgage." Comments are due by July 22, 2011.

The FDIC announced a change in address for its national Consumer Response Center, effective March 28, 2011.

The Consumer Financial Protection Bureau announced that requirements under ECOA to collect and report information concerning credit applications made by women-or minority-owned businesses and by small businesses (as required by Dodd-Frank) will not go into effect until the Bureau issues implementing regulations. This section of Dodd-Frank (section 1071) becomes effective on the designated transfer date - July 21, 2011 - but is delayed until regulations are issued.

States In Brief



Arkansas SB 834 increases the collection fee for bad checks from \$25.00 to \$30.00.

Arkansas HB 1981 amends the Fair Mortgage Lending Act. The legislation amends existing licensing provisions and provisions regarding prepayment penalties.

The **Georgia** legislature passed HB 239, which amends provisions of the Georgia Residential Mortgage Act regarding licensing requirements.

Mississippi HB 599 enacts the Uniform Real Property Electronic Recording Act.

Mississippi HB 600 amends current provisions regarding requirements for documents which are presented for recording.

Montana HB 268 amends current provisions regarding bad check charges.

Montana HB 348 amends current provisions regarding

interest rate limits.

The **North Carolina** Office of the Commissioner of Banks adopted a new administrative rule regarding seller discounts for the use of an affiliated mortgage lender or broker.

North Dakota SB 2124 amends current provisions regarding money broker licenses.

South Dakota SB 110 amends current provisions regarding collateral real estate mortgages. The legislation amends the requirements regarding extensions of the terms of such mortgages.

Utah HB 91 amends provisions of the Residential Mortgage Practices and Licensing Act relative to fee disclosures.

Virginia HB 2099 amends current provisions regarding real estate settlements. The legislation amends provisions regarding the referral of affiliated settlement service providers.

The **Virginia** Bureau of Financial Institutions adopted final regulations regarding mortgage licensing requirements and use of the NMLS system.

"TALKING THE TALK"

Terry Franzén spoke at ACI's National Forum on Residential Mortgage Litigation and Regulatory Enforcement in Washington, D.C. and chaired ABA's Business Law Section, CFSC Committee Meeting in Boston in **April**. Terry will also address the topic "How To Deal with Impossible Clients, Witnesses, and Opposing Counsel in Litigation" at NBI's conference in **June**. In **August**, Terry will chair the CFSC Committee Meeting at ABA's Annual Meeting in Toronto.



In **May**, **Loretta Salzano** will summarize the Dodd-Frank Act at MBA's Legal Issues meeting in Boca Raton and legislative developments at the Mortgage Bankers Association of Georgia Expo in Destin. Also in **May**, Loretta will discuss consumer compliance violations at a conference hosted by AgFirst Farm Credit Bank in Atlanta, and she will address Truth in Lending Act and Reg. Z developments at ACI's Regulatory Compliance and Risk Management conference in NYC. In **June**, Loretta will speak on the Dodd-Frank Act at the National Settlement Services Compliance Summit in Cleveland. Loretta will address RESPA requirements during the closing process at an NBI webcast in **August**.

Jenny Dozier will present a webinar regarding recent and

upcoming changes to Regulation Z for Wolters Kluwer Financial Services in **May**.

ComplyShare Update



FNMA has announced updates as to how LTV ratios are to be calculated. For purchase money loans, it is still the loan amount divided by the lower of the sales price or appraised value. The sales price includes the purchase amount or cost of construction plus alterations, improvements, repairs, and lot cost or value. Refinance LTVs are based on the appraised value. Loans with financed MI will include the MI in the loan amount. The resultant LTV is to be truncated to two decimal places and rounded up to the nearest whole percent.

For first mortgage loans subject to subordinate financing, a CLTV (combined loan-to-value) ratio is also required. The CLTV is calculated by dividing the first mortgage amount plus the drawn portion of a HELOC and the unpaid principal balances of all closed-end subordinate mortgages by the lesser of the sales price or appraisal value.

An HCLTV (home equity combined loan-to-value) ratio is required for first mortgages with subordinate financing under a HELOC. The HCLTV is calculated as the CLTV is except that the full amount of any HELOC must be included (rather than just the drawn amount.) This represents the highest LTV that would be realized in the event that the borrower maxed out their line of credit on the HELOC.

Points of Interest is published by Franzén and Salzano, P.C. for clients and colleagues in the lending industry and should not be construed as legal advice. The contents are for general information purposes only. You are urged to consult legal counsel concerning any specific situation or legal issue.

Sincerely,

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