The next major consumer protection amendment to TILA came with the Home Ownership and Equity Protection Act of 1994 (HOEPA).\(^\text{58}\) It defines a group of high-rate closed-end mortgage transactions and singles them out for special regulation, including advance disclosure requirements, prohibition of abusive terms, and special liability rules. The legislative history of this Act is discussed extensively at Chapter 9 [1], \textit{infra}.

Under the FRB’s HOEPA authority to regulate abusive mortgage practices, the FRB issued substantive mortgage origination rules in 2008. While rules regarding appraisals and mortgage servicing applied to all mortgage loans, those regarding loan affordability, income verification, prepayment penalties, and escrow requirements applied to “higher-priced” mortgage loans (approximating the subprime market). In 2010, the FRB amended these regulations with new rules banning direct payments to loan originators if the originator is also being paid from the lender or another party. It also prohibited steering consumers into mortgage loans not in the consumer’s interest in order to increase originator compensation.\(^\text{59}\) Chapter 9 [1], \textit{infra}, discusses these substantive protections as well as the substantive mortgage origination rules under the Dodd-Frank financial reform bill that updated and in part replaced these rules (discussed at § 1.2.11 [2], \textit{infra}).

Footnotes

58 \{58\} Subtitle B of Title I of the Riegle Cmty. Dev. and Regulatory Improvement Act, Pub. L. No. 103-325 (Sept. 23, 1994). See Ch. 9 [1], \textit{infra}. See also legislative history [3] available online as companion material to this treatise.


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