

**FEDERAL HOUSING FINANCE AGENCY
OFFICE OF INSPECTOR GENERAL**

**FHFA Should Develop and Implement a Risk-Based
Plan to Monitor the Enterprises' Oversight of Their
Counterparties' Compliance with Contractual
Requirements Including Consumer Protection Laws**





OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

March 26, 2013

TO: Jon D. Greenlee, Deputy Director for Enterprise Regulation

A handwritten signature in blue ink, appearing to read "Russell A. Rau".

FROM: Russell A. Rau, Deputy Inspector General for Audits

SUBJECT: FHFA Should Develop and Implement a Risk-Based Plan to Monitor the Enterprises' Oversight of Their Counterparties' Compliance with Contractual Requirements Including Consumer Protection Laws (Audit Report No. AUD-2013-008)

Summary

OIG assessed FHFA's oversight of Fannie Mae's and Freddie Mac's (the Enterprises) monitoring of their counterparties' compliance with their contractual agreements, with an emphasis on their compliance with federal consumer protection laws.¹ Counterparties include entities that sell mortgage loans to or service them for (e.g., collect payments for) the Enterprises. When they work with the Enterprises, counterparties contract, among other things, to follow federal and state laws that govern originating and servicing mortgage loans. However, OIG found that FHFA does not thoroughly oversee how the Enterprises monitor counterparties' contractual compliance. Specifically, FHFA does not examine how the Enterprises monitor compliance with consumer protection laws, and, indeed, OIG determined that the Enterprises do not ensure that their counterparties' business practices follow all federal and state laws and regulations designed to protect consumers from unlawful activities such as discrimination.

According to FHFA officials, it relies upon other federal regulatory agencies that are responsible for enforcing laws that protect mortgage borrowers. For their part, the Enterprises actively focus on counterparty compliance with these laws primarily where they may face legal liability for their counterparties' noncompliance (e.g., predatory lending). Otherwise, the Enterprises rely on

¹ The Enterprises' counterparties' obligations to abide by federal and state laws and regulations, such as consumer protection laws, do not derive solely from their contracts with the Enterprises. These contracts merely reiterate the counterparties' existing legal obligations. Thus, OIG selected consumer protection laws for emphasis herein because the Enterprises have no ability to waive the application of consumer protection laws and regulations, whereas they freely can waive many other provisions of their contracts (e.g., underwriting standards). See OIG, *FHFA's Oversight of Fannie Mae's Single-Family Underwriting Standards* (AUD-2012-003, March 22, 2012).

their counterparties' self-certified compliance and informally monitor federal agencies' enforcement activities.

Although OIG agrees that other federal agencies have regulatory and enforcement authority over the Enterprises' counterparties with respect to consumer protection laws, FHFA has a statutory responsibility—under the Housing and Economic Recovery Act of 2008 (HERA)—to protect the public interest, which in this instance is at least partially defined by federal and state consumer protection laws. FHFA and the Enterprises, in connection with their recent changes to representation and warranty relief procedures, demonstrated their awareness that they cannot condone the purchase and ownership of loans originated in violation of federal and/or state law, but they have not implemented adequate procedures to identify and refer for repurchase such loans.

Therefore, we recommend that FHFA develop and implement a risk-based plan to assess the Enterprises' oversight of their counterparties' compliance with their contractual obligations. FHFA provided comments agreeing with the recommendation and stated that it would develop a specific plan focused on the effectiveness of the Enterprises' monitoring of the sellers' and servicers' compliance with consumer protection laws under the existing contractual terms. See Appendix A of this report for the complete text of the agency's comments.

Background

Fannie Mae and Freddie Mac are housing government-sponsored enterprises that buy residential mortgage loans to support the secondary mortgage market. From January through September 2012, Fannie Mae purchased for its mortgage portfolio or guaranteed approximately \$668 billion—measured by unpaid principal balance (UPB)—in loans.² These activities enabled Fannie Mae's mortgage seller customers to finance approximately 2.8 million single-family conventional loans and loans for approximately 371,000 units in multifamily properties. During the same period, Freddie Mac purchased or guaranteed \$296.6 billion in single-family conforming mortgage loans.

HERA established FHFA as the Enterprises' regulator to ensure their safety and soundness. In September 2008, the federal government began investing taxpayer dollars—a total of \$187.5 billion through September 2012—in the Enterprises to prevent their insolvency.³ At the same time, FHFA became the Enterprises' conservator to oversee their activities and preserve their assets. The agency is also required to ensure their activities are consistent with the public

² The \$668 billion UPB figure includes \$35.9 billion in loans that Fannie Mae repurchased out of its single-family mortgage-backed securities trusts.

³ FHFA, *Data as of December 18, 2012, on Treasury and Federal Reserve Purchase Programs for GSE and Mortgage-Related Securities*, accessed January 17, 2013, available at <http://www.fhfa.gov/webfiles/24847/TSYSupport%202012-12-18.pdf>

interest: “[t]he principal duties of the Director shall be ... to ensure that ... the activities of each regulated entity and the manner in which such regulated entity is operated are consistent with the public interest.”⁴

Guidance Addressing Counterparties’ Contractual Compliance

Both Enterprises have written selling and servicing guides that their counterparties contractually commit (i.e., represent and warrant) to follow.⁵ Among other things, the contractual agreements and the guides require counterparties to comply with all federal and state laws and regulations—including consumer protection statutes—applicable to originating, selling, and servicing mortgage loans. If the Enterprises discover that a counterparty has not complied, then they can require the original lender to repurchase noncompliant loans.

In September 2012, FHFA—in coordination with the Enterprises—introduced a new representation and warranty framework aimed at clarifying lenders’ repurchase exposure and liability on future deliveries of noncompliant loans.⁶ The framework relieved lenders of certain repurchase obligations related to loans with acceptable payment histories. However, the framework explicitly excluded lenders from such relief if they violated federal or state laws or regulations. In its news release, FHFA explained, “[w]ith this new framework ... [i]nformation about exclusions for rep[resentation] and warranty relief, such as violations of state, federal and local laws and regulations will be detailed.”⁷ Clarifying FHFA’s news release, the Enterprises provided guidance to their seller/servicers,⁸ notifying them of the framework and reinforcing the role that sellers play in originating and delivering compliant mortgages. The guidance, among other requirements, expressly states that—even where mortgages have acceptable payment histories and other conditions and requirements have been met—mortgages that were not originated in accordance with applicable laws and regulations are not eligible for representation and warranty relief (i.e., they are indefinitely subject to repurchase). For example, Fannie Mae’s guidance states:

A lender will not be relieved from the enforcement of breaches of its representations and warranties on any mortgage loan, including eligible mortgage

⁴ See 12 U.S.C. § 4513(a)(1)(B)(v).

⁵ *Fannie Mae 2012 Single-Family Selling Guide*; *Fannie Mae Single-Family 2011 Servicing Guide*; and *Freddie Mac Single-Family Seller/Servicer Guide*.

⁶ See FHFA, *Fannie Mae and Freddie Mac Launch New Representation and Warranty Framework, Increased Transparency and Certainty for Lenders* (September 11, 2012), accessed February 15, 2013, available at <http://www.fhfa.gov/webfiles/24366/Reps%20and%20Warrants%20Release%20and%20FAQ%20091112.pdf>.

⁷ *Id.*

⁸ Fannie Mae, *Selling Guide Announcement SEL-2012-08* (September 11, 2012); and Freddie Mac, *Bulletin Number 2012-18* (September 11, 2012).

loans, with respect to the following matters With respect to each mortgage loan, a lender remains responsible for the life of the loan for representations and warranties related to ... [c]ompliance with [l]aws

Similarly, Freddie Mac’s guidance advises, “[t]he [m]ortgage must comply with all applicable federal, [s]tate and local laws, ordinances, regulations and orders, including without limitation, [s]tate anti-predatory lending laws and regulations.” The new framework, thus, reinforces the importance of contractual provisions related to compliance with laws and regulations, and the Enterprises’ ability to pursue seller repurchase of loans originated in violation of consumer protection laws.

Consumer Protection Laws

Multiple federal consumer protection laws apply to residential mortgages. For example, entities that originate mortgages must follow the Fair Housing Act, the Equal Credit Opportunity Act, and the Truth-In-Lending Act. (Appendix D describes examples of these laws in more detail.)

Historically, federal banking regulators such as the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation enforced these laws. Recently, however, the new Consumer Financial Protection Bureau (CFPB) has taken on much of this responsibility under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),⁹ enacted in July 2010.¹⁰ As a result, federal regulators have begun to collaborate to protect consumers by entering into agreements with CFPB to coordinate key aspects of supervision, such as sharing information and avoiding contradictory directives.

FHFA officials have indicated that the agency is considering how to coordinate with other regulators in light of its responsibility to make sure the Enterprises’ work is consistent with the public interest.¹¹ The agency, however, has not actively supervised the Enterprises’ oversight of counterparties’ contractual compliance with federal consumer protection laws.

⁹ Pub. Law No. 111-203.

¹⁰ CFPB, *Supervision and Examination Manual*, version 2.0 (October 2012), accessed January 29, 2013, available at http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf.

¹¹ In fact, in response to the United States Government Accountability Office’s report, *Mortgage Foreclosures, Regulatory Oversight of Compliance with Servicemembers Civil Relief Act Has Been Limited* (GAO-12-700, July 2012), FHFA’s Deputy Director for Enterprise Regulation agreed that increased information sharing among supervisors of mortgage lending industry participants could assist in identifying potential compliance problems and in some cases could improve the identification of Servicemembers Civil Relief Act violations.

Enterprise Efforts to Monitor Compliance with Contractual Commitments Related to Laws and Regulations

According to Fannie Mae, it conducts a mortgage origination risk assessment of its lenders by asking a series of questions that focus on contractual commitments related to compliance with federal consumer protection laws and also informally monitors federal regulators' websites for information concerning legal violations by its counterparties. If a lender informs it of controls that are not acceptable or if violations are discovered, the Enterprise can take action to require the lender to implement appropriate procedures and controls or the Enterprise can suspend or terminate its business relationship with the lender. However, Fannie Mae has no written procedures governing how it monitors counterparties found to be in violation of laws or regulations or how it will address such violations of counterparty contractual requirements. Additionally, for at least 10 years, the Enterprise has taken no action as a direct result of any federal regulator working with a lender to remediate violations. Otherwise, Fannie Mae's review of counterparty compliance with federal consumer protection laws focuses on cases where it may be liable for its counterparties' noncompliance.

Similarly, Freddie Mac's oversight of contractual compliance with such statutes focuses on its potential liability. In 2011, for example, Freddie Mac's quality control review identified approximately 50 loans that either had high costs or were missing anti-predatory lending documents.¹² The Enterprise is liable for certain violations of federal anti-predatory lending laws, and so it required its counterparties to repurchase the loans. Additionally, Freddie Mac's Counterparty Operational Risk Evaluation team reviews controls over compliance with certain areas of consumer protection laws to provide information about the effectiveness of counterparties' controls over mortgage operations and compliance with the Enterprise's requirements. Nonetheless, where its own liability is not at issue, Freddie Mac has no formal monitoring program.

In summary, both Enterprises rely primarily on counterparty self-certifications of contractual compliance along with federal regulators' supervisory and enforcement activities.

Finding: FHFA Should Develop and Implement a Risk-Based Plan to Monitor the Enterprises' Oversight of Their Counterparties' Compliance with Contractual Requirements Including Consumer Protection Laws

FHFA has not actively overseen—through its examination program—how the Enterprises monitor counterparty contractual compliance with federal and state laws that govern originating and servicing mortgage loans, including consumer protection laws. Similarly, the Enterprises do not have formal programs in place to review their counterparties' compliance with these laws,

¹² According to Freddie Mac, its Quality Control team conducted 141,463 loan level reviews during 2011, of which 19,021 (13%) were compliance reviews.

except where the Enterprises face legal liability from a counterparty's failure to comply (e.g., predatory lending).

The Enterprises' counterparties commit to comply with federal, state, and local laws, such as fair lending, equal credit opportunity, anti-discrimination, and borrower privacy laws. Also, the Dodd-Frank Act forbids consumer financial product providers and servicers from acting unfairly, deceptively, or abusively.

In spite of their counterparties' commitments, the Enterprises do not review the loans they buy at the time of purchase to assess whether consumers are being treated properly according to applicable law. Instead, both Enterprises have noted that they generally rely on the counterparties' representations and warranties of compliance with consumer protection laws. That is, because the Enterprises can require their counterparties to repurchase loans if they discover violations, they concern themselves with compliance issues only when they may be liable as a purchaser for noncompliance. Further, the Enterprises have indicated that it is not their duty to monitor and enforce compliance with federal consumer protection laws because there are federal regulatory agencies with these responsibilities.

For its part, FHFA has not performed any reviews specific to how the Enterprises monitor counterparty compliance with contractual requirements related to federal consumer protection laws and regulations. Additionally, the agency noted that its new supervisory examination guidance that is under development does not explain how such reviews should be conducted. Further, although FHFA's new representations and warranty framework directs the Enterprises to conduct reviews of compliance with their seller/servicer guides earlier in the process and to evaluate loan files on a more comprehensive basis, more specific instruction to identify loans with legal compliance issues is not included. Moreover, like the Enterprises, FHFA officials asserted that they rely upon the efforts of other regulators.

FHFA is thus vulnerable to questions about why it does not have a strategy to monitor the Enterprises' activities to assess whether they are aligned with the public interest as reflected in federal and state laws and regulations (e.g., consumer protection laws). FHFA and the Enterprises recognized their shared responsibility for protecting the public interest when they explicitly excluded violations of federal and state laws and regulations from the universe of representation and warranty violations that may be forgiven after 36 months of on-time mortgage payments. Yet, neither Enterprise has implemented procedures to identify and refer for repurchase mortgages that were originated in violation of federal and/or state laws or regulations, and FHFA has not instructed them to develop such procedures.

In addition, purchasing and owning mortgages that were originated in violation of federal and/or state laws or regulations may subject the Enterprises to increased economic risk. For example, the Enterprises buy mortgages that comply with their origination requirements, including

compliance with federal and state laws and regulations. If they determine that they have purchased mortgages for which the sellers have inaccurately represented and warranted their compliance with the Enterprises' requirements, then they may require the sellers to repurchase the mortgages. Accordingly, under the new representation and warranty framework, compliance violations can be the sole basis to demand a seller repurchase a mortgage. The Enterprises' failure to pursue seller repurchase demands related to mortgages in default with no material underwriting deficiencies—but that were originated in violation of consumer protection laws—may result in losses to the Enterprises that could be avoided or mitigated.

FHFA has begun to put together a plan to address its role in overseeing the Enterprises' oversight of their counterparties' compliance with federal consumer protection laws. Recently, FHFA has begun to take steps to work with federal regulators responsible for supervising and regulating counterparties that sell mortgages to the Enterprises. For example, the agency has developed an information-sharing agreement with regulators in the consumer financial market, such as the Federal Reserve Board and the Office of the Comptroller of the Currency. In addition, agency officials have met with specific regulators, such as the Federal Deposit Insurance Corporation. FHFA is determining how best to coordinate with these agencies to further its mission, but has not specifically addressed its role in monitoring the Enterprises' oversight of their counterparties' compliance with contractual provisions requiring adherence to consumer protection laws.

Going forward, such interagency coordination may be helpful in formulating a risk-based plan to assess how the Enterprises monitor their counterparties' contractual compliance with federal and state laws generally and with consumer protection laws in particular.

OIG is planning targeted work related to two of the Enterprises' largest seller/servicers to assess these counterparties' compliance with federal consumer protection laws. The results of this work will help the agency refine its plan and focus on significant risks.

Recommendation

FHFA should develop a risk-based¹³ plan to monitor the Enterprises' oversight of their counterparties' compliance with contractual representations and warranties, including those related to federal consumer protection laws.

¹³ In this context, "risk-based" connotes the avoidance of duplication of federal oversight efforts and the implementation of cost-effective identification of noncompliant loans. For example, consistent with the public interest, an element of FHFA's plan could include detailed agreements with other federal regulators delineating what roles FHFA and the Enterprises will play in the identification of loans originated in violation of consumer protection laws and how violations will be communicated to the appropriate federal regulator.

Scope and Methodology

In order to accomplish our objective, we:

- Reviewed FHFA and Enterprise records.
- Interviewed FHFA personnel to identify the applicable federal consumer protection laws, and to understand and assess examination programs, policies, or procedures used to oversee the Enterprises' compliance with these laws.
- Interviewed the Enterprises' personnel to learn what they did to ensure counterparty compliance with consumer protection laws.

OIG conducted fieldwork for this performance audit from November 2012 through February 2013 in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for the finding and conclusions included herein, based on our audit objective.

cc: Richard Hornsby, Chief Operating Officer
Sandra Thompson, Deputy Director for Housing Mission and Goals
Nina Nichols, Deputy Director for Supervision Policy and Support
Bruce Crandlemire, Senior Advisor for IG Operations

Attachments: Appendix A, FHFA's Comments on the Finding and Recommendation
Appendix B, OIG's Response to FHFA's Comments
Appendix C, Summary of Management's Comments on the Recommendation
Appendix D, Examples of Consumer Protection Laws

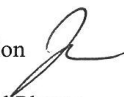
Appendix A: FHFA's Comments on the Finding and Recommendation



Federal Housing Finance Agency

MEMORANDUM

TO: Russell A. Rau, Deputy Inspector General for Audit

FROM: Jon D. Greenlee, Deputy Director, Division of Enterprise Regulation 

SUBJECT: Audit Report: FHFA Should Develop and Implement a Risk-Based Plan to Monitor the Enterprises' Oversight of their Counterparties' Contractual Requirement to Comply with Consumer Protection Laws (Audit Assignment: AUD-2012-012a)

DATE: March 14, 2012

This memorandum transmits the Federal Housing Finance Agency's (FHFA) management responses to the recommendations in the report prepared by FHFA-OIG on Audit AUD-2012-012a, *FHFA Should Develop and Implement a Risk-Based Plan to Monitor the Enterprises' Oversight of their Counterparties' Contractual Requirement to Comply with Consumer Protection Laws*. FHFA appreciates the opportunity to provide feedback on this report and the FHFA-OIG findings and recommendations.

FHFA is strongly committed to the fair treatment of consumers in a manner that fully complies with all laws and regulations and has taken steps through its Contract Harmonization and Servicer Alignment Initiative (SAI) to establish frameworks within which compliance with consumer protection laws can be addressed. As the FHFA-OIG's report notes, FHFA is not the primary regulatory agency for the review and enforcement of consumer laws and regulations at organizations that sell loans to Fannie Mae or Freddie Mac, or those that service loans on behalf of the two Enterprises. This is the responsibility under Federal law of the Consumer Financial Protection Bureau for many of the organizations that sell loans to the Enterprises or service loans on their behalf, or the OCC, FDIC, or Federal Reserve for banking organizations under \$10 billion in assets. As issues or concerns related to a seller or servicer arise, including those related to compliance with consumer protection laws, FHFA has established the mechanisms to share that information as appropriate with the primary regulator under our existing memoranda of understanding. FHFA, Fannie Mae, or Freddie Mac cannot remediate or take enforcement actions for violations of consumer laws by seller/servicers. These mechanisms are key to ensuring identified bad practices are effectively addressed from a supervisory perspective.

As the report notes, Fannie Mae and Freddie do have contractual requirements that loans sold to the Enterprises comply with consumer protection laws. Each Enterprise also has established a monitoring framework that captures key aspects of consumer compliance that is factored into the assessment of seller and servicer performance. Therefore, seller and servicer compliance activities must be viewed from this perspective.

As part of FHFA's strong commitment to consumer protection laws, the agency worked with both Enterprises and recently changed the representation and warranty relief procedures that augmented the contractual terms between the Enterprises and mortgage sellers, in which sellers must attest to full compliance with all Federal and state laws and proof of failure of this attestation may constitute sole grounds to require loan repurchase by sellers. As currently implemented, this gives the Enterprises the right but not the obligation to require loan repurchase by lenders. These changes were designed both to address those cases in which an Enterprise may have legal liability, as well as to emphasize the importance of compliance with consumer protection laws more generally, while preserving flexibility for the Enterprises to respond appropriately to different degrees of violation. As part of their contractual framework, Fannie Mae and Freddie Mac also have the option of requesting that consumer complaint violations be corrected, if possible, or could ultimately cease doing business with a particular counterparty.

FHFA-OIG recommends that:

FHFA should develop a risk-based plan to monitor the Enterprises' oversight of their counterparties' compliance with contractual requirements including consumer protection laws.

Management Response: Agree

FHFA determined in 2012 that the Enterprises' implementation of the new representation and warranty framework and SAI would be a key supervisory priority in 2013. FHFA's planned supervisory activities in 2013 focus on all aspects, and not exclusively, on how the Enterprises oversee seller and servicers' compliance with consumer laws and regulations. Nonetheless, FHFA agrees to develop a specific plan focused on the effectiveness of the Enterprises monitoring of seller and servicers' compliance with consumer protection laws under the existing contractual terms. DER intends for this plan to be developed by June 30, 2013.

Appendix B: OIG's Response to FHFA's Comments

FHFA provided comments to a draft of this report agreeing with our recommendation and identifying specific actions it would take to address the recommendation. FHFA stated that it is committed to the fair treatment of consumers and agreed to develop a specific plan focused on the effectiveness of the Enterprises' monitoring of seller/servicers' compliance with consumer laws and regulations. We consider the proposed actions sufficient to resolve the recommendation, which will remain open until we determine that the agreed actions are completed and responsive to the recommendation. Appendix C provides a summary of management's comments on the recommendation and the status of agreed corrective actions.

Appendix C: Summary of Management’s Comments on the Recommendation

This table presents the management response to the recommendation in OIG’s report and its status when the report was issued.

Rec. No.	Corrective Action: Taken or Planned	Expected Completion Date	Monetary Benefits	Resolved Yes or No	Open or Closed ^b
1.	Develop a specific plan focused on the effectiveness of the Enterprises’ monitoring of sellers’ and servicers’ compliance with consumer protection laws under the existing contractual terms.	06/30/13	NA	Yes	Open

^a Resolved means: (1) management concurs with the recommendation, and the planned, ongoing, or completed corrective action is consistent with the recommendation; (2) management does not concur with the recommendation, but alternative action meets the intent of the recommendation; or (3) management agrees to the OIG monetary benefits, a different amount, or no amount (\$0). Monetary benefits are considered resolved as long as management provides an amount.

^b Once OIG determines that agreed-upon corrective actions have been completed and are responsive, the recommendation can be closed.

Appendix D: Examples of Consumer Protection Laws

	Law or Regulation	Description
1	Electronic Signatures in Global and National Commerce Act	Allows for electronic signatures and records to create legally binding documents. Accords these records and signatures the same validity as handwritten records and signatures. Consent of the consumer to an electronic signature must be obtained in a manner that reasonably goes to the ability of the consumer to access the underlying disclosure.
2	Fair Credit Reporting Act	Protects information that bears on a consumer's credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living. Restricts parties to whom the information can be provided to those with a permissible purpose. Imposes duties on furnishers of information regarding fraud alerts, investigating and correcting disputed information, and providing disclosures regarding things such as adverse actions and risk-based pricing. Includes provisions for disposing of information from consumer reports.
3	Flood Disaster Protection Act	Requires flood insurance coverage for properties in flood hazard areas.
4	Truth-in-Lending Act	Promotes the informed use of consumer credit by requiring disclosures about its terms and cost. Provides consumers the right to cancel certain credit transactions that involve a lien on their principal dwelling. Imposes certain advertising requirements. Establishes disclosure requirements on certain home equity loans (including refinance transactions) with rates or fees above a certain percentage or amount, and imposes restrictions on certain loan terms and practices associated with abusive lending. The law was amended in 2008 with additional consumer protections for higher priced mortgage loans. The law also establishes requirements for advertising consumer credit, establishes disclosure requirements for reverse mortgage loans, and restricts loan originator compensation.
5	Helping Families Save Their Homes Act of 2009	Amends the Truth-in-Lending Act to require that borrowers be notified within 30 days of when their mortgage has been sold, transferred, or assigned.
6	Home Mortgage Disclosure Act	Provides the public with information that will help show whether financial institutions serve the housing credit needs of the neighborhoods and communities in which they are located. The law also requires collecting data and disclosing applicant characteristics to identify possible discriminatory lending patterns.
7	Home Owners Protection Act	Provides for cancelling private mortgage insurance and requires lenders to provide disclosures to borrowers.
8	Home Ownership and Equity Protection Act	Combats abusive lending practices by imposing disclosure requirements on home equity loans (including refinance transactions) bearing an annual percentage rate or fees above a certain percentage or amount. Also, imposes restrictions on certain loan terms and practices associated with abusive lending practices.

	Law or Regulation	Description
9	Real Estate Settlement and Procedures Act	Provides consumers with information about the nature and costs of the settlement process. Prohibits kickbacks and referral fees between settlement service providers. Governs escrow accounts and certain servicing-related activities, including borrower inquiries and servicing transfer notices.
10	Fair and Accurate Credit Transactions Act	Protects information collected by consumer reporting agencies such as credit bureaus. Requires lenders to provide risk-based pricing notices to consumers and opt-out notices for information sharing with affiliates for marketing.
11	Equal Credit Opportunity Act	Prohibits discrimination in granting credit and requires lender disclosure.
12	The Secure and Fair Enforcement for Mortgage Licensing Act of 2008	Requires that all states implement a system to license residential mortgage loan originators according to national standards. Originators who work for an insured depository or subsidiary that is regulated by a federal banking agency must be registered. All other mortgage loan originators are state-licensed.
13	Servicemembers Civil Relief Act	Prevents foreclosure while borrower is on active duty; also caps interest rate at 6% for mortgage loans originated prior to borrower's military service.

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