

Corporate & Financial Weekly Digest

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Federal Reserve Releases Multiple Rules Related to Consumer Mortgage Transactions

On August 16, the Board of Governors of the Federal Reserve System (the Federal Reserve) released a number of rules (both final and interim) related to consumers and their mortgage transactions.

In the first issuance, the Federal Reserve issued final rules to require that consumers receive a notice when their mortgage loan has been sold or transferred. Under this rule, the purchaser or its assignee must provide written notice to a consumer that it has acquired the loan within 30 days of the acquisition. The mandatory compliance date for this final rule is January 1, 2011. [Read more.](#)

In the second issuance, the Federal Reserve announced final rules that prevent a loan originator from receiving compensation that is based on the consumer's interest rate or other loan terms. Loan originators may, however, continue to receive compensation that is based on a percentage of the loan amount. This rule also prohibits a loan originator who receives compensation directly from a consumer from also receiving compensation from the lender or another third party and prohibits such originators from directing a consumer to accept a mortgage loan that is not in the consumer's best interest in order to increase the originator's compensation. This rule is effective April 1, 2011. [Read more.](#)

The Federal Reserve also released an interim rule that requires lenders to disclose how consumers' mortgage payments may change over time. Lenders must comply with this rule with respect to applications they receive on or after January 30, 2011. The Federal Reserve is also soliciting comments on the interim rule for 60 days after publication in the *Federal Register*. [Read more.](#)

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