

Federal Mortgage Law Study Guide

This chart is designed as a study aid. It is NOT a compliance document!

This is designed to give the student a simple flow of basic information about each of these laws. For aid in comprehension, we have limited each page to one law.

Federal Mortgage Law Study Guide – SAFE Act

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Secure and Fair Enforcement (SAFE) Mortgage Licensing Act	A central part of the Housing and Economic Recovery Act (HERA) 7/30/08	Section 1502 <ul style="list-style-type: none"> • Increase uniformity of licensing nationwide • Reduce the regulatory burden for multi-state lenders • Enhance consumer protections by raising standards • • Reduce fraud through better tracking of MLO activity 	Current -- CFPB Legacy Regulator -- HUD	<ul style="list-style-type: none"> • All MLOs must be registered and obtain permanent unique ID • Non-depository MLOs must be licensed through the respective state 	<ul style="list-style-type: none"> • Created NMLS&R • Sets forth procedures, requirements, education, testing and new standards for MLO registration and licensing of all Mortgage Loan Originators. • States are required to pass laws containing the elements of SAFE. Failure to do so means HUD will enforce state specific content. Effective July, 2009

Federal Mortgage Law Study Guide – NMLS&R

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
<p>Nationwide Mortgage Licensing System and Registry (NMLS&R or NMLS for short)</p>	<p>SAFE Act</p>	<p>NMLS&R Intent:</p> <ul style="list-style-type: none"> ○ Provide a comprehensive licensing and supervisory database ○ Streamline the licensing process ○ Provide for increased accountability and tracking of Mortgage Loan Originators and provide for free access for consumers ○ Enhance consumer protections and support anti-fraud measures ○ Require MLOs to act in best interest of consumer ○ Facilitate responsible lending through education and examination requirements. 	<p>Current -- CFPB Legacy Regulator -- HUD States set up NMLS&R thru Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR)</p>	<ul style="list-style-type: none"> ○ Licensing Standards ○ No license revoked ○ No felony in 7 years or no felony w/fraud, dishonesty, breach of trust or money laundering ever ○ Financial responsibility, character and fitness ○ Pre-licensing education (20 hr minimum) ○ Pass written tests ○ Meet net worth or surety bond requirements ○ Eight hours of CE annually [3 fed/3 ethics/2 non-tradition products/1 elective (States may elect to have 3 Fed, 2 Ethics, 2 non-trad and 1 hour of state specific content or may increase required hours.)] 	<ul style="list-style-type: none"> • Processors must be supervised by State-licensed or registered Mortgage Loan Originator or must be licensed as MLO • Non-traditional Mortgage—anything other than a 30 year fixed rate mortgage • Education venues <ul style="list-style-type: none"> a. Live classroom b. Live equivalent c. Instructor-led Online (not allowed in some states) • Retesting required after 5 years of MLO inactivity

Federal Mortgage Law Study Guide – RESPA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Real Estate Settlement Procedures Act or Reg X		<ul style="list-style-type: none"> • Encourages home ownership by lowering and controlling closing costs • Create more efficient early disclosures so consumers become better shoppers (improved competition) • Eliminate kickbacks (Section 8A) and referral fees (Section 8B) that increase cost of closing • Limit escrow amounts by specifying what charges can be escrowed (taxes and insurance) and limiting the cushion that servicers can require (\$50 above 1/6th of the total annual cost of taxes and insurance). • Ensures that consumers may shop for title services. • Covers all “Federally related” real estate transactions (essentially all transactions where the funds go through a federally insured institution). 	<p>Current -- CFPB Legacy Regulator -- HUD</p>	<ul style="list-style-type: none"> • Covers 1st & 2nd mtg related transactions on principal residences of 1-4 family units • Includes purchases, refinances, lender app assumptions, home improvement, HELOCS, reverse mortgages, time shares w/lien, MFG home attached to property, construction loan used to purchase lot • Does not include cash sales, seller held mortgages, rental/business property, construction loans w/o perm financing, home w/>25 acres 	<p>Originator Required Disclosures</p> <p>At application</p> <ul style="list-style-type: none"> • GFE at application or w/i 3 business days with no cost other than credit report • Servicing disclosure statement • HUD Special Info Booklet (purchase only) <p>Upon Referral</p> <ul style="list-style-type: none"> • Affiliated Business Arrangement Disclosure (ABA) if “required use” keeps borrower from shopping • At Closing—HUD-1 or one business day in advance if requested <p>After Closing</p> <ul style="list-style-type: none"> • Initial escrow statement (at closing or w/i 45 days after closing) • Annual escrow statement • Transfer of servicing (15 days before transfer) <p>Reg X Prohibitions</p> <ul style="list-style-type: none"> • Limits escrow balance to \$50 above 1/6 of annual premiums • Violations of Section 8 mark-up prohibition-- \$10,000 or 1 yr prison • Kickbacks for referral fees are a Section 8 violation

Federal Mortgage Law Study Guide – TILA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Truth in Lending Act (TILA) or Regulation Z	Part of 1968 Consumer Credit Protection Act (CCPA)	To promote the informed use of consumer credit by requiring early disclosure of the “Costs of Credit” as defined by Regulation Z	Current -- CFPB Legacy Regulator -- Federal Reserve Board (FED)	<ul style="list-style-type: none"> • Truth In Lending Disclosure (TIL) w/i 3 business days of application and not less than 7 business days before closing. Must show: <ul style="list-style-type: none"> • Finance charge as a dollar amount • APR as a percent of net loan amount • Prohibited Acts • Creditor influencing appraisers • Servicers not crediting payments or pyramiding late fees 	<ul style="list-style-type: none"> • Covers all credit transactions and requires a three business day right to rescind the loan on refinances of primary residences (not purchases) • Requires conspicuous APR in advertising, clear & accurate info, no misuse of “fixed rate,” loan terms are actually available • Re-disclosure is required when APR is inaccurate by more than 1/8% (.125 bpts), document consumer’s receipt and wait three days before closing

Federal Mortgage Law Study Guide – TILA Section 35

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Higher Priced Mortgages (Section 35)	The Mortgage Disclosure Improvement Act (MDIA)	This new rate threshold defines a subprime loan and offers additional consumer protections by restricting certain practices on Higher Priced Mortgages (HPM)	Current -- CFPB Legacy Regulator -- Federal Reserve Board (FED)	Higher Cost Prohibitions <ul style="list-style-type: none"> • Relying on collateral from loan servicing w/o regard to ability to pay • Relying on income and assets w/o verification (full doc only) • Imposing a prepayment penalty if payment changes in first 4 years or on any loans longer than 24 months • First mortgages w/o escrow account Requirements and Restrictions:	HPM (A/K/A “Section 35”) New Threshold Index is called “Average Prime Offered Rate” (APOR) <ul style="list-style-type: none"> • First mortgage add 1.5% to index • Second mortgage add 3.5 to index

Federal Mortgage Law Study Guide – Patriot Act

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
USA PATRIOT Act (USAPA)		<p>To require financial institution to institute a Customer Identification Program (CIP) to:</p> <ul style="list-style-type: none"> • Collect identifying information from applicants • Verifies customers are who they say they are • Maintain records of verification • Determine if applicants appear on the terrorist list 	Current Regulator -- Office of Foreign Assets Control (OFAC)	The OFAC maintains the Specially Designated Nationals and Blocked Entities (SDN) list. Financial institutions are prohibited from dealing with SDNs and are obligated to block and freeze payments and report such blocking to OFAC.	NOTE: Introduced one week after the 9/11 attacks. Introduced changes to wire tap, money laundering, immigration and electronic communication rules. The Patriot Act covers lenders. Lenders require originating companies to comply with standards they set internally to ensure compliance.

Federal Mortgage Law Study Guide – TSR

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Telemarketing Sales Rule (TSR)		<p>To promote the privacy of the home against unwanted solicitation by telemarketing and to restrict the practices of direct telephone marketing businesses.</p> <ul style="list-style-type: none"> • 2003 amendments to the TSR added the Do-Not-Call Registry giving consumers the right to opt-out of receiving telemarketing calls. • Once on the Do-Not-Call Registry, the consumer now remains on the list forever and includes cell phones. 	<p>Current -- CFPB Legacy Regulators -- FTC and FCC</p>	<p>Exempt Entities: Charities, political organization and surveyors as long as they are not selling goods or services.</p> <p>Violations of the TSR are considered an unfair and deceptive act and carry monetary civil penalties up to \$16,000 after February 9, 2009</p>	<p>Requirements:</p> <ul style="list-style-type: none"> • Companies must “scrub” their databases no less than every 31 calendar days and establish internal company Do-Not-Call lists. • Allows companies to re-contact “established customers” up to 18 months after last business transaction. • Allows companies to re-contact consumers that respond to mail campaigns for up to 90 days after initial contact.

Federal Mortgage Law Study Guide – NFIA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
National Flood Insurance Act (NFIA)	To require borrowers to purchase flood insurance when a home is deemed to be in a flood plain.	Note: National flood insurance is available for any property whose local government participates in flood management through NFIA.	Current and Legacy Regulator --FEMA	Requires lenders to determine if the property improvements are in a 'special flood hazard area." This process is called 'flood certification," which checks the subject property against FEMA flood maps that show areas subject to 100-year floods.	Lenders are "compelled" to require borrowers in flood zones to purchase flood insurance. NOTE: This is not optional.

Federal Mortgage Law Study Guide – HPA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Homeowners Protection Act (HPA)		Provides for termination of PMI and applies to conventional loans (not VA, FHA or USDA)	Current -- CFPB Legacy Regulator -- Federal Reserve Board (FED)	Two methods of PMI cancellation <ul style="list-style-type: none"> • Automatic when mort balance is paid down to 78% of original value • By request; a lender must consider cancelling PMI for a borrower whose balance is 80% of original value (borrower must be current and have no other loans on home) 	Three disclosure requirements: <ul style="list-style-type: none"> • At initial escrow statement • Each annual escrow statement • Upon cancellation, disclosing that PMI has been cancelled

Federal Mortgage Law Study Guide – HOEPA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Homeowner and Equity Protection Act (HOEPA)	1994 Amendment to Reg Z—Section 32 High Cost Loans	<p>To establish lending prohibitions and require additional disclosures for certain “High Cost” loans</p> <p>HOEPA Prohibitions</p> <ul style="list-style-type: none"> • Make loan w/o regard to ability to repay • Negative amortization • Default interest rates • Due on sale clause • Balloon payments for loans < 5 years • Repayments that consolidate more than 2 payments • Documenting a closed-end “High Cost” loan as an open-end loan • Prepayment penalties on loans that adjust in the first 4 years or on any loans longer than 24 months • Refinancing a HOEPA loan w/another HOEPA loan w/i 12 months, unless it is in borrower’s best interest 	<p>Current -- CFPB</p> <p>Legacy Regulator -- Federal Reserve Board (FED)</p>	<p>On High Cost Loans the lender must provide additional 3 business day cooling off period and send disclosure:</p> <ul style="list-style-type: none"> • Stating loan need not be completed and 3 business day cooling off period • Warning that borrower considering a loan could lose home and any money put in it • Disclose APR, the regular payment (including balloon) and loan amount including credit insurance premiums • For variable rate loans, that the rate and monthly payment might increase and state maximum monthly payment 	<ul style="list-style-type: none"> • Covers all closed-end transactions (does not cover HELOCs, reverse mortgages, etc) • Three High Cost Thresholds (HOEPA) <ul style="list-style-type: none"> o 1st Lien where APR exceeds comparable US Treasury >8% above APR o 2nd Lien where APR exceeds comparable US Treasury >10% above APR o Total points and fees exceed the larger of \$579 or 8% of total loan amount (NC limit is 5%). Exact dollar amount is adjusted annually. • Penalties—All statutory and actual damages, court costs and attorney fees. If the rescission is not delivered in a timely manner, it might allow consumer to rescind loan for up to 3 years.

Federal Mortgage Law Study Guide – FCRA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Fair Credit Reporting Act (FCRA)	Fair and Accurate Credit Transaction Act (FACTA) of 2003 amends Fair Credit reporting Act	<ul style="list-style-type: none"> • To ensure that a consumer’s credit records are <ul style="list-style-type: none"> (1) kept confidential and (2) that a person’s consumer reports are accurate. FCRA established procedures for the correction of erroneous or inaccurate information within 30 calendar days after a consumer requests an investigation of the accuracy of their personal credit file information. • Purpose of FACTA (2003 amendment) <ul style="list-style-type: none"> o Enhance consumer ability to combat identity theft o Allow consumers greater control of marketing solicitations o Increase accuracy of consumer reports 	<p>Current -- CFPB</p> <p>Legacy Regulator -- Federal Trade Commission</p> <p>It is important to know that the Federal Trade Commission is the only Federal Regulator which maintains the same authority and oversight as that prior to the Dodd-Frank Act. Even though the <i>primary</i> regulation of the Fair Credit reporting Act was passed to the Consumer Financial Protection Bureau, the Federal Trade Commission maintains the ability to enforce and regulate it.</p> <p>(Note the Federal Trade Commission was the primary legacy Federal regulator for all non-depository lenders. This includes mortgage brokers and mortgage lenders.)</p>	<ul style="list-style-type: none"> • FCRA as amended by FACTA requires proper disposal of consumer credit information • Free credit reports if: <ul style="list-style-type: none"> o Company takes adverse action o Unemployed & plan to job hunt in 60 days o On welfare o Report is inaccurate • FCRA states that borrowers have the right to: <ul style="list-style-type: none"> o Dispute inaccuracies o Be notified what credit information is being used against them o Know what is in their credit file o Receive their credit score once per year o Receive a free report when denied credit o Negative pay history and public records be removed after 7 years o Bankruptcy info be removed after 10 years 	<ul style="list-style-type: none"> • Notice of adverse action to either borrower is required by ECOA <ul style="list-style-type: none"> o FCRA notice to each borrower w/i 30 days if caused by credit report information o FCRA notice not required if non-credit information caused ineligibility • Access to free credit reports through Annual Credit • Report Request Service (www.annualcreditreport.com). Do not contact CRAs for free annual credit reports. • Requirements of FCRA <ul style="list-style-type: none"> o Credit records be accurate and confidential o Established procedures to correct credit report mistakes o Credit records retained for 7 years; bankruptcies for 10 years o Free credit report w/i 60 days if denied credit

Federal Mortgage Law Study Guide – FACTA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Fair & Accurate Credit Transactions Act (FACTA) amended	A 2003 amendment to Fair Credit reporting Act	<p>To update and amend FCRA in order to:</p> <ul style="list-style-type: none"> • Enhance the ability of consumers to combat ID theft • Give consumers control regarding marketing solicitations they receive • Increase the accuracy of consumer reports • Allows consumers to apply a “credit freeze” when security is breached <p>Note: FACTA established that every consumer can receive one free credit report per year , per credit repository. Must be available immediately if requested electronically or within 15 days by mail or telephone.</p>	<p>Current -- CFPB</p> <p>Legacy Regulator -- Federal Trade Commission</p> <p>NOTE: See the annotation under Fair Credit reporting Act for an explanation of the special relationship enjoyed by the Federal Trade Commission.</p>	<p>FACTA was amended in 2008 to add:</p> <ul style="list-style-type: none"> • The Red Flags Rule- requires financial institutions to develop and implement a written ID theft prevention program to detect, prevent and mitigate ID theft. Requires creditors: <ul style="list-style-type: none"> o To identify specific “Red Flags” relevant to operations o Detect red flags as they occur o Respond appropriately when red flags are detected • Address Discrepancy Rule- This FACTA amendment requires all users of credit reports to establish procedures and policies they employ when a CRA sends the user a notice of address discrepancy. • Credit Reporting Agency (CRA) informs report user of address discrepancies. • Users must develop a Responsible Information Management (RIM) culture 	<p>Requirements for Users of Credit Reports:</p> <ul style="list-style-type: none"> • Every user must have a “stated permissible purpose” for their use of a consumer report • Expands the definition of “Adverse Action” to include denying of credit, insurance and employment of promotion • To institute policies to verify a consumer’s identify when encountering a “fraud alert” on a consumer report • To properly dispose of consumer credit information by burning, pulverizing or cross shredding documents • Establish reasonable measures to protect against unauthorized access to credit file information • Provide a disclosure (“Notice to the Home Loan Applicant”), to each borrower including the consumer’s credit score, the reason codes and to make available to the consumer all information received from the CRA.

Federal Mortgage Law Study Guide – FACTA (Disposal Rule)

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Fair and Accurate Credit Transactions Act (FACTA)	Disposal Rule	<ul style="list-style-type: none"> • Purpose of Disposal Rule is to reduce risk of consumer fraud and related harms, including identity theft, created by improper disposal of consumer information. • Reasonable measures may include • Burning, pulverizing or shredding papers • Destruction/erasure of electronic media 	<p>Current -- CFPB</p> <p>Legacy Regulators –</p> <ul style="list-style-type: none"> • FTC • OCC • FDIC • OTS • Nat CU Admin • Federal Reserve Board of Governors 	<ul style="list-style-type: none"> • Safeguard Rule prevents ID theft • Red Flag Rule detects ID theft • FACTA requires reasonable protection of credit information • FACTA requires disclosure of credit scores to consumers 	<ul style="list-style-type: none"> • Penalties for non-compliance <ul style="list-style-type: none"> o Willful non-compliance <ul style="list-style-type: none"> § Actual damages (\$100 to \$1000) or § Punitive damages by court plus attorney fees o Negligent non-compliance <ul style="list-style-type: none"> § Actual damages + attorney fees o FTC Enforcement-\$2500 per violation o State Enforcement-\$1000 for each willful or negligent violation + attorney fees

Federal Mortgage Law Study Guide – HMDA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Home Mortgage Disclosure Act (HMDA) or Reg C		To help determine if lenders are serving community housing needs, assist in identifying patterns of lending discrimination and enforce anti-discrimination practices.	Current -- CFPB Legacy Regulator -- Federal Reserve Board (FED)	Note: Applies to home purchases, home improvement and refinances loans.	HMDA is a data collection statute requiring mortgage lenders and depositories to collect and report loan application characteristics to the Board if the number of purchase money loan applications is over 100 annually.

Federal Mortgage Law Study Guide – GLBA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Gramm-Leach-Bliley Act (GLBA)	Part of the Financial Modernization Act	<p>The primary objectives of GLBA are</p> <p>(1) to prevent ID theft and</p> <p>(2) to institute provisions for protecting consumer’s personal financial information held by financial institutions.</p> <p>Applies to mortgage lenders, mortgage brokers, finance companies and other settlement service providers that collect, handle and store consumer’s Nonpublic Personal Information (NPI)</p> <p>Applies to mortgage lenders, mortgage brokers, finance companies and other settlement service providers that collect, handle and store consumer’s Nonpublic Personal Information (NPI)</p>	<p>Current – Consumer Financial Protection Bureau regulates the Privacy Rule of the Act. Other provisions remain with the legacy regulator.</p> <p>Legacy Regulator -- Federal Trade Commission</p> <p>NOTE: See the annotation under Fair Credit reporting Act for an explanation of the special relationship enjoyed by the Federal Trade Commission.</p>	<p>GLBA Safeguards Policy requires:</p> <ul style="list-style-type: none"> • Employee training to ensure awareness of security policies • Physical safeguards, locking doors, windows, files and proper disposal • The management of systems failures and consumer notification of a security breach. <p>NOTE: Pretext calling is the illegal practice of gaining private information under false pretense.</p> <p>NOTE: Pretext calling is the illegal practice of gaining private information under false pretense.</p>	<p>Three Rules Apply</p> <ul style="list-style-type: none"> • Privacy Rule governs the collection of NPI and the company’s information “sharing policy” • Safeguard Rule requires lenders and brokers to develop a written information security plan that includes: <ul style="list-style-type: none"> o Designating a company security officer to coordinate safeguards o Identify information assets and assess risks o Design and implement the company policy o Select and contract with service providers to implement their own safeguard policies; and o Evaluate, maintain and amend policies in light of charges • Pretexting Rule prohibits salesmen or telemarketers from pretending to be someone other than whom they are or posturing themselves in a capacity other than the one in which they function in reality.

Federal Mortgage Law Study Guide – Fair Housing Act (FHA)

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Fair Housing Act (FHAct)		<p>To provide for “Fair Housing”;</p> <p>Covers building, selling and rental plus any real estate related transaction.</p> <p>Covers building, selling and rental plus any real estate related transaction.</p> <p>Prohibitions: FHAct makes it unlawful for any lender to discriminate based on race, religion, color, national origin, handicap or familial status. Also, forbids the imposition of different requirements or more onerous terms that may have a disparate effect on different borrowers.</p> <p>Prohibitions: FHAct makes it unlawful for any lender to discriminate based on race, religion, color, national origin, handicap or familial status. Also, forbids the imposition of different requirements or more onerous terms that may have a disparate effect on different borrowers.</p>	<p>Current -- HUD</p> <p>Legacy Regulator -- HUD</p>	<p>Disclosures:</p> <ul style="list-style-type: none"> • The Fair Lending Notice • Equal Housing Opportunity Logo or statement on all advertising • Equal Housing Opportunity Logo or statement on all advertising • Reg B Highlights 	<p>Types of Discrimination prohibited by FHAct</p> <ul style="list-style-type: none"> • Redlining • Excessively low appraisals • Racially exclusive images • Racial steering • Discrimination against women • Excessively burdensome standards or more onerous terms

Federal Mortgage Law Study Guide – ECOA

Law Name	Associated Laws	Purpose of Law	Enforcing Authority	Does and Does Not Do	Remarks
Equal Credit Opportunity Act (ECOA) or Reg B		<p>To provide for the “Availability of Credit” to all credit worthy applicants without regard to any discriminatory factors on a prohibited basis (race, color, religion, national origin, sex, marital status or age or to the fact that the consumer receives public assistance income).</p> <p>Note: Applies to all credit transactions including consumer credit and business transactions.</p>	<p>Current -- CFPB</p> <p>Legacy Regulators --</p> <ul style="list-style-type: none"> • Federal Reserve Board interprets and executes Reg B for non-bank institutions • FTC administers compliance of Reg B <p>NOTE: See the annotation under Fair Credit reporting Act for an explanation of the special relationship enjoyed by the Federal Trade Commission.</p>	<ul style="list-style-type: none"> • Cannot discourage an applicant from applying • Cannot discourage an applicant from applying • May not require a co-applicant to be a spouse • May not require a co-applicant to be a spouse • Issues of sex, race, marital status and childbearing may not be considered • Issues of sex, race, marital status and childbearing may not be considered • Consumer may withdraw an application • Reg B Disclosures: 30/60/30 Rule <ul style="list-style-type: none"> • Notice of Action w/i 30 days • Request for reasons for denial & free credit report w/i 60 days • Reason for denial w/i 30 days of request • Purpose of ECOA disclosure given at application • Purpose of ECOA disclosure given at application 	<ul style="list-style-type: none"> • Reg B Requirements <ul style="list-style-type: none"> o 30 day notice of action o Report credit in both spouses names o Retain credit records and records of denial for 25 months o Collect information about race and other personal characteristics o Provide an opportunity to receive copies of appraisal reports o Inquiry into marital status: married, unmarried, or separated • Enforcement Penalties (by lawsuit or administrative action) Civil Liability <ul style="list-style-type: none"> o \$10,000 per violation in individual action o 1% of net worth or \$500,000 in a class action suit