



# Consumer Compliance Hot Topics

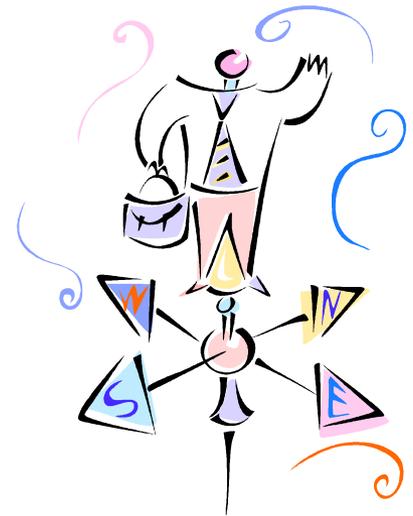


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April 12, 2010



# Agenda

- Significant Regulatory Changes in Consumer Compliance
  - Mortgage Lending
  - Credit Cards
  - Overdraft Protection
  - Higher Education Lending



# Mortgage Lending



- Home Ownership & Equity Protection Act (HOEPA)
- Mortgage Disclosure Improvement Act (MDIA)
- Real Estate Settlement Procedures Act (RESPA)
- Protecting Tenants at Foreclosure Act





# Summary of HOEPA Rulemaking

- Protections for higher-priced mortgages
  - Ability to repay; verification of income; prepayment penalties; & escrow for taxes/insurance
- Early mortgage loan disclosures
- Advertising provisions
- Effective October 1, 2009; escrow rules effective 2010





# Mortgage Disclosure Improvement Act (MDIA)

- Applies to all closed-end consumer mortgage transactions secured by a dwelling
- Early loan disclosures within 3 days of application & prior to imposition of fee
- Requires waiting period between time disclosures are provided and consummation
- Redisclosure rules for inaccurate APRs
- Broadens and expands coverage of previous HOEPA rules (Effective 7/30/09)





# Real Estate Settlement Procedures Act (RESPA)

- Major revisions to Good Faith Estimate (GFE) of settlement charges and HUD1
- Includes tolerances regarding how much certain charges disclosed at time of application may increase at loan closing



# Protecting Tenants at Foreclosure Act

- This new law protects tenants from immediate eviction by new owners of residential property acquired through the foreclosure process, and extends additional protections for tenants with U.S. Department of Housing and Urban Development Section 8 vouchers
- Effective 5/20/09





# Credit Card Accountability & Disclosure Act (CARD Act)

- Effective in three phases August 20, 2009; February 22, 2010; and August 22, 2010
- Board of Governors recently released the final amendments to Regulation Z, which implements the Truth in Lending Act, for first two phases





# CARD Act – Effective 8/20/09

- Prohibits treating a payment as late unless periodic statement delivered at least 21 days before payment due date
- Required to provide 45 day advance notice of rate increases and other significant changes to the terms of credit card accounts and provide notice of right to reject



# CARD Act – Effective 2/22/10

- Increase in annual percentage rates (APR)
- Evaluation of ability to repay
- Underage consumers/students
- Limitations on fees & over limit fees
- Allocation of payments
- On-line disclosure of credit card agreements
- Payment due date





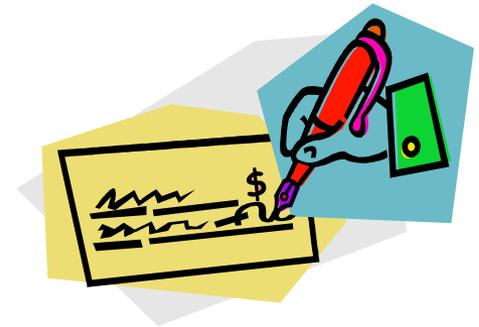
# CARD Act – Effective 8/22/10

- Re-evaluation of rate increases
- Reasonableness of penalty fees and charges
- Gift cards



# Overdraft Protection

- Disclosure of aggregate overdraft fees on periodic statements
- Disclosure of balance information
- Consumer opt-in regarding overdraft service for ATM and one-time debit card transactions
- Right to revoke consent
- Effective July 1, 2010





# Higher Education Lending

- Applies to loans extended expressly, in whole or in part, for postsecondary educational expenses
- Does not include open-end credit or any loan secured by real property or a dwelling





# Higher Education Lending

- Requires application, approval, and final disclosures
- Consumer has the right to cancel the loan without penalty until midnight of the third business day





# Questions??



<http://www.consumercomplianceoutlook.org>



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