



Consumer Protection Hot Topics



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THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ■ BALTIMORE ■ CHARLOTTE

Confidential Information

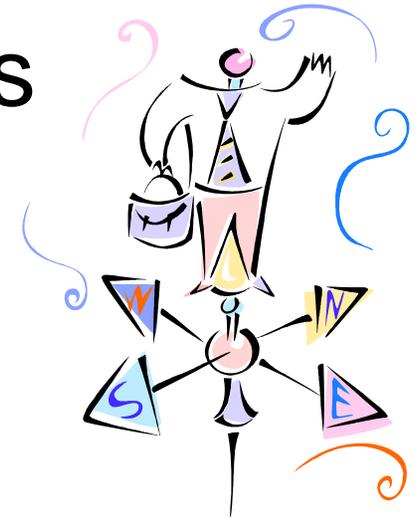




Agenda

- Significant Regulatory Changes involving Consumer Protection

- Mortgage Lending
- Credit Cards
- Overdraft Protection



- Consumer Financial Protection Agency



Mortgage Lending – How Did We Get Here?

- Increase in supply of mortgage credit
- Rapid decline of housing prices
- Increase in delinquencies and foreclosures
- Limited transparency and consumer understanding of products
- Recession & high unemployment



Mortgage Lending



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





Summary of HOEPA Rulemaking

- Protections for new category of higher-priced mortgages loans
- Protections for all consumer closed-end mortgages
- Advertising provisions
- Effective October 1, 2009; escrow rules effective 2010



Protections for Higher- Priced Mortgages



- Ability to repay
- Verification of income and assets
- Prepayment penalties
- Escrow for taxes and insurance



Protections for All Consumer Closed-End Mortgages

- Coercion of appraisers
- Loan servicing
- Early mortgage loan disclosures





Advertising Prohibitions

- Advertisements for closed-end credit
 - Use of “fixed rate”
 - Rate comparisons
 - Government loan programs
 - Use of current mortgage lender’s name
 - Debt elimination
 - Fiduciary relationship
 - Foreign language





Mortgage Disclosure Improvement Act (MDIA)

- 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
- Includes important information about interest rates, loan terms, penalties, settlement charges, and which charges may increase at loan closing





Helping Families Save Their Homes Act

- The new law requires a creditor that purchases a mortgage loan that is secured by the consumer's principal dwelling to provide, within 30 days, a written disclosure notifying the consumer of relevant information regarding the new creditor
- Effective 5/20/09

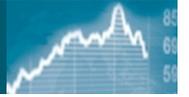




Protecting Tenants at Foreclosure Act

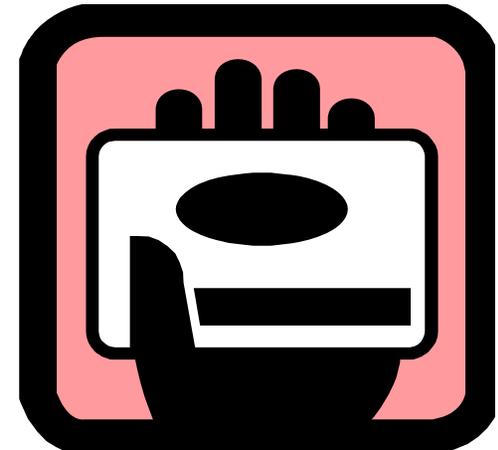
- This new law protects tenants from immediate eviction by new owners of residential property acquired through the foreclosure process, and extends additional protections for tenants with HUD Section 8 vouchers
- Effective 5/20/09





Credit Cards

Credit Card Accountability & Disclosure Act (CARD Act)





Credit Card Accountability & Disclosure Act (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 days' advance notice of rate increases and other significant changes to the terms of credit card accounts and provide notice of right to cancel





CARD Act (Continued)

- Effective 2/22/10
- Increase of Interest Rates
- Allocation of Payments
- Two-Cycle Billing
- Over-Limit Fees
- Financing of Security Deposits & Fees
- Youth & Credit





CARD Act (Continued)

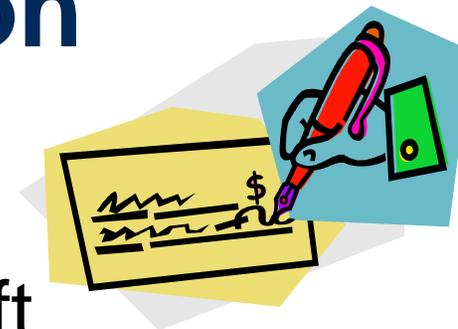
- Effective 8/22/10
- Review for reduction in interest rate
- Gift cards
- Reasonableness of penalty fees and charges





Overdraft Protection

- Finalized Changes
 - Disclosure of aggregate overdraft fees on periodic statements
 - Disclosure of balance information
- Proposed Changes
 - Consumer choice regarding overdraft service
 - Debit holds





Consumer Complaints

- Federal Reserve Consumer Help
 - Toll Free: 1-888-851-1920
 - Email – ConsumerHelp@FederalReserve.gov
 - www.FederalReserveConsumerHelp.gov
- Office of the Comptroller of Currency (OCC)
 - Toll Free: 1-800-613-6743
 - www.HelpWithMyBank.gov
- Federal Deposit Insurance Corporation (FDIC)
 - Toll Free: 1-877-275-3342
 - Email – Comsumeralerts@FDIC.gov
 - www.fdic.gov/consumers/consumer/cc





Consumer Financial Protection Agency

- President Obama's Plan
- Pros & Cons?



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Questions??



<http://www.consumercomplianceoutlook.org>



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