

Consumer Compliance Hot Topics



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Agenda

- Significant Regulatory Changes in Consumer Compliance
 - Mortgage Lending
 - Open-End Plans
 - Overdraft Protection
- Common Compliance Issues



Mortgage Lending



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



Summary of HOEPA Rulemaking

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



Protections for Higher- Priced Mortgages



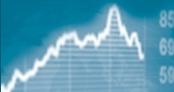
- Ability to repay
- Verification of income and assets
- Prepayment penalties
- Escrow for taxes and insurance



Protections for All Consumer Closed-End Mortgages

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





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)

- Technical changes to average fee disclosure, escrow accounts, & mortgage servicing disclosure
- Major revisions to GFE & HUD1
- “Required Use” rule withdrawn





Flood Insurance – Regulation H

- Release of Interagency Q&As Regarding Flood Insurance
- 77 new and revised questions and 5 new proposed questions
- Revised Standard Flood Hazard Determination Form



Helping Families Save Their Homes Act

- The new law requires a creditor that purchases or takes by assignment a mortgage loans 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 U.S. Department of Housing and Urban Development Section 8 vouchers
- Effective 5/20/09



Open-End Plans

- Credit Cards
- HELOCs
- Unsecured Lines of Credit



Credit Cards – Regulation AA **

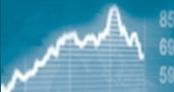
Limitations on:



- Increasing Interest Rates
- Time to Make Payments (21 day rule)
- Allocation of Payments
- Two-Cycle Billing
- Financing of Security Deposits & Fees

**CARD Act revised several provisions





Credit Cards – Regulation Z **

- Changes to format and content for application and solicitation disclosures
- Summary table and disclosure of fees for account-opening disclosures
- Interest charges and fees and the effect of only making the minimum payment for periodic statements
- Advance notice for changes in terms and for penalty rate increase
- Cut off times and due dates for mailed payments
- Advertising of “fixed” rates

**CARD ACT revised several provisions





Credit Card Accountability & Disclosure Act (CARD Act)

- Prohibits a creditor from treating a payment as late unless periodic statement delivered at least 21 days before payment due date for **all** open-end consumer credit plans
- Requires creditors to provide consumers with 45 days' advance notice of rate increases and other significant changes to the terms of their credit card account agreements.
- Effective 8/20/09



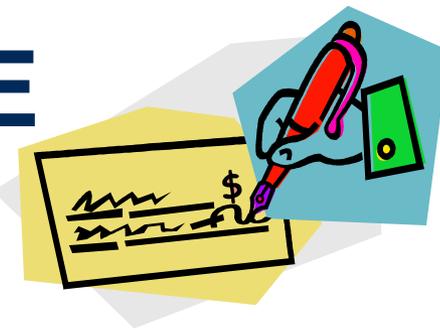


Credit Card Accountability & Disclosure Act (CARD Act)

- Provisions regarding interest rate increases, over-the-limit transactions, and student cards
 - Effective 2/22/10
- Two provisions addressing the reasonableness and proportionality of penalty fees and charges and re-evaluation by creditors of rate increases
 - Effective 8/22/10



Overdraft Protection – Regulations DD & E



- Regulation DD
 - Disclosure of monthly and year-to-date aggregate overdraft fees on periodic statements
 - Disclosure of balance information
- Regulation E (Proposed)
 - Consumer choice regarding overdraft service
 - Debit holds



Consumer Compliance Issues

- Flood Insurance
- Fair Lending
- CRA – Intermediate Small Bank
- Reverse Mortgages
- Compliance Management Program
- Truth in Lending Act
- HMDA Reporting Accuracy
- Adverse Action Notice Address
- Deposit Advertisements
- RESPA 3rd Party Disclosures



Questions??



<http://www.consumercomplianceoutlook.org>

