



# Community Bankers of Iowa August 2014

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# Regulatory Compliance Update

## August 2014

When there is a deadline associated with an item, you will see this graphic: 

### Around the agencies

#### CFPB

##### CFPB consumer advisory on Bitcoin

The CFPB issued a [consumer advisory](#)<sup>1</sup> warning consumers about the risks of virtual currencies such as Bitcoin. The CFPB advises consumers to be aware of potential issues with virtual currencies such as unclear costs, volatile exchange rates, the threat of hacking and scams, and that companies may not offer help or refunds for lost or stolen funds. The CFPB also announced that consumers who encounter a problem with a virtual currency product or service can now submit a complaint with the Bureau.

*Comment: The CFPB points out several significant risks to consumers, including: (1) Exchange rates are volatile and costs are unclear; (2) Hackers and scammers pose a serious security threat; and (3) Companies may not offer help or refunds for lost or stolen funds.*

##### CFPB training for those working with low- to moderate-income individuals

The CFPB announced that it is partnering with national and local organizations across the country to train social services staff to provide financial education and tools to clients with low-to-moderate incomes. As part of that partnership, the CFPB unveiled a new online toolkit called [Your Money, Your Goals](#)<sup>2</sup>, a comprehensive guide to empowered financial decision-making that covers topics like budgeting daily expenses, managing debt, and avoiding financial tricks and traps.

*Comment: In light of the criticism that the CFPB leveled against bank overdraft programs in its recent report, it is surprising that this 284 page toolkit has no training on simply using a check register or balancing a checkbook.*

##### CFPB taking prepaid card complaints

The [CFPB announced](#)<sup>3</sup> that it is accepting consumer complaints relating to prepaid cards, including gift cards, benefit cards, and general purpose reloadable cards. Additionally, consumers may submit complaints about nonbank products, including debt settlement services, credit repair services, and pawn and title loans. [Consumer Complaint Database](#).<sup>4</sup>

***Comment: The CFPB expects all but the most complicated complaints to be closed within 60 days.***

## **CFPB Proposes Changes to HMDA Reporting**

The CFPB [issued](#)<sup>5</sup> a proposed rule to expand HMDA data reporting requirements. In addition to new data points specifically required by the Dodd-Frank Act, the proposal would require collection and reporting of several new data points and the inclusion of some loans not presently covered. Generally the proposal would increase the number of closed-end loans or reverse mortgages made in a year to trigger HMDA reporting from one to 25 in a year.

***Comment: While we commend the CFPB for the proposed reporting threshold increase, we are disappointed with the inclusion of seemingly unnecessary additional data points. Community banks can ill-afford the continued inundation of additional consumer compliance and data collection requirements. HMDA is an area with high error rates—not for lack of effort, but because the rules are difficult to follow. Additional data points will cause additional errors with little added value. The comment period is open through October 22, 2014.***

## **CFPB blogs**

[Plan and protect your finances with a my Social Security account](#)

[A new school year, a new resource for parents and kids](#) *Note: Tools for parents to use to teach children about money.*

[Consumer advisory: Virtual currencies and what you should know about them](#)

[Alerting colleges about secret banking contracts](#)

[Your Money, Your Goals: Financial empowerment tools for social services](#)

[We extended the comment period for our complaint narrative policy](#)

[Closing the book on Colfax](#) *Note: Announcement of enforcement action for unlawful lending practices against Servicemember.*

[Consumer advisory: Don't fall for a foreclosure relief scam or bogus legal help](#)

[Helping build financial capability across America](#)

[Three years of standing up for consumers](#) *Note: CFPB opened its doors on July 21, 2011.*

[Live from El Paso!](#) *Note: Recording of a field hearing on consumer complaints.*

[Everyone has a story—what’s yours?](#) *Note: CFPB has received over 400,000 complaints and “Tell Your Story” submissions.*

## Federal Reserve

### Fed hosts FAQ webinar on TILA-RESPA integrated disclosures

The Federal Reserve is hosting the second in a series of discussions on the TILA-RESPA Integrated Disclosures rule. The CFPB plans to host these webinars periodically throughout implementation, regularly soliciting feedback and additional questions in the interim.

The first session was presented by the CFPB on June 17 and provided an overview of the final rule and the new disclosures. You can access a recording of that [webinar](#).<sup>6</sup>

The [session on August 26](#)<sup>7</sup> will address specific questions related to rule interpretation and implementation challenges that have been raised to the CFPB by creditors, mortgage brokers, settlement agents, software developers, and other stakeholders. Future sessions will continue to address specific questions and challenges.

***Comment: The clock is ticking on the TILA/RESPA integrated disclosures. Banks will begin using them on September 1, 2015, but will need to be ready well in advance of that. And you'll want to leave time for testing.***

## FDIC

### FDIC announces low-cost child savings account pilot program

The FDIC announced the launch of a pilot program to identify and highlight promising approaches to offering financial education tied to the opening of safe, low-cost savings accounts to school-aged children. This pilot will consist of FDIC-insured financial institutions that have entered, or intend to enter, working relationships with schools and/or non-profit organizations to help these children open savings accounts in conjunction with financial education programs.

***Comment: Through August 22, 2014, the FDIC is soliciting interest from institutions that will have a youth savings program underway during the 2014-2015 school year. For the second phase, the FDIC will begin soliciting interest in April of 2015 for institutions that will begin new savings programs with schools in the 2015-2016 school year. Information on this pilot program can be found [here](#).***<sup>8</sup>

## FDIC Clarifies Supervisory Approach to Relationships with Third-Party Payment Processors

The FDIC clarified ([FIL-41-2014](#)<sup>9</sup>) its supervisory approach to institutions establishing account relationships with third-party payment processors (TPPPs). As part of its regular safety and soundness examination activities, the FDIC reviews and assesses the extent to which institutions having account relationships with TPPPs follow the outstanding guidance. FDIC guidance and an informational article contained lists of examples of merchant categories that had been associated by the payments industry with higher-risk activity when the guidance and article were released.

The lists of examples of merchant categories have led to misunderstandings regarding the FDIC's supervisory approach to TPPPs, creating the misperception that the listed examples of merchant categories were prohibited or discouraged. In fact, it is FDIC's policy that insured institutions that properly manage customer relationships are neither prohibited nor discouraged from providing services to any customer operating in compliance with applicable law. Accordingly, the FDIC is clarifying its guidance to reinforce this approach, and as part of this clarification, the FDIC is removing the lists of examples of merchant categories from its official guidance and informational article.

The focus of the FDIC's supervisory approach to institutions establishing account relationships with TPPPs is to ensure institutions have adequate procedures for conducting due diligence, underwriting, and ongoing monitoring of these relationships. When an institution is following the outstanding guidance, it will not be criticized for establishing and maintaining relationships with TPPPs.

It is the FDIC's policy that insured institutions that properly manage customer relationships are neither prohibited nor discouraged from providing services to any customer operating in compliance with applicable law.

The FDIC reissued guidance ([FIL-127-2008](#)<sup>10</sup>, Guidance on Payment Processor Relationships; [FIL-3-2012](#)<sup>11</sup>, Payment Processor Relationships, Revised Guidance; and [FIL-43-2013](#)<sup>12</sup>, FDIC Supervisory Approach to Payment Processing Relationships With Merchant Customers That Engage in Higher-Risk Activities) and an informational article, "[Managing Risks in Third-Party Payment Processor Relationships](#)<sup>13</sup>," Summer 2011, Supervisory Insights, to remove lists of examples of merchant categories.

Related topic: [The FFIEC Bank Secrecy Act/Anti-Money Laundering \(BSA/AML\) Examination Manual](#)

*Comment: Distribute to your Board of Directors, Chief Executive Officer, Senior Executive Officers, Chief Loan Officer, Chief Information Technology Officer, Bank Secrecy Act Officer*

## FDIC issues FIL on S-Corporation banks' dividends

The FDIC's Financial Institution Letter [FIL-40-2014](#)<sup>14</sup> (FIL) describes how the FDIC will consider requests from S-corporation banks or savings associations to pay dividends to shareholders to cover taxes on their pass-through share of the bank's earnings, when these dividends would otherwise not be permitted under the capital conservation buffer requirements in the Basel III rule. As described in more detail in this FIL, absent significant safety-and-soundness concerns about the requesting bank, the FDIC generally would expect to approve exception requests by well-rated S-corporation banks that are limited to the payment of dividends to cover shareholders' taxes on their portion of an S-corporation's earnings.

***Comment: The FIL details how the FDIC will consider requests to pay dividends to shareholders to cover taxes on their pass-through share of the bank's earnings, when these dividends would otherwise not be permitted under the capital conservation buffer requirements in the Basel III rule.***

***The letter emphasized that decisions on dividend payments will be evaluated on a case-by-case basis with consideration of the following facts and circumstances:***

- ***Is the S-corporation requesting a dividend of no more than 40 percent of net income?***
- ***Does the requesting S-corporation believe the dividend payment is necessary to allow the shareholders of the bank to pay income taxes associated with their pass-through share of the institution's earnings?***
- ***Is the requesting S-corporation bank rated 1 or 2 under the Uniform Financial Institutions Rating System and not subject to a written supervisory directive?***
- ***Is the requesting S-corporation bank at least adequately capitalized, and would it remain adequately capitalized after the requested dividend? (If not, the dividend is not permitted pursuant to statutory PCA, 12 U.S.C. § 1831o(d)(1)(A).)***

## OCC

### OCC issues *Lease Financing* booklet

The OCC issued the "[Lease Financing](#)<sup>15</sup>" booklet of the Comptroller's Handbook. This updated booklet replaces a similarly titled booklet issued in January 1998. This booklet also replaces section 219, "Leasing Activities," issued in June 1999 as part of the Office of Thrift Supervision's (OTS) Examination Handbook for the examination of federal savings associations.

***Comment: The booklet provides an overview of the leasing business, including the legal framework for leasing, a description of various lease types, and accounting and financial reporting requirements. It describes the risks associated with lease financing, sound risk management processes, and regulatory risk rating guidelines. It discusses the commonality and differences in the laws and regulations unique to national banks and federal savings associations and among the various types of lease financing products. And it has an expanded examination procedures section that includes an internal control questionnaire and verification procedures.***

## OCC guidance on sale of consumer debt

The OCC issued [OCC Bulletin 2014-37](#)<sup>16</sup> to provide guidance to national banks and federal savings associations (collectively, banks) on the application of consumer protection requirements and safe and sound banking practices to consumer debt-sale arrangements with third parties (e.g., debt buyers) that intend to pursue collection of the underlying obligations. The bulletin is a statement of policy intended to advise banks about the OCC's supervisory expectations for structuring debt-sale arrangements in a manner that is consistent with safety and soundness and promotes fair treatment of customers.

The guidance describes the OCC's expectations for banks that engage in debt-sale arrangements, including:

- ensuring that appropriate internal policies and procedures have been developed and implemented to govern debt-sale arrangements consistently across the bank.
- performing appropriate due diligence when selecting debt buyers.
- ensuring that debt-sale arrangements with debt buyers cover all important considerations.
- providing accurate and comprehensive information regarding each debt sold, at the time of sale.
- ensuring compliance by the bank with applicable consumer protection laws and regulations.
- implementing appropriate oversight of debt-sale arrangements.

*Comment: This bulletin was distributed to the CEOs of national banks and federal savings associations. If your bank sells consumer debt, you must carefully manage the operational, reputation, compliance, and strategic risk.*

## Other agencies

### FannieMae mortgage lender sentiment survey results

FannieMae's survey of mortgage lenders has been compiled in the [Impact of Qualified Mortgage Rules and Quality Control Review](#).<sup>17</sup>

*Comment: Most lenders indicated the QM rules have had little impact on their business strategies, but they expect operational costs to increase. Most lenders do not intend to make non-QM loans. The smaller the institution, the less likely the institution is to make non-QM loans.*

### FinCEN advisory on promoting a culture of compliance

Because BSA/AML shortcomings have triggered recent civil and criminal enforcement actions, FinCEN issued an advisory ([FIN-2014-A007](#)<sup>18</sup>) to highlight the importance of a

strong culture of BSA/AML compliance for senior management, leadership and owners of all financial institutions subject to FinCEN's regulations.

*Comment: A culture of compliance is a top-down phenomenon. You'll rarely (if ever) find a culture of compliance in a bank without board, senior management promoting it.*

## **OFAC issues guidance on entities owned by blocked persons**

The Department of the Treasury's Office of Foreign Assets Control (OFAC) issued [guidance](#)<sup>19</sup> responding to inquiries received by the relating to the status of entities owned by individuals or entities designated under Executive orders and regulations administered by OF AC. This document sets forth new guidance with respect to entities owned 50 percent or more in the aggregate by more than one blocked person. The revised guidance replaces the Guidance on Entities Owned by Persons Whose Property and Interests in Property are Blocked previously posted on OFAC's website on February 14, 2008.

*Comment: Additionally, OFAC issued new [Frequently Asked Questions](#)<sup>20</sup> pertaining to this revised guidance.*

## **Treasury rule offers additional help for 2010 PB oil spill**

To help further the recovery of communities affected by the Deepwater Horizon oil spill, the U.S. Treasury Department today [announced](#)<sup>21</sup> that a new rule has been published in the Federal Register for Gulf Coast states and municipalities to receive funding for environmental restoration and economic development projects. The Interim Final Rule outlines grant programs for Alabama, Florida, Louisiana, Mississippi, and Texas that were established by the Resources and Ecosystem Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (RESTORE) Act.

*Comment: Beginning on April 20, 2010, the Deepwater Horizon oil spill released millions of barrels of crude oil in the Gulf waters, and caused extensive damage to marine and wildlife habitats, fishing, and tourism. The grant programs are designed to help the affected communities, ecosystems, and people of the Gulf Coast as they continue to recover from the largest offshore oil spill in U.S. history.*

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## **Items of interest**

### **FICO changes credit scoring model with respect to medical collections**

FICO [announced](#)<sup>22</sup> that the new FICO® Score 9 introduces a more nuanced way to assess consumer collection information, bypassing paid collection agency accounts and offering a sophisticated treatment differentiating medical from non-medical collection agency accounts. The intent is to ensure that medical collections have a lower impact on the score, commensurate with the credit risk they represent. FICO's press release says that these enhancements help lenders because they result in greater precision.

**Comment: According to Eddie Johansson President, [Credit Security Group](#):**

***"Unfortunately, the release of a new FICO scoring model does not automatically result in a change of credit scores for the consumer when they go for a loan. The lender must also use the new FICO model.***

***"The only scoring model that matters to the borrower is the one their lender is using. And most lenders are not using the latest FICO model now.***

***"In the mortgage loan industry, the major factor is the model Fannie Mae and Freddie Mac use. Both currently use models that are ten years old or older - several generations behind FICO's most recent release, FICO 08.***

***"According to reports, the release of the new FICO model follows discussions involving the Consumer Financial Protection Bureau, a new U.S. government agency. So, it's possible that widespread adoption of the new model will not follow the same path as previous model releases. In any case, unless and until the major lenders use the new model, it will not have a major impact on lenders and borrowers."***

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## **Publications, reports, studies, testimony & speeches**

### **CFPB: Small Debit Purchases Lead to Expensive Overdraft Charges**

The CFPB released a report ([Data Point: Checking Account Overdraft](#)<sup>23</sup>) that raises concerns about the impact of opting in to overdraft services for debit card and ATM transactions. The study found that the majority of debit card overdraft fees are incurred on transactions of \$24 or less and that the majority of overdrafts are repaid within three days. The CFPB said that if put into lending terms, a consumer that borrowed \$24 for three days and paid the median overdraft fee of \$34, would pay a 17,000 percent annual percentage rate (APR).

The study raised concerns at the CFPB that despite recent changes, a small number of consumers are paying large amounts for overdraft, often for advances of small amounts of money for short periods of time. The report finds that among the banks in the study, overdraft and NSF fees represent more than half of the fee income on consumer checking accounts. The study found that about 8 percent of accounts incur the vast majority of overdraft fees.

- Consumers use debit cards nearly three times more than writing checks or paying bills online.
- Majority of debit card overdraft fees incurred on transactions of \$24 or less,
- More than half of consumers pay back negative balances within three days.

- Consumers pay high costs for overdraft “advances” account.
- Nearly one in five opted-in consumers overdrafts more than ten times per year.
- Opted-in consumers pay seven times more in overdraft and NSF fees per year.

Although the study is based on data from a set of large banks, the CFPB believes that the samples are similar to what one would observe at any institution that offers similar checking account and overdraft products.

Last year, a CFPB [report](#)<sup>24</sup> raised concerns at the CFPB about whether overdraft costs can be anticipated and avoided by consumers. The report showed big differences across financial institutions when it comes to overdraft coverage on debit card transactions and ATM withdrawals, drawing into question how banks sell the overdraft account feature. The report also found that consumers who opt in end up with more costs and involuntary account closures.

The CFPB plans further studies on how overdraft works and how it is affecting consumers. The Bureau is also weighing what consumer protections are necessary for overdraft and related services.

***Comment: The CFPB is likely to propose a rule on overdraft in 2015. We are disappointed in the press release using an inappropriate, misleading, and alarmist APR figure for an overdraft a consumer covers within three days. We hope this isn't a harbinger of an overreaching rule. Most community banks work with customers and will gladly assist them with using a check register and balancing their checkbooks.***

## CFPB annual financial literacy report

The CFPB published its second annual [financial literacy report](#)<sup>25</sup> to Congress. It outlines the CFPB's strategy and what it has done over the past year to enhance financial literacy and capability. The report contains tools and information to help consumers navigate financial choices.

## FDIC Supervisory Insights

The summer 2014 issue of [Supervisory Insights](#)<sup>26</sup> features articles of interest to examiners, bankers, and supervisors. One article describes the resources available to help banks meet regulatory expectations in ways that may allow them to minimize expenses associated with the use of third-party consultants. Another describes trends since 2010 in “Matters Requiring Board Attention” that examiners identified for well-rated banks. The issue also contains a summary of recent regulatory developments.

"Alternatives to Consultants: Meeting Regulatory Expectations with Internal Resources," which appears in the Summer 2014 issue of Supervisory Insights released today, highlights tools and information available from the FDIC to assist community

banks in managing their regulatory responsibilities. The article describes how making use of available technical assistance and maintaining a dialogue with FDIC staff to clarify regulatory expectations may help institutions economize on the use of outside consulting services. The article also describes ways that institutions may be able to conduct required independent reviews of key bank functions using internal resources.

## **FDIC releases study on minority depository institutions**

The FDIC today released a [study](#)<sup>27</sup> on the structure, performance and social impact of Minority Depository Institutions (MDIs). The study describes MDIs and FDIC-insured community development financial institutions and where these institutions are located. The remainder of the study is primarily focused on MDIs, exploring how this segment of the financial services industry has changed over time, how MDIs have performed financially, and the extent to which MDIs have achieved their mission in serving the needs of their communities. [Press release](#).<sup>28</sup>

## **FedFlash for August**

The [August updates](#)<sup>29</sup> include these articles:

[Reminder - Updated FedLine security token driver software has been shipped](#)

[Federal Reserve Banks announce check product and pricing enhancements](#)

[Check Presentment Notifications available via FedLine Web® and FedMail®](#)

[Federal Reserve Banks to publish new FedReceipt® RTNs](#)

[Reminder - Upcoming Check Services operations freeze](#)

[FedACH Feature: Alert criteria set-up available for new FedACH Risk® RDFI Alert customers](#)

## **Fed issues latest FedFocus**

[FedFocus](#)<sup>30</sup> provides the latest Federal Reserve Financial Services news. Each edition keeps you informed about hot topics in the industry, as well as provides insight into the value of Federal Reserve Financial Services. The August edition of FedFocus includes these topics: Research studies pave the way for Payment System Improvement Roadmap; NBC Oklahoma helps its business customers help themselves (FedACH Risk DRFI Alert Service; Leverage automation and risk management to grow your corporate customer revenues; The 2013 Federal Reserve Payments Study Detailed Report; and On the rise: ACH transactions.

## Fed loan officer survey on bank lending practices

The [July 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices](#)<sup>31</sup> addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months.

*Comment: The survey showed a continued easing of lending standards and terms, including C&I and CRE. Although a majority of banks reported the new ATR/QM loans had no effect on the approval rate of prime conforming mortgages, about half the respondents indicated ATR/QM reduced the approval rate on applications for jumbo loans and nontraditional mortgages. About half of the respondents that originate nontraditional mortgages indicated lower approval rates because of ATR/QM.*

## 2013 Federal Reserve Payments Study

The [2013 Federal Reserve Payments Study](#)<sup>32</sup> is a detailed report that complements the “Summary Report and Initial Data Release” (Summary Report), which was released in December 2013 and has been updated for consistency with revisions made during preparation of this report. This report includes new information related to noncash payments based on additional estimates and analysis. For instance, this detailed report provides new insights into the use of cards by consumers and businesses, alternative payment initiation methods, consumer and business domestic and cross-border wire transfers, and an expanded view of cash deposits and withdrawals from depository institutions. It also includes information about the number of and balances in consumer and business credit card and transaction deposit accounts, and provides more discussion of the unauthorized third-party fraud payments reported in the Summary Report.

*Comment: The number of ATM withdrawals using debit cards and general-purpose cards dropped slightly, but growth in the amount of withdrawals has exceeded inflation over the years. There were 287.5 million wire transfers with a value of \$1,116.3 trillion. Consumers accounted for only six percent of all transfers by number and 0.14 percent by value. Online bill payments reported by major processors exceeded 3 billion in 2012. There were more than 250 million mobile payments made with a mobile wallet application. Checks continued to decline with 90 percent of the decline in checks for \$500 or less, and 45 percent from checks for \$50 or less. There were 287 million consumer transaction accounts with an average value of \$8,001 and 33 million business transaction accounts with an average value of \$62,000. Credit card balances for consumer and business averaged \$1,900.*

## Federal Reserve issues debit card report to Congress

Dodd-Frank Act, which added section 920 to the Electronic Fund Transfer Act (EFTA) requires the Federal Reserve Board to report annually to the Congress on the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs and on the interchange fees and cardholder fees charged with respect to the use of such prepaid cards. [Report to the Congress on Government-Administered General-Use Prepaid Cards](#).<sup>33</sup>

## Fed: Survey of Household Economics and Decision-making

To better understand the financial state of U.S. households, the Federal Reserve Board conducted a new consumer survey, the results of which are described in the [Survey of Household Economics and Decision-making](#)<sup>34</sup>. The purpose of the report was to capture a snapshot of the financial and economic well-being of U.S. households and the issues they face, as well as to monitor their recovery from the Great Recession and identify perceived risks to their financial stability.

*Comment: Sixty-percent of respondents reported that their families are either doing okay or living comfortably financially. Twenty-five percent reported they were just getting by and 13 percent said they were struggling to do so.*

*Thirty-four percent report they are somewhat worse off than 5 years ago, 34 percent report they are about the same, and 30 percent report they were somewhat or much better off.*

*Forty-two percent reported that they had delayed a major purchase or expense because of the recession and 18 percent put off a major life decision.*

*Over half of respondents were putting some portion of their income in savings, but about 1/5<sup>th</sup> were spending more than they earned.*

*Sixty-one percent reported they expected their income to stay the same the next 12 months, while 21 percent expected it to increase and 16 percent expected it to decline.*

*The report also provides key findings on homeowners, renters, credit experiences and expectations, financing education, savings, retirement, and medical expenses.*

## Fed paper on fair lending issues of credit cards

The Philadelphia Fed issued a paper entitled [Fair Lending Analysis of Credit Cards](#)<sup>35</sup> that discusses some of the key fair lending risks that can arise in various stages of the marketing, acquisition, and management of credit card accounts, and the analysis that can be employed to manage such risks. The ECOA and its implementing rule, Reg. B, prohibit discrimination in all aspects of credit transactions and include specific provisions relating to processes that employ credit scoring models.

*Comment: This paper discusses some of the areas of credit card operations that may be assessed in an effort to manage the risk of noncompliance with fair lending laws and regulations. Particular attention is focused on approaches to testing for the risk of disparate impact on a prohibited basis in credit scoring models and model-intensive prescreened marketing campaigns, as well as in judgmental credit card underwriting. The paper concludes by discussing how the fair lending risks associated with credit scoring models may be managed by synchronizing compliance oversight with an institution's model governance framework. The methods discussed in this paper are also applicable to other consumer credit products that utilize credit scoring models.*

## **Government Accounting Office recommends FDIC take four actions to secure information**

The Government Accountability Office found that the FDIC has implemented numerous information security controls intended to protect its key financial systems; nevertheless, weaknesses place the confidentiality, integrity, and availability of financial systems and information at unnecessary risk. During 2013, the corporation implemented 28 of the 39 open GAO recommendations pertaining to previously-reported security weaknesses that were unaddressed as of December 31, 2012. The table below details the status of previously-reported recommendations by year. [View report](#).<sup>36</sup>

The GAO explained why it did this study: The FDIC has a demanding responsibility enforcing banking laws, regulating financial institutions, and protecting depositors. Because of the importance of FDIC's work, effective information security controls are essential to ensure that the corporation's systems and information are adequately protected from inadvertent or deliberate misuse, improper modification, unauthorized disclosure, or destruction.

As part of its audits of the 2013 financial statements of the Deposit Insurance Fund and the Federal

Savings and Loan Insurance

Corporation Resolution Fund administered by FDIC, GAO assessed the effectiveness of the corporation's controls in protecting the confidentiality, integrity, and availability of its financial systems and information. To do so, GAO examined security policies, procedures, reports, and other documents; tested controls over key financial applications; and interviewed FDIC personnel.

GAO is recommending four actions for FDIC to enhance its information security management program. FDIC concurred with GAO's recommendations. In a separate report with limited distribution, GAO is recommending that FDIC take 21 specific actions to address weaknesses in security controls.

## **GAO report on CFPB's Civil Penalty Fund**

The Government Accountability Office was asked to review CFPB's Civil Penalty Fund and issue a [report](#)<sup>37</sup> examining how CFPB's Civil Penalty Fund (1) is administered and what controls are in place to guide the management of the fund and (2) compares to other civil money penalty funds and activities administered by other federal agencies.

GAO recommends that the Fund Administrator document the specific factors considered in determining the amount of funding, if any, allocated to consumer education and financial literacy programs. CFPB generally agreed with GAO's recommendation.

## **Inspector General report concerning enforcement actions and professional liability claims**

The Offices of Inspector General (OIG) recently completed an [evaluation report](#)<sup>38</sup> concerning actions that the banking regulators (the FDIC; Federal Reserve; and the OCC) took against individuals and entities in response to actions that harmed financial institutions.

The Regulators have established formal processes for investigating and imposing Enforcement Actions (EAs) on Institution-Affiliated Parties (IAPs) whose actions harmed institutions, and the FDIC has done the same for investigating and pursuing Professional Liability Claims (PLCs). During the 5-year period from 2008-2012, 465 institutions failed. As of September 30, 2013, the Regulators had issued 275 EAs against individuals associated with 87 of those failed institutions, and the FDIC had completed 430 PLCs and had an additional 305 pending a final result—many pertaining to directors and officers—based on litigation or negotiation.

The report contains seven recommendations intended to strengthen the FDIC, FRB, and OCC's programs for pursuing EAs and the FDIC's program for pursuing PLCs and to address factors that appeared to impact the Regulators' ability to pursue such actions. Of the seven recommendations, two were applicable to all three agencies, one was applicable to the FRB and OCC, and four were applicable to the FDIC.

## **OCC & CFPB speak at Association of Military Banks of America Workshop**

The Deputy Comptroller of Compliance Policy, Grovetta Garineer, and the Director of the CFPB, Richard Cordray both spoke August 18th at the Association of Military Bank of America Workshop. Ms. Garineer's [comments](#)<sup>39</sup> focused on national bank violations of the SCRA and UDAP, particularly with respect to overdraft and administrative fees. Mr. Cordray's [commented](#)<sup>40</sup> on the importance of community banks, the CFPB's tools, and how CFPB's rules recognize that one size does not fit all in financial regulation.

## **FFIEC agencies: Small business, farm, and community development lending data**

The three federal banking agency members of the FFIEC with CRA responsibilities – Federal Reserve, the FDIC, and the OCC– announced today the availability of [data](#)<sup>41</sup> on small business, small farm, and community development lending reported by certain commercial banks and savings associations, pursuant to the CRA.

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## Federal agency rulemaking:

### **Selected final rules since last Capitol Comments**

01.01.2015 **Reg. Z annual threshold adjustments.** The CFPB issued a [final rule](#)<sup>42</sup> amending the regulatory text and official interpretations for Regulation Z. The CFPB must calculate annually the dollar amounts for several provisions in Regulation Z. This final rule reviews the dollar amounts for provisions implementing amendments to TILA under the CARD Act, HOEPA, and the Dodd-Frank Act as follows:

CARD Act: The minimum interest charge disclosure thresholds will remain unchanged in 2015. The adjusted dollar amount for the penalty fees safe harbor in 2015 is \$27 for a first late payment and \$38 for each subsequent violation within the following six months.

HOEPA: The adjusted total loan amount threshold is \$20,391, effective January 1, 2015. The adjusted statutory fee trigger for HOEPA loans is \$1,020, effective January 1, 2015.

Dodd-Frank Act: Effective January 1, 2015, for the purpose of creditor's determination of a consumer's ability to repay a transaction secured by a dwelling, a covered transaction is not a qualified mortgage unless the transaction's total points and fees do not exceed 3 percent of the total loan amount for a loan greater than or equal to \$101,953; \$3,059 for a loan amount greater than or equal to \$61,172 but less than \$101,953; 5 percent of the total loan amount for a loan greater than or equal to \$20,391 but less than \$61,172; \$1,020 for a loan amount greater than or equal to \$12,744 but less than \$20,391; and 8 percent of the total loan amount for a loan amount less than \$12,744.

### **Selected upcoming final federal rule compliance dates**

11.30.2014 Servicemembers Civil Relief Act Notice Disclosure, [Form HUD-92070](#)<sup>43</sup>, expires. This form is required to notify homeowners in default of their mortgage of the foreclosure rights of servicemembers and their dependents under SCRA. Presumably, a new form will be available in time.

01.01.2015 [Basel III](#).<sup>44</sup> The FDIC has issued an interim final rule that revises the existing capital rules to incorporate certain revisions to the Basel capital framework, including Basel III and other elements. The interim final rule strengthens the definition of regulatory capital, increases risk-based capital requirements, and makes selected changes to the calculation of risk-weighted assets. Basel III Framework is effective 1/1/2014 for large, internationally active insured depository institutions and is effective 1/1/2015 for all other insured depository institutions, subject to a transition period. Standardized Approach is effective 1/1/2015 for all insured depository institutions. Applicability: The rule applies to all FDIC-supervised banks and savings associations. Publication Reference: FIL-31-2013 dated 7/9/2013. Also See: New Capital Rule-Community Bank Guide attached to FIL-13-2013 Informational video and expanded summary on the interim final rule at: [www.fdic.gov/regulations/capital](http://www.fdic.gov/regulations/capital). FDIC Press Release PR-60-2013 dated 7/9/2013

08.01.2015 [CFPB: Final integrated Mortgage Disclosures Under the RESPA \(Reg. X\) and the Truth In Lending Act \(Reg. Z\)](#)<sup>45</sup> Notice of final rule and official interpretations. [CFPB blog on the disclosure](#).

**Comment: Distribute this calendar to your CEO, CFO, Compliance Officer, and Operations Officer.**

## Selected final federal rule compliance dates from the past 12 months

Our list of past final rule effective dates is limited to 12 months. To see the document “Selected Past Final Federal Rules,” containing future and past selected final rules, click [here](#).

07.01.2014 Foreign Tax Compliance Act. FATCA targets noncompliance by U.S. citizens of tax obligations using foreign accounts. FATCA seeks information on accounts held in other countries by U.S. taxpayers. Governments can either permit their Foreign Financial Institutions to enter into agreements with the IRS to provide information or they can enter into one of two alternative Model Intergovernmental Agreements with the U.S. Treasury’s [FATCA page](#)<sup>46</sup>. [List of FATCA agreements in effect](#).<sup>47</sup>

***Comment: U.S. entities, both financial and non-financial, that make payments of most types of U.S. source income to non-U.S. persons will also be impacted as they may now be required to withhold a 30% tax on that income paid to a non-U.S. person under FATCA. This will require the U.S. entities to maintain documentation on those non-U.S. persons and also track how those persons are classified under FATCA. If you believe your institution may be impacted, contact your bank’s CPA.***

04.01.2014 [Treatment of Certain Collateralized Debt Obligations Backed Primarily by Trust Preferred Securities with Regard to Prohibitions and Restrictions on Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds \(TruPs Amendment to Volcker Rule\)](#)<sup>48</sup> The OCC, Board, FDIC, CFTC and SEC are each adopting a common interim final rule that would permit banking entities to retain investments in certain pooled investment vehicles that invested their offering proceeds primarily in certain securities issued by community banking organizations of the type grandfathered under section 171 of the Dodd - Frank Wall Street Reform and Consumer Protection Act (“Dodd - Frank Act”). The interim final rule is a companion rule to the final rules adopted by the Agencies to implement section 13 of the Bank Holding Company Act of 1956 (“BHC Act”), which was added by section 619 of the Dodd-Frank Act

04.01.2014 [OCC, Fed, FDIC, and SEC: Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds \(the Volcker Rule\)](#)<sup>49</sup> The Agencies adopted a rule that would implement section 13 of the BHC Act, which was added by section 619 of the Dodd-Frank Act.” Section 13 contains certain prohibitions and restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. [Statement by Chairman Ben S. Bernanke](#). [Statement by Governor Daniel K. Tarullo](#). [Final Rule - Preamble \(7.2 MB PDF\)](#). [Fact Sheet \(PDF\)](#). [Community Bank Guide \(PDF\)](#).

03.31.2014 [Basel III Conforming Amendments Related to the Cross-References, Subordinated Debt, and Limits Based on Regulatory Capital](#) The OCC issued an interim final rule with request for comments (final rule) that makes technical and conforming amendments to its regulations governing national banks and federal savings associations. The final rule amends various regulations in order to make those regulations consistent with the recently adopted Basel III Capital Framework. The Basel III final rule revised the OCC’s regulatory capital rules, adding a new common equity tier 1 requirement, revising the definitions of tier 1 and tier 2 capital, and integrating federal savings associations into 12 CFR part 3 and 12 CFR part 6 (Prompt Corrective Action). The final rule makes technical, clarifying, and conforming amendments to the OCC’s rules, by providing cross-references to new capital rules, where necessary, and deleting obsolete references. The final rule also makes changes to subordinated debt rules to clarify the requirements subordinated debt must meet and the procedures required to issue and redeem subordinated debt. EFFECTIVE DATE: March 31, 2014. Comments must be received by March 31, 2014.

- 01.18.2014 CFPB, FRB, FDIC, FHFA, NCUA, and OCC: [Appraisals for Higher-Priced Mortgage Loans<sup>50</sup>](#) [Federal Banking Regulators: Appraisals for Higher-Priced Mortgage Loans – Supplemental Final Rule<sup>51</sup>](#) Alternative provisions regarding manufactured home loans are effective July 18, 2015, as indicated in the Supplementary Information, regulation text and Official Staff Commentary. [Disclosure and Delivery Requirements for Copies of Appraisals and Other Written Valuations Under ECOA/Regulation B<sup>52</sup>](#)
- 01.13.2014 [SEC: Registration of Municipal Advisors<sup>53</sup>](#) The SEC adopted new Rules 15Ba1-1 through 15Ba1-8, new Rule 15Bc4-1, and new Forms MA, MA-I, MA-W, and MA-NR under the Exchange Act. These rules and forms are designed to give effect to provisions of Title IX of the Dodd-Frank Act that, among other things, require the Commission to establish a registration regime for municipal advisors and impose certain record-keeping requirements on such advisors.
- 01.10.2014 [Homeownership Counseling Organizations Lists Interpretive Rule<sup>54</sup>](#) This rule describes data instructions for lenders to use in complying with the requirement under the High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z) and Homeownership Counseling Amendments to RESPA Final Rule to provide a homeownership counseling list using data made available by the CFPB or HUD.
- 01.10.2014 [HUD: Qualified Mortgage Definition for HUD Insured and Guaranteed Single Family Mortgages<sup>55</sup>](#) Through this final rule, HUD establishes a definition of “qualified mortgage” for the single family residential loans that HUD insures, guarantees, or administers that aligns with the statutory ability-to-repay criteria of the TILA and the regulatory criteria of the definition of “qualified mortgage” promulgated by the CFPB).
- 01.10.2014 [CFPB: Amendments to the 2013 Mortgage Rules under the RESPA \(Regulation X\) and the TILA \(Regulation Z\)](#) This rule amends provisions in Regulation Z and final rules issued by the CFPB in 2013, which, among other things, required that consumers receive counseling before obtaining high-cost mortgages and that servicers provide periodic account statements and rate adjustment notices to mortgage borrowers, as well as engage in early intervention when borrowers become delinquent. The amendments clarify the specific disclosures that must be provided before counseling for high-cost mortgages can occur, and proper compliance regarding servicing requirements when a consumer is in bankruptcy or sends a cease communication request under the Fair Debt Collection Practices Act. The rule also makes technical corrections to provisions of other rules. The Bureau requests public comment on these changes.
- 01.10.2014 CFPB: [Loan Originator Compensation Requirements Under TILA/Regulation Z<sup>56</sup>](#) There are a number of effective dates—consult the [compliance guide<sup>57</sup>](#) for details. Amendments to §1026.36(h) and (i), which are a prohibition on financing credit insurance in connection with consumer credit transactions secured by a dwelling, and which were to be effective on June 1, 2013, will now be effective on January 10, 2014 after clarifications are adopted. Click [here<sup>58</sup>](#) to read the notice of the delay of the effective date. There are a number of effective dates—consult the [compliance guide<sup>59</sup>](#) for details.
- 01.10.2014 CFPB: [RESPA/Regulation X and TILA/Regulation Z Mortgage Servicing<sup>60</sup>](#) RESPA final rule includes servicer’s obligations to correct errors asserted by mortgage loan borrowers; provide certain information requested by such borrowers; and provide protection to such borrowers in connection with force-placed insurance. The Reg. Z final rule includes initial rate adjustment notices, periodic statements for residential mortgage loans, crediting of mortgage payments; and responses to requests for payoff amounts. This final rule was further corrected, clarified, and amended: [CFPB finalizes corrections, clarifications, and amendments to mortgage rules<sup>61</sup>](#):  
 ●Clarifies how to determine a consumer’s debt-to-income (DTI) ratio: ●Explains that CFPB’s RESPA rule does not preempt the field of servicing regulation by states. ●Establishes which mortgage loans to consider in determining small servicer status. ●Clarifies the eligibility standard of the temporary QM provision.
- 01.10.2014 CFPB: [Clarifications to the 2013 Mortgage Rules under the Equal Credit Opportunity Act \(Regulation B\), Real Estate Settlement Procedures Act \(Regulation X\), and the Truth in Lending Act \(Regulation Z\)](#) Among other things, these amendments: ●Clarify what servicer activities are prohibited in the first 120 days of delinquency; ●Facilitate servicers’ offering of short-term forbearance plans; ●Clarify best practices for informing borrowers about the address for error resolution documents; ●Facilitate lending in rural and underserved areas, while the CFPB is

reexamining the rural and underserved definitions, by: 1) Exempting all small creditors from a new ban on high-cost mortgages featuring balloon payments so long as certain restrictions are met; and 2) making it easier for certain small creditors to continue to qualify for an exemption from a requirement to maintain escrows on certain HPMLs; •Make clarifications about financing of credit insurance premiums; •Clarify the definition of a loan originator; •Clarify the points and fees thresholds and loan originator compensation rules for manufactured housing employees; •Revise effective dates of many loan originator compensation rule provisions.

- 01.10.2014 CFPB: [Ability to Repay \(ATR\) and Qualified Mortgage \(QM\) Standards under TILA/Regulation Z](#)<sup>62</sup>
- 01.10.2014 CFPB: [High-Cost Mortgage and Homeownership Counseling Amendments to TILA/Regulation Z and Homeownership Counseling Amendments to RESPA/Regulation X](#)<sup>63</sup> implements Dodd-Frank Act amendments to TILA and RESPA. Expands the types of mortgage loans subject to the protections of HOEPA, revises and expands the tests for coverage under HOEPA, and imposes additional restrictions on mortgages that are covered by HOEPA, including a pre-loan counseling requirement.
- 01.03.2014 [FinCEN and Fed: Definitions of Transmittal of Funds and Funds Transfer](#)<sup>64</sup> FinCEN and the Fed are issuing this Final Rule amending the regulatory definitions of “funds transfer” and “transmittal of funds” under the regulations implementing the BSA. They are amending the definitions to maintain their current scope in light of changes to the EFTA, which will avoid certain currently covered transactions being excluded from BSA requirements.
- 01.01.2014 [FDIC: Interim rule revising risk-based and leverage capital requirements](#)<sup>65</sup> The FDIC adopted an interim final rule that revises its risk-based and leverage capital requirements for FDIC-supervised institutions. This interim final rule is substantially identical to a joint final rule issued by the OCC and the Federal Reserve (together, with the FDIC, the agencies).
- 01.01.2014 [Fed: Regulatory Capital Rules \(Basel III\)](#)<sup>66</sup> The Fed approved a Basel III final rule. The final rule minimizes burden on smaller, less complex financial institutions. For more details, refer to the [Federal Reserve’s Press Release](#)<sup>67</sup>. The FDIC Board of Directors approved an [interim final rule](#)<sup>68</sup> that adopts with revisions the three notices of proposed rulemaking (NPRs) that the banking agencies proposed last year related to Basel III and the standardized approach. The FDIC Board also approved a joint interagency [Notice of Proposed Rulemaking](#)<sup>69</sup> to strengthen the supplementary leverage requirements for the largest most systemically important banking organizations. The OCC announced ([NR 2013-110](#)<sup>70</sup>) that it approved a final rule revising regulatory capital rules applicable to national banks and federal savings associations.
- 11.04.2013 [Final rule prohibiting issuing credit card unless ability to make payments is considered \(Reg. Z\)](#)
- 10.28.2013 [CFPB: Final Consumer protection rule on international remittances \(Reg. E\)](#) This rule was followed by a clarification: [CFPB Final Rule: Clarificatory amendment and technical correction to a final rule and official interpretation of disclosures for remittance transactions \(Reg. E\)](#)
- 10.17.2013 [FHA approval of lending institutions and mortgagees: streamlined reporting requirements for small supervised lenders and mortgagees](#)<sup>71</sup> This rule streamlines the FHA financial statement reporting requirements for lenders and mortgagees who are supervised by federal banking agencies and whose consolidated assets do not meet the thresholds set by their supervising federal banking agencies for submission of audited financial statements (currently set at \$500 million in consolidated assets).
- 09.26.2013 [CFPB: Rules of Practice for Issuance of Temporary Cease-and-Desist Orders](#) The Dodd-Frank Act requires the CFPB to prescribe rules establishing procedures for the conduct of adjudication proceedings. On June 29, 2012, the Bureau published the final Rules of Practice for Adjudication Proceedings. That final rule, however, does not apply to the issuance of a temporary cease-and-desist order (TCDO) pursuant to section 1053(c) of the Dodd-Frank Act. The CFPB issued an interim final rule governing such issuance and seeks public comments. The interim final rule took effect on September 26, 2013.
- 07.01.2013 FTC: Amends the Children's Online Privacy Protection Rule (“COPPA Rule” or “Rule”), consistent with the requirements of the Children's Online Privacy Protection Act, to clarify the scope of the

Rule and strengthen its protections for children's personal information, in light of changes in online technology since the Rule went into effect in April 2000. The final amended Rule includes modifications to the definitions of operator, personal information, and Web site or online service directed to children. The amended Rule also updates the requirements set forth in the notice, parental consent, confidentiality and security, and safe harbor provisions, and adds a new provision addressing data retention and deletion. (Comment: Financial institutions are subject to COPPA if they operate a website or online services directed to children or have actual knowledge that they are collecting or maintaining personal information from a child online.)

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## How to submit comments to your federal regulators:

**Office of the Comptroller of the Currency:** Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by the Federal eRulemaking Portal or e-mail, if possible. Please use the title in the Federal Register publication of the proposal. You may submit comments by any of the following methods:

- Federal eRulemaking Portal—Regulations.gov: Go to
- <http://www.regulations.gov>. Select “Document Type” of “Proposed Rule”, and in “Enter Keyword or ID Box”, enter the docket number found in the Federal Register publication of the proposed rule and click “Search.” On “View By Relevance” tab at bottom of screen, in the “Agency” column, locate the proposed rule for OCC, in the “Action” column, click on “Submit a Comment” or “Open Docket Folder” to submit or view public comments and to view supporting and related materials for this proposed rule.
- Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting or viewing public comments, viewing other supporting and related materials, and viewing the docket after the close of the comment period.
- E-mail: [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)
- Mail: Office of the Comptroller of the Currency, 250 E Street, SW., Mail Stop 2-3, Washington, DC 20219.
- Fax: (202) 874-5274.
- Hand Delivery/Courier: 250 E Street, SW., Mail Stop 2-3, Washington, DC 20219.

*Instructions:* You must include “OCC” as the agency name and the docket number in your comment. In general, OCC will enter all comments received into the docket and publish them on the Regulations.gov Web site without change, including any business or personal information that you provide such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure.

Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

**Board of Governors of the Federal Reserve System:** You may submit comments, identified by the docket number and the RIN number found in the Federal Register publication of the rule proposal, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include the docket number and RIN number in the subject line of the message.
- Fax: (202) 452-3819 or (202) 452-3102.
- Mail: Address to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

**Federal Deposit Insurance Corporation:** You may submit comments, identified by RIN number, by any of the following methods:

- Agency Web Site: <http://www.FDIC.gov/regulations/laws/federal/propose.html>. Follow instructions for submitting comments on the Agency Web Site.
- E-mail: [Comments@FDIC.gov](mailto:Comments@FDIC.gov). Include the RIN number on the subject line of the message.
- Mail: Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

*Instructions:* All comments received must include the agency name and RIN for this rulemaking and will be posted without change to <http://www.fdic.gov/regulations/laws/federal/propose.html>, including any personal information provided.

**Consumer Financial Protection Bureau:** You may submit comments, identified by docket number, by any of the following methods:

- Electronic: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Mail: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1500 Pennsylvania Ave. NW., (Attn: 1801 L Street), Washington, DC 20220.
- Hand Delivery/Courier in Lieu of Mail: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20006.

*Instructions:* The CFPB encourages the early submission of comments. All submissions must include the document title and docket number. Please note the number of the question to which you are responding at the top of each response (respondents need not answer each question). In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1700 G Street NW., Washington, DC 20006, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Time. You can make an appointment to inspect the documents by telephoning (202) 435-7275. All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information such as account numbers or Social Security numbers should not be included. Comments will not be edited to remove any identifying or contact information.

## Common words, phrases, and acronyms

APOR	“Average Prime Offer Rates” are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.	CRA	<a href="#">Community Reinvestment Act</a> . This Act is designed to encourage loans in all segments of communities.
ATM	Automated Teller Machine	CRE	Commercial Real Estate
CARD Act	<a href="#">Credit Card Accountability Responsibility and Disclosure Act of 2009</a>	CSBS	<a href="#">Conference of State Bank Supervisors</a>
CFPB	<a href="#">Consumer Financial Protection Bureau</a>	CTR	<a href="#">Currency Transaction Report</a> . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.
CFR	<a href="#">Code of Federal Regulations</a> . Codification of rules and regulations of federal agencies.	Dodd-Frank Act	<a href="#">The Dodd–Frank Wall Street Reform and Consumer Protection Act</a>
		DOJ	<a href="#">Department of Justice</a>

FDIC	<a href="#">Federal Deposit Insurance Corporation</a>	HPML	<a href="#">Higher Priced Mortgage Loan</a>
EFTA	<a href="#">Electronic Fund Transfer Act</a>	HUD	<a href="#">U.S. Department of Housing and Urban Development</a>
Federal bank regulatory agencies	FDIC, FRB, and OCC	IRS	<a href="#">Internal Revenue Service</a>
Federal financial institution regulatory agencies	CFPB, FDIC, FRB, NCUA, and OCC	MLO	Mortgage Loan Originator
FEMA	<a href="#">Federal Emergency Management Agency</a>	MOU	Memorandum of Understanding
FFIEC	<a href="#">Federal Financial Institutions Examination Council</a>	NFIP	<a href="#">National Flood Insurance Program</a> . U.S. government program to allow the purchase of flood insurance from the government.
FHFA	<a href="#">Federal Housing Finance Agency</a>	NMLS	<a href="#">National Mortgage Licensing System</a>
FHA	<a href="#">Federal Housing Administration</a>	OCC	<a href="#">Office of the Comptroller of the Currency</a>
FinCEN	<a href="#">Financial Crime Enforcement Network</a>	OFAC	<a href="#">Office of Foreign Asset Control</a>
FR	<a href="#">Federal Register</a> . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.	OREO	<a href="#">Other Real Estate Owned</a>
FRB (or Fed)	<a href="#">Federal Reserve Board</a>	QRM	Qualified Residential Mortgage
FSOC	<a href="#">Financial Stability Oversight Council</a>	Reg.	Abbreviation for "Regulation" – A federal regulation. These are found in the CFR.
FTC	<a href="#">Federal Trade Commission</a>	Reg. B	<a href="#">Equal Credit Opportunity</a>
GAO	<a href="#">Government Accountability Office</a>	Reg. C	<a href="#">Home Mortgage Disclosure</a>
HARP	<a href="#">Home Affordable Refinance Program</a>	Reg. DD	<a href="#">Truth in Savings</a>
HAMP	<a href="#">Home Affordable Modification Program</a>	Reg. E	<a href="#">Electronic Fund Transfers</a>
HMDA	<a href="#">Home Mortgage Disclosure Act</a>	Reg. G	<a href="#">S.A.F.E. Mortgage Licensing Act</a>
HOEPA	<a href="#">Home Ownership and Equity Protections Act of 1994</a>	Reg. P	<a href="#">Privacy of Consumer Financial Information</a>
		Reg. X	<a href="#">Real Estate Settlement Procedures Act</a>
		Reg. Z	<a href="#">Truth in Lending</a>

RESPA	<a href="#">Real Estate Settlement Procedures Act</a>	TILA	<a href="#">Truth in Lending Act</a>
SAR	<a href="#">Suspicious Activity Report</a> – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.	TIN	Tax Identification Number
SDN	Specially Designated National	Treasury	<a href="#">U.S. Department of Treasury</a>

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<sup>1</sup>[http://files.consumerfinance.gov/f/201408\\_cfpb\\_consumer-advisory\\_virtual-currencies.pdf?zbrandid=740&zidType=CH&zid=8708513&zsubscriberId=337601751&zbdom=http://www.informz.net](http://files.consumerfinance.gov/f/201408_cfpb_consumer-advisory_virtual-currencies.pdf?zbrandid=740&zidType=CH&zid=8708513&zsubscriberId=337601751&zbdom=http://www.informz.net)

<sup>2</sup><http://www.consumerfinance.gov/your-money-your-goals/>

<sup>3</sup><http://www.consumerfinance.gov/newsroom/cfpb-begins-accepting-consumer-complaints-on-prepaid-cards-and-additional-nonbank-products/>

<sup>4</sup><http://www.consumerfinance.gov/complaintdatabase/>

<sup>5</sup>[http://www.consumerfinance.gov/newsroom/cfpb-proposes-rule-to-improve-information-about-access-to-credit-in-the-mortgage-market/?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=20140724+regimp](http://www.consumerfinance.gov/newsroom/cfpb-proposes-rule-to-improve-information-about-access-to-credit-in-the-mortgage-market/?utm_source=newsletter&utm_medium=email&utm_campaign=20140724+regimp)

<sup>6</sup><https://www.webcaster4.com/Webcast/Page/48/4689>

<sup>7</sup><http://www.philadelphiafed.org/bank-resources/publications/consumer-compliance-outlook/outlook-live/>

<sup>8</sup><http://www.fdic.gov/consumers/banking/youthsavingspilot/>

<sup>9</sup><http://www.fdic.gov/news/news/financial/2014/fil14041.pdf>

<sup>10</sup><http://www.fdic.gov/news/news/financial/2008/fil08127.html>

<sup>11</sup><http://www.fdic.gov/news/news/financial/2012/fil12003.html>

<sup>12</sup><http://www.fdic.gov/news/news/financial/2013/fil13043.html>

<sup>13</sup><http://www.fdic.gov/regulations/examinations/supervisory/insights/sisum11/managing.html>

<sup>14</sup><http://www.fdic.gov/news/news/financial/2014/fil14040.pdf>

<sup>15</sup><http://www.occ.gov/publications/publications-by-type/comptrollers-handbook/pub-ch-lease-financing.pdf>

<sup>16</sup><http://www.occ.gov/news-issuances/bulletins/2014/bulletin-2014-37.html#>

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- <sup>17</sup> <http://www.fanniemae.com/resources/file/research/mlss/pdf/mlss-aug2014-presentation.pdf?zbrandid=740&zidType=CH&zid=8721714&zsubscriberId=337601751&zbdom=http://www.informz.net>
- <sup>18</sup> [http://www.fincen.gov/statutes\\_regs/guidance/pdf/FIN-2014-A007.pdf](http://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2014-A007.pdf)
- <sup>19</sup> [http://www.treasury.gov/resource-center/sanctions/Documents/licensing\\_guidance.pdf](http://www.treasury.gov/resource-center/sanctions/Documents/licensing_guidance.pdf)
- <sup>20</sup> [http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/ques\\_index.aspx#50\\_percent](http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/ques_index.aspx#50_percent)
- <sup>21</sup> <http://www.treasury.gov/press-center/press-releases/Pages/jl2607.aspx>
- <sup>22</sup> <http://www.fico.com/en/about-us/newsroom/news-releases/fico-score-9-introduces-refined-analysis-medical-collections/>
- <sup>23</sup> [http://files.consumerfinance.gov/f/201407\\_cfpb\\_report\\_data-point\\_overdrafts.pdf](http://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf)
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- <sup>25</sup> [http://files.consumerfinance.gov/f/201407\\_cfpb\\_report\\_financial-literacy-annual-report.pdf](http://files.consumerfinance.gov/f/201407_cfpb_report_financial-literacy-annual-report.pdf)
- <sup>26</sup> [http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html?source=govdelivery&utm\\_medium=email&utm\\_source=govdelivery](http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html?source=govdelivery&utm_medium=email&utm_source=govdelivery)
- <sup>27</sup> [http://www.fdic.gov/bank/analytical/quarterly/2014\\_vol8\\_3/mdi\\_study.pdf](http://www.fdic.gov/bank/analytical/quarterly/2014_vol8_3/mdi_study.pdf)
- <sup>28</sup> <http://www.fdic.gov/news/news/press/2014/pr14059.html>
- <sup>29</sup> <http://www.frbervices.org/fedflash/index.html>
- <sup>30</sup> <http://www.frbervices.org/fedfocus/index.html>
- <sup>31</sup> <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/201408/default.htm>
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