



Community Bankers of Iowa July 2014

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Regulatory Compliance Update

July 2014

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

Recent News

FDIC on prudent management of agriculture credit

In [FIL-39-2014](#)¹ the FDIC reminds institutions engaged in agriculture lending to maintain sound underwriting standards, strong credit administration practices, and effective risk management strategies. The FDIC encourages financial institutions to work constructively with borrowers experiencing difficulties to strengthen the credit and mitigate the loss.

Comment: The FDIC states that agriculture industry has remained profitable, but that the USDA projects a slowdown in growth, and the sector remains susceptible to shocks such as weather, market volatility, and declining land values.

Interagency guidance on HELOCs

Four federal financial institutions regulatory agencies and the Conference of State Bank Supervisors (CSBS) issued [guidance](#)² to financial institutions regarding home equity lines of credit (HELOCs) nearing their “end-of-draw” periods, which occurs when the principal amount of the HELOC must begin to be repaid. The guidance encourages financial institutions to effectively communicate with borrowers about the pending reset and provides broad principles for managing risk as HELOCs reach their end-of-draw periods.

The agencies and CSBS recognize that some borrowers may find it difficult to make higher payments or to refinance their existing loans due to changes in their financial circumstances or declines in property values. When borrowers experience financial difficulties, financial institutions and borrowers generally find it beneficial to work together to avoid unnecessary defaults.

The guidance describes how financial institutions can effectively manage their potential exposures under these circumstances. The guidance promotes an understanding of potential exposures and describes consistent, effective responses to HELOC borrowers unable to meet their contractual obligations. The appropriate accounting and reporting procedures for HELOCs nearing their end-of-draw periods are also discussed.

Comment: As part of the supervisory process, examiners will review financial institutions' end-of-draw risk management programs for provisions that address five risk management principles. Community banks and credit unions with small portfolios of HELOCs, few portfolio acquisitions, or exposures with lower-risk characteristics may be able to use existing less-sophisticated processes.

CFPB issues policy on same-sex marriage

In 2013, the U.S. Supreme Court struck down the section of the Defense of Marriage Act that defined marriage as a legal union between one man and one woman. The CFPB issued a [memorandum](#) describing its policy with respect to the Supreme Court's decision.

Under the CFPB's new policy, the agency will use and interpret the terms "spouse," "marriage," "married," "husband," "wife," and any other similar terms related to family or marital status in statute, regulations, and policies administered, enforced, or interpreted by the Bureau to include same-sex spouses. Except as otherwise noted below, the Bureau applies this policy to ECOA and Reg. B, Fair Debt Collection Practices Act (FDCPA), TILA and Reg. Z, RESPA and Reg. X, Interstate Land Sales Full Disclosure Act and Reg. J, Bureau Ethics Regulations, and Procedures for Bureau Debt Collection.

The memorandum states that a person married under the laws of any jurisdiction will be considered married nationwide. A person in a domestic partnership or civil union is not considered married.

Comment: Regardless of whether the state in which a same-sex married couple resides recognizes same-sex marriages, the CFPB will recognize them for purposes of all the laws, regulations, and policies the CFPB administers.

CFPB clarifies ability to repay rules for heirs

The CFPB issued an [interpretive rule](#)³ clarifying that when a borrower dies their heir can be added to a mortgage without the lender verifying the heir's ability to repay the loan under the bureau's mortgage rules, enacted earlier this year.

"Losing a loved one should not mean also losing your home. Today's interpretive rule makes it clear that when family members inherit property, they can take over the mortgage without jumping through unnecessary hoops," Director Richard Cordray said in a news release. "This gives heirs an opportunity to work with the lender to pay off the loan or seek a loan modification."

The rule also applies to transfer of a property resulting from a divorce decree or legal separation.

Comment: Last October, the CFPB issued [Bulletin 2013-12](#)⁴, which set out (beginning on page 2) examples of servicer practices the CFPB would consider to be components of policies and procedures that are reasonably designed to achieve the objectives of the successor in interest provision in [12 CFR 1024.38\(b\)\(1\)\(vi\)](#).

Agencies release list of distressed and underserved non-metro areas

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency today announced the availability of the [2014 list of distressed or underserved nonmetropolitan middle-income geographies](#)⁵, where revitalization or stabilization activities will receive CRA consideration as "community development."

"Distressed nonmetropolitan middle-income geographies" and "underserved nonmetropolitan middle-income geographies" are designated by the agencies in accordance with their CRA regulations. The criteria for designating these areas are available on the [FFIEC website](#).⁶ The designations continue to reflect local economic conditions, including triggers such as unemployment, poverty, and population changes.

As with past releases, the agencies incorporate a one-year lag period for geographies that are no longer designated as distressed or underserved in the current release. Geographies subject to this one-year lag period are eligible to receive consideration for community development activities for 12 months after publication of the current list.

The current and previous years' lists can be found on the FFIEC website, along with information about the data sources used to generate those lists.

FHA guidance on deceptive advertising of reverse mortgages

The FHA published [Mortgagee Letter 2014-10](#)⁷ reminding lenders participating in the agency's Home Equity Conversion Mortgage (HECM) Program to make certain senior borrowers are fully informed of all their options when applying for reverse mortgages. FHA's Mortgagee Letter also reinforces the agency's prohibition against misleading or deceptive advertising and that this prohibition extends to misleading or deceptive descriptions of the HECM program.

CFPB blogs

[Save the date, El Paso!](#) (This event has already occurred, but a livestream will be available.)

[Ensuring equal treatment for same-sex married couples](#)

[We're training housing counselors on the new mortgage servicing rules](#)

[Claim forms for the Ocwen settlement available now](#)

[What happens to your student loans if your school is shut down](#)

[Building a collection of financial education materials for a library near you](#)

[We are participating in the National Day of Civic Hacking \(again\)](#)

[Now recruiting: Technology & Innovation Fellows for 2015](#)

[We're helping long-term care facilities protect older Americans from financial exploitation](#) (Announcement of release of guide for assisted living and nursing facility staff.)

[Live from Reno!](#)

Federal court holds bank not responsible for wire fraud losses

In the case of [Chase Escrow v. BancorpSouth Bank](#)⁸, the United States Court of Appeals for the Eighth Circuit ruled that BancorpSouth Bank is not liable for Choice Escrow and Land Title's wire transfer fraud losses. The court held that BancorpSouth's security procedures were commercially reasonable. Choice Escrow declined to use those procedures and agreed in writing to be bound by payment orders issued in its name and accepted by the bank in accordance with another security procedure.

Comment: The lesson from this case is that a bank must make commercially reasonable procedures available to wire customers, and if a customer isn't going to use them, get that in writing. The bank in this case offered dual control to the customer, told the customer it should use it, and got it in writing that the customer wasn't going to use it. The opinion provided: "If a bank offers its customer a security procedure, and the customer declines to use that procedure and agrees in writing to be bound by payment orders issued in its name and accepted by the bank in accordance with another security procedure, then the customer will bear the risk of loss from a fraudulent payment order if they declined procedure was commercially reasonable." Although the decision is narrow, there is a lesson to learn here.

CFPB proposes making complaints public

The CFPB has [proposed a new policy](#)⁹ to allow consumers to make their complaints public. The company complained about would be given the opportunity to respond publicly. In [prepared remarks](#)¹⁰ at the El Paso Field Hearing, Director Cordray contended that publishing the complaints will:

- Provide context that better explains the significance of the consumer's complaint;
- Enrich the information available in the database so consumers, consumer groups, and companies can better spot trends and problems; and
- Help consumers and consumer groups peruse the database to make informed decisions.

Comment: Publishing complaints without verifying the veracity of each one could unnecessarily harm businesses. Online retailers and online service review websites are full of fake reviews, both positive and negative. There is no reason to believe that the CFPB database wouldn't have the same problem. A company can publish a response, but unless the company merely capitulates to the complaining person's requests, many will merely think that the company protests too much.

Call Report for June 30, 2014

The FDIC's [FIL-38-2014](#)¹¹ addresses the Call Report due on July 30, 2014.

CFPB/Fed integrated disclosure webinar recording available

The CFPB and Fed have made available a recording of the CFPB-presented webinar "[TILA-RESPA Integrated Disclosure Rule](#)¹²." The webinar, the first of a recurring series, provides an overview of the final rule and the new disclosures and addresses a few basic compliance questions. Subsequent webinars will address specific implementation and interpretive questions about the rule.

Comment: If you make mortgage loans, it is time to get ready for the integrated disclosures that go into effect next September.

FFIEC launches web page on cybersecurity

The FFIEC launched a [Web page on cybersecurity](#)¹³. The page is a central repository for current and future FFIEC-related materials on cybersecurity. The FFIEC is also beginning a pilot program at more than 500 community institutions that will be conducted by state and federal regulators, and will be completed during regularly scheduled examinations. Information gathered will be used to assess how community financial institutions manage cybersecurity and their preparedness to mitigate increasing cyber risks.

Comment: Regulators will focus on risk management and oversight, threat intelligence and collaboration, cybersecurity controls, service provider and vendor risk management, and cyber incident management and resilience. The web page contains FFIEC resources, statements, alerts, and other resources.

FDIC deposit insurance seminar schedule

August 12 – [Deposit Insurance Coverage Fundamentals Seminar](#)¹⁴ – 2:00 – 4:30 PM

September 18 - [Deposit Insurance Coverage Revocable Trust Seminar](#)¹⁵ – 2:00 – 4:30 PM

October 8 - [Deposit Insurance Coverage Seminar - Advanced Topics Seminar](#)¹⁶ – 2:00 – 4:30 PM

Publications, reports, studies, testimony & speeches

OCC's Semiannual Risk Perspective

The [OCC's Semiannual Risk Perspective](#)¹⁷ addresses key issues facing banks. The OCC publishes the report twice a year, drawing upon midyear and year-end data. The spring 2014 report reflects data as of December 31, 2013. This report presents data in five main areas: the operating environment; the condition and performance of the banking system; key risk issues; elevated risk metrics; and regulatory actions.

GAO report on virtual currencies

The GAO published a report regarding virtual currencies entitled [Virtual Currencies: Emerging Regulatory, Law Enforcement, and Consumer Protection Challenges](#).¹⁸

Comment: The GAO recommended that CFPB take steps to identify and participate in pertinent interagency working groups addressing virtual currencies, in coordination with other participating agencies. CFPB concurred with the recommendations.

Fed issues Consumer Compliance Outlook for Second Quarter of 2014

The Federal Reserve published its Consumer Compliance Outlook for the Second Quarter of 2014:

- [Risk-Focused Consumer Compliance Supervision Program for Community Banks](#)
- [Risk-Focused Supervision Webinar Questions and Answers](#)
- [News from Washington](#)
- [On the Docket](#)
- [Consumer Compliance Risk Management for Social Media](#)
- [Compliance Spotlight](#)
- [Regulatory Calendar](#)
- [Calendar of Events](#)
- [Complete Issue](#)  (2.35 MB, 20 pages)

[View all issues of Consumer Compliance Outlook from 2014](#)

OCC report examines risk facing national banks

Competitive pressures, and strategic and operational risks top the semiannual list of supervisory concerns in a report released today by the OCC.

While conditions overall showed improvement in the second half of 2013, the OCC reports in its [Spring 2014 Semiannual Risk Perspective](#)¹⁹ that credit risk is building in supervised national banks and federal savings associations following a period of improving credit quality and problem loan clean-up.

Key findings from the report include:

- Competition for limited lending opportunities is intensifying, resulting in loosening underwriting standards, particularly in indirect auto and leveraged lending. Easing in underwriting and increased risk layering is also occurring in commercial loans.
- The prolonged low interest rate environment continues to lay the foundation for future vulnerability. Banks that extend asset maturities to pick up yield, especially if relying on the stability of non-maturity deposit funding in a rising rate environment, could face significant earnings pressure and potential capital erosion depending on the severity and timing of interest rate moves.
- Many banks continue to re-evaluate their business models and risk appetites to generate returns against the backdrop of slow economic growth and low interest rates. OCC examiners will focus on banks' strategic business and new product planning to ensure appropriate risk management processes are established.
- Cyber-threats continue to evolve, requiring heightened awareness and appropriate resources to identify and mitigate the associated risks.

- Financial asset prices have experienced very low volatility for an extended period. As a result, measures of price risk, such as value-at-risk, are at very low levels. The reduced willingness of dealers to hold securities in inventory, due to capital and other concerns such as a change in monetary policy, could contribute to greater price swings going forward and increased price risk.
- Bank Secrecy Act and Anti-Money Laundering risks remain prevalent as money-laundering methods evolve, and electronic bank fraud increases in volume and sophistication. Banks work to incorporate appropriate controls to oversee higher risk customers and new products and services.

The report presents data in five main areas: the operating environment; the condition and performance of the banking system; key risk issues; elevated risk metrics; and regulatory actions. It focuses on issues that pose threats to the safety and soundness of those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners, and the public. The report reflects data as of December 31, 2013.

Treasury Secretary calls on financial sector to do more about cyber threats

U.S. Treasury Secretary Jacob J. Lew urged financial institutions and firms to take critical steps to better protect consumers and strengthen the nation's defenses against cybersecurity thefts, disruptions, and attacks. His remarks focused on information sharing and the need for legislation to encourage companies to collaborate. [Press Release](#).²⁰

FedFlash for July

The [July updates](#)²¹ include these articles:

Account Services

- [National Billing Operations transitioned to National Accounting Customer Support](#)

FedLine® Access Solutions

- [Important information about revisions to Operating Circular 5](#)
- [Reminder - Change in support for Microsoft®Windows® and Internet Explorer®](#)
- [Reminder - Enhanced EUAC Center saves time and increases efficiency](#)

Check/Check 21 Services

- [Upcoming Check Services operations freeze](#)
- [Federal Reserve Banks to publish new FedReceipt®RTNs](#)
- [Check Adjustments Tip: Fillable PDF Check Adjustment forms now available](#)

Fed issues July FedFocus

[FedFocus](#)²² 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 September edition of FedFocus includes these topics:

[How the FedACH Risk RDFI Alert Service helps South Side Bank help its business customers](#)

[Costs and benefits of the \\$1 currency-to-coin conversion](#)

[Spotlighting upcoming Regional Payments Association events](#)

FinCEN SAR Stats Technical Bulletin

FinCEN recently published its [SAR Stats Technical Bulletin](#)²³ for July 2014.

Fed's summary of current economic conditions – Beige Book

The Fed issued its [Beige Book – July 16, 2014](#).²⁴

Federal agency rulemaking:

Selected final rules since last Capitol Comments:

There were no final rules issued since the issuance of the June edition of Capitol Comments that the editors selected to publish here.



Selected upcoming final federal rule compliance dates:



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 [FACTA page](#)²⁵. [List of FACTA agreements in effect](#).²⁶

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.

- 11.30.2014 Servicemembers Civil Relief Act Notice Disclosure, [Form HUD-92070](#)²⁷, 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](#).²⁸ 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. 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 \(Reg. Z\)](#)²⁹ 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](#).

- 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 \(TruPs Amendment to Volcker Rule\)](#)³⁰ 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 \(the Volcker Rule\)](#)³¹ 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](#)³² [Federal Banking Regulators: Appraisals for Higher-Priced Mortgage Loans – Supplemental Final Rule](#)³³ 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](#)³⁴
- 01.13.2014 [SEC: Registration of Municipal Advisors](#)³⁵ 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](#)³⁶ 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](#)³⁷ 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](#)³⁸ There are a number of effective dates—consult the [compliance guide](#)³⁹ 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](#)⁴⁰ to read the notice of the delay of the effective date. There are a number of effective dates—consult the [compliance guide](#)⁴¹ for details.
- 01.10.2014 CFPB: [RESPA/Regulation X and TILA/Regulation Z Mortgage Servicing](#)⁴² 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](#)⁴³:
●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](#)⁴⁴
- 01.10.2014 CFPB: [High-Cost Mortgage and Homeownership Counseling Amendments to TILA/Regulation Z and Homeownership Counseling Amendments to RESPA/Regulation X](#)⁴⁵ 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](#)⁴⁶ 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](#)⁴⁷ 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 \(Basel III\)](#)⁴⁸ 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](#)⁴⁹. The FDIC Board of Directors approved an [interim final rule](#)⁵⁰ 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](#)⁵¹ to strengthen the supplementary leverage requirements for the largest most systemically important banking organizations. The OCC announced ([NR 2013-110](#)⁵²) 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](#)⁵³ 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.)

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
- 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. 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. 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

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|------|--|----------|--|
| 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. | CARD Act | Credit Card Accountability Responsibility and Disclosure Act of 2009 |
| | | CFPB | Consumer Financial Protection Bureau |
| ATM | Automated Teller Machine | CFR | Code of Federal Regulations . Codification of rules and regulations of federal |

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| | agencies. | | agencies. |
| CRA | Community Reinvestment Act . This Act is designed to encourage loans in all segments of communities. | FRB (or Fed) | Federal Reserve Board |
| CRE | Commercial Real Estate | FSOC | Financial Stability Oversight Council |
| CSBS | Conference of State Bank Supervisors | FTC | Federal Trade Commission |
| CTR | Currency Transaction Report . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000. | GAO | Government Accountability Office |
| Dodd-Frank Act | The Dodd–Frank Wall Street Reform and Consumer Protection Act | HARP | Home Affordable Refinance Program |
| DOJ | Department of Justice | HAMP | Home Affordable Modification Program |
| FDIC | Federal Deposit Insurance Corporation | HMDA | Home Mortgage Disclosure Act |
| EFTA | Electronic Fund Transfer Act | HOEPA | Home Ownership and Equity Protections Act of 1994 |
| Federal bank regulatory agencies | FDIC, FRB, and OCC | HPML | Higher Priced Mortgage Loan |
| Federal financial institution regulatory agencies | CFPB, FDIC, FRB, NCUA, and OCC | HUD | U.S. Department of Housing and Urban Development |
| FEMA | Federal Emergency Management Agency | IRS | Internal Revenue Service |
| FFIEC | Federal Financial Institutions Examination Council | MLO | Mortgage Loan Originator |
| FHFA | Federal Housing Finance Agency | MOU | Memorandum of Understanding |
| FHA | Federal Housing Administration | NFIP | National Flood Insurance Program . U.S. government program to allow the purchase of flood insurance from the government. |
| FinCEN | Financial Crime Enforcement Network | NMLS | National Mortgage Licensing System |
| FR | Federal Register . U.S. government daily publication that contains proposed and final administrative regulations of federal | OCC | Office of the Comptroller of the Currency |
| | | OFAC | Office of Foreign Asset Control |
| | | OREO | Other Real Estate Owned |
| | | QRM | Qualified Residential Mortgage |

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| Reg. | Abbreviation for "Regulation" – A federal regulation. These are found in the CFR. | Reg. Z | Truth in Lending |
| Reg. B | Equal Credit Opportunity | RESPA | Real Estate Settlement Procedures Act |
| Reg. C | Home Mortgage Disclosure | SAR | Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature. |
| Reg. DD | Truth in Savings | SDN | Specially Designated National |
| Reg. E | Electronic Fund Transfers | TILA | Truth in Lending Act |
| Reg. G | S.A.F.E. Mortgage Licensing Act | TIN | Tax Identification Number |
| Reg. P | Privacy of Consumer Financial Information | Treasury | U.S. Department of Treasury |
| Reg. X | Real Estate Settlement Procedures Act | | |

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