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Regulatory Compliance Update

September 2014

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

Around the agencies

Joint agency issuances

Agencies issue guidance on consumer credit practices

The Fed [requested](#)¹ comment on a proposal to repeal its Regulation AA (Unfair or Deceptive Acts or Practices).

The Dodd-Frank Act repealed the Fed's authority to write rules that address unfair or deceptive acts or practices, which are contained in Regulation AA. Regulation AA includes the Board's "credit practices rule," which prohibits banks from using certain remedies to enforce consumer credit obligations and from including these remedies in their consumer credit contracts.

Also the Fed, CFPB, FDIC, NCUA, and OCC issued [interagency guidance](#) clarifying that the repeal of the credit practices rules is not a determination that the prohibited practices contained in those rules are permissible. The practices described in the former credit practices rules could potentially violate the prohibition against unfair or deceptive practices under the Federal Trade Commission Act and Dodd-Frank Act, even in the absence of a specific regulation governing the conduct. (Here is a link to the press releases issued by the [FDIC](#)², [OCC](#)³, and [CFPB](#)⁴.)

Comment: Bank's compliance duties include not only assuring compliance with written rules, but with also assuring that products and services aren't unfair, abusive, or deceptive. Banks should refer to guidance and advice given by regulators, including:

- [OCC Advisory Letter 2002-3](#)
- [Fed/FDIC Guidance 03.11.2004](#)
- [CFPB Bulletin 2013-07](#)

Although the CFPB bulletin is on debt collection, it is instructive on UDAAP.

CFPB and Fed announce increases in dollar thresholds in Reg. Z and M

The Federal Reserve and the CFPB announced increases in the dollar thresholds in [Reg. Z](#)⁵ and [Reg. M](#)⁶ (Consumer Leasing) for exempt consumer credit and lease transactions to adjust these thresholds annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers. Transactions at or below the

thresholds are subject to the protections of the regulations. The adjustments to the thresholds reflect the annual percentage increase in the consumer price index as of June 1, 2014 and will take effect on January 1, 2015.

CFPB issuances

CFPB guidance on mortgage servicing transfers

The CFPB issued a compliance bulletin and policy guidance ([Bulletin 2014-01](#)⁷) to residential mortgage servicers and subservicers, in light of potential risks to consumers that may arise in connection with transfers of residential mortgage servicing rights. The CFPB's concern in this area remains heightened due to the continuing high volume of servicing transfers. This document replaces CFPB Bulletin 2013-01 (Mortgage Servicing Transfers), released in February 2013, which also addressed servicing transfers.

Comment: The document advises mortgage servicers that the CFPB will be carefully reviewing servicers' compliance with Federal consumer financial laws applicable to servicing transfers. The revised RESPA servicing rule took effect on January 10, 2014. It requires servicers to, among other things, maintain policies and procedures that are reasonably designed to achieve the objectives of facilitating the transfer of information during mortgage servicing transfers and of properly evaluating loss mitigation applications.

Section A of the document, "General Transfer-Related Policies and Procedures," provides examples of general transfer-related policies and procedures that CFPB examiners may consider in evaluating whether servicers have satisfied these requirements successfully. The examples listed in this section are not exhaustive and in future examinations CFPB examiners will consider a servicer's transfer-related policies and procedures as a whole in determining whether they are reasonably designed to achieve these objectives.

Section B, "Applicability of the New Servicing Rules to Transfers," answers certain frequently asked questions about how the revised Reg. X applies in the area of servicing transfers. This section also describes certain focus areas for CFPB examiners and explains how entities can minimize compliance risk.

Section C, "Protections under Federal Consumer Financial Law," describes other Federal consumer financial laws applicable to servicing transfers and explains potential consequences if servicers are not fulfilling their obligations under the law.

Section D, "Plans for Handling Servicing Transfers," informs servicers engaged in significant servicing transfers that the CFPB will, in appropriate cases, require them to prepare and submit informational plans describing how they will manage the related risks to consumers.

CFPB announces participants in eClosing pilot program

The CFPB [announced](#)⁸ the selection of participants for its mortgage eClosing pilot program. The three-month pilot will begin later this year, and will explore how the

increased use of technology during the mortgage closing process could affect consumer understanding and engagement and save time and money for consumers, lenders, and other market participants. The eClosing pilot program is not part of a rulemaking process, but rather is designed to identify best practices in the marketplace. The eClosing pilot guidelines announced in April of 2014 can be found [here](#)⁹.

CFPB fines company \$2.75M for inaccurate reporting to credit reporting agencies

The CFPB took action against an auto finance company that distorted consumer credit records for years. Texas-based First Investors Financial Services Group Inc., which lends primarily to subprime borrowers, failed to fix known flaws in a computer system that was providing inaccurate information to credit reporting agencies (CRAs). This potentially harmed tens of thousands of its customers. The CFPB ordered First Investors to pay a \$2.75 million fine, fix its errors, and change its business practices.

Comment: This action shows the importance of accuracy in reporting to CRAs. Whether it was sloppiness or intentional acts, these erroneous reports cost First Investors \$23 for each of its over 118,000 accounts. What did First Investors do?

- ***It provided inaccurate information about how much consumers were paying toward their debts. (For example, it only reported one of two payments made by a borrower in a month.)***
- ***It overstated the dollar amount by which customers were past due on their accounts.***
- ***It inaccurately reported many of its customers' "date of first delinquency," which is the date on which a consumer first became late in paying back the loan. In most cases, First Investors was reporting the date to be more recent than it actually was. The date an account first becomes delinquent matters because it determines how long a delinquency can appear on a consumer's credit report under the FCRA.***
- ***It substantially inflated the number of delinquencies for some customers when it reported customers' last 24 months of consecutive payment activity. (In one case, First Investors reported that a consumer was delinquent eleven times, when in fact the consumer had only been delinquent twice.)***
- ***It mischaracterized vehicle surrender--First Investors told credit reporting agencies that some of its customers had their vehicles repossessed, when in fact those individuals had voluntarily surrendered their vehicles back to the lienholder.***

CFPB finalizes revisions to international remittance rule

The [CFPB finalized](#)¹⁰ an extension to a temporary exception that allows federally insured financial institutions to estimate third-party fees and exchange rates when providing remittance transfer disclosures to account holders when exact amounts cannot be determined. The CFPB said that the extension, which expires on July 21, 2020 and will not be renewed, should provide time to develop ways to provide consumers with exact fees and exchange rates for all remittance disclosures.

Comment: The extension reduces uncertainty regarding our community banks' ability to comply with disclosure requirements relating to the permissibility of using third-party

fees and exchange rate estimates and should stem the tide of community banks exiting this market. While we welcome the extension, we still believe that the small entity exemption of 100 or fewer remittance transfers per calendar should be raised substantially.

CFPB updates TILA-RESPA disclosure guides

The CFPB updated the [Small Entity Compliance Guide for the TILA-RESPA Integrated Disclosure Rule](#)¹¹, as well as the [Guide to the Loan Estimate and Closing Disclosure forms](#).¹² These replace the editions published in March 2014 and April 2014, respectively.

There is also a [timeline](#)¹³ that can help understand the timing requirements under the rule. The timeline illustrates the process and timing of disclosures for one specific real estate purchase transaction under the TILA-RESPA Integrated Disclosure rule that will become effective on August 1, 2015.

Comment: The CFPB, partnering with the Fed, has offered free webinars on the integrated disclosures. The material in these webinars is dense. We recommend skipping the live version in lieu of the recording. Gather all of your mortgage lenders and listen to the recording. Pause and rewind the webinar for discussion as you go along. The third and final Outlook Live webinar is on October 1, 2014 at 1:00 p.m. CDT. You may register [here](#)¹⁴. The August 26, 2014, webinar is available [here](#)¹⁵ and the June 17, 2014 webinar is available [here](#)¹⁶.

CFPB blogs

[Save the date: Join us for a forum on access to checking accounts](#)

[Reminder for steps you can take if you think your credit or debit card data was hacked](#)¹⁷

[Disputing debt you never owed: William's story](#)¹⁸

[Save the date: Join us for a Consumer Advisory Board meeting in Washington, DC](#) (This event has already happened, but you can listen to it.)

[You could still end up paying interest on a zero percent interest credit card offer](#)

[Working together to protect student veterans](#)

Federal Reserve issuances

Fed issues FAQs on Volcker Rule

The Fed created a [webpage](#)¹⁹ with frequently asked questions regarding the Volcker Rule.

Comment: [This Fed document](#)²⁰ provides an overview of the Volcker Rule as it applies to banking entities with less than \$10 billion in total consolidated assets.

OCC issuances

OCC issues revision to handbook on EFTA

The OCC issued the [“Electronic Fund Transfer Act” \(EFTA\) booklet of the Comptroller's Handbook](#)²¹. This revised booklet replaces a similarly titled booklet issued in October 2011.

This booklet provides updated guidance to examiners and bankers relevant to recent changes made to Reg. E regarding remittance transfers.

Comment: Specifically, the booklet reflects:

- *the transfer of rulemaking authority for the EFTA to the CFPB from the Federal Reserve. This transfer is part of the Dodd-Frank Act.*
- *Dodd-Frank's amendments to EFTA creating a new system of consumer protections for remittance transfers sent by consumers in the United States to individuals and businesses in foreign countries.*

the CFPB's issuance of a final rule that restructures Reg. E by adding subparts and specific requirements for remittance service providers in new subpart B. Subpart A addresses the requirements for electronic fund transfers, which generally have not changed. Regulatory citations are changed to 12 CFR 1005 throughout.

Items of interest

Verizon issues data breach investigations report

The [2014 Data Breach Investigations Report](#)²² takes 10 years of forensic data and finds that 92% of these can be categorized into nine basic attack patterns.

Comment: Send this to your IT security personnel to help identify threats and bolster defenses.

Symantec 2014 Internet Security Threat Report

The [2014 Internet Security Threat Report](#)²³ covers a lot of territory and identifies seven areas that deserve special attention.

Comment: This report contains best practices guidelines for businesses (beginning on page 87) and best practices guidelines for consumers (beginning on page 89). Forward to the person responsible for IT security in your bank.

Resources for cybersecurity awareness month

The month of October has been designated as [National Cybersecurity Awareness Month](#), a component of the Department of Homeland Security's Stop.Think.Connect.TM Campaign. During October, financial institutions are encouraged to promote greater awareness of everyday cybersecurity threats among their employees and customers. To do so, a number of resources are available, including:

- [Getting Cybersecurity Through to Employees \(Powerpoint Presentation\)](#)
- [Internet Safety & Security Tips for Parents](#)
- [Stop.Think.Connect. Tips and Advice for Consumers](#)
- [Workplace Security Risk Calculator](#)

Publications, reports, studies, testimony & speeches

CFPB report on financial wellness in the workplace

CFPB published a [report](#)²⁴ to promote financial wellness in the workplace. The report contains case studies that are designed to educate employers about practices that can improve employees' financial health and increase worker productivity.

Comment: This report explores issues common to many employers and employees who are interested in expanding financial wellness programs in the workplace. The report specifically describes financial wellness efforts at five companies: Nebraska Furniture Mart, health care provider QLI, Staples, Goodwill of Central Texas, and Pacific Market Research. It also highlights one particular public-private partnership supporting employers and helping them take action: Delaware's "[Stand by Me](#)"²⁵ program.

FDIC issues Quarterly Banking Profile

The FDIC issued its [Quarterly Banking Profile](#).²⁶ Commercial banks and savings institutions insured by the FDIC reported aggregate net income of \$40.2 billion in the second quarter of 2014, up \$2.0 billion (5.3 percent) from earnings of \$38.2 billion the

industry reported a year earlier. The increase in earnings was mainly attributable to a \$1.9 billion (22.4 percent) decline in loan-loss provisions and a \$1.5 billion (1.4 percent) decline in noninterest expenses. Also, strong loan growth contributed to an increase in net interest income compared to a year ago. However, lower income from reduced mortgage activity and a drop in trading revenue contributed to a year-over-year decline in noninterest income. More than half of the 6,656 insured institutions reporting (57.5 percent) had year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable during the second quarter fell to 6.8 percent from 8.4 percent a year earlier. [Press Release](#)²⁷.

Fed issues September Fedfocus

The September issue of [Fedfocus](#)²⁸ was released and contained articles entitled:

- Payments study reveals substantial changes in the composition of noncash payments
- Sometimes less is more: Your feedback helps simplify access to customized Fed contact information
- FEDucation is no risky business

Fed issues latest Beige Book

[The Beige Book](#)²⁹ was issued September 3, 2014, and is based on conditions on or before August 22, 2014.

FDIC issues state profiles

[FDIC State Profiles](#)³⁰ are formatted as a quarterly data sheet summation of banking and economic conditions in each state. To retrieve a state profile, select a state from either the map or list.

FTC blogs on data breaches

The FTC published a blog creatively titled [Data breaches, credit freezes, and identity theft... of my!](#)³¹ to help consumer decide when a credit freeze is needed, when to check credit reports, and how to avoid phishing scams.

NMLS Mortgage Industry Report

The NMLS issued the [NMLS Mortgage Industry Report, 2014 Q2 Update](#)³².

Comment: This report compiles data concerning companies, branches, and mortgage loan originators (MLOs) who are licensed or registered through NMLS in order to conduct mortgage activities. This includes both state-licensed and federally registered companies and Mortgage Loan Originators.

Contents:

- 1. Mortgage Entities in NMLS**
- 2. State-Licensed Mortgage Entities, June 30, 2014**
- 3. 2014Q2 State Licensing Activities: Mortgage Company Licenses**
- 4. 2014Q2 State Licensing Activities: Mortgage Loan Originator Licenses**
- 5. Mortgage Call Report**
- 6. Federally Registered Mortgage Loan Originators**

Fed issues September FedFlash

FedFlash offers the latest Federal Reserve Financial Services operational news. Each bulletin contains issues regarding day-to-day operations of financial institutions and provides National and District updates regarding the Fed's products and services, processes, technical protocols and contact information. This month's issue includes articles entitled:

FedLine® Access Solutions

- [Next Generation VPN Solution initiative update](#)

Check/Check 21 Services

- [Federal Reserve Banks to publish new FedReceipt® RTNs](#)
- [Check Adjustments Tip: Check Adjustments Automated Status Report at your fingertips](#)
- [Check Adjustments Tip: Periodically verify account information](#)
- [Reminder - Upcoming Check Services operations freeze](#)

FedCash® Services

- [Holiday currency information now available](#)

First District News

- [Federal Reserve Bank of Boston announces Reserve Account Management seminars in fall 2014](#)

Ninth District News

- [Reminder - Account Management Tools and Reserves webinars to be held in September 2014](#)

NMLS issues 2nd quarter mortgage industry update

The NMLS issued the [NMLS Mortgage Industry Report, 2014 Q2 Update](#)³³

FTC encourages older consumers to share knowledge to fight fraud

The FTC began a new education campaign, [Pass It On](#)³⁴, that encourages older consumers to raise fraud awareness by talking to family, friends, and neighbors about avoiding common scams.

Comment: The website is in both English and Spanish. Speaking of scams targeting the elderly, the Attorney General of Texas has [fraud videos](#)³⁵ for training your front line staff.

Federal agency rulemaking:

Selected rules proposed since last Capitol Comments

Banks asked to comment on FinCEN's due diligence proposal

A rule recently proposed by the Financial Crimes Enforcement Network (FinCEN) would require financial institutions to identify beneficial owners who own, directly or indirectly, 25% or more of a legal entity. Financial institutions are encouraged to submit comment letters registering opposition to this further expansion of customer due diligence requirements. [RIN 1506-AB25; Customer Due Diligence Requirements for Financial Institutions](#)³⁶.

Selected final rules since last Capitol Comments

There were no federal final rules of general interest to community banks since the August issue of Capitol Comments.

Selected upcoming final federal rule compliance dates

11.30.2014 Servicemembers Civil Relief Act Notice Disclosure, [Form HUD-92070](#)³⁷, 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 [Reg. Z annual threshold adjustments](#). The CFPB issued a final rule³⁸ 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.
- 01.01.2015 [Basel III](#).³⁹ 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 \(Reg. Z\)](#)⁴⁰ 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](#)⁴¹. [List of FATCA agreements in effect](#).⁴²

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 \(TruPs Amendment to Volcker Rule\)](#)⁴³ 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 \(the Volcker Rule\)](#) ⁴⁴ 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](#)⁴⁵ [Federal Banking Regulators: Appraisals for Higher-Priced Mortgage Loans – Supplemental Final Rule](#) ⁴⁶ 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](#)⁴⁷
- 01.13.2014 [SEC: Registration of Municipal Advisors](#)⁴⁸ 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](#)⁴⁹ 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](#)⁵⁰ 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](#)⁵¹ There are a number of effective dates—consult the [compliance guide](#)⁵² 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](#)⁵³ to read the notice of the delay of the effective date. There are a number of effective dates—consult the [compliance guide](#)⁵⁴ for details.
- 01.10.2014 CFPB: [RESPA/Regulation X and TILA/Regulation Z Mortgage Servicing](#)⁵⁵ 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](#)⁵⁶:
 ●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](#)⁵⁷
- 01.10.2014 CFPB: [High-Cost Mortgage and Homeownership Counseling Amendments to TILA/Regulation Z and Homeownership Counseling Amendments to RESPA/Regulation X](#)⁵⁸ 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](#)⁵⁹ 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](#)⁶⁰ 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 \(Basel III\)](#)⁶¹ 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](#)⁶². The FDIC Board of Directors approved an [interim final rule](#)⁶³ 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](#)⁶⁴ to strengthen the supplementary leverage requirements for the largest most systemically important banking

organizations. The OCC announced ([NR 2013-110](#)⁶⁵) 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](#)⁶⁶ 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.
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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
- 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

	“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.	institution regulatory agencies	and OCC
APOR		FEMA	Federal Emergency Management Agency
ATM	Automated Teller Machine	FFIEC	Federal Financial Institutions Examination Council
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009	FHFA	Federal Housing Finance Agency
CFPB	Consumer Financial Protection Bureau	FHA	Federal Housing Administration
CFR	Code of Federal Regulations . Codification of rules and regulations of federal agencies.	FinCEN	Financial Crime Enforcement Network
CRA	Community Reinvestment Act . This Act is designed to encourage loans in all segments of communities.	FR	Federal Register . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
CRE	Commercial Real Estate	FRB (or Fed)	Federal Reserve Board
CSBS	Conference of State Bank Supervisors	FSOC	Financial Stability Oversight Council
CTR	Currency Transaction Report . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.	FTC	Federal Trade Commission
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act	GAO	Government Accountability Office
DOJ	Department of Justice	HARP	Home Affordable Refinance Program
FDIC	Federal Deposit Insurance Corporation	HAMP	Home Affordable Modification Program
EFTA	Electronic Fund Transfer Act	HMDA	Home Mortgage Disclosure Act
Federal bank regulatory agencies	FDIC, FRB, and OCC	HOEPA	Home Ownership and Equity Protections Act of 1994
Federal financial	CFPB, FDIC, FRB, NCUA,	HPML	Higher Priced Mortgage Loan
		HUD	U.S. Department of Housing and Urban Development

IRS	Internal Revenue Service	Reg. E	Electronic Fund Transfers
MLO	Mortgage Loan Originator	Reg. G	S.A.F.E. Mortgage Licensing Act
MOU	Memorandum of Understanding	Reg. P	Privacy of Consumer Financial Information
NFIP	National Flood Insurance Program . U.S. government program to allow the purchase of flood insurance from the government.	Reg. X	Real Estate Settlement Procedures Act
NMLS	National Mortgage Licensing System	Reg. Z	Truth in Lending
OCC	Office of the Comptroller of the Currency	RESPA	Real Estate Settlement Procedures Act
OFAC	Office of Foreign Asset Control	SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
OREO	Other Real Estate Owned	SDN	Specially Designated National
QRM	Qualified Residential Mortgage	TILA	Truth in Lending Act
Reg.	Abbreviation for “Regulation” – A federal regulation. These are found in the CFR.	TIN	Tax Identification Number
Reg. B	Equal Credit Opportunity	Treasury	U.S. Department of Treasury
Reg. C	Home Mortgage Disclosure		
Reg. DD	Truth in Savings		

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