

August 21, 2015

Regulatory Compliance E-News

Your source for guidance on regulatory issues and updates that may impact your organization.

Frequently Asked Compliance Question

Question

Under what circumstances may a lender exempt a detached structure from mandatory flood insurance purchase requirements?

Short Answer

An exemption from mandatory flood insurance purchase requirements is available for certain detached structures located on residential property. In the event that certain criteria are met; lenders may, but are not required to, exclude these structures from the mandatory purchase requirements. In considering whether to require flood insurance on detached structures, lenders are ultimately responsible for making a good faith determination as to whether the structure meets the criteria for exclusion...[click here to view the more detailed answer](#).

If you have a question that you would like us to answer in an upcoming Regulatory Compliance E-News, contact [Stephen King, JD, AMLP](#), at 617-428-5448 or sking@wolfandco.com, or Brian Shea, CRCM, at 617-261-8133 or bshea@wolfandco.com.

CFPB Issues PMI Cancellation Guidance



On August 4, 2015, the Consumer Financial Protection Bureau (“CFPB”) released Bulletin 2015-03 containing guidance for mortgage services relating to the cancellation and termination of private mortgage insurance (“PMI”). The bulletin clarifies certain requirements of the Homeowners Protection Act that tend to cause confusion across the industry. The bulletin summarizes only existing requirements and creates no new responsibilities relating to PMI.

The CFPB bulletin can be found [here](#).

FFIEC Releases Updated HMDA/CRA Software

On July 24, 2015, the Federal Financial Institutions Examination Council (“FFIEC”) released Version 2015 of its Data Entry Software to be used for calendar year 2015 Home Mortgage Disclosure Act (“HMDA”) and Community Reinvestment Act (“CRA”) data reporting. The software should be used for HMDA and CRA data for 2015 due on March 1, 2016.



The software can be downloaded [here](#).

HMDA Aggregate Reports To Be Updated Based on HOEPA Amendments



On July 24, 2014, the CFPB revised the Home Ownership and Equity Protection Act (“HOEPA”) rule to expand HOEPA coverage to home purchase loans.

As announced by the FFIEC on its HMDA website, the rule revision will affect the data reported in the annual HMDA National Aggregate, Metropolitan Statistical Area Aggregate and Institutional Disclosure Reports, beginning with calendar year 2014, which is tentatively scheduled for public release in September 2015.

Further information on this matter may be found [here](#).

OCC Issues Bulletin on Tax Refund Products

On August 4, 2015, the Office of the Comptroller of the Currency (“OCC”) issued Bulletin 2015-35 providing guidance on the safety and soundness measures to be considered for institutions offering tax refund-related products. The Bulletin applies to all OCC-supervised banks that offer these products.



The specific measures outlined in the guidance include the implementation of effective internal controls and review standards for advertising and solicitations; maintaining adequate capital and liquidity levels; ensuring that Bank Secrecy Act compliance risk management systems cover these products and ensuring that the institution complies with all laws and regulations, including those involving consumer protection.

The Bulletin can be found [here](#).

CFPB Updates TRID Implementation Materials



On August 6, 2015, the CFPB updated three of its implementation tools to reflect the Truth in Lending - RESPA Integrated Disclosure (“TRID”) rule’s new effective date of October 3, 2015. The TRID: Small Entity Compliance Guide, Guide to the Loan Estimate and Closing Disclosure Forms and the Integrated Disclosure Timeline example have all been updated accordingly.

The updated materials can be found [here](#).

CFPB Reports Findings of Electronic Mortgage Closing Study

On August 5, 2015, the CFPB published a report on its “Know Before You Owe” eClosing project which found that consumers stand to benefit from electronic closings (“eClosings”). The study, which took place over a four month period, involved over 3,000 consumers who completed mortgage transactions and were invited to complete a follow-up survey.



Data from approximately 1,200 completed surveys indicated that eClosing borrowers were better off when it comes to measures of understanding, efficiency and feeling of empowerment than borrowers who closed using paper forms. The report is not part of a rulemaking process, but was intended to draw attention to potential industry best practices.

The CFPB’s press release can be found [here](#).

New York Bankers Association Wins Legal Challenge to New York City’s Responsible Banking Act



On August 7, 2015, District Court Judge Katherine Polk Failla issued a ruling striking down New York City’s Responsible Banking Act ordinance. Implemented in the beginning of 2014, the ordinance required banks eligible to hold New York City’s municipal deposits to disclose information concerning their lending decisions beyond the information required to be disclosed under the Community Reinvestment Act.

These disclosures would be public, and the results would be considered a factor in determining whether banks would be eligible to hold the City’s deposits. On May 26, 2015, the New York Bankers Association initiated legal action to block the implementation of the Responsible Banking Act, arguing that the Act is preempted by existing federal and state law.

The court agreed, and issued a ruling striking down the Act. The judge indicated that the Act was an attempt to regulate depository institutions and is therefore preempted by existing statutes that assign regulatory authority to federal and state authorities.

The ruling can be found [here](#).

Rhode Island Amends Fair Housing Practices Act to Protect Veterans

Effective July 13, 2015, Rhode Island modified its Fair Housing Practices Act to include veterans as a protected group of individuals under the Act. The protections apply to those veterans receiving an honorable discharge, honorable administrative discharge or a general administrative discharge. Existing protections are available to individuals based on such factors as gender identity, marital status, race, disability and country of origin.



The modified Act prohibits those providing loans or other forms of financial assistance from directly and indirectly limiting or prohibiting the access of financial products, which would prevent the acquisition of equal housing and housing accommodation.

The Act also prohibits landlords from making inquiries into the military status of an individual and from refusing housing accommodations to individuals based on military status. Additionally, the Act prohibits advertisements that are indicative of any preference, limitation, specification or discrimination based on military status.

The text of the Act can be found [here](#).

New Hampshire Sets Escrow Rate at 0%



On July 28, 2015, the New Hampshire Bank Commissioner announced that the minimum interest rate to be paid on funds held in escrow accounts maintained for the payment of taxes or insurance premiums related to loans secured by real estate mortgages will continue to be 0%. This minimum interest rate will be in effect until at least the next rate announcement on February 1, 2016.

Further information is available [here](#).

Important Regulatory Dates

2015

September 1 – Additional required language in the state of Maine – Notice of the Right to Cure a Mortgage Default becomes effective

October 3 – The Truth in Lending Act (“TILA”) and Real Estate Settlement Procedures Act (“RESPA”) Disclosure Integration rules become effective

December 31 – Sunset of Servicemembers Civil Relief Act (“SCRA”) foreclosure protections that were extended from ninety days to one year following a period of active duty

2016

January 1 - Flood Escrow and other rule changes take effect

October 3 - Military Lending Act amendments become mandatory for most lending products

2017

October 3 - Military Lending Act amendments become mandatory for certain credit card products

Contact



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PDFs of the Regulatory Compliance E-News and featured questions with full detailed answers from 2015 can be found [here](#).

This information in this newsletter is based on our preliminary analysis of the regulatory language. It is communicated with the understanding that the Firm is not rendering legal services. If legal advice is required, the services of an attorney should be sought.

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