



February 17, 2015

## Regulatory Compliance E-News

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

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### Important Regulatory Dates

#### 2015

**April 7** - Massachusetts Bank Modernization Act takes effect

**July 1** - Rhode Island mortgage servicer licensing rules take effect

**July 18** - Certain Higher Priced Mortgage Appraisal Exemptions for existing manufactured homes expire

**August 1** - The Truth in Lending Act ("TILA") and Real Estate Settlement Procedures Act ("RESPA") Disclosure Integration rules become mandatory

**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 rule changes take effect

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### Agencies Issue Guidance Regarding Private Student Loans



On January 29, 2015, the Federal Reserve, Consumer Financial Protection Bureau ("CFPB"), Federal Deposit Insurance Corporation ("FDIC"), National Credit Union Administration ("NCUA"), Office of the Comptroller of the Currency ("OCC") and State Liaison Committee collectively released guidance for financial institutions regarding private student loans with graduated payment terms at the time of origination.

The guidance provides principles that creditors should consider when underwriting private student loans with such payment structures.

The Federal Reserve's press release can be found [here](#).

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### CFPB Proposes Mortgage Loan Rule Changes Impacting Exemptions for Small Creditors

On January 29, 2015, the CFPB proposed changes to its mortgage rules to facilitate responsible lending by small creditors in rural and underserved areas.



The proposal would increase the number of institutions able to offer certain types of mortgages in such areas and help small creditors to adjust their business practices in order to comply with new regulations such as the Ability-to-Repay and Qualified Mortgage Standards, as well as Escrow rules.

## CFPB Issues Bulletin on Confidentiality of Supervisory Information



On January 27, 2015, the CFPB issued a bulletin reminding all financial institutions, including nonbank companies, that they are required to comply with certain regulations regarding confidentiality of supervisory information such as examination reports and other documents.

The released bulletin provides guidance on the types of information that constitute confidential supervisory information and explains that disclosure of such information is prohibited outside of certain exceptions.

The bulletin also clarifies that non-disclosure agreements do not alter or limit the obligations relating to such information.

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

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## FDIC Releases Additional Technical Assistance Video on CFPB Mortgage Rules



On January 27, 2015, the FDIC announced its release of the second technical assistance video aimed at helping bank employees achieve compliance with various mortgage rules issued by the CFPB.

The initial video discussing the Ability-to-Repay and Qualified Mortgage rules has been followed up with a video covering Loan Originator Compensation rules.

The third video, which is expected to be released in February, will cover the new mortgage servicing rules.

The FDIC's press release can be found [here](#).

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## SAR Stats Quarterly Update Published



The Financial Crimes Enforcement Network ("FinCEN") has released its latest quarterly update of the financial institution industry's Suspicious Activity Reporting ("SARs").

The SAR Stats publications are compilations of numerical data gathered by FinCEN to show an overview of the prior twelve month calendar year's trends. Different editions are available based on the reporting industry.

The proposal would, among other things, expand the definition of small creditor first mortgage origination limit from 500 to 2,000 loans annually, expand the definition of "rural" areas to include census blocks that are not in an urban area as defined by the Census Bureau, and adjust certain grace periods and effective dates.

The proposed changes reflect the Bureau's ongoing monitoring of the mortgage market. The CFPB is accepting comments until March 30, 2015.

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

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## FDIC Releases Statement on Risk-Based Customer Assessments

On January 28, 2015, the FDIC released a Financial Institution Letter ("FIL") encouraging institutions to take a risk-based approach to assessing customer relationships rather than declining services to entire categories of customers.



This statement, applicable to all institutions supervised by the FDIC, encourages institutions to consider the risk of providing services to individual customers on a case-by-case basis.

The FDIC has issued a memorandum to its entire supervisory staff regarding deposit account terminations. Under the memorandum, informal suggestions regarding account closures cannot be made, and any criticisms of management or risk mitigation should be made through the report of examination.

Such recommendations will need to be vetted by the appropriate authorities before inclusion. Closure recommendations cannot be based solely on reputational risk.

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

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The latest SAR Stats publication can be found [here](#).

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## Massachusetts Passes Credit Union Interstate Branching Law



On January 7, 2015, Massachusetts Governor Deval Patrick signed into law Chapter 466 of the Acts of 2014, "An Act Relative to Credit Union Branching".

Under the law, state or federal credit unions from other New England states can establish and maintain branch offices in Massachusetts as long as certain conditions are met.

Said branches will be subject to Massachusetts laws involving matters such as consumer protection, fair lending and community reinvestment. Under the law, the Commissioner of Banks will be responsible for creating regulations no later than July 1, 2015. All other areas of the law take effect October 1, 2015.

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

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PDFs of the Regulatory Compliance E-News from 2015 can be found [here](#).

## New Hampshire Banking Department Announces Escrow Rate

On January 20, 2015, the New Hampshire Banking Department announced that the escrow rate for the time period of February 1, 2015 - July 31, 2015, would be 0%.



Under state law, the Banking Department is responsible for identifying the minimum interest rate payable on funds held in escrow accounts that are maintained for the payment of taxes or insurance premiums on mortgage loans.

The Banking Department will announce the next rate on or around August 1, 2015.

Further information 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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