

February 2, 2015

Regulatory Compliance E-News

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

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 Procedure 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

Upcoming Events & Webinars

2015

Webinars

February 3 - [Addressing Cybersecurity Challenges in Financial Institutions](#)

CFPB Issues Minor Changes to Integrated Mortgage Disclosure Rule



On January 20, 2015, the Consumer Financial Protection Bureau ("CFPB") finalized additional changes to the integrated mortgage disclosure requirements.

The first change will allow creditors three business days to provide a revised version of the Loan Estimate after an applicant locks the interest rate - replacing the original one-day timeframe. The CFPB has also provided further guidance on when the disclosure applies to construction loans that take more than sixty days from the date of application to settlement.

The change would add language to the Loan Estimate informing applicants that they may receive a revised Loan Estimate should settlement not occur within sixty days.

Treasury Eases Financial Sanctions on Cuba

On January 16, 2015, the U.S. Department of the Treasury announced the easing of financial restrictions imposed against the country of Cuba.



This comes as part of the Obama administration's broader opening towards the country.

Banks will now be able to maintain correspondent accounts at Cuban financial institutions and process debit and credit card payments for travelers. Additionally, the limit on remittances sent to most Cubans increased from \$500 to \$2,000 per quarter.

The Integrated Disclosures are set to become effective on August 1, 2015.

The CFPB's final ruling can be found [here](#).

Supreme Court Resolves Rescission Suit Debate



On January 13, 2015, the Supreme Court of the United States issued a court opinion with respect to TILA rescission rights. In *Jesinoski et ux. v. Countrywide Home Loans, Inc., et al.*, the court unanimously determined that the consumer needed only to provide a written notice to their lender in order to exercise an extended right to rescind a mortgage under the TILA.

The First, Sixth, Eighth, Ninth and Tenth Circuit courts had previously ruled that it was necessary for the consumer to file suit in order to have an extended right to rescind their mortgage.

The Supreme Court opinion can be found [here](#).

Revised Comptroller's Handbook Booklet on NDIP Issued



On January 14, 2015, the Office of the Comptroller of the Currency ("OCC") issued a revised version of the "Retail Nondeposit Investment Products ("NDIP")" booklet; replacing the version previously released in 1994.

The booklet provides revised guidance for examiners on the activities of national banks and savings institutions regarding the sale of nondeposit investment products to retail customers.

The OCC's bulletin on this matter can be found [here](#).

CFPB Proposes Safe Student Account Scorecard



On January 14, 2015, the CFPB announced that it is seeking comment on a "Safe Student Account Scorecard" to be used by colleges in determining financial institutions with which to partner. Such relationships are sought by financial institutions because of the potential for valuable promotional opportunity.

The proposed scorecard tool aims to help colleges to understand fees, features and marketing strategies of financial institutions, allowing them objectively evaluate all options. The CFPB will be accepting comments until March 16, 2015.

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

The Department of the Treasury has issued a fact sheet providing details on other changes relating to the easing of the sanctions.

A fact sheet on this matter can be found [here](#).

Supreme Court Lets Interchange Decision Stand

On January 20, 2015, the Supreme Court turned down a challenge by the retail industry to the Federal Reserve Board's debit interchange fee cap rule known as the Durbin Amendment.



In 2013, a federal court determined that the Federal Reserve violated the congressional intent of the Dodd-Frank Act by setting the interchange fee cap too high and not allowing merchants to choose multiple unaffiliated PIN and signature networks for processing card transactions.

In March 2014, the D.C. Circuit Court of Appeals reversed the 2013 lower court decision that would have required lower debit interchange fee caps than the Federal Reserve rule called for. The Supreme Court's decision upheld the Appellate Court's ruling.

The Supreme Court's Proceedings and Orders regarding this case can be found [here](#).

Revised Comptroller's Handbook Booklet on Litigation and Other Legal Matters Issued

On January 16, 2015, the OCC released the revised "Litigation and Other Legal Matters" booklet as part of the Comptroller's Handbook, replacing the version that was released in February 2000.



This edition provides updated guidance for examiners when evaluating the litigation exposures and risk management practices of national banks and federal savings associations.

Massachusetts Modernization Act Passed



On January 7, 2015, Governor Deval Patrick signed into law the “An Act modernizing the banking laws and enhancing the competitiveness of state-chartered banks”, also known as the Bank Modernization Act and Chapter 482 of the Acts of 2014.

The primary goal of the Act is to update and modernize Massachusetts’s banking laws which have remained largely unchanged for over thirty years. Among the major changes, the Act aims to bring many consumer protection laws into concordance with federal law, primarily with that of the TILA, Electronic Funds Transfer Act and Expedited Funds Availability Act.

Should any analogous laws conflict, the Modernization Act dictates that the more consumer friendly regulation will prevail. Certain consumer protection requirements, such as the \$50 cap on liability for unauthorized electronic fund transfers, and the “18/65” law will remain.

The Modernization Act also gives the Commissioner of Banks the authority to implement a tiered regulatory structure in which the extent of oversight of Massachusetts Chartered savings banks, co-operative banks and trust companies may be determined based on the institution’s financial condition, Community Reinvestment Act performance and regulatory compliance.

The law is scheduled to take effect ninety days from the date of signing. The Massachusetts Bankers Association will be producing a detailed summary at a later point in time.

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

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The OCC’s bulletin on this matter can be found [here](#).

Agencies Announce Additional EGRPRA Outreach Meetings

On January 14, 2015, the Federal Reserve

Board, Federal Deposit Insurance Corporation (“FDIC”)



and OCC announced that the three agencies will hold an outreach meeting on February 4, 2015, as part of the ongoing review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (“EGRPRA”).

The meeting is set to include presentations by industry participants and consumer groups. Those interested may present their views on the twelve regulations listed in the June 2014 Federal Register notice which initiated the public comment process. EGRPRA requires the agencies to conduct a review at least every ten years to identify outdated and unnecessary regulations.

Additional meetings are scheduled for later in the year in Boston in May, Chicago in October and Washington, D.C. in December.

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

The Regulatory Compliance E-news 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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