

May 15, 2015

Regulatory Compliance E-News

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

Frequently Asked Compliance Question

Question

In what situations must we require that our borrowers carry contents coverage as part of their flood insurance?

Short Answer

If the lender perfects a security interest in content assets that are housed within a structure that also secures the loan - and that structure is located in a specially designated flood hazard area - the lender must obtain contents flood insurance coverage. Further, a lender should have procedures for making a reasonable determination of the value of the collateralized contents to ensure an appropriate amount of coverage is in place...[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.

Important Regulatory Dates

2015

June 1 - Maximum returned deposited item fee amount for Massachusetts institutions increases to \$6.84

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

Agencies Issue Final Rule on Minimum Requirements for Appraisal Management Companies



On April 30, 2015, six federal regulatory agencies including the Consumer Financial Protection Bureau ("CFPB"), Federal

FFIEC Releases 2015 Guide to CRA Data Collection and Reporting

On May 1, 2015, the Federal Financial Institutions Examination Council ("FFIEC") released the 2015



Reserve, Federal Deposit Insurance Corporation ("FDIC"), Office of the Comptroller of the Currency ("OCC"), National Credit Union Administration ("NCUA") and Federal Housing Finance Agency issued a final rule implementing minimum requirements for state registration and supervision of appraisal management companies ("AMC").

The final rule implements amendments to Title XI of the Financial Institution Reform Recovery, and Enforcement Act of 1989 ("FIRREA"). Under the new rule, states may choose to supervise and register AMCs.

In any state that chooses not to establish a regulatory structure within thirty-six months from the final rule's effective date, any non-federally regulated AMC will become barred from providing services for federally regulated transactions.

The rule becomes effective sixty days after publication in the Federal Register, with compliance mandatory twelve months from the effective date.

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

CFPB Releases Third Annual Fair Lending Report



On April 28, 2015, the CFPB released its annual Fair Lending Report documenting the agency's progress in protecting consumers from credit discrimination over the previous year.

The report makes special note of the following areas:

- The identification and eradication of discrimination in mortgage lending and validating the integrity of information reported by lenders under the Home Mortgage Disclosure Act
- The fair lending risk associated with indirect auto lending
- The relief sought for consumers harmed by a credit card company
- The relief sought for consumers receiving disability income who have been illegally burdened by creditors.

The CFPB's Fair Lending Report can be found [here](#).

FinCEN Issues SAR Stats Updated Data for April 2015



The Financial Crimes Enforcement Network ("FinCEN") has posted a quarterly update for its Suspicious Activity Report ("SAR") Stats publication.

version of the Guide to Community Reinvestment Act ("CRA") Data Collection and Reporting.

The document can be used as a resource for financial institutions in determining the applicable CRA reporting requirements.

The FFIEC guide can be found [here](#).

FFIEC Issues Revised TILA and RESPA Interagency Examination Procedures

The FFIEC announced the release of updated examination procedures for the TILA and RESPA. The updates reflect changes relating to the integrated mortgage disclosure requirements under the two regulations.



These requirements will become effective on August 1, 2015. The examination procedures also reflect various amendments made to Regulation Z after November 2013.

The Federal Reserve's Consumer Affairs Letter on this matter can be found [here](#).

CFPB Releases Snapshot of Servicemember Complaints

On April 27, 2015, the CFPB released the third edition of its Snapshot of Complaints Received from servicemembers, veterans and their families. The report analyzes information from consumer complaints that have been received from members of the military since July 2011.



The report notes the following:

- Debt collection complaints have continued to rise since the prior Snapshot report
- Seventy-two percent of all complaints are in regards to incorrect information reflected on credit reports
- Forty-nine percent of complaints relate to student loans.

The report discusses the general concern of account servicing for servicemembers, a result of the frequent relocation and high operational tempo.

FinCEN compiles numerical data from the SARs filed by financial institutions. The SAR Stats report update contains data through March 31, 2015.

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

FDIC Announces Teleconference on Mortgage Rules



On May 1, 2015, the FDIC issued Financial Institution Letter ("FIL") 20-2015 announcing a teleconference event on May 21, 2015, that will focus on the CFPB's mortgage rules.

The FDIC staff will share observations noted by examiners during fieldwork that might be helpful to bank compliance officers. Registration is required to attend, but there are no costs involved.

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

NCUA Adjusts Field of Membership Rule



On April 30, 2015, the NCUA approved a final rule to amend its field of membership requirements. The rule changes the common bond provision of the NCUA's chartering and field of membership requirements by creating an associational threshold.

This means that an association may not be formed primarily for the purpose of expanding membership.

The new rules also expand upon the criteria in the totality of the circumstances test which is used to determine if an association satisfies the common bond requirements necessary to qualify for inclusion in the NCUA's field of membership.

The rule will become effective sixty days after publication in the Federal Register.

The NCUA rulemaking can be found [here](#).

Massachusetts Division of Banks Announces Maximum Dishonored Checks Fee Amount Adjustment



On May 1, 2015, the Massachusetts Division of Banks announced an update to the maximum allowable fee that state-chartered banks and credit unions may assess for processing deposit returned items ("DRI").

Beginning on June 1, 2015, and effective until June 1, 2016, the maximum DRI fee shall be increased to \$6.84.

A significantly higher incidence of account maintenance or penalty fees and account-access restrictions speaks to a general lack of understanding of the servicing needs of military customers.

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

FDIC Seeks Comment on Recordkeeping Requirements for Large Banks

On April 21, 2015, the FDIC released an advanced notice of proposed rulemaking ("ANPR") requesting feedback on potential new standards for recordkeeping to which institutions with a large number of deposit accounts would be subject.



It is expected that this potential change would apply only to a few FDIC-insured institutions and not to traditional community banks. The purpose of this initiative is to be able to make timely deposit insurance determinations when a bank has a large number of deposit accounts and suddenly fails.

The FDIC typically makes money available to depositors by the following business day following a bank failure. For banks with a large number of deposit accounts, payments can be delayed if the bank's records make it difficult to determine how many accounts were serviced and which of those were or were not insured.

The FDIC is accepting comments for ninety days following the publishing of the ANPR in the Federal Register.

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

Massachusetts to Hold Informational Meeting on Reverse Mortgage Counseling

The Massachusetts Office of Consumer Affairs and Business Regulation has announced that on May 15, 2015, the Secretary of Elder Affairs and the Undersecretary of Consumer Affairs and Business Regulation will hold a public informational meeting in an effort to gather information relating to counseling requirements for borrowers seeking a reverse mortgage.



The determination of this figure is the result of findings from regularly scheduled safety and soundness exams and surveys of seventy-four institutions.

Institutions seeking to increase this fee will need to ensure compliance with Truth in Savings Act changes in terms advance notification requirements.

The Division of Banks announcement can be found [here](#).

Contact



[Stephen King, JD, AMLP](#)

Member of the Firm
Director of the Regulatory
Compliance Group
617-428-5448
sking@wolfandco.com



Brian Shea, CRCM
Regulatory Compliance Manager
617-261-8133
bshea@wolfandco.com

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

The goals of the meeting are to obtain information and to discuss the desirability of in-person versus over-the-phone counseling for ensuring the protection of seniors eligible for such a product.

The current law requires that borrowers with income and assets beneath certain thresholds receive in-person counseling. Individuals above those thresholds may, at their option, receive telephonic counseling.

The Executive Office of Elder Affairs requests that written comments from the public be submitted to 1 Ashburton Place, 5th Floor, Boston, MA 02108, by Wednesday, May 20, 2015.

The notice of the meeting 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.

Wolf & Company, P.C. is a member of PKF North America, an association of legally independent firms.

CONFIDENTIALITY NOTICE: The material contained in or accompanying this electronic transmission contains confidential information which is the property of the sender and is legally privileged. The information is intended only for the individual or entity named above. If you are not the intended recipient, you are hereby notified that disclosing, copying, distributing or taking any action in reliance on the contents of this email is strictly prohibited. If you have received this information in error, please notify us immediately.

www.wolfandco.com