

July 1, 2015

Regulatory Compliance E-News

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

Frequently Asked Compliance Question

Question

Is our institution permitted to include overdraft funds in an available balance that is disclosed to the customer?

Short Answer

Regulation DD 1030.11(c) prohibits institutions from including overdraft funds if only a single balance is disclosed to the customer via automated systems. The institution is permitted to include overdraft funds in a second, available balance that is disclosed to the customer as long as the institution prominently identifies that the second balance includes overdraft funds and that such additional funds may not be available for all transactions. While non-automated balance disclosures such as a teller line receipt are not subject to the Regulation DD restrictions, institutions will want to ensure compliance with Overdraft Guidance and Best Practices which contain substantially similar guidelines...[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.

Agencies Issue Interagency Policy Statement on Diversity



On June 9, 2015, the Consumer Financial Protection Bureau (“CFPB”), Federal Deposit Insurance Corporation (“FDIC”), Federal Reserve Board, National Credit Union Administration (“NCUA”), Office of the Comptroller of the Currency (“OCC”) and Securities Exchange Commission (“SEC”) issued a policy statement establishing joint standards for assessing the diversity policies and practices of the institutions they regulate.

As part of the Dodd-Frank Wall Street Reform Act, these federal regulatory agencies are each required to establish an Office of Minority and Women Inclusion (“OMWI”) to become responsible for establishing diversity standards in management, employment, and business activities. The standards establish a framework for entities regulated by these agencies to create and strengthen diversity policies and practices.

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

FDIC Proposes Revisions for Small Bank Assessments

On June 16, 2015, the FDIC approved a Notice of Proposed Rulemaking regarding the deposit insurance assessment system for small depository institutions. Small depository institutions are considered those with less than \$10 billion in total assets.



In the proposal, refinements to a given institution's assessment would become required in the quarter following the Deposit Insurance Fund reaching a reserve ratio of 1.15%. Comments are due no later than sixty days following the proposed rulemaking's publication in the Federal Register.

The Financial Institution Letter on this subject can be found [here](#).

Treasury Department Publishes National Money Laundering and Terrorist Financing Risk Assessments



On June 12, 2015, the U.S. Department of the Treasury issued the National Money Laundering Risk Assessment ("NMLRA") and the National Terrorist Financing Risk Assessment ("NTFRA").

These assessments were released in an effort to help the financial services industry understand the money laundering and terrorist financing methods used within the United States financial systems; in addition to the risks posed to national security and the status of current efforts to fight such activity.

The methodology for the reports is based on 2013 guidance from the Financial Action Task Force ("FATF"). The assessment issued will aid the FATF in their ongoing review of United States' compliance with global standards for anti-money laundering and terrorist financing.

The Department of the Treasury's press release can be found [here](#).

CFPB Warns Consumers of Reverse Mortgages in Blog Post

On June 4, 2015, the CFPB published a blog post regarding the CFPB's recent research into reverse mortgage loans and the advertising commonly associated with that product. The CFPB stated that most reverse mortgage advertisements are misleading and omitted disclosures required by regulation.



The blog post discusses the following points:

- A reverse mortgage is a loan and not a government benefit.
- A creditor can foreclose on a reverse mortgage.
- Without proper planning a reverse mortgage borrower can outlive their money.

The CFPB's blog post on this matter can be found [here](#).

FDIC Releases Spring Consumer Newsletter



The FDIC has released the latest version of its Consumer News publication, focusing on ways of teaching young people about money. The publication addresses issues such as computer security tips for bank customers and ways to improve an individual's credit score.

Also, the publication discusses new account types available that allow individuals with special needs to save money, tax free, under the ABLE Act.

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

Federal Reserve Issues Letter on Expired Protecting Tenants at Foreclosure Act



On June 10, 2015, the Federal Reserve issued Consumer Affairs Letter 15-4 for all state member banks as guidance regarding the expired Protecting Tenants at Foreclosure Act of 2009 ("PTFA"). The PTFA contained protections to ensure that tenants who would face eviction from a foreclosed property had adequate time to find alternative housing.

The Letter notes that many state and local laws continue to provide such protections for tenants with which the Federal Reserve expects supervised institutions to maintain compliance. While the Federal Reserve does not plan to begin examining compliance with such state laws, examinations may factor an institution's policies and procedures for state law compliance in evaluating an effective compliance management program.

The Letter also notes that the Policy Statement on Rental of Residential Other Real Estate Owned ("OREO") Properties remains in effect.

The Consumer Affairs Letter can be found [here](#).

OCC Updates Handbook on Real Estate Lending

On June 15, 2015, the OCC issued a revised edition of the "Residential Real Estate Lending" section of the Comptrollers Handbook. This edition replaces the previous "Real Estate Loans" booklet issued in March 1990, as well as the "One to Four Family Residential Real Estate Lending" booklet issued in February 2011.



The new OCC Handbook revision reflects national bank and federal savings association regulations, guidance, and examination procedures, providing updated guidance on the management of residential real estate lending risks.

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

Important Regulatory Dates

2015

July 1 – Rhode Island mortgage servicer licensing rules take effect

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

October 3 – The proposed mandatory compliance date of the Truth in Lending Act ("TILA") and Real Estate Settlement Procedures Act ("RESPA") Disclosure Integration rules

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

Contact



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PDFs of 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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