Southeast Bankers Outreach Forum

High Priority Risks: Consumer Compliance

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The opinions expressed are those of the presenter and are not those of the Federal Reserve Bank of Atlanta, the Federal Reserve System, or its Board of Governors.
COMMON VIOLATIONS

• Regulation C—HMDA
  • Rate Spread, Date and Action Taken, Property Location

• Regulation B—Equal Credit Opportunity Act
  • Spousal Signatures (Joint Intent, Personal Guarantees on Commercial Credit)

• Regulation H—Flood Provisions
  • Initial Flood Insurance Coverage and Force Placement
  • Potential for Civil Money Penalties
Civil Money Penalties

- 12 CFR § 208.25(c) requirement to purchase flood insurance where available
- 12 CFR § 208.25(e) requirement involving escrowing of flood insurance premiums
- 12 CFR § 208.25(g) force placement of flood insurance
- 12 CFR § 208.25(i) notice of special flood hazards and the availability of federal disaster relief assistance
- 12 CFR § 208.25(j) notice of servicer and any change of servicer

- CMPs are also possible for systemic HMDA violations
RECENT ISSUES

- UDAP (Unfair and Deceptive Acts and Practices)
  - Fees and Add-On Products
- RESPA—Real Estate Settlement Procedures Act
  - Marketing Services Agreements
- Fair Lending
  - Indirect Auto Lending—Monitor Portfolio
- Qualified Mortgages/Ability to Repay
  - Effective as of January 2014
  - Small Creditor/Small Servicer Exemptions
  - Documenting ATR in Loan Files
RISKS ON THE HORIZON

- **New HMDA Requirements**
  - August 2015 Final Rule; January 2017 implementation; March 2018 reporting
  - Opportunity for training, monitoring and updated review processes

- **Fair Lending**
  - Monitoring demographics of assessment area and lending patterns

- **TILA-RESPA Integrated Disclosures (TRID)**
  - Effective October 3, 2015
  - Revised disclosures and new timing requirements
  - Opportunity for training, new forms or automated systems, and updated review processes
OUTREACH INITIATIVES

- Contact your Case Manager

- Outreach email box: ATLConsumerComplianceHelp@atl.frb.org

- Special TRID testing available in October 2015
RESOURCES

• Proposed HMDA Rule
• Regulation B and Marital Status Discrimination: Are You in Compliance?
• CA 13-2: Interagency Statement on the Impact of Biggert-Waters Act
• Flood Insurance Rule (2015)
• CA Letter 14-5: Interagency Guidance Regarding Unfair or Deceptive Credit Practices
• CFPB's TRID Regulation Implementation
• E-Regulation Z (updated to reflect October 2015 changes)
HIGH PRIORITY RISKS

QUESTIONS?