

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.



**FEDERAL
RESERVE
BANK
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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

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

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QUESTIONS?