

Sheshunoff™

Dear Valued Customer,

Enclosed is your latest update to *Compliance Monitoring Program for State Non-Member Banks*. This update contains new or revised information on the following topics:

- The Federal Reserve approved an interim final rule amending Regulation Z to require creditors to increase the amount of notice consumers receive before the rate on a credit card account is increased or a significant change is made to the account's terms. The amendments also allow consumers to reject such increases and changes by informing the creditor before the increase or change goes into effect. These revisions are the first stage of implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009.
- Final rules are effective July 1, 2010, to better protect credit card users by prohibiting certain unfair acts or practices and improving the disclosures consumers receive in connection with credit card accounts and other revolving credit plans. The Board also adopted final rules to revise the disclosures consumers receive in connection with credit card accounts and other revolving credit plans to ensure that information is provided in a timely manner and in a form that is readily understandable. The final rules under Regulation Z require changes to the format, timing, and content requirements for credit card applications and solicitations and for the disclosures that consumers receive throughout the life of an open-end account.
- The Federal Reserve Board published a final rule with an effective date of July 1, 2010, that amends Regulation AA to prohibit unfair or deceptive acts or practices by banks in connection with credit card accounts.
- Final rules implementing sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 address identify theft red flags and notices of address discrepancy. Additional final rules and guidelines promote the accuracy and integrity of information furnished to credit bureaus and other consumer reporting agencies.
- The closed-end mortgage provisions of Regulation Z, which implement the Truth-in-Lending Act and the Home Ownership and Equity Protection Act, have been amended. These provisions now include consumer protections specific to "higher-priced mortgage loans." The compilation and reporting of loan data provisions of Regulation C (Home Mortgage Disclosure Act) now confirm to the definition of higher-priced mortgage loans under Regulation Z.
- The Truth-in-Lending Act also has been amended with passage of the Mortgage Disclosure Improvement Act of 2008. Provisions included in the amendments address waiting periods between the time when disclosures are given and consummation of the loan and broaden the early disclosure requirement to include early, transaction-specific disclosures for mortgage loans secured by dwellings other than the consumer's principal dwelling.
- While not a specific amendment to Truth-in-Lending Act, text has been inserted to address home equity lines of credit that have been suspended or for which the bank has reduced the credit limit.
- A final rule published in the January 29, 2009, Federal Register requires all depository institutions to disclose aggregate overdraft fees on periodic statements, and not solely institutions that promote the payment of overdrafts. The final rule adds format requirements to help make the aggregate fee disclosures more effective and noticeable to consumers.

- FinCEN passes a final rule to simplify requirements for depository institutions to exempt their eligible customer from currency transaction reporting. The rule is intended to allow depository institutions to take better advantage of exemptions from CTR filing requirements for certain classes of customers, while continuing to report valuable information to law enforcement.
- The Housing and Economic Recovery Act of 2008 amended several sections of the Servicemembers Civil Relief Act to offer greater foreclosure protection for servicemembers and also provide a temporary increase in the maximum loan guaranty amount for certain housing loans guaranteed by the Secretary of Veterans. These provisions are effective July 30, 2008, the date the Housing and Economic Recovery Act of 2008 was enacted. The sunset date is December 31, 2010.
- Financial institutions are reminded that certain practices may lead to unnecessary exposure to compliance and operational risks. Some companies that provide flood determinations to national banks are not using the Community Status Book (CSB) when obtaining community status information for their flood determinations. FEMA has indicated that the CSB is the final authority for community status. In addition, some flood determination companies do not note on the Standard Flood Hazard Determination Form that they have revised or updated its determination, thus making it difficult to determine or track compliance with the regulation.
- The Financial Services Regulatory Relief Act of 2006 authorized the Federal Reserve to begin paying interest on balances held by or on behalf of depository institutions beginning October 1, 2011. The Emergency Economic Stabilization Act of 2008 accelerated the effective date to October 1, 2008. Employing the accelerated authority, the Board approved a rule to amend its Regulation D (Reserve Requirements of Depository Institutions) to direct the Federal Reserve Banks to pay interest on required reserve balances (balances held to satisfy depository institutions' reserve requirements) and on excess balances (balances held in excess of required reserve balances and clearing balances).