

Sheshunoff™

Dear Valued Customer,

With major changes made to regulations dealing with real estate lending, mortgage disclosures, and consumer credit, and changes expected in many other areas, it is more important than ever to stay on top of regulatory compliance requirements. Sheshunoff's *Regulatory Compliance Certification Program* provides comprehensive training on regulatory compliance issues.

Fair lending has taken center stage recently, so we have added a course on fair lending laws to the Lending module. The individual laws that deal with fair lending — Regulation B/ECOA, the Fair Housing Act, HMDA, and CRA — are already covered in separate courses; this new course provides an overview of the fair housing requirements that affect all of those laws. Although it is not required, regulators are recommending that banks perform a fair lending risk assessment. To assist in that task, there is a section in this course on risk assessments, and exhibits include the Fed's quantity of fair lending risk indicators checklist and the training outlines from the OCC and FDIC seminars on how to conduct a fair lending risk assessment.

This latest update to your *Regulatory Compliance Certification Program* also contains:

- *Special Report: Treasury Department Reveals Making Home Affordable Plan.* Two programs make up the Obama administration and Treasury Department's Making Home Affordable Plan: the Home Affordable Refinancing Program and the Home Affordable Modification Program. This special report discusses the details of both programs, as well as Treasury's Making Home Affordable Housing Counselor Q&A. The report also warns about foreclosure rescue scams that have increased in the wake of these new programs.
- *Special Report: Important Changes in Consumer Credit Regulations and Mandatory Compliance Dates.* This useful table provides a summary of important changes, compliance dates, and statute citations for changes to Reg X (RESPA), Reg Z (TILA and HOEPA), Reg C (HMDA), Reg DD (Truth in Savings), and Reg AA (prohibited practices on credit card accounts).

Lending Requirements

- *Disclosure timing for residential mortgage transactions.* The timing of Reg Z/TILA disclosures on dwelling-secured closed-end loans has changed, and that section in Course 1 has been revised. Disclosure timing changes were also made in the High-Rate and High-Fee Loan section in that same course.
- *RESPA early truth-in-lending disclosures.* Changes in Reg Z/TILA disclosure requirements also prompted revisions to this section in Course 3.
- *Identity theft red flags and address discrepancies.* In June 2009 the FFIEC issued FAQs to help financial institutions, creditors, users of consumer reports, and issuers of credit and debit cards comply with federal regulations. A copy of the FAQs has been added as an exhibit in Course 6.

Deposit Disclosure and Interest Rate Requirements

- *Regulation D deposit requirements.* The number of transactions a customer can make in a savings deposit account in a calendar month or statement cycle has been standardized to six. Before the change, electronic transfers were treated separately from other types of transfers, and that discrepancy has been fixed. Course 2 contains the details.

BSA/Anti-Money Laundering

- *BSA exemption eligibility “reasonable determination.”* A nonlisted business customer’s eligibility for exemption is based on a reasonable determination of the percentage of gross revenue derived from ineligible business activities. A discussion of “reasonable determination” has been added to Course 1.

Other Laws and Regulations

- *Regulation O — Loans to Executive Officers, Directors, and Principal Shareholders.* This course has been moved from the Lending module to this module to balance the curriculum. Reg O is not truly a consumer lending issue, but is rather a compliance issue for the bank’s board or executive management.

Our goal with the *Regulatory Compliance Certification Program* is to provide you with the training you need. Please let me know if you have suggestions for making this program more useful; you can e-mail your comments to me at alana.foster@sheshunoff.com. For more information about all of our products, visit our Web site at www.sheshunoff.com or call us at 1-800-456-2340.

Sincerely,

Alana Foster
Senior Editor

FILING INSTRUCTIONS

In order to keep your program up to date, file the enclosed update into your existing binders according to the following instructions.

LENDING REQUIREMENTS

- Remove 4/09 title page through page xxvi. Insert 7/09 title page through page xxvi.
- Remove old pages 1-i through 1-iv. Insert updated pages 1-i through 1-iv.
- Remove old pages 1-45 through 1-68. Insert updated pages 1-45 through 1-68.
- Remove old pages 3-i and 3-ii. Insert updated pages 3-i and 3-ii.
- Remove old pages 3-11 through 3-14. Insert updated pages 3-11 through 3-14.
- Remove old pages 6-i and 6-ii. Insert updated pages 6-i and 6-ii.
- Remove old pages 6-28c and 6-28d. Insert updated pages 6-28c and 6-28d.
- Remove old pages 6-35 and 6-36. Insert updated pages 6-35 and 6-36.
- Remove old pages 6-77 through 6-86. Insert updated pages 6-77 through 6-100.
- Remove tab “Regulation O” and Course 13, Regulation O. Insert the new tab “Fair Lending Laws” and new Course 13, Fair Lending Laws, pages 13-i through 13-62.

COMMUNITY REINVESTMENT ACT AND HOME MORTGAGE DISCLOSURE ACT

- Remove 4/09 title page through page xii. Insert 7/09 title page through page xii.

DEPOSIT DISCLOSURE AND INTEREST RATE REQUIREMENTS

- Remove 4/09 title page through page xviii. Insert 7/09 title page through page xviii.
- Remove old pages 2-i and 2-ii. Insert updated pages 2-i and 2-ii.
- Remove old pages 2-7 through 2-10. Insert updated pages 2-7 through 2-10.
- Remove old pages 2-23 and 2-24. Insert updated pages 2-23 and 2-24.

BANK SECRECY ACT AND ANTI-MONEY LAUNDERING

- Remove 4/09 title page through page xiv. Insert 7/09 title page through page xiv.
- Remove old pages 1-i through 1-iv. Insert updated pages 1-i through 1-iv.
- Remove old pages 1-35 and 1-36. Insert updated pages 1-35 and 1-36.
- Remove old pages 1-47 and 1-48. Insert updated pages 1-47 and 1-48.

OTHER LAWS AND REGULATIONS

- Remove 4/09 title page through page xvi. Insert 7/09 title page through page xvi.
- Following page 5-34, insert new tab “Regulation O” and new Course 6, pages 6-i through 6-16.