

Consumer Compliance Update

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Overview

- ▶ Third-Party Risk
- ▶ Foreign Remittance Transfer Rule
- ▶ CFPB and FDIC Updates

Third-Party Risk

FIL-44-2008

- Risk Assessment
- Due Diligence
- Contract Structuring and Review
- Oversight

Third-Party Relationships

- ▶ Risk Assessment
 - Think beyond IT service providers
- ▶ Due Diligence
 - Scope should be tailored for each relationship

Third-Party Relationships

- ▶ Contracts – Proper Structure & Review
 - Should address all elements in FIL-44-2008

- ▶ Oversight
 - Board's involvement
 - Management's role
 - Ongoing monitoring

Do not forget the importance of documentation.

Foreign Remittance Transfer Rule

- ▶ What is a remittance transfer?
 - Electronic transfers of funds sent to foreign countries by U.S. consumers
 - International transfers
 - Cash-to-cash money transfers
 - International wire transfers
 - International ACH transactions
 - Prepaid card transfers

Foreign Remittance Transfer Rule

- ▶ What is a remittance transfer? (cont.)
 - \$15 min.
 - Sent by a “remittance transfer provider”
- ▶ Safe Harbor Exemption
 - Companies that consistently send 100 or fewer remittance transfers a year

Foreign Remittance Transfer Rule

- ▶ What does it provide consumers with?
 - Certain disclosures
 - Right to Cancel
 - Error Resolution

Foreign Remittance Transfer Rule

- ▶ Disclosures
 - Prepayment
 - Transaction Receipt
 - Combined Disclosure (alternative)

- ▶ Right to Cancel
 - 30 min. window

Foreign Remittance Transfer Rule

- ▶ Error Resolution
 - Must be initiated by consumer within 180 days
 - Investigation
 - Must be completed within 90 days
 - Must notify consumer of result within 3 days
 - Must correct an error within 1 business day
 - Must have written policies and procedures

CFPB Updates

- ▶ HPML Appraisal Exemptions
- ▶ Integrated Disclosures
- ▶ QM/ATR
- ▶ HMDA – Proposed Changes

Dodd–Frank FDIC Exam Procedures

- ▶ Areas Covered
 - ATR Rule (Reg. Z)
 - LO Compensation Rule (Reg. Z)
 - Mortgage Servicing Rules (Reg. X and Reg. Z)
 - HOEPA and Homeownership Counseling Amendments Rule (Reg. X and Reg. Z)

Dodd-Frank FDIC Exam Procedures

- ▶ Areas Covered (continued)
 - HPML Escrow Rule (Reg. Z)
 - HPML Appraisal Rule (Reg. Z)
 - ECOA Appraisal Rule (Reg. B)

Change in Exam Cycles

- ▶ “1” or “2” rated + “Satisfactory” CRA
 - Old schedule
 - CRA: 48 – 60 months
 - Compliance: 24 – 30 months
 - New schedule
 - CRA: 60 – 72 months
 - Compliance: 30 – 36 months

Recent FILs

- ▶ *Interagency Consumer Compliance Exam Procedures for Mortgage Rules Pursuant to Dodd-Frank* (FIL-9-2014)
- ▶ *Technology Outsourcing: Informational Tools for Community Bankers* (FIL-13-2014)

Recent FILs

- ▶ *FDIC Releases Resource Guide to Help Financial Institutions Evaluate Opportunities to Collaborate with Community Development Financial Institutions* (FIL-26-2014)
- ▶ *Interagency Statement on Increased Maximum Flood Insurance Coverage for "Other Residential Buildings"* (FIL-28-2014)

Recent FILs

- ▶ *Qualified and Non-Qualified Mortgage Loans: Interagency Statement on Supervisory Approach* (FIL-59-2013)