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Quarterly Report

Mississippi Regulatory Compliance Group

May 2015 Vol. 26 No. 2

A SMALL CREDITOR - TO BE/OR NOT TO BE

Banks have been operating under the CFPB's Ability-to-Repay Rule (ATR) since its effective date of January 10, 2014. The purpose of the Rule is to protect consumers from irresponsible lending practices by requiring lenders to make a good faith determination that the applicant has the ability to repay the loan for which he or she applies.

Under the ATR Rule, the CFPB created a special category of loans called "Qualified Mortgages" (QMs) which prohibit certain high-risk loan features.

When it adopted the ATR Rule and the QM Rule, the CFPB gave special treatment to certain small creditors, particularly small creditors that operated in predominantly rural or underserved areas.

For instance, the ATR Rule extended QM status to loans small creditors make and hold in their own portfolios, even if the debtor has a debt-to-income ratio in excess of 43%. Small creditors in rural or underserved areas can originate mortgage loans with balloon payments, despite the general prohibition on balloon payment loans and have those loans receive QM treatment. Similarly, the CFPB's HOEPA Rule allows small creditors operating in rural or underserved areas to originate those high-cost loans with balloon payments. Also, small creditors in rural or underserved areas are exempted under the CFPB's Escrow Rule from the requirement to establish escrow accounts for higher-priced mortgage loans.

After the January 10, 2014 effective date of the ATR and related rules, the CFPB continued to monitor the impact of those rules on the availability of credit, particularly in those rural or underserved markets serviced by small creditors.

In relatively quick fashion, the CFPB proposed certain amendments that impact, and for the most part, benefit, small creditors in rural or underserved markets. Those proposed amendments would:

- Expand the definition of "small creditor;"
- Include mortgage affiliates in the asset limit calculation for small creditor status;
- Expand the definition of "rural" areas;

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- Provide grace periods when small creditors lose their rural or underserved status;
- Create a one-year (as opposed to the current three-year) qualifying period for rural or underserved status; and
- Provide eligible small creditors with additional time to make balloon payment loans.

Each of these proposed amendments is discussed below.

The CFPB's various Mortgage Rules make several concessions to "Small Creditors," particularly those that do a substantial portion of their business in "rural" or "underserved" areas. For instance, the ATR Rule extends QM status to loans that small creditors hold in their own portfolios, even when the borrower's debt-to-income ratio exceeds 43%. Small creditors in rural or underserved areas can originate Qualified Mortgages with balloon payments even though balloon payments are generally prohibited for Qualified Mortgages. Similarly, small creditors that operate predominantly in rural or underserved areas, under HOEPA, can originate high-cost loans with balloon payments. Also, under the CFPB's Escrow Rule, small creditors that operate predominately in rural or underserved areas are not required to establish escrow accounts for higher-priced mortgages. So there are significant potential benefits to being a "small creditor" doing substantial business in "rural" or "underserved" areas.

Today, a small creditor is defined as one that:

- During the preceding three calendar years extended more than 50% of its total covered transactions secured by a first-lien on properties located in counties that are either "rural" or "underserved;"
- During the preceding calendar year, together with its affiliates, originated 500 or fewer covered loan transactions; and
- As of the end of the preceding calendar year had total assets of less than $2 billion.

Under the CFPB's proposal, a number of things would change. For instance, the loan origination limit would be increased from 500 to 2,000 <u>and</u> loans held in portfolio would be excluded. Loans made by an affiliate would be counted toward the 2,000 limit, but affiliate loans held in portfolio could be excluded.

The $2 billion asset limit would remain the same, but assets of any mortgage-originating affiliates would be included in the total.

In addition to the list of rural counties that the CFPB supplies, the definition of "rural" will include census blocks that are not in an urban area defined by the Census Bureau.

The proposal would provide a three month grace period into the next year for any creditor that exceeds either the origination limit or the asset limit in the previous year. Loan originated following the small creditor rules during the three month grace period would receive Qualified Mortgage status, thus giving the creditor time to adjust its policies and procedures.

Another change would adjust the time period for determining whether a creditor is operating in a rural or underserved area from any of the three preceding years to simply the immediate preceding year. While a simpler analysis, this could prove to be a more restrictive approach.

Finally, the January 10, 2016 expiration date for small creditors (no rural or underserved requirement) to make balloon-payment loans as Qualified Mortgages would be extended to April 1, 2016.

It is encouraging to see the CFPB take seriously the impact that its rules have on smaller banks. It is also good to note that the CFPB is concerned about the possibility that its rules could cause the availability of credit in smaller markets to contract. If adopted as proposed, these changes could help on both fronts. We will keep you posted as to the final outcome.

(Ed Wilmesherr)

CFPB GUIDANCE ON HOUSING COUNSELOR REQUIREMENTS

On April 15, the CFPB issued a final interpretive rule concerning the requirements for providing mortgage applicants with a list of local homeownership counseling organizations. The new interpretive rule amends and restates guidance the CFPB issued in 2013 and provides additional interpretations and guidance describing what addresses of the borrower may be used for purposes of generating a list of local counselors, how to provide applicants abroad with homeownership counseling lists, permissible geolocation tools which may be used, and combining the homeownership counseling list with other disclosures. The revised interpretive rule also provides additional guidance on required qualifications for counselors who provide high-cost mortgage counseling and on the permissibility of lenders participating in that counseling.

By way of background, the Dodd-Frank Act amended section 5(c) of the Real Estate Settlement Procedures Act to require lenders to provide federally related mortgage loan applicants with an updated list of homeownership counselors who are certified by HUD and located in the area of the lender. In implementing this provision of the Act, the CFPB adopted §1024.20(a)(1) of RESPA Reg. X which requires lenders to provide applicants with a written list of homeownership counseling organizations that provide relevant services in the loan applicant's location. The Bureau specified two methods for obtaining this list: 1) using a tool developed and maintained by the Bureau on its website, or 2) using data made available by the Bureau or HUD for the lender to generate its own list, provided that the data are used in accordance with the agency's instructions provided with the data. Since issuing the original interpretive rule in 2013, the Bureau has received questions and requests for additional guidance, and the Bureau issued this official interpretation in response. The rule interprets §1024.20(a)(1) of RESPA Reg. X and §1026.34(a)(5) of TILA Reg. Z regarding pre-loan counseling requirements for HOEPA high cost mortgage loans.

Under Reg. X, lenders must generate a list of homeownership counselors either by using the tool developed and maintained by the Bureau on its website or by using data made available by the Bureau or HUD to generate the list, but the data must be used in accordance with the Bureau or HUD instructions for its use. HUD maintains a free and publicly available application programming interface containing data on HUD-approved housing counseling agencies. Although it appears on this site that a token is required to use the data, credentials are not required to access and use the data. The Bureau also has a summary of the data instructions available on the Bureau's website, along with a link to the publicly available housing counseling agency data.

In order to comply with the requirement, lenders must provide a list of ten HUD-approved housing counseling agencies. The tool maintained by the Bureau will generate a list of ten counseling agencies. A lender-generated list compiled using agency data must also generate a list of at least ten counseling agencies.

The counseling organizations must also be in the loan applicant's location. Lenders may use the loan applicant's five-digit zip code to generate a list of the ten closest HUD-approved housing counseling agencies which must appear

in descending order of proximity to the central point of the zip code. Lenders are also permitted to generate the list using a more precise geographic location, such as a street address. Use of the applicant's current zip code suffices. Lenders may offer applicants the option of generating the list from a zip code different than their home address or from a more precise geographic location, like a street address, but are not required to do so. The Bureau's tool will permit generating the list through entry of zip code. A lender-generated list complies when the lender generates the list using either the zip code or a more precise geographic marker like street address.

In situations where the applicant's current address does not include a zip code, e.g., the applicant currently lives overseas, the lender may use the zip code of the property securing the mortgage to generate the list. There may also be situations where the applicant's current physical address and mailing address are different. For example, an applicant residing in rural area may receive mail at a post office box. In that case, a lender may use the applicant's mailing address instead of the current address to generate the list. A lender may also use an applicant's mailing address to generate the list if the mailing address includes a zip code but the current physical address does not.

The Bureau's tool uses a third-party, commercially-available geolocation tool to match counseling organizations to a zip code. Lenders using the agency data to generate their own list are not required to use the same geolocator or geocoding system as the Bureau, so long as the results are generated in accordance with instructions for use of the agency data.

The written list must be of counseling organizations that provide relevant services in the loan applicant's location. Lenders comply when they provide the following data fields for each housing counseling agency on the list, to the extent that they are available through the HUD programming interface: agency name, phone number, street address, city, state, zip code, website URL, email address, counseling services provided, and languages spoken. The tool maintained by the Bureau will provide these data fields to the extent that they are available through the HUD interface. A lender-generated list complies when those data fields are provided to the extent that they are available through the HUD interface.

The list must also include the following notice: "The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD), and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost to you. This list shows you several approved agencies in your area. You can find other approved counseling agencies at the Consumer Financial Protection Bureau's (CFPB) website: consumerfinance. gov/mortgagehelp or by calling 1-855-411-CFPB (2372). You can also access a list of nationwide HUD-approved counseling intermediaries at http://portal.hud.gov/hudportal/HUD?src=/ohc_nint."

When the Bureau issued the original 2013 HOEPA rule, it stated that the list of homeownership counseling organizations could be combined and given with other mortgage loan disclosures under Regs Z or X, unless specifically prohibited by either rule. Under the revised interpretive rule, the Bureau is making it clear that the list of counseling organizations may also be combined with other disclosures or information besides those required pursuant to Regs X and Z.

The revised interpretive rule also interprets Reg. Z § 1026.34(a)(5) concerning the pre-loan counseling requirement for high-cost mortgages by clarifying the qualifications necessary for

counselors to provide high-cost mortgage counseling and by providing guidance on the permissibility of lenders participating in the counseling. Reg. Z provides that a lender may not extend a high-cost mortgage without first receiving written certification that the consumer has obtained counseling on the advisability of the mortgage from a HUD approved counselor or, if permitted by HUD, from a state housing finance authority. Some creditors and counselors raised concerns about the necessary qualifications for providing high-cost mortgage counseling as compared to ordinary "homeownership counseling." Reg. Z comment 34(a)(5)(iv)-1 describes what is necessary for counseling on the advisability of the high-cost mortgage. The counseling must cover key terms of the mortgage transaction as set out in the relevant disclosure (usually the Good Faith Estimate or, after August 1, 2015, the Loan Estimate), the consumer's budget, and the affordability of the mortgage for the consumer.

The Bureau understands that these topics are currently covered by HUD approved counseling agencies in providing homeownership counseling to prospective borrowers. So, until HUD limits the current scope of counseling in some way that would not include the elements listed in the Reg. Z comment, HUD approved counseling agencies that offer homeownership counseling are also qualified to provide the high cost mortgage counseling as long as the required topics are covered.

Finally, the Bureau said it had received information that some consumers may be receiving high-cost mortgage counseling by telephone in a creditor's office while the creditor is present and listening in on the call. In the 2013 HOEPA Final Rule, the Bureau added an anti-steering provision in § 1026.34(a)(5)(vi) that prohibits a creditor from steering or directing a consumer to choose a particular counselor or organization with the rationale of preserving counselor independence and preventing conflicts of interest. In the new interpretive rule, the Bureau clarifies that a lender may be considered to be steering if the lender insists on participating or listening in to a counseling call or session if that affects the consumer's selection of a particular counselor. Lenders are considered to comply with the anti-steering provision if a counselor is allowed to request that the creditor not participate or listen on the call. A counselor must also be allowed to request that a creditor participate in a call or a portion of a call, for example, to provide additional information about the loan. The Bureau is concerned that another counselor might be chosen or the content of the counseling influenced if the counselor requests that the creditor not listen in or participate and the creditor does not agree. Counselor independence and impartiality may also be compromised by the knowledge that the creditor is listening-in to the advice given, and creditor participation in those conversations may influence loan applicants away from a full and frank conversation with the counselor. Note: it might be a wise practice for lenders to not participate or listen in unless actually asked to do so by the counselor.

(Cliff Harrison)

CFPB TAKES ACTION ON NSF AND O/D FEES

We have known for some time that the CFPB had the topic of overdraft fees on its radar screen. Just this week, the CFPB announced its first Consent Order dealing with that practice. The target was Regions Bank, and the charges and refunds were significant.

The April 28, 2015 Consent Order lays out the facts and the history.

Apparently Regions had two separate product lines that were involved. One was a checking account with what the CFPB described as "linked coverage." By that they meant that the

checking account was tied to a separate savings or other account that would be accessed should the checking account overdraw. The second was a Ready Advance Account which was a small-dollar line of credit to be accessed when a related checking account was overdrawn. Advances under this small-dollar line of credit could be paid manually or in installments, or automatically out of the customer's next automatic deposit.

With respect to the linked coverage account, the CFPB found that the Bank, through mid-level managers, had erroneously concluded that such an account was not covered by the opt-in requirements of Regulation E related to overdraft charges for one-time ATM or debit card transactions. As a result, the Bank did not obtain the necessary opt-ins and did charge overdraft fees to the affected accounts. Over a year after the Opt-In Rule's effective date, a mid-level manager concluded that the program did likely violate the Opt-In Rule; however, that determination was not shared with the Bank's Legal Department or Senior Management. Some three months thereafter an attempt was made to stop charging these accounts with over draft fees, but it was subsequently determined that efforts to reprogram the system were inadequate and the overdraft charges continued to be assessed. It was not until some five months later that the Compliance Department brought the situation to the attention of Senior Management. One month later, the Bank self-reported the violation to the CFPB and made a voluntary reimbursement to customers. Almost 200,000 customers were reimbursed a total of nearly $35,000,000. The CFPB later determined that another $13,000,000 was owed to affected customers. Some of those charges had continued as late as 2015.

The CFPB also found that marketing materials used by the Bank had erroneously stated that linked accounts would not be charged overdraft fees. That was found to be a deceptive act or practice.

In connection with the Regions Ready Advance product (the small-dollar line of credit account) an attempt was made to stop the assessment of NSF or overdraft charges when the line was paid with an installment payment or through a subsequent deposit. The programing for that change was flawed; NSF fees were stopped but overdraft fees continued. Later, another programing error occurred that started to charge both NSF and overdraft fees once again on these accounts. The programing later was corrected, but not before the Bank charged at least $1,900,000 in overdraft and NSF fees to these account holders. Similar to the linked accounts, marketing materials for the ready advance program indicated that no NSF or overdraft charges would be assessed. The CFPB again found that to be a deceptive practice.

As a result, the Bank had to make substantial reimbursement to affected customers. It has to remediate its processing systems to assure compliance with Regulation E going forward. In addition, the Bank has to expunge any negative credit reporting regarding customers' deposit or credit accounts, and it must designate an independent contractor to verify the Bank's compliance with the record keeping and reimbursement requirements of the Consent Order.

The Consent Order lasts for five years.

A number of lessons stand out. First, the results of an erroneous conclusion regarding the application of one or more regulations can be very expensive. Second, a prompt and thorough response to a situation, once detected, is absolutely essential. Although never pleasant or easy, Senior Management needs to learn of these problems at the earliest possible moment. Then prompt self-reporting should take place. Finally, the corrective action must work from the beginning.

The CFPB has promised more guidance on overdraft programs. That guidance will likely be shaped by the Regions experience. We will

continue to monitor the CFPB's efforts in this area.

(Jeff Stancill)

THE 120 DAYS BEFORE FORECLOSURE REQUIREMENT

Many of you still have questions about the CFPB's RESPA (Regulation X) Mortgage Loan Servicing Rule that requires a delinquency period of more than 120 days before you can initiate a foreclosure. That provision states:

(F) *Prohibition on Foreclosure Referral.*

> (1) Pre-foreclosure review period. A servicer shall not make first notice or filing required by applicable law for any judicial or non-judicial foreclosure process unless:
>
> > (i) A borrower's mortgage loan obligation is more than 120 days delinquent;
> >
> > (ii) The foreclosure is based on a borrower's violation of a due-on-sale clause; or
> >
> > (iii) The servicer is joining the foreclosure action of a subordinate lien holder.

The term "delinquency" is not presently defined for purposes of this prohibition on foreclosure which appears in Section 1024.41(f) of Regulation X. The CFPB has now issued an amendment to Regulation X that would define "delinquency" for all parts of Regulation X, including the 120 days delinquency requirement.

The CFPB is proposing to define delinquency as a period of time during which a borrower and the borrower's mortgage loan obligation are delinquent, and to clarify within the proposed definition that a borrower and a borrower's mortgage loan obligation are delinquent beginning on the day a periodic payment sufficient to cover principle, interest, and, if applicable, escrow, became due and unpaid until such time as the payment is made. Delinquency under the proposed definition is not triggered by a borrower's failure to pay a late fee.

By proposing to define "delinquency," the CFPB intends to provide servicers, borrowers, and other stakeholders with clear guidance on how to determine whether a borrower is delinquent for purposes of Regulation X's servicing provisions and when the borrower's delinquency begins. Servicers may use different definitions of "delinquency" for operational purposes, and servicers may use different or additional terminology when referring to borrowers who are late or behind on their payment. For example, servicers may refer to borrowers as "past due" or "in default," and may distinguish between borrowers who are "delinquent" and "seriously delinquent." Except as provided in the Mortgage Servicing Rules themselves, the CFPB does not intend the proposed definition of delinquency to affect the industry's existing procedures for identifying and dealing with borrowers who are late or behind on their payments.

Of particular note is Proposed Comment 31 (Delinquency) – 2 which explains how delinquency should be calculated if a servicer applies a borrower's payment to the oldest outstanding periodic payment (a common practice). The Comment addresses how to calculate the length of a borrower's delinquency for purposes of the greater than 120 day delinquency requirement. The CFPB points out that it is not requiring creditors to apply late payments to the oldest outstanding payment, but provides that if you apply payments to the oldest outstanding payment, then you must advance the borrower's

delinquency accordingly. The CFPB is of the opinion that a borrower who chronically remains one or even two payments behind does not present a serious collection or servicing problem. That remains to be seen.

Although the CFPB does not require you to apply late payments to the oldest outstanding payment, your Deed of Trust may specify that you will do so. Don't confuse regulatory flexibility with contractual obligations. You should do as your Deed of Trust requires.

Another proposed comment deals with partial payments. In particular, this comment deals with the situation where a payment is made, but not in the full amount, so the creditor advances funds against the borrower's account to make up the short fall. A creditor might do that to avoid the requirement to initiate early intervention communications, continuity of contact requirements or loss mitigation procedures. The comment clarifies that such treatment would mean that the borrower is also not delinquent for foreclosure purposes. This approach prohibits the servicer from avoiding servicing requirements while beginning foreclosure proceedings.

Although not yet final, this change seems likely to take place. You should review your Deed of Trust language, your payment application process, and your foreclosure procedures to see what if any changes you may need to make.

(Memrie Fortenberry)

FAIR LENDING IN THE AGE OF ABILITY TO REPAY AND QUALIFIED MORTGAGES

We have now been operating for close to 16 months under the effect of the Ability to Repay and Qualified Mortgage Rules, and the results thus far look like a mixed bag. Some banks (not many) are originating only Qualified Mortgages, either priced to give them a rebuttable presumption or safe harbor status for compliance with the Ability to Repay. Other banks are simply attempting to satisfy the Ability to Repay requirements without worrying about Qualified Mortgage status for their loans.

Meanwhile, the different regulatory agencies are showing signs of coming up to speed on issues of ATR/QM, as well as ancillary questions such as the impact of ATR/QM compliance on Fair Lending. The Fair Lending aspect seems to be gathering some attention.

We have discussed before the fact that choosing to make only loans that qualify for QM status could have Fair Lending implications. For instance, applicants with debt-to-income ratios in excess of 43% might be declined for a loan. A pattern of that type of declined loan could disproportionately impact applicants in protected classes.

The Department of Justice and HUD continue to adhere to a disparate impact theory of discrimination as a basis for liability under the Equal Credit Opportunity Act and the Fair Housing Act. That theory in a nutshell says that a policy which is neutral on its face, but discriminatory in its effect, equates to discrimination, even though unintended, unless the creditor can show a legitimate business need that cannot be achieve as well by policies or procedures that have less disparate of an impact.

The CFPB and the federal bank regulatory agencies issued a QM Fair Lending Statement on October 22, 2013, which basically took the position that "absent other factors" the various agencies did not believe that the practice of only originating QMs would elevate a bank's risk of discriminatory lending. Notably, the Justice Department and HUD did not join in that statement. And, of course, nothing in the QM Fair Lending Statement shed any light on what "other factors" might change the agencies' minds.

The agencies went on to compare the QM-only lending practice to the practice of many banks that do not originate HOEPA or "higher-priced" mortgage loans. They offered the observation that adopting policies that avoided those regulatory troublesome loans had not thus far resulted in any regulatory or legal challenges. The difference that we see is that many loans that once would have triggered HOEPA or higher-priced loan compliance requirements were still made, only at loan prices that avoided the tougher compliance problems. In short, those loans were made. In the case of QM-only loan policies, loans will be (have been?) declined. It remains to be seen what the impact of an increase in loan declines will do to a bank's Fair Lending exam results, but we now have at least one recent example.

We helped a member bank with a recent Fair Lending exam. The bank in question was not making QM-only loans. To the contrary, they were simply underwriting to comply with the ATR Rule.

After an extensive review, the regulator pulled a list of marginal approved loans and marginal declined loans. The bank was put through what is commonly called a "criteria interview" where their underwriting practices were explained. The regulator reviewed the underwriting criteria and asked the bank to confirm its accuracy in writing. Soon thereafter, the regulator provided a set of declined loans, that appeared on their face to have similar or better credit risk features than several of the loans that the bank chose to approve, and they were asked to provide an explanation.

To make a long story short, the bank was able to explain what, on its face, appeared to be a case of discriminatory treatment. (Of course, the declined loans were to persons in protected classes, while the approved loans were to white applicants.)

While the bank did an excellent job of research and fact finding, several points jumped out. First, the regulator was comparing a declined applicant's credit report to an approved applicant's credit report. On their faces, both sets of credit reports contained derogatory information that the bank's criteria stated would justify a decline. However, in the case of the approved applicants, their more recent credit history was immaculate, while the declined applicants had collections, charge-offs and delinquencies being reported up to the month before the application was filed. Fortunately, the bank had stated in its criteria interview that recent good credit received more weight and could justify an exception when approving an applicant with earlier derogatory credit.

Coming out of the "Great Recession" and in light of a renewed emphasis on credit history to satisfy the ATR requirements, it is likely that many loan files contain this sort of credit report information. You need to be able to differentiate between old credit information and newer credit information if you are trying to approve applications today based on what appears to be an applicant's current ability to repay the loan.

Other factors that made a difference were low loan to value ratios, low debt to income ratios, one of two joint applicants with clean credit history, etc.

In the end, the regulator cleared the bank of any question of discrimination. It remains to be seen if other Fair Landing exams will use this decline versus approved loan application approach, but everyone should be on guard against the unintended consequences that may flow from having credit information in the file to comply with the ATR/QM rules. Apparently, the examiners are looking at our practices and policies for establishing an applicant's ability to repay.

(Ed Wilmesherr)

MSRCG MEETING TO BE HELD ON MAY 19, 2015

The MSRCG will hold its May Meeting on May 19, 2015, at The Racquet Club of Memphis in the Large Ballroom located at 5111 Sanderlin Avenue, Memphis, Tennessee. Registration will begin at 9:00 a.m. with the meeting to begin at 9:30 a.m.

During the May Quarterly Meeting we will feature a special presentation on BSA presented by Doug Wallace, a specialist on BSA at the FDIC. With increased emphasis on the Bank Secrecy Act, a lot of questions have come up regarding regulatory examinations. We are pleased that Doug Wallace, Supervisory Examiner with the FDIC in Oklahoma, will be attending both meetings to talk about transaction testing and monitoring for suspicious activity. Both of these areas have generated a number of questions from member banks, so we are looking forward to his presentation and certainly appreciate the FDIC's willingness to allow Mr. Wallace to come. If you have any specific questions on these topics, please get those to Patsy by May 12.

Another feature of the May meeting is a Q&A presentation by Cliff Harrison devoted to your questions regarding the new combined TILA and RESPA disclosure forms. Please forward to Liz Crabtree your questions by May 14 so they can be included.

Other topics will include proposed changes to the "small creditors" and "rural and underserved" definitions for Qualified Mortgages, a Fair Lending update and discussion of the Regions Consent Order with the CFPB related to overdraft practices, all as time allows.

As always, the dress code for this occasion is casual, and lunch will be provided. We ask that you fax or e-mail your registration to Liz Crabtree no later than Thursday, May 14, 2015, so that arrangements for lunch can be finalized. We look forward to seeing you there.

(Ed Wilmesherr)

MRCG MEETING TO BE HELD ON MAY 21, 2015

The MRCG will hold its May Meeting on May 21, 2015, at the Mississippi Sports Hall of Fame & Museum Conference Center, 1152 Lakeland Drive, Jackson, Mississippi. Registration will begin at 9:00 a.m. with the meeting to begin at 9:30 a.m..

During the May Quarterly Meeting we will feature a special presentation on BSA presented by Doug Wallace, a specialist on BSA at the FDIC. With increased emphasis on the Bank Secrecy Act, a lot of questions have come up regarding regulatory examinations. We are pleased that Doug Wallace, Supervisory Examiner with the FDIC in Oklahoma, will be attending both meetings to talk about transaction testing and monitoring for suspicious activity. Both of these areas have generated a number of questions from member banks, so we are looking forward to his presentation and certainly appreciate the FDIC's willingness to allow Mr. Wallace to come. If you have any specific questions on these topics, please get those to Patsy by May 12.

Another feature of the May meeting is a Q&A presentation by Cliff Harrison devoted to your questions regarding the new combined TILA and RESPA disclosure forms. Please forward to Liz Crabtree your questions by May 14 so they can be included.

Other topics will include proposed changes to the “small creditors” and “rural and underserved” definitions for Qualified Mortgages, a Fair Lending update and discussion of the Regions Consent Order with the CFPB related to overdraft practices, all as time allows.

As always, the dress code for this occasion is casual, and lunch will be provided. We ask that you fax or e-mail your registration to Liz Crabtree no later than Friday, May 15, 2015, so that arrangements for lunch can be finalized. We look forward to seeing you there.

(Ed Wilmesherr)

MRCG-MSRCG COMPLIANCE CALENDAR

10/28/14 - Reg. P amendment allowing website posting of annual privacy notice effective	05/21/15 – MRCG Quarterly Meeting
10/29/14 – Comment period for proposed HMDA rule ends	07/16/15 – MRCG/MSRCG Joint Steering Committee Meeting
11/03/14 - Amendment to 2014 mortgage rules providing for ATR/QM points and fees cure effective	08/01/15 – Mandatory use of revised TILA/RESPA disclosure takes effect
12/29/14 - Comment period for proposed flood insurance escrow rule ends	08/20/15 – MRCG Quarterly Meeting
02/24/15 – MSRCG Quarterly Meeting	08/25/15 – MSRCG Quarterly Meeting
03/09/15 – Comment period for CFPB proposal on “safe” deposit products for college students ends	09/17/15 – MRCG/MSRCG Joint Steering Committee Meeting
03/16/15 – Comment period for CFPB proposed changes to mortgage servicing rules end	11/17/15 – MSRCG Annual Meeting
03/23/15 – Comment period for CFPB proposed rules on pre-paid card disclosures ends	11/19/15 – MRCG Annual Meeting
05/19/15 – MSRCG Quarterly Meeting	