FROM BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

QUARTERLYREPORT

MID-SOUTH REGULATORY COMPLIANCE GROUP

May 2011 Vol. 8 No. 2

RISK-BASED PRICING: TIME TO CHANGE (ALREADY!)

By the time you get everything right on your risk-based pricing notices, it may be time to change them again. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank") has set forth two new requirements that may change the risk-based pricing notices that you just began sending in January 2011 and change the adverse action notices you are currently using.

Section 1100F of Dodd Frank amends Sections 615(a) and (h) of the Fair Credit Reporting Act ("FCRA"). The Federal Reserve Board and Federal Trade Commission have jointly proposed model language to amend the Risk-Based Pricing Rule and the Federal Reserve Board has proposed model language to implement the new disclosures required for adverse action notices. The current effective date for both changes is July 21, 2011, but it is possible that this date could change.

The amendments create an additional requirement for creditors to disclose credit score information on adverse action notices when a credit score was used in setting the credit terms or taking adverse action.

The credit score and related information is only required to be disclosed if the credit score meets the definition under the FCRA which defines credit score as "a numerical value or a categorization derived from a statistical tool or modeling system used by a person who makes or arranges a loan to predict the likelihood of certain credit behaviors". 15 U.S.C.A. §1681g(2)(A)(i).

Proprietary credit scores do not likely meet this definition, but credit scores other than the most commonly used- such as FICO, Beacon, or Vantage -will need to be disclosed if they fall within the definition of credit score.

Adverse Action Notices

If a creditor uses a numeric credit score in making the determination to take adverse action against a consumer, the following information must be disclosed in writing *in addition to* the information currently required: (1) the numeric credit score used in the decision; (2) the range of possible scores; (3) key factors that adversely affected the credit score; (4) the date on which score was created; and (5) the name of credit score provider.

If a consumer report is used, but a score is not, then the credit score and related information does not have to be disclosed. It should also be noted that the new "key factors" disclosure requirement will not eliminate the current requirement that specific reasons for adverse action are required even though some or all of these reasons may be the same.

Model notices will be provided. The model adverse action notices under Regulation B will be amended in order to reflect the new requirements.

Changes to Risk-based Pricing Notices

The additional disclosures required for risk-based pricing notices are substantially the same as those listed above for adverse action notices. Creditors are required to provide the credit score and related information *in addition to* the information that is already required for risk-based pricing notices.

For those currently sending exception notices, there is nothing in Dodd-Frank that will prohibit the use of the exception notices. Two new model forms are proposed for the risk-based pricing rules to be used in situations when the credit score and related information must be disclosed.

The current risk-based pricing rules provide that in the case of joint applications, each applicable consumer must receive a risk-based pricing notice. However, if the consumers live at the same address, then one notice may be addressed to both consumers and joint applicants living at separate addresses must receive separate notices. The proposed rule changes this. Now, if a notice contains a credit score, then all consumers must receive a separate notice regardless of whether or not joint applicants reside at the same address. Additionally, each separate notice that contains a credit score must contain only the credit score of the consumer receiving the notice.

The effective date of these changes is quickly approaching. It is advised that you begin putting a plan in place to comply.

(Memrie Fortenberry)

WHAT IS A QRM, ANYWAY?

The first anniversary of the Dodd-Frank Act, July 21, 2011, is fast approaching, and many different regulatory agencies are focusing on rule-writing duties and responsibilities that they have. While most of the banking industry's time is being spent anticipating the advent and impact of the newly created Consumer Financial Bureau, other agencies are putting proposals in place which may also have a significant impact on the way that banks of all sizes operate. One issue to focus on is the Credit Risk Retention Rule recently proposed.

Section 941(b) of Dodd-Frank created a new Section 15G of the SEC Act (not a law that many banks have had to pay attention to in the past). That new section requires the bank regulatory agencies and the SEC to issue joint regulations requiring securitizers of asset-backed securities (ABS) to retain at least 5% of the risk associated with any assets they securitize.

Everyone is basically familiar with the tremendous impact on the economy as a whole, and banks in particular, that occurred in the 2007 through 2009 timeframe related to the securitization of various types of residential mortgage loans. It may be less well understood that pools of commercial loans, automobile loans and credit card debt were similarly securitized. These securitizers were able, then, to sell the securities, sometimes dividing them into complex parts or tranches, while escaping altogether the credit risk associated with the underlying credit products, but no more.

An appropriate reaction here would be to say, "my bank doesn't pool or securitize any of these types of credit products, so why should I care?" And that is a legitimate response. But as with so many things related to the banking regulatory environment, the devil may be in the details. Consider the following.

The proposed Credit Risk Retention Rule contains an exemption from the risk retention requirement as specified in Dodd-Frank. That exemption applies to what are called "qualified residential mortgages," or QRMs. To the extent that a securitizer purchases or originates QRMs, and securitizes them, the securitizer does not have to retain any portion of that credit risk. The question becomes:

(1) Will your bank have to make "qualifying residential mortgage" loans in order to sell them in the secondary market?

(2) Will purchasers of residential mortgage loans exact representations and warranties from sellers that the sellers have complied with the requirements for a QRM when they originated the loan?

(3) What are the characteristics of a QRM, anyway?

A QRM is exempted from the risk-retention requirement because, by definition, a QRM should be very low risk due to its very high credit quality standards. These standards include:

(1) A maximum front-end and back-end debt-to-income ratio of 28% and 36%, respectively;

(2) A maximum loan-to-value ratio of 80% for purchase money loans, 75% for refinance transactions and 70% for cash-out refis;

(3) A 20% down payment for purchase money transactions; and

(4) Borrower credit history restrictions (no 60-day delinquencies on any debt obligations within the past 24 months).

A QRM will likely not get relief from the loan to value ratio through the purchase of mortgage insurance, and documentation for the QRM will have to contain servicing protections and other loss mitigation provisions in order to qualify.

The questions you should ask are:

(1) Will my bank need to make QRMs?

(2) Will my bank be able to find borrowers with the necessary resources and qualifications to originate a QRM?

(3) Will special documents be needed for those loans that need to qualify as QRMs, or will all residential mortgage loan documents need to be modified?

(4) What are the consequences of having an entire portfolio of loans held by the bank that do not meet QRM standards?

In a separate article in this Quarterly Report, we discuss the new "Ability to Pay" proposed rule which implements changes to the Truth In Lending Act brought about by Dodd-Frank. While a separate provision of Dodd-Frank and more related to consumer protection issues than credit quality issues, the Ability to Pay Proposal also touches on many of the underwriting aspects of residential mortgage lending. Please read that article in light of this one.

Industry observers often speak of unintended consequences flowing from Dodd-Frank requirements. Given the formal regulatory criteria for what is a low-risk, high-credit quality loan in terms of debt-to-income, loan-to-value, credit history, etc., how likely is it that future safety and soundness exams of a bank's loan portfolio will begin to reflect some of these underwriting criteria? That is <u>not</u> a requirement of Dodd-Frank. But, for the first time, a formal regulatory rule is being proposed to tell the world what low-risk, high-quality credit looks like. This may shine a different light on a bank's loan portfolio, and, given differences in marketplace, CRA assessment area, demographic makeup, etc., it is something to ponder.

Although beyond the scope of an article about a rule that is just a proposal at this point, you should know that it may also apply to other "qualified assets." Listed among those other loan classes are: (1) automobile loans, (2) commercial loans, (3) commercial real estate loans, (4) non-QRM residential loans, and possibly others. The same issues would apply even if your bank neither securitizes nor sells these loans. Will the standards for credit quality be raised in an examiner's mind, and should they be?

There is a lot of additional detail about how a securitizer can retain risk. You may hear discussion about "vertical," "horizontal," and "L-shaped" risk retention. The approach a securitizer takes could have an impact on the terms of a loan that your bank generates for sale into a secondary market, but the picture is too murky at the present to dwell on these details. Commenters are already saying that QRM requirements, as proposed, will have a significant, adverse impact on the housing market, the fragile economic recovery, etc. It remains to be seen what emerges as a final rule, but Dodd-Frank requires that the QRM issue be addressed. Final comments are due June 10, 2011. Everyone should stay tuned.

(Ed Wilmesherr)

FEDERAL RESERVE BOARD ISSUES PROPOSED ABILITY-TO-REPAY RULES

The Federal Reserve Board continues to respond to issues related to consumer protection and, in particular, new restrictions contained in the Dodd-Frank Act that amend the Truth in Lending Act (TILA) which prohibit creditors from making mortgage loans without regard to a consumer's ability to repay that loan. You will recall that similar, but not identical, requirements were adopted by the Federal Reserve Board for higher-priced mortgage loans in 2008 under the Home Ownership and Equity Protection Act.

On April 18, 2011, the so-called "Ability to Pay Rule" was proposed. This will be one of the Federal Reserve's last pronouncements on consumer protection and Regulation Z since the Fed's general rulemaking authority under TILA will transition to the Consumer Financial Protection Bureau (the "CFPB") on July 21, 2011.

The proposed Rule applies the ability-to-repay requirement to all consumer-purpose mortgage transactions, with the exception of home equity lines of credit, timeshare plans, reverse mortgages, or temporary or bridge loans.

The proposed Rule provides four options for complying with the ability-to-repay requirement in Dodd-Frank. Each of these options is summarized below.

1. <u>General Ability-to-Repay Standard</u>.

   The requirements of the ability-to-repay standard can be satisfied if a creditor considers and verifies each of the following eight underwriting factors:

   - Income or assets relied upon in making the ability-to-repay determination;
   - Current employment status;
   - The monthly payment on the mortgage;
   - The monthly payment on any simultaneous mortgage;
   - Monthly payment for mortgage-related obligations;
   - Current debt obligations; and
   - Monthly debt-to-income ratio, or residual income of the borrower; and
   - Credit history of the borrower.

The payment for any adjustable-rate mortgage must be underwritten based on the fully-indexed interest rate.

2. Qualified Mortgage. As a second alternative, a creditor can choose to originate a "qualified mortgage," which will provide certain protection from liability. (See companion article in this Quarterly Report.) The Federal Reserve Board found the Dodd-Frank Act to be ambiguous on the degree of protection that a lender is to receive when generating a "qualified mortgage." Therefore, the Board has proposed two alternatives and solicited comment on which of the two alternatives should receive final approval.

   Alternative 1. This alternative would operate as a legal safe harbor and define a "qualified mortgage" as a mortgage which does not contain a negative amortization feature, interest-only payments, or a balloon payment, or a loan term exceeding 30 years. Total points and fees could not exceed 3% of the total loan amount, and income or assets relied upon in making the ability-to-repay determination must be considered and verified. The underwriting of the mortgage must be based on the maximum interest rate that may apply during the first five years; must use a payment schedule that fully amortizes the loan over the loan term; and must take into account any mortgage-related obligations such as taxes and insurance.

   Alternative 2. While Alternative 1 would provide a legal safe harbor, Alternative 2 would provide a rebuttable presumption of compliance and would define a "qualified mortgage" as including the criteria listed under Alternative 1 above, as well as additional underwriting requirements from the general ability-to-repay standard. Therefore, Alternative 2 would require a creditor to additionally consider and verify:

   - The consumer's employment status;
   - The monthly payment for any simultaneous mortgage;
   - The consumer's current debt obligations;
   - The monthly debt-to-income ratio or residual income; and
   - The consumer's credit history.

3. Balloon-Payment Qualified Mortgage. Creditors operating predominantly in rural or underserved areas would be allowed to originate a balloon-payment qualified mortgage. This option is meant to preserve access to credit for consumers in rural or underserved areas where creditors frequently use balloon loans to hedge against interest rate risk for loans held in their own portfolios. Under this option, a creditor could make a balloon-payment qualified mortgage with a loan term of five years or more by complying with the requirements for a qualified mortgage and underwriting the mortgage based on the scheduled payment, except for the balloon payment.

4. Refinancing of a Non-Standard Mortgage. Acknowledging that there is a significant problem for borrowers that need to refinance loans with onerous or risky features, the Board has proposed a refinance product which would allow a creditor to refinance a "non-standard mortgage" into a more stable "standard mortgage." It is anticipated that a transaction in this category would result in a refinancing that materially lowers a borrower's payments.

   Under this option, the creditor would comply by refinancing the consumer into a "standard mortgage" with limits on loan fees and without certain features such as negative amortization, interest-only payments or a balloon payment. The creditor would have to consider and verify the underwriting factors listed in the general ability-to-repay standard, with the exception of the requirement to consider and verify the consumer's income or assets. The "standard mortgage" would have to be underwritten based on the maximum interest rate that could apply during the first five years of the loan.

Other Protections. The proposal would also implement limitations in the Dodd-Frank Act on the charging of prepayment penalties. It also lengthens the time that creditors must retain records that evidence compliance with the ability-to-repay and prepayment penalty provisions, and it prohibits evasion of the rule by structuring a closed-end extension of credit as an opened-end credit plan.

The Board is soliciting comments until July 22, 2011 which is the date that general rulemaking authority for TILA will transfer to the CFPB. Accordingly, the ability-to-repay rule will have to be finalized by this CFPB.

(Ed Wilmesherr)

REGULATION CC CHANGE AND PROPOSAL

As you may recall, last February the Federal Reserve moved all of its check processing to one office, making nonlocal checks a thing of the past. At that time, no new regulations were issued to modify the disclosures to reflect this change.

The Federal Reserve Board has now requested comment on proposed amendments, one of those being new model forms to "catch up" with last year's changes! Most of these proposed forms have taken on the new "table format" that has become popular with loans and deposit transactions. The proposed model forms also give a more detailed explanation of when funds are available. For example, in the "cash" section, the description shows deposited funds available "The next business day if deposited with a teller, otherwise 2 business days." The U. S. Treasury Check category description shows deposited funds available "[*]The first $ (new-account amount) is available on the next business day and [*]Any remainder over $(new-account amount) us available in 9 business days." Hold notices are similar, with a table format and more description of when funds are available. Actually these do not appear to be bad changes!

Another proposed change encourages the electronic collection and return of checks between banks where a depositary bank would be entitled to the expeditious return of a check only if it agrees to receive returned checks electronically. The proposal would permit the bank responsible for paying a check to require that checks presented to it for same-day settlement be presented electronically. The collection and return provisions would be applied to electronic check images that meet certain requirements. This is done to improve the efficiency of the check system because of the expected decrease in costs and errors in return.

As you know, the current requirements are under the "two-day/four-day" test or the "forward-collection" test. Under the two-day/four-day test, a paying bank must send a returned local check in a manner where the check would normally be received by the depositary bank no later than 4 p.m. local time of the depositary bank on the second business day following the banking day on which the check was presented to the paying bank. For non-local checks, it would be the fourth business day. The forward-collection test is where the paying bank sends the returned check in a manners a similarly situated bank would send a check (i)of similar amount as the returned check, (ii) drawn on the depositary bank, and (iii) deposited for forward collection in the similarly situated bank by noon on the banking day following the banking day on which the check was presented to the paying bank.

The Board believes that a fully-electronic check return system will benefit all parties, as well as reduce risks to the check system. They also believe that the cost savings to banks will be significant. So the Board proposes one amendment to Regulation CC to be that a depositary bank would not be entitled to expeditious return unless it agrees to receive electronic returns directly or indirectly from the paying bank returning the check. Proposals for establishing the requirements for an item to qualify as an electronic return are anticipated. There are a few other issues within this section that we will look at as the final rules are implemented.

The Board also proposes that the safe harbor for the reasonable hold extension for a deposit of an on-us check remain at one business day, and the safe harbor for reasonable hold extension for other checks be reduced to two business days (from five or six business days), for a total of four business days for all other checks. The proposal would permit a bank to apply a longer hold than this, but the bank would have to establish that the longer hold is reasonable.

Finally, as part of the Dodd-Frank Reform Act, banks must increase the amount of deposited funds that banks must make available for withdrawal by the opening of business on the next day from $100 to $200. Regardless of whether or not the Regulation CC proposal is finalized by July 21, 2011, this change must be made by that date. This will require your bank's disclosures to be updated and your operational system changed. Banks will also need to provide customers with a notice of the change in policy within 30 days of the day the banks effect the change. For example, if the bank makes the change on July 21, the notice must be given to the customer by August 20, 2011. Since the change will benefit the customer, it does not have to be provided 30 days prior to the change. It has also been amended to require the Board (jointly with the Bureau of Consumer Protection) to update the dollar amounts to reflect inflation every five years after December 31, 2011. These amounts will include the amount of funds a depositary bank must make available from a deposit of a check not subject to next-day availability, by cash or similar means, and under the new-account and large-deposit exceptions.

Of course there are section-by-section proposals out for comment. These are just a few of the proposals for you to consider. We will continue to monitor when these changes become effective. It would be interesting to know any implementation issues banks feel would be difficult for them to meet, based on these proposed changes. Maybe we can further discuss this briefly at our May meeting.

(Patsy Parkin)

FDIC GUIDANCE ON OVERDRAFT PAYMENT PROGRAMS: A DISCUSSION OF THE FAQS

The FDIC has developed and recently release a series of Frequently Asked Questions (FAQs) designed to provide further insight and explanation of the topics of focus contained in the FDIC Overdraft Payment Supervisory Guidance (the "Overdraft Guidance") issued in November 2010 (FIL-81-2010). The FAQs provide useful discussion and assistance in understanding several of the more important elements contained in the Overdraft Guidance, as summarized in this article.

Distinction between Automated Programs and "Ad Hoc" Overdraft Payment. The FAQs provide a critical distinction between the automated overdraft payment programs and "ad hoc" overdraft payment practices. Specifically, the FAQs clarify that automated overdraft payment programs are those that rely on computerized decision-making and use some type of established criteria to pay or return certain items. In contrast, "ad hoc" practices are done as an accommodation to customers, and are based on bank employee decisions on a case by case basis as to whether or not to pay an overdraft item.

With this distinction in mind, the FAQs highlight that the Overdraft Guidance is aimed at addressing issues associated with automated overdraft payment programs, particularly as concern identifying, managing, and mitigating risks that arise from the automated overdraft payment process.

Basis for Distinguishing "Ad Hoc" Programs and Automated Programs. The FAQs discuss the fact that "ad-hoc" overdraft payment practices have existed for many years as a matter of customer accommodation based on bank employee's knowledge of particular customers, and are not generally subject to the same type of risk of overuse that go along with the automated programs. With that being said, however, the FAQs specifically state that there can be reputational, compliance, and litigation risks associated with "ad-hoc" practices and that banks should be aware of and assure that overdraft payment practices comply with all laws and regulations applicable to overdraft payment practices generally.

Important Factors in Oversight of Automated Overdraft Programs. The Overdraft Guidance states that banks should monitor customer use of automated overdraft programs in order to spot instances of possibly excessive or chronic customer use of overdraft payment. Such "chronic or excessive use" is indicated when a customer overdraws his or her account on more than six occasions where a fee is charged in a rolling twelve-month period. The FAQs clarify that each time an overdraft transaction generates a fee through use of an automated overdraft program is considered to be an "occasion" per the guidance. If a separate fee is charged for each overdraft that occurs, then each overdraft would count as an "occasion" even if they occur on the same day. If the bank maintains a per day limit on the number of times that an overdraft charge is assessed, then overdraft items that are beyond the daily fee limit do not count as "occasions" for the purpose of aggregating the six occasions within a rolling twelve-month period.

Meaningful and Effective Follow-up for Chronic or Excessive Use. The Overdraft Guidance emphasizes that if chronic or excessive use of automated overdraft payment programs is detected, the bank should make reasonable efforts to follow-up with the customer to offer alternatives for the customer to meet his or her short-term credit needs in a more prudent and cost effective way. The bank should also endeavor to provide a clear means for the customer to utilize alternatives to automated overdraft payment as a source of short-term credit. Customers may be contacted by a bank representative by telephone, in person, by mail, or through electronic means to discuss overdraft program use and the relative costs associated with that use. Also the bank should have alternatives available for automated payment programs that are lower cost and/or more appropriate for short-term credit. Finally the bank should provide a clear and simple manner for the customer to contact the bank and further explore and possibly enroll in the overdraft payment alternatives. Illustrations of "meaningful and effective follow-up" are offered as part of the FAQs.

Fee Limits. The FAQs clarify that part of the Overdraft Guidance is aimed toward the use of fee limits in order to prevent a large amount of overdraft fees resulting from one or a small number of overdraft items. One means for limiting fees would be to establish a limit on the number of transactions that will be subject to a fee per day, or a maximum dollar amount of allowable overdraft fees assessed on a customer per day. Another approach for limiting the amount of overdraft fees would be to establish a minimum transaction amount for charging overdraft fees. An example of this approach would be to not charge an overdraft fee for transactions in an amount less than $10, or to not charge a fee for transactions resulting in an overdraft amount of less than $10. One of the primary concerns addressed by fee limits is to mitigate the reputational risk associated with a pattern of charging large amounts of overdraft fees in connection with a comparatively small dollar transaction.

Transaction Processing. The FAQs discuss the concept that the order of transaction processing should not be used as a way to manipulate or maximize customer overdraft fees resulting from automated overdraft programs. The FAQs recommend using a neutral processing order, such as by check number or random order, in processing checks or transactions. The emphasis of the Overdraft Guidance is to discourage any practices, such as re-ordering items to clear the largest transaction first, that would tend to increase the number of overdraft fees.

Product Alternatives. The FAQs clarify that banks are not expected nor required to develop new products as alternatives to automated overdraft payment plans. Most banks offer products such as linked accounts or overdraft lines of credit that may be offered to customers as alternatives for chronic or excessive users of overdraft services. It is important that the bank implement a means to educate customers about the account alternatives and to make them available for customers that qualify. In a related question, the FAQs explain that a bank is not necessarily required to terminate or suspend a customer's access to automated overdraft payment programs because of a customer's chronic or excessive use of overdrafts. However, the bank should be aware of the risks to the bank associated with long-term excessive use of automated overdraft plans and mitigate those risks as warranted.

Allowing Customers to Opt-Out of Overdraft Payment. In the Overdraft Guidance, the FDIC states that it encourages banks to allow customers to elect not to participate in any type of overdraft coverage, if they so choose. This would include transactions such as overdraft coverage for checks that are not covered by the Regulation E opt-in requirements.

Effective Date. The effective date for having compliance and risk management plans, policies, and procedures in place relative to the Overdraft Guidance is July 1, 2011.

(Virginia Wilson)

REG Z AMENDMENTS MAY IMPACT NON-WORKING SPOUSES

The Federal Reserve Board has recently issued final rules amending the provisions of Regulation Z that implement the Credit Card Accountability Responsibility and Disclosure Act of 2009 resulting in what may, for many, be a surprising turn of events for the 21st century.

Much attention has surrounded the new requirement that credit card issuers must consider an applicant's independent ability to make the required payments before issuing a card or increasing the credit limit on an existing account. This is significant because, currently, it is a common practice for issuers to request an applicant's "household income", which would include the income of a working spouse, rather than an individual income or salary. The new rule will change this by no longer allowing the consideration of "household income" which will impact non-working spouses, most commonly wives.

The purpose of the amendment is to prevent consumers from incurring unaffordable debt. For example, even if a married couple has sufficient household income to make the required payments, a non-working spouse who is individually liable for the debt may not be able to make the required payments on his or her own if the marriage were to end. The amendment will also affect unmarried, non-working consumers. For example, an applicant living at home with his or her parents will not be able to use "household income" in order to establish credit if he or she does not actually have an income, but is using his parents' income instead.

The new rule does not require issuers to verify the applicant's income, just to consider it based on the information provided by the applicant. An issuer may rely on the stated income of the applicant unless the issuer specifically requests "household income". In that case, the issuer may not rely on the provided "household income" and must contact the applicant in order to obtain his or her individual income.

So, what is a non-working spouse to do? The Federal Reserve Board has commented that the best option for non-working spouses who wish to apply for a credit card is to apply jointly with his or her spouse. There is nothing in the rule that prohibits card issuers from considering household income on joint applications. Non-working spouses may also establish credit by becoming authorized users on their spouse's accounts.

The new rule will not apply in community property states.

(Memrie Fortenberry)

MSRCG QUARTERLY MEETING TO BE HELD ON MAY 24, 2011

The MSRCG will hold its Quarterly Meeting on May 24, 2011, 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 Quarterly Meeting to begin at 9:30 a.m.

During the May Meeting, we will discuss proposed and final changes to Regulation Z, the impact of the Fed's ability-to-pay rule and proposals for Qualified Residential Mortgages, as well as new requirements for automated overdraft protection programs, risk-based pricing notices and other topics.

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 form attached with this copy of the *Quarterly Report* to Liz Crabtree no later than **Thursday, May 19, 2011,** so that arrangements for lunch can be finalized. We look forward to seeing you there.

(Ed Wilmesherr)

MSRCG COMPLIANCE CALENDAR

01/16/09 – RESPA Servicing Transfer Disclosure revised	**07/01/10 –** FFIEC Accuracy and Integrity Guidelines effective
07/30/09 – Reg. Z early disclosures for dwelling secured loans effective	**08/22/10** – Reg. E rules on gift certificates and gift cards effective
08/20/09 – Reg. Z changes on time to make payments on open-end accounts effective	**10/01/10** – Escrow requirements effective for mobile homes
08/20/09 – Reg. Z changes on notices of changes in terms on credit card accounts effective	**10/01/10** S.A.F.E. Act regulations effective
10/01/09 – Reg. Z higher priced mortgage loan regulations effective	**01/01/11 –** Risk-Based Pricing Rules Effective
10/01/09 – Reg. Z servicing practices regulations effective	**01/31/11** – S.A.F.E. Act Registration Begins
10/01/09 – Reg. dwelling secured advertising disclosures changes effective	**02/08/11** – MSRCG February Quarterly Meeting
10/01/09 – HMDA changes for reporting rate spreads on higher priced mortgage loans effective	**02/28/11** – Post revised notice to IOLTA customers
10/01/09 – Reg. Z HOEPA changes on verification of repayment ability effective	**4/01/11** – Appraisal Independence Final Rule Effective
11/20/09 – Reg. Z disclosures on transfer of mortgage loans effective	**05/24/11** – MSRCG May Quarterly Meeting
01/01/10 – RESPA GFE and HUD-1 disclosure changes effective	**06/10/11** – Risk Retention Rule Comments Due
01/01/10 – Reg. DD changes on disclosure of OD fees and providing balance information effective	**07/21/11** – Anticipated Effective Date for changes to Risk-based pricing notices
02/14/10 – Reg. Z disclosures on private education loans effective	**07/22/11** – Ability-to-Repay proposed rule comments due
02/22/10 – Reg. Z implementing changes to open-end credit and credit card accounts under Credit Card Act effective	**07/26/11** – MSRCG Steering Committee Meeting
02/27/10 – Reg. CC disclosure changes effective	**07/29/11** – S.A.F.E. Act Registration Expires
04/01/10 – Escrow requirements effective for site-built homes	**08/23/11** – MSRCG August Quarterly Meeting
06/01/10 – Unlawful internet gambling enforcement regulation compliance date	**09/27/11** – MSRCG Steering Committee Meeting
07/01/10 –Reg. E changes for ATM and Debit Card Overdrafts	**11/15/11 –** MSRCG Annual Meeting