

BANK COMPLIANCE ASSOCIATION OF CONNECTICUT, INC.
FEBRUARY 26, 2008
CLARION HOTEL- BRISTOL

Selected Federal Regulatory and Legal Developments

David J. Wiese, Esquire
Tyler Cooper & Alcorn, LLP

1. Federal Reserve Board ("FRB")

Re: 12 CFR Part 226, Truth in Lending Proposed rule; request for public comment

Proposed Rule Issued: 73 Fed. Reg. 1672 (01/09/08)

Comments due: (04/08/08)

Summary: The Board proposes to amend Regulation Z, which implements the Truth in Lending Act and Home Ownership and Equity Protection Act to protect consumers in the mortgage market from unfair, abusive, or deceptive lending and servicing practices. The proposal would establish a new category of "higher-priced mortgages" that would attempt to include almost all subprime loans.

2. Federal Reserve and U.S. Securities and Exchange Commission (SEC)

Re: 12 CFR Part 218 and 17 CFR Parts 240 and 247, Final Rules that implement provisions of the GLBA that except banks from the definition of "broker" under the Securities Exchange Act of 1934 when that bank conducts *certain* securities transactions. These rules are known as Regulation R.

3. Financial Regulatory Agencies, the Securities and Exchange Commission and the Federal Trade Commission

Re: Final Rules found in 72 Fed Reg 62910 (11/07/07). The final rules implement the affiliate marketing provisions of the FCRA as amended by the FACT Act. The final rules implement Section 214 of the FACT Act, that generally prohibits a person from using information received from an affiliate to make a solicitation for marketing purposes to a consumer, unless the consumer is given notice and a reasonable opportunity and a reasonable and simple method to opt-out of making such solicitations.

4. Federal Financial Institution Regulatory Agencies and the Federal Trade Commission

Re: Joint final rules and guidelines found in 72 Fed Reg 63718 (11/09/07) The regulations and guidelines implement sections 114 and 315 of the Fair and Accurate Credit transactions Act of 2003. The regulation requires financial institutions and creditors to implement a written identity theft prevention program to detect, prevent, and mitigate identity theft in connection with the opening of certain accounts or certain existing accounts.

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- 5.** Raised Senate Bill No. 114 . An Act Concerning Prevention of Fraud in Electronic Transactions. To provide an exception to the application of the Expedited Funds Availability Act and applicable regulations to savings accounts opened or funded electronically.

6. Raised Senate Bill No. 182. An Act Concerning Bank and Credit Union Authority and Nondepository Licenses. To make various changes to banking laws.
7. Raised Senate Bill No. 218. An Act Providing an Income Tax Deduction for Contributions to any Qualified 529 Plan. To establish an income tax deduction for contributions to any qualified 529 plan.
8. Raised Senate Bill No. 423. An Act Concerning Foreclosure Prevention and Responsible Lending. To reduce foreclosure by removing incentives to placing borrowers in loans they cannot afford or that cost significantly more than the borrower would qualify for; creating accountability by conferring legal rights on borrowers who have been taken advantage of by unscrupulous lenders; prohibiting certain loan practices that are antithetical to homeownership; and prohibiting loan terms that significantly increase the likelihood of default and foreclosure.
9. Raised Senate Bill No. 424. An Act Concerning Nonrecourse Mortgages. To require a study of nonrecourse mortgages.
10. Raised Senate Bill No. 427. An Act Concerning Green Mortgages. To require lenders to provide incentives for the construction and purchase of energy efficient residential properties, and for energy efficient renovations, improvements or upgrades to residential properties through the provision of green mortgages.
11. Raised Senate Bill No. 428. An Act Concerning Mortgage Closing Funds Availability. To create penalties for mortgage providers that do not make funds timely available.
12. Raised Senate Bill No. 429. An Act Concerning Mortgage Originator Licensing. To require an evaluation of the sufficiency of originator licensing requirements, uses of licensure fees and fines, and consumer protection from fraudulent mortgage lending practices.
13. Raised Senate Bill No. 430. An Act Concerning Limitations on Escrow Accounts. To prohibit escrow accounts when a mortgage balance is less than half of the current market value of the home; to limit the amount that a mortgagor must maintain in escrow to no more than that required to cover insurance and taxes for one month, and to require payment of interest on escrow accounts at the prime rate.
14. Raised House Bill No. 5023. An Act Appropriating Funds for a Program of Continuing Education for Residential Mortgage Brokers and Originators. To require applicants for first mortgage broker licenses, second mortgage broker licenses and originator licenses to complete certain examination and education requirements for licensure and for renewal of licensure.
15. Raised House Bill No. 5128. An Act Clarifying Certain Depository Institution Disclosure Requirements. To clarify that contracts between consumers and FDIC insured depository institutions are not subject to the liquidated damages disclosure requirements generally applicable to agreements for the purchase or lease of goods or services primarily for personal, family or household purposes.
16. Raised House Bill No. 5130. An Act Limiting Use of Checks to Create Binding Agreements on Consumers. To prohibit use of checks to form a binding agreement on consumers in the absence of a valid written agreement meeting the requirements of this act.

17. Raised House Bill No. 5164. An Act Concerning Buyer Protection in Foreclosure by Sales. To create a statutory cause of action and remedy for purchasers of foreclosed property where the property value is diminished through intentional damage during the period of time between the sale of the property and possession by the purchaser.
18. Raised House Bill No. 5165. An Act Concerning the Emergency Mortgage Assistance Program. To require banks to participate in the Emergency Mortgage Assistance Program; to expand the program to afford protection to homeowners faced with resets or other increases in the mortgage interest rate; to require that moneys received for the repayment of emergency mortgage assistance payments be used solely for the purposes of said program; and to provide funding for said program in the amount of five million dollars.
19. Raised House Bill No. 5166. An Act Concerning Mortgage Prepayment Penalties. To limit permissible prepayment penalties on mortgages.
20. Raised House Bill No. 5331. An Act Concerning Letters of Credit. To expand the types of collateral used for securing municipal deposits in excess of the FDIC insurance cap.
21. Raised House Bill No. 5332. An Act Concerning Delinquency and Collection Charges on Retail Installment Contracts or Installment Loan Contracts. To permit Connecticut credit unions, federal credit unions and Connecticut banks holding retail installment contracts or installment loan contracts to receive or collect charges or expenses for delinquency and collection in accordance with laws and regulations applicable to federal banks.
22. Raised House Bill No. 5333. An Act Concerning Fees on Inactive Accounts. To prohibit imposition of dormancy fees on inactive deposit accounts where a customer has at least one active account or CD.
23. Raised House Bill No. 5494. An Act Ensuring the Competence and Integrity of Mortgage Brokers and Originators. To require applicants for first mortgage brokers licenses, second mortgage broker licenses and originator licenses to complete certain examination and education requirements for licensure and for renewal of licensure.
24. Raised House Bill No. 5577. An Act Concerning Responsible Lending and Economic Security. To create and fund a multitiered mortgage assistance program within the Department of Economic and Community Development; to create a right to appeal to the Banking Commissioner for a six-month moratorium on bank action; to prohibit certain lending and brokering practices; to prohibit influence of appraisals; to establish on-line continuing education requirements for certain entities in the mortgage lending industry; to permit tenants to terminate leases on foreclosed homes; to provide for court appointment of counsel in a foreclosure action; to establish a Mortgage Crisis Job Training Team within CTWorks One Stop Career Centers; and to increase surety bond requirements for mortgage lenders and brokers.
25. Raised House Bill No. 5578. An Act Concerning Reinstatement Payment Statements. To require a mortgagee to provide a reinstatement payment statement upon written request by a mortgagor.
26. Raised House Bill No. 5579. An Act Concerning Housing Persons with Mental Illness in Foreclosed Properties. To establish a program of grants and loans to community residential facilities to purchase foreclosed residential properties for use as community residential facilities.

27. Raised House Bill No. 5580. An Act Concerning the Discharge of Liens. To require lien holders to notify the appropriate town clerk whenever a lien has been satisfied or a final judgment has been rendered against a lien holder showing that nothing is due and to require that such notification be copied on the debtor.
28. Raised House Bill No. 5581. An Act Concerning Release of Motor Vehicle Title. To require banks to promptly release and transfer title of motor vehicles after satisfaction of loan.
29. Raised House Bill No. 5582. An Act Concerning Lender Recording of Mortgage Releases. To prohibit lenders from filing mortgage releases in land records and to require them to deliver copies of releases to the attorney's offices from which the lenders have received proceeds in payment of the loan.
30. Raised Senate Bill No. 21. An Act Concerning Mortgage Lending. This is the Governor's proposal to address the subprime crisis.

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