

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

June 13, 2013

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

CFPB Delays Effective Date of Prohibition on Financing Credit Insurance Premiums and Updates Rural and Underserved Counties List

The Consumer Financial Protection Bureau (CFPB) delayed a mortgage provision that was effective June 1, 2013, and made updates to the 2013 Rural and Underserved Counties List. The following information highlights these changes:

Delay of Provision that Prohibits the Financing of Credit Insurance Premiums

On May 29, 2013, the Consumer Financial Protection Bureau (CFPB) issued a [final rule](#) to delay the June 1, 2013, effective date of the provision that prohibits creditors from financing credit insurance premiums in connection with certain consumer credit transactions secured by a dwelling. The prohibition was adopted under the [Loan Originator Compensation Requirements Rule](#), which was issued on January 20, 2013. The CFPB is delaying the effective date until January 10, 2014, to permit the CFPB to clarify, before the provision takes effect, its applicability to transactions other than those in which a lump-sum premium is added to the loan amount at closing. The new effective date will be January 10, 2014, but the CFPB will solicit comment on the appropriate effective date as it simultaneously seeks comment on clarifications.

Update of Rural and Underserved Counties List

On May 31, 2013, the CFPB updated the [final rural and underserved counties list](#) for use in the second part of 2013, which now includes the following U.S. territories as rural areas in their entirety: Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the U.S. Virgin Islands. These territories comprise areas that the U.S. Census Bureau treats as counties and that are neither metropolitan statistical areas nor micropolitan statistical areas adjacent to metropolitan statistical areas.

In its original [press release](#), the CFPB outlined the applicability of the rural and underserved designations to its various mortgage rules, including for the exemption to the [2013 Escrow Rule](#), which extends the mandatory escrow period from one to five years for applications received on or after June 1, 2013.

Resource

Additional information on CFPB rules and related guidance can be found on the CFPB's website at <http://www.consumerfinance.gov/>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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