

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

July 11, 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 Releases Semi-Annual Rulemaking Agenda and 2014 Rural and Underserved Counties List

In early July, the Consumer Financial Protection Bureau (CFPB) released their semi-annual rulemaking agenda and the 2014 list of rural and underserved counties. Both issuances are discussed below.

CFPB Semi-Annual Rulemaking Agenda

The CFPB released their semi-annual [rulemaking agenda](#) on July 3, 2013. The agenda, which is updated twice a year, lists the CFPB's anticipated rulemaking activity for the coming 12-month cycle. In particular, the agenda provides information on the current status of various pending rules, including the Home Mortgage Disclosure Act (Regulation C) and Integrated Mortgage Disclosure rules mandated by the Dodd-Frank Act. The agenda also lists a number of areas the CFPB is considering issuing new rules. As noted in their [press release](#), the CFPB has conducted outreach and research to assess issues in various other markets for consumer financial products and services. As a result of this work, the CFPB is beginning to consider whether regulations may be appropriate to address concerns raised about debt collection and payday and deposit advance products. The CFPB is also expecting to build on an [Advance Notice of Proposed Rulemaking](#) that was published last year concerning prepaid cards, by developing a proposed rule to strengthen federal consumer protections for these products.

As the agenda provides insight into the CFPB's pending rulemaking, we encourage bankers to review the agenda, be aware of the planned rulemaking, and utilize any comment periods as an opportunity to influence the regulatory process.

Final 2014 List of Rural and Underserved Counties

On July 2, 2013, the CFPB issued the final rural and underserved counties list for use in 2014. As noted in their [press release](#), several rules affect creditors that operate predominately in "rural" or "underserved counties or mortgage loans made in "rural" counties.

- *Escrow Rule* – The [Escrow Rule](#) requires creditors establish and maintain escrow accounts for higher-priced mortgage loans; however, the rule exempts small creditors that operate predominately in rural or underserve counties.
- *Ability-to-Repay Rule* - Under the [Ability-to-Repay and Qualified Mortgage Standards under the Truth in Lending Act rule](#), which is effective January 10, 2014, mortgage loans with balloon payments generally do not qualify as qualified mortgages (QMs). However, certain small creditors that operate predominantly in rural or underserved counties will be eligible to originate balloon-payment QMs. All other small creditors will be provided this exemption through January 10, 2016.
- *High-Cost Mortgage and Homeownership Counseling* – These same creditors will be exempt, when making those balloon-payment QMs, from restrictions on balloon payments for certain high-cost mortgages under the Bureau's [High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act rule](#) (HOEPA rule), which also goes into effect on January 10, 2014.
- *Appraisal Requirements* – Lastly, certain HPMLs will be exempt from new second appraisal requirements if they are originated in rural counties under the interagency [Appraisals for Higher-Priced Mortgage Loans rule](#), which goes into effect on January 18, 2014.

Resource

The CFPB established a [regulatory implementation page](#) to assist institutions in implementing the 2013 mortgage rules. The site includes a variety of resources including, among other things, downloadable compliance guides, quick reference charts, and supervision and examination materials. The CFPB also recently released a [Readiness Guide](#) that provides guidelines for institutions to evaluate their readiness and help them comply with the new 2013 mortgage rule changes.

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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