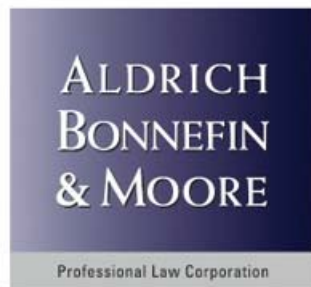


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## IMPORTANT UPCOMING COMPLIANCE DATES

Some important compliance deadlines are coming up in the next several weeks. Here is a reminder to assist financial institutions in staying on track.

### **February 28, 2011 Event**

#### ***Prominently Post FDIC Insurance Coverage Notice for IOLTAs***

Depository institutions that offer noninterest-bearing transaction accounts are reminded that no later than February 28, 2011 the FDIC-prescribed notice regarding temporary unlimited deposit insurance coverage must be prominently posted in the lobby of the institution's main office, in each domestic branch and, if the institution offers internet deposit services, on its website.

“Noninterest bearing transaction account” includes traditional checking accounts or demand deposit accounts that do not earn interest. The term also includes Interest on Lawyers Trust Accounts (IOLTAs) but does not include other accounts, such as traditional checking or demand deposit accounts that may earn interest, NOW accounts and money market deposit accounts. The notice requirements stem from a final rule issued by the FDIC on January 18, 2011 (refer to the related BCG article “FDIC Amends Rule Giving IOLTAs Unlimited Coverage - New Update” posted on our website on January 21, 2011). The prescribed notice must state the following:

#### NOTICE OF CHANGES IN TEMPORARY FDIC INSURANCE COVERAGE FOR TRANSACTION ACCOUNTS

All funds in a “noninterest-bearing transaction account” are insured in full by the Federal Deposit Insurance Corporation from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. The term “noninterest-bearing transaction account” includes a traditional checking account or demand deposit account on which the insured depository institution pays no interest. It also

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includes Interest on Lawyers Trust Accounts (“IOLTAs”). It does not include other accounts, such as traditional checking or demand deposit accounts that may earn interest, NOW accounts, and money-market deposit accounts.

For more information about temporary FDIC insurance coverage of transaction accounts, visit [www.fdic.gov](http://www.fdic.gov).

## **March 1, 2011 Events**

### ***Due Date for Filing HMDA Data and CRA Data***

HMDA. Data collected for calendar year (CY) 2010 under the Home Mortgage Disclosure Act (HMDA) must be submitted to the Federal Reserve by March 1, 2011. Banks, thrifts and credit unions that are subject to the HMDA data collection and reporting requirements must ensure that the Loan Application Register is received and accepted by this date to avoid penalties.

CRA. March 1, 2011 also is the date by which lenders are to submit to the Fed data collected during CY 2010 under the Community Reinvestment Act (CRA). While the CRA data collection and reporting requirements apply to large institutions (defined for purposes of CY 2010 as those having assets of at least \$1.098 billion as of December 31, 2008 and December 31, 2009), any size institution can collect and report the required CRA loan data and by doing so may opt to be examined as a large institution.

### **BSA Regulations Move to New Chapter X in Title 31**

Financial institutions will find FinCEN’s regulations implementing the Bank Secrecy Act (BSA) in new Chapter X in Title 31 of the Code of Federal Regulations (CFR) beginning March 1, 2011. The regulations begin at Part 1000, Section 1010. FinCEN has made available its web-based **Chapter X Citation Translator**, available at [www.fincen.gov/statutes\\_regs/ChapterX](http://www.fincen.gov/statutes_regs/ChapterX). The Translator provides an automated way for financial institutions to translate a regulatory citation from the “old” 31 CFR Part 103 to the “new” 31 CFR Chapter X and vice versa.

## **April 1, 2011 Events**

### ***Regulation Z Mortgage Compensation and Anti-Steering Rules***

No fooling here – April 1, 2011 is the mandatory date for complying with the FRB’s amendments to Regulation Z that prohibit certain loan originator compensation and steering practices. The rules apply to closed-end loans secured by a dwelling, including loans secured by the consumer’s second or vacation home as well as the consumer’s principal dwelling. Creditors must comply with the rules for all applications that are received on and after April 1, 2011.

Under the compensation provisions (Section 226.36(d)) a loan originator’s compensation cannot be based on the interest rate or other terms of the loan. Loan originators can, however, receive compensation that is based on a percentage of the loan amount (or a fixed dollar amount). The rule also prohibits a loan originator that receives compensation directly from the consumer from also receiving compensation from the lender.

Section 226.36(e) of Regulation Z also prohibits loan originators from directing or “steering” a consumer to accept a mortgage loan that is not in the consumer’s interest in order to increase the originator’s compensation.

The final rules are discussed in more detail in BCG Handout #10-11B, “New Mortgage Loan Compensation Rules Under Regulation Z” (November 2010).

### ***Valuation Independence Rules***

Don’t forget too that the FRB’s interim final rule implementing the valuation independence provisions of the Dodd-Frank Reform Act are mandatorily effective April 1, 2011. The interim final rule applies to both open-end and closed-end consumer credit transactions secured by the consumer’s principal dwelling. In general, creditors are prohibited from directly or indirectly causing (or attempting to cause) the value assigned to a consumer’s principal dwelling to be based on any factor other than the independent judgment of the person who prepares a valuation. The provisions of the interim final rule added new Section 226.42 to Regulation Z. Effective April 1, 2011 this new Section 226.42 replaces the appraisal rules contained in existing Section 226.36(b). In addition, the interim final rule supplants the Home Valuation Code of Conduct, the current standard for appraisal independence for loans purchased by Fannie Mae and Freddie Mac.

Refer to BCG Standard Procedures Manual #8, *Real Estate Lending Compliance*, for a detailed discussion of the FRB’s interim final rule.