M&M CONSULTING | Partners in Risk Management

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Practical Compliance

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In This Issue

Military Lending Act

On October 1, 2015, the Final Rule amending the Military Lending Act of 2015 (MLA), issued by the Department of Defense (DOD) on July 21, 2015, went into effect. Talk about bad timing. We were all in the midst of TRID-mania at the time, and that was all anyone involved in mortgage lending could focus on. As a result, the news that the MLA had been amended flew totally under the radar for many. And of those who were at least aware that the MLA had been amended, many did not read below the headlines, thinking the Act did not apply to their institution, while others put review of the Final Rule on the back burner until after the dust stirred by TRID had settled.

However, it turns out that the Final Rule amendments basically make any institution that grants consumer loans subject to the requirements of the MLA. The good news is that compliance with most aspects of the Final Rule (with the exception of those involving credit cards) is required by October 3, 2016. Compliance with the credit card rules is delayed until at least October 3, 2017.

You can no longer put off reviewing the Final Rule, and determining what your institution needs to do to comply with the applicable requirements of the MLA. Needless to say, the MLA should now be on everyone's radar!

Background

Prior to the Final Rule, the MLA applied only to closed-end payday loans capped at $2,000 and a 91-day term, closed-end auto title loans with terms of 181 days or fewer and closed-end tax refund anticipation loans. Given this limited scope in products coverage, most of us have had little or no experience with the MLA.

The Final Rule changed all that. The definition of "consumer credit" was expanded to be consistent with credit that is subject to the Truth-in-Lending Act (TILA) / Regulation Z; i.e., credit offered or extended to a covered borrower primarily for personal, family, or household purposes, and that is (1) subject to a finance charge, or (2) payable by a written agreement in more than four installments.

The expanded definition of "consumer credit" was the DOD's reaction to close the loopholes being taken advantage of by lenders covered under the old MLA rules. To circumvent coverage under the MLA, these lenders were modifying their product offerings so that they fell just outside of the old MLA's definition of "consumer credit". Thus, newer loans were not subject to the MLA, or to its required service member protections.

Coverage under the Final Rule

As part of the Final Rule's expanded definition of "consumer credit", the MLA now applies to both closed-end and open-end consumer credit, including installment loans, boat loans, single-payment loans, lines of credit and credit cards, as well as other consumer credit transactions. However, loans or lines of credit secured by a dwelling are exempt from coverage, as are vehicle-secured purchase loans and personal property-secured purchase loans.

The Final Rule defines a "covered borrower" as a consumer who, at the time he or she is first obligated on a credit transaction, is a service member who is on "active duty", or a spouse or dependent (including a child under 21 years of age) of such a person.

The Final Rule provides the following clarifications regarding coverage under the MLA:

- Credit transactions initially covered under the MLA are no longer covered if/when the consumer ceases to be on active duty; and
- Credit transactions entered into before a service member is on active duty are not covered.

Determining Military Service and MLA Safe Harbor Provisions

The MLA provides two safe harbor methods for determining if a consumer is a covered borrower: (1) using information obtained directly or indirectly from the MLA Database; or (2) relying on information contained in a consumer report obtained from a nationwide consumer reporting agency.

The use of either safe harbor method is optional. You may use a different method to determine if an individual is eligible for MLA protection. However, use of one of the safe harbor methods is recommended, as both are "determinative". This means that even if a borrower is in fact a service member, and you have documentation for a safe harbor check that shows otherwise; the safe harbor check will govern. An additional benefit of using one of the safe harbor methods is that they can be performed without inconveniencing the consumer, or requiring them to attest to their military status.

The Final Rule also establishes the following time parameters for which reliance on an initial determination of a borrower's status is considered valid:

- When a consumer initiates the transaction or 30 days prior;
- When consumer applies to establish an account or 30 days prior; or
- When you develop or process a firm offer of credit and the covered borrower responds within 60 days.

  If the covered borrower does not respond within 60 days, you may no longer rely on the initial determination.

You should retain documentation of your MLA check, regardless of the method you utilize. To benefit from the use of a safe harbor method, you must retain the results of the check. Since military status checks must be performed at origination, you should consider retaining MLA check results with the origination documents.

Military Annual Percentage Rate (MAPR) Calculations

Covered credit transactions are capped at a 36% Annual Percentage Rate (APR), referred to as the *Military Annual Percentage Rate* (MAPR).

For closed-end credit, the MAPR is a one-time calculation made prior to/at the time the loan is made. It is calculated in the same way the APR is calculated under Regulation Z. However, the MAPR amount must also include the following fees and charges, as applicable, even if not required by Regulation Z:

- Credit Insurance Premium or Fee *(even if voluntary)*
- Debt Cancellation or Debt Suspension Fee *(even if voluntary)*
- Fees for Ancillary Products Sold in Connection with the Credit Transaction *(e.g., identity theft protection, credit score tracking, etc.)*
- Finance Charges
- Application Fee *(with certain exceptions)*

- Participation Fee

The Final Rule provides for certain exemptions with respect to the inclusion of Application Fees in MAPR calculations. Exemptions only apply to closed-end loans with terms of 9 months or less which have a fixed limit on an application fee; are subject to Federal law, other than the MLA, that limits the interest rate or cost on an extension of credit where the limitation is comparable to a 36% APR. If you charge a second application fee to a borrower who applies for a second short-term, small-amount loan within a 12-month period, the second fee is not eligible for the exclusion from the MAPR.

For open-end credit (non-credit card), the MAPR is calculated in the same way as an effective annual percentage rate for a billing cycle as required by Regulation Z, and must be calculated for each billing cycle. As with closed-end credit, the MAPR for open-end credit must include the six types of fees and charges described above. However, for open-end credit, fees / premiums for products obtained after the account is opened must also be included in the calculations. If there is no balance in a billing cycle, the only fee that may be charged is a participation fee, which cannot exceed $100 per year, regardless of the billing cycle in which it is imposed. Please note that as compliance with the credit card provisions is not required until October 3, 2017, we have not included any credit card specific provisions in this overview.

So that you can demonstrate that your initial MAPR calculations and (for open-end) the billing cycle calculations are accurate and include all charges required under the MLA, you should retain adequate supporting documentation for all MAPR calculations.

Required Disclosures

The Final Rule simplifies the information you must provide before or at the time the covered borrower becomes obligated for a transaction, or when the account is originally established. In addition to providing disclosures required by Regulation Z, you must provide a statement of the MAPR that describes the charges you may impose, but does not have to provide the periodic rate of the MAPR and the total dollar amount of all charges included in the MAPR.

The Final Rule provides a model statement describing the MAPR. You may use the model statement or a substantially similar statement.

> *Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36%. This rate must include, as applicable to the credit transaction or account: the costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).*

You must also provide a clear description of the payment obligation. This requirement may be satisfied by providing the applicable payment schedule or account-opening disclosure as required by Regulation Z.

In addition to the written disclosures described above, **you must also provide these disclosures orally**. These may either be provided in person, or by providing the borrower a toll-free number to call to obtain the disclosures. If the latter option is utilized, you must include the toll-free number on the application form or with the statement of the MAPR.

For a refinancing or a renewal of the covered loan, new disclosures are required only when the transaction is considered a new transaction requiring Regulation Z disclosures. The Final Rule also clarified that if two or more creditors are involved in a transaction, disclosures are only required by one of them. Creditors are permitted to come to an agreement as to which creditor will provide the information required by the MLA.

Other Prohibited Actions or Credit Provisions

The MLA also prohibits you from extending credit to covered borrowers under terms that, among other things:

(i) Require the borrower to submit to arbitration;
(ii) Require the borrower to waive his or her right to legal recourse under any otherwise applicable provision of State or Federal law, including any provision of the *Servicemembers Civil Relief Act*; or
(iii) Prohibit the borrower from prepaying the loan, or charges a fee for prepaying all or part of the loan.

The prohibition against mandatory arbitration remains the same as under the 2007 MLA rules. However, since that time, federal regulators have placed a renewed emphasis on mandatory arbitration. Since the CFPB's creation in 2011, mandatory arbitration, and its impact on consumers, has been one of its key area of focus. With the CFPB's *Office of Servicemember Affairs* closely watching any practices that may harm military borrowers, and the Bureau's overall focus on arbitration, the arbitration provisions of the MLA may likely become a targeted area for regulatory review.

The Final Rule also includes two broadly stated restrictions. Specifically, you may not "impose other onerous legal notice provisions" in disputes, or demand "unreasonable notice from a consumer as a condition for legal action". Further clarification on these matters may be needed to ensure compliance.

Void Contracts

The MLA states that credit agreements, promissory notes, or other contracts that are not in compliance with the MLA requirements are void.

Penalties and Remedies

The Final Rule added new language to reflect the civil liability provisions of the MLA enacted in the 2013 Act. The lender is required to show by a preponderance of the evidence that the violation was not intentional and was the result of a bona fide error. The civil liability provisions include:

- Actual damage sustained, not less than $500 for each violation;
- Punitive damages;
- Equitable or declaratory relief;
- Any other relief provided by law; and
- Costs of the action, including reasonable attorney fees.

Action Plan

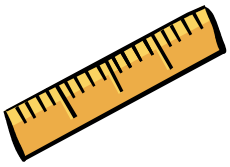
Based on the new rule, there are a number of items that you should consider when reviewing your lending practices for MLA compliance. At a minimum, these should include:

- Identifying existing or contemplated credit products that fall within the broad scope of the Final Rule;
- Analyzing fee structures applicable to credit products available to service members, including add-on products, to determine compliance with the 36% MAPR limit;
- Determining whether modifications to internal compliance policies and procedures are necessary to ensure compliance with the Final Rule;
- Reviewing loan documents for mandatory arbitration clauses and other language that may violate the Final Rule, and revise them, as necessary;
- Implementing internal policies and procedures to determine a consumer's military status; including querying each consumer applicant's name in the DOD's MLA database, if this safe harbor method is used.

A Word about Credit Cards

As previously noted, compliance with the credit card requirements is not required until October 3, 2017; and this mandatory compliance date could possibly be extended for an additional year until October 3, 2018. Given this, and the credit card specific requirements in the Final Rule, we opted not to address these requirements in this article. We do, however, plan to include an article on these requirements in a future edition of ***Practical Compliance***.

Short Clips



CFPB to Provide Further TRID Guidance – Upcoming Webinar

The CFPB has indicated that it will provide further question-and-answer guidance to the financial and housing industries on complying with the TILA-RESPA integrated disclosures. The first Q&A webinar was held on March 1, 2016.

The next free Q&A webinar EDT to address industry questions on the interpretation and implementation of TRID will be held on Tuesday, April 12, at 2 p.m. Those interested in participating will need to register for the webinar.

Credit Unions – TRID & Payment Protection Plans

We recently came across a 2015 *CUNA Mutual Group (CMG)* publication entitled *TILA/RESPA - How it impacts Payment Protection*. The publication discusses how to disclose payments which include optional credit insurance and debt protection premiums under the TRID Rules. The TRID payment table disclosures strictly limit the payment disclosure to principal, interest, and if applicable, PMI and escrow payments. Payment protection product costs are not allowed to be included in the payment table disclosures.

CMG notes that members may be confused when they receive their first statement and their loan payment due does not match the loan payment disclosed on the Closing Disclosure. For this reason, *CMG* recommends that Credit Unions provide a separate disclosure of the consumer's actual monthly payment in addition to the TILA/RESPA disclosures. *CMG* lists the following options for making this additional disclosure:

- **CUNA Mutual Group Disclosure** – This is an optional disclosure *(form # IMLPD0-E)* which can be used to detail the monthly loan payment, including payment protection premiums. This disclosure is available only to CUNA Mutual Group payment protection customers and is complementary.
- **Create Your Own Disclosure** – Credit Unions may elect to create a separate, short disclosure of the monthly payment with payment protection included. There is no specific disclosure language required by the regulation, and Credit Unions may choose to craft their own disclosure language. The following is *CMG's* recommended disclosure:

  Important Information regarding your Loan Payment

  Thank you for purchasing payment protection on your home loan. Your purchase of payment protection is a valuable step you have taken to make sure your family is protected if the unforeseen were to happen.

  Your monthly payment including payment protection will be $<xxx.xx>.

  This is the regularly scheduled payment due each month and reflected on your periodic statements. This total payment is different than the payment reflected on the closing disclosure because we are required by federal law to only show principal and interest amounts of the loan payment on that document.

  Should you have any questions, please call <Credit Union contact name and phone>.

Please note that we have not fully evaluated this CUNA publication, and therefore cannot opine as to the accuracy of the guidance provided.

Interagency Advisory on Use of Valuations in Real Estate–Related Financial Transactions

On March 4, 2016, the Board of Governors of the FRB, the FDIC, and the OCC issued an Interagency Advisory to clarify supervisory expectations for using an evaluation for certain real estate-related transactions. The Advisory was issued in response to questions raised during outreach meetings held pursuant to the Economic Growth and Regulatory Paperwork Reduction Act. Many of the questions received pertained to when an evaluation is permitted for a real estate-related transaction and how an evaluation can support a market value conclusion when there are few or no recent comparable sales of similar properties.

The Advisory contained the following clarification statements:

- Regulations permit institutions to use an evaluation in lieu of an appraisal to value real property pledged as collateral for certain real estate-related transactions that are not subject to the regulatory appraisal requirements. For example, institutions may use evaluations rather than appraisals to estimate the market value of residential or commercial properties securing real estate-related transactions of $250,000 or less except for certain higher-priced mortgage loans under Regulation Z.
- The Interagency Appraisal and Evaluation Guidelines do not require evaluations to be based on comparable sales.
- In areas with few, if any, recent comparable sales of similar properties in reasonable proximity to the subject property, persons who perform evaluations may consider alternative valuation methods and other supporting information when developing a market value conclusion.
- Institutions that demonstrate that a valid correlation exists between tax assessment values and market values may use such information to develop the market value conclusion in an evaluation.

Joint Interim Final Rules and Request for Comments on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches

On February 29, 2016, the Board of Governors of the FRB, the FDIC, and the OCC jointly adopted interim Final Rules to implement section 83001 of the Fixing America's Surface Transportation Act (FAST Act), which was enacted on December 4, 2015. The agencies also requested public comment on the interim Final Rules. Section 83001 of the FAST Act permits the agencies to examine qualifying insured depository institutions with less than $1 billion in total assets no less than once during each 18-month period.

The implementation of these rules allows the agencies to better focus supervisory resources on IDIs that present capital, managerial or other issues of supervisory concern, while reducing regulatory burden on small, well-capitalized and well-managed institutions.

FDIC Publishes "A Bank Customer's Guide to Cybersecurity"

March 8, 2016, the FDIC issued a special edition of its quarterly *FDIC Consumer News* (Winter 2016) entitled "A Bank Customer's Guide to Cybersecurity". The Agency notes that consumers increasingly rely on computers and the Internet for everything from shopping and communicating to banking and bill paying; and that while the benefits of faster and more convenient "cyber" services are clear, the strategies for preventing online fraud and theft may not be as well-known by many bank customers.

The Guide provides useful information for consumers, including:

- Safety precautions to take before connecting to the Internet with a personal computer, laptop, smartphone or tablet;
- Tips on how to avoid identity theft online;
- What to know about the roles that banks and the government play in protecting customers; and
- Additional resources from the FDIC that can help educate consumers.

FDIC Releases Updated Flood Insurance Videos

On March 10, 2016, as part of its *Community Banking Initiative*, the FDIC announced the release of updated technical assistance videos on flood insurance. The new videos provide financial institution management, compliance officers, and staff with resources for better understanding of federal flood insurance laws, regulations, and compliance responsibilities. The updated videos include information about the changes to federal flood insurance compliance requirements brought about by the Biggert-Waters Flood Insurance Reform Act, the Homeowner Flood Insurance Affordability Act, and the agency's Final Rules on flood insurance at Part 339 of Title 12 of the Code of Federal Regulations.

CFPB – Supervision of Banks and Nonbanks Recovers $14.3 Million for Consumers

On March 8, 2016, the Consumer Financial Protection Bureau (CFPB) released its latest Supervisory Highlights Report where the exams of banks and nonbanks resulted in the remediation of $14.3 million to approximately 228,000 consumers. In its examinations covering the last months of 2015, the Bureau found violations in the student loan market, including illegal automatic defaults by student loan servicers and illegal garnishment threats by debt collectors performing services for the Department of Education. Examiners also found instances of international money transfer companies violating the CFPB's new remittance rule, banks providing inaccurate information to credit reporting companies about customer checking accounts, and debt collectors illegally contacting consumers.

CFPB Establishes Application Process for Designation of Rural Area under Federal Consumer Financial Law

On March 3, 2016, the CFPB adopted a Final Procedural Rule establishing an application process under which a person may identify an area that has not been designated by the Bureau as a rural area for purposes of a Federal consumer financial law and apply for such area to be so designated. Currently, the CFPB designates rural areas for purposes of certain Federal consumer financial laws relating to mortgage lending.

House Committee Passes Flood Insurance Legislation

On March 2, 2016, the House Financial Services Committee voted to advance the *Flood Insurance Market Parity and Modernization Act* to the full House for consideration. The legislation passed by a unanimous vote of 53-0.

The bill would provide consumers with private sector alternatives to the National Flood Insurance Program; which would increase competition, help drive down flood insurance costs, enhance protection for consumers against flood damages in mortgage markets, and ensure that more borrowers can be covered by flood insurance. It is also anticipated that the bill would help the financial position of the NFIP, which is a taxpayer funded initiative.

FRB Repeals Regulation AA

On February 11, 2016, the Federal Reserve Board repealed its Regulation AA (Unfair or Deceptive Acts or Practices), as proposed in the August 2014 *Interagency Guidance Regarding Unfair or Deceptive Credit Practices*, to comply with statutory provisions that transferred certain consumer protection rulemaking authority to the Consumer Financial Protection Bureau (CFPB).

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) repealed the Board's authority to write rules that address unfair or deceptive acts or practices, which were contained in Regulation AA. Regulation AA included the Board's "credit practices rule," which prohibited banks from using certain practices to enforce consumer credit obligations and from including these practices in their consumer credit contracts. The Dodd-Frank Act provides the CFPB separate authority to promulgate rules to identify and prohibit unfair, deceptive, or abusive acts or practices.

However, despite the repeal of Regulation AA and the transfer of certain consumer protection rulemaking authority to the CFPB, the *Guidance* clarifies the respective Agencies still have supervisory and enforcement authority regarding unfair or deceptive acts or practices.

Agencies Working with FinCEN on Marijuana Banking Guidance

On March 16, 2016, an OCC official stated during a regulatory roundtable at the *ABA Government Relations Summit* that the federal banking agencies are having discussions with the Financial Crimes Enforcement Network about guidance on how financial institutions can serve marijuana-related businesses.

Marijuana businesses in states that have legalized the drug, and where federal laws banning marijuana have not been enforced, have found it difficult to obtain banking services, since depository institutions are obliged to follow federal laws.

Good to Know

Send your questions to the
answerperson@mmconsulting.info

Sending requests to the above address gets you a written response to your questions. Emails sent to the answer person are received five days a week.

Q: In a purchase transaction, if the P&S shows a $5,000 seller credit and a $5,000 earnest money deposit, should both items be reflected on the LE, and is so, where?

A: Both the $5,000 seller credit and the $5,000 earnest money deposit should be shown on the LE. According to the *CFPB Guide on the Integrated Disclosures*, in a purchase transaction, a deposit is the amount, disclosed as a negative number, paid to the seller or held in trust or escrow by an attorney or other party under the terms of the contract for sale of the property. *(§1026.37(h)(1)(iv)(A))*

Seller Credits represent the total amount that the seller will pay for items included in the Loan Costs and Other Costs tables, to the extent known, disclosed as a negative number. *(§1026.37(h)(1)(vi))*

Q: We have a Commercial Line of Credit secured by a 1-4 family rental property. When the LOC is being renewed (with no new money), and an appraisal or valuation is being done, are we required to provide the Reg. B disclosure and provide copy of the appraisal?

A: The Bank is required, in this situation**,** to provide the Reg. B disclosure and to provide a copy of the new appraisal or valuation, as required under *§1002.14(a)*.

Q: If a flood insurance policy expires and the 45 day notice goes out to the customer when it's supposed to, and the Bank force places from day one of the cancellation, can we bill for our cost to force place it, to the borrower after the 45 days has expired for the previous 45 days of coverage we put on?

A: The July 2015 regulatory amendments, effective 10/1/15, permit the Bank to charge retroactively for coverage back to the day the coverage lapsed, once notice is given.

Q: I have a question regarding the "Loan Purpose" reflected on the Loan Estimate. I have a borrower who was refinancing an investment property to pay off a small mortgage on the subject property but the majority of the proceeds was going to pay off her primary residence mortgage. The software has stated the purpose of this loan is a Home Equity Loan rather than a Refinance. Is this correct? If so, does that mean if there is other cash out besides paying off the existing lien on the subject property then the loan purpose will be Home Equity Loan?

A: Since the loan will be secured with the investment property, not the customer's dwelling, it is a home equity loan according to §1026.37(a)(9). In this case, it is a home equity loan, even with cash out. In response to your second question, depending on the specifics of the transaction, a loan with cash out may be classified on the LE as a Refinance.

*The Staff Commentary to §1026.37(a)(9) states that **(emphasis added)**:*

ii. *Refinance.* ***The consumer refinances an existing obligation already secured by the consumer's dwelling to change the rate, term, or other loan features and may or may not receive cash from the transaction.*** *For example, in a refinance with no cash provided, the new amount financed does not exceed the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. Conversely, in a refinance with cash provided, the consumer refinances an existing mortgage obligation and receives money from the transaction that is in addition to the funds used to pay the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. In such a transaction, the consumer may, for example, use the newly-extended credit to pay off the balance of the existing mortgage and other consumer debt, such as a credit card balance.*

iv. *Home equity loan.* ***The creditor is required to disclose that the credit is for a "home equity loan" if the creditor intends to extend credit for any purpose other than a purchase, refinancing, or construction.*** *This disclosure*

applies whether the loan is secured by a first or subordinate lien.

Q: We have a Commercial Line of Credit secured by a 1-4 family rental property. When the LOC is being renewed (with no new money), and an appraisal or valuation is being done, are we required to provide the Reg. B disclosure and provide copy of the appraisal?

A: The Bank is required, in this situation**,** to provide the Reg. B disclosure and to provide a copy of the new appraisal or valuation, as required under *§1002.14(a)*.

Q: The Bank has received a request from the IRS-Criminal Investigation Department requesting documentation on an ongoing SAR filing. The law states information in a SAR not be disclosed "except where such disclosure is requested by FinCen or an appropriate law enforcement or bank supervisory agency". Is the IRS an appropriate law enforcement that we are allowed to give SRA research documentation?

A: The IRS is an appropriate law enforcement agency to which you are allowed to provide information on a SAR.

The regulation lists the following as examples of "appropriate law enforcement and federal banking agencies" to which a SAR or the information contained therein could be provided: the criminal investigative services of the armed forces; the Bureau of Alcohol, Tobacco, and Firearms; an attorney general, district attorney, or state's attorney at the state or local level; the Drug Enforcement Administration; the Federal Bureau of Investigation; the Internal Revenue Service or tax enforcement agencies at the state level; the Office of Foreign Assets Control; a state or local police department; a United States Attorney's Office; Immigration and Customs Enforcement; the U.S. Postal Inspection Service; and the U.S. Secret Service.

Q: I recently conducted a review of open-end billing statements and came across a potential issue with the billing statements of a bank we recently acquired. Specifically, in reviewing their billing statement of a personal line of credit, I noted that the activity period noted on the billing statement and the period for which we are actually billing interest are different. For example, one loan had a billing date of 1/29/16, and the activity period noted on the bill was 1/1/16 – 1/29/16, with and all activity (charges and payments) posted for that activity period. However, the Interest Charge was calculated for the period of 1/15/16 – 2/15/16, the system assumes the balance will be the same between the billing date and the payment due date of 2/15/16 when calculating the interest. If a payment/advance is made during that period, an adjustment is made to the interest charge during the next billing cycle. The interest is calculating correctly. All of our bills have always calculated the interest for the activity period, so I wanted to check to be sure this is an acceptable way of billing.

A: We recommend that the information on the billing statement for the personal line of credit list the same dates for the activity period as for the period for which you are actually billing interest. Such a change would make the statement disclosures and calculations consistent with the Official Interpretations to §1026.7(b)(6), Charges Imposed. The Commentary includes examples of different billing cycles, all of which reflect the same dates for the activity period and for period billing interest is calculated.

Q: Are there maximum credit card rates we can offer as a Federal Credit Union based in Maine? We are presently in the process of onboarding a new program, and need to know what boundaries exist before we set our pricing.

A: According to the *Maine Bureau of Financial Institutions*, there is no restriction on the amount of interest that a Maine based financial institution can charge on credit cards. However, out of state financial institutions are subject to the interest rate ceilings of their home state.

Important Dates– Don't Forget!

Generally we retain the prior month, and go forward for at least a year as known. Dates are either effective dates of Final Rules, or end of the comment period for proposed rules.)

02/08/2016 NCUA Proposed Rule–Chartering and Field of Membership Manual. Comprehensive revision.
03/21/2016 Regulation AA, UDAP. Effective date of FRB's repeal of this Regulation.
10/01/2016 Military Lending Act Regulation. Expanded "consumer credit" account coverage mandatory.
10/01/2017 Military Lending Act Regulation. Sections on credit card accounts become mandatory.
01/01/2017 NCUA, Final Member-Business Lending Rule. Provides CUs greater business lending flexibility.
01/01/2017 HMDA, Regulation C. Low volume institutions further excluded from coverage.
01/01/2018 HMDA, Regulation C. Revised transaction coverage and expanded fields effective.
01/01/2020 HMDA, Regulation C. Quarterly reporting for high volume reporters starts.

