

# Summary of Consumer Protection Laws

That apply to financial institutions including federally insured state chartered credit unions.

## National Credit Union Administration (NCUA)

### **BSA - Bank Secrecy Act - 12 C.F.R. Part 748**

Requires financial institutions to file certain currency and monetary instrument reports. This information is used to help government agencies find money laundering activities relating to drug trafficking and white-collar crime.

### **FCPR - Fair Credit Practice Rule – 12 C.F.R. 706**

Ensures fairness of consumer credit, late charge accounting, and cosigner practices of financial institutions. Under the Fair Credit Practice Rule, loan contracts are prohibited from containing confessions of judgment, certain waivers of exemption, assignment of wages, and non-possessory security interest in household goods unless the goods are purchased with the credit that is extended. This Rule prohibits pyramiding of late charges and the misrepresentation of a cosigner's liability.

### **FDPA - Flood Disaster Protections Act – 12 C.F.R. 760**

Requires the NCUA to ensure that credit unions do not make loans secured by uninsured real estate or mobile homes located in specific designated flood hazard areas.

### **FHA - Fair Housing Act – 12 C.F.R. 701.31**

Prohibits financial institutions that make real estate loans from discriminatory lending practices against a person. It is illegal to discriminate in fixing the amount, interest rates, duration, or other terms of the loan based upon: (1) Race; (2) Color; (3) Religion; (4) Sex; (5) Handicap; (6) Familial Status (having one or more children under the age of 18) and (7) National origin.

### **HOPA: Homeowner's Protection Act – 12 U.S.C. 49**

Protects homeowners by prohibiting life of loan PMI for borrower-paid products, and it establishes uniform procedures for cancellation of PMI policies

### **Privacy of Consumer Financial Information – 12 C.F.R. 716**

Governs the handling of consumer financial information. Under the Gramm-Leach-Bliley Act (GLB Act), financial institutions have restrictions on when they may disclose a consumer's personal financial information to nonaffiliated third parties. The GLB Act grants consumers the ability to opt-out of the disclosure of their financial information to most nonaffiliated third parties. The ability to opt-out is subject to certain exceptions. In addition, the GLB Act requires financial institutions to provide notices to customers about its privacy practices and policies.

### **S.A.F.E. Registration of Residential Mortgage Loan Originators – 12 C.F.R. 761**

Improves the flow of information to and between regulators; providing increased accountability and tracking of mortgage loan originators; enhancing member protections; reducing fraud in the residential mortgage loan origination process; and providing members with easily accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators.

### **TISA - Truth in Saving Act – 12 C.F.R. 707**

Requires clear and uniform disclosure of share/deposit account rates and fees so that members may compare competing savings and investment options. For each class of account, the corresponding terms

must clearly state the APY (annual percentage yield), interest rate, dividend calculation method and any corresponding restrictions, any fees or transaction limits on the account, the compounding frequency, minimum balance requirements, requirements to earn a bonus (if applicable), handling non-cash items and the frequency and changes to the APY. Insufficiently automated financial institutions under \$2 million in assets are exempt from TISA.

## Consumer Financial Protection Bureau (CFPB)

### **Regulation B - Equal Credit Opportunity – 12 C.F.R. 1002**

Prohibits discrimination in the extension of credit on the basis of sex, marital status, age, race, color, religion, national origin, receipt of public assistance income, and the good faith exercise of rights under the Consumer Credit Protection Act. Requires lenders to notify applicants of decisions, explain why credit is denied, retain records for set periods after an adverse credit decision, and provide for penalties for failure to comply with the regulation.

### **Regulation C - Home Mortgage Disclosure – 12 C.F.R. 1003**

Requires depository institutions with assets over a certain amount, who originate or purchase first mortgage loans, and have home or branch offices located in Standard Metropolitan Statistical Areas (SMSAs) to provide the public with information on how the depository institution is serving the housing credit needs of the community it serves.

### **Regulation E - Electronic Funds Transfer Act – 12 C.F.R. 1005**

Establishes the rights, liabilities and responsibilities of consumers and financial institutions with regard to electronic funds transfers (EFT) and protects consumers using EFT systems. Regulation E applies to any transaction initiated through an electronic terminal, telephone, computer, or magnetic tape that tells a financial institution to either deposit or withdraw from a member's account at a financial institution. Prescribes rules for the solicitation and issuance of EFT cards; governs consumer's liability for lost or stolen cards; sets up resolution procedures for errors on EFT accounts; covers the notice of crediting and stoppage of preauthorized payments to and from a customer's account; requires institutions to disclose certain terms and conditions of EFT services; and provides for documentation of electronic transfers.

### **Regulation F - Fair Debt Collection Practices Act – 12 C.F.R. 1006**

Prohibits third-party debt collectors from employing deceptive or abusive conduct in the collection of consumer debts incurred for personal, family or household purposes. This Act does not pertain to financial institutions that collect debt that they originated. Such collectors may not contact debtors at odd hours, subject them to repeated telephone calls, threaten legal action that is not actually contemplated, or reveal to other persons the existence of debts.

### **Regulation M - Consumer Leasing Act – 12 C.F.R. 1013**

Ensures that lessees of personal property are given accurate and meaningful disclosures of the terms and conditions of personal property leases. These disclosures allow consumers to compare various lease terms or to compare lease terms with credit terms.

### **Regulation O – Mortgage Assistance Relief Services – 12 C.F.R. 1015**

The interim final rule substantially duplicates the FTC's Mortgage Acts and Practices—Advertising Rule as the Bureau's new Regulation N, 12 CFR part 1014, and the FTC's Mortgage Assistance Relief Services Rule as the Bureau's new Regulation O, 12 CFR part 1015, making only certain non-substantive, technical, formatting, and stylistic changes. To minimize any potential confusion, other than republishing 16 CFR parts 321 and 322 with the Bureau's part number, the Bureau is preserving where possible the

numbering the FTC used in the two rules. Additionally, while this interim final rule generally incorporates the FTC's existing regulatory text, the rule has been edited as necessary to reflect nomenclature and other technical amendments required by the Dodd-Frank Act. Notably, this interim final rule does not impose any new substantive obligations on regulated entities. In future rulemakings, the Bureau expects to amend Regulations N and O to implement certain other changes to the Omnibus Appropriations Act made by the Dodd-Frank Act, such as expanding the scope of Regulations N and O to include persons excluded from coverage under the FTC's existing 16 CFR parts 321 and 322 due to the fact that they are not subject to the FTC's enforcement jurisdiction.

#### **Regulation V - Fair Credit Reporting Act – 12 C.F.R. 1022**

Protects information collected by consumer reporting agencies such as credit bureaus. Information in a consumer report cannot be provided to anyone who does not have a purpose specified in the Act. Companies that provide information to consumer reporting agencies have specific legal obligations, including the duty to investigate disputed information. User of this information for credit must notify the consumer when an adverse action is taken on the basis of such reports.

#### **Regulation X - Real Estate Settlement and Procedures Act – 12 C.F.R. 1024**

Requires disclosure of certain information in the settlement, servicing, and escrow activities associated with real estate lending, such as: (1) Timely information concerning settlement costs; (2) Prohibition of certain abusive practices (such as kickbacks or unearned fees); (3) Limits the use of escrow accounts; and (4) Requires detailed disclosures on the transfer, sale or assignment of servicing. RESPA applies to all real estate loans secured by residential real estate, except: (1) Loans on properties of 25 acres or more; (2) Loans on vacant or unimproved property; (3) Business purpose loans, except if an individual places a lien on a 1-4 dwelling; (4) Temporary financing (i.e. construction or bridge loans); (5) Loan conversions not requiring a new note; (6) Assumptions that do not require lender approval; (7) Secondary market transactions; and (8) HELOCs subject to Regulation Z.

#### **Regulation Z - Truth in Lending Act – 12 C.F.R. 1026**

Prescribes uniform methods of computing the cost of credit, disclosure of credit terms, and procedures for resolving billing errors on certain credit accounts. Regulation Z was written to promote the informed use of consumer credit by consumers, and applies to loans for personal, family or household purposes. The major provisions of the regulation require lenders to:

- Provide borrowers with meaningful, written information on the cost of credit (including financial charges and the annual percentage rate (APR)).
- Respond to consumer complaints of billing errors on certain credit accounts within a specific period.
- Identify credit transactions on periodic statements of open-end credit accounts.
- Provide certain rights regarding credit cards.
- Inform customers of the right to rescind certain real property transactions with a specific period of time.
- Comply with special requirements when advertising credit.

### Department of Defense (DoD)

#### **SMCR – Service Members' Civil Relief – 32 C.F.R. Part 232**

Impose limitations on the cost and terms of certain defined extensions of consumer credit to Service members and their dependents, and to provide additional consumer disclosures for such transactions.

## Federal Reserve (FED)

### **Regulation D - Reserves on Transaction Accounts – 12 C.F.R. 204**

Establishes the required amount that a depository institution must reserve based on the level of transaction accounts on deposit. Institutions are required to maintain a certain level of reserves to assist the Federal Reserve Board in implementing monetary policy.

### **Regulation CC – Availability of Funds and Collection of Checks – 12C.F.R. 229**

Governs the availability of funds deposited in checking accounts and the collection and return of checks.

### **Regulation GG – Unlawful Internet Gambling Enforcement Act – 12 C.F.R . 233**

Prohibits any person, including a business, engaged in the business of betting or wagering from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling. Such transactions are termed "restricted transactions." UIGEA requires the Secretary of the Treasury and the Board of Governors of the Federal Reserve System (collectively, the "Agencies"), in consultation with the U.S. Department of Justice, to designate payment systems that could be used in connection with or to facilitate restricted transactions. Such a designation makes the payment system, and financial transaction providers participating in the system, subject to the requirements of the rule.

### **Regulation II – Debit Card Interchange – 12 C.F.R. 235**

Standards for reasonable and proportional interchange transaction fees for electronic debit transactions, standards for receiving a fraud-prevention adjustment to interchange transaction fees, exemptions from the interchange transaction fee limitations, prohibitions on evasion and circumvention, prohibitions on payment card network exclusivity arrangements and routing restrictions for debit card transactions, and reporting requirements for debit card issuers and payment card networks.

## Federal Trade Commission (FTC)

### **COPPA – Children’s Online Privacy Protection – 16 C.F.R. 312**

Regulation of unfair or deceptive acts or practices in connection with the collection, use, and/or disclosure of personal information from and about children on the Internet.

### **HIDC - Holder in Due Course – 16 C.F.R. 433**

Protects consumers who purchase goods or services on credit. The rule only applies to consumer credit and is intended to prevent sellers who deliver poor goods or services from limiting a consumer's remedies by selling the consumer's note or other debt obligation to a creditor.

## Others

### **RFPA – Right to Financial Privacy – 31 C.F.R. 14**

Authorize Departmental units to request financial records from a financial institution pursuant to the formal written request procedure authorized by section 1108 of the Act, and to set forth the conditions under which such requests may be made.