



fed LETTER

Colorado ★ Kansas ★ Missouri ★ Nebraska ★ New Mexico ★ Oklahoma ★ Wyoming

November 2007

FEDERAL RESERVE BANK of KANSAS CITY

INTRODUCING FEDERAL RESERVE CONSUMER HELP

The Federal Reserve System now offers enhanced support for handling consumer complaints about financial institutions.

Federal Reserve Consumer Help (FRCH) is available to assist consumers with a wide range of problems including concerns about unfair, misleading or discriminatory lending practices, as well as complaints related to consumer protection laws such as the Equal Credit Opportunity Act, the Fair Credit Reporting Act and the Truth in Lending Act.

For more information, consumers can contact FRCH through a variety of methods:

Online: www.FederalReserveConsumerHelp.gov

E-mail: ConsumerHelp@FederalReserve.gov

Toll-free: 888-851-1920

Toll-free text: 877-766-8533

Fax: 877-888-2520

Mail: Federal Reserve Consumer Help
PO Box 1200
Minneapolis, MN 55480

To learn how FRCH affects banking regulations, see “Federal Reserve address change for consumer complaints” in the Regulatory Developments section of this issue of Fed Letter.

HOLIDAY REMINDER

The Federal Reserve will be closed **Thursday, Nov. 22**, for Thanksgiving. The FRB Services website features a [full listing](#) of all holidays observed by the Federal Reserve.

BEIGE BOOK RELEASED

The **latest edition** of the Beige Book was released Oct. 17. The Beige Book is a summary of current economic conditions in each Federal Reserve District.

Anecdotal reports from the Federal Reserve Banks suggest economic activity continued to expand in all Districts in September and early October, but the pace of growth decelerated since August.

The Tenth District economy expanded at a more modest pace in September than in the previous survey period. Consumer spending slowed, although tourism and travel remained solid. Manufacturing activity expanded at a slower pace, and while residential real estate activity weakened further, commercial real estate activity was solid.

MANUFACTURING ACTIVITY EXPANDS MODESTLY

The **monthly manufacturing survey** for the Tenth Federal Reserve District was released Oct. 25. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District.

Output expanded modestly in October, and producers remained largely positive about future activity. However, orders and employment indexes were sluggish, and firms continued to trim inventories. Most price indexes in the survey edged up slightly.

LATEST *ECONOMIC REVIEW* AVAILABLE

The **third quarter issue** of *Economic Review* is now available, featuring the four articles below.

“The Role of Money in Monetary Policy: Why Do the Fed and ECB See It So Differently?” examines the sharply different views on the role of monetary aggregates in the conduct of monetary policy.

“Work and Taxes: Allocation of Time in OECD Countries” looks at the steep decline in the average hours worked among OECD countries, the role taxes play in the decline and how workers are spending their time away from work.

“The Tenth District’s Defining Industries: How Are They Changing?” explores a relatively small group of defining industries in the District whose performance tracks closely with overall job growth in each state.

A summary of the proceedings of a recent conference held by the Federal Reserve Bank of Kansas City can be found in “Nonbanks in the Payments System: Innovation, Competition, and Risk: A Conference Summary.”

**REGULATORY
DEVELOPMENTS**

*Federal Reserve address change for
consumer complaints*

As mentioned on the first page of this issue of Fed Letter, the Federal Reserve System is centralizing the intake of consumer complaints and inquiries to a new center, **Federal Reserve Consumer Help (FRCH)**, housed in the Kansas City and Minneapolis Reserve Banks. Effective **Oct. 29, 2007**, under amendments to Regulation AA, which establishes consumer complaint procedures, and Regulation B, consumer complaints regarding state member banks should be directed to:

Federal Reserve Consumer Help
P.O. Box 1200
Minneapolis, MN 55480
Toll-free: 888-851-1920

Regulation B, Equal Credit Opportunity, prohibits lenders from discriminating against credit applicants, establishes guidelines for gathering and evaluating credit information, and requires written notification when credit is denied. This new contact information must be included on all adverse action notices sent to denied loan applicants in accordance with Regulation B.

Although compliance to the address change under Regulation B is effective Oct. 29, 2007, compliance is optional until Oct. 1, 2008.

In addition, the address for the new FRCH must be reflected on the Equal Housing Lending posters that are required under the Federal Housing Act to be displayed in banking offices.

*Final rules on affiliate marketing
under Fair Credit Reporting Act*

The federal financial regulatory agencies issued **final rules** that generally prohibit a financial institution from using certain information received from an affiliated company to market its services and products to a consumer, unless the consumer is given a simple method and a reasonable opportunity to opt out of such solicitations and the consumer does not opt out.

The final rules include information that is obtained from a consumer's transactions or account dealings with an affiliate; any application that a consumer has submitted to an affiliate; and third-party sources, such as credit reports.

Also incorporated in the final rules are the statutory exceptions to the affiliate marketing notice and opt-out requirement.

The final rules are effective **Jan. 1, 2008**, and all covered entities must comply with the rules no later than Oct. 1, 2008. The final rules implement section 214 of the Fair and Accurate Credit Transactions Act of 2003 that amends the Fair Credit Reporting Act.

*Updated examination procedures
for Regulation DD*

The Federal Financial Institutions Examination Council Task Force on Consumer Compliance approved **updated examination procedures for Regulation DD.**

Regulation DD, which implements the Truth in Savings Act, enables consumers to make informed decisions about their depository institution accounts through disclosures to consumers about the fees, annual percentage yield, interest rate and other terms for deposit accounts. Regulation DD also includes requirements on the payment of interest, the methods of calculating the balance on which interest is paid, the calculation of the annual percentage yield and advertising.

In addition to other changes, the updated examination procedures now include the disclosure requirements for institutions advertising the payment of overdrafts. Procedures covering electronic disclosures are not included in the updated procedures because of pending regulatory changes related to electronic disclosures.

FED LETTER • NOVEMBER 2007

Fed Letter is published by the Federal Reserve Bank of Kansas City,
925 Grand Boulevard, Kansas City, Missouri, 64198-0001, (800) 333-1010.

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