

*Consumer Affairs
Supervisory Insights*

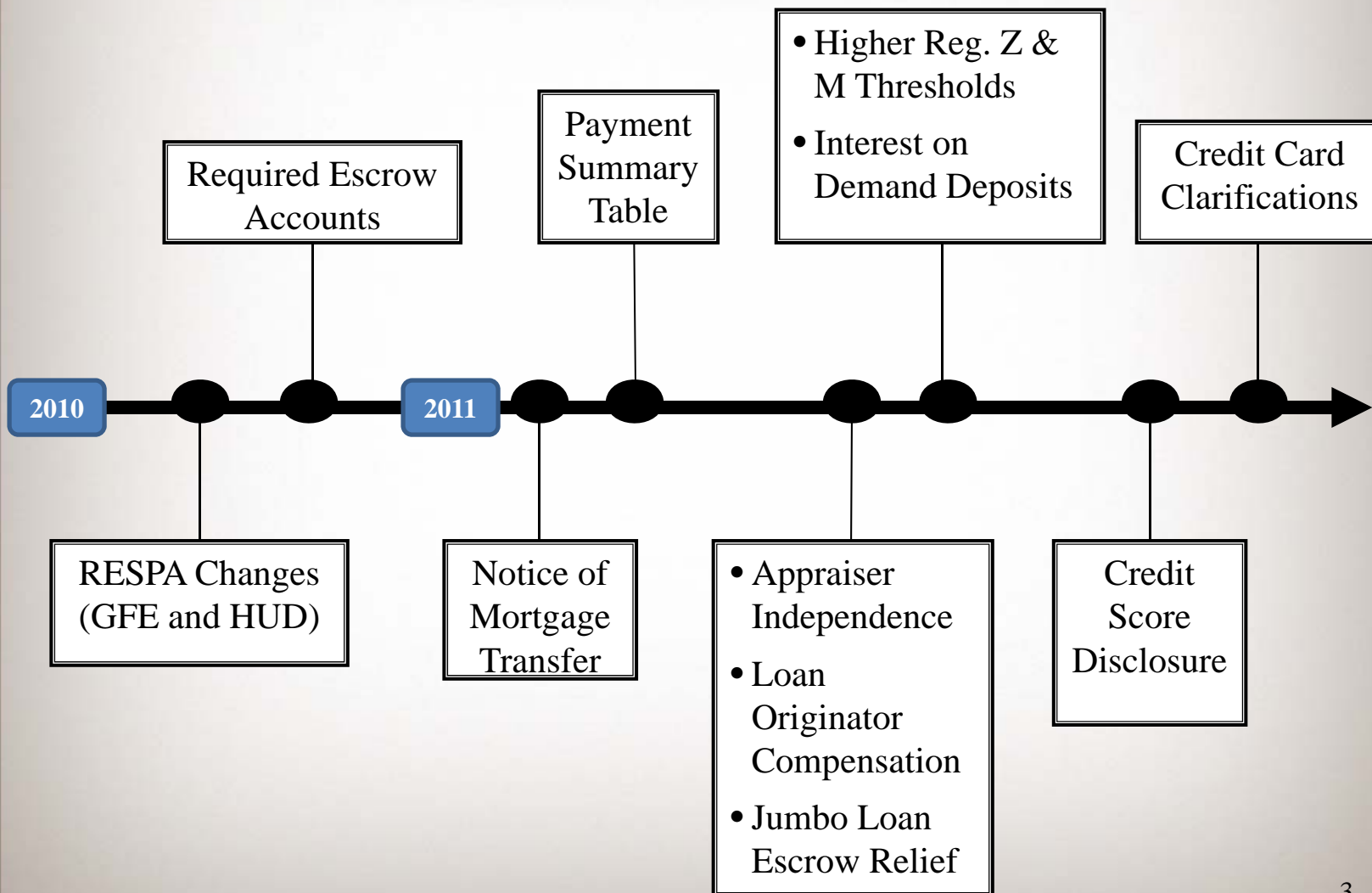
²⁰¹²
Regulatory Update
— SEMINAR —

Federal Reserve Bank of Kansas City

Agenda

- Recent Regulatory Changes
- 2011 Supervisory Matters
- What's Ahead:
 - Pending Regulations
 - Economic Impact
 - Demographic Changes
- Outreach/Resources

Recent Regulatory Changes



2011 Supervisory Matters

Regulation / Act	% of Exams	Problem Areas
Regulation C / Home Mortgage Disclosure	76.9	Rate Spread and Government Monitoring Information
Regulation X / Real Estate Settlement Procedures	68.9	GFE and HUD-1 Content
Regulation Z / Truth in Lending	67.7	Amount Financed, Tabular Form, Failure to Escrow for Higher-Priced Mortgage Loans
Regulation B / Equal Credit Opportunity	55.6	Government Monitoring Information
Regulation H / Flood Insurance	33.3	Inadequate Insurance, Forced Placement

2011 Supervisory Matters (Cont'd)

Program Component	% of Required Follow-Up
Internal Controls	59
Policies and Procedures	45
Training	40
Risk-Monitoring and MIS	25
Board and Senior Management Oversight	10

What's Ahead

- Pending Regulations
- Economic Impact
- Demographic Changes

Pending Regulations

- Required Escrow Accounts
 - March 2, 2011
- Credit Risk Retention
 - April 29, 2011
- Mortgage Repayment Ability
 - May 11, 2011

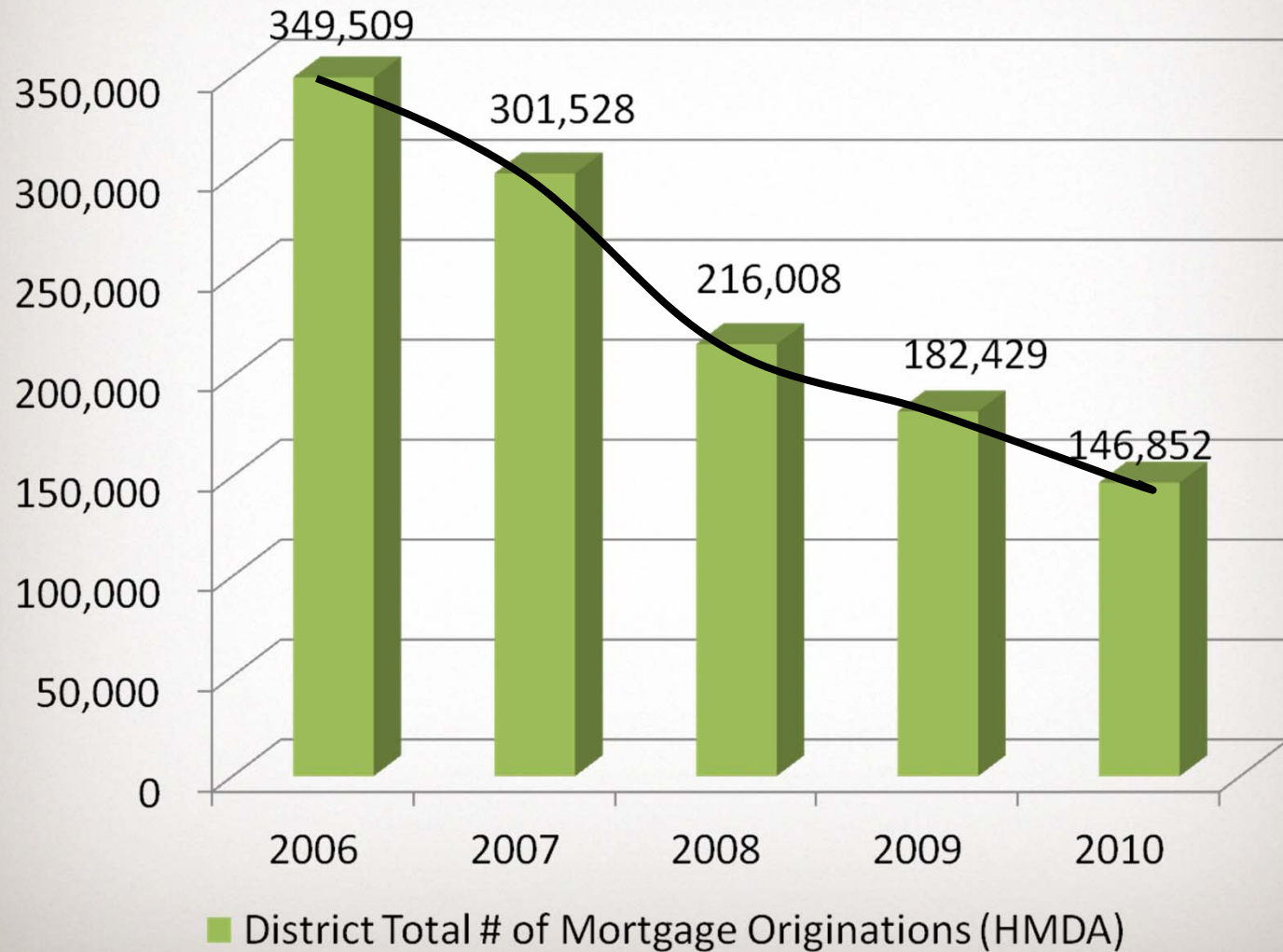
Pending Regulations (Cont'd)

- Additional HMDA Fields
- Data Collection for Minority-Owned, Female-Owned, and Small Businesses
- Combined Settlement Statement and Final Truth in Lending Disclosure
- Addition of “Abusive” to “Unfair and Deceptive”

Pending Regulations (Cont'd)

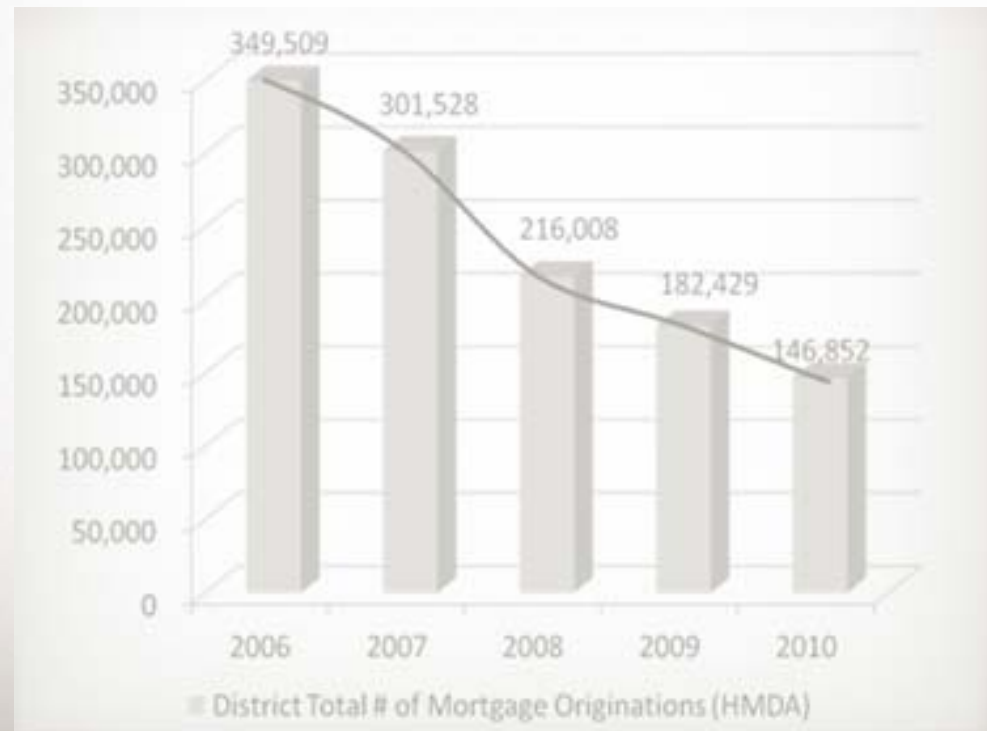
- Consumer Financial Protection Bureau Prioritization Proposal:
 - Streamline
 - Simplify
 - Standardize
 - Harmonize

Economic Impact: Reduced Lending Activity

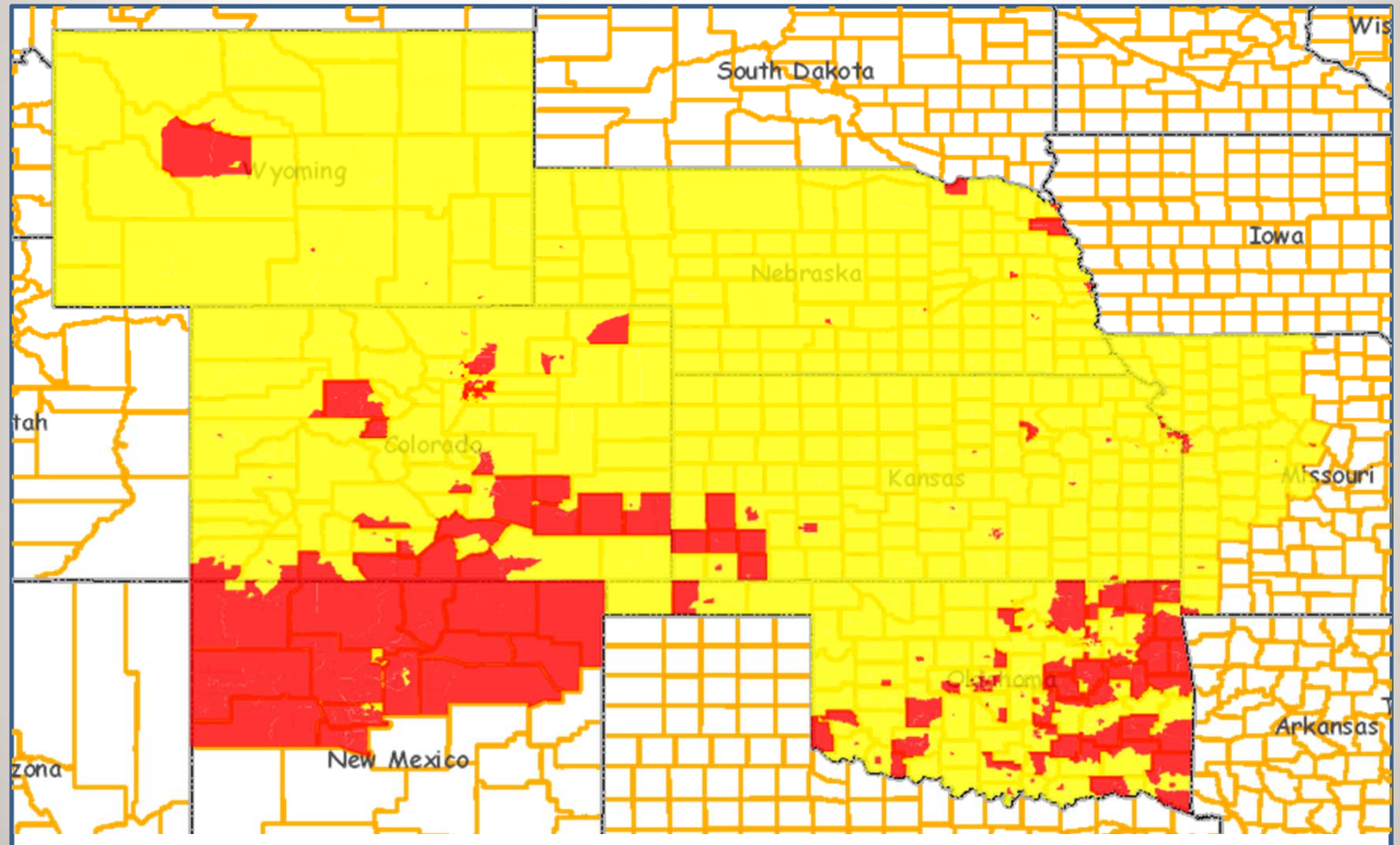


Economic Impact: Reduced Lending Activity (Cont'd)

- Redlining
- Spousal Signatures



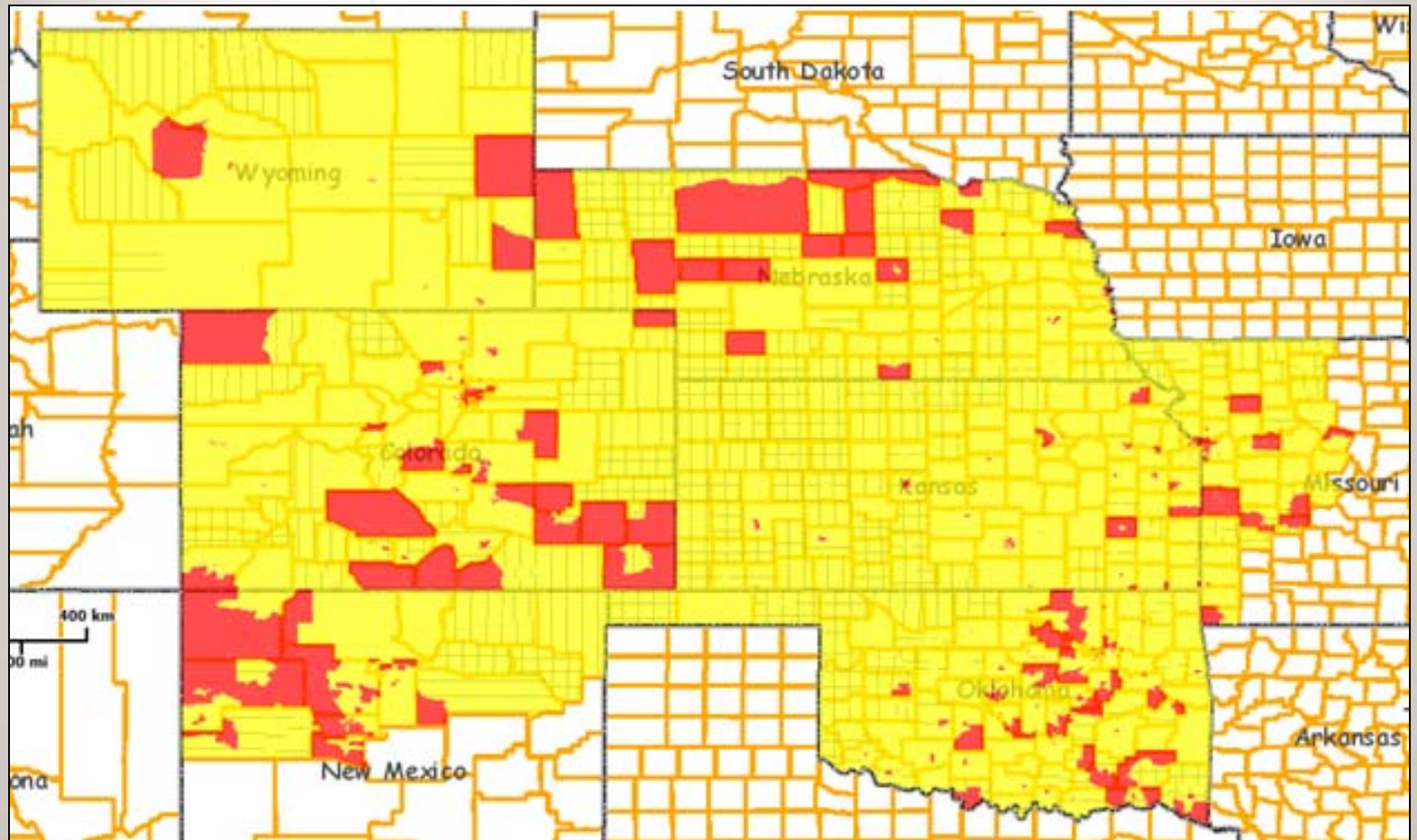
Demographic Changes: Minority Tracts



 Tracts with Greater than 25% Minorities  Tracts with Less than 25% Minorities

Source: 2000 Census Data

Demographic Changes: Income Levels

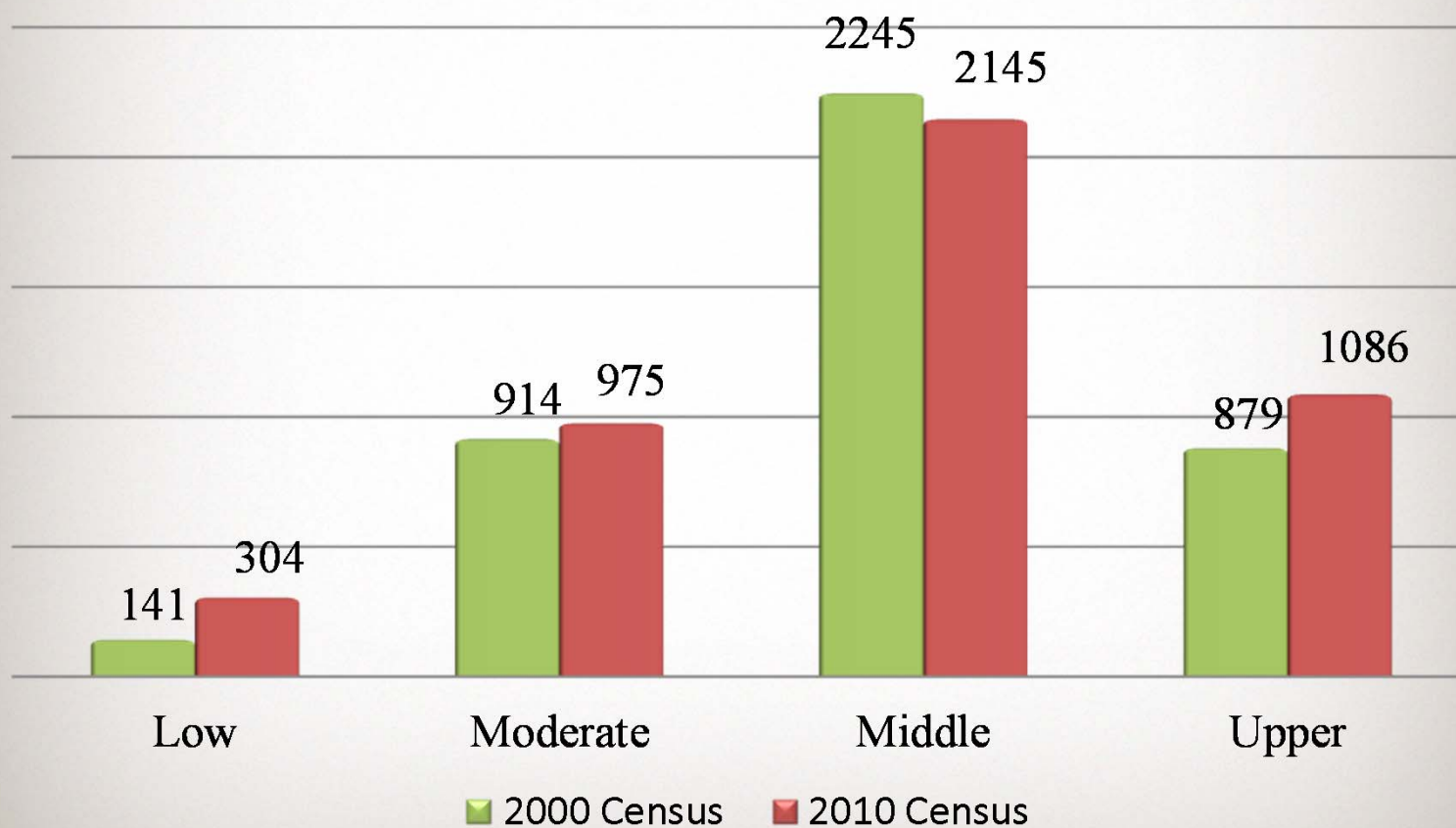


 Low- and Moderate-Income Tracts  Middle- and Upper-Income Tracts

Source: 2000 Census Data

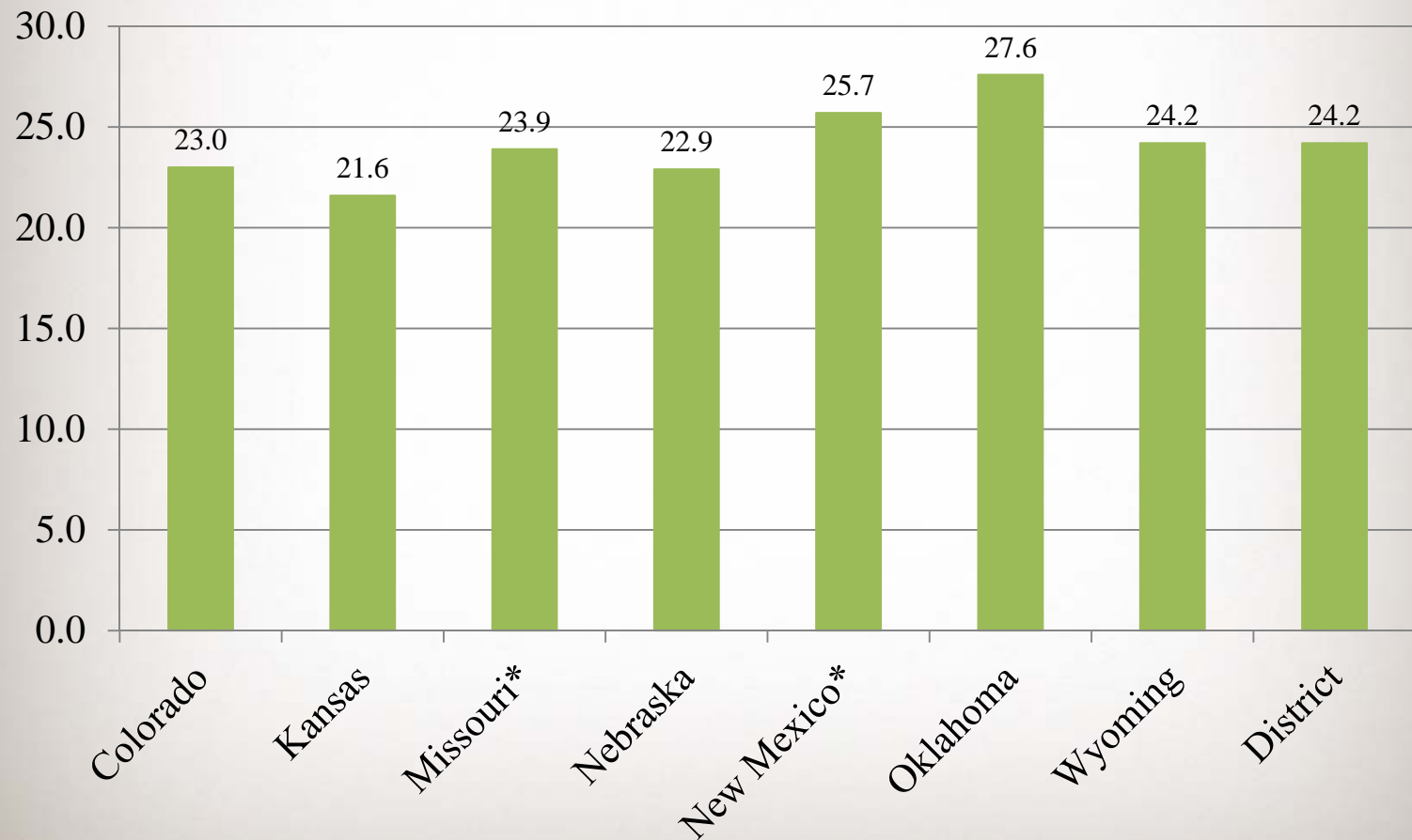
Demographic Changes: Income Levels (Cont'd)

10th District – Tract Changes



Demographic Changes: Income Levels (Cont'd)

10th District – Percentage of Tract Changes by State



*Includes only tracts located in the 10th District

Source: 2000 Census Data and available FFIEC Data

Outreach/Resources

- Fed Connections:
<http://www.kansascityfed.org/fedconnections/>
- Consumer Compliance Outlook:
<http://www.kansascityfed.org/publications/banking/>
- Advisory Visits
- CA Contact Program

Questions