



A.S. Pratt & Sons

Dear Valued Customer,

Because of the economic crisis, regulators are going to keep a very close eye on financial institutions. Now, more than ever, banks need to stay up to date on all the regulatory changes that are taking effect. The enclosed update of *Pratt's Regulatory Compliance Guide for Bankers* contains the latest in compliance to do just that. The following topics are discussed:

- *TARP*. In October 2008, a law known as the Troubled Assets Relief Program (TARP) Act amended the FDI Act by increasing the \$100,000 FDIC insurance limit to \$250,000. In 2009, Congress enacted the Helping Families Save Their Homes Act. One provision of this act extended the \$250,000 coverage through December 31, 2013. See Chapter 5.
- *Limitations of interest paid on accounts*. Section 337.6 of the FDIC regulations sets forth limitations on deposit-gathering by banks that are not well-capitalized. To summarize the rules, an adequately capitalized bank may not accept, renew, or roll over any brokered deposits unless it has applied for and been granted a waiver of this prohibition by the FDIC. See Chapter 5.
- *Proposed extension of TAG Program*. In June 2009, the FDIC issued a proposal to extend the TAG Program. In the event that FDIC does extend the program, banks that currently participate in the program will have a one-time opportunity to opt out of their participation, effective as of December 31, 2009. The opt-out deadline would be midnight of December 5, 2009. See Chapter 5.
- *Regulation X*. HUD has withdrawn its revision of the definition of “required use” in section 3500.2. The definition of this term reverts to the language in the regulation as it existed prior to the 2008 amendments to Regulation X. See Chapter 10.
- *Private education laws*. Congress passed the Higher Education Opportunity Act (HEOA) in August 2008. That law amends the Truth-in-Lending Act by adding substantive provisions and disclosure requirements with respect to private education loans. The law requires the Fed to adopt new regulations that implement the provisions of the act by no later than August 14, 2009. Based on the provisions of the act, the Fed’s final regulations with respect to private education loans will become effective as of February 14, 2010, or sooner. See Chapter 13.
- *RESPA*. Section 226.19(a) of Regulation Z requires banks to timely provide mortgage loan applicants with a good faith estimate of the disclosures that constitute a disclosure statement under section 226.18. Effective as of July 30, 2009, this requirement applies to all applications for mortgage loans with respect to a consumer’s dwelling that are subject to RESPA and Regulation X. See Chapter 13.
- *Red Flag Rules FAQs*. In June 2009, the federal bank regulatory agencies published a set of frequently asked questions (FAQs) concerning each bank’s responsibility in connection with the rules addressing identity theft red flags and address discrepancies. These FAQs, which are intended to assist banks in their efforts to comply with the provisions of the regulations on this subject, are reproduced in Appendix 16C.

Our goal is to make *Pratt's Regulatory Compliance Guide for Bankers* your go-to source for all things compliance. If you have any suggestions regarding this manual, please let us know! You can e-mail me directly at diane.calmes@sheshunoff.com. You can also call our customer service representatives at 1-800-456-2340 if you have any questions regarding any of our products.

Sincerely,

Diane L. Calmes
Editor