

PUBLICATION

New Rules Become Effective under Dodd-Frank for Financial Institutions

July 11, 2011

Within the last two weeks, the banking regulators have issued a number of final rules implementing various sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act that affect banks.

On June 20, 2011, the following rules became effective:

- The Federal Reserve's Regulation Z (Truth in Lending) has been amended to update the Home Ownership and Equity Protection Act of 1994 (HOPEA) fee trigger for total points and fees payable by the consumer before creditors are required to comply with HOPEA. The adjusted dollar amount for 2012 is \$611 and that fee trigger will become effective on January 1, 2012.
- The Federal Reserve's Regulation Z has been amended to increase the Truth in Lending Act (TILA) threshold amount for exempt consumer credit transactions from \$25,000 to \$50,000 effective July 21, 2011. Effective January 1, 2012, the exempt amount will be \$51,800 due to a yearly adjustment from the CPI-W.
- The Federal Reserve's Regulation M has been amended to increase the Consumer Leasing Act (CLA) threshold amount for exempt consumer leases from \$25,000 to \$50,000 effective July 21, 2011. Effective January 1, 2012, the exempt amount will be \$51,800 due to a yearly adjustment from the CPI-W.

On June 29, 2011, the Federal Reserve issued a final rule for debit card interchange fees by providing that the maximum permissible interchange fee an issuer may receive for an electronic debit transaction (approximately 24 cents per transaction if the issuer implements fraud prevention standards). Issuers with less than \$10 billion in total assets are exempt from the debit card interchange fee standards. The provision regarding debit card interchange fees is effective on October 1, 2011. The final rule also prohibits all issuers and networks from restricting the number of networks over which electronic debit transactions may be processed to less than two unaffiliated networks. The effective date for the network exclusivity prohibition is April 1, 2012 with respect to issuers, with certain delayed effective dates for networks and the issuers of health-related cards and general-use prepaid cards.

On July 6, 2011, the Federal Reserve and the Federal Trade Commission issued a final rule to amend Regulation V (Fair Credit Reporting) and Regulation B (Equal Credit Opportunity) to require creditors to disclose credit scores and related information to customers if a credit score is used in setting material terms of credit or in taking adverse action on an application for credit. The rules are effective 30 days after the date of publication in the *Federal Register*.

If you have questions about this or any other bank regulatory related issues, please contact your Baker Donelson attorney.