

BCG Monthly Telephone Briefing

January 2015

Skin in the Game: Credit Risk Retention Rule

The Dodd-Frank Act adopted many reforms affecting the financial industry, including a requirement for securitizers of asset-backed securities to retain at least a five percent of the credit risk associated with the assets collateralizing the asset-backed securities. Congress carved out a number of exemptions from these requirements, including an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as “qualified residential mortgages.” In addition, exemptions were provided for securities backed by other types of qualified assets, such as conservatively underwritten commercial, commercial real estate and automobile loans. These restrictions are intended to present disincentives to lenders from underwriting risky loans and selling these loans into the secondary market, which practice was one of the contributing factors to the 2008 financial crisis.

In October 2014, the federal banking and other agencies approved regulations implementing these restrictions, which will become effective on December 24, 2015 for mortgage-backed securities, and December 24, 2016 for other classes of asset-backed securities. The rules may establish new industry standards for several product types, even for lenders not actively engaged in securitizations. We will discuss the new requirements as well as how to qualify loans for the various exemptions, including the exemptions for asset-backed securities collateralized by so-called “qualified residential mortgages,” “qualifying commercial loans,” “qualifying commercial real estate loans” and “qualifying automobile loans.”

FDIC’s New Brokered Deposit Guidance

Since the late 1980’s brokered deposits have been subject to statutory and regulatory requirements. The FDIC’s scrutiny of brokered deposits further increased during the most recent financial crises during which a number of financial institution failures were believed to have been caused at least in part by making loans funded partially by brokered deposits. While brokered deposits continue to be a regulatory focus for the FDIC, financial institutions are often left struggling to determine whether certain types of deposits qualify as brokered deposits. On January 5, 2015, the FDIC issued guidance on brokered deposits in the form of “Frequently Asked Questions” or “FAQs” to assist institutions in determining whether a deposit qualifies as a brokered deposit as well as to provide clarifications on other related issues. We will discuss the FAQs, focusing on the identification of brokered deposits and deposit brokers, requirements related to the acceptance and reporting of brokered deposits, and interest rate restrictions.



BCG Monthly Telephone Briefing

Friday, January 16
12:00 –1:30 p.m.
(with live Q&A)

Presented by
Aldrich & Bonnefin, PLC
Counsel to Bankers’ Compliance Group®



bankers' compliance group®

phone: 800.742.3600

email: info@bankerscompliancesgroup.com

Aldrich & Bonnefin is hosting a Monthly Telephone Briefing for Bankers' Compliance Group® Members on **Friday, January 16, 2015**. This meeting will be presented live and will include two question and answer sessions. Members can ask questions by telephone or email. Each member that registers for the Monthly Telephone Briefing will be given a password and instructions to call in to the Briefing.

ORGANIZE YOUR PARTICIPANTS

BCG Main or Registration Contacts are encouraged to organize multiple attendees to participate at one location or several locations concurrently. In this manner, several attendees can be accommodated in one conference room with a speakerphone. All Briefing connections are included in your BCG Membership.

REGISTRATION

To register, please contact your institution's BCG Main or Registration Contact or, if authorized, log in at <http://register.bankerscompliancegroup.com/subadmin> and select "Register for Events." Registration closes at noon **one business day** prior to the Briefing date. On the day before the Briefing, registrants will receive an email with call-in instructions and an access code.

CD Package: Members can also register to receive a CD package. This package, which includes any Handouts, is mailed to registrants approximately 2-3 weeks after the Briefing.

DOWNLOAD THE HANDOUTS

The Handouts are *generally* posted on the BCG Website by noon on the business day before the Briefing. All registrants will receive an email notification when the Handouts are posted. To download a Handout, go to www.bankerscompliancegroup.com/monthly-telephone-briefing.php and click on the "*Download Handout Here*" link at the end of each Briefing description.

CANCELLATION

It is not necessary for a registrant to contact BCG if they cannot attend a Briefing and need to cancel their registration.

SIGN UP ANNUALLY

Make the BCG Monthly Telephone Briefing a standing event at your office by registering once for the entire year. To sign up annually, fill out the form at www.bankerscompliancegroup.com/pdf/MTB-Annual-Signup-Flyer-2014.pdf and email it to Laura Jagerman at [LJagerman@ ABLAWYERS.COM](mailto:LJagerman@ABLAWYERS.COM). Or you can sign up under "Profile" in the Online Event Registration system.

MISSED THE BRIEFING?

Should you or others at your institution miss the briefing, you can tune into our streaming audio available on the BCG website one week after the Briefing, at www.bankerscompliancegroup.com/listen-while-you-work.php.