

How to Comply With the New Risk-Based Pricing Regulations

Webinar • March 23, 2010, 1:30-3:30 CT

On December 22, 2009 the Federal Reserve and the FTC published 202 pages of final rules to implement the risk-based pricing provisions in section 311 of the FACT Act. This webinar explains the new rules.

This final piece of the FACT Act, which has been unfolding since December 2003, requires all financial institutions to adopt new policies and new procedures to comply with the new requirements. The final rules, effective on January 1, 2011:

- Require a creditor to provide a risk-based pricing notice to a consumer when the creditor uses a consumer report to grant or extend credit to the consumer on terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that creditor.
- Provide for two alternative means by which creditors can determine when they are offering credit on terms that are materially less favorable.
- Include certain exceptions to the general rule, including exceptions for creditors that provide a consumer with a disclosure of the consumer's credit score in conjunction with additional information that provides context for the credit score disclosure.

Highlights

This program explains the new risk-based pricing rules including:

- Who is covered by the new requirements;
- An explanation of the menu of approaches that creditors may use to comply with the new requirements.
- Which terms are "material terms;"
- How to determine when terms are "materially less favorable;"
- The three methods for determining which consumers must receive risk-based pricing notices: Case-by-case direct comparison; Credit score proxy; and Tiered pricing;
- The new risk-based pricing notice, including:
 - When the notice is required;
 - Price increase upon account review;
 - The required content of the notice;
 - Form of the notice;
 - The timing of the notice; and
 - The exceptions to use of the notice.
- The revised credit score notice;
- The new notice required when no credit score is available.

Speaker

Jack Holzknacht, a principal with Pegasus Educational Services, LLC, has provided training for 27 years. He started as a federal bank examiner. He also headed the form and software division of a regional consulting company and spent 7 years in charge of their education division. Jack has been an instructor at compliance schools presented by the Kentucky, Pennsylvania, New York and Texas bankers associations and developed and delivered training for the FDIC and OTS.

Audience

Compliance officers, auditors, security officers, and lending and operations personnel impacted by the changes.

CE Applied: 2.5 hours CRCM/CPB/CLBB/CCSR with the ICB

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