



Capitol Comments October 2017

When there is a deadline associated with an item, you will see this graphic: 

Joint federal agency issuances

Agencies Issue Temporary Exceptions to FIRREA Appraisal Requirements in Areas Affected by Severe Storms and Flooding in Florida, Georgia, Puerto Rico, Texas, and the U.S. Virgin Islands

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration (collectively, the agencies) are exempting real estate-related transactions from FIRREA appraisal requirements in major disaster areas as declared by President Trump. The exemptions will be in effect for a three-year period from the date of declaration. Included are parts of Florida, Georgia, Puerto Rico, Texas, and the U.S. Virgin Islands

Note for Community Banks

This guidance applies to all banks with loans secured by real estate located in an affected area.

Highlights

Section 2 of the Depository Institutions Disaster Relief Act of 1992 authorizes the agencies to make exceptions to statutory and regulatory requirements related to appraisals for certain transactions. The exceptions are available for transactions that involve real property in major disaster areas if the agencies determine that the exceptions would facilitate recovery from the disasters and would be consistent with safety and soundness.

Comment: The agencies will not require banks to obtain appraisals for affected transactions for the time period specified if certain conditions are met. The value of the property is required to support the bank's decision to enter into the transaction, and banks that rely on the appraisal exception should maintain sufficient valuation information estimating the collateral's value that supports their credit decision in the loan file. To read the entire OCC Bulletin 2017-42 including important dates, click [here](#). This is an interagency issue.

Agencies Identify HMDA Key Fields

The federal regulators issued this bulletin to inform banks about “key fields” they have determined examiners will typically use to test and validate the accuracy and reliability of home mortgage loan data collected beginning in 2018 pursuant to the Home Mortgage Disclosure Act (HMDA) rule issued October 15, 2015.

Highlights

The FRB, the FDIC, and the OCC are issuing Designated Key HMDA Data Fields to support the efficient and effective evaluation of financial institutions' compliance with the HMDA's requirements. Of 110 data fields, 37 are identified as

key fields. In certain circumstances, however, examiners may determine it necessary to review additional HMDA data fields, as appropriate.

Comment: To read the entire OCC Bulletin 2017-41, click [here](#). This is an interagency bulletin.

Agencies Propose Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996

The federal banking regulatory agencies (the agencies) have jointly issued [September 27th] a proposal intended to simplify aspects of the generally applicable capital rules related to the treatment of acquisition, development or construction (ADC) loans, items subject to threshold deduction, and minority interests includable in regulatory capital, and would make a number of technical corrections. The agencies indicated their intent to address these matters in their joint report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA).

Attached to the FDIC's FIL is a summary of the proposal and an estimation tool to help community banking organizations evaluate the impact of the proposal. These resources are also available at: <https://www.fdic.gov/regulations/capital/index.html>

Highlights:

ADC exposures

- The proposed rule would replace the definition of a high volatility commercial real estate (HVCRE) exposure in the standardized approach with a new high volatility acquisition, development, or construction (HVADC) exposure category.
- The definition would apply a 130 percent risk weight to HVADC exposures.
- The proposal would grandfather existing ADC exposures.

Threshold deduction items

- The proposal would simplify the treatment of threshold deduction items and increases the individual common equity tier 1 deduction threshold for Mortgage Servicing Assets and temporary difference Deferred Tax Assets to 25 percent.
- The proposal would create a single regulatory capital deduction treatment for all investments in the capital of unconsolidated financial institutions and increase the threshold deduction for these items to 25 percent of common equity tier 1 capital.
- The proposal would remove the aggregate 15 percent common equity tier 1 limitation previously applicable to certain threshold deduction items.

Minority interest

- The proposal would simplify the calculation for the amount of capital that can count toward regulatory requirements in cases in which a banking organization's consolidated subsidiary has issued capital that is held by third parties (minority interest).

FDIC Vice Chairman Thomas M. Hoenig made a statement to the Board of the FDIC on the Notice of Proposed Rulemaking, observing that simplifications to the capital rule, while part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, don't go far enough to simplify capital requirements.

Comment: This proposed rule is subject to a 60-day comment period that begins with publication in the Federal Register. If made final, implementation is expected before January 1, 2019. Community banking associations believethat these rule changes acknowledge the current complexity of complying with the Basel III capital rules and provide substantial relief for most community banks. For a Community Bank Summary of the proposal, click [here](#).

2016 HMDA Data Released

The Federal Financial Institutions Examination Council (FFIEC) today [September 28th] announced the availability of data on mortgage lending transactions at 6,762 U.S. financial institutions covered by the Home Mortgage Disclosure Act (HMDA). Covered institutions include banks, savings associations, credit unions, and mortgage companies. The HMDA data cover 2016 lending activity and include:

- Applications, originations, purchases, sales of loans, denials, and other actions related to applications
- Loan amounts
- Loan types (conventional, Federal Housing Administration (FHA), Veterans Administration (VA), Rural Housing Service (RHS), or Farm Service Agency (FSA))
- Purposes (home purchase, home improvement, or refinancing)
- Property types (1—4 family, multifamily, or manufactured housing)
- Owner occupancy
- Preapprovals (home purchase loans only)
- Property locations (metropolitan statistical area (MSA), state, county, and census tract)
- Applicant and co-applicant characteristics (race, ethnicity, sex, and income)
- Pricing-related data
- Type of purchasers
- Whether a particular loan is subject to the Home Ownership and Equity Protection Act (HOEPA)
- Whether a particular loan is secured by a first or subordinate lien, or is unsecured

Observations from the 2016 Data

The number of reporting institutions declined by about 2 percent from the previous year to 6,762.

The total number of originated loans of all types and purposes increased by almost 1 million between 2015 and 2016, or 13 percent. Refinance originations increased by 16 percent, and home purchase lending increased by almost 11 percent.

From 2015 to 2016, the share of 1—4 family home purchase loans made to low- and moderate-income borrowers fell from about 27 percent to roughly 25 percent, and the share of refinance loans to low- and moderate-income borrowers decreased from 22 percent to 19 percent.

The share of home purchase loans for 1—4 family properties made to black borrowers rose from 5.2 percent in 2015 to 5.6 percent in 2016, the share made to Hispanic-white borrowers rose from 7.9 percent to 8.4 percent, and those made to Asian borrowers rose from 5.5 percent to 5.7 percent. The share of refinance loans made to black borrowers remained at 4.9 percent in 2016, the share made to Hispanic-white borrowers remained at 6.1 percent, and those made to Asian borrowers rose from 5.1 percent to 5.6 percent.

Black and Hispanic-white applicants experienced higher denial rates for conventional home purchase loans than non-Hispanic white applicants. The denial rate for Asian applicants is more comparable to the denial rate for non-Hispanic white applicants.

The incidence of higher-priced lending declined from 6 percent in 2015 to about 5.5 percent of first-lien loans originated in 2016.

Comment: To read the entire press release from the FFIEC which includes links to helpful HMDA resources, click [here](#).

Agencies Issue Community Reinvestment Act Regulations: Notice of Proposed Rulemaking

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (the Agencies) proposed a rule [September 22nd] that would revise their regulations implementing the Community Reinvestment Act (CRA) (12 USC 2901 et seq.). The proposed rule would amend the CRA regulations' definitions of "home mortgage loan" and "consumer loan" to conform to recent changes made by the Consumer Financial Protection Bureau to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The proposed rule would also amend the CRA public file content requirements for consistency with Regulation C, make technical amendments to remove cross references related to the proposed amended definitions, and remove an obsolete reference to the Neighborhood Stabilization Program.

Highlights

Changes Based on Regulation C

The proposed rule would:

- change the definition of “home mortgage loan” in CRA regulations to mean a “closed-end mortgage loan” or an “open-end line of credit” as those terms will be defined under revised Regulation C.
- remove the term “home equity loan” from the list of consumer loan categories provided under the definition of “consumer loan” in CRA regulations.
- provide that an institution required to report HMDA data would no longer need to provide its HMDA disclosure statement directly to the public or to maintain the disclosure statement in its public file; rather, the institution would only be required to provide a notice required under new 12 CFR 1003.5(b) of Regulation C, which states that the public may obtain a copy of the disclosure statement from the Consumer Financial Protection Bureau’s website.

Comment: These proposals are minor technical changes and do not substantially alter reporting requirements under HMDA or CRA. To read the entire OCC Bulletin 2017-38, click [here](#). This is an interagency proposal.

Prohibition Against Interstate Deposit Production: Agencies Issue Annual Host State Loan-to-Deposit Ratios

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) issued on June 21, 2017, the host state loan-to-deposit (LTD) ratios used to determine compliance with section 109 of the Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA).

Note for Community Banks

Section 109 of the IBBEA applies to community banks that have covered interstate branches. Section 109 does not apply to federal savings associations.

Highlights

These ratios

- provide host state LTD ratios using data as of June 30, 2016. The data exclude banks designated for Community Reinvestment Act (CRA) purposes as wholesale or limited purpose, credit card banks, and special purpose banks.
- update data last released on June 17, 2016.

CFPB actions

CFPB Updates HMDA Implementation Materials & 2018 FIG

To support implementation of the recently issued 2017 HMDA Final Rule, the Bureau has updated the chart on the Collection and Reporting of HMDA Information about Ethnicity and Race. Additionally, the Bureau has published a new chart, Reportable HMDA Data: A Regulatory and Reporting Overview Reference (“Reporting Reference Chart”) intended to be used as a reference for data points required to be collected, recorded, and reported under Regulation C. The Reporting Reference Chart combines the contents of the Summary of Reportable Data and Reporting “Not Applicable” charts with the filing instructions for that data.

The Bureau has also published a revised Filing Instructions Guide (FIG) for data collected in 2018 that reflects updates to the Automated Underwriting System (AUS) and AUS results, guidance on reporting government monitoring information (GMI) collected on the basis of visual observation or surname for applicable loans, and other minor clarifications.

You can access the charts on the dedicated HMDA implementation [webpage](#).

You can access the updated 2018 FIG on the Resources for HMDA Filers [webpage](#).

Comment: The CFPB updated the Key dates timeline, 2018 HMDA institutional coverage chart and 2018 HMDA transactional coverage chart to reflect the temporary increase in the threshold to report home equity lines of credit (HELOCs), which is 500 rather than 100.

CFPB Issues Final Rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans

The Bureau of Consumer Financial Protection has issued [October 5th] this final rule to create consumer protections for certain consumer credit products. The rule has two primary parts. First, for short-term (45 day) and longer-term loans with balloon payments, the Bureau is identifying it as an unfair and abusive practice for a lender to make such loans without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule generally requires that, before making such a loan, a lender must reasonably determine that the consumer has the ability to repay the loan. The Bureau has exempted certain short-term loans from the ability-to-repay determination prescribed in the rule if they are made with certain consumer protections. Also, lenders who make 2,500 or fewer covered short-term or balloon-payment loans per year and derive no more than 10% of revenue from such loans are exempt.

Second, for the same set of loans and for longer-term loans with an annual percentage rate greater than 36 percent that are repaid directly from the consumer's account, the rule identifies it as an unfair and abusive practice to attempt to withdraw payment from a consumer's account after two consecutive payment attempts have failed, unless the lender obtains the consumer's new and specific authorization to make further withdrawals from the account. The rule also requires lenders to provide certain notices to the consumer before attempting to withdraw payment for a covered loan from the consumer's account.

Comment: The new rule is effective in 2019 and imposes stringent underwriting requirements and payment restrictions on certain covered loans. Note that loans made solely to finance the purchase of a car in which the car secures the loan are completely exempt from the coverage of the rule. Other exceptions include home mortgage loans, credit cards, student loans, and overdraft services and lines of credit. To read the Final Rule published in the Federal Register, click [here](#). The effective date of the Final Rule is 21 months after publication in the Federal Register; except for § 1041.11, which is effective 60 days after publication in the Federal Register.

CFPB Issues Amendments to the 2016 Amendments to the 2013 Mortgage Servicing Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)

The Bureau of Consumer Financial Protection issued an interim final rule [October 4th] amending a provision of the Regulation X mortgage servicing rules that it issued in 2016 relating to the timing for mortgage servicers to provide modified written early intervention notices to borrowers who have invoked their cease communication rights under the Fair Debt Collection Practices Act.

Comment: Both the interim final rule and the proposed rule relate to the 2016 Mortgage Servicing Final Rule, which effected several changes to the mortgage servicing rules under Regulation X, which implements the Real Estate Settlement Procedures Act, and Regulation Z, which implements the Truth in Lending Act. Most community banks are exempt from the more onerous provisions of the mortgage servicing rules under the small servicer exemption. For a CFPB analysis of Small Servicers and Key Provisions of the 2016 Mortgage Servicing Rule, click [here](#). To read the Interim Final Rule published in the Federal Register, click [here](#). The effective date for the Interim Final Rule is October 19, 2017.

CFPB Amends Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection

The Consumer Financial Protection Bureau (CFPB) modified Equal Credit Opportunity Act (ECOA) regulations to provide additional flexibility for mortgage lenders in the collection of consumer ethnicity and race information. These amendments will provide greater clarity for mortgage lenders regarding their obligations under the law, while promoting compliance with rules intended to ensure consumers are treated fairly. Separately, the CFPB also seeks comment on proposed policy guidance describing the Home Mortgage Disclosure Act (HMDA) data the Bureau proposes to make available to the public beginning in 2019, including modifications to protect consumers' privacy.

Comment: Under these finalized changes, more lenders can adopt application forms that include expanded requests for information regarding a consumer's ethnicity and race, including the revised Uniform Residential Loan Application, the standardized form used by borrowers to apply for a mortgage loan. The Final Rule was published in the Federal Register on October 2nd and can be found [here](#). The Final Rule becomes effective January 1, 2018.

CFPB Issues Supervisory Highlights, Issue No. 16 (Summer 2017)

In this issue of *Supervisory Highlights*, the CFPB reports examination findings in the areas of auto finance lending; credit card account management; debt collection; deposits; mortgage servicing; mortgage origination; service providers; short-term, small-dollar lending; remittances; and fair lending. As in past editions, this report includes information about recent public enforcement actions that were a result, at least in part, of its supervisory work. The report also includes information on the Bureau's use of its supervisory and enforcement authority, recently released examination procedures, and Bureau guidance.

Comment: It is worth noting that many of the issues discussed in the report seem to involve a bank's failure to monitor and supervise third party vendors and service providers. To read the full report, click [here](#).

FDIC actions

FDIC Releases Results of Summary of Deposits Survey

The Federal Deposit Insurance Corporation (FDIC) today [October 3rd] released the results of its annual survey of branch office deposits for all FDIC-insured institutions. The latest data are as of June 30, 2017.

The FDIC's Summary of Deposits (SOD) provides deposit totals for each of the more than 89,000 domestic offices operated by more than 5,700 FDIC-insured commercial and savings banks, savings associations, and U.S. branches of foreign banks. The SOD includes historical data going back to 1994 that can be analyzed using online reports, tables, and downloads.

SOD users can locate bank offices in a particular geographic area and create custom market share reports for areas such as state, county, and metropolitan statistical area. Market share reports have been expanded to allow users to see market growth and market presence for specific institutions. The SOD is available at <https://www5.fdic.gov/sod>.

To receive annual updates of the SOD, go to the subscription page at <https://www.fdic.gov/about/subscriptions/index.html>.

FDIC Issues FIL on Consolidated Reports of Condition and Income for Third Quarter 2017

The materials attached to the FIL pertain to the Consolidated Reports of Condition and Income (Call Report) for the September 30, 2017, report date. Except for certain institutions with foreign offices, the completed Call Report must be received by Monday, October 30, 2017, in accordance with the filing requirements. The agencies recognize that institutions significantly affected by recent hurricanes may experience difficulty or delay in filing their third quarter 2017 Call Reports. As discussed in the agencies' Statements on Supervisory Practices Regarding Financial Institutions and Borrowers Affected by [Hurricane Harvey](#) and [Hurricane Irma](#), which also apply to Hurricane Maria, affected institutions should contact their primary federal regulatory agency to discuss their situation. Such institutions also may wish to review the [Accounting and Regulatory Reporting Questions and Answers](#) issued following Hurricanes Katrina and Rita in 2005, which remain applicable.

Comment: To read the entire FIL, click [here](#).

Banker Teleconference Series: HMDA Implementation - *Timely and Comprehensive Information and Insights from the FDIC*

The FDIC will discuss implementation of the 2015 Home Mortgage Disclosure Act Final Rule regarding requirements that become effective beginning in 2018. A teleconference is scheduled for **Thursday, October 26, 2017, from 1:30 p.m. to 3:00 p.m. Eastern Time**. Advance registration is required. The Federal Deposit Insurance Corporation's Division of

Depositor and Consumer Protection (DCP) offers a series of events for bankers, including teleconferences and webinars, to maintain open lines of communication and update bank management and staff on important bank regulatory and emerging issues in the compliance and consumer protection area.

Highlights:

- FDIC staff will address topics related to the 2015 HMDA Final Rule, including the new HMDA data requirements and best practices.
- The teleconference is scheduled for Thursday, October 26, 2017, from 1:30 p.m. to 3:00 p.m. Eastern Time. Registration is available [online](#).
- Following a formal presentation, FDIC staff will respond to questions during a Question-and-Answer segment. They also encourage institutions to submit questions prior to the teleconference via BankerTeleconference@FDIC.gov. Emailed questions should be submitted prior to October 20.
- The FDIC also is soliciting suggestions from institutions on topics for future banker events. Please submit suggestions to BankerTeleconference@FDIC.gov.

Comment: To read the announcement and register for the event, click [here](#).

OCC actions

OCC Releases Updated List of Permissible Activities for National Banks and Federal Savings Associations

The Office of the Comptroller of the Currency (OCC) th] released an updated list of permissible activities for national banks and federal savings associations.

The publication titled, *Activities Permissible for National Banks and Federal Savings Associations, Cumulative*, updates the list of permissible activities to reflect applicable precedent for national banks, streamlines certain entries for readability, and includes applicable interpretive letters and corporate decisions issued by the OCC affecting federal savings associations. OCC precedent remains applicable until rescinded, superseded, or revised.

National banks and federal savings associations should not rely solely on this document to determine the activities permissible for their institutions. Instead, the banks and federal savings associations should review the authorities cited in the publication and other relevant precedent before engaging in an activity. Regulated institutions are responsible for determining whether changes to applicable laws and regulations affect the permissibility of an activity. Previously permissible activities may become impermissible as a result of statutory or regulatory changes.

Individual OCC-regulated institutions may be precluded from engaging in otherwise permissible activities based on safety and soundness or other supervisory reasons.

Any activity permissible for a national bank or federal savings association is also permissible for its operating subsidiary.

OCC Issues Guidelines Regarding Impact of Evidence of Discriminatory or Other Illegal Credit Practices on Community Reinvestment Act Ratings

This Policies and Procedures Manual (PPM) issuance [October 12th] outlines the policy and framework for determining the effect of evidence of discriminatory or other illegal credit practices on the Community Reinvestment Act (CRA) evaluation and assigned rating of national banks, federal savings associations, and federal branches.

This PPM applies to the CRA performance evaluation (PE) of all banks examined by the Office of the Comptroller of the Currency (OCC), outlines the OCC's policy, and provides guidance to examiners. This PPM is not intended to, and does not, create rights, substantive or procedural, enforceable at law or in any administrative proceeding.

Acting Comptroller of the Currency Keith Noreika issued the following statement regarding the changes outlined in OCC PPM 5000-43, "Discriminatory and Illegal Credit Practices" –

“Today’s changes to an internal OCC policy ensure a logical nexus between our CRA performance evaluation ratings and banks’ CRA-related activities. The revisions make certain we give full consideration to the corrective actions taken by banks during our evaluation. The revised policy ties a CRA rating, and any downgrade, to CRA lending activities so that banks have incentive to improve their CRA activity and are held accountable for any discriminatory or other illegal credit practices related to their CRA activities.”

Comment: This is welcome news for national banks and marks a significant shift in tone. However, it is worth noting that most of the discrimination and unfair lending cases were raised by the FDIC and not the OCC. To read PPM 5000-43 in its entirety, click [here](#).

Acting Comptroller of the Currency Rescinds Deposit Advance Product Guidance

Acting Comptroller of the Currency Keith A. Noreika approved rescission of the agency’s Guidance on Supervisory Concerns and Expectations Regarding Deposit Advance Products that was published in the *Federal Register* on November 26, 2013, and accompanying OCC [Bulletin 2013-40](#).

In doing so, he issued the following statement:

Today, I approved rescission of the OCC’s guidance regarding deposit advance products, effective immediately. The final rule regarding short-term, small-dollar loans submitted to the *Federal Register* by the Consumer Financial Protection Bureau necessitates revisiting the OCC guidance. The OCC may consider issuing new guidance in the future.

The continuation of the OCC’s guidance would subject national banks and federal savings associations to potentially inconsistent regulatory direction and undue burden as they prepare to implement the requirements of the CFPB’s final rule. Moreover, in the years since the agency issued the guidance, it has become clear to me that it has become difficult for banks to serve consumers’ need for short-term, small-dollar credit. As a result, consumers who would rely on highly regulated banks and thrifts for these legitimate and well-regulated products to meet their financial needs turn to other, lesser regulated entities, which may result in consumer harm and expense. In ways, the guidance may even hurt the very consumers it is intended to help, the most marginalized, unbanked and underbanked portions of our society.

The OCC continues to encourage national banks and federal savings associations (collectively, banks) to offer responsible products that meet the short-term, small-dollar credit needs of consumers. The OCC will continue to ensure that banks that choose to offer this type of product do so responsibly. In providing deposit advance products and other short-term, small-dollar loans, banks should be guided by basic principles of prudent underwriting and risk management as well as fair and inclusive treatment of customers. Banks should consider the following core principles that are reflected in existing OCC guidance when offering short-term, small-dollar loan products:

- All bank products should be consistent with safe and sound banking, treat customers fairly, and must comply with applicable laws and regulations.
- Banks should effectively manage the risks associated with the products they offer, including credit, operational, compliance, and reputation.
- All credit products should be underwritten based on reasonable policies and practices, including guidelines governing the amounts borrowed, frequency of borrowing, and repayment requirements.

OCC examiners will continue to assess compliance with applicable federal consumer protection laws and regulations, management’s oversight, and relationships with third parties. The OCC will take appropriate action to address any unsafe or unsound banking practice or violations of law associated with these products, and to prevent harm to consumers.

Comment: This action was taken after the CFPB issued its recent rule on consumer credit products. The rescinded guidance, entitled Supervisory Concerns and Expectations Regarding Deposit Advance Products published in November 2013 (OCC Bulletin 2013-40), and substantially identical guidance issued by the FDIC on the same day, had effectively precluded banks subject to OCC and FDIC supervision from offering deposit advance products. To date, the FDIC has not rescinded their guidance.

OCC Hosts Credit Risk and Operational Risk Workshops in Louisville

The Office of the Comptroller of the Currency will host two workshops at the Holiday Inn Louisville Airport, Louisville, Ky., November 14-15, for directors of national community banks and federal savings associations supervised by the OCC.

The Credit Risk workshop on November 14 focuses on credit risk within the loan portfolio, such as identifying trends and recognizing problems. The workshop also covers the roles of the board and management, how to stay informed of changes in credit risk, and how to effect change.

The Operational Risk workshop on November 15 focuses on the key components of operational risk—people, processes, and systems. The workshop also covers governance, third-party risk, vendor management, and cybersecurity.

The workshop fee is \$99 and open to directors of national community banks and federal savings associations supervised by the OCC. Participants receive a pre-workshop reading package and course materials, and assorted supervisory publications. The workshop is limited to the first 35 registrants.

The workshops are taught by experienced OCC staff and are two of the 35 offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. For information, including a complete list of available workshops, or to register for a workshop, visit www.occ.gov/occworkshops or call (240) 485-1700.

OCC Reports Mortgage Performance Continues to Improve

Performance of first-lien mortgages improved during the second quarter of 2017 compared with a year earlier, according to the Office of the Comptroller of the Currency's (OCC) quarterly report on mortgages.

The *OCC Mortgage Metrics Report, Second Quarter 2017*, showed 95.4 percent of mortgages included in the report were current and performing at the end of the quarter, compared with 94.7 percent a year earlier.

The report also showed that foreclosure activity has decreased from the previous quarter. Reporting servicers initiated 35,974 new foreclosures during the second quarter of 2017, a 24.3 percent decrease from the previous quarter and a decrease of 26.2 percent from a year earlier. Servicers implemented 30,523 mortgage modifications in the second quarter of 2017. Eighty-three percent of the modifications reduced borrowers' monthly payments.

The first-lien mortgages included in the OCC's quarterly report comprise 34 percent of all residential mortgages outstanding in the United States or approximately 19 million loans totaling \$3.36 trillion in principal balances. This report provides information on mortgage performance through June 30, 2017, and it can be downloaded from the OCC's website, www.occ.gov.

Comment: To obtain a *.pdf of the OCC Mortgage Metrics Report, click [here](#).

Acting Comptroller of the Currency Discusses Online Lending and Responsible Innovation

Acting Comptroller of the Currency Keith A. Noreika discussed online lending and responsible innovation at the 2017 Online Lending Policy Summit. His remarks shared his perspective on the opportunities and challenges facing online lenders and efforts to promote economic opportunity.

Comment: Mr. Noreika observed that he sees the growth of online lending and marketplace lenders as "the natural evolution of banking itself," rather than a response to the nation's banking industry not being sufficiently agile to fully meet lending needs. To access the full remarks Mr. Noreika, click [here](#).

Federal Reserve actions

Fed Releases Industrial Production and Capacity Utilization Report - G.17

Industrial production declined 0.9 percent in August following six consecutive monthly gains. Hurricane Harvey, which hit the Gulf Coast of Texas in late August, is estimated to have reduced the rate of change in total output by roughly 3/4 percentage point. The index for manufacturing decreased 0.3 percent; storm-related effects appear to have reduced the rate of change in factory output in August about 3/4 percentage point. The manufacturing industries with the largest estimated storm-related effects were petroleum refining, organic chemicals, and plastics materials and resins.

The output of mining fell 0.8 percent in August, as Hurricane Harvey temporarily curtailed drilling, servicing, and extraction activity for oil and natural gas. The output of utilities dropped 5.5 percent, as unseasonably mild temperatures, particularly on the East Coast, reduced the demand for air conditioning.

At 104.7 percent of its 2012 average, total industrial production in August was 1.5 percent above its year-earlier level. Capacity utilization for the industrial sector decreased 0.8 percentage point in August to 76.1 percent, a rate that is 3.8 percentage points below its long-run (1972–2016) average.

Comment: Reported in the FRB G.17 statistical release, industrial production index (IP) measures the change in real output in U.S. manufacturing, mining, and electric and gas utilities industries. Output refers to the physical quantity of items produced, as distinct from sales value, which combines quantity and price. The index covers the production of goods and power for domestic sales and exports. It excludes production in agriculture, communication, construction, finance, government, imports, services, trade and transportation. For the entire report, including an interesting table, click [here](#).

Other federal action and news

FTC Blog Encourages Credit Freezes Following Equifax Hack

September 14th, 2017 - Considering a fraud alert or credit freeze? In the aftermath of the Equifax data breach, many people are. You don't need to be an identity theft victim to use them – but it's helpful to consider your situation. If you're not sure which is best for you, here are some things to think about.

What do fraud alerts and credit freezes do? With a **fraud alert**, businesses must try to verify your identity before extending new credit. Usually that means calling to check if you're at a particular store attempting to take out new credit. With a **credit freeze**, no one – including you – can access your credit report to open new accounts. You'll get a PIN number to use each time you want to freeze and unfreeze your account to apply for new credit.

How long do fraud alerts and credit freezes last? A **fraud alert** lasts for 90 days. You can renew it but you'll need to remind yourself or it will expire automatically. Identity theft victims are entitled to an [extended fraud alert](#), which last seven years. In almost all states, a **credit freeze** lasts until you temporarily lift or permanently remove it. In a few states, it expires after seven years.

How much do they cost? **Fraud alerts** are free. **Credit freezes** may involve fees, based on state law. In most states, they're free for identity theft victims. For non-victims, they cost about \$5 to \$10 each time you freeze or unfreeze your account with each credit reporting agency.

How do I place a fraud alert or credit freeze? To place a **fraud alert**, contact any one of the three major credit reporting agencies, [either by phone or online](#). The one you contact is required to notify the other two. If you're an identity theft victim placing an extended fraud alert, you'll also need to mail or upload your Identity Theft Report which you can create at [IdentityTheft.gov](#). To place a **credit freeze**, you must contact each of the three credit reporting agencies individually at their [credit freeze portals](#).

How does this all add up? Credit freezes may be a strong tool but they may not be for everyone. Consider the cost and hassle factor. If you're about to take out new credit (apply for a mortgage, car loan, student loan), then you'll have to unfreeze and refreeze each time you want new credit. But if you won't need new credit soon, then a credit freeze may be for you.

Comment: In the wake of the Equifax breach, it's worth noting that the three big credit bureaus – Equifax, Experian and TransUnion – get more consumer complaints aimed at them than any other companies based upon the CFPB's complaint files. Most of the complaints concern errors in consumer credit reports. The companies correct the credit report cited in the complaints about 20 percent of the time, leaving the rest unchanged, CFPB records show.

FinCEN Warns Financial Institutions to Guard Against Corrupt Venezuelan Money Flowing to U.S.

The Financial Crimes Enforcement Network (FinCEN) issued an [advisory](#) on September 20 to alert financial institutions of widespread public corruption in Venezuela and the methods Venezuelan senior political figures and their associates may

use to move and hide proceeds of their corruption. The advisory also describes a number of financial red flags to assist in identifying and reporting suspicious activity that may be indicative of corruption.

“In recent years, financial institutions have reported to FinCEN their suspicions regarding many transactions suspected of being linked to Venezuelan public corruption, including government contracts,” said Acting FinCEN Director Jamal El-Hindi. “Not all transactions involving Venezuela involve corruption, but, particularly now, during a period of turmoil in that country, financial institutions need to continue their vigilance to help identify and stop the flow of corrupt proceeds and guard against money laundering and other illicit financial activity.”

Venezuela faces severe economic and political circumstances due to the rupture of democratic and constitutional order. Endemic corruption can further damage the country’s economic growth and stability. The red flags identified in this FinCEN advisory are intended to help financial institutions differentiate between illicit and legitimate transactions. Ongoing vigilance by the financial community, including continued reporting of suspicious transactions as informed by this advisory, can also support law enforcement in identifying and investigating potentially illicit funds from Venezuela entering the U.S. financial system.

Financial institutions should take risk-based steps to identify and limit any exposure they may have to funds and other assets associated with Venezuelan public corruption. Consistent with a risk-based approach, however, financial institutions should be aware that normal business and other transactions involving Venezuelan nationals and businesses do not necessarily represent the same risk as transactions and relationships identified as being connected to the Venezuelan government.

Comment: BSA Officers should implement procedures to monitor for this issue.

Publications, articles, reports, studies, testimony & speeches

Essay by FRB Dallas President Robert S. Kaplan – Impact of Hurricane Harvey and a Discussion of Key Structural Drivers Affecting U.S. Monetary Policy

At the September 2017 meeting, the Federal Open Market Committee (FOMC) announced plans to begin the process of gradually reducing the size of the Federal Reserve balance sheet. I strongly support the decision to begin the process of reducing the balance sheet. I believe that the gradual and phased-in design of this plan should allow the Fed to reduce the Treasury and mortgage-backed securities portfolios without materially impacting either of these important markets. In the September meeting, the committee also decided to leave the target federal funds rate in a range of 100 to 125 basis points but left open the possibility of gradual removals of accommodation (i.e., raises in the federal funds rate) in the future.

The purpose of this essay is to provide a synopsis of my current views regarding the economic impact of Hurricane Harvey as well as economic conditions in the Eleventh District, U.S. and globally. I will also discuss key structural drivers, such as aging demographics, high levels of government debt to gross domestic product (GDP), globalization, and [technology-enabled disruption](#) and their implications for U.S. monetary policy.

The Dallas Fed is one of the 12 regional Federal Reserve Banks in the United States. The Eleventh District is composed of Texas, northern Louisiana and southern New Mexico. Texas accounts for 8.8 percent of U.S. GDP [\[1\]](#) and 8.4 percent of U.S. nonfarm employment.[\[2\]](#) It is the largest exporting state in the U.S. and is home to more than 50 Fortune 500 companies.[\[3\]](#) The characteristics of our district give the Dallas Fed unique insights into energy, trade and immigration issues, as well as great insight into the regional, national and global economies.

With that background, let me begin with a discussion of Hurricane Harvey and its impact on the Eleventh District as well as the U.S.

Comment: While President Kaplan’s essay specifically addressed the 11th district, his insights on both national and global economies should prove of interest to all bankers. To read the entire essay, click [here](#).

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

Posted Date	SUMMARY OF PROPOSED RULE
10.04.2017	<p>The Bureau of Consumer Financial Protection issued an interim final rule [October 4th] amending a provision of the Regulation X mortgage servicing rules that it issued in 2016 relating to the timing for mortgage servicers to provide modified written early intervention notices to borrowers who have invoked their cease communication rights under the Fair Debt Collection Practices Act.</p> <p><i>Comment: Both the interim final rule and the proposed rule relate to the 2016 Mortgage Servicing Final Rule, which effected several changes to the mortgage servicing rules under Regulation X, which implements the Real Estate Settlement Procedures Act, and Regulation Z, which implements the Truth in Lending Act. Most community banks are exempt from the more onerous provisions of the mortgage servicing rules under the small servicer exemption. For a CFPB analysis of Small Servicers and Key Provisions of the 2016 Mortgage Servicing Rule, click here. To read the Interim Final Rule published in the Federal Register, click here. The effective date for the Interim Final Rule is October 19, 2017.</i></p>
09.27.2017	<p>The federal banking regulatory agencies (the agencies) have jointly issued [September 27th] a proposal intended to simplify aspects of the generally applicable capital rules related to the treatment of acquisition, development or construction (ADC) loans, items subject to threshold deduction, and minority interests includable in regulatory capital, and would make a number of technical corrections. The agencies indicated their intent to address these matters in their joint report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA).</p> <p><i>Comment: This proposed rule is subject to a 60-day comment period that begins with publication in the Federal Register. If made final, implementation is expected before January 1, 2019.</i></p>
09.22.2017	<p>The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (the Agencies) proposed a rule [September 22nd] that would revise their regulations implementing the Community Reinvestment Act (CRA) (12 USC 2901 et seq.). The proposed rule would amend the CRA regulations' definitions of "home mortgage loan" and "consumer loan" to conform to recent changes made by the Consumer Financial Protection Bureau to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The proposed rule would also amend the CRA public file content requirements for consistency with Regulation C, make technical amendments to remove cross references related to the proposed amended definitions, and remove an obsolete reference to the Neighborhood Stabilization Program.</p> <p><i>Comment: These proposals are minor technical changes and do not substantially alter reporting requirements under HMDA or CRA. To read the entire OCC Bulletin 2017-38, click here. This is an interagency proposal.</i></p>
09.02.2017	<p>The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) today [October 2nd] issued a notice of proposed rulemaking to shorten the standard settlement cycle for securities purchased or sold by national banks, federal savings associations, and FDIC-supervised institutions. The three-day settlement cycle, which is the current standard for the securities industry in the United States, is known as "T+3"—shorthand for "trade date plus three days." The OCC and FDIC are issuing the proposal in connection with an industry-wide shift to a T+2 settlement cycle. The new T+2 cycle is the culmination of a multi-year securities industry initiative and rule changes being implemented by other financial regulators and securities self-regulatory organizations. The change applies to trades placed on or after October 5, 2017. A shorter settlement cycle will directly reduce banks' counterparty settlement risk and reduce systemic risk. Comments will be accepted for 30 days from publication in the <i>Federal Register</i>.</p>
08.23.2017	<p>The Office of the Comptroller of the Currency is inviting comment on a proposed rule to increase the appraisal threshold for commercial real estate (CRE) transactions from \$250,000 to \$400,000. This threshold sets the transaction value above which national banks and federal savings associations (collectively, banks) must obtain appraisals that conform with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and its appraisal rules (Title XI appraisals). The proposed rule, which is being issued jointly with the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (collectively, the agencies), makes conforming amendments to the appraisal rules to require that banks obtain evaluations in lieu of Title XI appraisals for transactions covered by the CRE threshold exemption. The proposal also would make a conforming technical change to the requirement for the use of certified appraisers for certain transactions. The comment period for the proposed rule ends on October 29, 2017.</p>

- 08.22.2017 In preparation for a forthcoming proposal that would simplify regulatory capital requirements, federal banking regulators on Tuesday [August 22nd] proposed a rule that would extend the existing transitional capital treatment for certain regulatory capital deductions and risk weights. The extension would apply to banking organizations that are not subject to the agencies' advanced approaches capital rules. As part of the recent review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act, the agencies announced that they are developing a proposal that would simplify the capital rules to reduce regulatory burden, particularly for community banks. That proposal would simplify the capital rules' treatment of mortgage servicing assets and other items. However, under the current capital rules, the transitional treatment for those items is scheduled to be replaced with a different treatment on January 1, 2018. Comments on this proposal will be accepted for 30 days after publication in the Federal Register. The agencies anticipate proposing the simplified regulatory capital requirements in the coming months.
- 08.03.2017 The Federal Reserve Board on Thursday [August 3rd] requested public comment on a corporate governance proposal to enhance the effectiveness of boards of directors. The proposal would refocus the Federal Reserve's supervisory expectations for the largest firms' boards of directors on their core responsibilities, which will promote the safety and soundness of the firms. Comments must be received 60 days after publication in the Federal register.
- 07.19.2017 The OCC, Board, and FDIC (collectively, the agencies) are inviting comment on a [proposed](#) rule to amend the agencies' regulations requiring appraisals of real estate for certain transactions. The proposal would increase the threshold level at or below which appraisals would not be required for commercial real estate transactions from \$250,000 to \$400,000. This proposed change to the appraisal threshold reflects comments the agencies received through the regulatory review process required by the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) and completed in early 2017. For commercial real estate transactions with a value at or below the proposed threshold, the amended rule would require institutions to obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices if the institution does not obtain an appraisal by a state certified or licensed appraiser. Comments must be received 60 days after publication in the Federal register.

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know about.

**EFFECTIVE
DATE:**

SUMMARY OF FINAL RULE:

- TBD [CFPB Payday Rule](#) - The Bureau of Consumer Financial Protection has issued [October 5th] this final rule to create consumer protections for certain consumer credit products. The rule has two primary parts. First, for short-term (45 day) and longer-term loans with balloon payments, the Bureau is identifying it as an unfair and abusive practice for a lender to make such loans without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule generally requires that, before making such a loan, a lender must reasonably determine that the consumer has the ability to repay the loan. The Bureau has exempted certain short-term loans from the ability-to-repay determination prescribed in the rule if they are made with certain consumer protections. Also, lenders who make 2,500 or fewer covered short-term or balloon-payment loans per year and derive no more than 10% of revenue from such loans are exempt.
- Second, for the same set of loans and for longer-term loans with an annual percentage rate greater than 36 percent that are repaid directly from the consumer's account, the rule identifies it as an unfair and abusive practice to attempt to withdraw payment from a consumer's account after two consecutive payment attempts have failed, unless the lender obtains the consumer's new and specific authorization to make further withdrawals from the account. The rule also requires lenders to provide certain notices to the consumer before attempting to withdraw payment for a covered loan from the consumer's account.
- Comment: The new rule is effective in 2019 and imposes stringent underwriting requirements and payment restrictions on certain covered loans. Note that loans made solely to finance the purchase of a car in which the car secures the loan are completely exempt from the coverage of the rule. Other exceptions include home mortgage loans, credit cards, student loans, and overdraft services and lines of credit. To read the Final Rule published in the Federal Register, click [here](#). The effective date of the Final Rule is 21 months after publication in the Federal Register; except for § 1041.11, which is effective 60 days after publication in the Federal Register.***
- 09.18.2017 [Arbitration agreements](#) - Pursuant to section 1028(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203), the Bureau of Consumer Financial Protection (Bureau) has issued this final rule establishing 12 CFR part 1040 to regulate arbitration agreements in contracts for specified consumer financial product and services. First, the final rule prohibits covered providers of certain consumer financial products and services from using an agreement with a consumer that

provides for arbitration of any future dispute between the parties to bar the consumer from filing or participating in a class action concerning the covered consumer financial product or service. Second, the final rule requires covered providers that are involved in an arbitration pursuant to a pre-dispute arbitration agreement to submit specified arbitral records to the Bureau and also to submit specified court records. The Bureau has also adopted official interpretations to the proposed regulation. The mandatory compliance date is March 19, 2018.

09.30.2017

[Joint Agencies: Loans in Areas Having Special Flood Hazards](#) The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) (collectively, the Agencies) are amending their regulations regarding loans in areas having special flood hazards to implement certain provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), which amends some of the changes to the Flood Disaster Protection Act of 1973 mandated by the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). Specifically, the final rule requires the escrow of flood insurance payments on residential improved real estate securing a loan, consistent with the changes set forth in HFIAA. The final rule also incorporates an exemption in HFIAA for certain detached structures from the mandatory flood insurance purchase requirement. Furthermore, the final rule implements the provisions of Biggert-Waters related to the force placement of flood insurance. Finally, the final rule integrates the OCC's flood insurance regulations for national banks and Federal savings associations. The Agencies plan to address the private flood insurance provisions in Biggert-Waters in a separate rulemaking. The effective date of amendatory instructions 1, 3, 4, 5, 7, 9, 10, 12 and 13 is October 1, 2015. The effective date of amendatory instructions 2, 6, 8, 11 and 14 is January 1, 2016.

10.01.2017 [Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#). The CFPB is issuing this final rule to create comprehensive consumer protections for prepaid accounts under Regulation E, which implements the Electronic Fund Transfer Act; Regulation Z, which implements the Truth in Lending Act; and the official interpretations to those regulations. The final rule modifies general Regulation E requirements to create tailored provisions governing disclosures, limited liability and error resolution, and periodic statements, and adds new requirements regarding the posting of account agreements. Additionally, the final rule regulates overdraft credit features that may be offered in conjunction with prepaid accounts. Subject to certain exceptions, such credit features will be covered under Regulation Z where the credit feature is offered by the prepaid account issuer, its affiliate, or its business partner and credit can be accessed in the course of a transaction conducted with a prepaid card. DATES: This rule is effective on October 1, 2017. The requirement in § 1005.19(b) to submit prepaid account agreements to the Bureau is delayed until October 1, 2018. See the CFPB's [prepaid rule implementation page](#).

Comment: The CFPB issued a Final Rule on April 25, 2017 delaying to delay the October 1, 2017 effective date of the rule governing Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) (the Prepaid Accounts Final Rule) by six months, until April 1, 2018.

10.03.2017

Although the Military Lending Act was effective October 3, 2016, credit cards are exempt until October 3, 2017. [80 Fed Reg 43560](#)

10.10.2017

[Amendments to Federal Mortgage Disclosure Requirements under the Truth in Lending Act \(Regulation Z\)](#) - This final rule modifies the federal mortgage disclosure requirements under the Real Estate Settlement Procedures Act and the Truth in Lending Act that are implemented in Regulation Z. This rule memorializes the Bureau's informal guidance on various issues and makes additional clarifications and technical amendments. This rule also creates tolerances for the total of payments, adjusts a partial exemption mainly affecting housing finance agencies and nonprofits, extends coverage of the TILA-RESPA integrated disclosure (integrated disclosure) requirements to all cooperative units, and provides guidance on sharing the integrated disclosures with various parties involved in the mortgage origination process.

10.19.2017

[Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedures Act \(Regulation X\) and the Truth in Lending Act \(Regulation Z\); Correction](#). The CFPB updated its mortgage servicing rules and expanded foreclosure protections. The final rule provides protections when a mortgage is transferred between servicers. Mortgage servicers must now offer mitigation services more than once if a borrower brings their mortgage current, then again becomes delinquent. The rule provides additional protections to mortgagors who acquired the mortgage, often through death or divorce. The rules require servicers to provide periodic statements to borrowers in bankruptcy in certain circumstances. The statements must contain specific information tailored for bankruptcy and about loss mitigation options. The CFPB published a summary for consumers on its website. **Servicers have a full year from the October 19, 2016, publication date (and for some changes 18 months) to implement the rules.**

10.19.2017

[Safe harbors from FDCPA liability for actions complying with mortgage servicing rules under RESPA and Reg. Z](#). The CFPB specified mortgage servicing rules in Regulations X and Z. This interpretive rule constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in three situations: Servicers do not violate FDCPA section 805(b) when communicating about the mortgage loan with confirmed successors in interest in compliance with specified mortgage servicing rules in Regulation X or Z; servicers do not violate FDCPA section 805(c) with respect to the mortgage loan when providing the written early intervention notice required by Regulation X to a borrower who has invoked the cease communication right under FDCPA section 805(c); and servicers do not violate FDCPA section 805(c) when responding to borrower-initiated communications concerning loss mitigation after the borrower has invoked the cease communication right under FDCPA section 805(c).

- 01.01.2018 [Amendments to Equal Credit Opportunity Act – Race and Ethnicity Data](#) - The Consumer Financial Protection Bureau (CFPB) modified Equal Credit Opportunity Act (ECOA) regulations to provide additional flexibility for mortgage lenders in the collection of consumer ethnicity and race information. These amendments will provide greater clarity for mortgage lenders regarding their obligations under the law, while promoting compliance with rules intended to ensure consumers are treated fairly. Separately, the CFPB also seeks comment on proposed policy guidance describing the Home Mortgage Disclosure Act (HMDA) data the Bureau proposes to make available to the public beginning in 2019, including modifications to protect consumers' privacy.
- Comment: Under these finalized changes, more lenders can adopt application forms that include expanded requests for information regarding a consumer's ethnicity and race, including the revised Uniform Residential Loan Application, the standardized form used by borrowers to apply for a mortgage loan. The Final Rule was published in the Federal Register on October 2nd and can be found [here](#). The Final Rule becomes effective January 1, 2018.**
- 01.01.2018 [Home Mortgage Disclosure \(Regulation C\)](#). The CFPB amended Regulation C to implement amendments to HMDA made by section 1094 of the Dodd-Frank Act. Consistent with section 1094 of the Dodd-Frank Act, the CFPB is adding several new reporting requirements and clarifying several existing requirements. The CFPB is also modifying the institutional and transactional coverage of Regulation C. The final rule also provides extensive guidance regarding compliance with both the existing and new requirements.
- Comment: In 2018, all banks covered by Regulation C that originated at least 25 covered closed-end mortgage loans in either of the two preceding calendar years (2016 and 2017), OR all banks covered by Regulation C that originated at least 100 covered open-end lines in either of the two preceding calendar years (2016 and 2017) must report. Those reports are due in 2019. For HMDA data collected on or after January 1, 2018, bank's will collect, record, and report additional information about originations of, purchases of, and applications for covered loans. Data collection and reporting applies to most residential mortgage loan applications regardless of their ultimate disposition; it is not limited to loans that are approved. T**
- 04.01.2018 [Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#). The CFPB is issuing this final rule to create comprehensive consumer protections for prepaid accounts under Regulation E, which implements the Electronic Fund Transfer Act; Regulation Z, which implements the Truth in Lending Act; and the official interpretations to those regulations. The final rule modifies general Regulation E requirements to create tailored provisions governing disclosures, limited liability and error resolution, and periodic statements, and adds new requirements regarding the posting of account agreements. Additionally, the final rule regulates overdraft credit features that may be offered in conjunction with prepaid accounts. Subject to certain exceptions, such credit features will be covered under Regulation Z where the credit feature is offered by the prepaid account issuer, its affiliate, or its business partner and credit can be accessed in the course of a transaction conducted with a prepaid card. DATES: This rule was originally effective on October 1, 2017 but a Final Rule published April 25, 2017 amended the effective date until April 1, 2018. The requirement in § 1005.19(b) to submit prepaid account agreements to the Bureau is delayed until October 1, 2018. See the CFPB's [prepaid rule implementation page](#).
- 05.11.2018 FinCEN is issued [final rules](#) under the Bank Secrecy Act to clarify and strengthen customer due diligence requirements for: Banks; brokers or dealers in securities; mutual funds; and futures commission merchants and introducing brokers in commodities. The rules contain explicit customer due diligence requirements and include a new requirement to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.
- 07.01.2018 [Availability of Funds and Collection of Checks](#) The Board is amending subparts A, C, and D of Regulation CC, Availability of Funds and Collection of Checks (12 CFR part 229), which implements the Expedited Funds Availability Act of 1987 (EFA Act), the Check Clearing for the 21st Century Act of 2003 (Check 21 Act), and the official staff commentary to the regulation.¹ In the final rule, the Board has modified the current check collection and return requirements to reflect the virtually all-electronic check collection and return environment and to encourage all depository banks to receive, and paying banks to send, returned checks electronically. The Board has retained, without change, the current same-day settlement rule for paper checks. The Board is also applying Regulation CC's existing check warranties under subpart C to checks that are collected electronically, and in addition, has adopted new warranties and indemnities related to checks collected and returned electronically and to electronically-created items.
- 10.01.2018 [Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#). Although the CFPB's rule regarding prepaid accounts is effective 10.01.2017, the requirement to submit account agreements to the CFPB is effective 10.03.2018. See the CFPB's [prepaid rule implementation page](#).

Common words, phrases, and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk
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	pricing characteristics.
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFPB	Consumer Financial Protection Bureau

CFR	Code of Federal Regulations . Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act . This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	CFPB, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency
FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office

HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program . U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury

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