



Capitol Comments September 2017

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

Joint federal agency issuances

Agencies Issue FAQ on New Accounting Standard on Credit Losses (CECL)

Summary: The federal financial institution regulatory agencies are issuing updated Frequently Asked Questions on the New Accounting Standard on Financial Instruments – Credit Losses to assist institutions and examiners. The new standard will take effect in 2020 or 2021, depending on an institution’s characteristics. The attached Frequently Asked Questions (FAQs) combine into a single document new questions and answers and those issued in December 2016, replacing the FAQs attached to FIL-79-2016. The FAQs focus on the application of the current expected credit losses methodology (CECL) for estimating credit loss allowances and related supervisory expectations and regulatory reporting guidance. The periodic issuance and updating of the FAQs is part of the agencies’ efforts to support institutions as they prepare to implement CECL.

Statement of Applicability to Institutions under \$1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised banks and savings associations, including community institutions.

Highlights:

- The Financial Accounting Standards Board published its new credit losses accounting standard in June 2016.
- CECL applies to all financial assets carried at amortized cost (including loans held for investment and held-to-maturity debt securities), a lessor’s net investments in leases, and certain off-balance-sheet credit exposures such as loan commitments and standby letters of credit.
- Although CECL does not apply to available-for-sale debt securities, the new standard modifies the existing accounting for impairment on such securities.
- The new FAQs in the attached combined set of questions and answers address such topics as qualitative factors, data to implement CECL, purchased credit-deteriorated assets, the evaluation of the public business entity criteria, the mechanics of adopting the standard for Call Report purposes, and collateral-dependent loans.
- The FAQs continue to emphasize that CECL is scalable to institutions of all sizes; community institutions are not expected to need to adopt complex modeling techniques to implement the new accounting standard. Further, institutions are not required to engage third-party service providers to assist management in estimating credit loss allowances under CECL.

- The agencies encourage institutions to plan and prepare for the transition to and implementation of the new accounting standard, particularly with respect to determining the estimation method or methods to be used and collecting and maintaining relevant data to implement each selected method.
- The agencies expect institutions to make good faith efforts to implement the new accounting standard in a sound and reasonable manner.
- Institutions with questions about the new accounting standard and the FAQs may submit them by e-mail to CECL@fdic.gov.

Related Topics:

- [FIL-39-2016, June 17, 2016, Joint Statement on the New Accounting Standard on Financial Instruments – Credit Losses](#)

Comment: In fourteen new questions, regulators expand on the twenty-three questions exploring supervisory views on qualitative factors, data needs and other topics related to (ASU) No. 2016-13, Topic 326, Financial Instruments – Credit Losses, which takes effect as early as 2020. For the printable format (PDF) of FIL-41-2017 from the FDIC, click [here](#). For the updated FAQ, click [here](#).

FFIEC Launches New Industry Outreach Website

Summary: The Federal Financial Institutions Examination Council (FFIEC) launched a new Industry Outreach website for financial institutions, trade associations, third-party providers, and consultants.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This FIL applies to all FDIC-supervised financial institutions.

Highlights:

- The FFIEC launched a new Industry Outreach website designed to share information about current issues related to financial institution supervision, and to provide updates to supervisory guidance and regulations.
- The website also provides access to upcoming FFIEC-sponsored webinars and includes an archive of past webinars, including the *Military Lending Act* and *Mobile Financial Services – Appendix E of the Retail Payment Systems Booklet*. Additional seminars, such as *Updates to FFIEC Information Technology Guidance*, which includes a summary of updates to the *Management and Information Security Booklets* and the *Cyber Assessment Tool*, will be added to the archive in the near future.
- The Industry Outreach program was developed to enhance communication between the FFIEC and financial institutions, trade associations, third-party service providers, consultants, and other interested parties. To learn more about the program, or sign-up to receive FFIEC email updates, visit <https://industryoutreach.ffiec.gov>.

Comment: In general, this new website allows users to access archived and upcoming FFIEC-sponsored webinars. Additional webinars, such as *Updates to FFIEC Information Technology Guidance*, will be added to the archive soon. For the printable format (PDF) of FIL-40-2017 from the FDIC, click [here](#).

Agencies to Propose Amending CRA Regulations to Conform to HMDA Regulation Changes, and Remove References to the Neighborhood Stabilization Program

WASHINGTON—The federal bank regulatory agencies today [September 20] issued a joint notice of proposed rulemaking to amend their respective Community Reinvestment Act (CRA) regulations primarily to conform to changes made by the Consumer Financial Protection Bureau (CFPB) to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).

Since 1995, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency have conformed certain definitions in their respective CRA regulations to the scope of loans reported under Regulation C and believe that continuing to do so produces a less-burdensome CRA performance evaluation process. In particular, the agencies are proposing to amend their CRA regulations to revise the definitions of “home mortgage loan” and “consumer loan,” as well as the public file content requirements. These

revisions would maintain consistency between the CRA regulations and the recent changes to Regulation C, which generally become effective on January 1, 2018.

In addition, the draft proposal contains technical revisions and would remove obsolete references to the Neighborhood Stabilization Program.

Comments on the proposal will be accepted for 30 days after publication in the Federal Register. The agencies anticipate that the proposed amendments to their CRA regulations will become effective also on January 1, 2018.

- [Community Reinvestment Act Regulations](#) (PDF)

Comment: The proposed amendments revise the definition of “home mortgage loan” and “consumer loan,” update the public file content requirements to comply with recent Regulation C changes, and make various technical corrections. In addition, the proposal will eliminate obsolete references to the Neighborhood Stabilization Program (NSP), an initiative created by HUD to help stabilize communities contending with foreclosures and abandonment. In 2016, under CRA regulations, NSP-eligible activities were no longer considered “community development.” The Agencies anticipate that the proposed rule will become effective on January 1, 2018, when most of the changes to the HMDA rules go into effect. To read the news release from the Federal Reserve, click [here](#).

Federal Banking Agencies Propose Extension of Certain Capital Rule Transitions

In preparation for a forthcoming proposal that would simplify regulatory capital requirements, federal banking regulators on Tuesday 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.

As a result, the agencies are proposing to extend the existing transition provisions for a targeted set of items: mortgage servicing assets, certain deferred tax assets, investments in the capital instruments of unconsolidated financial institutions, and minority interests. This proposal would prevent the implementation of the fully phased-in requirements for these items by banking organizations that are not subject to the advanced approaches capital rules prior to the agencies’ consideration of simplification to the capital rules.

Banking organizations that are not subject to the advanced approaches capital rules are generally those with less than \$250 billion in total consolidated assets and less than \$10 billion in total foreign exposure. Firms that are subject to the advanced approaches rules would not be affected by this proposal and would remain subject to the fully phased-in requirements for these exposures beginning 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.

Comment: The extension would apply to banking organizations that are not subject to the agencies’ advanced approach to capital rules, which are generally those with less than \$250 billion in total consolidated assets and less than \$10 billion in total foreign exposure. To read the news release from the OCC, click [here](#).

FFIEC Issues HMDA Examiner Transaction Testing Guidelines

Summary: The Federal Financial Institutions Examination Council (FFIEC) is issuing guidelines for examiners to use in assessing the accuracy of the Home Mortgage Disclosure Act (HMDA) data institutions record and report. The HMDA Examiner Transaction Testing Guidelines (Guidelines) describe FFIEC procedures for sampling and validating HMDA data. The Guidelines should assist financial institutions seeking to better understand the approach the FDIC will use to assess HMDA data as part of the examination process.

Statement of Applicability to Institutions with Total Assets under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised institutions subject to HMDA and Regulation C. A HMDA exemption applies to institutions with assets at or below a threshold specified in Regulation C.

Highlights:

- The Guidelines will apply to HMDA data collected by financial institutions in or after 2018.
- The Guidelines describe a data sampling process that involves prioritizing designated data fields for review or reviewing all data fields within a sample. The FDIC's examination approach will include reviewing designated data fields to be announced prior to January 1, 2018.
- Examination staff will determine whether errors in each data field reviewed exceed a specified threshold described in the Guidelines. File or line error rates generally will not be considered.
- The size of the sample identified for review will be driven by a financial institution's mortgage lending activities. Specifically, the number of files sampled and the error threshold for resubmission will vary based on the number of applications listed on an institution's Loan Application Register.
- The Guidelines establish tolerances for minor errors in certain data fields involving dates or dollar amounts. Data that fall within these tolerances do not count towards error thresholds.
- An effective compliance management system, commensurate with a financial institution's size, complexity, and risk profile, plays an important role in ensuring compliance with applicable law and in preventing recurring HMDA data errors.

Comment: The HMDA Examiner Transaction Testing Guidelines (Guidelines) describe FFIEC procedures for sampling and validating HMDA data. The Guidelines should assist financial institutions seeking to better understand the approach the FDIC will use to assess HMDA data as part of the examination process. For the printable format (PDF) of FIL-36-2017 from the FDIC, click [here](#). For the HMDA Examiner Transaction Testing Guidelines from the FFIEC, click [here](#).

Agencies Issue Notice of Proposed Rulemaking to Shorten Settlement Cycle

The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) today [September 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 September 5, 2017. A shorter settlement cycle will directly reduce banks' counterparty settlement risk and reduce systemic risk.

The agencies note that the industry-wide standards established by the applicable securities and self-regulatory organizations' rules for T+2 securities clearance and settlement go into effect on September 5, 2017, and that the agencies previously issued guidance to assist their supervised institutions in preparing for the change. On June 9, 2017, the OCC issued [Bulletin 2017-22](#), which notified OCC-supervised institutions of the upcoming change and the OCC's expectations. The FDIC issued guidance applicable to FDIC-supervised institutions through [Financial Institution Letter 32-2017](#) on July 26, 2017.

The current OCC and FDIC regulations on settlement periods do not interfere with banks' adapting to the T+2 settlement cycle, but the agencies are proposing amendments to these regulations to further align them with T+2. Comments will be accepted for 30 days from publication in the *Federal Register*.

Comment: To read the news release from the OCC, click [here](#).

CFPB actions

CFPB Issues Small Entity Compliance Guide on Arbitration Agreements Rule

On Sept. 15, 2017, we [the CFP] issued the [Arbitration Agreements Rule small entity compliance guide](#). The guide provides an easy-to-use summary of the rule and highlights information that may be helpful when implementing it.

Comment: The Congressional Review Act permits the Senate to vote on a resolution for disapproval within 60 legislative days from the Rule's publication date (July 19, 2017). If the Senate votes with the House to block the Rule, the Rule will then go to the President for signature or veto. In light of President Trump's stated disfavor of the Arbitration Rule and financial regulation more generally, it is unlikely he would veto it. However, with the steady drip from Wells Fargo - and now the Equifax breach - it is uncertain what the current political appetite is for blocking the Arbitration Agreements Rule.

CFPB Announces Annual Dollar Thresholds in Truth in Lending Act Regulations for Certain Credit Transactions

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today [August 30th] announced its annual adjustments to the dollar amounts of various thresholds under Truth in Lending Act (TILA) regulations that will apply to certain consumer credit transactions in 2018. The adjustments are based on the annual percentage change in the Consumer Price Index. The notice addresses the thresholds related to the minimum interest charge and safe harbor penalty fees under TILA and the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) amendments to TILA; the total loan amount and points and fees dollar trigger for high-cost mortgages under the Home Ownership and Equity Protection Act (HOEPA); and the maximum points and fees for qualified mortgages under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The notice published in the Federal Register is available

here: <https://www.federalregister.gov/documents/2017/08/30/2017-18003/truth-in-lending-regulation-z-annual-threshold-adjustments-credit-cards-hoeпа-and-atrqm>

Comment: These are annually required adjustments.

CFPB Temporarily Changes Mortgage Data Rule Reporting Threshold for Community Banks

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today [August 24th] issued a rule amending the 2015 updates to the Home Mortgage Disclosure Act (HMDA) rule. The Bureau has temporarily changed reporting requirements for banks and credit unions that issue home-equity lines of credit, and clarified the information that financial institutions are required to collect and report about their mortgage lending.

“The Home Mortgage Disclosure Act is a vital source of information on the health and fairness of the mortgage market,” said CFPB Director Richard Cordray. “Today’s amendments show that the Consumer Bureau is committed to ensuring that financial institutions are able to comply with the rule, and to promoting transparency across the largest consumer financial market in the world.”

The Home Mortgage Disclosure Act—originally enacted in 1975—requires most lenders to report information about the home loans that they originate or purchase, as well as applications received. Banking regulators and the public can use this data to monitor whether financial institutions are serving the housing needs of their communities, to assist in distributing public-sector investment in order to attract private investment to areas where it is needed, and to identify possible discriminatory lending patterns.

As directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB updated the HMDA regulation in 2015 to improve the quality and type of data reported by financial institutions. Most of the updated requirements take effect in January 2018, and the industry is working to bring operations into compliance.

Reporting Threshold

Under rules that are scheduled to take effect in January 2018, financial institutions would have been required under the Home Mortgage Disclosure Act to report home-equity lines of credit if they made 100 such loans in each of the last two years. Today's final rule has increased that threshold to 500 loans through calendar years 2018 and 2019 so that the Bureau can consider whether to make a permanent adjustment. This change was initially proposed in July 2017.

This temporary increase in the threshold will provide time for the Bureau to consider whether to initiate another rulemaking to address the appropriate level for the threshold for data collected beginning January 1, 2020.

Clarifications and Technical Corrections

Today's final rule contains a number of clarifications, technical corrections, and minor changes to the HMDA regulation. These include clarifying certain key terms, such as "temporary financing" and "automated underwriting system." The changes finalized today will also, for example, establish transition rules for reporting certain loans purchased by financial institutions. Another change will facilitate reporting the census tract of a property, using a geocoding tool that will be provided on the Bureau's website. These changes were initially proposed in April 2017.

The CFPB is committed to well-tailored and effective regulations and has sought to carefully calibrate its efforts to ensure consistency with respect to consumer financial protections across the financial services marketplace.

The final rule is available at: http://files.consumerfinance.gov/f/documents/201708_cfpb_final-rule_home-mortgage-disclosure_regulation-c.pdf

The CFPB is also releasing today an executive summary of the final rule, updates to technical filing instructions, and other implementation materials. The CFPB hopes that these materials will help financial institutions understand and implement the changes adopted in the final rule.

The regulatory implementation materials are available here: <https://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/>

The technical instructions are available here: <https://www.consumerfinance.gov/data-research/hmda/for-filers>

Comment: Many banking associations have submitted comment letters fully supporting this increase in the reporting threshold. Depending on how the next two years go, the CFPB will decide whether to initiate another rulemaking to address the appropriate level for the threshold for data collected beginning Jan. 1, 2020.

CFPB issues 'Here's what you need to know about the new FFIEC HMDA Examiner Transaction Testing Guidelines'

Today [August 22nd], the Federal Financial Institutions Examination Council (FFIEC) members announced new [FFIEC Home Mortgage Disclosure Act \(HMDA\) Examiner Transaction Testing Guidelines \(Guidelines\)](#) for all financial institutions that report HMDA data. The Guidelines will apply to the examination of HMDA data collected beginning in 2018 and reported beginning in 2019.

The Guidelines will help ensure accurate data and address reporting burden concerns

When examining financial institutions, federal supervisory agencies with HMDA supervisory authority may verify the accuracy of HMDA data within a sample of reported transactions. If examiners find that the number of errors in the sample exceeds certain thresholds, an institution will be directed to correct and resubmit its HMDA data.

In light of the new data fields that will be required beginning in 2018, the Guidelines:

- Eliminate the file error resubmission threshold under which a financial institution would be directed to correct and resubmit its entire Loan Application Register (LAR) if the total number of sample files with one or more errors equaled or exceeded a certain threshold
- Establish, for the purpose of counting errors toward the field error resubmission threshold, allowable tolerances for certain data fields
- Provide a more lenient 10 percent field error resubmission threshold for financial institutions with LAR counts of 100 or less, many of which are community banks and credit unions

At the same time, the Guidelines ensure HMDA data integrity by maintaining field error resubmission thresholds that safeguard the accuracy of each data field, and thus all data, reported under HMDA. Furthermore, under the Guidelines, examiners may direct financial institutions to change their policies, procedures, audit processes, or other aspects of its compliance management system to prevent the reoccurrence of errors.

Comment: To read the entire Blog post from the CFPB, click [here](#).

FDIC actions

FDIC Issues Revised Guidelines for Appeals of Material Supervisory Determinations

Summary: The FDIC has adopted revised Guidelines for Appeals of Material Supervisory Determinations (Guidelines), which govern appeals by FDIC-supervised institutions to Division Directors and the Supervision Appeals Review Committee (SARC). The revised Guidelines expand the circumstances under which banks may appeal a material supervisory determination and enhance consistency with the appeals processes of other federal banking agencies. The revised Guidelines also include other limited technical and conforming amendments.

Statement of Applicability to Institutions with Total Assets under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised depository institutions.

Highlights:

- On July 18, 2017, the FDIC adopted revised Guidelines for Appeals of Material Supervisory Determinations (Guidelines).
- The revised Guidelines expand the circumstances under which banks may appeal a material supervisory determination and enhance consistency with the appeals processes of the other federal banking agencies. Specifically, the revised Guidelines:
 - Permit the appeal of the level of compliance with an existing formal enforcement action, the decision to initiate an informal enforcement action, and matters requiring board attention;
 - Provide that a formal enforcement-related action or decision does not affect an appeal that is pending under the Guidelines;
 - Make additional opportunities for appeal available under the Guidelines in certain circumstances;
 - Provide for the publication of annual reports on Division Directors' decisions with respect to material supervisory determinations; and
 - Make other limited and conforming amendments.
- The FDIC is rescinding FIL-52-2016, entitled FDIC Seeks Comment on Bank Appeals Guidelines.
- The FDIC is also rescinding FIL-113-2004, entitled FDIC Appeals Processes.

Related Topics:

- Reminder on Examination Findings, FIL-51-2016, dated July 29, 2016.
- Appeals of Material Supervisory Determinations: Guidelines & Decisions

Attachment:

- Guidelines for Appeals of Material Supervisory Determinations

Comment: These revised guidelines expand the circumstances under which banks may appeal a material supervisory determination, enhance consistency with the appeals processes of other federal banking agencies, and include other limited technical and conforming changes. For the printable format (PDF) of FIL-42-2017 from the FDIC, click [here](#).

Supervisory Insights Journal Summer 2017 Issue Now Available

Summary: The Summer 2017 issue of Supervisory Insights features two articles of interest to examiners, bankers, and supervisors. The first article emphasizes the importance of liquidity risk management and describes contingency funding strategies to help community banks mitigate potential stress. The second article provides an overview of the Bank Secrecy Act/Anti-Money Laundering (BSA/AML) examination and discusses trends in supervision and enforcement. Supervisory Insights – Summer 2017 is available at www.fdic.gov/supervisoryinsights.

Statement of Applicability to Institutions with Total Assets under \$1 Billion: The information contained in this issue of Supervisory Insights may be of general interest to FDIC-supervised financial institutions, but it is not supervisory guidance.

Highlights:

- Maintaining and planning for a healthy liquidity position is essential to a community bank's safe and sound operation. An unexpected liquidity crisis can impair an institution's viability. "Community Bank Liquidity Risk: Trends and Observations from Recent Examinations" describes liquidity risk management and contingency funding strategies that community banks can use to help mitigate potential stress.
- The focus of the BSA/AML examination is to assess whether a depository institution has established appropriate policies, procedures, and processes consistent with the institution's BSA/AML risk. "The Bank Secrecy Act: A Supervisory Update" provides an overview of the BSA/AML examination, discusses trends in supervision and enforcement, and includes examples of rare, but significant, failures identified by FDIC examiners in BSA/AML compliance programs.
- The "Regulatory and Supervisory Roundup" provides an overview of recently released regulations and supervisory guidance.
- Suggestions for article topics and requests for permission to reprint articles should be emailed to supervisoryjournal@fdic.gov. Requests for print copies should be emailed to publicinfo@fdic.gov.

Comment: For the printable format (PDF) of FIL-39-2017 from the FDIC, click [here](#). For the Summer 2017 issue of Supervisory Insights, click [here](#).

OCC actions

OCC Hosts Compliance and Operational Risk Workshops in San Diego

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops in San Diego at the Holiday Inn San Diego-Bayside, October 24 and 25, for directors of national community banks and federal savings associations supervised by the OCC.

The Compliance Risk workshop on October 24 combines lectures, discussion, and exercises on the critical elements of an effective compliance risk management program. The workshop also focuses on major compliance risks and critical regulations. Topics of discussion include the Bank Secrecy Act, Flood Disaster Protection Act, Fair Lending, Home Mortgage Disclosure Act, Community Reinvestment Act, and other compliance areas of interest.

The Operational Risk workshop on October 25 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. 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 offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. To register for this workshop, visit www.occ.gov/occworkshops.

Comment: To read the news release, click [here](#).

OCC Issues Revised ‘Foreword’ Booklet and Rescissions

Summary The Office of the Comptroller of the Currency (OCC) issued today [September 7th] the “Foreword” booklet of the *Comptroller’s Handbook*. The revised booklet replaces the booklet titled “Foreword” issued on May 6, 2013. This booklet describes the overall organization and format of the *Comptroller’s Handbook* and lists the booklet titles that compose the handbook. The list will change over time because the OCC periodically issues new booklets on various topics. The OCC also issues revised or updated booklets to reflect changes to laws, regulations, and supervisory policy, including any changes resulting from the integration of national bank and federal savings association rules.

As explained in the “Foreword” booklet, for booklets issued after July 2011, the cover pages display version numbers along with publication dates.¹ The “Foreword” booklet also explains the difference between revisions and updates. Booklet revisions involve comprehensive changes. Booklet updates are generally limited in scope, and these updates are summarized in table format at the back of each updated booklet.

Note for Community Banks

This booklet applies to all national banks, federal savings associations, and federal branches and agencies.

Highlights

The revised booklet

- describes the organization and format of *Comptroller’s Handbook* booklets issued since the OTS transfer date in July 2011.
- explains that the *Comptroller’s Handbook* is organized into five series:
 - Examination Process
 - Safety and Soundness (this series has seven categories)
 - Asset Management
 - Consumer Compliance
 - Securities Compliance
- rescinds OCC Bulletin 2013-12, “New and Updated Comptroller’s Handbook Booklets: Foreword Booklet and Refreshed Risk Definitions,” (May 6, 2013).
- rescinds the “Table of Booklet Title Changes” that was published with OCC Bulletin 2013-12. Changes to booklet titles are now included in appendix A of the “Foreword” booklet.

Further Information

Please contact Sarah Williams-Lopez, National Bank Examiner and Core Policy Analyst, at (202) 649-6770.

Comment: While it may be easy to dismiss this update as merely perfunctory, it contains good organization information on the booklets that compose the handbook. The updated Comptroller’s Handbook EP-F September 2017 can be found [here](#).

OCC Issues Revised Comptroller’s Handbook Booklet – Flood Disaster Protection Act

Summary The Office of the Comptroller of the Currency (OCC) issued today [September 7th] the “Flood Disaster Protection Act” booklet of the *Comptroller’s Handbook*. This revised booklet replaces a similarly titled booklet issued in May 1999. The revised booklet provides information on changes to the flood insurance requirements resulting from recent amendments to the Flood Disaster Protection Act (FDPA) and the flood insurance regulations (12 CFR 22) and makes other clarifying changes. These changes include an exemption for certain detached structures from the mandatory purchase of flood insurance requirements; escrow requirements for flood insurance premiums and fees for any loan secured by residential real estate or a mobile home that is made, increased, extended, or renewed on or after January 1, 2016; and amendments related to the force placement of flood insurance.

Note for Community Banks

The “Flood Disaster Protection Act” booklet applies to the examination of all national banks, federal savings associations, and federal branches and agencies of foreign banks (collectively, banks) subject to the FDPA and the flood

insurance regulations codified at 12 CFR 22.

Highlights

Updates to the “Flood Disaster Protection Act” booklet reflect

- the exemption for certain detached structures from the requirement to purchase flood insurance. Under this exemption, a structure that is part of a residential property but is detached from the primary residential structure of the property and does not serve as a residence is not required to be covered by flood insurance. A bank may choose, however, to require flood insurance on the detached structure to protect the collateral securing the mortgage.
- the requirement for a bank, or a servicer acting on its behalf, to escrow premiums and fees for flood insurance for any loan secured by residential improved real estate or a mobile home that is made, increased, extended, or renewed on or after January 1, 2016. Certain loans are excepted from this requirement. Small lenders that have total assets of less than \$1 billion and, as of July 6, 2012, (1) were not required by applicable federal or state law to escrow taxes or insurance for the entire term of the loan, and (2) did not have a policy of consistently requiring escrow of taxes or insurance, are also excepted from this requirement.
- the requirement for a bank that is subject to the escrow requirement to offer and make available to borrowers the option to escrow flood insurance premiums and fees for loans that are outstanding as of January 1, 2016. Banks were required to deliver information to borrowers on the escrow option by June 30, 2016, and to implement the escrow as soon as reasonably practicable after receiving a borrower’s request to escrow.
- changes to the force placement provision of the FDPA clarifying that a bank, or a servicer acting on its behalf, has authority to charge a borrower for the cost of force-placed flood insurance coverage beginning on the date the borrower-purchased coverage lapsed or became insufficient. In addition, the bank must terminate force-placed insurance coverage within 30 days of receipt of confirmation of a borrower’s existing policy and must refund to the borrower all premiums and fees for force-placed insurance paid by the borrower during any period of overlap between the borrower’s policy and the force-placed policy.
- examination procedures for determining compliance with the detached structure, escrow, and force placement provisions.

Comment: The OCC Has always done an excellent job with the flood portion of the Comptroller’s Handbook and it is a valuable resource for all banks, not just OCC supervised banks. The updated Comptroller’s Handbook CC-FDPA September 2017 can be found [here](#).

OCC Hosts Compliance and Operational Risk Workshops in Chicago

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops in Chicago at the Crowne Plaza Chicago West Loop, October 3 and 4, for directors of national community banks and federal savings associations supervised by the OCC.

The Compliance Risk workshop on October 3 combines lectures, discussion, and exercises on the critical elements of an effective compliance risk management program. The workshop also focuses on major compliance risks and critical regulations. Topics of discussion include the Bank Secrecy Act, Flood Disaster Protection Act, Fair Lending, Home Mortgage Disclosure Act, Community Reinvestment Act, and other compliance areas of interest.

The Operational Risk workshop on October 4 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. 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 offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. To register for this workshop, visit www.occ.gov/oceworkshops.

Comment: To read the news release, click [here](#).

OCC Hosts Risk Governance and Credit Risk Workshops in Indiana

WASHINGTON — The Office of the Comptroller of the Currency will host two workshops at the Indianapolis Marriott East, Indianapolis, Ind., September 26-27, for directors of national community banks and federal savings associations supervised by the OCC.

The Risk Governance workshop on September 26 combines lectures, discussion, and exercises to provide practical information for directors to effectively measure and manage risks. The workshop also focuses on the OCC's approach to risk-based supervision and major risks in the financial industry.

The Credit Risk workshop on September 27 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 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 1-888-509-9227.

Comment: To read the news release, click [here](#).

OCC Issues Notice of Proposed Rulemaking – Appraisal Threshold Increase

Summary 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 September 29, 2017.

Note for Community Banks

The proposed rule would apply to all OCC-supervised banks and, therefore, would apply to community banks.

Highlights

The proposed rule would increase the appraisal threshold for CRE transactions from \$250,000 to \$400,000. The proposed threshold of \$400,000 reflects increases in CRE transaction values and general indices of inflation since adoption of the existing threshold in 1994.

The definition of “commercial real estate transaction” in the proposed rule would capture the categories of transactions typically considered to be CRE transactions by banks and generally aligns with the categories of loans to which agency guidance on CRE lending applies. Under the proposal, a “commercial real estate transaction” means a “real estate-related financial transaction,” as defined in the appraisal regulations, including loans that finance the construction of buildings with one- to four-family dwelling units and that do not include permanent financing. Accordingly, the definition would include a loan extended to a consumer to finance the initial construction of the consumer's dwelling, but it would exclude loans that provide both initial construction funding and permanent financing. This approach would be consistent with other regulations and guidance that address construction loans to consumers in other contexts.

The proposal would extend the current requirement for banks to obtain “evaluations” on exempt CRE transactions from \$250,000 to \$400,000. An evaluation provides an estimate of the value of real estate but is not subject to the same requirements as a Title XI appraisal.

Comment: Many banking associations issued comment letters strongly supporting this increase in the appraisal threshold. This action by the OCC is the implementation of the formal process related to the joint agency proposal reported in the July 2017 issue of Capitol Comments.

OCC Issues Higher-Loan-to-Value Lending Guidance Designed to Spur Community Revitalization

WASHINGTON — The Office of the Comptroller of the Currency (OCC) today [August 21] issued a bulletin providing guidance to spur community revitalization through prudent higher-loan-to-value mortgage lending in targeted areas.

The bulletin interprets existing regulations and sets out principles for managing risks associated with the origination of certain residential mortgage loans where the loan-to-value ratio at origination exceeds 100 percent.

The OCC recognizes the concern that depressed housing values in certain distressed communities in the United States may inhibit mortgage lending and slow recovery in these communities. Banks can support revitalization efforts by offering mortgage products for owner-occupied residential properties in communities targeted by governmental entities for revitalization.

“Banks and thrifts play a critical role in keeping communities vibrant and helping struggling communities recover,” said Acting Comptroller of the Currency Keith A. Noreika. “Higher-LTV lending programs in communities targeted for revitalization can promote more healthy communities in a manner consistent with safe and sound lending practices.”

This bulletin applies to national banks and federal savings associations that establish programs for originating owner-occupied residential mortgage loans with loan-to-value ratios that exceed 100 percent at origination in communities targeted for revitalization. The bulletin sets out parameters for program loans and eligible communities. The bulletin describes provisions that should be included in bank policies and procedures related to loan portfolio management, underwriting, consumer notices, and other relevant matters. The bulletin also provides guidance concerning the OCC’s consideration of programs that fall outside of the scope of this policy that are consistent with safe and sound lending practices, promote fair access to credit and fair treatment of borrowers, and comply with all applicable laws.

The bulletin also describes OCC supervisory considerations for these programs administered national banks and federal savings associations. In addition, at least annually the OCC will evaluate the extent to which banks’ and federal savings associations’ programs are collectively contributing to community revitalization efforts. The OCC’s evaluation will consider, among other matters, whether the programs adequately control the various risks, the general performance of loans, and the effect such lending has had on the housing market and other economic indicators for communities targeted by the programs.

Related Link

- [OCC Bulletin 2017-28 Mortgage Lending: Risk Management Guidance for Higher-Loan-to-Value Lending Programs in Communities Targeted for Revitalization](#)

Comment: The guidance provides information about the required policies and procedures under such a community revitalization program and about the process and timing for notifying the OCC about starting or modifying a program. Comment: To read the news release, click [here](#).

Other federal action and news

FinCEN Issue Joint Memorandum on Financial Institution and Law Enforcement Efforts to Combat Elder Financial Exploitation

Elder financial exploitation (EFE), the illegal or improper use of an older person’s funds, property or assets, has emerged as one of the most significant frauds against individual persons. It is the most common form of elder abuse in the United States. Despite its growing prominence, however, only a small fraction of incidents are detected and reported. Older

Americans are attractive targets in part because of their assets and regular sources of income, increasing the need for effective interventions. Older people may also be particularly vulnerable due to factors such as isolation, cognitive decline, physical disability, health problems, and bereavement. Thus, their ability to protect themselves from individuals seeking to exploit them may be limited. Once victimized, they often experience not only financial insecurity, but also loss of their dignity and quality of life.

Comment: *The guidance provides information relating to the filing of suspicious activity reports (SARs). According to the memorandum, "SARs can play an important role in the fight against EFE by providing information and references to any supporting documentation that can trigger an investigation, support an ongoing investigation, or identify previously unknown subjects and entities." For a copy of the memorandum issued jointly by the CFPB, the Department of the Treasury, and FinCEN, click [here](#).*

Publications, articles, reports, studies, testimony & speeches

Fed Issues Industrial Production and Capacity Utilization - 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: *To access a *.pdf of the report, click [here](#).*

FDIC-Insured Institutions Earn \$48.3 Billion in Second Quarter 2017 - Community Bank Net Income Rises to \$5.7 Billion

Community Bank Net Income Rises 8.5 Percent from a Year Ago: The 5,338 insured institutions identified as community banks reported a \$444.5 million (8.5 percent) increase in net income in the second quarter. Net operating revenue was \$1.5 billion (6.9 percent) higher, as net interest income was up \$1.5 billion (8.9 percent). Noninterest income registered a small (\$2.3 million, 0.05 percent) decline from a year ago. Loan-loss provisions increased \$185 million (26 percent), while noninterest expenses were \$616.2 million (4.3 percent) higher. For the 12 months ended June 30, loan and lease balances were up 7.8 percent.

Comment: *"Community banks also reported another solid quarter of revenue, net income, and loan growth," Gruenberg said. "However, as the economy enters the ninth year of an expansion characterized by modest growth, the annual rate of loan growth continued to slow for a third consecutive quarter. The industry must manage interest-rate risk, liquidity risk, and credit risk carefully to remain on a long-run, sustainable growth path." To read the entire press release published August 22nd, click [here](#).*

SWIFT Extends KYC Registry Membership to All Supervised Financial Institutions

Brussels, 17 July 2017 – SWIFT announces today that it has opened membership in its KYC Registry to all supervised financial institutions.

Since the launch of The KYC Registry in December 2014, membership has been limited to SWIFT-connected supervised institutions. Starting in September 2017, all supervised financial institutions will be able to join the Registry, regardless of whether they are connected to SWIFT.

The KYC Registry is a secure, global utility which nearly 4,000 correspondent banks and funds players use to contribute, share and consume a comprehensive set of KYC data and documents. The Registry helps financial institutions streamline the exchange of know your customer information to support KYC compliance. Member institutions share their data in response to access requests from their counterparties who ‘consume’ the data as part of their KYC processes. Each institution retains ownership of its Registry data, and full control over which counterparties can access it.

Using the Registry enables correspondent banks and funds players to align themselves with global best practices, demonstrate transparency, reduce due diligence costs for their counterparties, and protect their correspondent relationships.

For more information about The KYC Registry, visit <https://www.swift.com/our-solutions/compliance-and-shared-services/financial-crime-compliance/the-kyc-registry?AKredir=true>.

Comment: We missed this back in July when it was issued, but felt it worth making sure banks were aware of this.

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
09.02.2017	The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) today [September 2 nd] 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 September 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> .
08.23.2017	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 September 29, 2017.
08.22.2017	In preparation for a forthcoming proposal that would simplify regulatory capital requirements, federal banking regulators on Tuesday [August 22 nd] 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 [September 3 rd] 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:

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 [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.***
- 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.

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 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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