

RKL Risk Management Regulatory Compliance Report

January 2017



RKL Risk Management's quarterly compliance report identifies proposed and finalized, federally issued consumer compliance/regulatory items.

DECEMBER – FINAL ISSUANCES

Topic	CFPB Adjusts Asset-Size Exemption Thresholds under TILA & HMDA
Date	12/21/16
Description	<p>The CFPB amended its official commentary, which interpret the requirements of Regulation Z (Truth in Lending) and Regulation C (Home Mortgage Disclosure) as they apply to asset-size exemptions thresholds, based on the annual change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The adjustments are based on the 0.8 percent increase in the average of the CPI-W for the 12-month period ending in November 2016.</p> <p>Under TILA, the change in the asset-size thresholds is for certain creditors to qualify for an exemption to the requirement to establish an escrow account for a higher-priced mortgage. The exemption threshold is adjusted to increase to \$2.069 billion from \$2.052 billion. Therefore, creditors with assets of less than \$2.069 billion (including assets of certain affiliates) as of December 31, 2016, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2017. This asset limit will also apply during a grace period, in certain circumstances, with respect to transactions with applications received before April 1 of 2018.</p> <p>The adjustment to the escrows exemption asset-size threshold will also increase a similar threshold for small-creditor portfolio and balloon-payment qualified mortgages. Balloon-payment qualified mortgages that satisfy all applicable criteria, including being made by creditors that have (together with certain affiliates) total assets below the threshold, are also excepted from the prohibition on balloon payments for high-cost mortgages.</p> <p>Under HMDA, the asset-size exemption threshold for banks, savings associations, and credit unions will remain at \$44 million. Therefore, banks, savings associations, and credit unions with assets of \$44 million or less as of December 31, 2016, are exempt from collecting data in 2017.</p>
Sources/Additional Details	<ul style="list-style-type: none">• http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-act-regulation-z-adjustment-asset-size-exemption-threshold/• http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-adjustment-asset-size-exemption-threshold/

Topic	OCC and FDIC Adopt Expanded Exam Cycles for Certain Institutions
Date	12/16/16
Description	<p>The Agencies are jointly adopting their interim final rules, published in the Federal Register on February 29, 2016, that implemented section 83001 of the Fixing America's Surface Transportation Act (FAST Act). Section 83001 of the FAST Act permits the agencies to conduct a full-scope, onsite examination of qualifying insured depository institutions with less than \$1 billion in total assets no less than once during each 18-month period. The final rules, like the interim final rules, generally allow well capitalized and well managed institutions with less than \$1 billion in total assets to benefit from the extended 18-month examination schedule. In addition, the final rules adopt as final parallel changes to the agencies' regulations governing the onsite examination cycle for U.S. branches and agencies of foreign banks, consistent with the International Banking Act of 1978. Finally, through this rulemaking, the FDIC has integrated its regulations regarding the frequency of safety and soundness examinations for State nonmember banks and State savings associations.</p> <p>Effective Date: 1/17/2017</p>
Links / Additional Details	https://occ.gov/news-issuances/federal-register/81fr90949.pdf

NOVEMBER – FINAL ISSUANCES

Topic	Board and CFPB Finalize Consumer Leasing (Regulation M) Annual Threshold Amendments
Date	11/30/16
Description	The FRB and the CFPB finalized amendments to the official interpretations and commentary for the agencies' regulations that implement the Consumer Leasing Act (CLA). The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the CLA by requiring that the dollar threshold for exempt consumer leases be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the Board and Bureau will not adjust this exemption threshold from the prior year. The final rule memorializes this as well as the agencies' calculation method for determining the adjustment in years following a year in which there is no annual percentage increase in the CPI-W. Based on the CPI-W in effect as of June 1, 2016, the exemption threshold will remain at \$54,600 through December 31, 2017.
Links / Additional Details	http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/consumer-leasing-regulation-m-adjustments/

Topic	Agencies Issue Appraisals Exemption Threshold Adjustment for HPMLs
Date	11/30/16
Description	The OCC, FRB and CFPB finalized amendments to the official interpretations for their regulations that implement section 129H of the Truth in Lending Act (TILA). Section 129H of TILA establishes special appraisal requirements for “higher-risk mortgages,” termed “higher-priced mortgage loans” or “HPMLs” in the agencies’ regulations. The OCC, FRB, CFPB, the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) and the Federal Housing Finance Agency (FHFA) (collectively, the Agencies) issued joint final rules implementing these requirements, effective January 18, 2014. The Agencies’ rules exempted, among other loan types, transactions of \$25,000 or less, and required that this loan amount be adjusted annually based on any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the OCC, the Board, and the Bureau will not adjust this exemption threshold from the prior year. The final rule will memorialize this as well as the agencies’ calculation method for determining the adjustment in years following a year in which there is no annual percentage increase in the CPI-W. Based on the CPI-W in effect as of June 1, 2016, the exemption threshold will remain at \$25,500 through December 31, 2017.
Links / Additional Details	http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/appraisals-higher-priced-mortgage-loans-exemption-threshold-adjustments/

Topic	The Board and CFPB Issue TILA Dollar Threshold Adjustment
Date	11/30/16
Description	The FRB and CFPB published final rules amending the official interpretations and commentary for the agencies’ regulations that implement the Truth in Lending Act (TILA). The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended TILA by requiring that the dollar threshold for exempt consumer credit transactions be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the Board and Bureau will not adjust this exemption threshold from the prior year. The final rule memorializes this as well as the agencies’ calculation method for determining the adjustment in years following a year in which there is no annual percentage increase in the CPI-W. Based on the CPI-W in effect as of June 1, 2016, the exemption threshold will remain at \$54,600 through December 31, 2017.
Links / Additional Details	http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-regulation-z-threshold-adjustments/

Topic	CFPB Announces Ceiling on Allowable Charges under FCRA Remains Unchanged
Date	11/18/16
Description	<p>The CFPB announced that the ceiling on allowable charges under section 612(f) of the Fair Credit Reporting Act (FCRA) will remain unchanged at \$12.00, effective for 2017.</p> <p>The Bureau is required to increase the \$8.00 amount referred to in section 612(f)(1)(A)(i) of the FCRA on January 1 of each year, based proportionally on changes in the Consumer Price Index for All Urban Consumers (CPI-U), with fractional changes rounded to the nearest fifty cents. The CPI-U increased 49.77 percent between September 1997, when the FCRA amendments took effect, and September 2016. This increase in the CPI-U, and the requirement that any increase be rounded to the nearest fifty cents, result in a maximum allowable charge of \$12.00.</p>
Links / Additional Details	http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/fair-credit-reporting-act-disclosures/

Topic	FDIC Approves Deposit Account Recordkeeping Rule
Date	11/15/16
Description	<p>The FDIC adopted a final rule to facilitate prompt payment of FDIC-insured deposits when large insured depository institutions fail. The final rule requires each insured depository institution that has two million or more deposit accounts to (1) configure its information technology system to be capable of calculating the insured and uninsured amount in each deposit account by ownership right and capacity, which would be used by the FDIC to make deposit insurance determinations in the event of the institution's failure, and (2) maintain complete and accurate information needed by the FDIC to determine deposit insurance coverage with respect to each deposit account, except as otherwise provided.</p> <p>Effective: 4/1/2017</p>
Links / Additional Details	https://www.gpo.gov/fdsys/pkg/FR-2016-12-05/pdf/2016-28396.pdf

Topic	FFIEC Issues Uniform Consumer Compliance Rating System
Date	11/7/16
Description	The FFIEC announced the issuance of an updated Uniform Interagency Consumer Compliance Rating System. The revisions reflect the regulatory, examination, technological, and market changes that have occurred since the release of the original rating system. The FFIEC member agencies plan to implement the updated rating system on consumer compliance examinations to begin on or after March 31, 2017.
Links / Additional Details	<ul style="list-style-type: none"> • https://www.ffiec.gov/press/pr110716.htm • https://www.ffiec.gov/press/PDF/FFIEC_CCR_SystemFR_Notice.pdf

Topic	FinCEN Publishes Technical Amendments to BSA
Date	11/4/16
Description	FinCEN published a Final Rule to make technical amendments to the BSA regulations. This final rule updates various sections of the regulations implementing the Bank Secrecy Act ("BSA") by removing or replacing outdated references to obsolete BSA forms, removing references to outdated recordkeeping storage media, and replacing several other outdated terms and references. The changes, which affect 31 CFR parts 1010, 1020, 1021, 1022, 1023, 1024, 1025, and 1026, are effective as of the date of publication.
Links / Additional Details	https://www.federalregister.gov/documents/2016/11/04/2016-26557/technical-amendments-to-various-bank-secrecy-act-regulations

NOVEMBER - PROPOSED ISSUANCES

Topic	Agencies Issue Proposed Rule on Private Flood Insurance
Date	11/7/16
Description	<p>The Agencies (OCC, FRB, FDIC, NCUA, FCA) issued a new proposal to amend their regulations regarding loans in areas having special flood hazards to implement the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert Waters Act). Specifically, the proposed rule would require regulated lending institutions to accept policies that meet the statutory definition of private flood insurance in the Biggert-Waters Act and permit regulated lending institutions to accept flood insurance provided by private insurers that does not meet the statutory definition of “private flood insurance” on a discretionary basis, subject to certain restrictions.</p> <p>Public Comments Due By: 1/6/2017</p>
Links / Additional Details	https://www.gpo.gov/fdsys/pkg/FR-2016-11-07/pdf/2016-26411.pdf

OCTOBER – FINAL ISSUANCES

Topic	CFPB Corrects Clerical Errors in Regulation E
Date	10/15/16
Description	<p>The CFPB released a final rule to correct certain clerical and non-substantive corrections to errors it has identified in Regulation E.</p>
Links / Additional Details	http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/electronic-fund-transfers-regulation-e/

Topic	CFPB Issues Final Rule for Prepaid Accounts
Date	10/5/16
Description	<p>The CFPB issued 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.</p>
Links / Additional Details	<ul style="list-style-type: none"> • http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/prepaid-accounts-under-electronic-fund-transfer-act-regulation-e-and-truth-lending-act-regulation-z/ • Rule https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/20161005_cfpb_Final_Rule_Prepaid_Accounts.pdf

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