

# RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

*January 2020*

## Joint Rule: CRA Asset-Size Threshold Amendments

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December 30, 2019

- The OCC, the Board, and the FDIC (collectively, the Agencies) are amending their Community Reinvestment Act (CRA) regulations to adjust the asset-size thresholds used to define “small bank” or “small savings association” and “intermediate small bank” or “intermediate small savings association.” As required by the CRA regulations, the adjustment to the threshold amount is based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
- Beginning January 1, 2020, banks and savings associations that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.305 billion are small banks or small savings associations. Small banks and small savings associations with assets of at least \$326 million as of December 31 of both of the prior two calendar years and less than \$1.305 billion as of December 31 of either of the prior two calendar years are intermediate small banks or intermediate small savings associations.

### [Additional Details](#)

## CFPB – Truth in Lending Adjustment to Asset-Size Exemption Threshold

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December 23, 2019

- The Bureau is amending the official commentary that interprets the requirements of the Bureau’s Regulation Z (Truth in Lending) to reflect a change in the asset-size threshold for certain creditors to qualify for an exemption to the requirement to establish an escrow account for a higher-priced mortgage loan based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the 12-month period ending in November.
- The exemption threshold is adjusted to increase to \$2.202 billion from \$2.167 billion. The adjustment is based on the 1.6 percent increase in the average of the CPI-W for the 12-month period ending in November 2019. **Therefore, creditors with assets of less than \$2.202 billion (including assets of certain affiliates) as of Dec. 31, 2019, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2020.** This asset limit will also apply during a grace period, in certain circumstances, with respect to transactions with applications received before April 1 of 2021.

### [Additional Information](#)

## CFPB – Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold

December 20, 2019

- The Bureau of Consumer Financial Protection (Bureau) is amending the official commentary that interprets the requirements of the Bureau's Regulation C (Home Mortgage Disclosure) to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 1.6 percent increase in the average of the CPI-W for the 12-month period ending in November 2019, the exemption threshold is adjusted to \$47 million from \$46 million. **Therefore, banks, savings associations, and credit unions with assets of \$47 million or less as of December 31, 2019, are exempt from collecting data in 2020.**

### [Additional Information](#)

## NCUA – Delay of Effective Date of the Risk-Based Capital Rules

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December 17, 2019

- The NCUA Board (Board) is amending the NCUA's previously revised regulations regarding prompt corrective action (PCA). The final rule delays the effective date of both the NCUA's October 29, 2015 final rule regarding risk-based capital (2015 Final Rule) and the NCUA's November 6, 2018 supplemental final rule regarding risk-based capital (2018 Supplemental Rule), moving the effective date from January 1, 2020 to January 1, 2022. During the extended delay period, the NCUA's current PCA requirements will remain in effect.
- The effective date of the final rule published on October 29, 2015 ([80 FR 66626](#)), delayed November 6, 2018 ([83 FR 55467](#)), is further delayed until January 1, 2022. The amendment in the final rule published on November 6, 2018 ([83 FR 55467](#)), is delayed until January 1, 2022.

### [Additional Details](#)

## **Comptroller of the Currency, the Federal Reserve System, and the Federal Deposit Insurance Corporation: Regulatory Capital Treatment for High Volatility Commercial Real Estate (HVCRE) Exposures**

December 13, 2019

- The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule to revise the definition of “high volatility commercial real estate (HVCRE) exposure” in the regulatory capital rule. This final rule conforms this definition to the statutory definition of “high volatility commercial real estate acquisition, development, or construction (HVCRE ADC) loan,” in accordance with section 214 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The final rule also clarifies the capital treatment for loans that finance the development of land under the revised HVCRE exposure definition.
- The final rule is effective on April 1, 2020.

### **[Additional Details](#)**

## NCUA – Notice and Request for Comment: Monitoring Bank Secrecy

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December 12, 2019

- Section 748.2 of NCUA's regulations, directs credit unions to establish a Bank Secrecy Act (BSA) compliance program that maintains procedures designed to assure and monitor compliance with the requirement of 31 U.S.C., Chap. 53, Subchapter II (sec. 5301-5329), the Bank Secrecy Act ([31 U.S.C. 5318\(g\)](#)), and 31 CFR Chapter X (parts 1000-1099), Financial Crimes Enforcement Network, Department of the Treasury. Each federally insured credit union (FICU) must develop and provide for the continued administration of a BSA compliance program to assure and monitor compliance with the recordkeeping and recording requirements prescribed by the BSA. At a minimum, a compliance program shall provide for a system of internal controls, independent testing for compliance, designation of an individual responsible for coordinating and monitoring day-to-day compliance; and training. NCUA examiners review the program to determine whether the credit union's procedures comply with all BSA requirements.
- Comments close: January 13, 2020

### [Additional Information](#)

## FDIC – Proposed Federal Interest Rate Authority

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December 6, 2019

- The Federal Deposit Insurance Corporation (FDIC) is seeking comment on proposed regulations clarifying the law that governs the interest rates State-chartered banks and insured branches of foreign banks (collectively, State banks) may charge. The proposed regulations would provide that State banks are authorized to charge interest at the rate permitted by the State in which the State bank is located, or one percent in excess of the ninety-day commercial paper rate, whichever is greater. The proposed regulations also would provide that whether interest on a loan is permissible under section 27 of the Federal Deposit Insurance Act would be determined at the time the loan is made, and interest on a loan permissible under section 27 would not be affected by subsequent events, such as a change in State law, a change in the relevant commercial paper rate, or the sale, assignment, or other transfer of the loan.
- Comments close: February 4, 2020

### [Additional Information](#)

## CFPB – Proposed Rule: Remittance Transfers Under the Electronic Fund Transfer Act (Regulation E)

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December 6, 2019

- The Electronic Fund Transfer Act (EFTA), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau of Consumer Financial Protection's (Bureau) remittance rule in Regulation E (Remittance Rule or Rule) implements these protections. The Bureau is proposing changes to the Rule to mitigate the effects of the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on July 21, 2020. In addition, the Bureau is proposing to increase a safe harbor threshold in the Rule related to whether a person makes remittance transfers in the normal course of its business, which would have the effect of reducing compliance costs for entities that make a limited number of remittance transfers annually.
- Comments close: January 21, 2020.

### [Additional Information](#)

## Taxpayer First Act

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December 28, 2019

- H.B. 3151, known as the Taxpayer First Act, went into effect on December 28, 2019; adding consumer protections with respect to the use of tax return information.
- The IRS added clarifying guidance explaining that section 2202 only applies to new consent agreements involving the disclosure of tax return information by the IRS to third parties after the effective date of December 28, 2019:
  - Section 2202 of the Taxpayer First Act amended the provisions of IRC section 6103(c) by adding the following language: "Persons designated by the taxpayer under this subsection to receive return information shall not use the information for any purpose other than the express purpose for which consent was granted and shall not disclose return information to any other person without the express permission of, or request by, the taxpayer."
  - This provision limits the redisclosure and use of return information in the case of taxpayers who have consented to the disclosure of their return information by the Internal Revenue Service to a third party under IRC section 6103(c). Section 2202 of the Taxpayer First Act applies only to disclosures made by the Internal Revenue Service after December 28, 2019, and any subsequent redisclosures and uses of such information disclosed by the Internal Revenue Service after December 28, 2019.

### [Additional Information](#)

## CFPB – Semiannual Regulatory Agenda

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December 26, 2019

- The Bureau of Consumer Financial Protection (Bureau) is publishing this agenda as part of the Fall 2019 Unified Agenda of Federal Regulatory and Deregulatory Actions. The Bureau reasonably anticipates having the regulatory matters identified below under consideration during the period from October 1, 2019, to September 30, 2020. The next agenda will be published in spring 2020 and will update this agenda through spring 2021. Publication of this agenda is in accordance with the Regulatory Flexibility Act ([5 U.S.C. 601 et seq.](#)).

### [Additional Information](#)

## **Board of Governors of the Federal Reserve System – Semiannual Regulatory Agenda**

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December 26, 2019

- The Board is issuing this agenda under the Regulatory Flexibility Act and the Board's Statement of Policy Regarding Expanded Rulemaking Procedures. The Board anticipates having under consideration regulatory matters as indicated below during the period October 1, 2019, through March 31, 2020. The next agenda will be published in spring
- Comments about the form or content of the agenda may be submitted any time during the next 6 months.

### **[Additional Information](#)**

## Bank Secrecy Act Advisory Group; Solicitation of Application for Membership

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December 19, 2019

- FinCEN is inviting the public to nominate financial institutions, trade groups, and non-federal regulators or law enforcement agencies for membership on the Bank Secrecy Act Advisory Group. New members will be selected for three-year membership terms.
- Nominations must be received by January 21, 2020.
- Nominations must be emailed to [BSAAG@fincen.gov](mailto:BSAAG@fincen.gov).

For Further Information Contact:

- FinCEN Resource Center at 800-767-2825.

## CFPB – Supervisory Highlights Consumer Reporting Special Edition, Issue 20 (Fall 2019)

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December 11, 2019

- The Bureau of Consumer Financial Protection (Bureau) is issuing its twentieth edition of its Supervisory Highlights. In this special issue of Supervisory Highlights, we report examination findings in the areas of consumer reporting and furnishing of information to consumer reporting companies, pursuant to the Fair Credit Reporting Act and Regulation V. The report does not impose any new or different legal requirements, and all violations described in the report are based only on those specific facts and circumstances noted during those examinations.
- The Bureau released this edition of the Supervisory Highlights on its website on December 9, 2019.

[Additional Details](#)

## Department of Defense to Propose Amendments to Military Lending Act

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December 2019

- DoD is proposing to amend the regulation implementing the Military Lending Act to ensure continued access to reasonable credit by Service members and families to finance a motor vehicle purchase and reduce the burden and risk to business of potentially extending unsecured credit for such transactions.
- The regulatory construct of this language prohibits a creditor from using the title of a vehicle as security for the obligation in a bona fide motor vehicle sales transaction unless the initiating creditor, and any subsequent assignees, are chartered or licensed under Federal or State law as a bank, savings association, or credit union. Such a construct prohibits certain classes of creditors and assignees from or issuing secured credit to facilitate the bona fide credit sale of a vehicle.
- The proposed change to the regulation is limited to this technical adjustment to allow certain classes of creditors to continue to offer reasonable credit terms to MLA covered borrowers to finance the bona fide purchase of a motor vehicle under certain conditions where a loan with proceeds used for multiple purposes may not qualify for the limited vehicle purchase loan exception in the statute and regulation.
- An identified risk of not making the proposed change: Service members and families, under certain conditions, may be denied access to reasonable credit due to their status as a covered borrower, adversely affecting their desire to remain in the service and the unintended consequence of contributing to retention readiness related issues.

[Additional Details](#)

Effective Date	Implementing Rule/Regulation	Additional Details
March 15, 2019	List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List)	<ul style="list-style-type: none"> <li>• <a href="#">List</a></li> </ul>
April 1, 2019	Prepaid Rule	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> <li>• <a href="#">Compliance Guide</a></li> </ul>
July 1, 2019	New Uniform Residential Loan Application - URLA	<ul style="list-style-type: none"> <li>• <a href="#">URLA</a></li> </ul>
July 1, 2019	Mandatory acceptance of certain private flood insurance	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 12, 2019	Reg D – Reserve Requirements of Depository Institutions	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 12, 2019	Reg A – Extensions of Credit by Federal Reserve Banks	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 19, 2019	Small Business Size Standards	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
September 20, 2019	Assessment of Fees	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 1, 2019	Regulatory Capital Rule	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 1, 2019	Recordkeeping for Timely Deposit Insurance Determination	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 22, 2019	NCUA Rule on Real Estate Appraisals	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>

Effective Date	Implementing Rule/Regulation	Additional Details
December 2, 2019	NCUA Payday Alternative Loans	• <a href="#">Rule</a>
December 28, 2019	Taxpayer First Act	• <a href="#">Rule</a>
January 1, 2020	Simplify “Volcker Rule”	• <a href="#">Rule</a>
January 1, 2020	CRA Asset Size Adjustment for Small and Intermediate Small Institutions	• <a href="#">Rule</a>
January 1, 2020	HMDA Adjustment to Asset Size Exemption Threshold	• <a href="#">Rule</a>
July 1, 2020	Final Amendments to Reg. CC Funds Availability	• <a href="#">Rule</a>
November 19, 2020	Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date	• <a href="#">Issuance</a>



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