

RKL Risk Management Regulatory Compliance Report

January 2018



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

OCTOBER – FINAL ISSUANCES

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| Topic | CFPB Issues Interim Final Rule Amending Certain Servicing Rules |
| Date | October 4, 2017 |
| Description | The CFPB issued the interim final rule impacting the 2016 Mortgage Servicing Final Rule’s early intervention provision, which would become effective on October 19, 2017. The Bureau is issuing this interim final rule to amend § 1024.39(d)(3)(iii) to give servicers a 10-day window to provide the modified notice at the end of the 180-day period. Under this provision (and with certain exceptions not applicable here), a servicer subject to the FDCPA with respect to that borrower’s loan must provide a modified written early intervention notice to that borrower on a periodic basis but is prohibited from doing so more than once during any 180-day period. |
| Links / Additional Details | https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_amendments-to-2016-Servicing-Rule_interim-final-rule.pdf |

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| Topic | CFPB Issues Final Rule Payday, Vehicle Title and Certain High-Cost Installment Loans |
| Date | October 5, 2017 |
| Description | The CFPB has issued this final rule to create consumer protections for certain consumer credit products. The rule has two primary parts. First, for short-term and longer-term loans with balloon payments, the Bureau is identifying it as an unfair and abusive practice for a lender to make such loans without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule generally requires that, before making such a loan, a lender must reasonably determine that the consumer has the ability to repay the loan. The Bureau has exempted certain short-term loans from the ability-to-repay determination prescribed in the rule if they are made with certain consumer protections. Second, for the same set of loans and for longer-term loans with an annual percentage rate greater than 36 percent that are repaid directly from the consumer’s account, the rule identifies it as an unfair and abusive practice to attempt to withdraw payment from a consumer’s account after two consecutive payment attempts have failed, unless the lender obtains the consumer’s new and specific authorization to make further withdrawals from the account. The rule also requires lenders to provide certain notices to the consumer before attempting to withdraw payment for a covered loan from the consumer’s account. |
| Links / Additional Details | https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_final-rule_payday-loans-rule.pdf |

OCTOBER – PROPOSED ISSUANCES

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| Topic | CFPB Proposes Amendments to Mortgage Servicing Rules |
| Date | October 4, 2017 |
| Description | The Bureau of Consumer Financial Protection (Bureau) is proposing amendments to certain Regulation Z mortgage servicing rules issued in 2016 relating to the timing for servicers to transition to providing modified or unmodified periodic statements and coupon books in connection with a consumer’s bankruptcy case. Comments close: November 17, 2017 |
| Links / Additional Details | https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_amendments-to-2016-Servicing-Rule_interim-final-rule.pdf |

NOVEMBER – FINAL ISSUANCES

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| Topic | Final Redesigned URLA Status under Regulation B |
| Date | November 20, 2017 |
| Description | The CFPB is publishing a notice pursuant to section 706(e) of the Equal Credit Opportunity Act concerning the update of the redesigned Uniform Residential Loan Application to include an applicant language preference question. |
| Links / Additional Details | https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_urla-language-preference-question_bureau-official-approval_112017.pdf |

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| Topic | Allowable Charges Under FCRA |
| Date | November 16, 2017 |
| Description | Section 612(f)(1)(A) of the Fair Credit Reporting Act (FCRA) provides that a consumer reporting agency may charge a consumer a reasonable amount for making a disclosure to the consumer pursuant to section 609 of the FCRA. The Bureau of Consumer Financial Protection (Bureau) announces 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 2018. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/11/16/2017-24855/fair-credit-reporting-act-disclosures |

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| Topic | TILA (Reg Z) Threshold Adjustments |
| Date | November 9, 2017 |
| Description | The Board and the Bureau are publishing 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). Based on the annual percentage increase in the CPI-W as of June 1, 2017, the exemption threshold will increase from \$54,600 to \$55,800 effective Jan. 1, 2018. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/11/09/2017-24445/truth-in-lending-regulation-z |

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| Topic | Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Adjustment |
| Date | November 9, 2017 |
| Description | The OCC, the Board, the Bureau, 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 Jan. 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). Based on the CPI-W in effect as of June 1, 2017, the exemption threshold will increase from \$25,500 to \$26,000 effective Jan. 1, 2018. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/11/09/2017-24443/appraisals-for-higher-priced-mortgage-loans-exemption-threshold |

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| Topic | Consumer Leasing (Regulation M) Annual Threshold Adjustments |
| Date | November 9, 2017 |
| Description | The Board and the Bureau are finalizing 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). Based on the annual percentage increase in the CPI-W as of June 1, 2017, the exemption threshold will increase from \$54,600 to \$55,800 effective Jan. 1, 2018. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/11/09/2017-24411/consumer-leasing-regulation-m |

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| Topic | CFPB Launches Beta of the HMDA Platform |
| Date | November 3, 2017 |
| Description | The CFPB launched the beta version of its long awaited HMDA Platform. Beginning with HMDA data collected in or after 2017, financial institutions will use the HMDA Platform to upload their loan/application registers (LARs), review edits, certify the accuracy and completeness of the data, and submit data for the filing year. Every user is required to register online for login credentials and establish an account prior to accessing the HMDA Platform. |
| Links / Additional Details | https://ffiec.cfpb.gov/ |

DECEMBER – FINAL ISSUANCES

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| Topic | Adjustment to HMDA (Regulation C) Asset Size Exemption Threshold |
| Date | December 27, 2017 |
| Description | The CFPB is issuing a final rule 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). The exemption threshold is adjusted to increase to \$45 million from \$44 million. The adjustment is based on the 2.1 percent increase in the average of the CPI-W for the 12-month period ending in November 2017. Therefore, banks, savings associations, and credit unions with assets of \$45 million or less as of Dec. 31, 2017, are exempt from collecting data in 2018. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/12/27/2017-27879/home-mortgage-disclosure-regulation-c-adjustment-to-asset-size-exemption-threshold |

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| Topic | Adjustment to TILA (Regulation Z) Asset Size Exemption Threshold |
| Date | December 27, 2017 |
| Description | The CFPB 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 \$2.112 billion from \$2.069 billion. The adjustment is based on the 2.1 percent increase in the average of the CPI-W for the 12-month period ending in November 2017. Therefore, creditors with assets of less than \$2.112 billion (including assets of certain affiliates) as of Dec. 31, 2017, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2018. This asset limit will also apply during a grace period, in certain circumstances, with respect to transactions with applications received before April 1 of 2019. |
| Links / Additional Details | https://www.federalregister.gov/documents/2017/12/27/2017-27897/truth-in-lending-act-regulation-z-adjustment-to-asset-size-exemption-threshold |

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| Topic | CFPB Issues Public Statement on HMDA Compliance |
| Date | December 21, 2017 |
| Description | The CFPB issued a public statement announcing that the Bureau does not intend to require data resubmission unless data errors are material or assess penalties with respect to errors for data collected in 2018 and reported in 2019 under the Home Mortgage Disclosure Act (HMDA). The Bureau also announced it intends to open a rulemaking to reconsider various aspects of the Bureau's 2015 HMDA rule, such as the institutional and transactional coverage tests and the rule's discretionary data points. The OCC and FDIC issued similar statements. |
| Links / Additional Details | https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-public-statement-home-mortgage-disclosure-act-compliance/ |

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| Topic | Agencies Adjust Annual CRA Asset Size Threshold |
| Date | December 17, 2017 |
| Description | Annual adjustments to these asset-size thresholds are based on the change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million. These asset-size threshold adjustments are effective January 1, 2018 As a result of the 2.11 percent increase in the CPI-W for the period ending in November 2017, the definitions of small and intermediate small institutions for CRA examinations will change as follows: <ul style="list-style-type: none"> • “Small bank” or “small savings association” means an institution that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. • “Intermediate small bank” or “intermediate small savings association” means a small institution with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years. |
| Links / Additional Details | https://www.occ.treas.gov/news-issuances/news-releases/2017/nr-ia-2017-151a.pdf |

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| Topic | SCRA Foreclosure Protections Extended |
| Date | December 12, 2017 |
| Description | President Trump signed into law, a bill to extend the foreclosure protection under the SCRA to service members, veterans and their families. The bill extends the foreclosure protections through December 31, 2019. The current protections were set to expire in 2017. |
| Links / Additional Details | https://www.whitehouse.senate.gov/news/release/whitehouse-bill-to-protect-servicemembers-and-veterans-from-foreclosure-signed-into-law |

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| Topic | FinCEN Exchange Launched |
| Date | December 4, 2017 |
| Description | FinCEN launched the FinCEN Exchange program today to enhance information sharing with financial institutions. As part of this program, FinCEN, in close coordination with law enforcement, will convene regular briefings with financial institutions to exchange information on priority illicit finance threats, including targeted information and broader typologies. This will enable financial institutions to better identify risks and focus on high priority issues, and will help FinCEN and law enforcement receive critical information in support of their efforts to disrupt money laundering and other financial crimes. Private sector participation in FinCEN Exchange is strictly voluntary, and the program does not introduce any new regulatory requirements. It also does not replace or otherwise affect existing mechanisms by which law enforcement engages directly with the financial industry. It is part of Treasury's broader objective of strengthening the anti-money laundering framework by encouraging, enabling, and acknowledging more regular industry focus on high-value and high-impact activities. Operational briefings under the FinCEN Exchange program will begin in the coming weeks. |
| Links / Additional Details | https://www.fincen.gov/news/news-releases/fincen-launches-fincen-exchange-enhance-public-private-information-sharing |

Disclaimer: By issuing this report, RKL Risk Management LLC is not providing legal or compliance advice on any specific regulation, or any corresponding legislation that affects financial institutions. We offer this information solely to provide industry insight and encourage financial institutions to internally review related compliance topics. If compliance advice is required, please contact us to discuss your specific needs. If legal advice is required, please contact your internal legal resource to determine how these proposed and/or finalized regulatory changes may affect your institution