

RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

May 2021

Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Definition; Delay of Mandatory Compliance Date

April 27, 2021

- The Consumer Financial Protection Bureau (CFPB) is issuing this final rule to delay until October 1, 2022 the mandatory compliance date for the final rule titled Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition (General QM Final Rule).
- CFPB is taking this action to help ensure access to responsible, affordable mortgage credit and to preserve flexibility for consumers affected by the COVID-19 pandemic and its economic effects.
- CFPB has also issued an executive summary and unofficial redline of the rule and has updated other compliance aids related to the ATR/QM Rule.

[Additional Information](#)

[Executive Summary](#)

[Unofficial Redline of QM Rules](#)

CFPB Interim Final Rule on Debt Collection Practices in Connection with the Global COVID-19 Pandemic (Regulation F)

April 22, 2021

- CFPB issues this interim final rule to address certain debt collector conduct associated with an eviction moratorium issued by the CDC. This interim final rule applies to debt collectors, as that term is defined in the Fair Debt Collection Practices Act (FDCPA).
- The FDCPA establishes broad consumer protections and prohibits debt collectors from engaging in harassment or abuse, making false or misleading representations, or engaging in unfair practices in debt collection.
- On March 29, 2021, the CDC extended an existing agency order that imposes an eviction moratorium that generally limits the circumstances in which certain persons may be evicted from residential property. The CDC Order's eviction moratorium is now in effect until June 30, 2021. CFPB is concerned that consumers are not aware of their protections under the CDC's eviction moratorium and that FDCPA-covered debt collectors may be engaging in eviction-related conduct that violates the FDCPA.
- This interim final rule amends Regulation F, which implements the FDCPA, to require debt collectors to provide written notice to certain consumers of their protections under the CDC Order's eviction moratorium and to clarify that certain misrepresentations are prohibited. More specifically, § 1006.9 prohibits certain acts by debt collectors that undermine the purpose and effectiveness of the CDC Order's eviction moratorium to prevent the further spread of COVID-19. Section 1006.9(a) and (b) sets forth the purpose and coverage of subpart B and defines certain terms used in the subpart, and § 1006.9(c) identifies the prohibited acts.

[Additional Information](#)

Proposed Rule Regarding False Advertising, Misrepresentations About Insured Status, and Misuse of FDIC Name or Logo

April 22, 2021

- The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a notice of proposed rulemaking implementing its statutory authority to prohibit any person or organization from making misrepresentations about FDIC deposit insurance, or misusing the FDIC's name or logo.
- The proposed rule is intended to provide transparency on the FDIC's processes for investigating and resolving potential violations of these prohibitions. Comments on the proposed rule will be accepted for 60 days after publication in the *Federal Register*.
- The proposed rule would implement section 18(a)(4) of the Federal Deposit Insurance Act (Section 18(a)(4)), which prohibits any person or organization from:
 - Making false or misleading representations about deposit insurance;
 - Using the FDIC's name or logo in a manner that would imply that an uninsured financial product is insured or guaranteed by the FDIC; or
 - Knowingly misrepresenting the extent and manner of deposit insurance.

(continued)

Proposed Rule Regarding False Advertising, Misrepresentations About Insured Status, and Misuse of FDIC Name or Logo (continued)

April 22, 2021

The FDIC has authority to investigate violations and take action to enforce Section 18(a)(4).

- The proposed rule describes:
 - The process by which the FDIC would identify and investigate conduct that may violate Section 18(a)(4);
 - The standards under which such conduct would be evaluated; and
 - The procedures the FDIC would follow when formally and informally enforcing these prohibitions.

The proposed rule would establish a more transparent process that will promote stability and public confidence in FDIC deposit insurance and the nation's financial system.

[Additional Information](#)

Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA) Regulation X

April 9, 2021

- CFPB seeks comment on proposed amendments to Regulation X to assist borrowers affected by the COVID-19 emergency. CFPB is taking this action to help ensure that borrowers affected by the COVID-19 pandemic have an opportunity to be evaluated for loss mitigation before the initiation of foreclosure.
- The proposed amendments would establish a temporary COVID-19 emergency pre-foreclosure review period until December 31, 2021, for principal residences. In addition, the proposed amendments would temporarily permit mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application.
- CFPB also proposes certain amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers.
- Comments due by: May 10, 2021

[Additional Information](#)

Beneficial Ownership Information Reporting Requirements

April 5, 2021

- FinCEN is issuing this advance notice of proposed rulemaking (ANPRM) to solicit public comment on questions pertinent to the implementation of the Corporate Transparency Act (CTA), enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA).
- This ANPRM seeks initial public input on procedures and standards for reporting companies to submit information to FinCEN about their beneficial owners (the individual natural persons who ultimately own or control the reporting companies) as required by the CTA.
- This ANPRM also seeks initial public input on FinCEN's implementation of the related provisions of the CTA that govern FinCEN's maintenance and disclosure of beneficial ownership information subject to appropriate protocols.
- Comments due by: May 5, 2021

[Additional Information](#)

Funding Opportunities; Small Dollar Loan Program; 2021 Funding Round

April 29, 2021

- Through the SDL Program, the Community Development Financial Institutions (CDFI) Fund provides (1) grants for Loan Loss Reserves (LLR) to enable a Certified Community Development Financial Institution (CDFI) establish a loan loss reserve fund in order to defray the costs of a small dollar loan program established or maintained by such institution; and (2) grants for Technical Assistance (TA) for technology, staff support, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program.
- All awards provided through this Notice of Funds Availability (NOFA) are subject to funding availability.

[Additional Information](#)

Consumer Financial Protection Bureau (CFPB) Fair Lending Report, April 2021

April 27, 2021

- CFPB is issuing its ninth Fair Lending Report to Congress.
- CFPB is committed to ensuring fair, equitable, and nondiscriminatory access to credit for both individuals and communities. This report describes fair lending activities in supervision and enforcement; guidance and rulemaking; interagency coordination; and outreach and education for calendar year 2020

[Additional Information](#)

Proposed Agency Information Collection Activities; Comment Request

April 16, 2021

- The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, without revision, the Disclosure Requirements Associated with CFPB Regulation M (FR M; OMB No. 7100-0202).
- Comments due by June 15, 2021

[Additional Information](#)

Extent to Which Model Risk Management Principles Support Compliance With Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Assets Control Requirements

April 12, 2021

- The OCC, Board, FDIC, NCUA and FinCEN (collectively, the agencies), seek information and comment from interested parties on the extent to which the principles discussed in the interagency Supervisory Guidance on Model Risk Management (referred to as the “model risk management guidance,” or MRMG) support compliance by banks with Bank Secrecy Act/Anti-Money Laundering (BSA/AML) and Office of Foreign Assets Control (OFAC) requirements.
- The agencies seek this information to enhance their understanding of bank practices in these areas and determine whether additional explanation or clarification may increase transparency, effectiveness, or efficiency.
- The OCC, Board and FDIC, in consultation with NCUA and FinCEN, are concurrently issuing a statement to clarify that the risk management principles discussed in the MRMG are appropriate considerations in the context of the BSA/AML statutory and regulatory requirements.
- Comments due by June 11, 2021

[Additional Information](#)

FDIC Seeks Input on How to Modernize Sign and Advertising Requirements for Banks

April 9, 2021

- As banks and savings associations adjust their business models to innovate and remain competitive, and as such digital transformation continues to accelerate, the FDIC is renewing its effort to consider how to revise and clarify its official sign and advertising rules related to FDIC deposit insurance.
- The FDIC is issuing this Request for Information (RFI) to inform FDIC efforts to align the policy objectives of its rules with how today's banks and savings associations offer deposit products and services and how consumers connect with banks and savings associations, including through evolving channels.
- The FDIC also requests information about how technological or other solutions could be leveraged to help consumers better distinguish FDIC-insured banks and savings associations from entities that are not insured by the FDIC (nonbanks), particularly across web and digital channels.
- Comments due by May 24, 2021

[Additional Information](#)

Community Development Revolving Loan Fund (CDRLF) Access for Credit Unions

April 6, 2021

- The National Credit Union Administration (NCUA) is issuing this Notice of Funding Opportunity (NOFO) to announce the availability of technical assistance grants (awards) for low-income designated credit unions (LICUs) through the CDRLF.
- The CDRLF serves as a source of financial support in the form of loans and technical assistance grants that better enable LICUs to support the communities in which they operate.
- All grant awards made under this NOFO are subject to funds availability and are at the NCUA's discretion.

[Additional Information](#)

CFPB Issues Series of Measures Impacting Mortgage Servicers

April 12, 2021

- The CFPB issued a series of measures that impact the mortgage servicing industry, basically putting the mortgage servicing industry on notice that it will be a top priority of the “new CFPB.”
- Details of the CFPB’s recent actions can be found through the link below.

[Additional Information](#)

Fannie Mae and Freddie Mac Announce Plans to Purchase Only New General Qualified Mortgage Loans

April 9, 2021

- Fannie Mae and Freddie Mac issued separate statements concerning the purchase of new general QM rule loans, and not the original 43% DTI ratio general QM rule loans or GSE Patch QM rule loans, for applications received on after July 1, 2021.

[Additional Information](#)

[Fannie Mae Lender Letter 2021-09](#)

[Freddie Mac Bulletin 2021-13](#)

Lenders: Now is the Time to Get Ready for New Data Collection Requirements

April 9, 2021

- The Consumer Financial Protection Bureau (CFPB) is preparing to implement Section 1071, the long-anticipated data collection and reporting regulations for business lending. This section of the Dodd-Frank Act has been under discussion since 2010, and with the new data collection and reporting requirements for lenders on the way at last, it's time for financial institutions to start preparing.

Mandated data includes basic information about the loan:

- Application Date
- Loan Type
- Loan Purpose
- Amounts applied for and approved for
- Action taken
- Date lender to action
- Loan number
- In addition

Lenders must also request and report:

- Whether the applicant qualifies as a woman-owned, minority owned and/or small business
- Census Tract
- Gross annual revenue
- Race, sex, ethnicity of the applicant's principal owners

[Additional Information](#)

Banking and Cannabis Enforcement

April 6, 2021

- NCUA Imposes First Penalty Relating to Cannabis Banking Services
- Cannabis Industry Execs Convicted of Defrauding Banks into Providing Financial Services
- Congress Re-Introduces the SAFE Banking Act

[Additional Information](#)

Effective Date	Implementing Rule/Regulation	Additional Details
July 1, 2020	Final Amendments to Reg. CC Funds Availability	<ul style="list-style-type: none"> • Rule
November 1, 2020	New URLA Required Use – POSTPONED DUE TO COVID-19	<ul style="list-style-type: none"> • Issuance
November 19, 2020	Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date	<ul style="list-style-type: none"> • Issuance
January 1, 2021	Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA and Qualified Mortgages)	<ul style="list-style-type: none"> • Rule
January 1, 2021	CRA Asset Size Adjustment for Small and Intermediate Small Institutions	<ul style="list-style-type: none"> • Rule
January 1, 2021	HMDA Adjustment to Asset Size Exemption Threshold	<ul style="list-style-type: none"> • Rule
March 1, 2021	New URLA Required Use	<ul style="list-style-type: none"> • Issuance
November 30, 2021	Final rule creating implementing regulations for the Fair Debt Collection Practices Act	<ul style="list-style-type: none"> • Rule
January 1, 2022	Reg C Final rule establishing 200 loans as the permanent HMDA data reporting threshold for open-end lines of credit	<ul style="list-style-type: none"> • Rule
October 1, 2022	Mandatory Compliance for QM definitions under Reg Z	<ul style="list-style-type: none"> • Rule

DID YOU KNOW?

The Servicemembers Civil Relief Act “SCRA” was originally enacted in **2003** to revise and expand the **Soldiers’ and Sailors’ Civil Relief Act of 1940 (SSCRA)**, a law designed to ease financial burdens on servicemembers during periods of military service.

Military service includes full time active duty members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Reservists on federal active duty, and members of the National Guard on federal orders for a period of more than 30 days.

The SCRA is a federal law that provides protections for military members as they enter active duty. It covers much more than mortgage interest rates by imposing a 6% rate cap. It also covers issues such as:

- rental agreements, security deposits, prepaid rent, evictions
- installment contracts, credit card interest rates, mortgage foreclosures, civil judicial proceedings
- automobile leases
- life insurance, health insurance and income tax payments.

The SCRA also provides certain benefits and protections to servicemembers dependents *defined as spouse, children, and any other person for whom the servicemember has provided more than half of their financial support for the past 18- days.*



FOCUSED. ON YOU. >

BARRY PELAGATTI

Partner & Leader, Financial Services Industry Group

BPelagatti@rklcpa.com

JULIYA KOFMAN GREENFIELD

Principal, Financial Services Industry Group

JKofmanGreenfield@RKLcpa.com

Disclaimer: By issuing this report, RKL LLP 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.



FOCUSED. ON YOU.