RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS ❯

August 2021

CFPB Confirms Effective Date for Debt Collection Final Rules

July 30, 2021

- The Consumer Financial Protection Bureau (CFPB) today announced that two final rules issued under the Fair Debt Collection Practices Act (FDCPA) will take effect as planned, on **November 30, 2021**.
- The first rule, issued in October 2020, focuses on debt collection communications and clarifies the FDCPA's prohibitions on harassment and abuse, false or misleading representations, and unfair practices by debt collectors when collecting consumer debt.
- The second rule, issued in December 2020, clarifies disclosures debt collectors must provide to consumers at the beginning of collection communications. The second rule also prohibits debt collectors from suing or threatening to sue consumers on time-barred debt. Additionally, the second rule requires debt collectors to take specific steps to disclose the existence of a debt to consumers before reporting information about the debt to a consumer reporting agency.

Additional Information

Agencies Propose Guidance on Managing Third-Party Relationships

July 19, 2021

- The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency invite comment on proposed guidance on managing risks associated with third-party relationships.
- The proposed guidance would offer a framework based on sound risk management principles for banking organizations to consider in developing risk management practices for all stages in the life cycle of third-party relationships that takes into account the level of risk, complexity and size of the banking organization and the nature of the third-party relationship.
    1. Developing a plan that outlines the banking organization's strategy, identifies the inherent risks of the activity with the third party, and details how the banking organization will identify, assess, select, and oversee the third party;
    2. Performing proper due diligence in selecting a third party;
    3. Negotiating written contracts that articulate the rights and responsibilities of all parties;
    4. Having the board of directors and management oversee the banking organization's risk management processes, maintaining documentation and reporting for oversight accountability, and engaging in independent reviews;
    5. Conducting ongoing monitoring of the third party's activities and performance; and
    6. Developing contingency plans for terminating the relationship in an effective manner.
- Comments due by September 17, 2021

Additional Information

NCUA Request for Information and Comment on Digital Assets and Related Technologies

July 22, 2021

- The NCUA is publishing this request for information with the aim of engaging the broad credit union industry and other stakeholders and learning how emerging Distributed Ledger Technology and Decentralized Finance applications are viewed and used.
- The NCUA hopes to learn how the credit union community is using these emerging technologies and gain additional feedback as to the role the NCUA can play in safeguarding the financial system and consumers in the context of these emerging technologies.

Additional Information

OCC and FDIC Issue Statement on CRA Joint Action

July 20, 2021

- The Federal Reserve Board, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) are committed to working together to jointly strengthen and modernize regulations implementing the Community Reinvestment Act (CRA).
- The agencies have broad authority and responsibility for implementing the CRA.
- Joint agency action will best achieve a consistent, modernized framework across all banks to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods.

FinCEN Identifies AML/CFT Priorities for Financial Institutions

June 30, 2021

- The establishment of these priorities is intended to assist all covered institutions6 in their efforts to meet their obligations under laws and regulations designed to combat money laundering and counter terrorist financing. Priorities (in no particular order):
    - Corruption
    - Cybercrime, including relevant cybersecurity and virtual currency considerations
    - Foreign and domestic terrorist financing
    - Fraud
    - Transnational criminal organization activity
    - Drug trafficking organization activity
    - Human trafficking and human smuggling
    - Proliferation financing

Additional Information

COMPLIANCE CALENDAR

Effective Date	Implementing Rule/Regulation	Additional Details
July 1, 2020	Final Amendments to Reg. CC Funds Availability	• Rule
November 1, 2020	New URLA Required Use	• Issuance
November 19, 2020	Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date	• Issuance
January 1, 2021	Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA and Qualified Mortgages)	• Rule
January 1, 2021	CRA Asset Size Adjustment for Small and Intermediate Small Institutions	• Rule
January 1, 2021	HMDA Adjustment to Asset Size Exemption Threshold	• Rule
March 1, 2021	New URLA Required Use	• Issuance
November 30, 2021	Final rule creating implementing regulations for the Fair Debt Collection Practices Act	• Rule
January 1, 2022	Reg C Final rule establishing 200 loans as the permanent HMDA data reporting threshold for open-end lines of credit	• Rule
October 1, 2022	Mandatory Compliance for QM definitions under Reg Z	• Rule

DID YOU KNOW?

- Overdrafts were invented in May 1728 by the newly established Royal Bank of Scotland (RBS) – not to be confused with the much older Bank of Scotland.
- Edinburgh merchant William Hog was the first recipient of an overdraft, when he needed a way to stabilize his working capital.
- RBS required those who wished to take advantage of this new product to provide bond of the applicant and at least two men vouching for the applicant.
- The business community in Edinburgh was not large at the time and the bank was able to monitor its risks by supervising the individuals in the area.
- Philosopher David Hume (1711-76) appreciated the benefits the cash credit had brought to Scotland, describing it as “one of the most ingenious ideas that has been executed in commerce.”

FOCUSED.
ON YOU.

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rkl ADVISORS for WHAT'S NEXT