rkl

RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS ›

January 2022

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

December 23, 2021

- The Bureau of Consumer Financial Protection (Bureau) 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).

Additional Information

Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold

December 23, 2021

- This rule amends Regulation Z (Truth in Lending) to implement certain amendments to the Truth in Lending Act made by the Dodd-Frank Act. This rule amends the official commentary that interprets the requirements of the Bureau's Regulation Z (Truth in Lending) to reflect changes in the asset-size thresholds for certain creditors to qualify for an exemption to the requirement to establish an escrow account for a higher-priced mortgage loan. These changes reflect updates to the exemption from TILA's escrow requirement of creditors that, together with affiliates that regularly extended covered transactions secured by first liens, had total assets of less than $2 billion (adjusted annually for inflation) and the exemption the Bureau added, by implementing section 108 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), for certain insured depository institutions and insured credit unions with assets of $10 billion or less (adjusted annually for inflation). These amendments are 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 4.7 percent increase in the average of the CPI-W for the 12-month period ending in November 2021, the exemption threshold for creditors and their affiliates that regularly extended covered transactions secured by first liens is adjusted to $2.336 billion from $2.230 billion. The exemption threshold for certain insured depository institutions and insured credit unions with assets of $10 billion or less (adjusted annually for inflation) is adjusted to $10.473 billion from $10 billion.

Additional Information

Facilitating the LIBOR Transition (Regulation Z)

December 7, 2021

- The Bureau of Consumer Financial Protection (Bureau) is amending Regulation Z, which implements the Truth in Lending Act (TILA), generally to address the anticipated sunset of LIBOR, which is expected to be discontinued for most U.S. Dollar (USD) tenors in June 2023.

Additional Information

Bank Secrecy Act Regulations-Reports of Foreign Financial Accounts Civil Penalties

December 23, 2021

- FinCEN is amending the Bank Secrecy Act civil penalty regulations relating to the requirements for reporting foreign financial accounts and for reporting transactions with foreign financial agencies. The amendments remove civil penalty language, which was made obsolete with the enactment of the American Jobs Creation Act of 2004. The American Jobs Creation Act of 2004 revised the manner for computing the penalty, including providing a greater maximum penalty for willful violations than was previously authorized.
- Effective Date: December 23, 2021

Additional Information

Community Reinvestment Act Regulations

December 15, 2021

- The Comptroller of the Currency is adopting a final Community Reinvestment Act (CRA) rule that is based largely on the 1995 CRA rules, as revised, that were issued by the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), and Federal Deposit Insurance Corporation (FDIC). This final rule applies to national banks and savings associations. This action rescinds the CRA final rule published by the OCC on June 5, 2020, and facilitates the OCC's planned future issuance of updated interagency CRA rules with the Board and FDIC.
- Effective Date: January 1, 2022
- Compliance Date: April 1, 2022

Additional Information

Community Reinvestment Act Regulations

December 20, 2021

- 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” and “intermediate small bank.” 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).
- Effective Date: January 1, 2022

Additional Information

Mortgage Servicing Assets

December 20, 2021

- The NCUA Board (Board) is issuing a final rule to permit federal credit unions (FCUs) to purchase mortgage servicing assets (MSAs), referred to as mortgage servicing rights in the proposed rule, from other federally insured credit unions subject to certain requirements. Under the final rule, FCUs with a CAMEL or CAMELS composite rating of 1 or 2 and a CAMEL or CAMELS Management component rating of 1 or 2, may purchase the mortgage servicing rights of loans that the FCU is otherwise empowered to grant, provided these purchases are made in accordance with the FCU's policies and procedures that address the risk of these investments and servicing practices. The Federal Credit Union Act (the Act) permits FCUs to purchase mortgage servicing assets under their express authority to purchase assets from other credit unions.
- Effective Date: April 1, 2022

Additional Information

Filing Fee Disclosure and Payment Methods Modernization

December 20, 2021

- We are adopting amendments that will modernize filing fee disclosure and payment methods. We are amending most fee-bearing forms, schedules, statements and related rules to require each filing fee table and accompanying disclosure to include all required information for fee calculation in a structured format. The amendments will add options for fee payment via Automated Clearing House ("ACH") and debit and credit cards, and eliminate options for fee payment via paper checks and money orders. The amendments are intended to improve filing fee preparation and payment processing by facilitating both enhanced validation through filing fee structuring and lower-cost, easily routable payments through the ACH and debit and credit card payment options. Finally, the Commission is adopting other amendments to enhance the efficiency of the fee process.
- Effective Date: January 21, 2022 & May 31, 2022

Additional Information

CFPB and DOJ Put Landlords and Mortgage Servicers on Notice About Servicemembers and Veterans' Rights

December 20, 2021

- The Consumer Financial Protection Bureau (CFPB) and U.S. Department of Justice (DOJ) issued two joint letters today regarding important legal housing protections for military families. One letter was sent to landlords and other housing providers regarding protections for military tenants. A second letter was sent to mortgage servicers regarding military borrowers who have already exited or will be exiting COVID-19 mortgage forbearance programs in the coming weeks and months.
- The letter to mortgage servicers comes in response to complaints from military families and veterans on a range of potential mortgage servicing violations, including inaccurate credit reporting, misleading communications to borrowers and required lump sum payments for reinstating their mortgage loans. These complaints are being reviewed for compliance by the CFPB with the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other applicable requirements.

Letter to Mortgage Servicers

Letter to Housing Providers

Review of Bank Secrecy Act Regulations and Guidance

December 15, 2021

- The Financial Crimes Enforcement Network (FinCEN) is issuing this request for information (RFI) to solicit comment on ways to streamline, modernize and update the anti-money laundering and countering the financing of terrorism (AML/CFT) regime of the United States. In particular, FinCEN seeks comment on ways to modernize risk-based AML/CFT regulations and guidance, issued pursuant to the Bank Secrecy Act (BSA), so that they, on a continuing basis, protect U.S. national security in a cost-effective and efficient manner. This RFI also supports FinCEN's ongoing formal review of BSA regulations and guidance required pursuant to Section 6216 of the Anti-Money Laundering Act of 2020 (the AML Act). Section 6216 requires the Secretary of the Treasury (the Secretary) to solicit public comment and submit a report, in consultation with specified stakeholders, to Congress by January 1, 2022, that contains the findings and determinations that result from the formal review, including administrative and legislative recommendations.
- Written comments on this RFI must be received on or before February 14, 2022.

Additional Information

Beneficial Ownership Information Reporting Requirements

December 8, 2021

- FinCEN is promulgating proposed regulations to require certain entities to file reports with FinCEN that identify two categories of individuals: The beneficial owners of the entity; and individuals who have filed an application with specified governmental authorities to form the entity or register it to do business. The proposed regulations would implement Section 6403 of the Corporate Transparency Act (CTA), enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA), and describe who must file a report, what information must be provided and when a report is due. Requiring entities to submit beneficial ownership and company applicant information to FinCEN is intended to help prevent and combat money laundering, terrorist financing, tax fraud and other illicit activity. Once finalized, these proposed regulations will affect a large number of entities doing business in the United States.
- Written comments on this proposed rule must be received on or before February 7, 2022.

Additional Information

CFPB Report Highlights Supervisory Findings of Wide-Ranging Violations of Law in 2021

December 8, 2021

- The Consumer Financial Protection Bureau (CFPB) today issued a Supervisory Highlights report, which shines a light on legal violations identified by the CFPB's examinations in the first half of 2021. The report also highlights prior CFPB supervisory findings that led to public enforcement actions in the first half of 2021.
- The violations described in this report have occurred in areas such as auto loan servicing, consumer reporting, debt collection, deposits, fair lending, mortgage origination and servicing, private student loan origination, payday lending, and student loan servicing.
  - Mortgage servicers charged improper fees to borrowers enrolled in CARES Act forbearance
  - Examiners found lenders lacked oversight and control over how mortgage loan officers granted pricing exceptions to customers
  - Payday lenders improperly debited consumer bank accounts
  - Remittance providers failed to investigate notice of errors in timely fashion

Additional Information

Standards for Safeguarding Customer Information

December 7, 2021

- The Commission requests public comment on its proposal to further amend the Standards for Safeguarding Customer Information ("Safeguards Rule" or "Rule") to require financial institutions to report to the Commission any security event where the financial institutions have determined misuse of customer information has occurred or is reasonably likely and at least 1,000 consumers have been affected or reasonably may be affected.
- Written comments must be received on or before February 7, 2022.

Additional Information

Updates Released to BSA/AML Manual

December 1, 2021

- The Federal Financial Institutions Examination Council (FFIEC) today released one new section and updates to three sections of the *Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual*. Today's updates affect the following sections:
  - Introduction - Customers (new)
  - Charities and Nonprofit Organizations
  - Independent Automated Teller Machine Owners or Operators
  - Politically Exposed Persons
- The updates should not be interpreted as new requirements or as a new or increased focus on certain areas.

Additional Information

COMPLIANCE CALENDAR

Effective Date	Implementing Rule/Regulation	Additional Details
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	Extended URLA Implementation Timeline	• Issuance
November 30, 2021	Final Rule Implementing Regulations for the Fair Debt Collection Practices Act	• Rule
January 1, 2022	Regulation 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 Regulation Z	• Rule

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.

rkl ADVISORS for WHAT'S NEXT