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Capitol Comments August 2017

When there is a deadline associated with an item, you will see this graphic: 

Joint federal agency issuances

Reviews of Shared National Credit Portfolio Find Risk Remains High Underwriting and Risk Management Practices Continue to Improve

Risk in the portfolio of large syndicated bank loans declined slightly but remains elevated, according to the Shared National Credit (SNC) Program Review released today by the Federal Reserve Board (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).

The high level of credit risk in the SNC portfolio stems primarily from distressed borrowers in the oil and gas (O&G) sector and other industry sector borrowers exhibiting excessive leverage. The review also found that credit risk management practices at most large agent banks continued to improve, consistent with the 2013 Interagency Guidance on Leveraged Lending.

The 2017 SNC portfolio included 11,350 credit facilities to 6,902 borrowers, totaling \$4.3 trillion, up from \$4.1 trillion in 2016. U.S. banks held the greatest volume of SNC commitments at 45.3 percent of the portfolio, followed by foreign banking organizations and non-bank entities. The review relied on the results of examinations conducted in the third quarter of 2016 and the first quarter of 2017.

Loans were reviewed and stratified by the severity of their risk—special mention, substandard, doubtful, or loss—in order of increasing severity. Classified commitments include commitments rated substandard, doubtful and loss.

Other findings include:

- The percentage of non-pass commitments decreased year-over-year from 10.3 percent to 9.7 percent of the SNC portfolio. Commitments rated special mention and classified decreased from \$421.4 billion in 2016 to \$417.6 billion in 2017.
- Leveraged lending was the primary contributor to the overall special mention and classified rate. Leveraged loans comprised 64.9 percent of all SNC special mention and classified commitments. O&G loans comprised 25.7 percent of all SNC special mention and classified commitments.
- The agencies noted \$317 billion of leveraged loans in the respective agent banks' lowest-rated pass category, raising additional supervisory concerns should economic conditions decline.
- The share of credits rated special mention and classified held by non-bank entities fell from 60.8 percent in 2016 to 56.1 percent this year. This trend began in 2015 and is due to a relatively low dollar volume (10.7 percent) of O&G loans held by non-banks.

- As a result of underwriting improvements, non-pass loan originations are at a de minimis level. However, examiners noted the use of aggressive projections as a common theme in the non-pass originations.

The agencies conduct SNC reviews in the first and third calendar quarters with some banks receiving two examinations and others participating in a single review each year. The agencies provide results from the semiannual examinations in a combined report in order to present a complete view of the entire SNC portfolio comparable to prior years' reports. The next report will be published following the first quarter 2018 SNC examination.

Comment: For additional information, see the [SNC Program Review Report](#) SNC includes any loan and or/formal loan commitment, and any asset such as real estate, stocks, notes, bonds, and debentures taken as debts previously contracted, extended to borrowers by a federally supervised institution, its subsidiaries, and affiliates that aggregates to \$20 million or more and is shared by three or more unaffiliated supervised institutions.

CFPB actions

CFPB Releases “Know Before You Owe” Disclosures for Overdrafts

Washington, D.C. – The Consumer Financial Protection Bureau (CFPB) today [August 4] unveiled new Know Before You Owe overdraft disclosure prototypes designed to improve the model form that banks and credit unions already provide to consumers weighing overdraft coverage. The Bureau is currently testing four prototypes that each have a simple, one-page design aimed at making the costs and risks of opting in to overdraft coverage easier to understand and evaluate. People who frequently attempt to overdraw their checking accounts typically pay almost \$450 more in fees if they opted in to debit card and ATM overdraft coverage, according to a new CFPB study published today. The study found that most of these frequent overdrafters are financially vulnerable, with lower daily balances and lower credit scores than people who do not overdraft as often.

“Our study shows that financially vulnerable consumers who opt in to overdraft risk incurring a rash of fees when using their debit card or an ATM,” said CFPB Director Richard Cordray. “Our new Know Before You Owe overdraft disclosure prototypes are designed to help consumers better understand the consequences of the opt-in decision.”

Prototypes of the Know Before You Owe overdraft disclosure are available at:

http://files.consumerfinance.gov/f/documents/201708_cfpb_A-9-form-ficus_overdraft-model-forms-prototypes.pdf

An overdraft occurs when consumers lack the funds in their account to cover a transaction, but the bank or credit union pays anyway. Financial institutions may charge a fee for this service, typically around \$34 per transaction, and require that the account deficit be repaid with subsequent deposits. In 2010, federal regulations began requiring financial institutions to obtain a consumer's consent in advance before charging overdraft fees on most debit card transactions and ATM withdrawals. Consumers who do not opt in to overdraft coverage will generally have debit card purchases and ATM withdrawals declined with no charge if their account doesn't have enough funds to cover the transaction at the time they attempt it.

In addition to debit card transactions and ATM withdrawals, consumers can overdraw their account through checks, online bill payments, or direct debits from lenders or other billers. Banks and credit unions can charge overdraft fees on checks or electronic payments made through the Automated Clearing House system, and on debit card payments set up on a recurring basis. Charging these fees does not require the consumer to opt in, because those fees are not covered by the 2010 rule.

Comment: This proposal is NOT an overdraft protection rule but rather testing of possible disclosures. Rulemaking is a lengthy process, and it would likely not be completed before Cordray leaves office.

FDIC actions

FDIC Issues Updates to the Risk Management Manual of Examination Policies

Summary

The FDIC Risk Management Manual of Examination Policies (Examination Manual) has been updated. The Report of Examination Instructions were updated primarily to incorporate guidance from the FDIC Board of Directors to examiners regarding supervisory recommendations, including matters requiring board attention (MRBA) and deviations from safety and soundness principles underlying statements of policy, among others. Instructions also were added for new Report of Examination schedules or updated for existing schedules as needed. A new Bank of Anytown reflects these instructions. The updated Manual is available on the FDIC's website as a resource for all FDIC-supervised institutions.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This FIL applies to all FDIC-supervised financial institutions.

Highlights:

The revised Report of Examination Instructions:

- Implement the July 29, 2016, FDIC Board of Directors statement on the *Development and Communication of Supervisory Recommendations*, by instructing examiners that:
 - Supervisory Recommendations must address meaningful concerns; be communicated clearly and in writing in a Report of Examination (ROE) or on official FDIC letterhead; and discuss corrective action;
 - Supervisory Recommendations in ROEs are to be communicated on the Examination Conclusion and Comments (ECC), Risk Management Assessment, or the MRBA schedules as appropriate; and
 - Supervisory Recommendations related to deviations from the safety and soundness principles underlying statements of policy, guidance, or guidelines that are not included as appendices to FDIC Rules and Regulations are to be summarized on the ECC schedule and discussed in more detail on other report schedules including the MRBA schedule, if appropriate.
- Include updated instructions for preparing the ECC and Concentrations schedules as well as the Officer's Questionnaire.
- Include instructions for the Information Technology and Operations Risk Assessment schedule added to the ROE last fall.
- The new Bank of Anytown reflects the new or revised ROE instructions.

Printable Format: [FIL-31-2017 - PDF](#)

FDIC Updates *Affordable Mortgage Lending Guide* Information on State Housing Finance Agencies

Summary

The FDIC has updated the [Affordable Mortgage Lending Guide, Part II: State Housing Finance Agencies](#) to reflect the most up-to-date information available about the mortgage programs offered through state housing finance agencies (HFAs).

Statement of Applicability to Institutions with Less Than \$1 Billion in Assets: This Financial Institution Letter applies to all FDIC-insured institutions.

Highlights:

- The *Affordable Mortgage Lending Guide, Part II: State Housing Finance Agencies* is designed as a resource for community banks to gain an overview of a variety of products, compare different products, and identify next steps to expand or initiate a mortgage lending program.

- The publication describes state HFA products and programs that provide home purchase support, including down payment closing cost assistance, mortgage tax credit certificates, and homeownership education and counseling.
- Changes to the publication include:
 - Updates to the [State Housing Finance Agency Product Matrix](#) (page 4);
 - Addition of the Massachusetts Housing Partnership to the list of HFAs;
 - Alternative private mortgage insurance options are now included on individual state sheets (see page 30 for general information about these options); and
 - Updates to 40 of the 54 HFAs discussed in Part II (see [Appendix A: State Summaries of HFA Products and Resources](#) for a list of states with updates).
- These changes also have been made to the information available online at the FDIC’s [Affordable Mortgage Lending Center](#).
- The *Affordable Mortgage Lending Guide* also includes [Part I: Federal Agencies and Government Sponsored Enterprises](#) and [Part III: Federal Home Loan Banks](#).
- To receive notices of updates to the Affordable Mortgage Lending Center, subscribe at <https://service.govdelivery.com/accounts/USFDIC/subscriber/new>

Printable Format: [FIL-30-2017 - PDF](#)

Comment: *This Guide provides invaluable information to banks that must satisfy the “investment” test of CRA.*

FDIC Conferences & Events

Announcements of upcoming FDIC-sponsored events, events the FDIC will participate in as panelists and guest speakers, events where the FDIC will have an exhibit booth, and an archive of products created at earlier conferences, symposia and workshops.

Board Meetings

[FDIC Board Meetings](#)

[Video of Board Meeting \(Video Help\)](#)

FDIC-Sponsored Events

Event Title	Location	Dates
Money Smart Train-the-Trainer Webinar	Webinar	August 16, 2017
Money Smart for Small Business Alliance Members — Town Hall	Webinar	August 24, 2017
Proposal to Pricing — Developing a Winning Strategy	Arlington, VA	August 31, 2017
17th Annual Fall Research Conference	Arlington, VA	September 7-8, 2017
Deposit Insurance Coverage — Seminar for Bankers	Webinar	September 15, 2017

OCC actions

OCC Bank Accounting Advisory Series Updated

WASHINGTON — The Office of the Comptroller of the Currency (OCC) today [August 15th] released an update to the Bank Accounting Advisory Series (BAAS).

The BAAS covers a variety of topics and promotes consistent application of accounting standards among national banks and federal savings associations.

This edition of the BAAS reflects accounting standards issued by the Financial Accounting Standards Board on topics such as the recognition and measurement of financial instruments, leases, and revenue recognition. Additionally, this edition includes recent answers to frequently asked questions from the industry and examiners.

The BAAS does not represent official rules or regulations of the OCC. Rather, it represents the OCC's Office of the Chief Accountant's interpretations of generally accepted accounting principles and regulatory guidance based on the facts and circumstances presented. National banks and federal savings associations that deviate from these stated interpretations may be required to provide justification to the OCC.

The OCC updates the BAAS annually.

Related Link

[Bank Accounting Advisory Series \(August 2017\) \(PDF\)](#)

OCC Hosts Compliance and Operational Risk Workshops in Baltimore

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops in Baltimore at the Sheraton Baltimore North Hotel, September 12-13, for directors of national community banks and federal savings associations supervised by the OCC.

The Compliance Risk workshop on September 12 combines lectures, discussion, and exercises on the critical elements of an effective compliance risk management program. The workshop also focuses on major compliance risks and critical regulations. Topics of discussion include the Bank Secrecy Act, Flood Disaster Protection Act, Fair Lending, Home Mortgage Disclosure Act, Community Reinvestment Act, and other compliance areas of interest.

The Operational Risk workshop on September 13 focuses on the key components of operational risk—people, processes, and systems. The workshop also covers governance, third-party risk, vendor management, and cybersecurity.

The workshop fee is \$99. Participants receive a pre-workshop reading package and course materials, and assorted supervisory publications. The workshop is limited to the first 35 registrants.

The workshops are taught by experienced OCC staff and are offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. To register for this workshop, visit www.occ.gov/occworkshops.

OCC Issues Revised Comptroller's Licensing Manual Booklet

Summary

The Office of the Comptroller of the Currency (OCC) issued today the "Failure Acquisitions" booklet of the *Comptroller's Licensing Manual*. This revised booklet replaces the "Failure Acquisitions" booklet issued in April 1998. The booklet sets forth the OCC's policies and procedures for national banks and federal savings associations (collectively, banks) seeking to participate in the Federal Deposit Insurance Corporation's (FDIC) process for resolving a failing insured depository institution (IDI).

Note for Community Banks

This guidance applies to all OCC-supervised banks.

Highlights

This revised booklet

- provides an overview of policy considerations and evaluative factors that the OCC considers when reviewing a bank's interest in acquiring a failing IDI through the FDIC's failure resolution process.
- provides banks with guidance when considering a bid on a failing IDI.
- outlines requirements and procedures that banks should follow when completing the process to submit a bid.
- lists references to informational resources.

Further Information

Please contact Karen Marcotte, Manager for Licensing Activities, at (202) 649-6260.

Comment: Fortunately, there are still very few bank failures!

Acting Comptroller Discusses Responsible Innovation and Granting National Bank Charters to Financial Technology Companies

WASHINGTON—Acting Comptroller of the Currency Keith A. Noreika today discussed responsible innovation during an appearance before the Exchequer Club. His remarks provided the audience an update on the agency's Office of Innovation as well as the agency's work related to granting national bank charters to financial technology companies.

Related Links

[Remarks](#) (PDF)

Comment: As reported in prior issues, the FinTech charter is opposed by ICBA and CSBS.

Statement by the Acting Comptroller of the Currency Regarding the Consumer Financial Protection Bureau's Final Rule on Arbitration Agreements

WASHINGTON — Acting Comptroller of the Currency Keith Noreika made the following statement regarding the Consumer Financial Protection Bureau's (CFPB) final rule on arbitration agreements (Final Rule), which was published in the *Federal Register* on July 19, 2017.

The Office of the Comptroller of the Currency has only begun its review of the CFPB's data and analysis underlying that agency's Final Rule. Nothing so far diminishes my concerns that the rule may adversely affect the institutions within the federal banking system and their customers.

The Final Rule prevents banks from using an effective risk mitigation tool and will eliminate one option consumers have to resolve their concerns without the cost and delay of litigation. Ultimately, the rule may have unintended consequences for banking customers in the form of decreased availability of products and services, increased related costs, fewer options to remedy consumer concerns, and delayed resolution of consumer issues. The rule may turn out to be the proverbial straw on the camel's back.

It is important that the OCC economists take the time necessary to conduct their independent review of the data and analysis used to support and develop the Final Rule. Unfortunately, since the CFPB published the rule in the Federal Register prior to providing its data for our analysis and we have requested additional data in order to conduct a thorough review, the OCC cannot complete our thorough review in the limited time before a petition must be filed with the Financial Stability Oversight Council (FSOC), pursuant to Section 1023 of the Dodd-Frank Act.

Given that Congress is considering use of the Congressional Review Act to overturn the CFPB's Final Rule, I will not petition the FSOC to stay the effective date of the rule. I hope Congress will act on this opportunity to preserve effective

alternatives for consumers to resolve their disputes without lengthy and costly litigation and to reduce the “piling on” of legal and regulatory burden that I discussed in my testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, on June 22, 2017.

Comment: It is still far from certain that Congress will overturn this rule. However, this statement definitely provides fuel for litigation efforts in opposition.

Federal Reserve actions

Federal Reserve Board Invites Public Comment on Two Proposals; Corporate Governance and Rating System for Large Financial Institutions

The Federal Reserve Board on Thursday [August 3rd] requested public comment on a corporate governance proposal to enhance the effectiveness of boards of directors. The proposal would refocus the Federal Reserve’s supervisory expectations for the largest firms’ boards of directors on their core responsibilities, which will promote the safety and soundness of the firms.

Boards’ core responsibilities include oversight of the types and levels of risk a firm may take and aligning the firm’s business strategy with those risk decisions. Additionally, the proposal would reduce unnecessary burden for the boards of smaller institutions.

The corporate governance proposal is made up of three parts. First, it identifies the attributes of effective boards of directors, such as setting a clear and consistent strategic direction for the firm as a whole, supporting independent risk management, and holding the management of the firm accountable. For the largest institutions, Federal Reserve supervisors would use these attributes to inform their evaluation of a firm’s governance and controls. Second, it clarifies that for all supervised firms, most supervisory findings should be communicated to the firm’s senior management for corrective action, rather than to its board of directors. And third, the proposal identifies existing supervisory expectations for boards of directors that could be eliminated or revised.

The Board also requested public comment on a proposal to better align the Board’s rating system for large financial institutions with the post-crisis supervisory program for these firms.

The proposed rating system would only apply to large financial institutions, such as domestic bank holding companies and savings and loan holding companies with \$50 billion or more in total consolidated assets, as well as the intermediate holding companies of foreign banking organizations operating in the United States.

Consistent with existing practice, the new rating system would not apply to insurance companies supervised by the Board. Firms with less than \$50 billion in total consolidated assets, including community banks, would continue to use the current rating system, which reflects long-standing supervisory practices for those firms.

The Board’s *Federal Register* notices are attached. Comments will be accepted for 60 days.

For media inquiries, call 202-452-2955.

Comment: Corporate governance concerns are a current hot button for examiners.

Other federal action and news

FTC, State, and Local Partners Announce Joint Conference on Protecting Military Consumers

The Federal Trade Commission, state, and local authorities will convene a conference in Los Angeles on Sept. 7, 2017 to help educate military consumers and train military attorneys, law enforcement personnel, and consumer protection officials to address consumer fraud and other issues that affect servicemembers and their families. This event follows the FTC’s recent successful Military Consumer Financial Workshop, held July 19 in San Antonio.

The [Protecting Military Consumers: A Common Ground Conference](#) will discuss current and emerging issues affecting servicemembers and their families such as student loans and for-profit colleges, identity theft, imposter scams, debt collections, mortgage disputes and real estate fraud.

“We must protect those who protect our nation,” said FTC Acting Chairman Maureen Ohlhausen. “Servicemembers and their families who are victims of or targeted for scams can rely on advisors, advocates, and legal resources for help – especially in Southern California. That is why we continue to promote these resources to our military and veterans through events like this one.”

The conference will include an overview of federal, state, and local consumer protection laws such as the Servicemembers Civil Relief Act, the Military Lending Act, and the FTC’s and Consumer Financial Protection Bureau’s rules and regulations.

There also will be an opportunity for servicemembers and military attorneys to learn about resources that can help them prevent, detect and defend against consumer fraud, including counseling and information, one-on-one dispute resolution, fraud investigations for civil and criminal prosecution and legal representation.

The conference will take place at the Los Angeles Police Department Headquarters, 100 W 1st St, Los Angeles, CA 90012 from 9 am to 1 pm Pacific Time. The entire conference will also be streamed live online. An RSVP is suggested, as space is limited. To RSVP, please email only your name and affiliation (if any) to militaryla@ftc.gov ([link sends e-mail](#)). A detailed agenda will be published at a later date.

Comment: MLA rules changed significantly effectively for credit extended after October 3, 2016.

FTC to Host Cybersecurity Roundtables with Small Businesses

The Federal Trade Commission is hosting small business owners in a series of public roundtables across the United States to discuss the most pressing challenges small businesses face in protecting the security of their computers and networks.

The Engage, Connect, and Protect Initiative: Small Business and Data Security Roundtables are part of an ongoing initiative by Acting FTC Chairman Maureen K. Ohlhausen aimed at helping small businesses, which included the launch of a new website in May focused on [helping small business owners avoid scams and protect their computers](#) and networks from cyberattacks. There are more than 28 million small businesses nationwide, employing nearly 57 million people, according to the Small Business Administration (SBA).

The first roundtable event took place July 25 in Portland, Oregon, in partnership with the National Cyber Security Alliance (NCSA), the SBA, and other organizations. This event will be followed by a roundtable discussion in Cleveland, Ohio, on September 6, hosted by the FTC and the Council of Smaller Enterprises and in collaboration with the SBA. Another roundtable event will take place later in September in Des Moines, Iowa, sponsored by the NCSA.

The roundtables will bring together FTC staff along with the SBA and other federal partners, industry associations, and the small business community. The comments and feedback generated by the roundtables will be used to help the FTC and its partners provide additional education and guidance for small business owners on cybersecurity issues.

Small business owners also can provide feedback on cybersecurity issues they face by emailing smallbizcyber@ftc.gov ([link sends e-mail](#)). Find out more about some of the questions the roundtables will explore on the [FTC’s Business Blog](#).

Comment: The information from the FTC can be useful to banks’ small business customers. Consider educating customers through these resources.

Publications, articles, reports, studies, testimony & speeches

Chicago Fed Releases Article Entitled ‘A New Era of Community Banking’

The 11th annual Community Bankers Symposium, cosponsored by the Federal Reserve Bank of Chicago, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC), was held at the Chicago Fed on November 18, 2016. This article [released July 20] summarizes key presentations and discussions at the event.

Key speakers for the 2016 symposium were Charles Evans, president and CEO, Federal Reserve Bank of Chicago; Thomas Curry, comptroller, OCC; Maryann Hunter, deputy director, Board of Governors of the Federal Reserve System; Thomas Hoenig, vice chairman, FDIC; and Jim Glassman, head economist, JPMorgan Chase. About 175 participants, mostly executive officers and directors of community banking organizations in the Seventh Federal Reserve District,¹ gathered to discuss both the opportunities and emerging risks for community banks. The major themes of the symposium were the current state of the economy, cybersecurity, technological innovation, and alternative lending models.

Comment: To read the article in its entirety, click [here](#).

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

Posted Date	SUMMARY OF PROPOSED RULE
08.03.2017	The Federal Reserve Board on Thursday [August 3 rd] requested public comment on a corporate governance proposal to enhance the effectiveness of boards of directors. The proposal would refocus the Federal Reserve’s supervisory expectations for the largest firms’ boards of directors on their core responsibilities, which will promote the safety and soundness of the firms. Comments must be received 60 days after publication in the Federal register.
07.19.2017	The OCC, Board, and FDIC (collectively, the agencies) are inviting comment on a proposed rule to amend the agencies’ regulations requiring appraisals of real estate for certain transactions. The proposal would increase the threshold level at or below which appraisals would not be required for commercial real estate transactions from \$250,000 to \$400,000. This proposed change to the appraisal threshold reflects comments the agencies received through the regulatory review process required by the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) and completed in early 2017. For commercial real estate transactions with a value at or below the proposed threshold, the amended rule would require institutions to obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices if the institution does not obtain an appraisal by a state certified or licensed appraiser. Comments must be received 60 days after publication in the Federal register.
07.14.2017	The Bureau of Consumer Financial Protection (Bureau or CFPB) proposes amendments to Regulation C that would, for a period of two years, increase the threshold for collecting and reporting data with respect to open-end lines of credit so that financial institutions originating fewer than 500 open-end lines of credit in either of the preceding two years would not be required to begin collecting such data until January 1, 2020. Comments closed July 31, 2017.
07.05.2017	The Bureau of Consumer Financial Protection (Bureau) is proposing to amend Federal mortgage disclosure requirements under the Real Estate Settlement Procedures Act and the Truth in Lending Act that are implemented in Regulation Z. The proposed amendments relate to when a creditor may compare charges paid by or imposed on the consumer to amounts disclosed on a Closing Disclosure, instead of a Loan Estimate, to determine if an estimated closing cost was disclosed in good faith. Specifically, the proposed amendments would permit creditors to do so regardless of when the Closing Disclosure is provided relative to consummation. Comments must be received 60 days after publication in the Federal register.
05.31.2017	The Board is proposing to amend Regulation CC to address situations where there is a dispute as to whether a check has been altered or is a forgery, and the original paper check is not available for inspection. Comments closed August 1, 2017.
04.13.2017	The Bureau of Consumer Financial Protection (Bureau) proposes amendments to Regulation C to make technical corrections to and to clarify certain requirements adopted by the Bureau’s Home Mortgage Disclosure (Regulation C) final rule (2015 HMDA

Final Rule or the Final Rule), which was published in the *Federal Register* on October 28, 2015. The Bureau also proposes a new reporting exclusion. Comments on the proposal will be due 30 days after it is published in the Federal Register.

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know about.

EFFECTIVE DATE:	SUMMARY OF FINAL RULE:
09.30.2017	<p>Joint Agencies: Loans in Areas Having Special Flood Hazards A lender that loses the small lender exemption shall mail or deliver to the borrower no later than September 30 of the first calendar year in which the lender loses its small lenders exemption a notice in writing, or if the borrower agrees, electronically, informing the borrower of the option to escrow all premiums and fees for any required flood insurance and the method(s) by which the borrower may request escrow, using language similar to the model clause in appendix B. A lender loses the exemption when its assets are \geq \$1 billion. This applies to any loan secured by residential improved real estate or a mobile home that is outstanding on July 1 of the first calendar year in which the lender no longer qualifies for the small lender exemption (exception is for lenders with $<$\$1 billion in assets).</p>
10.01.2017	<p>Prepaid Accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth In Lending Act (Regulation Z). The CFPB is issuing this final rule to create comprehensive consumer protections for prepaid accounts under Regulation E, which implements the Electronic Fund Transfer Act; Regulation Z, which implements the Truth in Lending Act; and the official interpretations to those regulations. The final rule modifies general Regulation E requirements to create tailored provisions governing disclosures, limited liability and error resolution, and periodic statements, and adds new requirements regarding the posting of account agreements. Additionally, the final rule regulates overdraft credit features that may be offered in conjunction with prepaid accounts. Subject to certain exceptions, such credit features will be covered under Regulation Z where the credit feature is offered by the prepaid account issuer, its affiliate, or its business partner and credit can be accessed in the course of a transaction conducted with a prepaid card. DATES: This rule is effective on October 1, 2017. The requirement in § 1005.19(b) to submit prepaid account agreements to the Bureau is delayed until October 1, 2018. See the CFPB's prepaid rule implementation page.</p> <p>Comment: The CFPB issued a Final Rule on April 25, 2017 delaying to delay the October 1, 2017 effective date of the rule governing Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) (the Prepaid Accounts Final Rule) by six months, until April 1, 2018.</p>
10.03.2017	<p>Although the Military Lending Act was effective October 3, 2016, credit cards are exempt until October 3, 2017. 80 Fed Reg 43560</p>
10.10.2017	<p>Amendments to Federal Mortgage Disclosure Requirements under the Truth in Lending Act (Regulation Z) This final rule modifies the federal mortgage disclosure requirements under the Real Estate Settlement Procedures Act and the Truth in Lending Act that are implemented in Regulation Z. This rule memorializes the Bureau's informal guidance on various issues and makes additional clarifications and technical amendments. This rule also creates tolerances for the total of payments, adjusts a partial exemption mainly affecting housing finance agencies and nonprofits, extends coverage of the TILA-RESPA integrated disclosure (integrated disclosure) requirements to all cooperative units, and provides guidance on sharing the integrated disclosures with various parties involved in the mortgage origination process.</p>
10.19.2017	<p>Mortgage Servicing Rules. The CFPB updated its mortgage servicing rules and expanded foreclosure protections. The final rule provides protections when a mortgage is transferred between servicers. Mortgage servicers must now offer mitigation services more than once if a borrower brings their mortgage current, then again becomes delinquent. The rule provides additional protections to mortgagors who acquired the mortgage, often through death or divorce. The rules require servicers to provide periodic statements to borrowers in bankruptcy in certain circumstances. The statements must contain specific information tailored for bankruptcy and about loss mitigation options. The CFPB published a summary for consumers on its website.</p> <p>Servicers have a full year from the October 19, 2016, publication date (and for some changes 18 months) to implement the rules.</p>
10.19.2017	<p>Safe harbors from FDCPA liability for actions complying with mortgage servicing rules under RESPA and Reg. Z. The CFPB specified mortgage servicing rules in Regulations X and Z. This interpretive rule constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in three situations: Servicers do not violate FDCPA section 805(b) when communicating about the mortgage loan with confirmed successors in interest in compliance with specified mortgage servicing rules in Regulation X or Z; servicers do not violate FDCPA section 805(c) with respect to the mortgage loan when providing the written early intervention notice required by Regulation X to a borrower who has invoked the cease communication right under FDCPA section 805(c); and servicers do not violate FDCPA section 805(c) when responding to borrower-initiated communications concerning loss mitigation after the borrower has invoked the cease communication right under FDCPA section 805(c).</p>

- 01.01.2018 [Home Mortgage Disclosure \(Regulation C\)](#). The CFPB amended Regulation C to implement amendments to HMDA made by section 1094 of the Dodd-Frank Act. Consistent with section 1094 of the Dodd-Frank Act, the CFPB is adding several new reporting requirements and clarifying several existing requirements. The CFPB is also modifying the institutional and transactional coverage of Regulation C. The final rule also provides extensive guidance regarding compliance with both the existing and new requirements.
- Comment: In 2018, all banks covered by Regulation C that originated at least 25 covered closed-end mortgage loans in either of the two preceding calendar years (2016 and 2017), OR all banks covered by Regulation C that originated at least 100 covered open-end lines in either of the two preceding calendar years (2016 and 2017) must report. Those reports are due in 2019. For HMDA data collected on or after January 1, 2018, bank's will collect, record, and report additional information about originations of, purchases of, and applications for covered loans. Data collection and reporting applies to most residential mortgage loan applications regardless of their ultimate disposition; it is not limited to loans that are approved. There are 25 new data points.*
- 04.01.2018 [Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#). The CFPB is issuing this final rule to create comprehensive consumer protections for prepaid accounts under Regulation E, which implements the Electronic Fund Transfer Act; Regulation Z, which implements the Truth in Lending Act; and the official interpretations to those regulations. The final rule modifies general Regulation E requirements to create tailored provisions governing disclosures, limited liability and error resolution, and periodic statements, and adds new requirements regarding the posting of account agreements. Additionally, the final rule regulates overdraft credit features that may be offered in conjunction with prepaid accounts. Subject to certain exceptions, such credit features will be covered under Regulation Z where the credit feature is offered by the prepaid account issuer, its affiliate, or its business partner and credit can be accessed in the course of a transaction conducted with a prepaid card. DATES: This rule was originally effective on October 1, 2017 but a Final Rule published April 25, 2017 amended the effective date until April 1, 2018. The requirement in § 1005.19(b) to submit prepaid account agreements to the Bureau is delayed until October 1, 2018. See the CFPB's [prepaid rule implementation page](#).
- 05.11.2018 FinCEN is issued [final rules](#) under the Bank Secrecy Act to clarify and strengthen customer due diligence requirements for: Banks; brokers or dealers in securities; mutual funds; and futures commission merchants and introducing brokers in commodities. The rules contain explicit customer due diligence requirements and include a new requirement to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.
- 07.01.2018 [Availability of Funds and Collection of Checks](#) The Board is amending subparts A, C, and D of Regulation CC, Availability of Funds and Collection of Checks (12 CFR part 229), which implements the Expedited Funds Availability Act of 1987 (EFA Act), the Check Clearing for the 21st Century Act of 2003 (Check 21 Act), and the official staff commentary to the regulation.1 In the final rule, the Board has modified the current check collection and return requirements to reflect the virtually all-electronic check collection and return environment and to encourage all depository banks to receive, and paying banks to send, returned checks electronically. The Board has retained, without change, the current same-day settlement rule for paper checks. The Board is also applying Regulation CC's existing check warranties under subpart C to checks that are collected electronically, and in addition, has adopted new warranties and indemnities related to checks collected and returned electronically and to electronically-created items.
- 10.01.2018 [Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#). Although the CFPB's rule regarding prepaid accounts is effective 10.01.2017, the requirement to submit account agreements to the CFPB is effective 10.03.2018. See the CFPB's [prepaid rule implementation page](#).

Common words, phrases, and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFPB	Consumer Financial Protection Bureau

CFR	Code of Federal Regulations . Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act . This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.

Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	CFPB, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency
FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994

HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program . U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury

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