**FINAL REGULATIONS/RULES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Effective Date** | **Regulation** | **Citation** | **Summary** |
| 01/01/2018 | Regulation C | [TBD](http://files.consumerfinance.gov/f/documents/201708_cfpb_final-rule_home-mortgage-disclosure_regulation-c.pdf) | The CFPB finalized a temporary increase in the HMDA HELOC reporting threshold, and made a number of clarifications, technical corrections, and minor changes to the HMDA regulation. Under the HMDA rules becoming effective on January 1, 2018, financial institutions would have been required to report HELOCs if they made 100 such loans in each of the previous two years. The threshold is temporarily being increased to 500 loans during 2018 and 2019 to give the Bureau time to consider whether to make a permanent adjustment. The other amendments finalized by the Bureau include clarifying certain key terms, such as “temporary financing” and “automated underwriting system.” The changes will also, for example, establish transition rules for reporting certain loans purchased by financial institutions. Another change will facilitate reporting the census tract of a property, using a geocoding tool that will be provided on the Bureau’s website.  |
| 07/01/2018 | [Oregon Data Match](https://complianceservicesgroup.com/1426-2/) |  | Oregon Financial Institutions will need to abide by the new requirements of the data match system by July 1, 2018. The data match system is a mandatory scrub of accounts against a state provided list of names and social security numbers of delinquent debtors (having a Department of Revenue warrant). The State will reimburse financial institutions for participating in the data match system. Institutions should track the resources and hours used in establishing and maintaining their process. The Department of Revenue will work with institutions to develop the process and determine the amount of reimbursements. |
|  |  |  |  |

|  |  |
| --- | --- |
| **Reminders** | **Summary** |
|  |  |

**PROPOSED REGULATIONS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Comments Due** | **Regulation** | **Citation** | **Summary** |
| 09/15/2017 | DOL Fiduciary Rule | [82 FR 41365](https://www.federalregister.gov/documents/2017/08/31/2017-18520/extension-of-transition-period-and-delay-of-applicability-dates-best-interest-contract-exemption-pte) | The DOL published a proposed extension to July 1, 2019, of the special transition period for several exemptions to its fiduciary conflict of interest regulations, to give the Department the time necessary to consider possible changes and alternatives to sections of the regulations. The proposed amendments to these exemptions would affect participants and beneficiaries of plans, IRA owners and fiduciaries with respect to such plans and IRAs. |
|  |  |  |  |

**RESOURCES/GUIDANCE**

|  |  |
| --- | --- |
| **Guidance** | **Summary** |
| [Ask the CFPB](https://complianceservicesgroup.com/ask-the-cfpb/) | The CFPB has created a new online form for asking informal staff guidance on questions about CFPB regulations. |
| [Interagency Regulatory Capital Treatment](https://www.fdic.gov/news/news/financial/2017/fil17033a.pdf) | The OCC, Federal Reserve and FDIC have issued interagency guidance on the regulatory capital treatment of certain centrally cleared derivative contracts in light of recent changes to the rulebooks of certain central counterparties. Those rulebook changes are such that variation margin is considered a settlement payment and not collateral. If a supervised institution determines the transfer of variation margin on a centrally-cleared, settled-to-market contract settles any outstanding exposure on the contract and resets the fair value of the contract to zero, the contract's remaining maturity is the time until the next exchange of variation margin. This guidance may affect a derivative contract's calculation of potential future exposure, which uses a conversion factor based, in part, on the contract's remaining maturity. |
| [August FedFlash](https://www.frbservices.org/fedflash/) | This issue includes an article on a new deadline for paper/fax exception returns that will permit RDFIs to make a same-day return of Same Day ACH items over $10,000. This new deadline will be implemented September 15. There is also a reminder that, also on September 15, Phase 2 of the Same Day ACH implementation will be activated, and same-day debit processing will begin, and an article on how the FRFS's Check Adjustments Quick Reference Guide can help Federal Reserve clients. |
| [OCC Bank Accounting Series](https://www.occ.gov/publications/publications-by-type/other-publications-reports/baas.pdf) | The released an update to its 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. The update incorporates 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. |
| [GTO & FIN-2017-A003](https://complianceservicesgroup.com/gto-fin-2017-a003/) | FinCEN issued Geographic Targeting Orders directed at title insurance companies and properties in areas of Texas, Florida, New York, California and Hawaii. While financial institutions have no requirements related to this GTO, FinCEN simultaneously issued FIN-2017-A003, Advisory to Financial Institutions and Real Estate Firms and Professionals. The Advisory lists some examples that financial institutions should be aware of when identifying and reporting suspicious transactions. These include the use of shell companies, and all-cash purchases. The Advisory should be shared with staff involved with BSA/AML monitoring and reporting. |
| [TRID Changes](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201708_cfpb_2017-TILA-RESPA-Rule-Detailed-Summary-of-Changes-and-Clarifications.pdf) | The CFPB posted a new summary outlining and explaining the changes and clarifications made by its July 2017 TILA-RESPA Rule on its TRID Rule implementation page. |
| [FDIC Supervisory Insights Journal](https://www.fdic.gov/regulations/examinations/supervisory/insights/index.html) | The Summer 2017 issue features two articles of interest to examiners, bankers, and supervisors. The first article emphasizes the importance of liquidity risk management and describes contingency funding strategies to help community banks mitigate potential stress. The second article provides an overview of the Bank Secrecy Act/Anti-Money Laundering (BSA/AML) examination and discusses trends in supervision and enforcement. |
| [HMDA Filing Instructions](https://www.consumerfinance.gov/data-research/hmda/for-filers) | The Filing instructions guide for data collected in 2018 has been updated on the Resources for HMDA Filers webpage. |
| [Ask the CFPB](https://complianceservicesgroup.com/ask-the-cfpb/) | The CFPB has created a new online form for asking informal staff guidance on questions about CFPB regulations |
| [OCC 2017-28](https://complianceservicesgroup.com/occ-bulletin-2017-18/) | Addressing circumstances under which banks may establish a program to originate certain higher-LTV loans, and OCC’s supervisory considerations regarding such programs. These programs may be eligible for Community Reinvestment Act credit. |
| [HMDA Examiner Testing Guidelines](https://complianceservicesgroup.com/hmda-examiner-testing-guidelines/) | The FFIEC released its HMDA Examiner Transaction Testing Guidelines for institutions that report HMDA data. The Guidelines will apply to examination of HMDA data collected beginning in 2018 and reported beginning in 2019. |
|  |  |
| [OCC Semiannual Risk Perspective](https://www.occ.gov/publications/publications-by-type/other-publications-reports/semiannual-risk-perspective/semiannual-risk-perspective-spring-2017.pdf) | The OCC released its Semiannual Risk Perspective for Spring 2017 which indicates compliance risk remains high. The report notes that high BSA/AML compliance risk is due to new/emerging technology which also means new vulnerabilities. BSA issues accounted for about 10% (19% for large banks) of the Matters Requiring Attention (MRA), handed down from the OCC as of the end of 2016. Also contributing to the high risk rating are the implementation challenges presented by the Integrated Mortgage Disclosure Rules (i.e., TRID), changes to The Military Lending Act (MLA) and the upcoming HMDA changes. |
| CFPB Reports on Student Loans | The CFPB has issued two new reports concerning student loans. The first report, “[CFPB Data Point: Student Loan Repayment](http://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_student-loan-repayment.pdf),” examines how the payment patterns of student loan borrowers have changed over the last 14 years. The second report, “[Innovation highlights: Emerging student loan repayment assistance programs](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_innovation-highlights_emerging-student-loan-repayment-assistance-programs.pdf),” discusses assistance programs offered by employers and other third parties and makes recommendations to student loan companies, student loan servicers, policy makers, and third-party assistance program providers and administrators for improving the operation of such programs. |
|  |  |

|  |
| --- |
| Oregon |
| [~~HB 2581~~](https://nwcompliance.org/oregon-proposed-hb-2581-access-device-security-breaches/) | ~~Would require a person that possesses or has access to account information to report breach of security to the financial institution that issued financial access device. Person includes: an individual, a private or public corporation, partnership, cooperative, association, estate, limited liability company, organization or other entity.~~ | ~~In Committee upon adjournment~~ |
| [HB 2161](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2161) | Included in the Bill are a provision allowing the expulsion of a member that creates undue risk of loss, the elimination of the requirement that the credit union’s board of directors meets 10 times a year, and changes the date for exercise by state credit unions of powers available to federal credit unions without director approval to January 1, 2017, from January 1, 2013. | **Enacted – Effective 01/01/2018** |
| [HB 2359](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2359?pubDate=2017-02-27-08-36) | Removes requirement for beneficiary in trust deed to send, and Attorney General to receive, copy of notice that beneficiary has denied grantor's eligibility for foreclosure avoidance measure. | **Enacted** |
| [HB 2624](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2624?pubDate=2017-02-27-08-36) | Exempts out-of-state banks, extranational institutions and foreign associations from requirement to file notice before dealing in notes secured by mortgages or trust deeds, if authorized to conduct banking business in this state by certificate of Department of Consumer and Business Services. | **Enacted – Effective 01/01/2018** |
| [HB 2622](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2622?pubDate=2017-02-27-10-55) | Authorizes financial institution to refuse certain financial transactions when financial institution reasonably believes financial exploitation of vulnerable person may have occurred, may have been attempted or is being attempted. | **Enacted – Effective 06/14/2017** |
| [HB 2229](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2229?pubDate=2017-02-27-16-59) | Requires school districts to offer instruction in financial literacy. | **Enacted** |
| [HB 2346](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2346?pubDate=2017-02-22-09-10) | Directs insured institution or credit union to accept declaration rather than affidavit from Department of Human Services or Oregon Health Authority to pay claim on death of depositor. | **Enacted – Effective 01/01/2018** |
| [~~SB 113~~](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/SB113?pubDate=2017-03-02-11-25) | ~~Provides that person identified in gift card as providing goods or services shall transfer to Department of State Lands remaining balance of gift card that cardholder has not used within five years after date of last transaction that used gift card for purchase.~~ | ~~In Committee upon adjournment~~ |
| [SB 254](https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/SB254?pubDate=2017-03-02-11-25) | Requires financial institutions to participate in data match system established by Department of Revenue to identify assets held at financial institutions by delinquent debtors. | **Enacted – Effective 10/06/17** |
| Washington |
| [HB 1209](http://app.leg.wa.gov/billsummary?BillNumber=1209&Year=2017)SB 5396 | Allow credit unions to accept public deposits that exceed the maximum deposit insured by the NCUA share insurance fund. | **SHB Passed House****Reintroduced in 3rd special session (06/21)** |
| [HB 1318](http://app.leg.wa.gov/billsummary?BillNumber=1318&Year=2017) | ~~Allow state-chartered credit unions to accept supplemental capital to build net worth.~~  | ~~In House Committee~~  |
| [SSB 5031](http://app.leg.wa.gov/billsummary?BillNumber=5031&Year=2017) | Brings virtual currency under the state’s Uniform Money Services Act | **Enacted – Effective 7/23/17** |
| [SB 5144](https://nwcompliance.org/washington-credit-union-act-update/) | Updates the Washington Credit Union Act. Corrects the use of “director” in the rule’s text, removes reference to membership shares, amends rules for special membership meetings, and adds new provisions to supervisory committee roles. | **Enacted – Effective 07/23/17** |
| [SB 5081](https://nwcompliance.org/e-notaries-coming-washington/) | Washington State passed Substitute Senate Bill 5081, dealing with notarial acts. The bill adopts (mostly) the Revised Uniform Law on Notarial Acts (RULONA). Included in the bill is a provision for electronic notaries.  | **Enacted – Effective 07/01/18** |
| [SB 5343](http://app.leg.wa.gov/billsummary?BillNumber=5343&Year=2017) | Towing companies can now use first class mail to send impound notices, rather than certified, to registered and legal owners of impounded vehicles | **Enacted – 07/23/17** |
|  |  |  |

**IMPORTANT DATES**

**Call Report due dates for 2017**: January 29, April 30, July 30, and October 29 (the last Sunday of the month following the quarter end).

**Military Lending Act** applies to credit cards: October 3, 2017

[W-2 & 1099 Filing](https://nwcompliance.org/w-2-1099-misc-filing-dates-change/): The Internal Revenue Service has published [82 FR 33441] final and temporary rules effective immediately affecting the due dates for submission of certain information returns. Among the changes are a new due date of January 31 for information returns in the W-2 series and Forms 1099-MISC. The changed deadlines are meant to reduce the IRS’s exposure to paying tax refunds early each year before it has the information returns to confirm alleged income and withholding amounts on fraudulent tax returns.

**COMPLIANCE MALPRACTICE AND OTHER STUFF**

[Chokepoint is choked out](https://complianceservicesgroup.com/operation-chokepoint-officially-choked/)

[Adequate Controls?](https://complianceservicesgroup.com/adequate-controls-place/) - The FDIC shared a Department of Justice report on a credit union employee, and her on-line boyfriend, Phillip Cook, fraudulently obtaining more than 30 lines of credit worth over $2.6 million. The employee, Indira Mohabir, was a business loan processor at Western Federal Credit Union, and opened lines of credit without necessary oversight and approval from the credit union. “In exchange for opening the lines of credit and concealing them from the credit union, Cook promised to take Mohabir on trips, and sent her a $50,000 check and flowers…”

**CRYSTAL BALL**

The CFPB is nearing the end of its rule-making process for the new payday loan rule, and word is that it may be limited in scope to only cover short term-loans with a term of less than 45 days.

**Inflation Adjustments – Effective January 1, 2018**

Section 1026.32 – Requirements for High-Cost Mortgages

A loan can be classified as a high-cost mortgage based on one of three independent triggers. Among these are the points and fees charged in connection with the transaction. Beginning 1/1/2018, a loan will be classified as high-cost if the total points and fees charged in connection with the transaction exceed:

* 5% of the loan amount for loans greater than $21,032; or
* For loans of less than $21,032, the lesser of 8% of the loan amount or $1,052

Section 1026.52 - Limitation on Fees (Credit Cards)

Section 1026.52 of Regulation Z establishes a safe harbor for the imposition of penalty fees in association with credit card accounts. A credit union is considered to be compliant with Section 1026.52 so long as their penalty fees do not exceed the following amounts:

* $27 for a first violation
* $38 for a subsequent violation

These thresholds remain unchanged from their current 2017 levels.

Section 1026.43 - Ability to Repay / Qualified Mortgages

One way in which a credit union may satisfy the ability to repay requirements of Regulation Z is to originate the loan as a qualified mortgage (QM). A QM has very specific requirements, including a limitation on the points and fees charged in connection with the transaction. Beginning 1/1/2018, the points and fees limits will be as follows:

* 3% of the total loan amount for loans of greater than $105,158
* $3,155 for loans between $63,095 and $105,158
* 5% of the total loan amount for loans between $21,032 and $63,095
* $1,052 for loans between $13,145 and $21,032
* 8% of the total loan amount for loans of less than $13,145

CFPB Spring 2017 Rulemaking Agenda

|  |  |  |  |
| --- | --- | --- | --- |
| **Agency** | **Agenda Stage of Rulemaking** | **Title** | **RIN** |
| CFPB | Prerule Stage | Business Lending Data (Regulation B) | [3170-AA09](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA09) |
| CFPB | Prerule Stage | Overdraft Services | [3170-AA42](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA42) |
| CFPB | Prerule Stage | Submission of Credit Card Agreements Under the Truth in Lending Act (Regulation Z) | [3170-AA70](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA70) |
| CFPB | Prerule Stage | Review of Inherited Regulations | [3170-AA73](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA73) |
| CFPB | Proposed Rule Stage | Supervision of Larger Participants in Markets for Personal Loans | [3170-AA07](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA07) |
| CFPB | Proposed Rule Stage | Payday, Vehicle Title, and Certain High-Cost Installment Loans | [3170-AA40](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA40) |
| CFPB | Proposed Rule Stage | Debt Collection Rule | [3170-AA41](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA41) |
| CFPB | Proposed Rule Stage | Amendments to FIRREA Concerning Appraisals (Automated Valuation Models) | [3170-AA57](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA57) |
| CFPB | Proposed Rule Stage | Technical Corrections and Clarifying Amendments to Home Mortgage Disclosure Act (Regulation C) | [3170-AA64](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA64) |
| CFPB | Proposed Rule Stage | Reconciling Equal Credit Opportunity Act (Regulation B) and Home Mortgage Disclosure Act (Regulation C) Ethnicity and Race Information Collection | [3170-AA65](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA65) |
| CFPB | Proposed Rule Stage | Amendment to the Federal Mortgage Disclosure Requirements Under the Truth in Lending Act (Regulation Z) | [3170-AA71](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA71) |
| CFPB | Proposed Rule Stage | Amendments to Rules Concerning Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) | [3170-AA72](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA72) |
| CFPB | Proposed Rule Stage | Amendments to the 2016 Amendments to the 2013 Mortgage Servicing Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) | [3170-AA75](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA75) |
| CFPB | Final Rule Stage | The Expedited Funds Availability Act (Regulation CC) | [3170-AA31](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA31) |
| CFPB | Final Rule Stage | Arbitration | [3170-AA51](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA51) |
| CFPB | Final Rule Stage | Gramm-Leach-Bliley Act (GLBA) (Regulation P) | [3170-AA60](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA60) |
| CFPB | Final Rule Stage | Amendments to Federal Mortgage Disclosure Requirements Under the Truth in Lending Act (Regulation Z) | [3170-AA61](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA61) |
| CFPB | Final Rule Stage | Amendments Relating to Disclosure of Records and Information | [3170-AA63](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA63) |
| CFPB | Final Rule Stage | Technical Corrections to the 2016 Amendments to the 2013 Mortgage Servicing Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) | [3170-AA74](https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201704&RIN=3170-AA74) |