

Regulatory and Legislative Recap
February 2019

FINAL REGULATIONS/RULES

Effective Date	Regulation	Citation	Summary
04/01/2019	Regulatory Capital Rule (FDIC, FRB, OCC)	84 FR 4222	The agencies adopted a final rule to address changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL). The final rule provides banking organizations the option to phase in over a three-year period the day-one adverse effects on regulatory capital that may result from the adoption of the new accounting standard. In addition, the final rule revises the agencies' regulatory capital rule, stress testing rules, and regulatory disclosure requirements to reflect CECL, and makes conforming amendments to other regulations that reference credit loss allowances.
07/01/2019	Private Flood Insurance (FDIC, FRB, FCA, NCUA, OCC)	84 FR 4953	See our blog post for a recap.

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PROPOSED REGULATIONS

Comments Due	Regulation	Citation	Summary
05/15/2019	Payday, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)	84 FR 4252	The proposal would remove the ability to repay requirement for these loans, and the information system reporting requirements. A redline of the proposal is available here .
03/18/2019	Payday, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)	84 FR 4298	Tied to the above proposal, the CFPB also is proposing to postpone the effective date of most of the requirements from 08-19-2019 to 08-19-2020. The postponement would not apply to the Rule's provisions regarding payments, that "prohibit payday and certain other lenders from making a new attempt to withdraw funds from an account where two consecutive attempts have failed unless consumers consent to further withdrawals." Notification of payment attempts are also not delayed.
03/18/2019	Standardized Approach for Measuring Counterparty Credit Risk (SA-CCR) (FDIC, FRB, OCC)	83 FR 64660	The agencies extended until March 18, 2019, the comment period for a proposed rule to update their standards for how firms measure counterparty credit risk posed by derivative contracts. The proposal, jointly issued by the Federal Reserve Board, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, would provide the "standardized approach for measuring counterparty credit risk," also known as "SA-CCR" as an alternative approach to the agencies' current exposure methodology, or CEM, for calculating derivative exposure under the agencies' regulatory capital rules.
04/23/2019	Supervisory Committee Audit Requirements (NCUA)	84 FR 5957	The rule makes two major changes: Replaces the current optional audit procedure described in the Supervisory Committee Guide with a targeted list of minimum procedures contained in a new Appendix A. Eliminates the current 120-day time limit for receiving a third-party audit report and gives credit unions the ability to negotiate a delivery date.
03/11/2019	Prohibitions and Restrictions on Proprietary Trading (FDIC, FRB, OCC, SEC)	84 FR 2778	Amend the regulations implementing the Bank Holding Company Act's (BHC Act) prohibitions and restrictions on proprietary trading and certain interests in, and relationships with, hedge funds and private equity funds in a manner consistent with the statutory amendments made pursuant to certain sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

January 1 – March 1, 2019 – [HMDA Reporting for 2018](#)

January 1, 2019 – Presentment warranties – Regulation CC

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April 1, 2019 – [Prepaid accounts](#) – Regulation E & Z ([Registration](#) now open for [Collect](#), the application for submitting agreements)
 July 1, 2019 – Private Flood Insurance
 August 19, 2019 – [ATR for short term & longer term balloon payment loans](#)
 February 1, 2020 (permissible 07/01/2019) Uniform Residential Loan Application

RESOURCES/GUIDANCE

Guidance	Summary
SARs on Elder Financial Exploitation (CFPB)	The CFPB released its first report recapping its review of over 180,000 SARs filed from 2013 – 2017. This is an informative read for both front-line staff - in helping identify and prevent elder financial abuse, and BSA staff - to see how their reporting adds up.
Prepaid Accounts Rule: Interagency Consumer Compliance Examination Procedures	The CFPB updated its Supervision and Examination Manual to reflect the Prepaid Account Rule requirements, effective April 1, 2019, under Regulations E & Z.
Small Entity Compliance Guide for Payday Lending Rule: Payment Related Requirements (CFPB)	The CFPB released its Small Entity Guide, which includes a focus on the payment disclosures and prohibitions. See our recap on our blog post .
BSA Officer Phishing Attempt (NCUA)	After an attempted phishing campaign aimed as credit union BSA officers, the NCUA reviewed its security logs and alerts and announced that no information was corrupted. It is still to be determined how the attackers obtained BSA officers' email addresses.
Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation (OIG)	Critical areas identified in the report include: Enhancing Oversight of Banks' Cybersecurity Risk; Adapting to Financial Technology Innovation; Strengthening FDIC Information Security Management; Preparing for Crises; Maturing Enterprise Risk Management; Sharing Threat Information with Banks and Examiners; Managing Human Capital; Administering the Acquisitions Process; and Improving Measurement of Regulatory Costs and Benefits.
Semi-Annual Report of the CFPB	The report addresses problems consumers faced with regard to financial products or services; significant rules and orders adopted by the CFPB; and supervisory and enforcement actions taken by the Bureau for April 1, 2018 – September 30, 2018. The report also includes an analysis of the efforts of the Bureau to fulfill its fair lending mission, including highlights of the most frequently cited violations of Regulation B and Regulation C in fair lending exams during the reporting period.
2019 List of Rural or Underserved Counties	The CFPB released its annual list of rural counties and rural or underserved counties for lenders to use when determining qualified exemptions to certain TILA regulatory requirements. In connection with the release of the lists, the Bureau also directed lenders to

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(CFPB)	use its web-based Rural or Underserved Areas Tool to assess whether a rural or underserved area qualifies for a safe harbor under TILA's Regulation Z.
2019 HMDA Data Collection Reference Tool (CFPB)	The CFPB issued the 2019 edition of the overview reference chart which updates the chart with the revisions incorporated in the 2019 Filing Instructions Guide .



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Washington State Legislature

The Legislature convened on January 14, 2019, with the last day of regular session of April 28, 2019. Upon first glance, we identified the following bills that may impact financial institutions -

Status as of 02/26/19		
HB 1001 SB 5030	Service Contract Providers Addresses service contract providers and protection product guarantee provisions regarding: (1) A provider's net worth threshold, ability to pay its debts, and the use of generally accepted accounting standards in regard to unearned contract fees or expected contract claims; and (2) The authority of the insurance commissioner to take action against a provider.	In House Committee In Senate Committee
HB 1066	Requiring debt collection complaints to be filed prior to service of summons and complaint Requires that debt collection complaints be filed before service of the summons and complaint on defendants to ensure that defendants: (1) Understand that it is an existing court case; (2) Are informed of the case number; and (3) Receive adequate notice and a reasonable opportunity to respond and be heard to avoid default judgment. Prohibits a licensee or employee of a licensee from serving a debtor with a summons and complaint unless the summons and complaint have been filed with the court and bear the case number assigned by the court	Passed House In Senate Committee
HB 1071 SB 5064	Protecting personal information Addresses personal information and the breach of security systems.	In House Committee In Senate Committee
HB 1105	Protecting taxpayers from home foreclosure Modifies home foreclosure provisions regarding the protection of taxpayers. Creates the counselor referral hotline account.	In House Committee
HB 1150	Concerning compliance requirements of the revised uniform fiduciary access to digital assets act Imposes penalties on custodians that fail to comply requests from a fiduciary regarding digital assets and electronic communications.	In House Committee
SB 5107 HB 1171	Addressing trust institutions Revises the Washington trust institutions act.	In Senate Committee
SSB 5278	Financial institutions are directed to list a phone number for cardholders and merchants to report	In Senate Committee

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	<p>suspected incidents in which payment cards are used fraudulently or have been stolen. Financial institutions must have employees or contractors available during business hours to receive phone calls and provide assistance to cardholders that suspect fraud or that their cards have been stolen.</p>	
<p>SB 5479</p>	<p>Concerning the Washington State Credit Union Act –</p> <ul style="list-style-type: none"> • Eliminates the requirement for annual and special meetings of a state-chartered credit union to be held at a designated place. • Requires verification of member accounts at least every two years. • Allows membership to include groups situated fully or partially outside of the state. • Provides state-chartered credit unions with all powers and authorities of out-of-state credit unions, except membership. • Allows state-chartered credit unions to invest in additional types of funds. 	<p>In Senate Committee</p>

Oregon State Legislature

The Oregon Legislative Session started January 22, 2019.

Status as of 02/26/19		
<p>HB2426</p>	<p>Permits credit unions to prescribe terms of executive officers in bylaws. Changes threshold date to January 1, 2019, from January 1, 2017, for exercise by state credit unions of powers available to federal credit unions without Director of Department of Consumer and Business Services approval. Modifies laws relating to meetings of members of credit unions.</p>	<p>Passed House In Senate Committee</p>
<p>HB2273</p>	<p>Permits business to communicate with owner by electronic mail regarding abandoned securities. Removes exception to abandonment presumption for securities whose dividends automatically reinvest.</p>	<p>In House Committee</p>
<p>HB2341</p>	<p>Makes unlawful employment practice for employer to deny reasonable accommodation to known limitations related to pregnancy, childbirth or related medical condition or to take certain actions related to reasonable accommodations to known limitations related to pregnancy, childbirth or related medical condition. Requires employer to post notice to employees of provisions of law prohibiting employment</p>	<p>In House Committee</p>

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	discrimination because of pregnancy and protections provided under Act. Requires employer to provide copy of notice to employees at certain times. Requires Commissioner of Bureau of Labor and Industries to adopt rules to establish training and outreach to inform employers and employees of rights and protections related to pregnancy-related employment discrimination and reasonable accommodations available for pregnancy, childbirth and related medical conditions.	
HB2740	Establishes Oregon Industrial Hemp Commission. Aligns state definition of "industrial hemp" with federal definition. Takes effect on 91st day following adjournment sine die.	In House Committee
HB2459	Provides procedure for certain persons that hold interest in real property to request and obtain lien information statement that shows amounts necessary to satisfy encumbrance against real property from other person that holds encumbrance. Requires encumbrance holder to respond to request for lien information statement within 30 days after receiving request. Permits encumbrance holder to require evidence that person requesting lien information statement is authorized recipient. Specifies model form for request and information that lien information statement must include. Provides remedies for encumbrance holder's failure to provide lien information statement or to postpone action or proceeding to enforce encumbrance to allow reasonable time for authorized recipient to satisfy encumbrance. Permits authorized recipient to treat lien information statement as payoff statement for purposes of satisfying obligation that encumbrance secures.	In House Committee
HB2411	Allows financial institutions, after obtaining person's permission, to swipe person's driver license or identification card for purpose of establishing or maintaining contract or account.	In House Committee
SB361	Modifies prudent investor rule to allow trustee to consider environmental, social and governance factors of investments when making investment decisions.	In Senate Committee
HB2588	Requires certain persons that service student loans in this state to obtain or renew license. Specifies license application and renewal procedures and required fees. Prescribes duties of licensee and requires licensee to maintain specified liquidity, operating reserves and tangible net worth. Prescribes civil penalty against person that engages in business as student loan servicer without license. Permits Director of Department of Consumer and Business Services to participate in multistate examinations under specified circumstances. Becomes operative January 1, 2020. Declares emergency,	In House Committee

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	effective on passage.	
HB2089	Prohibits title loan lender and payday loan lender from making loan to consumer until seven days after consumer has fully repaid outstanding title loan or payday loan. Becomes operative on January 1, 2020. Takes effect on 91st day following adjournment sine die.	In House Committee
SB109	Specifies that certain documents prepared by or for internal use of financial institutions are not real estate appraisal activity requiring preparer of document to carry real estate appraiser certification, license or registration.	In Senate Committee
HB2312	Requires seller of property to disclose whether property is identified by FEMA as Special Flood Hazard Area or whether flood insurance is required by local ordinance or in order to obtain federally regulated loan.	In House Committee



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