Ticketing System Upgrade

By the end of January, CSG will no longer be using Workfront for our ticket request system. Ticket requests will be submitted via our website and facilitated through ShareFile.

Why are you changing? Our contract with Workfront is up on January 31, 2020. As part of our ongoing due diligence, we explored other options that would be a better fit for CSG and our clients.

What does this mean for me? By the end of January, you will begin submitting requests through our website at www.ComplianceServicesGroup.com.

Can I start now? Not yet. Instructions will be emailed to all registered Workfront users once the new system is in place.

What if I have an open request? All open requests will be imported into the new system before Workfront access is terminated.

How will I access the new ticketing system? There will be a link on the CSG website where you will be able to submit tickets and access the new system.

All of us at Compliance Services Group wish all of you and yours a prosperous 2020.
May the best memories of 2019 be the worst of the new year.

CSG will be offsite on January 16 for an all-day staff strategic planning session

FINAL REGULATIONS/RULES

Effective Date	Regulation	Citation	Summary
01/01/2020	Truth in Lending Act Adjustment To Asset-Size Exemption Threshold Regulation Z (CFPB)	84 FR 70410	The CFPB announced the annual adjustment to the asset size threshold for small creditors under Regulation Z. This threshold applies to both the exemption to the requirement to establish an escrow account for higher-priced mortgage loans as well as the thresholds for small creditors to originate small-creditor portfolio and balloon-payment qualified mortgages. For 2020, the exemption threshold has increased from 2.167 billion to $2.202 billion. The adjustment is based on the 1.6 percent increase in the average of the CPI-W for the 12-month period ending in November 2019. Therefore, creditors with assets of less than $2.202 billion (including assets of certain affiliates) as of Dec. 31, 2019, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2020. This asset limit will also apply during a grace period, in certain circumstances, with respect to transactions with applications received before April 1 of 2021.
01/01/2020	Home Mortgage Disclosure Adjustment to Asset-Size Exemption Threshold Regulation C (CFPB)	84 FR 69993	The CFPB issued a final rule amending the official commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure) to reflect a change in the asset-size exemption threshold for banks, savings associations, and credit unions. The asset-size exemption threshold will increase to $47 million for 2020. As a result, banks, savings associations and credit unions with assets of $47 million or less as of December 31, 2019 are exempt from collecting data in 2020
01/02/2020	Exceptions to Employment Restrictions Under Section 205(d) of the Federal Credit Union Act *Second Chance IRPS* (NCUA)	84 FR 65907	The NCUA is updating and revising its Interpretive Ruling and Policy Statement (IRPS) regarding statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act (FCU Act). Section 205(d) prohibits, except with the prior written consent of the Board, any person who has been convicted of any criminal offense involving dishonesty or breach of trust, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such offense, from participating in the affairs of an insured credit union. The Board is rescinding current IRPS 08-1 and issuing a revised and updated IRPS to reduce regulatory burden. The Board is amending and expanding the current de minimis exception to reduce the scope and number of offenses that will require an application to the Board. Specifically, the final IRPS will not require an application for convictions involving insufficient funds checks of aggregate moderate value, small dollar simple theft, false identification, simple drug possession, and isolated minor offenses committed by covered persons as young adults.
01/01/2020	Notification of Inflation Adjustments for Civil Money Penalties	84 FR 71735	The OCC is providing notice of its maximum civil money penalties as adjusted for inflation. The inflation adjustments are required to implement the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act

	(OCC)		of 2015.
04/01/2020	Regulatory Capital Treatment for High Volatility Commercial Real Estate (HVCRE) Exposures (OCC, FRS, FDIC)	84 FR 68019	The OCC, the FRS, and the FDIC are adopting a final rule to revise the definition of "high volatility commercial real estate (HVCRE) exposure" in the regulatory capital rule. This final rule conforms this definition to the statutory definition of "high volatility commercial real estate acquisition, development, or construction (HVCRE ADC) loan," in accordance with section 214 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The final rule also clarifies the capital treatment for loans that finance the development of land under the revised HVCRE exposure definition.
01/01/2020	Assessments (FDIC)	84 FR 66833	The FDIC is amending its deposit insurance assessment regulations to apply the community bank leverage ratio (CBLR) framework to the deposit insurance assessment system (CBLR Assessments final rule). The FDIC, the Board of Governors of the Federal Reserve System (Federal Reserve) and the Office of the Comptroller of the Currency (OCC) (collectively, the Federal banking agencies) are considering, and are expected to adopt, a final rule that provides for a simple measure of capital adequacy for certain community banking organizations (CBLR final rule). The CBLR Assessments final rule: prices all insured depository institutions (IDIs) that elect to use the CBLR framework as small institutions; makes technical amendments to the FDIC's assessment regulations to ensure that the assessment regulations continue to reference the prompt corrective action (PCA) regulations for the definitions of capital categories used in the deposit insurance assessment system; and clarifies that an IDI that elects to use the CBLR framework and also meets the definition of a custodial bank will have no change to its custodial bank deduction or reporting items required to calculate the deduction. The final rule does not make any changes to the FDIC's assessment methodology for small or large institutions.
01/15/2020	Regular Rate Under the Fair Labor Standards Act (DOL)	84 FR 68736	The DOL issued a final rule clarifying which types of compensation must be included in determining an employee's "regular rate" of pay. Under the Fair Labor Standards Act, employers must pay an employee 1.5 times the employee's regular rate of pay for any hours in excess of 40 hours that the employee works in a workweek, unless that employee is exempt from overtime requirements. An employee's regular rate of pay may differ from the employee's hourly rate of pay because the regular rate includes certain payments and benefits provided to the employee.
01/01/2022	Delay of Effective Date of the Risk-Based Capital Rules (NCUA)	84 FR 68781	The NCUA is amending the NCUA's previously revised regulations regarding prompt corrective action (PCA). The final rule delays the effective date of both the NCUA's October 29, 2015 final rule regarding risk-based capital (2015 Final Rule) and the NCUA's November 6, 2018 supplemental final rule regarding risk-based capital (2018 Supplemental Rule), moving the effective date from January 1, 2020 to January 1, 2022. During the extended delay period, the NCUA's current PCA requirements will remain in effect.

PROPOSED REGULATIONS

Comments Due	Regulation	Citation	Summary
02/03/2020	Credit Risk Retention-Notice of Commencement of Review (OCC, FRS, FDIC, SEC, FHFA, HUD)	84 FR 70073	The agencies are providing notice of the commencement of the review of the definition of qualified residential mortgage; the community-focused residential mortgage exemption; and the exemption for qualifying three-to-four unit residential mortgage loans, in each case as currently set forth in the Credit Risk Retention Regulations as adopted by the agencies.
01/20/2020	Remittance Transfers Under the Electronic Fund Transfer Act Regulation E (CFPB)	84 FR 67132	The CFPB announced its Notice of Proposed Rulemaking (NPRM) regarding remittance transfers requirements under Regulation E. The CFPB is proposing changes to two areas of the remittance transfer requirements and also asking for comments related to the safe harbor countries list. The proposed changes include: • Increasing the normal course of business safe harbor threshold from 100 to 500 annual remittance transfers, and • Creating two new exceptions allowing insured institutions to use estimates in the required disclosures. Blog Post
02/14/2020	Incorporation of Existing Statement of Policy Regarding Requests for Participation in the Affairs of an Insured Depository Institution by Convicted Individuals (FDIC)	84 FR 68353	The FDIC proposes to revise the existing regulations requiring persons convicted of certain criminal offenses to obtain prior written consent before participating in the conduct of the affairs of any depository institution to incorporate the FDIC's existing Statement of Policy, and to amend the regulations setting forth the FDIC's procedures and standards applicable to an application to obtain the FDIC's prior written consent. Following the issuance of final regulations, the FDIC's existing Statement of Policy would be rescinded. The proposed incorporation of the Statement of Policy into the FDIC's regulations would provide for greater transparency as to its application, provide greater certainty as to the FDIC's application process and help both insured depository institutions and affected individuals to understand its impact and to potentially seek relief from its provisions.
02/04/2020	Federal Interest Rate Authority (FDIC)	84 FR 66845	The FDIC is seeking comment on proposed regulations clarifying the law that governs the interest rates State-chartered banks and insured branches of foreign banks (collectively, State banks) may charge. The proposed regulations would provide that State banks are authorized to charge interest at the rate permitted by the State in which the State bank is located, or one percent in excess of the ninety-day commercial paper rate, whichever is greater. The proposed regulations also would provide that whether interest on a loan is permissible under section 27 of the Federal

			Deposit Insurance Act would be determined at the time the loan is made, and interest on a loan permissible under section 27 would not be affected by subsequent events, such as a change in State law, a change in the relevant commercial paper rate, or the sale, assignment, or other transfer of the loan.

RESOURCES/GUIDANCE

Guidance	Summary
Construction-permanent loans under the TRID Rule. (CFPB)	The CFPB published two Guides, one on disclosing construction and construction-permanent loans with a separate Loan Estimate and Closing Disclosure for each phase of the transaction and one on disclosing one, combined Loan Estimate, and one, combined Closing Disclosure for both phases of a construction-permanent transaction. The Guides provide guidance and illustrative examples for commonly asked about TRID and Regulation Z provisions related to completing these construction and construction-permanent loan disclosures.
Supervisory Insights (FDIC)	The FDIC issued their Fall 2019 edition, which contains articles on commercial real estate exposure and leveraged lending. It also contains the FDIC's Regulatory and Supervisory Roundup.
Use of Alternative Data in Credit Underwriting (FRS, CFPB, FDIC, NCUA, OCC)	See Blog Post.
Advisory on the Financial Action Task Force-Identified Jurisdictions with Anti-Money Laundering and Combating the Financing of Terrorism Deficiencies and Relevant Actions by the United States Government (FinCEN)	FinCEN issued this advisory to inform financial institutions of updates to the FATF list of jurisdictions with strategic AML/CFT deficiencies. Financial institutions should be aware of these changes, which may affect their obligations and risk-based approaches with respect to these jurisdictions. The advisory also reminds financial institutions of the status of, and obligations involving, these jurisdictions, in particular the Democratic People's Republic of Korea (DPRK) and Iran.
Business Continuity Management (FFIEC)	The FFIEC revised its Business Continuity Management Booklet, which is part of its Information Technology Examination Handbook. The booklet—which replaces a previous booklet issued in 2015—provides guidance to examiners on the principles of business continuity management and approaches toward business continuity planning and resilience. It also provides examination

	procedures to help determine the effectiveness of an institution's business continuity and resilience framework.
Elders Face Increased Financial Threat from Domestic and Foreign Actors (FinCEN)	FinCEN released a new strategic analysis of Bank Secrecy Act (BSA) reporting, indicating that elders face an increased threat to their financial security by both domestic and foreign actors. Elder financial exploitation Suspicious Activity Report (SAR) filings increased dramatically over the six-year study period, from about 2,000 filings per month in 2013 to reaching a peak of nearly 7,500 filings per month in August 2019. The yearly dollar amount of suspicious activity reported for elder financial exploitation also rose. Financial institutions, including banks, credit unions, brokerages, and money services businesses (MSBs) are generally required to file SARs when they know or suspect that illegal activity is occurring in their transactions.

Regulatory and Legislative Recap
December 2019

In December, FinCEN, along with other agencies rolled out Guidance for financial institutions providing financial services to hemp-related businesses. The Guidance includes the requirement for filing SARs by financial institutions that are providing accounts to hemp-related businesses.

But for right now, the guidance is more of a "hurry up and wait" notice.

The guidance includes:
"Because hemp is no longer a Schedule I controlled substance under the Controlled Substances Act, banks are not required to file a Suspicious Activity Report (SAR) on customers solely because that are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations."

The Guidance also includes a list of "Key Points" that include "Consistent with the USDA interim final rule, hemp may be grown only with a valid USDA-issued license or under a USDA-approved state or tribal plan."

From the USDA's website, it appears that most states' plan are still under review by the USDA. So, unless the business has a valid USDA-issued license, the credit union would still need to file SARs when appropriate.

Also, as an observation, the guidance was released jointly by the Federal Reserve, FDIC, FinCEN, OCC, and Conference of State Bank Supervisors. The NCUA was not included. Footnote 1 includes "thrift institutions," which generally include savings and loans, and may include credit unions, but does not call them out specifically. We will need to watch to see if the NCUA officially adopts the Guidance.

From the CFPB – HMDA 2020 Filing Reminders and Tips

Good afternoon,

As the 2020 HMDA filing season (for the 2019 data) approaches, the following are some reminders and tips for preparing and uploading your submission.

Registration:

- Account registration is a two-step process.
- Do not use your personal email to register for an account.
- To file your institution's HMDA data, you will need your institution's LEI, your institution's tax ID, and your institution's agency code.
- Make sure there are no spaces in your LEI or Universal Loan Identifiers (ULI) throughout your file.

Pre-Filing:

- The Beta Platform is ready for use. The Bureau encourages filers to test their data using the Beta Platform as a sandbox for pre-filing season testing. Log in using your current HMDA login information.
- Review regulatory resources and filing instruction guides to help you prepare for filing.
    - Note that the file formatting tools located on the FFIEC website do not check for compliance with HMDA edits; these tools only verify format structure.

File Upload:

- Upload time depends on the file size.
- Clear your browser cache before re-uploading a corrected file.

Submission:

- The filing period begins on January 1 and ends on March 1 of each year.
- If you experience timeouts or other upload errors, we would recommend that certain URLs are whitelisted in your Data Loss Prevention (DLP) to allow for transfer of HMDA files.
    - ffiec.cfpb.gov
    - ffiec-auth.cfpb.gov
    - ffiec-api.cfpb.gov
    - ffiec.beta.cfpb.gov

More information and a detailed explanation of these reminders as well as access to the platform is available here: https://ffiec.cfpb.gov/documentation/2019/filing-faq/

Thank you,
Consumer Financial Protection Bureau