

Ticketing System Upgrade

Remember to use the following methods to submit consulting requests to CSG:

Requests with no confidential or proprietary information:

Send an email with your request to requests@complianceservicesgroup.com

Requests with confidential or proprietary information:

Send an email with the title of your request to requests@complianceservicesgroup.com. Do not include any confidential or proprietary information. We will create a ShareFile folder and email you to upload your request and any documents.



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Regulatory and Legislative Recap
January 2020

FINAL REGULATIONS/RULES

Effective Date	Regulation	Citation	Summary
04/01/2020	Regulatory Capital Rule (FR, FDIC, OCC)	85 FR 4569	The Federal Reserve, FDIC, and the OCC issued a final rule implementing a new approach for calculating the exposure amount of derivative contracts under its regulatory capital rule. This final rule is effective on April 1, 2020 and mandatory compliance by January 1, 2022
04/01/2020	Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (FR, FDIC, OCC)	85 FR 4362	The Federal Reserve, FDIC, and the OCC issued a final rule to implement a new approach—the standardized approach for counterparty credit risk (SA-CCR)—for calculating the exposure amount of derivative contracts under these agencies' regulatory capital rule. Under the final rule, an advanced approaches banking organization may use SA-CCR or the internal models methodology to calculate its advanced approaches total risk-weighted assets, and must use SA-CCR, instead of the current exposure methodology, to calculate its standardized total risk-weighted assets. A non-advanced approaches banking organization may use the current exposure methodology or SA-CCR to calculate its standardized total risk-weighted assets.

PROPOSED REGULATIONS

Comments Due	Regulation	Citation	Summary
03/09/2020	Community Reinvestment Act (FDIC, OCC)	85 FR 1204	The OCC and FDIC propose regulations that could encourage banks to provide billions more each year in Community Reinvestment Act-qualified lending, investment, and services by modernizing the Community Reinvestment Act (CRA) regulations to better achieve the law's underlying statutory purpose of encouraging banks to serve their communities by making the regulatory framework more objective, transparent, consistent, and easy to understand. To accomplish these goals, this proposed rule would strengthen the CRA regulations by clarifying which activities qualify for CRA credit, updating where activities count for CRA credit, creating a more transparent and objective method for measuring CRA performance, and providing for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting.

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January 2020

RESOURCES/GUIDANCE

Guidance	Summary
Policy Statement on the prohibition of abusive acts or practices (CFPB)	The Bureau issued a policy statement outlining how it intends to cite and challenge “abusive” conduct in supervision or enforcement actions. The policy statement is effective immediately, and states that it will consider whether the harm to consumers outweighs the benefit to consumers. The bureau will also generally avoid “dual pleading” both abusiveness and unfairness or deception violations that stem from the same or nearly all of the same facts. And, the CFPB said it generally does not intend to seek monetary relief for abusive violations in instances where there is a good-faith effort to comply with the abusiveness standard, except to address consumer injuries caused by the conduct.
Policy Statement on Compliance Aids (CFPB)	The CFPB issued a policy statement regarding its provided compliance aids, which states: “Where there are multiple methods of compliance that are permitted by the applicable rules and statutes, an entity can make its own business decision regarding which method to use, and this may include a method that is not specifically addressed in a Compliance Aid,” the bureau said. “In sum, regulated entities are not required to comply with the Compliance Aids themselves.”
HMDA Small Entity Compliance Guide (CFPB)	The CFPB published its latest Small Entity Compliance Guide on Regulation C, HMDA, reporting requirements. The updated version (4.0) incorporates the final rule issued on October 19, 2019 – including institutional and transaction coverage for open-end lines of credit, partial exemptions, and non-universal loan identifiers.
Heightened Cybersecurity Risk (FDIC FIL-3-2020 ; OCC Bulletin 2020-5)	The FDIC and the OCC issued a joint statement on risk management of current heightened cybersecurity risks. The statement reminds supervised financial institutions to maintain preventative controls and update and test incident response and business continuity plans. It also sets out best practices in these areas for supervised financial institutions. The bulletin lists six “key controls” including: <ul style="list-style-type: none"> • Response, resilience and recovery capabilities. Maintain system backups and segment data to prevent spread of malicious activity across the network and to increase recovery capabilities. Incident and business resilience plans should set out cyber attack response and business continuity procedures and a data backup program should be set up and regularly tested. Cyber insurance coverage may further mitigate cyber risk exposure. • Identity and access management. Implement identity and access management controls to combat phishing attacks and prevent theft of login credentials. Incorporate risk-based authentication, limit user permissions, and continually monitor user accounts. • Network configuration and system hardening. Configure networks with appropriate security settings that are regularly updated. Update anti-malware and routinely test network technology for vulnerabilities. • Employee training. Provide continuous training to keep cybersecurity program employees abreast of new cyber threats and evolving social engineering tactics. • Security tools and monitoring. Maintain competent cybersecurity staff or service providers to monitor for the most current “threat and vulnerability information,” regularly review audit logs, and establish and test ability to “detect and respond to attacks.” • Data protection. Encrypt “sensitive and critical data,” which should also be accurately classified to ensure ease in identification

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Regulatory and Legislative Recap
January 2020

Risk Management Manual of Examination Policies (FDIC)	<p>The FDIC updated its RMS manual to incorporate new procedures related to communication between examinations and to emphasize the importance of this going communication with institution management. Updates were also made to the confidential supervisory section instructions, and to provide an example of an examination report.</p>
Fall 2019 Supervisory Highlights (CFPB)	<p>The Bureau issued its Fall 2019 Supervisory Highlights featuring supervisory observations from recent examinations. This is the second special edition focusing exclusively on furnishing information to consumer reporting companies (CRCs) as well as CRC’s general obligations under the Fair Credit Reporting Act (FCRA) and its implementing regulation, Regulation V (The term CRC, used throughout the report, is analogous to “consumer reporting agency” as defined in the FCRA).</p>
Annual Report on the TILA, EFTA, and CARD Act (CFPB)	<p>The CFPB released its required annual report to Congress which reviewed enforcement actions by various federal agencies and the most frequent examination findings across the agencies. See below for more.</p>
2020 Supervisory Priorities 20-CU-01 (NCUA)	<p>See our blog post.</p>
Consumer Compliance Outlook (FRB)	<p>2019’s 3rd issue of the Consumer Compliance Outlook includes articles on fair lending implications of targeted, internet marketing, fintech developments from DC, and a calendar of events.</p>
Other Supervisory Committee Audit Minimum Procedures Guide (NCUA)	<p>The guide provides the minimum procedures to perform when a supervisory committee is permitted to choose the Other Supervisory Committee Audit option for completing its annual audit requirement under section 715.7 of the NCUA Rules and Regulations. The procedures in the guide are designed to assist the supervisory committee, internal auditor, or other qualified person in completing the areas of review in the Appendix of Part 715</p>

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Regulatory and Legislative Recap January 2020

In December, the CFPB issued its mandated annual report to Congress covering activity in 2016 and 2017 pertaining to the Truth in Lending Act (TILA), the Electronic Fund Transfer Act (EFTA), and the Credit Card Accountability Responsibility and Disclosure Act (CARD Act). The report describes enforcement actions brought by the Bureau and federal agencies related to TILA, EFTA, the CARD Act (and respective implementing Regulations Z and E), as well as data on required reimbursements to consumers. The report also includes a compliance assessment of TILA and EFTA violations. Federal Financial Institutions Examination Council (FFIEC) member agencies report that more institutions were cited for violations of Regulation Z than Regulation E during the 2016 and 2017 reporting periods, and that the most frequently reported Regulation Z violations include (i) failing to disclose, or to accurately disclose, the finance charge on closed-end credit; (ii) failing to disclose good faith estimates on disclosures for closed-end credit; and (iii) failing to provide consumers with specific loan cost information on closing disclosures. The most commonly cited Regulation E violations include (i) failing to comply with investigation and timeframe requirements when resolving errors in electronic fund transfers; and (ii) failing to provide applicable disclosures. In addition, the report recaps FFIEC outreach activities related to TILA and EFTA, such as workshops, blogs, and other outreach events.

Following this, at the end of January, the CFPB [took action](#) against Citizens Bank for similar violations. “The complaint alleges that Citizens automatically denied consumers’ billing error notices and claims of unauthorized use in certain circumstances. The complaint further alleges that Citizens failed to fully refund finance charges and fees when consumers asserted meritorious disputes or fraud claims, and failed to send consumers required acknowledgement letters and denial notices in response to billing error notices.”

Compliance Services Group has knowledgeable consultants and auditors that are well versed in Regulations E & Z, including the required error resolution requirements. If you have any questions, or want a review of your processes, [contact us](#). We can help!

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Regulatory and Legislative Recap
January 2020

The Oregon legislature has a short calendar this year. The 2020 legislative session starts February 3 and goes through March 7, 2020. A couple pre-filed bills that may impact institutions in Oregon are:

Senate Bill	Title / description	Senate Status
House Bill		House Status
SB 1540	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.	Introduced
HB		
SB	Establishes Oregon Hemp Commission To enable the hemp industry, with the aid of the state, to develop, maintain and expand the state, national and international markets for hemp and hemp products produced, processed or manufactured in this state, and the use and consumption of hemp and hemp products in the state, national and international markets.	
HB 4051		Introduced

The Washington legislature also has a short year. Session began on January 13 and runs through March 12, 2020. February 7th is the cutoff date to report bills out of committee from the house of origin. February 19th is the last day to pass bills out of the house of origin, and February 28th is the last day for bill from opposite houses to be passed out of committee. A few of the bills that we are tracking are:

Senate Bill	Title / description	Senate Status
House Bill		House Status
SSB 6281	Provides Washington residents with the consumer personal data rights of access, correction, deletion, data portability, and opt out of the processing of personal data for specified purposes.	In Committee
HB 2742		In Committee
2SSB 5376	Defines obligations for controllers and processors of personal data who are legal entities that meet specified thresholds. Requires controllers to facilitate consumer requests to exercise certain rights regarding processing of personal information.	In Committee
2SHB 1854		In Committee
	Adds provisions to the Collection Agency Act (CAA) which are specific only to debt buyers, including requirements with respect to what must be attached to a complaint in a legal action, the evidence that must be submitted in support of a claim or obligation, and disclosures that must be prominently disclosed in the	
SHB 2476		In Committee

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Regulatory and Legislative Recap
January 2020

	complaint.	
SB 6445	Repeals the business and occupation tax deduction for interest on investments or loans secured by first mortgages or deeds of trust on non-transient residential properties for community banks.	In Committee
HB 2046	Requires processors of personal data to provide consumers with a privacy notice about their privacy and security practices. Requires processors that sell or otherwise monetize personal data to inform data subjects of, and provide access to a record of, each such agreement or transaction. Makes violations of the notice and information requirements enforceable under the Consumer Protection Act and subject to both civil penalties and statutory damages.	In Committee
SB 5376	Establishes consumer rights with regard to processing of personal information. Applies to legal entities that meet specified thresholds. Exempts state and local government from the obligations set forth in the act.	
2SHB 1854	Makes a violation of the act enforceable by the Attorney General under the Consumer Protection Act and subject to civil penalties. Provides for a private cause of action after a specified process is completed. Creates the Consumer Privacy Account.	In Committee
	Makes appraisal management company (AMC) licenses valid for one year. Changes the AMC ownership requirements. Modifies application of the state's AMC laws.	
SHB 1244		In Committee
	Provides that, with the exception of a cause of action alleging fraud, a cause of action against a real estate appraiser or trainee or real estate appraisal company arising out of an appraisal report must be brought within the earlier of one year from discovery or within three years from the date the appraisal report was signed, and then only by certain persons or entities for whom the report is deemed to have been prepared.	
HB 1015		In Committee
SB 5654	An act relating to rewards cards.	In Committee
SHB 1313	Adds "rewards cards" issued by financial institutions as property that is exempt from the Uniform Unclaimed Property Act.	In Committee
	Publishing digitally altered photographs Requires any advertisement that includes photography that has been digitally altered to materially change the appearance and physical characteristics of a person's face or body to include a written notification that	
HB 2142		In Committee

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	digital alteration was applied. <i>Think of your marketing...Do you "fix" photos before</i>	
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COMPLIANCE SERVICES GROUP

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