

August 19, 2022

Compliance Regulatory Updates: January – June 2022

Sarah Oliver, CRCM

Agenda

- ✓ **Annual Threshold Updates**
- ✓ **LIBOR Transition**
- ✓ **ECOA Business Lending Data**
- ✓ **CRA**
- ✓ **Other (QM Definitions, Flood FAQs, FDIC Logo, 3rd Party Risk, AVMs & Appraisals, AI/ML, LEP)**
- ✓ **Policy Statements & Advisory Opinions**
- ✓ **And More (FCRA, Overdrafts)**

This presentation is for educational purposes. It is not intended to act as legal or regulatory advice on any matter discussed, and is not a substitute for reading related laws, regulations, or official commentary. Questions regarding information in this presentation should be directed towards the presenter.

Annual Threshold Updates

- **Who:** CFPB, FRB, FDIC, OCC
- **What:**
 - New HMDA thresholds reporting for HELOCs
 - CRA Thresholds are the same across each of the applicable supervisory agencies (since OCC rescinded its June 2020 rule)
 - TILA applications, exemptions for appraisals, and escrows (small creditors) on HPMLs, HMDA asset size, HOEPA small dollar loan and fee amount, ATR/QM loan amounts for total point and fees.
 - Safe harbors for credit card fees and minimum interest amount
- **When:** January 1, 2022
- **Response:** **Effective date has passed** -- Thresholds should be reviewed and if applicable updated in loan origination and servicing systems.

LIBOR Transition

- **Who:** CFPB
- **What:** Rule for changes to open and closed-end provisions to provide examples of replacement indices for LIBOR indices that meet certain Reg Z standards. Permits creditors for HELOCs and cards to transition existing accounts that use LIBOR to new index prior to discontinuation (w/ conditions). Clarifies notice requirements. 86 FR 69716, 12/8/21
- **When:** Effective 4/1/22, Mandatory 10/1/22.
- **Response:** Determine which borrowers may be affected; for open-end credit determine who receives a change in terms notice and when. Review CFPB Libor Transition FAQs. ***LIBOR should have been discontinued for new loans after 12/31/21.***

ECOA Business Lending Data

- **Who:** CFPB
- **What:** Proposal to implement Section 1071 of the DFA to amend the ECOA to require that financial institutions collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses – 12 mandatory data points plus *discretionary* data points. 86 FR 56356, 10/8/21
- **When:** Comment period ended in January 2022
- **Response:** **Watch for Final Rule and expect a (too) short implementation date.** Document discussions as part of change management. Expect to train staff extensively for onerous data collection.

CRA

- **Who:** FRB, OCC, FDIC
- **What:** Modernize the CRA for the impact of digital branchless banks, the internet, credit card banks, and FinTech banks. Proposes to raise asset thresholds for small and intermediate banks to, respectively \$600 million and \$2 billion. Would completely overhaul the regulatory framework for large banks. 87 FR 33884, 6/3/22
- **When:** Comments due August 5, 2022 (stakeholders are asking for an extension). The proposal would establish an effective date the first day of the first calendar quarter that begins at least 60 days after publication of final rule. Then applicability dates for various provisions of the regulations on, or over a period of time starting at *just 12 months for certain provisions*.
- **Response: Research & determine which tests your bank may be subject to, attend training & document discussions. BIG BANKS, BIG CHANGES.**
Allocate sufficient time and resources to CRA/Compliance Officers to fully understand and report on impact to your bank.

Other

- **Original General QM Loan Definition Will Sunset 9/30/22** 85 FR 86308, 12/29/20 and 86 FR 22844, 4/30/21
- **Flood FAQs** 86 FR 32826, 5/31/22
- **Misrepresentations of FDIC Status** 87 FR 33415, 6/2/22 (FDIC) and 87 FR 35866, 6/14/22 (CFPB)
- **Third Party Risk** 86 FR 38182, 7/19/21
- **AVM and Appraisals** NPRM expected
- **RFI on FIs' Use of Artificial Intelligence (AI), Including Machine Learning (ML)** 86 FR 16837 and CFPB Circular 2022-03
- **Limited English Proficiency (LEP)** CFPB Press Release May 11, 2022

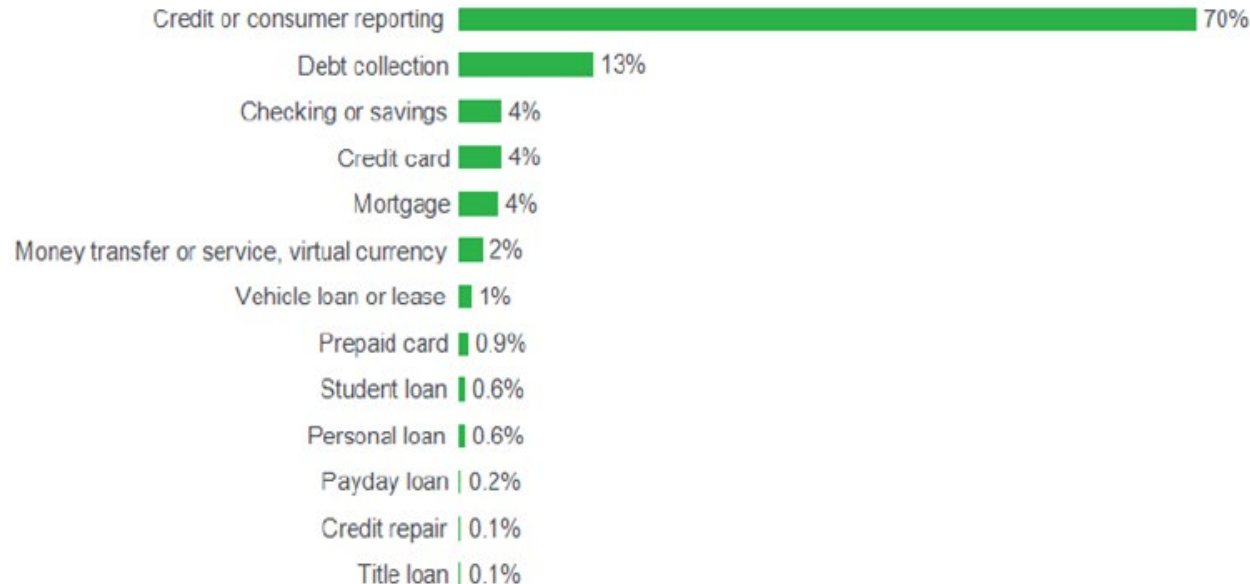
Policy Statements & Advisory Opinions

- **OCC Banks – Mailing address for notices** OCC Bulletin 2021-35, 8/5/21 (mandatory effective 11/3/21)
- **Special Purpose Credit Programs** Interagency Guidance, 2/22/22
- **UDAAPs That Impede Consumer Reviews** Policy Guidance 87 FR 17143, 3/28/22 (CFPB)
- **Coverage of Fair Lending Laws** Advisory Opinion 87 FR 30097, 5/18/22 (CFPB)

And MORE – FCRA Updates

- **Who:** CFPB
- **What:** During the period October 1, 2020, through September 30, 2021, the CFPB received approximately 872,400 consumer complaints.

FIGURE 1



And MORE – FCRA Updates, Cont.

- **Who:** CFPB
- **What:** Pressure on Credit Reporting Agencies and Industry
 - **Medical Debt** CFPB Press Release 4/20/22
 - **Medical Debt** Big 3's Announcement 3/18/22
 - **Trafficking Victims** CFPB Final Rule 87 FR 37700 6/24/22
 - **Credit Card Issuers** CFPB Letters to CEOs of five large issuers May 2022
- **When:** Ongoing
- **Response:** Discuss how reporting changes may affect your approval rates, and even consider past denials. Keep open eyes and ears on FCRA issues.

And MORE – Overdraft Updates

- **Who:** CFPB
- **What:** Pressure on Industry
 - **Data Point Reports** CFPB Data Point No. 2021-11 and 2021-12, both December 2021
 - **Measuring the impact of financial institution overdraft programs on consumers (blog)** CFPB 6/16/22
- **When:** Ongoing
- **Response:** Assess the regulatory, litigation, and reputational risks associated with your overdraft program and make adjustments, as appropriate.

And MORE – Overdraft Updates, Cont.

- **Who:** FDIC
- **What:** Consumer Compliance Supervisory Highlights, Spring 2022
 - Multiple NSF fees on single item
 - Changing from static to dynamic charges (or vice versa)
- **When:** Ongoing
- **Response:** Assess the regulatory, litigation, and reputational risks associated with your overdraft program and make adjustments, as appropriate.

CONTACT



Sarah Oliver, CRCM

Senior Manager, Consulting Services

Sarah.Oliver@Saltmarshcpa.com

(239) 777-0993

(800) 477-7458



www.linkedin.com/in/saraholivercrcm/

Resources for Financial Institutions

VISIT OUR BLOG

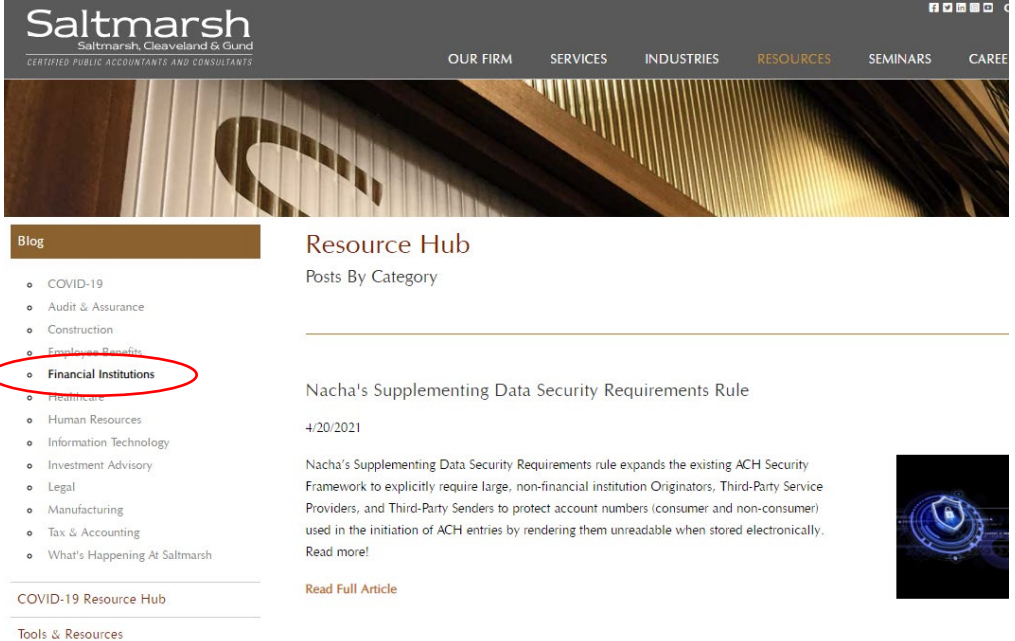
SaltmarshCPA.com/Blog

RECEIVE INDUSTRY
INSIGHTS & UPDATES

SaltmarshCPA.com/Subscribe

QUESTIONS?

TheBankAdvisors@SaltmarshCPA.com



The screenshot shows the Saltmarsh website header with the logo and navigation menu. The main content area is titled "Resource Hub" and "Posts By Category". A list of categories is shown on the left, with "Financial Institutions" circled in red. The main article is titled "Nacha's Supplementing Data Security Requirements Rule" and dated 4/20/2021. The article text describes the rule's expansion of the ACH Security Framework. A "Read Full Article" link is visible at the bottom of the article. A small image of a globe is on the right side of the article.

Saltmarsh
Saltmarsh, Cleaveland & Gund
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

OUR FIRM SERVICES INDUSTRIES **RESOURCES** SEMINARS CAREER

Blog

- COVID-19
- Audit & Assurance
- Construction
- Employer Benefits
- Financial Institutions**
- Healthcare
- Human Resources
- Information Technology
- Investment Advisory
- Legal
- Manufacturing
- Tax & Accounting
- What's Happening At Saltmarsh

COVID-19 Resource Hub

Tools & Resources

Resource Hub
Posts By Category

Nacha's Supplementing Data Security Requirements Rule

4/20/2021

Nacha's Supplementing Data Security Requirements rule expands the existing ACH Security Framework to explicitly require large, non-financial institution Originators, Third-Party Service Providers, and Third-Party Senders to protect account numbers (consumer and non-consumer) used in the initiation of ACH entries by rendering them unreadable when stored electronically.

Read more!

[Read Full Article](#)

Saltmarsh, Cleaveland & Gund

ABOUT THE FIRM

Saltmarsh is one of the largest locally-owned CPA and business advisory firms in the Southeast, serving clients throughout the U.S. and worldwide from offices across Florida and in Nashville, Tennessee.

SIZE OF FIRM



AFFILIATIONS

SALTMARSH FINANCIAL ADVISORS, LLC



THE BDO ALLIANCE USA



OFFICE LOCATIONS

5

FLORIDA
Destin
Orlando
Pensacola
Tampa

TENNESSEE
Nashville



Saltmarsh
Saltmarsh, Cleaveland & Gund
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

SERVICES OFFERED

Audit & Assurance | Business Valuation | Financial Institution Consulting | Financial Planning | Flexible Spending Plan Administration | Healthcare Consulting | Human Resources Consulting | Information Technology Consulting | Investment Management | Litigation & Dispute Advisory | Managed IT Services | Outsourced Accounting Solutions | Research & Development Tax Credits | Retirement Plan Administration | Tax Compliance & Consulting

OUR CLIENTS

Community Banks | Construction & Real Estate Development | Credit Unions | Governments, Municipalities, Special Districts & Pension Plans | High Net Worth Individuals | Hospitality | Manufacturing & Distribution | Non-Profit Organizations | Post-Acute Healthcare | Professional Employer Organizations | Technology & Emerging Growth



saltmarshcpa.com | (800) 477-7458