When there is a deadline or effective date associated with an item, you will see this graphic:

'Our spring has come at last with the soft laughter of April suns and shadow of April showers.' – Byron Caldwell Smith

Joint federal agency issuances, actions and news

Bank Secrecy Act/Anti-Money Laundering: Interagency Statement on Model Risk Management for Bank Systems Supporting BSA/AML Compliance and Request for Information (04.12.2021)

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, in consultation with the Financial Crimes Enforcement Network and the National Credit Union Administration (collectively, the agencies), published a statement regarding industry questions on model risk management. The statement addresses how the risk management principles described in the "Supervisory Guidance on Model Risk Management" (referred to as the model risk management guidance, or MRMG) relate to systems or models used by banks to assist in complying with the requirements of Bank Secrecy Act/anti-money laundering (BSA/AML) laws and regulations.

On April 12, 2021, the agencies published in the Federal Register a request for information seeking comments from interested parties on the extent to which the principles discussed in the MRMG support banks' compliance with BSA/AML and Office of Foreign Assets Control (OFAC) requirements. The comment period closes on June 11, 2021.

Highlights

The interagency statement

- clarifies how the principles in the MRMG may be a useful resource to guide a bank's model risk management framework, whether formal or informal, and assist with BSA/AML compliance.
- clarifies that the MRMG is intended to provide flexibility in applying principles of risk management commensurate with the bank's risk profile and the complexity and materiality of its models.
- recognizes the benefits to banks of employing the flexibility in the MRMG principles, including for model validation activities, to update BSA/AML models quickly in response to the evolving threat environment and to implement innovative approaches.
- recognizes that not all banks use models such as those described in the MRMG for BSA/AML compliance or have formalized model risk management frameworks.
- clarifies that with regard to the use of third-party models, banks may consider the principles discussed in the agencies' third-party risk management issuances, as well as the considerations in the MRMG that address third-party models.

The request for information

- seeks comments and information on any aspects of the relationship between BSA/AML and OFAC compliance and the principles conveyed in the MRMG, including how those principles may support compliance and any differences in perceptions regarding their application.
- asks for responses to specific questions listed in the Federal Register notice.

Related Links

[Interagency Statement on Model Risk Management for Bank Systems Supporting Bank Secrecy Act/Anti-Money Laundering Compliance (PDF)]

[Request for Information and Comment: Extent to Which Model Risk Management Principles Support Compliance With Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Assets Control Requirements (PDF)]

Source link.

Comment: This statement starts off by noting that it is a guidance only and would not form the basis for an enforcement action. And while the interagency statement may not have the force of law, banks BSA/AML systems are required to be reasonably designed and risk-based; an automated transaction monitoring system without appropriate review, testing, and validation falls short of those requirements.

2020 HMDA Data on Mortgage Lending Now Available (03.31.2021)

WASHINGTON, D.C. – The Home Mortgage Disclosure Act (HMDA) Modified Loan Application Register (LAR) data for 2020 were published on the Federal Financial Institutions Examination Council's HMDA Platform for approximately 4,400 HMDA filers. The published data contain loan-level information filed by financial institutions, modified to protect privacy.

"HMDA data can help determine whether financial institutions are serving the housing needs of their communities and can better drive public-sector investment, which can attract private investment to areas where it is needed," said CFPB Acting Director Dave Uejio. "The data can help pinpoint potential discriminatory lending patterns, and address unjustified disparities in lending outcomes and credit pricing that drive racial and economic inequality."

Annual loan-level LAR data for each HMDA filer are made available online by March 31st. Previously, users could obtain LAR data only by making requests to specific institutions for their annual data. To allow for easier public access to all LAR data, the Bureau's 2015 HMDA rule required that the data be available electronically for all institutions. The data are now made available through the FFIEC's HMDA Platform.

Later this year, the 2020 HMDA data will be available in other forms to provide users insights into the data, including a nationwide loan-level dataset. That dataset will provide all publicly available data from all HMDA reporters, aggregate and disclosure reports with summary information by geography and lender, and the HMDA Data Browser to allow users to create custom datasets and reports. The Bureau will also publish a Data Point article highlighting key trends in the annual data.

The 2020 HMDA Loan Application Register data can be found at: https://ffiec.cfpb.gov/data-publication/modified-lar.

Source link.

Comment: HMDA data is used by the regulators (and consumer advocates) to identify potential fair lending cases. Thus, accuracy is critical!

Agencies Seek Wide Range of Views on Financial Institutions' Use of Artificial Intelligence (03.29.2021)

Five federal financial regulatory agencies are gathering insight on financial institutions' use of artificial intelligence (AI). The agencies seek information from the public on how financial institutions use AI in their

activities, including fraud prevention, personalization of customer services, credit underwriting, and other operations.

The Federal Reserve System, the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) and the Office of the Comptroller of the Currency (OCC) announced the request for information (RFI) to gain input from financial institutions, trade associations, consumer groups, and other stakeholders on the growing use of AI by financial institutions. More specifically, the RFI seeks comments to better understand the use of AI, including machine learning, by financial institutions; appropriate governance, risk management, and controls over AI; challenges in developing, adopting, and managing AI; and whether any clarification would be helpful.

Comments will be accepted for 60 days following publication in the Federal Register.

Attachment:

[Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence]

Source [link].

Comment: This request articulates the Agencies' support for responsible innovation, which includes the use of Artificial Intelligence (AI) and Machine Learning (ML) across the spectrum of cybersecurity, compliance, institutional and retail use.

Temporary Supplementary Leverage Ratio Changes to Expire as Scheduled (03.19.2021)

The federal bank regulatory agencies announced that the temporary change to the supplementary leverage ratio, or SLR, for depository institutions issued on May 15, 2020, will expire as scheduled on March 31, 2021. The temporary change was made to provide flexibility for depository institutions to provide credit to households and businesses in light of the COVID-19 event.

Source [link].

Comment: The Fed said it would "shortly seek comment on measures to adjust the SLR" for an environment with higher reserves and "take appropriate actions to assure that any changes to the SLR do not erode the overall strength of bank capital requirements."

CFPB actions and news

CFPB Provides Interim Final Rule During COVID-19 Pandemic – Debt Collection (04.19.2021)

The Bureau issued a Debt Collection Interim Final Rule (IFR) related to the COVID-19 emergency. The IFR requires debt collectors to provide written notice to certain consumers of their rights under the COVID-19 pandemic CDC temporary eviction moratorium and prohibits certain misrepresentations about consumers' eligibility for protection under such moratorium.

The IFR is effective May 3, 2021.

The Bureau is providing a Fast Facts summary of the IFR. The Bureau is also reprinting sample disclosure language from the IFR for ease of reference.

You can access the Interim Final Rule here: https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-global-covid-19-pandemic-regulation-f/.

You can access the Fast Facts summary and the sample disclosure language here: https://www.consumerfinance.gov/compliance/compliance-resources/other-applicable-requirements/debt-collection/.

Comment: Remember that the eviction moratorium applies to secondary mortgage transactions—not in-portfolio ones. Under the FDCPA interim final rule, debt collectors, including attorneys, seeking to evict tenants for non-payment of rent must provide tenants who may have rights under the CDC order with clear and conspicuous written notice of those rights. The notice must be provided on the same date as the eviction notice, or, if no eviction notice is required by law, on the date that the eviction action is filed.

CFPB Updates Debt Collection Small Entity Compliance Guide (04.15.2021)

The Bureau updated the Debt Collection Small Entity Compliance Guide to include discussion of the December 2020 Final Rule.

You can access the updated Small Entity Compliance Guide here:
https://www.consumerfinance.gov/compliance/compliance-resources/other-applicable-requirements/debt-collection/.

Comment: The federal Fair Debt Collection Practices Act does not apply to creditors collecting their own debts. However, it is critical that third party debt collectors used by banks comply with these rules.

CFPB Proposes Delay of Effective Date for Recent Debt Collection Rules (04.07.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau proposed extending the effective date of two recent debt collection rules to give affected parties more time to comply due to the ongoing COVID-19 pandemic.

The CFPB issued a Notice of Proposed Rulemaking (NPRM) to delay by 60 days the effective date of two final rules issued under the Fair Debt Collection Practices Act (FDCPA). The debt collection rules, issued in late 2020, are scheduled to take effect on November 30, 2021. The CFPB is proposing to extend the effective date of both rules to January 29, 2022. The proposed delay would allow stakeholders affected by the pandemic additional time to review and implement the rules.

The first debt collection rule, issued in October 2020, focuses on the use of communications related to debt collection, and clarifies prohibitions on harassment and abuse, false or misleading representations, and unfair practices by debt collectors when collecting consumer debt.

The second debt collection rule, issued in December 2020, clarifies disclosures debt collectors must provide to consumers at the beginning of collection communications. The rule also prohibits debt collectors from making threats to sue, or from suing, consumers on time-barred debt. The rule requires debt collectors to take specific steps to disclose the existence of a debt to consumers before reporting information about the debt to a consumer reporting agency.

The proposal will be open for comment for 30 days following publication in the Federal Register. Read the text of the proposed rule.

Source link.

Comment: The first rule, which had been finalized at the end of November, outlines standards around how debt collectors can communicate with borrowers, including how often they can be called, texted or emailed. The second, published in December, clarified the type of disclosures debt collectors must make to borrowers they are pursuing. It prohibited collectors from threatening legal action to collect debt from borrowers that is so old it is no longer considered legally collectible, so-called "time-barred" debt. It also said collectors must make a certain level of contact with borrowers before sending negative information on to credit bureaus.

CFPB Proposes Mortgage Servicing Changes to Prevent Wave of COVID-19 Foreclosures (04.05.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) proposed a set of rule changes intended to help prevent avoidable foreclosures as the emergency federal foreclosure protections expire. Due to the COVID-19 pandemic and ensuing economic crisis, millions of families nationwide have suffered the loss of income and nearly 3 million homeowners are behind on their mortgages. The CFPB's proposal seeks to ensure that both servicers and borrowers have the tools and time they need to work together to prevent avoidable foreclosures, recognizing that the expected surge of borrowers exiting forbearance in the fall will put mortgage servicers under strain.

"The nation has endured more than a year of a deadly pandemic and a punishing economic crisis. We must not lose sight of the dangers so many consumers still face," said CFPB Acting Director Dave Uejio. "Millions of families are at risk of losing their homes to foreclosure in the coming months, even as the country opens back up. Last week we warned that servicers need to be prepared for a high volume of borrowers exiting forbearance, and today we are proposing additional guardrails and tools for servicers as they navigate the coming months. We will do everything in our power to ensure servicers work with struggling families to find solutions that prevent avoidable foreclosures."

The COVID-19 pandemic and ensuing economic crisis have contributed to widespread housing insecurity across the nation, and many families are at risk of foreclosure when federal emergency protections expire. The number of homeowners behind on their mortgage has doubled since the beginning of the pandemic—6 percent of mortgages were delinquent as of December 2020. More homeowners are behind on their mortgages than at any time since 2010, which was the peak of the Great Recession. Industry data suggest that nearly 1.7 million borrowers will exit forbearance programs in September and the following months, with many of them a year or more behind on their mortgage payments. The CFPB's proposal, if finalized, would:

- Give borrowers time: Every one of the nearly 3 million borrowers behind on their mortgages should have a chance to explore ways to resume making payments and avoid foreclosure. To make sure borrowers aren't rushed into foreclosure when a potentially unprecedented number of borrowers exit forbearance at around the same time this fall, the proposed rule would provide a special pre-foreclosure review period that would generally prohibit servicers from starting foreclosure until after December 31, 2021. The CFPB is seeking public input on that date, as well as whether there are more limited ways to achieve the same purpose. For example, the CFPB is considering whether to permit earlier foreclosures if the servicer has taken certain steps to evaluate the borrower for loss mitigation or made efforts to contact an unresponsive borrower. This provision, like the rest of the proposal, would only apply to loans secured by a borrower's principal residence.
- Give servicers options: The proposed rule would permit servicers to offer certain streamlined loan modification options to borrowers with COVID-19-related hardships based on the evaluation of an

incomplete application. Normally, with certain exceptions, Regulation X requires servicers to review a borrower for all available options at once, which can mean borrowers have to submit more documents before a servicer can make a decision. Allowing this flexibility could allow servicers to get borrowers into an affordable mortgage payment faster, with less paperwork for both the servicer and the borrower. This provision would only be available for modifications that do not increase a borrower's monthly payment and that extend the loan's term by no more than 40 years from the modification's effective date.

- Keep borrowers informed of their options: The CFPB also proposes temporary changes to certain required servicer communications to make sure that, during this crisis, borrowers receive key information about their options at the appropriate time.

The economic crisis threatens families and communities across the nation. According to the CFPB's analysis and other data:

Millions of families are at risk of losing their homes: As of February 2021, there were nearly 3 million homeowners behind on their mortgages, with an estimated 2.1 million mortgages in forbearance and at least 90 days delinquent. If current trends continue there may be 1.7 million such loans in September 2021.

Preventing foreclosures helps homeowners and communities: Foreclosures are expensive for homeowners, with an average cost to borrowers of at least $12,500. Neighboring homes also lose value, with sales prices dropping by 1 to 1.6 percent after nearby foreclosure sales. Families who endure a foreclosure are likely to suffer other harms as well, including broader financial distress and housing instability.

The housing crisis is deepening racial inequality: Black and Hispanic homeowners were more than two times as likely to be behind on housing payments as of December 2020, according to a March CFPB report.

In a compliance bulletin issued last week, the CFPB warned mortgage servicers to dedicate resources and staff to prepare for a surge in requests for assistance. The CFPB will be closely monitoring how servicers engage with borrowers, respond to borrower requests, and process applications for loss mitigation. The CFPB will consider a servicer's demonstrated effectiveness in helping borrowers in addressing compliance issues that arise.

Given the urgency of the crisis, the CFPB is requesting comments be submitted before May 11, 2021.

Read the Notice of Proposed Rulemaking issued today.

Read a Fast Facts summary of the Notice of Proposed Rulemaking.

Source link.

Comment: Remember that "small servicers" are exempt from the RESPA servicing rules regarding loss mitigation and working with debtors. A small servicer is an entity that services, together with any affiliates, 5,000 or fewer mortgage loans for all of which the entity or an affiliate is the creditor or assignee.

CFPB Compliance Bulletin Warns Mortgage Servicers: Unprepared is Unacceptable (04.01.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) warned mortgage servicers to take all necessary steps now to prevent a wave of avoidable foreclosures this fall. Millions of homeowners currently in forbearance will need help from their servicers when the pandemic-related federal emergency mortgage protections expire this summer and fall. Servicers should dedicate sufficient resources and staff now to ensure they are prepared for a surge in borrowers needing help. The CFPB will closely monitor how servicers engage with borrowers, respond to borrower requests, and process applications for loss mitigation. The CFPB will

consider a servicer's overall effectiveness in helping consumers when using its discretion to address compliance issues that arise.

"There is a tidal wave of distressed homeowners who will need help from their mortgage servicers in the coming months. Responsible servicers should be preparing now. There is no time to waste, and no excuse for inaction. No one should be surprised by what is coming," said CFPB Acting Director Dave Uejio. "Our first priority is ensuring struggling families get the assistance they need. Servicers who put struggling families first have nothing to fear from our oversight, but we will hold accountable those who cause harm to homeowners and families."

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides borrowers with federally- backed mortgages with access to forbearance, and private lenders have also provided similar assistance. As of January 2021, approximately 2.7 million borrowers remained in such programs, with 2.1 million borrowers in forbearance and at least 90 days delinquent on their mortgage payments. Another 242,000 mortgages not in forbearance programs were at least 90 days delinquent. Industry data suggest that nearly 1.7 million borrowers will exit forbearance programs in September and the following months, with many of them a year or more behind on their mortgage payments. Beginning with the expiration of the federal foreclosure moratoriums at the end of June 2021, mortgage servicers will need ramped-up capacity to reach out and respond to the large number of homeowners likely to need loss mitigation assistance. To meet this surge, servicers will need to plan now.

In its oversight of mortgage servicers, the CFPB is focused on preventing avoidable foreclosures. The CFPB will pay particular attention to how well servicers are:

- Being proactive. Servicers should contact borrowers in forbearance before the end of the forbearance period so they have time to apply for help.
- Working with borrowers. Servicers should work to ensure borrowers have all necessary information and should help borrowers in obtaining documents and other information needed to evaluate the borrowers for assistance.
- Addressing language access. The CFPB will look carefully at how servicers manage communications with borrowers with limited English proficiency and maintain compliance with the Equal Credit Opportunity Act and other laws.
- Evaluating income fairly. Where servicers use income in determining eligibility for loss mitigation options, servicers should evaluate borrowers' income from public assistance, child-support, alimony or other sources in accordance with the Equal Credit Opportunity Act's anti-discrimination protections.
- Handling inquiries promptly. The CFPB will closely examine servicer conduct where hold times are longer than industry averages.
- Preventing avoidable foreclosures. The CFPB will expect servicers to comply with foreclosure restrictions in Regulation X and other federal and state restrictions in order to ensure that all homeowners have an opportunity to save their homes before foreclosure is initiated.

Provided that servicers are demonstrating effectiveness in helping consumers, in accord with today's compliance bulletin, the CFPB will continue to evaluate servicer activity consistent with the Joint Statement on Supervisory and Enforcement Practices Regarding the Mortgage Servicing Rules in Response to the COVID-19 Emergency and the CARES Act on April 3, 2020, which provides flexibility on certain timing requirements in the regulations.

Read the April 1, 2021 compliance bulletin.

Read the interagency statement regarding flexibilities under Regulation X.

Source link.

Comment: The RESPA rules regarding loss mitigation do not apply to small servicers. Mortgages backed by the federal government logically would follow government mandates. The CFPB has issued a statement directed at private mortgage lenders: "Our first priority is ensuring struggling families get the assistance they need. Servicers who put struggling families first have nothing to fear from our oversight, but we will hold accountable those who cause harm to homeowners and families," says CFPB acting director Dave Uejio. There's no explanation regarding what 'hold accountable' entails.

CFPB Rescinds Series of Policy Statements to Ensure Industry Complies with Consumer Protection Laws (03.31.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) announced it is rescinding seven policy statements issued last year that provided temporary flexibilities to financial institutions in consumer financial markets including mortgages, credit reporting, credit cards and prepaid cards. The seven rescissions, effective April 1, provide guidance to financial institutions on complying with their legal and regulatory obligations. With the rescissions, the CFPB is providing notice that it intends to exercise the full scope of the supervisory and enforcement authority provided under the Dodd-Frank Act. The CFPB is also rescinding its 2018 bulletin on supervisory communications and replacing it with a revised bulletin describing its use of matters requiring attention (MRAs) to effectively convey supervisory expectations.

"We are now over a year into the disruptive and deadly COVID-19 crisis. The virus has affected industry as well as consumers, but individuals and families have been hardest-hit by the pandemic's health and economic impacts," said CFPB Acting Director Dave Uejio. "Providing regulatory flexibility to companies should not come at the expense of consumers. Because many financial institutions have developed more robust remote capabilities and demonstrated improved operations, it is no longer prudent to maintain these flexibilities. The CFPB's first priority, today and always, is protecting consumers from harm."

The rescinded policy statements were issued between March 26 through June 3, 2020, and temporarily provided financial institutions with flexibilities regarding certain regulatory filings or compliance with consumer financial laws and regulations. The rescissions announced reflect the Bureau's commitment to consumer protection, and the fact that financial institutions have had a year to adapt their operations to the difficulties posed by the pandemic.

Source link.

Comment: The effect is to require banks to comply with various laws and regulations in accordance with pre-pandemic rules.

New Spanish Tools Now Available (03.26.2021)

We're releasing Your Money, Your Goals tools that can help Spanish speakers manage their finances during the coronavirus pandemic.

You can download 11 tools in Spanish that can be printed and filled out on paper or downloaded and filled out on the computer. Here are just a few of the tools now available in Spanish:

- Prioritizing bills - If you can't pay all your bills on time, this tool can help you prioritize which bills to pay first and helps you think through the impact of your choices.
- Bill calendar – This tool can help you keep track of when your bills are due and avoid late fees.
- Cutting expenses – This tool may spark ideas about how to cut costs and reduce expenses, so you can cover daily necessities.

You can also order free copies of our popular booklet: "Want credit to work for you? Start with these steps." This is a colorful, compact booklet with a selection of simplified tools from the Your Money, Your Goals toolkit that will help you:

- Order and review credit reports and dispute any errors that are found.
- Plan how to establish or build credit.
- Respond to identity theft.

You can find all of these tools and more on the CFPB's Spanish-language website consumerfinance.gov/es.

CFPB Annual Complaint Report Highlights More Than a Half-Million Complaints Received in 2020 (03.24.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) provided to Congress the Consumer Response Annual Report for 2020. The impact of the COVID-19 pandemic on the consumer financial marketplace is reflected in the increase of complaints submitted to the CFPB. The CFPB handled approximately 542,300 complaints last year—a nearly 54% increase over the approximately 352,400 complaints handled in 2019.

"The pandemic has been among the most disruptive long-term events we will see in our lifetimes," said CFPB Acting Director Dave Uejio. "Not surprisingly, the shockwaves it sent across the planet were felt deeply in the consumer financial marketplace. Consumer complaints provide the CFPB with an important real-time window into where consumers encounter problems in the marketplace. The CFPB expects companies to respond to these concerns and that consumers receive responses from companies that address the issues consumers raise in their complaints."

The report reflects issues consumers reported to the CFPB in 2020 as influenced by numerous factors including changing market conditions. The report includes analyses of complaints across multiple consumer financial products and services.

Throughout the pandemic, the CFPB has monitored the pandemic-related problems and issues reported by consumers, shared complaint information with federal and state agencies, and published complaints in the public Consumer Complaint Database.

According to the CFPB report:

- Credit and consumer reporting complaints accounted for more than 58% of complaints received, followed by debt collection (15%), credit card (7%), checking or savings (6%), and mortgage complaints (5%).
- Beginning in April 2020, consumers began to submit more than 3,000 complaints mentioning coronavirus keywords nearly every month. Consumers submitted approximately 32,100 complaints mentioning coronavirus or related keywords in 2020. Absence of coronavirus as a keyword in a complaint does not necessarily mean the complaint was not related to the financial impact of the pandemic.

- Consumers from Florida submitted more complaints per capita than consumers from any other state (309 complaints submitted per 100,000 in population).
- The CFPB received 40,800 complaints from self-identified servicemembers, veterans, and military families.

This report also highlights multi-year complaint trends that pre-date the pandemic, as well as how companies have responded to complaints. The report shows that:

- The CFPB received more complaints from consumers about inaccurate information on their credit and consumer reports in 2020 than in 2019.
- Consumers primarily submitted these complaints about the three largest Nationwide Credit Reporting Agencies (NCRAs): Equifax, Experian, and TransUnion.
- While the NCRAs typically provided substantive and comparatively detailed responses to the majority of complaints in prior years—including providing details of dispute investigations and outlining steps taken for consumers that are attempting to address identity theft—this year, the CFPB observed that the NCRAs stopped providing complete and accurate responses in many of these complaints.
- The NCRAs provided closure responses noting that a dispute would be filed on the consumer's behalf, but otherwise failed to address the issues consumers raise in their complaints.
- The NCRAs mentioned suspected third-party activity in their responses to consumers, but did not detail steps taken to authenticate consumers or to address the issues raised in their complaints.

The CFPB will issue a separate report later this year regarding complaints submitted about the NCRAs that are related to incomplete or inaccurate information on the consumers' credit reports in keeping with its reporting requirements under the Fair Credit Reporting Act.

The 2020 annual report can be found here: 2020 Consumer Response annual report

Source link.

Comment: It appears the CFPB will continue to use analytics to gain a sense of where it needs to focus to best protect consumers. Further, the Agencies have not wavered in their expectation that banks provide complete, accurate and timely responses to consumer complaints. There is never a bad time to make sure processes and procedures, including those relative to processing complaints, are functioning as intended.

CFPB Submits 2020 Report to Congress on the Administration of the Fair Debt Collection Practices Act (03.22.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) released the 2020 annual report to Congress on the administration of the Fair Debt Collection Practices Act (FDCPA). The report highlights efforts by the CFPB and the Federal Trade Commission (FTC) to protect consumers, particularly those who have suffered profound financial impacts due to the COVID-19 pandemic. The CFPB and the FTC, along with state and federal partners, accomplished much toward stopping unlawful debt collection practices and continuing their vigorous law enforcement, consumer education and public outreach, and policy initiatives.

In 2020, the CFPB engaged in four public enforcement actions, arising from alleged FDCPA violations. The CFPB resolved two of these cases. The two judgments ordered nearly $15.2 million in consumer redress and $80,000 in civil money penalties. Two cases remain in active litigation. Among other highlights, the report notes the following CFPB accomplishments:

- Identified several issues that raise the risk of consumer harm during the COVID-19 pandemic through its supervisory Prioritized Assessments;
- Published content to help consumers financially navigate the COVID-19 pandemic, including on debt collection, that has been accessed by users approximately 4.3 million times;
- Provided consumer debt collection educational materials – In 2020, "Ask CFPB," an interactive online consumer education tool logged 1.9 million pageviews and/or downloads in English and 220,000 in Spanish for its debt collection questions;
- Released a report highlighting servicemembers' complaint data from 2019;
- Published information about debt collection activity during the pandemic for student loans; and,
- Published results of a quantitative online survey of over 8,000 respondents to test several versions of disclosures to support the understanding of time-barred debt and revival that informed the CFPB's final rules on debt collection.

The CFPB and the FTC share authority to enforce the FDCPA, and continue to work closely to coordinate efforts to protect consumers from unfair, deceptive, and abusive debt collection practices. The two agencies reauthorized a permanent memorandum of understanding on February 2019 that facilitates consultation in rulemaking, enables coordination in enforcement, sharing of supervisory information and consumer complaints, and collaboration on consumer education.

The report is available here.

Source link.

Consumer Financial Protection Bureau Encourages Financial Institutions and Debt Collectors to Allow Stimulus Payments to Reach Consumers (03.17.2021)

WASHINGTON, D.C. – Consumer Financial Protection Bureau (CFPB) Acting Director Dave Uejio issued the following statement regarding consumers' access to Economic Impact Payment (EIP) funds distributed through the American Rescue Plan:

"The Consumer Financial Protection Bureau is squarely focused on addressing the impact of the COVID-19 pandemic on economically vulnerable consumers and is looking carefully at the stimulus payments that millions are now receiving through the American Rescue Plan. The Bureau is concerned that some of those desperately needed funds will not reach consumers, and will instead be intercepted by financial institutions or debt collectors to cover overdraft fees, past-due debts, or other liabilities.

"In recent days, many financial industry trade associations in dialogue with the CFPB have said they want to work with consumers struggling in the pandemic. Many of these organizations have told us they have begun or soon will take proactive measures to help ensure that consumers can access the full value of their stimulus payments. If payments are seized, many financial institutions have pledged to promptly restore the funds to the people who should receive them. We appreciate these efforts, which recognize the extraordinary nature of this crisis and the extraordinary financial challenges facing so many families across the country.

"I applaud the actions of our state partners, who have taken rapid action and concrete measures to protect stimulus funds. We will remain in touch with them to better understand the effectiveness of these actions. I'll also stay in touch with the Bureau's consumer stakeholders who provide valuable 'voice of the consumer' insight on problems with accessing their stimulus payments. The Bureau will continue to closely monitor consumer

complaint data and other information that will help us to better understand how these issues are affecting consumers.

"The Bureau will stay closely engaged on this issue as the COVID relief payment rollout continues."

Consumer Resources

Consumers should monitor their bank and credit union accounts or use the IRS's Get My Payment tool to confirm EIP funds have been deposited into their accounts. In addition, a new CFPB consumer advisory offers advice on steps consumers can take if they believe their bank or credit union has withheld their stimulus payment to cover an overdrawn account balance. Consumers should also be aware of scams and not give personal or banking information to unsolicited callers claiming to help with relief payments.

If consumers have a problem with their financial products or services, they can reach out directly to the company. Companies can usually answer questions unique to their situations and more specific to the products and services they offer. The CFPB can help consumers connect with companies about complaints. Consumers can submit complaints to the CFPB online or by calling (855) 411-2372.

Industry Resources

The Bureau's COVID-19 Prioritized Assessments Special Edition of Supervisory Highlights addressed, among other things, observations related to deposit accounts and stimulus payments.

Source link.

Comment: Consider setting up tools to prevent setoff of overdraft fees.

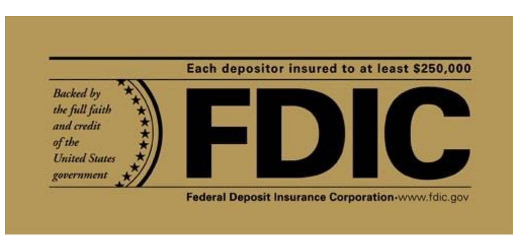
FDIC actions and news

FDIC Seeks Input on How to Modernize Sign and Advertising Requirements for Banks (04.09.2021)

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) announced that it is again seeking the public's input on potential modernization of its sign and advertising requirements to better reflect how banks and savings associations operate and how consumers use banking services.

On February 19, 2020, the FDIC published a notice in the Federal Register soliciting public input regarding potential changes to its official sign and advertising rules. However, given the challenges associated with the COVID-19 pandemic, the agency temporarily postponed this effort on April 16, 2020. As banks continue to innovate, the FDIC is renewing its effort to revise and clarify its official sign and advertising rules related to FDIC deposit insurance. Read the FDIC's Request for Information.

Given the significant changes in the banking sector since these rules were last significantly updated in 2006, the FDIC is considering how it might modernize them in a manner that better reflects today's market dynamics. The agency is also exploring ways to reduce consumer confusion and to support the banking industry's efforts to understand and apply these rules.



Importantly, the FDIC is also soliciting information on methods to prevent situations where consumers may have difficulty determining whether they are dealing with an FDIC-insured depository institution. Specifically, the agency is pursuing information about how technological or other solutions may help consumers distinguish FDIC-insured banks and savings association from non-bank entities, particularly those operating across digital and mobile channels.

The comment period will close on May 24th.

Source link.

Comment: One of the truly thorny issues is dealing with nonbanks that have their products linked to banks and then piggyback onto deposit insurance. The notice solicits input on how this should be distinguished.

FDIC Names New Members to Advisory Committee on Community Banking (04.06.2021)

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) announced nine new members of its Advisory Committee on Community Banking, which shares input with the FDIC on a broad range of community bank policy and regulatory matters. The Advisory Committee is composed of members representing a cross-section of community bankers from around the country.

On April 13, 2021, the Advisory Committee will meet to discuss local banking conditions as well as FDIC research relating to community banking and agricultural lending. The agenda also includes updates on supervision matters, the work of the Minority Depository Institutions Subcommittee, and the FDIC's office of innovation – FDiTech. Read the full agenda here.

The new members of the Advisory Committee are:

- Mike Bock, CEO, Dairy State Bank, Rice Lake, Wisconsin
- Harold Horvat, President, CEO & Chairman, Centreville Bank, West Warwick, Rhode Island
- Betsy Johnson, President & CEO, Solutions Bank, Forreston, Illinois
- Cindy Kitner, President & CEO, Jefferson Security Bank, Shepherdstown, West Virginia
- Bruce Lowry, President & CEO, Ireland Bank, Malad City, Idaho
- Neil McCurry, Jr., President & CEO, Sabal Palm Bank, Sarasota, Florida
- Margaret Oldner, CEO, Stone Bank, Mountain View, Arkansas
- Andrew West, President & CEO, Eagle Bank, Polson, Montana
- John Wharton V, President & CEO, Yampa Valley Bank, Steamboat Springs, Colorado
- The new members will join the following individuals already serving on the committee:
- Shaza Andersen, CEO, Trustar Bank, Great Falls, Virginia
- Sarah Getzlaff, CEO, Security First Bank of North Dakota, New Salem, North Dakota
- Stephen Hayes, Chairman & President, Dakota Prairie Bank, Ft. Pierre, South Dakota
- Kenneth Kelly, Chairman & CEO, First Independence Bank, Detroit, Michigan
- Teri Messerschmitt, President & CEO, South Ottumwa Savings Bank, Ottumwa, Iowa
- Patty Mongold, Chairperson, President & CEO, Mt. McKinley Bank, Fairbanks, Alaska
- Gilbert Narvaez, Jr., President & CEO, Falcon International Bank, Laredo, Texas
- Mark Pitkin, President & CEO, Sugar River Bank, Newport, New Hampshire

Information about the Advisory Committee on Community Banking, which was established in 2009, is available on the Committee's webpage.

The virtual meeting is open to the public via live webcast.

Source link.

Comment: Congratulations and 'Thank You!' to these community bankers.

FDIC Launches #GetBanked Campaign in Houston and Atlanta (04.06.2021)

WASHINGTON — As part of its ongoing efforts to expand financial inclusion, the Federal Deposit Insurance Corporation (FDIC) launched a public awareness campaign about the benefits of opening a bank account.

The FDIC's #GetBanked campaign will focus on the Houston and Atlanta areas, where research finds Black and Hispanic households are disproportionately unbanked. The goal of this targeted, pilot campaign is to support financial empowerment by encouraging consumers to consider opening a checking account that can result in access to safer and lower-cost financial products.

"Having a basic checking account can be an important first step to becoming part of the financial fabric of this country," said FDIC Chairman Jelena McWilliams. "I know from my personal experience that starting a banking relationship can offer a greater sense of belonging and expand economic opportunities."

According to the FDIC's *How America Banks* report, the average percentage of unbanked minority households is significantly higher than non-minority unbanked households.

	National % of Unbanked U.S. Households for 2019, according to *How America Banks*
White	2.5%
Black	13.8%
Hispanic	12.2%

The #GetBanked initiative began at the onset of the COVID-19 pandemic to inform consumers about how to open a bank account online and to facilitate the safe and timely distribution of economic impact payments through direct deposit.

The FDIC is offering a wealth of resources, including Top Reasons to Get Banked, a checklist to help consumers choose the best account to meet their needs, and a list of local partners who can help consumers find no- or low-cost bank accounts. A comprehensive #GetBanked toolkit, including print, audio/visual, and other resources, can be found on FDIC.gov/GetBanked.

Source link.

Comment: "The goal of this targeted, pilot campaign is to support financial empowerment by encouraging consumers to consider opening a checking account that can result in access to safer and lower-cost financial products," the FDIC said in announcing the pilot program.

FDIC Consumer Compliance Supervisory Highlights (03.31.2021)

WASHINGTON - The Federal Deposit Insurance Corporation (FDIC) issued the March 2021 edition of the *Consumer Compliance Supervisory Highlights*. The purpose of this publication is to enhance transparency regarding the FDIC's consumer compliance supervisory activities and to provide a high-level overview of consumer compliance issues identified in 2020 through the FDIC's supervision of state non-member banks and thrifts.

This edition of *Consumer Compliance Supervisory Highlights* includes a summary of the FDIC's supervisory approach in response to COVID-19, supervisory observations related to consumer protection laws, examples of practices that may be useful in mitigating risks, regulatory developments, and consumer compliance resources. This publication helps support efforts to manage consumer compliance responsibilities and stay abreast of regulatory topics.

The publication is available on the FDIC's website.

Source link.

Comment: This newsletter's identification of the most commonly cited statutes is helpful in identifying areas that should be carefully reviewed by a bank's compliance audit team.

Webpage with Information on the Brokered Deposits Regulation Including Instructions for Filing Requirements Under the Primary Purpose Exception (03.31.2021)

On April 1, 2021, the revisions to the brokered deposits regulation (see FIL-113-2020) take effect. The rule establishes a new framework for analyzing the primary purpose exception ("PPE") that includes a notice process for certain designated exceptions and an application process for entities that wish to invoke the PPE but do not meet one of the designated exceptions. To facilitate the implementation of the new regulations, the FDIC will add a Brokered Deposits webpage to the Banker Resource Center to provide information about the regulation, including filing instructions for the notice and application process. This new webpage will be available at 8:00 AM ET on April 1, 2021. The full compliance date with respect to the brokered deposit revisions is January 1, 2022.

Statement of Applicability: This Financial Institution Letter applies to all FDIC-Insured Institutions and other parties that may place or facilitate the placement of deposits at FDIC-insured institutions.

Highlights:

- The revised brokered deposits regulation, Section 337.6 of the FDIC's Rules and Regulations, includes an interpretation of the PPE, one of nine statutory exceptions to the deposit broker definition.
- Along with the new interpretation, the rule identifies several, specific business relationships as meeting the PPE, described as "designated exceptions."
- For two of the "designated exceptions," referred to as the "25 percent test" and the "enabling transactions test," the rule establishes a notice process in Section 303.243(b) of the FDIC's Rules and Regulations.
- The revisions also establish a new PPE application process in Section 303.243(b) of the FDIC's Rules and Regulations for entities that wish to be excluded from the deposit broker definition but do not meet one of the designated exceptions.
- The FDIC is updating its Banker Resource Center with a Brokered Deposit webpage, which will become available at 8:00 AM ET on April 1, to provide information and instructions about the new notice and application procedures, as well as general information relating to brokered deposits and the revised rule.

    - Entities interested in filing a notice or application for a PPE should review the instructions posted on the webpage.
- The FDIC is also posting the Small Entity Compliance Guide (Community Bank Information) on the webpage to promote understanding of the regulations.
- Additionally, the FDIC will post answers to a collection of questions about the regulation and filing process, and intends to periodically update these questions and answers.
- The FDIC also plans to make available a listing of entities that have submitted notices.
- The webpage will also include an e-mail address for general questions about brokered deposits and the new PPE notice and application process: Brokered_Dep@fdic.gov.

Final Rule: Brokered Deposits and Interest Rate Restrictions

FIL-113-2020: Combined Final Rule on Brokered Deposits and Interest Rate Restrictions

Press Release – FDIC Board Approves Final Rule

Source link.

FDIC Makes Public February Enforcement Actions (03.26.2021)

WASHINGTON - The Federal Deposit Insurance Corporation (FDIC) released a list of orders of administrative enforcement actions taken against banks and individuals in February. There are no administrative hearings scheduled for April 2021.

The FDIC issued nine safety & soundness orders in February 2021. The administrative enforcement actions in those orders consisted of one order of prohibition under 8(e), one order assessing civil money penalties, three Section 19 orders, one modification of an 8(e) order of prohibition, two orders terminating consent orders, and one order terminating deposit insurance.

To view orders, adjudicated decisions and notices and the administrative hearing details online, please visit the FDIC's Web page by clicking the link below.

February 2021 Enforcement Decisions and Orders

Source link.

OCC actions and news

Allowances for Credit Losses: New Comptroller's Handbook Booklet (04.15.2021)

The Office of the Comptroller of the Currency (OCC) issued the new "Allowances for Credit Losses" booklet of the Comptroller's Handbook, which is prepared for use by OCC examiners in connection with the examination and supervision of national banks, federal savings associations, and federal branches and agencies of foreign banking organizations (collectively, banks). The booklet provides examiners with information and examination procedures regarding allowances for credit losses (ACL). This booklet applies to the OCC's supervision of banks that have adopted the current expected credit losses (CECL) methodology under Accounting Standards Codification (ASC) Topic 326.1 The "Allowance for Loan and Lease Losses" booklet of the Comptroller's Handbook continues to apply to the OCC's supervision of banks that have not adopted CECL.

Note for Community Banks

The “Allowances for Credit Losses” booklet applies to the OCC’s supervision of community banks that have adopted the CECL methodology under ASC Topic 326. Most community banks will not adopt the CECL methodology until 2023. There is no expectation for a small, noncomplex bank to use a sophisticated measurement model to satisfy the requirements of ASC Topic 326.

Highlights

The booklet

- describes the CECL methodology’s scope, risks associated with ACLs, and seven primary components used to estimate ACLs.
  - discusses documentation and considerations for
  - expected credit losses.
  - estimation processes, including validation of and internal controls over these processes.
  - the maintenance of appropriate ACLs.
  - the responsibilities of boards of directors and management.
  - examiner reviews of ACLs
- provides procedures to aid examiners when assessing appropriateness of a bank’s ACL methodologies and balances.
- is consistent with the “Interagency Policy Statement on Allowances for Credit Losses” conveyed by OCC Bulletin 2020-49 and the “Frequently Asked Questions on the New Accounting Standard on Financial Instruments—Credit Losses” conveyed by OCC Bulletin 2019-17.

Background

For banks that have adopted the CECL methodology, an ACL for loans replaces the former allowance for loan and lease losses. Both methodologies provide for an estimate of uncollectible amounts maintained through a valuation account adjusted through charges to a bank’s operating income. The measurement framework and conceptual basis supporting an ACL differ, however, from those of the allowance for loan and lease losses.

After the Great Recession of 2008, banks and financial statement users expressed concern that U.S. generally accepted accounting principles restricted the ability to record credit losses that were expected but did not yet meet the probable threshold. This incurred notion delayed the recognition of credit losses and resulted in allowances that were too little, too late. Consequently, the Financial Accounting Standards Board worked to enhance standards on loan-loss provisioning to incorporate more forward-looking information.

A new accounting standard was released on June 16, 2016, and introduced the CECL methodology. Under CECL, ACLs are estimates of the expected credit losses on financial assets measured at amortized cost, which is measured using relevant information about past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectibility of the remaining cash flows over the contractual term of the financial assets.

Source link.

Interest Rate Risk: Interest Rate Risk Statistics Report (04.01.2021)

The Office of the Comptroller of the Currency (OCC) published the spring 2021 edition of the semiannual Interest Rate Risk Statistics Report. The report presents interest rate risk data gathered during examinations of OCC-

supervised midsize and community banks and federal savings associations (collectively, banks). The statistics are for informational purposes only and do not represent OCC-suggested limits or exposures.

Rescission

This bulletin rescinds OCC Bulletin 2020-91, "Interest Rate Risk: Interest Rate Risk Statistics Report," which transmitted the fall 2020 report.

Note for Community Banks

The publication contains information collected from banks supervised by the OCC's Midsize and Community Bank Supervision department. The report is for informational purposes only.

Highlights

The report provides statistics on interest rate risk exposures and risk limits for different midsize and community bank populations, including

- all OCC-supervised midsize and community banks with reported data.
- banks by asset size.
- banks by charter type.
- minority depository institutions.

The publication is intended as a resource to the industry, examiners, and the public.

Related Link

Interest Rate Risk Statistics Report Spring 2021

Source link.

Comment: From an interest rate perspective, the yield curve steepened and overall rates declined. The Fed Funds Target Rate fell 150 bps from a range of 1.50%-1.75% to a range of 0.00%-0.25%. Short term interest rates averaged about 145 basis points lower from December of 2019 to December of 2020 with the overall curve falling on average about 130 basis points.

OCC Reports Decline in Mortgage Performance for Fourth Quarter 2020 (03.25.2021)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) reported that the performance of first-lien mortgages in the federal banking system declined during the fourth quarter of 2020.

The OCC Mortgage Metrics Report, Fourth Quarter 2020 showed that 93.3 percent of mortgages included in the report were current and performing at the end of the quarter, compared to 96.5 percent a year earlier. The decline is a result of the COVID-19 pandemic and actions taken by banks to comply with the CARES Act.

The percentage of seriously delinquent mortgages—mortgages that are 60 or more days past due and all mortgages held by bankrupt borrowers whose payments are 30 or more days past due— was 5.2 percent in the fourth quarter of 2020, compared to 5.8 percent in the prior quarter and 1.5 percent a year ago.

Servicers initiated 789 new foreclosures during the fourth quarter of 2020-, a 113.8 percent increase from the previous quarter and a 96.5 percent decrease from a year ago. Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have significantly affected these metrics.

Servicers completed 41,030 mortgage modifications in the fourth quarter of 2020, an increase of 191.1 percent from the previous quarter. Of the 41,030 mortgage modifications, 32.6 percent of the modifications reduced borrowers' monthly payments, and 34,403, or 83.8 percent, were "combination modifications"— modifications that included multiple actions affecting affordability and sustainability of the loan, such as an interest rate reduction and a term extension.

The first-lien mortgages included in the OCC's quarterly report comprise 25 percent of all residential mortgage debt outstanding in the United States or approximately 13.8 million loans totaling $2.74 trillion in principal balances. This report provides information on mortgage performance through December 31, 2020, and it can be downloaded from the OCC's website, www.occ.gov.

Related Link

OCC Mortgage Metrics Report, Fourth Quarter 2020 (PDF)

Source link.

Comment: The OCC attributed the decline in performance to the COVID-19 pandemic and actions taken by banks to comply with the Coronavirus Aid, Relief, and Economic Security (CARES Act). The OCC noted in its Mortgage Metrics Report that under the CARES Act, customer relief and forbearance can extend up to 18 months.

OCC Appoints Seven New Members to Minority Depository Institutions Advisory Committee (03.18.2021)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) today named seven new members to its Minority Depository Institutions Advisory Committee (MDIAC).

The MDIAC advises the OCC on steps it can take to ensure the continued health and viability of minority depository institutions and other issues of concern to these institutions.

The new members are:

- Brian Argrett, President and CEO, City First Bank of DC, Washington, D.C.;
- Dr. Jody S. Lee, Chairwoman, Southwestern National Bank, Houston, Texas;
- Beverly Meek, First Vice-President, CRA Director, Flagstar Bank, Troy, Mich.;
- Thomas Ogaard, President and CEO, Native American Bank, NA, Denver, Colo.;
- Joe Quiroga, President, Texas National Bank, Mercedes, Texas;
- Kelly Skalicky, President and CEO, Stearns Bank, N.A, St. Cloud, Minn.; and
- Laurie Vignaud, President and CEO, Unity National Bank, Houston, Texas, and Atlanta, Ga.
- They join current MDIAC members:
- Natalie Abatemarco, Managing Director, Citi Community Development, Citibank, NA, New York, N.Y.;
- Jamie Bartholomew Aller, General Counsel and Director, The National Bank of Malvern, Malvern, Pa.; and
- John Hou, Chairman and Chief Executive Officer, Asian Pacific National Bank, San Gabriel, Calif.

Related Link

Minority Depository Institutions Advisory Committee

Source link.

Federal Reserve actions and news

Asked and Answered: FedNow Payment Flow (04.16.2021)

To help you stay informed on the upcoming FedNowSM Service, the Federal Reserve is sending you email communications with news and updates. Learn more at FedNow.org.

The Federal Reserve has received a lot of interest as well as questions from customers and stakeholders about various aspects of the FedNow Service since we announced its features and functionality. A number of these questions are specifically related to the payment flow of the service.

To address these questions, we've developed resources to help you better understand how a payment is cleared and settled through the FedNow Service and what role financial institutions play in the process. See our "How the FedNow Service will work" video and payment flow diagram for an overview.

Source link.

Federal Reserve Board Accepting Applications for its Community Advisory Council (04.12.2021)

The Federal Reserve Board announced that it is accepting applications from individuals who wish to be considered for membership on the Community Advisory Council (CAC). The CAC was formed in 2015. It advises the Board on issues affecting consumers and communities and complements two of the Board's other advisory councils whose members represent depository institutions—the Federal Advisory Council and the Community Depository Institutions Advisory Council.

The CAC is made up of a diverse group of experts and representatives of consumer and community development organizations and interests, including affordable housing, community and workforce development, small business, and asset and wealth building. CAC members meet semiannually with members of the Board of Governors in Washington to provide a range of perspectives on the economic circumstances and financial services needs of consumers and communities, with a particular focus on the concerns of low- and moderate-income consumers and communities.

The Board expects to announce the appointment of CAC members in the fall of 2021. Applicants from previous years are encouraged to re-apply in 2021. Additional information about the selection process, including instructions for submitting an application, can be found in the attached Federal Register Notice.

Source link.

Federal Reserve Board Publishes Frequently Asked Questions (FAQs) Comprising Existing Legal Interpretations Related to a Number of the Board's Longstanding Regulations (03.31.2021)

The Federal Reserve Board on Wednesday published frequently asked questions (FAQs) comprising existing legal interpretations related to a number of the Board's longstanding regulations. The FAQs are intended to increase transparency and enhance accessibility to Board and Board staff legal interpretations.

The FAQs include legal interpretations that have been formulated over time in response to specific requests related to each regulation. Each set includes significant existing interpretations of the regulation, including those found in Board orders, letters to specific requestors, and other sources, as well as those not previously available in written form.

Additional FAQs will be released periodically and posted on the Board's website.

Legal Interpretations FAQs of Board’s Regulations

Source link.

Comment: These legal interpretations clarify murky areas in critical regulations, like Regulation O.

Suspension of Regulation D Examination Procedures (03.29.2021)

On April 28, 2020, the Board of Governors of the Federal Reserve (Board) published an interim final rule to amend Regulation D (Reserve Requirements of Depository Institutions) to delete the six-per-month limit on convenient transfers from the “savings deposit” definition. The interim final rule allows, but does not require, financial institutions to suspend enforcement of the six-transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits.

In response to this regulatory change, the Board is joining other FFIEC agencies in suspending its consumer compliance examiners’ use of the Regulation D Examination Procedures. With removal of the limit on convenient transfers from savings deposits, financial institutions that decide to suspend enforcement of that six-transfer limit no longer need to monitor savings deposit account transaction activity to track the number of convenient transfers, notify customers who exceed the maximum number of transfers, or close savings deposit accounts that repeatedly exceed that maximum. In addition, customers of those institutions will receive the benefit of more convenient access to their funds.

Regardless of whether a financial institution intends to allow customers to make unlimited transfers and withdrawals from savings deposits, financial institutions must comply with the Truth in Savings Act’s implementing regulation, Regulation DD, which requires certain disclosures for deposit accounts. For example, Regulation DD requires that fees and transaction limitations be disclosed at account opening. Any subsequent changes to these terms that adversely affect consumers must also be disclosed at least 30 days prior to the effective date of the change. Given these Regulation DD disclosure requirements and their related examination procedures, suspension of the Regulation D Examination Procedures should reduce financial institutions’ compliance burden without any reduction in consumer financial protection.

Reserve Banks are asked to distribute this letter to the supervised institutions in their districts and to appropriate supervisory staff. Questions regarding this letter may be sent via the Board’s public website.

Source link.

Comment: It is worth noting the FRB deleted rather than suspended the six-per-month limit on convenient transfers from the "savings deposit" definition. This suspension of the exam procedures acknowledges that this change is not temporary.

Other federal action and news

CSBS - Community Bankers Speak on the Economy - Q1 2021 (04.06.2021)

"States of the Economy" is a monthly look at the economic picture across the country. In our discussion, CSBS Senior Economist Tom Siems focuses on how the national economic picture impacts local communities and what state regulators are looking out for.

At the end of each quarter, CSBS also includes feedback and data from community bankers who completed the Community Bank Sentiment Index (CBSI) for the quarter.

Source link.

Community Bankers Confidence in Economy Spikes as Regulatory Burden Concerns Rise (04.06.2021)

Washington, D.C. – Community bankers' assessment about future economic and financial conditions markedly improved in early 2021 but concerns about future regulatory burden worsened, according to the most recent Community Bank Sentiment Index (CBSI).

The Conference of State Bank Supervisors released the first quarter 2021 CBSI results, collecting data from 200 community banks across the nation during the month of March. The results showed a sentiment index of 115 points, up significantly from 98 in the fourth quarter of 2020 and the low 90s in the first half of 2020. Prior to the pandemic, the sentiment index hovered in the low 120s.

"The overall positive and rising sentiment is encouraging, but the community bankers' great concern that bank regulation will be more heavy-handed in the future should be noted," said CSBS Senior Economist Tom Siems, PhD. "These community banks serve their local communities and are crucial to sustaining economic growth and helping businesses and consumers recover from the 2020 pandemic-induced recession."

The CBSI captures on a quarterly basis what community bankers nationwide think about the future. Participant answers are analyzed and compiled into a single number; an index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

Key findings from the first quarter 2021 results include:

- At 115, the CBSI is about 7 points below 2019 levels; however, the index is 17 points higher than last quarter and 24 points higher than a year ago.
- Six of the seven components in the CBSI increased from the previous survey by an average of 22.5 points each.
- Bankers' outlook on future profitability increased the most, rising to 105 from 62 in the fourth quarter.
- The regulatory burden component dropped another 19 points to an historic low of 21.

For more on the CBSI, visit https://www.csbs.org/cbindex.

Source link.

IRS Provides Guidance for Employers Claiming the Employee Retention Credit for First Two Quarters of 2021 (04.02.2021)

WASHINGTON — The Internal Revenue Service today issued guidance for employers claiming the Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) modified by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act).

Notice 2021-23 PDF explains the changes to the Employee Retention Credit for the first two calendar quarters of 2021, including:

- the increase in the maximum credit amount,

- the expansion of the category of employers that may be eligible to claim the credit,
- modifications to the gross receipts test,
- revisions to the definition of qualified wages, and
- new restrictions on the ability of eligible employers to request an advance payment of the credit.

As a result of the changes made by the Relief Act, eligible employers can now claim a refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages they pay to employees after December 31, 2020, through June 30, 2021. Qualified wages are limited to $10,000 per employee per calendar quarter in 2021. Thus, the maximum employee retention credit available is $7,000 per employee per calendar quarter, for a total of $14,000 for the first two calendar quarters of 2021.

Employers can access the Employee Retention Credit for the 1st and 2nd calendar quarters of 2021 prior to filing their employment tax returns by reducing employment tax deposits. Small employers (i.e., employers with an average of 500 or fewer full-time employees in 2019) may request advance payment of the credit (subject to certain limits) on Form 7200, Advance of Employer Credits Due to Covid-19, after reducing deposits. In 2021, advances are not available for employers larger than this. Further details on how to calculate and claim the employee retention credit for the first two calendar quarters of 2021 can be found in Notice 2021-23.

Under the American Rescue Plan Act of 2021, enacted March 11, 2021, the Employee Retention Credit is available to eligible employers for wages paid during the third and fourth quarters of 2021. The Department of the Treasury and the IRS will provide further guidance on the Employee Retention Credit available under the ARPA.

Additional coronavirus relief information for businesses is available on IRS.gov.

Source link.

Comment: A significant change for 2020 made by the Relief Act permits eligible employers that received a Paycheck Protection Program (PPP) loan to claim the employee retention credit, although the same wages cannot be counted both for seeking forgiveness of the PPP loan and calculating the employee retention credit. Notice 2021-20 explains when and how employers that received a PPP loan can claim the employee retention credit for 2020.

FinCEN Launches Regulatory Process for New Beneficial Ownership Reporting Requirement (04.01.2021)

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) issued an Advance Notice of Proposed Rulemaking (ANPRM) to solicit public comment on a wide range of questions related to the implementation of the beneficial ownership information reporting provisions of the Corporate Transparency Act (CTA).

This ANPRM is the first in a series of regulatory actions that FinCEN will undertake to implement the CTA, which is included within the Anti-Money Laundering Act of 2020 (AML Act). The AML Act is part of the FY 2021 National Defense Authorization Act, which became law on January 1, 2021.

The CTA amended the Bank Secrecy Act to require corporations, limited liability companies, and similar entities to report certain information about their beneficial owners (the individual natural persons who ultimately own or control the companies). This new reporting requirement will enhance the national security of the United States by making it more difficult for malign actors to exploit opaque legal structures to launder money, finance

terrorism, proliferate weapons of mass destruction, traffic humans and drugs, and commit serious tax fraud and other crimes that harm the American people.

The CTA requires FinCEN to maintain the reported beneficial ownership information in a confidential, secure, and non-public database. Furthermore, the CTA authorizes FinCEN to disclose beneficial ownership information subject to appropriate protocols and for specific purposes to several categories of recipients, such as federal law enforcement. Finally, the CTA requires FinCEN to revise existing financial institution customer due diligence regulations concerning beneficial ownership to take into account the new direct reporting of beneficial ownership information.

FinCEN strongly encourages all interested parties, particularly those that would be affected by the beneficial ownership information reporting provisions or would seek access to reported beneficial ownership information, to submit written comments. Such written comments will help inform FinCEN's implementation of all aspects of the beneficial ownership reporting rulemaking.

Comments should be submitted by May 5, 2021.

Source link.

Comment: These regulations are essential in order to implement the critical change in law made by the CTA. The shift of responsibility for beneficial ownership reporting will not occur until these are finalized, with existing entities required to report not later than two years after the effective date of the regulations.

Updates in the Fight Against Money Laundering (03.26.2021)

One of the responsibilities of state and federal regulators is to help maintain the public's trust in the nation's financial system. A key way they go about maintaining this trust is by preventing bad actors from using banks and financial companies to move illicit funds.

But here's the thing about bad actors; just because there's a law on the books and a cop on the beat doesn't means they stop trying. As laws get implemented and regulators monitor the system, financial criminals come up with new and creative methods to avoid detection.

So regulators need to be nimble and adaptive. And, every so often, they need Congress to pass laws to give them more tools and methods to do their job right.

We talk about a law Congress recently passed to help fight financial crime. And we focus specifically on how a few simple changes are helping state regulators, federal regulators and banks team up to protect the financial system.

Source link.

What is Ransomware? (03.19.2021)

In this week's episode, we talk with CSBS's CISO Todd Scharf and learn about how ransomware can impact consumers and employees. We also cover common red flags and how consumers can protect themselves from ransomware attacks.

Source link.

Publications, articles, reports, studies, testimony & speeches

Industrial Production and Capacity Utilization - G.17 (04.15.2021)

In March, total industrial production increased 1.4 percent. The gain in March followed a drop of 2.6 percent in February, which largely resulted from widespread outages related to severe winter weather in the south central region of the country. For the first quarter as a whole, total industrial production rose 2.5 percent at an annual rate. In March, manufacturing production and mining output increased 2.7 percent and 5.7 percent, respectively. The output of utilities dropped 11.4 percent, as the demand for heating fell because of a swing in temperatures from an unseasonably cold February to an unseasonably warm March.

At 105.6 percent of its 2012 average, total industrial production in March was 1.0 percent higher than its year-earlier level, but it was 3.4 percent below its pre-pandemic (February 2020) level. Capacity utilization for the industrial sector increased 1.0 percentage point in March to 74.4 percent, a rate that is 5.2 percentage points below its long-run (1972–2020) average.

Source link.

Beige Book (04.14.2021)

This report was prepared at the Federal Reserve Bank of Dallas based on information collected on or before April 5, 2021. This document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

- Federal Reserve Bank of Boston
- Federal Reserve Bank of New York
- Federal Reserve Bank of Philadelphia
- Federal Reserve Bank of Cleveland
- Federal Reserve Bank of Richmond
- Federal Reserve Bank of Atlanta
- Federal Reserve Bank of Chicago
- Federal Reserve Bank of St. Louis
- Federal Reserve Bank of Minneapolis
- Federal Reserve Bank of Kansas City
- Federal Reserve Bank of Dallas
- Federal Reserve Bank of San Francisco

Overall Economic Activity

National economic activity accelerated to a moderate pace from late February to early April. Consumer spending strengthened. Reports on tourism were more upbeat, bolstered by a pickup in demand for leisure activities and travel which contacts attributed to spring break, an easing of pandemic-related restrictions, increased vaccinations, and recent stimulus payments among other factors. Auto sales grew, even as new-vehicle inventories remained constrained by microchip shortages. The picture in nonfinancial services generally

improved, partly supported by strengthening demand for transportation, professional and business, and leisure and hospitality services. Despite widespread supply chain disruptions, manufacturing activity expanded further with half the Districts citing robust growth. Bankers in most reporting Districts saw modest to moderate increases in overall loan volumes. Sustained high demand and tight supply of single-family homes further pushed up prices, and builders noted ongoing production challenges, including rising costs. Reports on commercial real estate and construction varied, with activity in the hotel, office, and retail segments generally remaining weak. Agricultural conditions were mostly stable over the reporting period. Activity in the energy sector was mixed; coal production fell, while oil and gas drilling was flat to up. Outlooks were more optimistic than in the previous report, boosted in part by an acceleration in COVID-19 vaccinations.

Employment and Wages

Employment growth picked up over the reporting period, with most Districts noting modest to moderate increases in headcounts. The pace of job growth varied by industry but was generally strongest in manufacturing, construction, and leisure and hospitality. Hiring remained a widespread challenge, particularly for low-wage or hourly workers, restraining job growth in some cases. Commercial and delivery drivers were specifically cited as in short supply, as were specialty and skilled tradespeople. Some firms noted absenteeism due to COVID-19 was down. Employment expectations were generally bullish. Wage growth accelerated slightly overall, with more significant wage pressures in industries like manufacturing and construction where finding and retaining workers was particularly difficult. Some contacts mentioned raising starting pay and offering signing bonuses to attract and retain employees.

Prices

Prices accelerated slightly since the last report, with many Districts reporting moderate price increases and some saying prices rose more robustly. Input costs rose across the board, but especially in the manufacturing, construction, retail, and transportation sectors—specifically, metals, lumber, food, and fuel prices. Cost increases were partly attributed to ongoing supply chain disruptions, temporarily exacerbated in some cases by winter weather events. There were widespread reports of increased selling prices also, but typically not on pace with rising costs. Contacts generally expect continued price increases in the near term.

Source link.

Consumer Credit - G.19 (04.07.2021)

February 2021

In February, consumer credit increased at a seasonally adjusted annual rate of 7.9 percent. Revolving credit increased at an annual rate of 10.1 percent, while nonrevolving credit increased at an annual rate of 7.3 percent.

Source link.

U.S. Economic Outlook and Monetary Policy - Vice Chair Richard H. Clarida (03.25.2021)

It is my pleasure to meet virtually with you today at the 2021 Institute of International Finance (IIF) Washington Policy Summit.1 I regret that we are not doing this session in person, but I do hope next time we will be gathering together in Washington. I look forward, as always, to a conversation with my good friend and one-time colleague Tim Adams, but first, please allow me to offer a few remarks on the economic outlook, Federal Reserve monetary policy, and our new monetary policy framework.

Current Economic Situation and Outlook

In the second quarter of last year, the COVID-19 pandemic and the mitigation efforts put in place to contain it delivered the most severe blow to the U.S. economy since the Great Depression. Gross domestic product (GDP) collapsed at a roughly 31.5 percent annual rate in the second quarter of 2020, more than 22 million jobs were lost in March and April, and the unemployment rate rose from a 50-year low of 3.5 percent in February to almost 15 percent in April. Since then, economic activity has rebounded, and it is clear that the economy has proven to be much more resilient than many forecast or feared one year ago. GDP grew by almost 8 percent at an annual rate in the second half of last year, and private forecasters project that GDP will grow roughly 6 percent—and possibly 7 percent—this year. As shown in the latest Summary of Economic Projections (SEP), the median of Federal Open Market Committee (FOMC) participants' projections for 2021 GDP growth is 6.5 percent.2 If these projections are realized, GDP will grow at the fastest four-quarter pace since 1984. And, as this is a virtual meeting of the IIF, I would be remiss if I did not highlight that if these projections for U.S. economic activity are realized, rising U.S. imports will serve as an important source of external demand to the rest of the world this year and beyond.

As with overall economic activity, conditions in the labor market have recently improved. Employment rose by 379,000 in February, as the leisure and hospitality sector recouped about two-thirds of the jobs that were lost in December and January. Nonetheless, employment is still 9.5 million below its pre-pandemic level for the economy as a whole. The unemployment rate remains elevated at 6.2 percent in February, and once one factors in the decline in the labor force since the onset of the pandemic and the misclassification of some workers on temporary layoff as employed, the true unemployment rate is closer to 10 percent.

It is worth highlighting that in the baseline projections of the FOMC presented in the latest SEP released last week, my colleagues and I substantially revised up our outlook for the economy, projecting a relatively rapid return to levels of employment and inflation consistent with the Federal Reserve's statutory mandate as compared with the recovery from the Global Financial Crisis. In particular, the median FOMC participant now projects the unemployment rate to reach 4.5 percent at the end of this year and 3.5 percent by the end of 2023.

With regards to inflation, the median inflation projection of FOMC participants is 2.4 percent this year and declines to 2 percent next year before moving back up to 2.1 percent in 2023. Over the next few months, 12-month measures of inflation are expected to move temporarily above our 2 percent longer-run goal, owing to a run of year-over-year comparisons with depressed service-sector prices recorded in the spring of 2020 and supply bottlenecks limiting how quickly production can respond in the near term. However, I expect most of this increase to be transitory and for inflation to return to—or perhaps run somewhat above—our 2 percent longer-run goal in 2022 and 2023. This outcome would be entirely consistent with the new framework we adopted in August 2020 and began to implement at our September 2020 FOMC meeting.3 In our new framework, we aim for inflation outcomes that keep inflation expectations well anchored at 2 percent. This means that following periods when inflation has been running below 2 percent—as has been the case for most of the past decade—monetary policy will aim for inflation to moderately exceed 2 percent for some time. And this brings me to the next topic.

Source link.

The Economic Outlook and Prospects for Small Business - Governor Michelle W. Bowman (03.22.2021)

Thank you, Doug, and thank you to the members of the Economic Club of Oklahoma for the opportunity to speak about a subject of vital interest to all of us—the outlook for the U.S. economy in 2021. Our nation has made

considerable progress since COVID-19 hit the economy with great force a year ago, but we still have further to go, and risks remain.1

As we all know, starting in late February or March of last year, widespread economic and social lockdowns and other effects of the COVID-19 pandemic caused the swiftest and deepest contraction in employment and economic activity since the Great Depression. Money markets, the Treasury market, and other parts of the financial system seized up, and there were fears of another severe financial crisis. The Federal Reserve stepped in quickly to assist, reviving several lending facilities used in the previous crisis and creating several new facilities. We also cut short-term interest rates to near zero and began purchasing large quantities of Treasury and agency securities to help sustain the flow of credit to households and businesses. Congress and the Administration also worked together to provide effective and timely support. Calm was restored in financial markets, and employment and output began growing in May, but it was a very deep hole to fill. Rapid progress over the summer gave way to slower growth over the past winter as COVID-19 infection rates surged. But in recent weeks, with steep declines in virus-related hospitalizations and deaths, the outlook has brightened. Job creation had stalled over the winter months but picked up in February, with an increase of around 380,000 jobs. The pace of vaccinations has accelerated, COVID-related restrictions on economic activity are beginning to ease, and the latest round of stimulus is boosting consumer spending.

Despite the news of the spread of more-contagious COVID-19 variants, efforts to increase vaccine shipments and recently announced plans for distribution to the broader public are encouraging and, if successful, give me some confidence that our economic performance will continue to improve quickly over the remainder of the year.

My outlook for the economy is broadly in line with the median of projections of other members of the Federal Open Market Committee (FOMC), published following our meeting last week. Most of my FOMC colleagues expect the economy to grow between 5.8 percent and 6.6 percent in 2021, and the median projection is that the unemployment rate will fall to 4.5 percent by the end of the year. My own expectation is for strong growth and a rebound in the labor force participation rate once the economy fully reopens. This would include schools resuming fulltime in-person learning, which would enable parents who reduced their hours or left the workforce to oversee virtual education and childcare to return to fulltime work.

Source link.

Remaining Patient as the Outlook Brightens - Governor Lael Brainard (03.23.2021)

It has now been a year since the onset of COVID-19 in the United States. The past year has been marked by heartache and hardship, especially for vulnerable communities, as well as by the resilience and extraordinary efforts of Americans everywhere, particularly those on the front lines. The past year has also seen determined efforts on the part of policymakers—public health, fiscal, and monetary—to do what is necessary and stay the course until we return to full strength.1

These determined efforts have contributed to a considerably brighter economic outlook. A comparison between the median of the most recent Federal Open Market Committee (FOMC) Summary of Economic Projections (SEP) and the first projection following the onset of the pandemic, in June of last year, highlights the improvement in the outlook. The change in the SEP median suggests an improvement in the projected level of gross domestic product of 6 percent at the end of 2021 and 2022, a decline in the unemployment rate of 2 percentage points at the end of 2021 and 1-1/2 percentage points at the end of 2022, and an upward revision to the headline inflation rate of 0.8 percentage point at the end of 2021 that narrows to a 0.3 percentage point upward revision at the

end of 2022.2 The expected improvements in the outlook reflect progress on controlling the virus, nearly $3 trillion in additional fiscal support, and forceful and timely support from monetary policy.

Although the outlook has brightened considerably, the fog of uncertainty associated with the virus has yet to lift completely, and current employment and inflation outcomes remain far from our goals. The focus on achieved outcomes rather than the anticipated outlook is central to the Committee's guidance regarding both asset purchases and the policy rate. The emphasis on outcomes rather than the outlook corresponds to the shift in our monetary policy approach that suggests policy should be patient rather than preemptive at this stage in the recovery.

Source link.

Financial Stability Implications of Climate Change - Governor Lael Brainard (03.23.2021)

I want to thank Ceres for inviting me to join this discussion. Let me start by noting that these are my own views and do not necessarily reflect those of the Federal Reserve Board or the Federal Open Market Committee.

Climate change is already imposing substantial economic costs and is projected to have a profound effect on the economy at home and abroad. Future financial and economic effects will depend on the severity of the physical effects of climate change and the nature and speed of the transition to a sustainable economy.

Financial market participants that do not put in place frameworks to assess and address climate-related risks could face significant losses on climate-sensitive assets caused by environmental shifts, by a disorderly transition, or both. Conversely, robust risk management; scenario analysis; consistent, comparable disclosures; and forward plans can help ensure the financial system is resilient to climate-related risks and well positioned to support the transition to a sustainable economy.

Source link.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

PROPOSED DATE	SUMMARY OF PROPOSED RULE
04.09.2021	Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X - The Bureau of Consumer Financial Protection (Bureau) seeks comment on proposed amendments to Regulation X to assist borrowers affected by the COVID-19 emergency. The Bureau is taking this action to help ensure that borrowers affected by the COVID-19 pandemic have an opportunity to be evaluated for loss mitigation before the initiation of foreclosure. The proposed amendments would establish a temporary COVID-19 emergency pre-foreclosure review period until December 31, 2021, for principal residences. In addition, the proposed amendments would temporarily permit mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application. The Bureau also proposes certain amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers. Comments must be received on or before May 10, 2021.
04.05.2021	Beneficial Ownership Information Reporting Requirements - FinCEN is issuing this advance notice of proposed rulemaking (ANPRM) to solicit public comment on questions pertinent to the implementation of the Corporate Transparency Act (CTA), enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA). This ANPRM seeks initial public input on procedures and standards for reporting companies to submit information to FinCEN about their beneficial owners (the individual natural persons who ultimately own or control the reporting companies) as required by the CTA. This ANPRM also seeks initial public input on FinCEN's implementation of the related provisions of the CTA that govern FinCEN's maintenance and

disclosure of beneficial ownership information subject to appropriate protocols. Written comments on this ANPRM must be received on or before May 5, 2021.

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know.

EFFECTIVE DATE:	SUMMARY OF FINAL RULE:
09.30.2020	Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule that delays the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses, Topic 326, Measurement of Credit Losses on Financial Instruments (CECL). The final rule provides banking organizations that implement CECL during the 2020 calendar year the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period. The agencies are providing this relief to allow these banking organizations to better focus on supporting lending to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the coronavirus disease 2019, while also maintaining the quality of regulatory capital. This final rule is consistent with the interim final rule published in the Federal Register on March 31, 2020, with certain clarifications and minor adjustments in response to public comments related to the mechanics of the transition and the eligibility criteria for applying the transition. DATES: The final rule is effective September 30, 2020.
10.01.2020	Regulatory Capital Rule: Temporary Changes to and Transition for the Community Bank Leverage Ratio Framework - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are adopting as final the revisions to the community bank leverage ratio framework made under two interim final rules issued in the Federal Register on April 23, 2020. The final rule adopts these interim final rules with no changes. Under the final rule, the community bank leverage ratio will remain 8 percent through calendar year 2020, will be 8.5 percent through calendar year 2021, and will be 9 percent thereafter. The final rule also maintains a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1 percentage point below the applicable community bank leverage ratio requirement. DATES: The final rule is effective October 1, 2020.
10.20.2020	Community Reinvestment Act Regulations - The Office of the Comptroller of the Currency (OCC) is adopting a final rule to strengthen and modernize the Community Reinvestment Act (CRA) by clarifying and expanding the activities that qualify for CRA credit; updating where activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting. DATES: This rule is effective on October 1, 2020. Banks must comply with the final amendments by October 1, 2020, January 1, 2023, or January 1, 2024, as applicable. Until the compliance dates, banks must continue to comply with parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C to 12 CFR 25). Alternatively, the OCC may permit a bank to voluntarily comply, in whole or in part, with the amendments adopted in this release prior to the applicable compliance dates. Parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C) expire on January 1, 2024.
10.20.2020	Applicability of Annual Independent Audits and Reporting Requirements for Fiscal Years Ending in 2021 - In light of recent disruptions in economic conditions caused by the coronavirus disease 2019 (COVID–19) and strains in U.S. financial markets, some insured depository institutions (IDIs) have experienced increases to their consolidated total assets as a result of large cash inflows resulting from participation in the Paycheck Protection Program (PPP), the Money Market Mutual Fund Liquidity Facility (MMLF), the Paycheck Protection Program Liquidity Facility (PPPLF), and the effects of other government stimulus efforts. Since these inflows may be temporary, but are significant and unpredictable, the FDIC is issuing an interim final rule (IFR) that will allow IDIs to determine the applicability of part 363 of the FDIC's regulations, Annual Independent Audits and Reporting Requirements, for fiscal years ending in 2021 based on the lesser of their (a) consolidated total assets as of December 31, 2019, or (b) consolidated total assets as of the beginning of their fiscal years ending in 2021. Notwithstanding any temporary relief provided by this IFR, an IDI would continue to be subject to any otherwise applicable statutory and regulatory audit and reporting requirements. The IFR also reserves the authority to require an IDI to comply with one or more requirements of part 363 if the FDIC determines that asset growth was related to a merger or acquisition. DATES: This IFR is effective immediately and will remain in effect through December 31, 2021, unless extended by the FDIC.
10.26.2020	HUD's Implementation of the Fair Housing Act's Disparate Impact Standard - HUD has long interpreted the Fair Housing Act ("the Act") to create liability for practices with an unjustified discriminatory effect, even if those practices were not motivated by discriminatory intent. This rule amends HUD's 2013 disparate impact standard regulation to better reflect the Supreme

Court's 2015 ruling in Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. and to provide clarification regarding the application of the standard to State laws governing the business of insurance. This rule revises the burden-shifting test for determining whether a given practice has an unjustified discriminatory effect and adds to illustrations of discriminatory housing practices found in HUD's Fair Housing Act regulations. This Final Rule also establishes a uniform standard for determining when a housing policy or practice with a discriminatory effect violates the Fair Housing Act and provides greater clarity of the law for individuals, litigants, regulators, and industry professionals. DATES: The final rule is effective October 26, 2020.

11.30.2020	Debt Collection Practices (Regulation F) - The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to revise Regulation F, which implements the Fair Debt Collection Practices Act (FDCPA) and currently contains the procedures for State application for exemption from the provisions of the FDCPA. The Bureau is finalizing Federal rules governing the activities of debt collectors, as that term is defined in the FDCPA. The Bureau's final rule addresses, among other things, communications in connection with debt collection and prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection. DATES: This rule is effective November 30, 2020. **Note**: The CFPB issued a Notice of Proposed Rulemaking (NPRM) to delay by 60 days the effective date of two final rules issued under the Fair Debt Collection Practices Act (FDCPA). The debt collection rules, issued in late 2020, are scheduled to take effect on November 30, 2021. The CFPB is proposing to extend the effective date of both rules to January 29, 2022. The proposed delay would allow stakeholders affected by the pandemic additional time to review and implement the rules.
12.02.2020	Temporary Asset Thresholds - To mitigate temporary transition costs on banking organizations related to the coronavirus disease 2019 (COVID event), the OCC, Board, and the FDIC (together, the agencies) are issuing an interim final rule to permit national banks, savings associations, state banks, bank holding companies, savings and loan holding companies, and U.S. branches and agencies of foreign banking organizations with under $10 billion in total assets as of December 31, 2019, (community banking organizations) to use asset data as of December 31, 2019, in order to determine the applicability of various regulatory asset thresholds during calendar years 2020 and 2021. For the same reasons, the Board is temporarily revising the instructions to a number of its regulatory reports to provide that community banking organizations may use asset data as of December 31, 2019, in order to determine reporting requirements for reports due in calendar years 2020 or 2021. DATES: Effective date: This rule is effective on December 2, 2020. Comment date: Comments must be received on or before February 1, 2021.
12.29.2020	True Lender Rule - The Office of the Comptroller of the Currency (OCC) is issuing this final rule to determine when a national bank or Federal savings association (bank) makes a loan and is the "true lender," including in the context of a partnership between a bank and a third party, such as a marketplace lender. Under this rule, a bank makes a loan if, as of the date of origination, it is named as the lender in the loan agreement or funds the loan. DATES: This rule is effective on December 29, 2020.
01.01.2021	Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA, and Qualified Mortgages) - The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule amending the regulation text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z; this final rule revises, as applicable, the dollar amounts for provisions implementing TILA and amendments to TILA, including under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Bureau is adjusting these amounts, where appropriate, based on the annual percentage change reflected in the Consumer Price Index (CPI) in effect on June 1, 2020. DATES: This final rule is effective January 1, 2021.
04.01.2021	Unsafe and Unsound Banking Practices: Brokered Deposits and Interest Rate Restriction - The FDIC is finalizing revisions to its regulations relating to the brokered deposits and interest rate restrictions that apply to less than well capitalized insured depository institutions. For brokered deposits, the final rule establishes a new framework for analyzing certain provisions of the "deposit broker" definition, including "facilitating" and "primary purpose." For the interest rate restrictions, the FDIC is amending its methodology for calculating the national rate, the national rate cap, and the local market rate cap. Further, the FDIC is explaining when nonmaturity deposits are accepted and when nonmaturity deposits are solicited for purposes of applying the brokered deposits and interest rate restrictions. DATES: Effective Date: April 1, 2021; with an extended compliance date of January 1, 2022, as provided in section I(C)(4).
07.01.2021	Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition - With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loan, and loans that meet Regulation Z's requirements for "qualified mortgages" (QMs) obtain certain protections from liability. One category of QMs is the General QM category. For General QMs, the ratio of the consumer's total monthly debt to total monthly income (DTI or DTI ratio) must not exceed 43 percent. This final rule amends the General QM loan definition in Regulation Z. Among other things, the final rule removes the General QM loan definition's 43 percent DTI limit and replaces it with price-based thresholds. Another category of QMs consists of loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) (government-sponsored enterprises or GSEs), while operating under the conservatorship or receivership of the

Federal Housing Finance Agency (FHFA). The GSEs are currently under Federal conservatorship. In 2013, the Bureau established this category of QMs (Temporary GSE QMs) as a temporary measure that would expire no later than January 10, 2021 or when the GSEs cease to operate under conservatorship. In a final rule released on October 20, 2020, the Bureau extended the Temporary GSE QM loan definition to expire on the mandatory compliance date of final amendments to the General QM loan definition in Regulation Z (or when the GSEs cease to operate under the conservatorship of the FHFA, if that happens earlier). In this final rule, the Bureau adopts the amendments to the General QM loan definition that are referenced in that separate final rule. DATES: This final rule is effective upon publication in the Federal Register. However, the mandatory compliance date is July 1, 2021.

04.01.2021 FDIC Rule on the Role of Supervisory Guidance - The FDIC is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the FDIC, Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency, Treasury (OCC), National Credit Union Administration (NCUA), and Bureau of Consumer Financial Protection (Bureau)(collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the FDIC will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the FDIC. The final rule adopts the rule as proposed without substantive changes. DATES: This final rule is effective April 1, 2021.

04.01.2021 Unsafe and Unsound Banking Practices: Brokered Deposits and Interest Rate Restriction - The FDIC is finalizing revisions to its regulations relating to the brokered deposits and interest rate restrictions that apply to less than well capitalized insured depository institutions. For brokered deposits, the final rule establishes a new framework for analyzing certain provisions of the "deposit broker" definition, including "facilitating" and "primary purpose." For the interest rate restrictions, the FDIC is amending its methodology for calculating the national rate, the national rate cap, and the local market rate cap. Further, the FDIC is explaining when nonmaturity deposits are accepted and when nonmaturity deposits are solicited for purposes of applying the brokered deposits and interest rate restrictions. DATES: Effective Date: April 1, 2021; with an extended compliance date of January 1, 2022, as provided in section I(C)(4).

03.15.2021 OCC Final Rule on Supervisory Guidance - The OCC is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the OCC, Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Bureau of Consumer Financial Protection (Bureau) (collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the OCC will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the OCC. The final rule adopts the rule as proposed without substantive change. DATES: This final rule is effective March 15, 2021.

03.15.2021 CFPB Final Rule On The Role Of Supervisory Guidance - The Bureau of Consumer Financial Protection (Bureau) is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Bureau (collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the Bureau will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the Bureau. The final rule adopts the rule as proposed without substantive change. DATES: This final rule is effective March 15, 2021.

03.01.2021 Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): Seasoned QM Loan Definition - With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loan, and loans that meet Regulation Z's requirements for "qualified mortgages" (QMs) obtain certain protections from liability. Regulation Z contains several categories of QMs, including the General QM category and a temporary category (Temporary GSE QMs) of loans that are eligible for purchase or guarantee by government-sponsored enterprises (GSEs) while they are operating under the conservatorship or receivership of the Federal Housing Finance Agency (FHFA). The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to create a new category of QMs (Seasoned QMs) for first-lien, fixed-rate covered transactions that have met certain performance requirements, are held in portfolio by the originating creditor or first purchaser for a 36-month period, comply with general restrictions on product features and points and fees, and meet certain underwriting requirements. The Bureau's primary objective with this final rule is to ensure access to

responsible, affordable mortgage credit by adding a Seasoned QM definition to the existing QM definitions. DATES: This final rule is effective March 1, 2021.

02.17.2021 Higher-Priced Mortgage Loan Escrow Exemption (Regulation Z) -The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to amend Regulation Z, which implements the Truth in Lending Act, as mandated by section 108 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The amendments exempt certain insured depository institutions and insured credit unions from the requirement to establish escrow accounts for certain higher-priced mortgage loans. DATES: This final rule is effective February 17, 2021.

Common words, phrases and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CFPB	Consumer Financial Protection Bureau
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFR	Code of Federal Regulations. Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act. This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report. Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than $10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency

FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register. U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program. U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control

OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act

Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury

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