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

'That smell of freshly cut grass makes me think of Friday night football in high school. The cutting of the grass reminds me of the August practice.' —Garth Brooks

Joint federal agency issuances, actions and news

FFIEC Issues Guidance on Authentication and Access to Financial Institution Services and Systems (08.11.2021)

The Federal Financial Institutions Examination Council (FFIEC), on behalf of its members, issued guidance that provides financial institutions with examples of effective authentication and access risk management principles and practices for customers, employees, and third parties accessing digital banking services and information systems.

The guidance:

- Highlights the current cybersecurity threat environment including increased remote access by customers and users, and attacks that leverage compromised credentials; and mentions the risks arising from push payment capabilities.
- Recognizes the importance of the financial institution's risk assessment to determine appropriate access and authentication practices to determine the wide range of users accessing financial institution systems and services.
- Supports a financial institution's adoption of layered security and underscores weaknesses in single-factor authentication.
- Discusses how multi-factor authentication or controls of equivalent strength can more effectively mitigate risks.
- Includes examples of authentication controls, and a list of government and industry resources and references to assist financial institutions with authentication and access management.

The new guidance replaces previous documents issued in 2005 and 2011.

Attachment:

FFIEC Authentication and Access to Financial Institution Services and Systems Guidance (PDF)

Source link.

Comment: The updated guidance should be reviewed to determine whether security procedures required in certain agreements (like online wire and ACH initiation) should be updated.

Proposed Revisions to the Consolidated Reports of Condition and Income (Call Reports) Related to Deferred Taxes and the Standardized Approach for Counterparty Credit Risk (SA-CCR) (07.26.2021)

The Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency (collectively, the agencies), under the auspices of the Federal Financial Institutions Examination Council (FFIEC), are requesting comment on proposed revisions to clarify

instructions for reporting of deferred tax assets consistent with a proposed rule on tax allocation agreements (see FIL-29-2021, dated April 22, 2021), and a new item related to the final rule on SA-CCR (see FIL-74-2019, dated December 2, 2019).

As described in the attached Federal Register notice, beginning with the December 31, 2021, Call Reports, the agencies propose to revise the Call Report instructions' Glossary entry for "Income Taxes," and Schedule RC-R, Part I, Regulatory Capital Components and Ratios, which would have a new line item 31.b, "Standardized Approach for Counterparty Credit Risk opt-in election."

The agencies are proposing to revise the "Income Taxes" Glossary entry to address treatment of temporary difference deferred tax items and operating loss and tax credit carryforward deferred tax assets as stated in the proposed rule on tax allocation agreements. The new item related to SA-CCR would identify institutions that have chosen to early adopt or voluntarily elect SA-CCR, which would allow for enhanced comparability of the reported derivative data and better supervision of the implementation of the framework at these institutions.

The agencies encourage you to review the proposed regulatory reporting changes. You may send comments on this reporting proposal to any or all of the agencies by the methods described in the attached Federal Register notice. Comments must be submitted by September 20, 2021. Redlined copies of the FFIEC 031, FFIEC 041, and FFIEC 051 Call Report forms showing the proposed change and the related draft reporting instructions will be available on the FFIEC's webpages for these reports, which can be accessed from the FFIEC's Reporting Forms webpage.

Please share this letter with individuals responsible for preparing Call Reports at your institution. For further information about the proposed Call Report changes, institutions should contact their assigned Call Report analyst. If you do not know the analyst assigned to your institution, state member institutions should contact their Federal Reserve District Bank, while national institutions, FDIC-supervised banks, and savings associations should contact the FDIC's Data Collection and Analysis Section in Washington, D.C., by telephone at (800) 688-FDIC (3342) or email to FDICInfoReq@fdic.gov.

Federal Register Notice

Source link.

CFPB Actions And News

CFPB Report: Mortgage Servicers' Pandemic Response Varies Significantly (08.10.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) published a report detailing 16 large mortgage servicers' COVID-19 pandemic response. The report's data metrics include call handling and loan delinquency rates, and they highlight the industry's widely varied response to the pandemic. For example, many servicers managed to handle high call volume with an average hold time below 3 minutes, while others reported keeping callers waiting for as long as 26 minutes. The CFPB expects servicers to compare the report's findings to their own internal metrics to identify opportunities for, and demonstrate concrete efforts toward, improvement.

"Many emergency mortgage protections are winding down, and servicers have had ample time to prepare for the millions of distressed homeowners who need their assistance," said CFPB Acting Director Dave Uejio. "Today's report should inform servicers' own data reviews as they determine whether they are doing enough

for borrowers. Servicers who find themselves at the bottom of the pack should immediately take corrective steps. The CFPB will hold accountable those servicers who cause harm to homeowners and families."

The CFPB used supervisory data from 16 large servicers to understand how they are interacting with homeowners during the pandemic and whether those interactions are effective. The CFPB is monitoring key data metrics, including:

- Call metrics to understand how servicers managed the volume of homeowner calls. The metrics in the report include Average Speed to Answer (ASA) and Abandonment Rates (AR), a measure of how many borrowers disconnect from servicing calls prior to completion. Most servicers reported abandonment rates of less than 5% during the reporting period, while others exceeded 20%, and one peaked at 34%.
- Pandemic forbearance exit metrics to determine the support provided to homeowners transitioning out of COVID-19 hardship forbearance programs. Many servicers saw increased delinquent exit rates in March and April 2021, and some servicers were clear outliers. For federally backed loans, 3 servicers, which used the same sub-servicer, had relatively higher delinquent exit rates for one or more serviced portfolios – consistently exceeding 50%.
- Delinquency metrics to identify, among other things, variation of homeowner delinquency rates among servicers. Overall delinquency rates ranged from about 1% to 26% for both federally backed and private loans. (Differences in delinquency rates may reflect the differing composition and risk profile of each servicer's portfolio.)
- Borrower profile metrics to determine whether and how servicers track borrowers' race and limited English proficiency (LEP) status. Nearly half of servicers in the report clearly stated that they did not collect or maintain information about borrowers' LEP status, which may lead to borrowers not receiving needed language assistance. Some of the servicers also reported not maintaining data on borrowers' race, which may raise the risk of fair lending violations.
- Pandemic assistance enrollment metrics to understand the types of assistance programs offered to homeowners and whether homeowner applications to those programs were accepted or rejected. Forbearance was widely available for borrowers with both federally backed and private loans, and the reported denial rates were consistently low for both loan types.

The CFPB continues to encourage servicers to enhance their customer communication capabilities and outreach efforts. Servicers should educate and assist borrowers in avoiding delinquency and enrolling in widely available assistance and loss mitigation options. The CFPB will continue its oversight work through examinations and enforcement, and it will hold servicers accountable for complying with existing regulatory requirements, as well as the amended Mortgage Servicing Rules that take effect August 31, 2021.

Read the full Mortgage Servicing Metrics Report.

Source link.

Comment: Note that the pandemic assistance programs did not apply to "small servicers" as defined in Regulation X.

CFPB Issues Interpretive Rule on Certain Mortgage and Disclosure Timing Requirements for the 2021 Juneteenth Federal Holiday (08.05.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) released an interpretive rule to assist the mortgage industry in determining whether to treat June 19, 2021, as a federal holiday or a business day for purposes of compliance with certain time-sensitive borrower protections.

“The federal recognition and celebration of Juneteenth was a welcome and important step toward healing the national legacy of slavery,” said CFPB Acting Director Dave Uejio. “We understand that the quick enactment of the federal Juneteenth legislation created interpretive questions and compliance challenges for the mortgage industry with respect to rescission of closed-end mortgages and certain time-sensitive mortgage disclosures. The mortgage industry can refer to the interpretive rule when determining how to treat June 19, 2021.”

Regulation Z of the CFPB’s mortgage rules establishes timing requirements, calculated in business days, for when borrowers must receive certain disclosures and when borrowers have the right to cancel some mortgages. Because the Juneteenth National Independence Day Act was signed into law two days before the newly created holiday on June 19, many participants in the mortgage industry reported being unsure of how to treat the day for purposes of regulatory compliance.

For rescission of closed-end mortgages and TILA-RESPA Integrated Disclosures, whether June 19, 2021, counts as a business day or federal holiday depends on when the relevant time period began. If the relevant time period began:

- On or before June 17, 2021, then June 19 was a business day.
- After June 17, 2021, then June 19 was a federal holiday.

Additionally, the interpretive rule explains that creditors are not prohibited from providing longer time periods than required, so if a time period began on, or prior to, June 17, 2021, creditors could still consider June 19, 2021, a federal holiday. Friday, June 18, the day of federal observance for the 2021 Juneteenth holiday, was considered a business day because when a federal holiday falls on a Saturday, the day of federal observance is considered a business day for these time-sensitive consumer protections.

Read the interpretive rule.

Source link.

Comment: While community bankers appreciate the interpretations, the relative overall importance of the guidance issued after Juneteenth remains unclear. Banks will likely be able to rely on the guidance to address TRID issues during compliance exams, but this may not be the case if an issue arises in consumer litigation.

CFPB Releases Updated Mortgage Servicing Small Entity Compliance Guide (08.04.2021)

The Bureau updated the Mortgage Servicing Small Entity Compliance Guide to incorporate references to the most recent Mortgage Servicing Rules. The updates provide an overview of the 2021 Mortgage Servicing COVID-19 Final Rule and 2020 Mortgage Servicing COVID-19 Interim Final Rule provisions, as well as identify what areas of the underlying Mortgage Servicing Rules are impacted by these Rules.

In addition, this version of the guide also updates the discussion of the servicing file requirements under the existing Mortgage Servicing Rules to provide guidance about compliant use of multiple electronic systems.

The updates to the Small Entity Compliance Guide are summarized in the version log.

You can access the Mortgage Servicing Small Entity Compliance Guide here:

www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/mortserv/

Comment: Remember that although the loss mitigation rules do not apply to "small servicers" as defined in Regulation Z, many other requirements apply to all servicers. These include the successors in interest, error resolution and force-place insurance rules—which are addressed in this guide.

CFPB Confirms Effective Date for Debt Collection Final Rules (07.30.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) announced that two final rules issued under the Fair Debt Collection Practices Act (FDCPA) will take effect as planned, on November 30, 2021. The CFPB issued a proposal in April 2021 that, if finalized, would have extended the effective dates to January 29, 2022. The CFPB has now determined that such an extension is unnecessary. Following this announcement, the CFPB will publish a formal notice in the Federal Register withdrawing the April 2021 proposal.

The CFPB proposed extending the final rules' effective date by 60 days to allow stakeholders affected by the COVID-19 pandemic additional time to review and implement the rules. The public comments generally did not support an extension. Most industry commenters stated that they would be prepared to comply with the final rules by November 30, 2021. Although consumer advocate commenters generally supported extending the effective date, they did not focus on whether additional time is needed to implement the rules. The alternative basis for an extension that many commenters urged, a reconsideration of the rules, was beyond the scope of the NPRM and could raise concerns under the Administrative Procedure Act. Nothing in this decision precludes the CFPB from reconsidering the debt collection rules at a later date.

Two final rules under the FDCPA will take effect in November. The first rule, issued in October 2020, focuses on debt collection communications and clarifies the FDCPA's prohibitions on harassment and abuse, false or misleading representations, and unfair practices by debt collectors when collecting consumer debt. The second rule, issued in December 2020, clarifies disclosures debt collectors must provide to consumers at the beginning of collection communications. The second rule also prohibits debt collectors from suing or threatening to sue consumers on time-barred debt. Additionally, the second 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 CFPB is committed to informing consumers about their rights and protections under the rules and assisting debt collectors in implementing them. Consumer education materials on debt collection and resources to help debt collectors understand, implement, and comply with the rules are available through consumerfinance.gov.

The CFPB will consider additional guidance for debt collectors, including those that service mortgage loans, as necessary. The CFPB recognizes that mortgage servicers are expected to receive a potentially historically high number of loss mitigation inquiries in the fall as large numbers of borrowers exit forbearance and that, as a result, mortgage servicers in particular may face capacity constraints. The CFPB will continue to work with all market participants to ensure a smooth and successful implementation.

Source link.

Comment: The rules apply only to third-party debt collectors, not community banks and other first-party debt collectors. If your bank engages third-party debt collectors, make sure they follow the rules as part of your vendor management process.

CFPB and FHFA Release Updated Data from the National Survey of Mortgage Originations for Public Use (07.29.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) and the Federal Housing Finance Agency (FHFA) published updated loan-level data for public use collected through the National Survey of Mortgage Originations (NSMO). The data provide insights into borrowers' experiences obtaining residential mortgages.

Since 2014, FHFA and CFPB have sent surveys each quarter to borrowers who had recently obtained mortgages. These surveys gather feedback on borrowers' experiences during the process of getting a mortgage, their perceptions of the mortgage market, and their future expectations. The release adds two additional years of new mortgage data through 2019.

Key highlights of the data include:

- The percent of survey respondents who reported not being concerned about qualifying for a mortgage during the application process increased somewhat from 2018 to 2019 (from 48 to 51 percent for home purchase mortgages and 57 to 66 percent for refinances).
- The percent of survey respondents who reported a paperless online mortgage process being important in choosing the mortgage lender/broker remained relatively high and unchanged from 2018 to 2019 (40 percent for home purchase mortgages and 44 percent for refinances).
- The percent of survey respondents who reported applying for a mortgage through a mortgage broker increased from 2018 to 2019 (from 42 to 46 percent for home purchase mortgages and 30 to 38 percent for refinances). On the other hand, the percent of survey respondents who applied directly through a bank or credit union decreased from 2018 to 2019 (from 54 to 49 for home purchase mortgages and 67 to 61 for refinances).

"The NSMO data released today sets a baseline about how borrowers viewed the mortgage process just prior to the COVID crisis," said FHFA Deputy Director Lynn Fisher. "Releasing this data to the public helps promote an understanding of the specific challenges and successes that borrowers experienced during the mortgage process."

"Hearing directly from borrowers is key to helping us better understand mortgage market trends," said Mark McArdle, CFPB Assistant Director for Mortgage Markets. "The data collected in this survey will provide us with a fuller picture of borrowers' experiences and will improve the lending process for future borrowers."

The NSMO is a component of the National Mortgage Database (NMDB®), the first comprehensive repository of detailed mortgage loan information designed to support policymaking and research efforts and to help regulators better understand emerging mortgage and housing market trends.

The NMDB is designed to fulfill the requirements of the Housing and Economic Recovery Act (HERA) and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). HERA mandated that FHFA conduct a monthly mortgage survey of all residential mortgages, including those not eligible for purchase by Fannie Mae and Freddie Mac. The Dodd-Frank Act mandated that CFPB monitor the primary mortgage market, in part through the use of the survey data.

Access the NSMO Public Use File

Source link.

CFPB Releases Online Tool to Help Renters and Landlords Access Federal Assistance (07.28.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) released an online tool to help renters and landlords impacted by the pandemic easily find and apply for payment assistance for rent, utilities and other expenses. The Rental Assistance Finder, available at www.consumerfinance.gov/renthelp, connects renters and landlords with the state and local programs that are distributing billions of dollars in federal assistance nationwide to help renters stay housed during the pandemic.

"Millions of people are behind on their rent and at risk of eviction as a result of the pandemic," said CFPB Acting Director Dave Uejio. "The Rental Assistance Finder will make it easier for renters and landlords to locate the financial assistance available in their area. People across the country are already receiving billions of dollars in assistance, and with this new tool we hope even more renters and landlords will take advantage of this emergency relief. This money is a win-win for both landlords and renters and a better outcome for all than costly, needless evictions."

The CFPB will conduct a demonstration of the Rental Assistance Finder tool via Webex. Below are the details:

Date: Wednesday, July 28, 2021

Time: 11 am, EDT

Link:
https://cfpbevents.webex.com/cfpbevents/onstage/g.php?MTID=e072c8ccfbc4eb8752948875c1d65d4ed

Access Code: 199 090 4698

Password: zYJNnEbh@784 (please do not cut & paste the password)

According to a CFPB analysis of Census Household Pulse Survey data from June 23–July 5, 16 percent of adults living in households who rent said they are currently behind on their payments. Of adults living in households behind on rent, 49 percent, or approximately 3.6 million of them say that eviction in the next two months is somewhat or very likely.

As part of an unprecedented economic recovery effort, the federal government has allocated more than $46 billion to assist households unable to pay rent, utilities, and other housing costs. All 50 states and hundreds of local, tribal, and other programs are distributing funds. The CFPB's Rental Assistance Finder tool will make it easier for renters and landlords to connect with rental assistance programs in their area, and take the first steps toward accessing available funds.

The CFPB is working closely with partners across the federal government to provide homeowners and renters the resources they need, including information to understand their rights and protections. Along with the U.S. Departments of Agriculture, Housing and Urban Development, Treasury, Veterans Affairs, and the Federal Housing Finance Agency, the CFPB has created consumerfinance.gov/housing, which serves as the federal government's one-stop, go-to resource for up-to-date information on relief options, protections, and key deadlines.

The CFPB has taken other actions to support renters during COVID-19, including a joint statement with then-FTC Acting Chair Rebecca Kelly Slaughter promising to monitor illegal eviction activity, an interim final rule detailing illegal debt collection practices in connection with evictions during the pandemic, and a bulletin explaining Fair Credit Reporting Act obligations related to the reporting of rental and eviction information during the pandemic, including particularly the treatment of rental assistance payments.

Access the Rental Assistance Finder.

Source link.

Comment: This assistance can provide a lifeline to small landlords as well as relief to their tenants. Consider sharing this information with these rental property borrowers.

CFPB Finds Credit Applications Have Mostly Recovered to Pre-Pandemic Levels (07.27.2021)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) published an issue brief showing that consumer applications for auto loans, new mortgages and revolving credit cards had mostly returned to pre-pandemic levels by May 2021. Prime and near-prime consumers are driving this recovery as applications remain down from borrowers with subprime and deep subprime for all types of credit and, for borrowers with superprime credit scores, applications are down for all types of credit but mortgages. The report also provides a state-by-state analysis of the change in credit applications for auto loans, new mortgages, and revolving credit cards and shows wide geographic variability in the demand for auto loans. The report issued follows previous data published in May and December of 2020. As with those previous reports, the CFPB notes an increase in credit applications, particularly from borrowers with below prime credit scores, in conjunction with federal stimulus payments.

"While consumer credit applications have generally recovered to pre-pandemic levels in the aggregate, we see important differences across consumers," said Acting CFPB Director David Uejio. "Both borrowers with superprime and subprime credit scores are still not applying for credit as much as they were pre-pandemic. We will continue to keep a close watch on the marketplace as the economic recovery continues, to help ensure all consumers have access to financial products and services that are fair, transparent, and competitive."

Key findings in the brief include:

- Auto loan inquiries saw a drop of 52 percent by the end of March 2020 and returned to their usual pre-pandemic trend by January 2021.
- New mortgage credit inquiries saw a smaller drop in March 2020 compared to other types of inquiries and then surged. Subsequently, inquiries have exceeded their usual, seasonally adjusted volume by 10 to 30 percent, reflecting the unusually high activity in the mortgage market throughout the pandemic.
- Revolving credit card inquiries took the longest to recover from the initial March 2020 decline, until March 2021, when the level of these inquiries reached back to their usual levels.
- Consumers with deep subprime credit scores showed the largest decline in auto loan inquiries compared to prior years, followed by inquiries from consumers with subprime credit scores. These consumers also showed declines in new mortgage and revolving credit card inquiries.
- Changes in auto loan and new mortgage applications were quite varied across the states while changes in credit card applications were generally uniform.

In preparing the brief, the CFPB used its Consumer Credit Panel, a sample of credit records maintained by one of the three nationwide consumer reporting agencies (NCRAs). Before being provided to the Bureau, the records are stripped of any information that might reveal consumers' identities, such as names, addresses, and Social Security numbers.

Read the Recovery of Credit Applications to Pre-Pandemic Levels brief.

Source link.

FDIC actions and news

Request for Information on the Federal Deposit Insurance Corporation's Supervisory Approach to Examinations During the Pandemic (08.13.2021)

The Federal Deposit Insurance Corporation (FDIC) is seeking information and comments, from financial institutions for which the FDIC is the primary Federal regulator, regarding the FDIC's supervisory approach to examinations during the pandemic. On March 13, 2020, by Proclamation 9994, the President of the United States declared a National Emergency concerning the Coronavirus Disease 2019 (COVID-19) pandemic. The next day, the FDIC Chairman issued a mandatory telework order for all employees, consistent with the FDIC's Continuity of Operations Plan and its continued balancing of risks and mitigations under the FDIC Pandemic Influenza Plan. This telework order provided, among other things, that unless otherwise directed, all examination activity of FDIC-supervised institutions to be conducted off-site.

Statement of Applicability: This Financial Institution Letter (FIL) applies to all FDIC-supervised financial institutions.

Highlights:

- The FDIC is issuing a Request for Information (RFI) seeking feedback and comments from FDIC-supervised financial institutions regarding the FDIC's supervisory approach to examinations during the pandemic, including the impact of off-site activities on institution operations, the effectiveness of technology used to carry out off-site activities, and the effectiveness of communication methods used to support off-site activities.
- For a number of years prior to the pandemic, the FDIC had been leveraging technology advances to allow examiners to conduct off-site certain examination functions that were previously performed on-site. Throughout the COVID-19 pandemic, examiners have continued the FDIC examination program despite pandemic conditions, in part by leveraging prior efforts and existing technology systems.
- The FDIC requests comment on the processes and technologies leveraged in conducting off-site examinations. Specifically, the FDIC is seeking comment on what worked well in the off-site examination context to inform plans for future examinations, consistent with applicable law and the purpose of examinations.
- Comments must be received by October 12, 2021.

Attachment:

Request For Information

Source link.

Comment: Consider providing information either directly to the FDIC or to your trade association.

FDIC Makes Public June Enforcement Actions (07.30.2021)

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

The FDIC issued 14 Orders and one Decision and Order in June 2021. The administrative enforcement actions in those 14 Orders and one Decision and Order consisted of: four Orders to Pay Civil Money Penalties, one Section 19 Application, two Orders Terminating Consent Orders, four Orders of Termination of Insurance, and six Orders of Prohibition from Further Participation.

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

Source link.

Comment: These are always interesting as they reflect examination findings and regulatory focus.

Answers to Frequently Asked Questions about the Impact of London Interbank Offered Rate (LIBOR) Transitions on Regulatory Capital Instruments (07.29.2021)

The Federal Deposit Insurance Corporation (FDIC) is issuing answers to frequently asked questions (FAQs) about the impact of LIBOR transitions on regulatory capital instruments under 12 CFR 324. Among other things, the FAQs address the issue of changing a reference rate from LIBOR to an alternative rate and clarify that such a transition would not change the capital treatment of the instrument, provided the alternative rate is economically equivalent with the LIBOR-based rate. The Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System are issuing similar FAQs.

The FAQs can be found on the FDIC's website.

Statement of Applicability: The final rule is applicable to all FDIC-supervised institutions.

Highlights:

- The FAQs clarify that the agencies do not consider the replacement or amendment of a capital instrument (e.g., qualifying preferred stock or subordinated debt) that solely replaces a reference rate linked to LIBOR with another reference rate or rate structure to constitute an issuance of a new capital instrument for purposes of the capital rule. Such a replacement or amendment also would not create an incentive to redeem, as long as the replacement or amended capital instrument is not substantially different from the original instrument from an economic perspective.
- An FDIC-supervised institution that replaces or amends the terms of a capital instrument to transition from LIBOR should support its determination with an appropriate analysis that demonstrates that the replacement or amended instrument is not substantially different from the original instrument from an economic perspective. The FDIC may ask the supervised institution to provide the analysis.
- Considerations for determining that a replacement or amended capital instrument is not substantially different from the original instrument from an economic perspective could include, but are not limited to, whether the replacement or amended instrument has amended terms beyond those relevant to implementing the new reference rate or rate structure.

Attachment:

Regulatory Capital Rule FAQs on LIBOR transition

Source link.

Comment: If your institution has loans with rates tied to LIBOR, be sure to review these FAQs.

Notice of Proposed Rulemaking on Simplification of Deposit Insurance Rules for Trust and Mortgage Servicing Accounts (07.20.2021)

The Federal Deposit Insurance Corporation (FDIC) published a proposed rule to amend the deposit insurance regulations for trust accounts and mortgage servicing accounts. The changes are intended to make the deposit insurance rules easier to understand for depositors and bankers, facilitate more timely insurance determinations for trust accounts in the event of a bank failure, and enhance consistency of insurance coverage for mortgage servicing account deposits. Comments on the proposed rule will be accepted for 60 days after publication in the Federal Register.

The proposed rule and a Fact Sheet can be found on the FDIC's website.

Statement of Applicability: This Financial Institution Letter applies to all FDIC-insured institutions.

Highlights:

- The FDIC is publishing for comment a proposed rule to simplify deposit insurance coverage rules.
- The proposal would establish a simple, consistent formula for calculating deposit insurance coverage for all revocable and irrevocable trust accounts.
- Under the proposed rule, the revocable and irrevocable trust deposit insurance categories would be merged into a new "trust accounts" category.
- A deposit owner's trust deposits would be insured in an amount up to $250,000 per beneficiary, not to exceed five beneficiaries, regardless of whether a trust is revocable or irrevocable, and regardless of contingencies or the allocation of funds among the beneficiaries.
- This would provide a maximum amount of deposit insurance coverage of $1,250,000 per owner, per insured depository institution for trust deposits.
- Additionally, mortgage servicers' advances of principal and interest funds on behalf of mortgagors in a mortgage servicing account would be insured up to $250,000 per mortgagor, consistent with the coverage for payments of principal and interest collected directly from mortgagors.
- Comments on the proposed rule will be accepted for 60 days after publication in the Federal Register.

Proposed Rule

Fact Sheet

Source link.

Comment: If adopted, this change would result in certain multi-party accounts being treated differently. If styled as "trust" accounts, they would be insured like formal trusts. If styled as "POD" accounts, they would be insured under that rule.

OCC actions and news

Community Reinvestment Act, Fair Housing Act, and Equal Credit Opportunity Act: OCC Contact Information for Certain Notices and Posters (08.05.2021)

This bulletin informs national banks, federal savings associations, and federal branches and agencies of foreign banking organizations (collectively, banks) of the appropriate names and addresses for notices required by the Community Reinvestment Act (CRA) and Equal Credit Opportunity Act, and for posters under the Fair Housing

Act. Banks should make the appropriate changes to their notices and posters, if necessary, within 90 days of this bulletin's date of issuance.

Rescission

This bulletin rescinds OCC Bulletin 2011-41, "Community Reinvestment Act Notices, Fair Housing Act Posters, Equal Credit Opportunity Act Notices: Guidance."

Note for Community Banks

This bulletin applies to community banks. The CRA information applies to community banks subject to the CRA.

Source link.

Comment: National banks and federal savings banks should update the OCC contact in these notices and posters. It affects the CRA notice, Fair Housing Act poster and ECOA notice.

Small Business Administration Lending: Risk Management Principles (08.05.2021)

The Office of the Comptroller of the Currency (OCC) is issuing this bulletin to inform banks and examiners about sound risk management principles associated with engaging in U.S. Small Business Administration (SBA) guaranteed lending programs. A bank's SBA lending activities, including purchasing investments backed by SBA-guaranteed loans, should be consistent with the bank's overall business plans, strategies, risk appetite, and sound risk management.

Note for Community Banks

This bulletin applies to community banks engaged in SBA lending activities.

Highlights

The attachment to this bulletin discusses

- background information about SBA lending programs.
- risks associated with SBA lending activities.
- SBA lending risk management principles.

Further Information

Please contact David H. Ni, Bank Examiner and Risk Specialist, or James M. Calhoun, Commercial Credit Technical Expert, Commercial Credit Risk Division, at (202) 649-6670.

Source link.

Comment: The bulletin addresses credit risk, operational and compliance risks, liquidity and price risks, and strategic risk; risk management principles strategic planning; policies and processes; risk rating of SBA loans; credit loss allowance; concentration risk management; stress testing; regulatory reporting; capital considerations; and accounting for SBA loans sales and assets.

Acting Comptroller of the Currency Testifies on Regulatory Priorities (08.03.2021)

WASHINGTON—Acting Comptroller of the Currency Michael J. Hsu testified at a hearing before the U.S. Senate Committee on Banking, Housing and Urban Affairs.

The Acting Comptroller's testimony discussed the agency's priorities, review of key regulatory standards, and efforts to promote fairness and inclusion in the federal banking system. Mr. Hsu's testimony also discussed issues unique to community banks.

Related Links

Oral Statement (PDF)

Written Testimony (PDF)

Source link.

Comment: Based on this testimony, we can expect to see more activity with regard to consumer lending and overdraft privilege. Also, climate change is likely to be added to risk assessments.

Electronic Fund Transfer Act: Supplemental OCC Examination Procedures on Remittance Transfer Amendments; Summary of Amendments; and Rescissions (08.02.2021)

This bulletin provides the Office of the Comptroller of the Currency's (OCC) supplemental examination procedures on remittance transfers. The examination procedures are prepared for use by OCC examiners as a supplement to the Federal Financial Institutions Examination Council's interagency Electronic Fund Transfer Act (EFTA) procedures that the OCC adopted in 2019. In addition, this bulletin summarizes the Consumer Financial Protection Bureau's (CFPB) Regulation E amendments regarding remittance transfers that became effective in July 2020. The CFPB has exclusive Regulation E rulemaking authority and supervisory jurisdiction for banks with assets over $10 billion. The OCC has Regulation E supervisory jurisdiction for banks with assets of $10 billion or less.

Rescissions

With the issuance of this bulletin, the following have been rescinded:

- The "Electronic Fund Transfer Act" booklet of the Comptroller's Handbook, which is replaced by the 2019 interagency EFTA examination procedures. The procedures are listed on the Comptroller's Handbook page on OCC.gov as "Electronic Fund Transfer Act (Interagency)."
- OCC Bulletin 2019-16, "Consumer Compliance: Revised Interagency Examination Procedures," which conveyed the 2019 interagency examination procedures for the EFTA and for the Truth in Lending Act.
- OCC Bulletin 2014-43, "Electronic Fund Transfer Act: Comptroller's Handbook Booklet Revision and Rescission."

Note for Community Banks

This bulletin applies to community banks with electronic fund and remittance transfers.

Highlights

The supplemental examination procedures address the following provisions for implementation of the Regulation E requirement to disclose the exact cost of remittance transfers

- increases in the safe harbor threshold that excludes certain banks from the requirements for a bank that provides remittance transfers for consumers in the normal course of the bank's business.
- exceptions regarding exchange rates and third-party fees. Banks continue to be allowed to disclose the following estimates to consumers:

- Exchange rate: Banks may estimate the exchange rate for a remittance transfer to a particular country if certain conditions are met, including
  - the bank cannot determine the exact exchange rate for the remittance transfer at the time it is required to provide applicable disclosures.
  - in the prior calendar year, the bank made 1,000 or fewer remittance transfers to the particular country for which the designated recipients received funds in the country's local currency.
  - the remittance transfer is initiated from the sender's account to a recipient's account within the same bank.
- Third-party fees: Banks may estimate covered third-party fees for a remittance transfer if certain conditions are met, including
  - the bank cannot determine the exact covered third-party fees for the remittance transfer at the time it is required to provide applicable disclosures.
  - either (1) the bank made 500 or fewer remittance transfers to the designated recipient's institution in the prior calendar year, or (2) a statute or regulation prohibits the bank from being able to determine the exact covered third-party fees.
  - the remittance transfer is initiated from the sender's account to a recipient's account within the same bank.

Background

The EFTA and its implementing regulation, Regulation E, establish certain protections for consumers sending international money transfers, or remittance transfers. Regulation E specifies the information that must be disclosed to consumers who send remittance transfers. This includes information related to the exact cost of a remittance transfer. A statutory exception previously allowed banks to disclose estimates to consumers rather than exact amounts. This exception expired on July 21, 2020. In response to the statutory exception's expiration, the CFPB amended Regulation E and the official interpretations of Regulation E. The amendments address an increased safe harbor threshold and permanently adopt exceptions for continued disclosure of exchange rate and third-party fee estimates. The amendments became effective on July 21, 2020.

Summary of Amendments

A "normal course of business safe harbor" amendment increased the safe harbor threshold under Regulation E. The regulation defines "remittance transfer provider" in part to mean any person who initiates remittance transfers for a consumer in the normal course of business. As originally adopted, the normal course of business safe harbor threshold stated that a person is deemed not to be providing remittance transfers for a consumer in the normal course of business if the person made 100 or fewer remittance transfers in the previous calendar year and makes 100 or fewer remittance transfers in the current calendar year. This amendment increased the normal course of business safe harbor threshold from 100 or fewer transfers to 500 or fewer transfers annually. These changes to the threshold appear in the definition of remittance transfer provider in 12 CFR 1005.30(f) and related commentary.

The "exchange rate and third-party fee estimate" exceptions were permanently adopted to address compliance challenges that banks may face in certain circumstances upon the July 21, 2020, expiration of a temporary statutory exception from providing the exact costs of remittance transfers.

Regarding the exchange rate and third-party fee estimate exceptions, the CFPB adopted a transition period for banks that exceed, as applicable, the 1,000- or 500-transfer thresholds in a certain year. This transition period

allows these banks to continue to deliver estimates for a reasonable period of time, while they came into compliance with the requirement to provide exact amounts. Specifically, comment 32(b)(4)-3 discusses the transition period if a bank in the prior calendar year did not exceed the 1,000-transfer threshold to a particular country pursuant to 12 CFR 1005.32(b)(4)(i)(C), but does exceed the 1,000-transfer threshold in the current calendar year. In that case, the bank has a reasonable amount of time after exceeding the 1,000-transfer threshold to begin providing exact exchange rates in disclosures (assuming the bank cannot rely on another exception in 12 CFR 1005.32 to estimate the exchange rate). The reasonable amount of time must not exceed the later of six months after exceeding the 1,000- or 500-transfer threshold in the current calendar year or January 1 of the next year. Comment 32(b)(5)-5 applies the same reasonable amount of time to the transition period for third-party fees.

Source link.

Libor Transition: Regulatory Capital Rule Frequently Asked Questions (07.29.2021)

The Office of the Comptroller of the Currency (OCC) is publishing two frequently asked questions (FAQ) concerning the regulatory capital treatment of capital instruments whose terms reference the London Interbank Offered Rate (Libor). The Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation are issuing similar FAQs.

Note for Community Banks

The statement applies to community banks that have issued regulatory capital instruments referencing Libor.

Highlights

The two FAQs address the continued regulatory capital eligibility of capital instruments that a bank replaces or amends as a result of the transition from Libor.

Frequently Asked Questions

Redemption or Reissuance of Regulatory Capital Instruments

Question: Would replacing or amending the terms of a capital instrument to transition from Libor to another reference rate or rate structure be considered an issuance of a new instrument under the capital rule (12 CFR 3) for purposes of the eligibility criteria for regulatory capital?

Answer: The OCC does not consider the replacement or amendment of a capital instrument that solely replaces a reference rate linked to Libor with another reference rate or rate structure to constitute an issuance of a new capital instrument for purposes of the capital rule. If changes in the terms of the replacement or amended capital instrument solely relate to the adoption of the new reference rate or rate structure, and there are no substantial differences from the original instrument from an economic perspective, the replacement or amended instrument would not be considered a new instrument for purposes of the eligibility criteria for regulatory capital. In this case, for purposes of the capital rule, the replacement or amended instrument would retain the maturity of the original instrument.

A bank that replaces or amends the terms of a capital instrument to transition from Libor should support its determination with an appropriate analysis that demonstrates that the replacement or amended instrument is not substantially different from the original instrument from an economic perspective. The OCC may request that the bank provide this analysis. Considerations for determining that a replacement or amended capital instrument is not substantially different from the original instrument from an economic perspective could

include, but are not limited to, whether the replacement or amended instrument has amended terms beyond those relevant to implementing the new reference rate or rate structure.

Regulatory Capital Instruments With Changing Distribution Rates

Question: For purposes of the eligibility criteria for regulatory capital, would replacing or amending the terms of a capital instrument to transition from Libor to another reference rate or rate structure be considered creating an incentive to redeem the instrument under the capital rule (12 CFR 3)?

Answer: The OCC does not consider the replacement or amendment of a capital instrument that solely replaces a reference rate linked to Libor with another reference rate or rate structure to constitute creating an incentive to redeem, as long as the replacement or amended capital instrument is not substantially different from the original instrument from an economic perspective. For example, amending the credit spread solely to reflect the difference in basis between Libor and the replacement reference rate and not adjusting for changes in the credit quality of the issuer would not result in creating an incentive to redeem the capital instrument.

A bank that replaces or amends the terms of a capital instrument to transition from Libor should support its determination with an appropriate analysis that demonstrates that the replacement or amended instrument is not substantially different from the original instrument from an economic perspective. The OCC may request that the bank provide this analysis. Considerations for determining that a replacement or amended capital instrument is not substantially different from the original instrument from an economic perspective could include, but are not limited to, whether the replacement or amended instrument has amended terms beyond those relevant to implementing the new reference rate or rate structure.

Source link.

Comment: If your bank has used LIBOR in its interest rate calculation, review these helpful FAQs.

OCC Announces Climate Change Risk Officer, Membership in the NGFS (07.27.2021)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) announced the appointment of Darrin Benhart as its Climate Change Risk Officer and its membership in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

“Prudently managing climate change risk is a safety and a soundness issue,” said Acting Comptroller of the Currency Michael J. Hsu. “The changes announced today will enable the agency to be more proactive in accelerating the development and adoption of robust climate change risk management practices, especially at the larger banks.”

In May, Acting Comptroller Hsu indicated that the agency would be taking a two-pronged approach to act on climate change: engaging and learning from others and supporting the development and adoption of effective climate risk management practices at banks. Today’s moves facilitate action on both fronts.

As the primary prudential regulator of approximately 70 percent of the assets in the U.S. commercial banking system, the OCC is joining NGFS to collaborate with central banks and peer supervisors to share best practices and contribute to the development of climate risk management in the financial sector.

“I am especially excited to announce the appointment of Darrin Benhart as the OCC’s first Climate Change Risk Officer,” Acting Comptroller Hsu said. “Having Darrin in this newly created position will significantly expand the agency’s capacity to collaborate with stakeholders and to promote improvements in climate change risk management at banks. Darrin brings a wealth of supervisory, policy, and leadership experience to the role.”

Mr. Benhart moves to this new position from his role in OCC Large Bank Supervision as a key member of the team overseeing Bank of America. He previously served as Deputy Comptroller for Supervision Risk Management. In that role, he served as chair of the OCC's National Risk Committee, which is charged with identifying primary and emerging areas of risk to the federal banking system and ensuring that the risks are communicated throughout the agency and to the industry. He also served as Deputy Comptroller for Credit and Market Risk, where he was a principal advisor on risks facing the banking system and set policies for the Commercial and Retail Credit Policy units.

Mr. Benhart joined the OCC in 1992. He received his undergraduate degree in business administration with an emphasis in finance from the University of Northern Iowa and is a Commissioned National Bank Examiner.

Mr. Benhart's appointment is part of the agency's holistic efforts to ensure the federal banking system proactively manages the financial risks of climate change and its efforts to improve its energy efficiency and reduce its overall carbon footprint, which align with broader efforts across the federal government. This position will report to the Senior Deputy Comptroller for Supervision Risk and Analysis.

Source link.

Comment: This appointment, coupled with Hsu's testimony, reinforces the fact that the OCC will be addressing climate change in its regulatory activities.

Interagency Statement on Community Reinvestment Act Joint Agency Action (07.20.2021)

WASHINGTON—The Federal Reserve Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) are committed to working together to jointly strengthen and modernize regulations implementing the Community Reinvestment Act (CRA).

The agencies have broad authority and responsibility for implementing the CRA. Joint agency action will best achieve a consistent, modernized framework across all banks to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods.

Source link.

Comment: This is a good move as consistency across charters provides more regulatory certainty. Now, see the next item!

OCC Statement on Rescinding its 2020 Community Reinvestment Act Rule (07.20.2021)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) announced it will propose rescinding the Community Reinvestment Act (CRA) rule issued in May 2020 and is committed to working with the Federal Reserve (Board) and the Federal Deposit Insurance Corporation (FDIC) to put forward a joint rulemaking that strengthens and modernizes the CRA.

This decision follows the completion of a review initiated by Acting Comptroller of the Currency Michael Hsu shortly after he took office.

"To ensure fairness in the face of persistent and rising inequality and changes in banking, the CRA must be strengthened and modernized," said Acting Comptroller Hsu. "The disproportionate impacts of the pandemic on low and moderate income communities, the comments provided on the Board's Advanced Notice of Proposed Rulemaking, and our experience with implementation of the 2020 rule have highlighted the criticality

of strengthening the CRA jointly with the Board and FDIC. While the OCC deserves credit for taking action to modernize the CRA through adoption of the 2020 rule, upon review I believe it was a false start. This is why we will propose rescinding it and facilitating an orderly transition to a new rule. I look forward to working with the other agencies to develop a joint Notice of Proposed Rulemaking and building on the ANPR proposed by the Board in September 2020."

Source link.

Comment: The devil is in the details. We applaud this effort, but we sincerely hope that all regulators will follow the OCC's lead in clearly identifying qualifying activities.

Federal Reserve actions and news

Federal Reserve Board Extends Comment Period on Proposed Rule to Govern Funds Transfers Over the Federal Reserve Banks' FedNow Service (08.03.2021)

The Federal Reserve Board announced on Tuesday that it will extend until September 9, 2021, the comment period for its proposal to govern funds transfers over the Federal Reserve Banks' FedNow℠ Service. The FedNow Service is a new 24x7x365 service that will support instant payments in the United States and is expected to be available in 2023.

The Board extended the comment period to allow interested persons more time to analyze the proposal and prepare their comments. Originally, comments were due by August 10, 2021.

The Board's Federal Register notice is attached.

Federal Register notice: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire

Source link.

Comment: The Fed's proposal would amend Regulation J to govern funds transfers through the Federal Reserve Banks' Fednow service by establishing a new subpart C. The proposal also includes revisions and clarifications to subpart B, governing the Fedwire Funds Service, to reflect the fact that the Reserve Banks will be operating a second funds transfer service and makes technical corrections to subpart A, governing the check service.

The July 2021 Senior Loan Officer Opinion Survey on Bank Lending Practices (08.02.2021)

The July 2021 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months, which generally correspond to the second quarter of 2021.1

Regarding loans to businesses, respondents to the July survey, on balance, reported easier standards and stronger demand for commercial and industrial (C&I) loans to firms of all sizes over the second quarter.2 For commercial real estate (CRE), standards on multifamily and construction and land development loans eased, while standards on loans secured by nonfarm nonresidential properties remained basically unchanged. Banks reported stronger demand for all CRE loan categories.

For loans to households, banks eased standards across most categories of residential real estate (RRE) loans, on net, and reported stronger demand for most types of RRE loans over the second quarter. Banks also eased standards and reported stronger demand across all three consumer loan categories—credit card loans, auto loans, and other consumer loans.

The survey included an additional set of special questions inquiring about the current level of lending standards relative to the midpoint of the range over which banks' standards have varied since 2005. Banks, on balance, reported that their lending standards on C&I loans are currently at the easier end of the range of standards between 2005 and the present. For subprime consumer loans and most categories of commercial or residential mortgages, banks reported currently having relatively tighter levels of lending standards on net. However, the reported levels of lending standards eased for all loan categories relative to the July 2020 survey.

Additionally, banks were asked to report when standards reached their easiest and tightest points since 2005. Most banks reported that standards were easiest between 2005 and 2007 and tightest between 2008 and 2010, indicating that the ranges of standards in consideration have not changed significantly since 2011—the first year that special questions on the levels of standards were asked.

Source link.

Consumer Compliance Outlook Latest Issue is Now Available (07.30.2021)

The latest issue of Consumer Compliance Outlook is now available on the Outlook website. This issue focuses on error resolution procedures and consumer liability for unauthorized transactions for debit and credit cards, prepaid accounts, and foreign remittance transfers. The full list of articles and features includes:

- Error Resolution and Liability Limitations Under Regulations E and Z: Regulatory Requirements, Common Violations, and Sound Practices:
- Error Resolution and Liability Limits for Prepaid Accounts and Foreign Remittance Transfers
- Community Banks and the Fed: Working Together
- Compliance Alert: CFPB Discusses Expectations for Servicers
- News from Washington: Regulatory Updates
- On the Docket: Recent Federal Court Opinions
- Regulatory Calendar
- Entire issue (pdf download)

We welcome your suggestions for topics for articles or webinars, or any other feedback you wish to provide, at outlook@phil.frb.org.

Comment: This publication is well worth a careful read. It identifies regulatory issues that are currently receiving attention. Learn from the mistakes of others!

Other federal action and news

CSBS States of the Economy - August 2021 (08.13.2021)

"States of the Economy" is a monthly look at the economic picture across the country. In our discussion, CSBS Senior Economist Tom Siems joins Matt Longacre to discuss factors driving the disappointing April jobs report, and what regulators should be looking out for in the months to come.

Source link.

CSBS Statutory Requirements for Opening Bank Accounts for Minors (08.11.2021)

This map is intended to provide state specific information regarding statutory requirements for the opening of bank accounts for minors. Please click on a state for detailed information. For questions, please contact the State Banking Department or CSBS Staff.

State laws may have changed since the survey was completed in July 2016. Depository institutions should consult with their legal counsel and state regulator for the latest applicable state law requirements.

Source link.

Comment: When reviewing these laws, remember that an institution still may have internal policies for risk management that provide appropriate limits on minor accounts.

FinCEN Holds Second Virtual FinCEN Exchange on Ransomware (08.10.2021)

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) convened a virtual FinCEN Exchange with representatives from financial institutions, technology firms, third-party service providers, and federal government agencies to discuss ongoing concerns regarding ransomware, as well as efforts by the public and private sectors. Topics discussed include cybercrime, trends and typologies, detection and reporting, and the recovery of funds after ransomware attacks. This FinCEN Exchange builds upon FinCEN's November 2020 event on ransomware.

Ransomware is malicious software designed to block access to a computer system or data, often by encrypting data or programs, to extort ransom payments from victims in exchange for decrypting the information and restoring victims' access to their systems or data. Ransomware attacks can lead to the loss of critical personal and commercial information, as well as compromised business functionality. Ransomware attacks have targeted not only government agencies and corporate entities, but also ordinary citizens, who are often forced to choose between paying exorbitant ransoms and sacrificing personal information, mementos of great sentimental value, and other important data.

Ransomware attacks are a growing concern for the financial sector, given that financial institutions can be targeted by ransomware attacks as well as face reputational and financial integrity concerns about the role financial institutions might play in the processing of ransom payments. In October 2020, FinCEN issued an advisory to alert financial institutions to predominant trends, typologies, and potential indicators of ransomware and associated money laundering activities. In addition, in June 2021, FinCEN highlighted ransomware as a particularly acute cybercrime concern in its issuance of the first government-wide priorities for anti-money laundering and countering the financing of terrorism policy.

Following this event, FinCEN will host a ransomware technical workshop to discuss ways to establish an enhanced and more effective way to communicate, monitor, and receive information related to the use of cryptocurrency connected to a ransomware incident.

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FinCEN Exchange is a voluntary public-private partnership that convenes relevant stakeholders, including law enforcement and financial institutions. FinCEN Exchange aims to protect our national security and our citizens

from harm by combatting money laundering and its related crimes, including terrorism, through public/private dialogue that encourages, enables, and acknowledges industry focus on high-value and high-impact activities.

Source link.

Comment: This is important reading for BSA Officers.

Treasury, IRS Provide Additional Guidance to Employers Claiming the Employee Retention Credit, Including for the Third and Fourth Quarters of 2021 (08.04.2021)

WASHINGTON — The Treasury Department and the Internal Revenue Service issued further guidance on the employee retention credit, including guidance for employers who pay qualified wages after June 30, 2021, and before January 1, 2022, and additional guidance on miscellaneous issues that apply to the employee retention credit in both 2020 and 2021. Notice 2021-49 PDF amplifies prior guidance regarding the employee retention credit provided in Notice 2021-20 PDF and Notice 2021-23 PDF.

Notice 2021-49 addresses changes made by the American Rescue Plan Act of 2021 (ARP) to the employee retention credit that are applicable to the third and fourth quarters of 2021.

Those changes include, among other things:

- making the credit available to eligible employers that pay qualified wages after June 30, 2021, and before January 1, 2022,
- expanding the definition of eligible employer to include "recovery startup businesses,"
- modifying the definition of qualified wages for "severely financially distressed employers," and
- providing that the employee retention credit does not apply to qualified wages taken into account as payroll costs in connection with a shuttered venue grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act, or a restaurant revitalization grant under section 5003 of the ARP.

Notice 2021-49 also provides guidance on several miscellaneous issues with respect to the employee retention credit for both 2020 and 2021. This guidance responds to various questions that the Treasury Department and the IRS have been asked about the employee retention credit, including:

- The definition of full-time employee and whether that definition includes full-time equivalents,
- The treatment of tips as qualified wages and the interaction with the section 45B credit,
- The timing of the qualified wages deduction disallowance and whether taxpayers that already filed an income tax return must amend that return after claiming the credit on an adjusted employment tax return, and
- Whether wages paid to majority owners and their spouses may be treated as qualified wages

Source link.

Comment: Those changes include, among other things, (1) making the credit available to eligible employers that pay qualified wages after June 30, 2021 and before January 1, 2022, (2) expanding the definition of eligible employer to include "recovery startup businesses," (3) modifying the definition of qualified wages for "severely financially distressed employers" and (4) provides that the employee retention credit does not apply to qualified wages taken into account as payroll costs in connection with a shuttered venue grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act, or a restaurant revitalization grant under section 5003 of the ARP.

CISA Updates Toolkit to Promote Public Safety Communications and Cyber Resiliency (07.21.2021)

The Cybersecurity and Infrastructure Security Agency (CISA) collaborates with public safety, national security, and emergency preparedness communities to enhance seamless and secure communication to keep America safe, secure, and resilient. Any interruption in communications can have a cascading effect, impacting the public safety agency's ability to deliver critical lifesaving services to the community. Therefore, public safety agencies carefully plan, implement, and review communications capabilities for resiliency to maintain daily communications abilities and prepare in advance for emergency events.

To assist public safety agencies in navigating the wealth of information available regarding communications resiliency, CISA created the Public Safety Communications and Cyber Resiliency Toolkit to identify and address emergent trends and issues, consolidate resources, educate stakeholders at all levels of government, and propose mitigations to enable resilient public safety communications. The Toolkit is designed to assist public safety agencies and others responsible for communications networks by providing the tools necessary to evaluate current resiliency capabilities, identify ways to improve resiliency, and develop plans for mitigating the effects of potential resiliency threats.

Through the use of an interactive graphic displaying components of the emergency communications ecosystem, Toolkit users can easily navigate through a number of topics and access applicable resources. Current topic areas include:

- Alerts, Warnings, and Notifications (AWNs)
- Cyber Incidents
- Cybersecurity
- Electromagnetic Pulse (EMP)
- Jamming
- Local Access Networks (LAN)
- Next Generation 911 (NG911)
- Positioning, Navigation, and Timing (PNT) Disruptions
- Power
- Priority Services
- Ransomware
- Resiliency Introduction
- Site Hardening
- Unmanned Aircraft Systems (UAS)

As part of CISA's commitment to provide the most up-to-date information in support of communications and cyber resiliency, the Toolkit is designed to be a living document, with the ability to grow and expand as new resources are developed and identified. Since its original publication, the Toolkit has been updated with the addition of four categories of resources, Ransomware; Positioning, Timing, and Navigation Disruptions; Power; and Unmanned Aircraft Systems, and eighteen new resources. The overarching design and layout of the Toolkit has also been updated to improve the overall user experience. Users are encouraged to revisit the Toolkit on a regular basis to take advantage of recently added information and resources.

For more information and additional guidance regarding communications resiliency, visit https://www.cisa.gov/safecom/technology.

Source link.

Comment: IT staff should carefully review this material and update internal procedures.

Publications, articles, reports, studies, testimony & speeches

CNBC: Fed's Kaplan Says Central Bank Needs to be 'Prepared to React' to Inflation (08.11.2021)

Dallas Fed President Robert Kaplan shared some insight on what the Fed is considering regarding tapering and said today's CPI number "was probably consistent with our outlook" on CNBC's "The Exchange" with Steve Liesman.

Source link.

Weekly Economic Index (08.11.2021)

The Weekly Economic Index (WEI) provides a signal of the state of the U.S. economy based on data available at a daily or weekly frequency. It represents the common component of 10 different daily and weekly series covering consumer behavior, the labor market and production. It is updated Tuesday and Thursday at 10:30 a.m. CT, using data available up to 8 a.m. CT.

August 12, 2021: Update

The WEI is currently 7.63 percent, scaled to four-quarter GDP growth, for the week ended August 7 and 8.83 percent for July 31; for reference, the WEI stood at 1.53 percent for the week ended February 29, 2020.

The decline in the WEI for the week of August 7 (relative to the final estimate for the week of July 31) is due to decreases in tax withholding, railroad traffic, fuel sales, and electricity output, and an increase in initial unemployment insurance claims (relative to the same time last year). The WEI for the week of July 31 was revised upward due to continuing unemployment insurance claims, which while higher than the prior week (relative to the same time last year), still provided a more positive signal than previously available data. Because the WEI measures changes over a 52-week period, the large positive readings for the weeks of August 7 and July 31 also reflect the sharp deterioration in economic conditions during the same time last year. As an alternative measure, the data for the week ended July 31 indicates a +1.18 percentage point change in activity relative to February 2020.

Download the Data

Source link.

Consumer Credit - G.19 (08.06.2021)

June 2021

Consumer credit increased at a seasonally adjusted annual rate of 8.8 percent during the second quarter. Revolving credit increased at an annual rate of 10.7 percent, while nonrevolving credit increased at an annual rate of 8.3 percent. In June, revolving credit increased at an annual rate of 22 percent, while nonrevolving credit increased at an annual rate of 7.2 percent.

Source link.

CBDC: A Solution in Search of a Problem? - Governor Christopher J. Waller (08.05.2021)

The payment system is changing in profound ways as individuals demand faster payments, central banks including the Fed respond, and nonbank entities seek a greater role in facilitating payments. In all this excitement, there are also calls for the Federal Reserve to "get in the game" and issue a central bank digital currency (CBDC) that the general public could use.

Chair Powell recently announced that the Federal Reserve will publish a discussion paper on the benefits and costs of creating a CBDC. This topic is of special interest to me, since I have worked on monetary theory for the last twenty years and researched and written about alternative forms of money for the last seven. My speech today focuses on whether a CBDC would address any major problems affecting our payment system. There are also potential risks associated with a CBDC, and I will touch on those at the end of my remarks. But at this early juncture in the Fed's discussions, I think the first order of business is to ask whether there is compelling need for the Fed to create a digital currency. I am highly skeptical.

Source link.

Outlooks, Outcomes, and Prospects for U.S. Monetary Policy - Vice Chair Richard H. Clarida (08.05.2021)

Outlooks and Outcomes for the U.S. Economy

With the release of the gross domestic product (GDP) data last week, we learned that the U.S. economy in the second quarter of this year transitioned from economic recovery to economic expansion.1 Given the catastrophic collapse in U.S. economic activity in the first half of 2020 as a result of the global pandemic and the mitigation efforts put in place to contain it, few forecasters could have expected—or even dared to hope—in the spring of last year that the recovery in GDP, from the sharpest decline in activity since the Great Depression, would be either so robust or as rapid. In retrospect, it seems clear that timely and targeted monetary and fiscal policy actions—unprecedented in both scale and scope—provided essential and significant support to the economic recovery as it got under way last year. Indeed, just recently, the National Bureau of Economic Research's Business Cycle Dating Committee determined that the recession that began in March of last year ended in April, making it not only the deepest recession on record, but also the briefest.2 Moreover, with the development and distribution of several remarkably effective vaccines, the monetary and fiscal policies presently in place should continue to support the strong expansion in economic activity that is expected to be realized this year, although, obviously, the rapid spread of the Delta variant among the still considerable fraction of the population that is unvaccinated is clearly a downside risk for the outlook. That said, under the latest Congressional Budget Office (CBO) baseline forecast, the economy by the end of 2021 will have entirely closed the output gap opened up by the recession. If so, this would be the most rapid return following a recession to the CBO estimate of the trend level of real GDP in 50 years.

Source link.

The Pandemic's Impact on Credit Risk: Averted or Delayed? (07.30.2021)

This article, published July 30, 2021, in the Federal Reserve Board's FEDS Notes, highlights potential lingering risks from the COVID-19 recession, most notably for small banks with relatively high exposure to commercial real estate.

The COVID-19 recession resulted in historic unemployment and a significant shock to much of the service sector. Despite these macroeconomic challenges, banks' risk-based capital buffers remain high and the number of bank failures remains low. Government relief programs, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, both directly and indirectly helped stabilize bank balance sheets during the crisis.

Section 4013 of the CARES Act provided operational relief to financial institutions by giving them the option to not classify and account for certain COVID-19 modified loans as troubled debt restricting (TDR). Furthermore, it offered capital relief, as banks are not required to hold additional capital associated with past due loans. We use Call Report data to study recent commercial real estate (CRE) concentration dynamics and investigate their relationship with Section 4013 loan modifications. We document the recent increase in the CRE concentration and the simultaneous decrease in underlying loan quality, accompanied by the rapid increase in loan modifications during the COVID-19 recession.

Our model shows that banks' CRE concentrations are positively associated with loan modifications. Furthermore, we find high levels of Commercial Mortgage Backed Security (CMBS) delinquencies and rising allowance levels for CRE as the U.S. economy exits the COVID-19 Recession. These risk factors could be early indicators of future increased credit losses and possible bank stress. Since the true quality of the modified loans will be revealed to regulators, per the CARES Act stipulations, only 60 days after the pandemic emergency end date or the end of 2021, our work provides insights into the types of portfolios where the poor loan quality problem is likely to be particularly acute.

Read the full article

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
07.20.2021	Simplification of Deposit Insurance Rules - The Federal Deposit Insurance Corporation is seeking comment on proposed amendments to its regulations governing deposit insurance coverage. The proposed rule would: (1) simplify the deposit insurance regulations by establishing a "trust accounts" category that would provide for coverage of deposits of both revocable trusts and irrevocable trusts; and (2) provide consistent deposit insurance treatment for all mortgage servicing account balances held to satisfy principal and interest obligations to a lender. Comments will be accepted until October 4, 2021.
07.13.2021	Proposed Interagency Guidance on Third-Party Relationships: Risk Management - The Board, FDIC, and OCC (together, the agencies) invite comment on proposed guidance on managing risks associated with third-party relationships. The proposed guidance would offer a framework based on sound risk management principles for banking organizations to consider in developing risk management practices for all stages in the life cycle of third-party relationships that takes into account the level of risk, complexity, and size of the banking organization and the nature of the third-party relationship. The proposed guidance sets forth considerations with respect to the management of risks arising from third-party relationships. The proposed guidance would replace each agency's existing guidance on this topic and would be directed to all banking organizations supervised by the agencies. DATES: Comments must be received no later than September 17, 2021.
06.01.2021	Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire - The Board is proposing amendments to Regulation J to govern funds transfers through the Federal Reserve Banks' (Reserve Banks) new FedNowSM Service by establishing a new subpart C. The Board is also proposing changes and clarifications to subpart B, governing the Fedwire Funds Service, to reflect the fact that the Reserve Banks will be operating a second funds transfer service in addition to the Fedwire Funds Service, as well as proposing technical corrections to subpart A, governing the check service. Comments must be received by September 9, 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:
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.
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.
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.
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.
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).

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).

07.29.2021 Regulation D: Reserve Requirements of Depository Institutions - The Board of Governors of the Federal Reserve System ("Board") is adopting amendments to Regulation D (Reserve Requirements of Depository Institutions) to eliminate references to an "interest on required reserves" rate and to an "interest on excess reserves" rate and replace them with a reference to a single "interest on reserve balances" rate; and to simplify the formula used to calculate the amount of interest paid on balances maintained by or on behalf of eligible institutions in master accounts at Federal Reserve Banks, and to make other conforming amendments. The Board requested comment on the amendments and received one comment that addressed issues not raised by the proposed amendments. Accordingly, the Board is adopting the final rule as proposed without change. DATES: Effective July 29, 2021.

08.31.2021 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) is issuing this final rule to amend Regulation X to assist mortgage borrowers affected by the COVID-19 emergency. The final rule establishes temporary procedural safeguards to help ensure that borrowers have a meaningful opportunity to be reviewed for loss mitigation before the servicer can make the first notice or filing required for foreclosure on certain mortgages. In addition, the final rule 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 is also finalizing certain temporary amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers. DATES: This final rule is effective on August 31, 2021.

10.01.2022 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: The Consumer Financial Protection Bureau (CFPB) formally delayed the mandatory compliance date of the General Qualified Mortgage (QM) final rule from July 1, 2021 to October 1, 2022.

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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