

# Compliance Update



## COMMUNITY BANKERS FOR COMPLIANCE NEWSLETTER

### INSIDE

FRB Proposes Approach for CRA Regulation Modernization . . . . . 4

Comments Requested on AML Program Effectiveness. . . . . 6

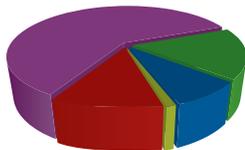
Links to Government Websites . . . . . 6

Latest CFPB Supervisory Highlights Issued. . . . . 7

Final Rule Issued on Appraisal & Evaluation Deferral . . . . . 8

Correction . . . . . 9

Compliance Calendar . . . . . 9



## Small Business Lending Data Collection Update

*By Dale Neiss, CRCM; Consultant*

On September 15, 2020, the Consumer Financial Protection Bureau (CFPB) released an Outline of Proposals Under Consideration to implement requirements. To facilitate review of the Outline, a high-level summary (Summary) has also been provided.

The Summary addresses only the regulatory provisions the CFPB is considering to propose. The Summary follows the structure of the Outline. The following information is taken from the Summary.

In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA). Section 1071 of the DFA amended the Equal Credit Opportunity Act (ECOA) to require financial institutions (FI) to compile, maintain, and submit to the CFPB certain data on applications for credit for women-owned, minority-owned, and small businesses.

The CFPB is now in process of writing regulations to implement section 1071. As part of the process, the CFPB is required to consult with representatives of small entities likely to be directly affected, and to obtain feedback on the likely impacts the rules would have on small entities. This Outline is our first look at how the CFPB would like to implement the 10-year-old statutory requirements.

### Feedback deadlines

Stakeholders are welcome to provide written feedback on the proposals under consideration. Written feedback from small entity representatives (SER) is required by November 9, 2020 in order to be considered. Other stakeholders wanting to provide feedback are required to do so no later than December 14, 2020. Detailed information on how to submit written feedback can be found in part II of the Outline.

*Distributed by:*  
Wisconsin Bankers Association  
4721 S. Biltmore Lane  
Madison, WI 53718

*Published by:*  
Young & Associates, Inc.  
121 East Main Street  
P.O. Box 711  
Kent, OH 44240

Copyright © 2020

## Potential proposals

The regulatory provisions the CFPB is considering to propose include the following:

- *Scope of the rulemaking (Outline, part III.A)* – Section 1071(b) states that “in the case of any application to a financial institution for credit for [a] women-owned, minority-owned, or small business, the financial institution shall ... inquire whether the business is a women-owned, minority-owned or small business.”

The text of section 1071 may be read to include data collection for all small businesses as well as women-owned and minority-owned businesses that are not small. Most existing businesses are “small business concerns,” as that term is currently defined by the Small Business Act and the Small Business Administration’s (SBA) implementing regulations. It is therefore likely that if the 1071 rule included all small businesses, the rule would cover nearly all women-owned and minority-owned businesses.

In light of this, the CFPB is considering proposing that the data collection and reporting requirements of its eventual 1071 rule would apply to any application to an FI for credit by a small business, and that FIs would not be required to collect and report 1071 data for women- and minority-owned businesses that are not “small.”

- *Covered lenders—definition of “financial institution” (Outline, part III.B)* – The CFPB is considering proposing to adopt a general definition of “financial institution” in a manner consistent with section 1071(h)(1), which defines the term “financial institution” as “any partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity that engages in any financial activity.”

Under this proposed definition, the rule’s data collection and reporting requirements may apply to a variety of entities that engage in small business lending, including depository institutions (DIs) (i.e., banks, savings associations, and credit unions), online lenders/platform lenders, community development financial institutions (both DIs and non-DIs), lenders involved in equipment and vehicle financing (captive financing companies and independent financing companies), commercial finance companies, governmental lending entities, and non-profit, non-DI lenders.

The CFPB is also considering proposals to exempt FIs from any collection and reporting requirements based on either or both a size-based and/or activity-based threshold.

- *Covered applicants—definitions of “small business,” “women-owned business,” “minority-owned business,” and “minority individual” (Outline, parts III.C & D)* – Section 1071 defines the term “small business” by reference to the Small Business Act’s definition of “small business concern” in 15 U.S.C. 632. That Act provides a general definition of a “small business concern,” authorizes SBA to establish detailed size standards for use by all agencies, and permits an agency to request SBA approval for a size standard specific to an agency’s program.

The CFPB is considering adopting a simplified size standard for purposes of its section 1071 rule. Consistent with the statutory requirements, the CFPB will seek SBA approval for a simplified size standard if it ultimately decides to take this approach. Implementing this approach will necessitate close coordination with, and approval from, the SBA.

The CFPB is considering clarifying the terms “women-owned business” and “minority-owned business” in line with the definitions of those terms provided in section 1071(h)(5) and (6), and to clarify the categories of “minority individual” (used in the definition of “minority-owned business”) to mirror the aggregate categories used under the Home Mortgage Disclosure Act.

- *Covered products—definition of “credit” (Outline, part III.E)* – Section 1071 requires FIs to collect and report information regarding any application for “credit” made by women-owned, minority-owned, and small businesses.

ECOA and Regulation B define “credit” as “the right granted by a creditor to a debtor to defer payment of debt or to incur debts and defer its payment or to purchase property or services and defer payment therefor.”

Products that meet the definition of “credit” under ECOA and are not otherwise excluded from collection and reporting requirements will be covered products under section 1071.

Specifically, the CFPB is considering proposing that covered products under section 1071 include term loans, lines of credit, business credit cards. The CFPB is also considering proposing that the following products not be covered by the 1071 rule: consumer-designated credit, leases, factoring, trade credit, and merchant cash advances.

- *Definition of “application” (Outline, part III.F)* – Section 1071(b) requires that FIs collect, maintain, and report to the CFPB certain information regarding “any application to a financial institution for credit.”

For covered FIs with respect to covered products, the definition of “application” will trigger data collection and reporting under section 1071. The CFPB is considering defining an “application” largely consistent with the Regulation B definition of that term – i.e., “an oral or written request for an extension of credit that is made in accordance with procedures used by a creditor for the type of credit requested.”

The CFPB is considering clarifying circumstances that would not be reportable under section 1071, even if certain of these circumstances are considered an “application” under Regulation B, including: (1) inquiries/prequalifications; (2) reevaluation, extension, and renewal requests, except requests for additional credit amounts; and (3) solicitations and firm offers of credit.

- *Data points (Outline, part III.G)* – The CFPB is considering proposing to categorize data points to be collected as either mandatory or discretionary.

*Mandatory data points.* Section 1071(e)(1) requires each FI to compile and maintain a record of certain information provided by any credit applicant pursuant to a request under section 1071(b), and report that information to the CFPB. This information, along with the applicant’s responses to the inquiries under 1071(b)(1), is referred to as “mandatory data points,” which include: (1) whether the applicant is a women-owned, minority-owned, and/or small business; (2) application/loan number; (3) application date; (4) loan/credit type; (5) loan/credit purpose; (6) credit amount/limit applied for; (7) credit amount/limit approved; (8) type of action taken; (9) action taken date; (10) census tract (principal place of business); (11) gross annual revenue; and (12) race, sex, and ethnicity of the applicant’s principal owners.

*Discretionary data points.* Section 1071(e)(2)(H) requires FIs to collect and report “any additional data that the CFPB determines would aid in fulfilling the purposes of [section 1071].” The CFPB is considering requiring the reporting of the following “discretionary data points:” pricing, time in business, North American Industry Classification System (NAICS) code, and number of employees.

*Timing of data collection.* Although the definition of “application” triggers a covered FI’s duty to collect 1071 data, the statute does not provide further direction on when during the application process information should be collected. The CFPB is considering not specifying a particular time period during the application process when FIs must collect 1071 data from applicants.

- *Shielding data from underwriters and other persons (firewall) (Outline, part III.H)* – Under section 1071(d)(1), where feasible, underwriters or others at an FI or affiliate involved in making any determination concerning an application for credit cannot access “any information provided by the applicant pursuant to a request under subsection (b).” Under section 1071(d)(2), if an FI finds that an underwriter or others involved in making a determination regarding an application “should have access” to such information, the FI must provide the applicant a notice of “the access of the underwriter to such information, along with notice that the financial institution may not discriminate on the basis of such information.”

The CFPB is considering proposing that FIs need limit only the access of a loan underwriter or other person to an applicant’s responses to inquiries regarding women-owned and minority-owned business status under section 1071(b), as well as the race, sex, and ethnicity of principal owners. The CFPB is further considering proposing that an applicant’s response regarding small business status need not be firewalled off pursuant to section 1071(d)(1).

The CFPB is considering developing model disclosures that FIs could use when providing the notice under section 1071(d)(2), which requires FIs to notify applicants of an underwriter’s access to women-owned and minority-owned business status and the race, sex, and ethnicity of principal owners. The CFPB is also considering proposing that the notice under section 1071(d)(2) need not include language regarding small business status.

- *Applicants’ right to refuse to provide certain information (Outline, part III.I)* – The CFPB is considering proposing that the right of an applicant under section 1071(c) to refuse to provide certain information applies to the FI’s specific inquiries regarding women-owned and minority-owned business status in 1071(b), as well as the race, sex, and ethnicity of principal owners, but not to the FI’s specific inquiry regarding small business status in 1071(b).
- *Compiling, maintaining, and reporting 1071 data to the CFPB (Outline, part III.J)* – The CFPB is considering proposing that 1071 data collection be done on a calendar-year basis, and submitted by a specified time after the end

of each calendar year. In accordance with section 1071(e)(3), the CFPB is also considering proposing a prohibition on including certain personally-identifiable information about any individuals associated with small business applicants or borrowers in the data that an FI is required to compile, maintain, and report to the CFPB, other than information specifically required to be collected and reported (such as the race, sex, and ethnicity of principal owners). Further, the CFPB is considering proposing that FIs retain 1071 data for at least three years after it is submitted to the agency.

- *Privacy considerations involving CFPB publication of 1071 data (Outline, part III.K)* – The CFPB is examining the privacy implications of FIs’ collection, reporting, and disclosure of information pursuant to section 1071 and the CFPB’s public release of the data. For purposes of determining whether and how the CFPB might use its discretion to modify or delete data prior to publication, the CFPB is considering using a “balancing test” that weighs the risks and benefits of public disclosure. Under this approach, data would be modified or deleted if its disclosure in unmodified form would pose risks to privacy interests that are not justified by the benefits of public disclosure in light of the statutory purposes of section 1071. If the risks of disclosing unmodified data outweigh the benefits under the balancing test, the CFPB would determine whether modifications could bring them into balance.
- *Implementation period (Outline, part III.L)* – Section 1071 does not specify an implementation period, though pursuant to section 1071(f)(1) FIs must submit 1071 data to the CFPB on an annual basis. The CFPB is considering proposing that FIs have approximately two calendar years for implementation following the issuance of the eventual 1071 rule.

The high-level Summary of the Outline may be obtained using this link:

[https://files.consumerfinance.gov/f/documents/cfpb\\_1071-sbrefa\\_high-level-summary-of-outline-of-proposals\\_2020-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_1071-sbrefa_high-level-summary-of-outline-of-proposals_2020-09.pdf). □



## FRB Proposes Approach for CRA Regulation Modernization

By Sharon Bond, CRCM; Consultant

The Federal Reserve Board (FRB) issued an Advance Notice of Proposed Rulemaking (ANPR) inviting public comment on an approach to modernize the regulations that implement the Community Reinvestment Act (CRA), by strengthening, clarifying, and tailoring them to reflect the current banking landscape and better meet the core purpose of the CRA. The ANPR seeks feedback on ways to evaluate how banks meet the needs of low- and moderate-income (LMI) communities and how they address inequities in credit access.

### CRA background

Congress enacted the CRA in 1977 as part of several landmark pieces of legislation enacted in the wake of the civil rights movement intended to address inequities in the credit markets. The FRB, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) have broad authority and responsibility for implementing the statute, which provides the agencies with a crucial mechanism for addressing persistent structural inequity in the financial system for LMI and minority individuals and communities. The statute and its implementing regulations also provide the agencies, regulated banks, and community organizations with the necessary structure for facilitating and supporting a vital financial ecosystem that supports LMI- and minority-focused community development.

### Areas for comment

Public comment on the ANPR will assist the FRB in refining CRA modernization proposals to:

- Strengthen CRA’s core purpose of meeting the wide range of LMI banking needs and addressing inequities in financial services and credit access

- Address changes in the banking industry
- Promote financial inclusion by including special provisions for activities in Indian Country and underserved areas, and for investments in Minority Depository Institutions (MDI) and Community Development Financial Institutions (CDFI)
- Bring greater clarity, consistency, and transparency to performance evaluations that are tailored to local conditions
- Tailor performance tests and assessments to account for differences in bank sizes and business models
- Clarify and expand eligible CRA activities focused on LMI communities
- Minimize data burden and tailor data collection and reporting requirements
- Recognize the special circumstances of small banks in rural areas, and
- Create a consistent regulatory approach

In addition to requesting comment on all topics listed above, the ANPR also includes specific questions that are numbered consecutively. Commenters are requested to refer to those question numbers in their submitted comments, which will assist the FRB in its efforts, as well as members of the public that review comments online.

FRB Chair Jerome H. Powell states, “by releasing a thoughtful and balanced ANPR and providing a long period for comment, the Federal Reserve is hoping to build a foundation for the banking agencies to come together on a consistent approach to CRA that has the broad support of the intended beneficiaries as well as banks of different sizes and business models.” Comments on the ANPR will be accepted for 120 days after publication in the *Federal Register*.

The FRB’s ANPR can be found at <https://www.federalreserve.gov/aboutthefed/boardmeetings/files/cra-fr-notice-20200921.pdf>.

### Other agencies

In 2017, the FRB, FDIC, and OCC issued a report to Congress that included a summary of public comments and recommendations to improve the CRA regulatory framework gathered during a three-year review process. Among the most frequently raised issues were the:

- Assessment area definition
- Incentives for banks to serve LMI, unbanked, underbanked, and rural communities
- Regulatory burdens associated with the recordkeeping and reporting requirements and the asset thresholds for the various CRA examination methods
- Need for clarity regarding performance measures and better training to ensure consistency and rigor in CRA examinations, and
- Refinement of the CRA ratings methodology

In April 2018, the Treasury Department also released recommendations based on stakeholder input to modernize the CRA regulations. These recommendations included updating the definition of assessment areas, increasing the clarity and transparency of CRA ratings, improving the timeliness of evaluations, and incorporating more effective incentives to encourage banks to meet the credit and deposit needs of their communities.

Recognizing the need for modernization, the agencies began to assess and update the CRA regulatory framework in 2018 by working together on an ANPR. The OCC issued the ANPR in August 2018, which reflected feedback and input from the FDIC and FRB. Taking into account comments received from that ANPR, the OCC and FDIC proceeded at the end of 2019 with a joint proposal to update their CRA regulations.

To date, the FDIC has not taken any further action, but the OCC did issue its own final rule to amend its CRA regulation in June 2020. The OCC final rule is effective October 1, 2020, with compliance by national banks and federal thrifts required by January 1, 2023. □



## Comments Requested on AML Program Effectiveness

By Dale Neiss, CRCM; Consultant

The Financial Crimes Enforcement Network (FinCEN) has issued an Advance Notice of Proposed Rulemaking (ANPRM) to solicit public comment on a wide range of questions pertaining to potential regulatory amendments under the Bank Secrecy Act (BSA).

The proposals under consideration are intended to provide financial institutions greater flexibility in the allocation of resources and greater alignment of priorities across industry and government, resulting in the enhanced effectiveness and efficiency of anti-money laundering (AML) programs.

FinCEN, in collaboration with its supervisory partners, law enforcement, and, where appropriate, the financial industry, has undertaken recent initiatives to collectively re-examine the BSA regulatory framework and the broader national AML regime. In 2019, the congressionally established forum for industry, regulators, and law enforcement, known as the Bank Secrecy Act Advisory Group (BSAAG), created a working group to develop recommendations for strengthening the national AML regime by increasing its effectiveness and efficiency. This ANPRM is a result of FinCEN's evaluation of those recommendations.

The ANPRM seeks comment on incorporating an "effective and reasonably designed" AML program component to empower financial institutions to allocate resources more effectively. This component also would seek to implement a common understanding between supervisory agencies and financial institutions regarding the necessary AML program elements, and would seek to impose minimal additional obligations on AML programs that already comply under the existing supervisory framework.

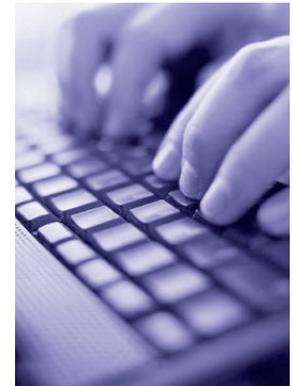
The potential regulatory amendments described in the ANPRM would make clear that an "effective and reasonably designed" program is one that:

- Assesses and manages risk as informed by a financial institution's own risk assessment process, including consideration of AML priorities to be issued by FinCEN consistent with the proposed amendments
- Provides for compliance with BSA requirements, and
- Provides for the reporting of information with a high degree of usefulness to government authorities.

The ANPRM also seeks comment on proposals to impose an explicit requirement for a risk assessment process and for the Director of FinCEN to issue a list of national AML priorities, to be called FinCEN's Strategic Anti-Money Laundering Priorities, every two years.

Comments from all interested parties will help inform the scope of any future regulatory actions and should be submitted on or before November 16, 2020.

The proposal may be read at <https://www.govinfo.gov/content/pkg/FR-2020-09-17/pdf/2020-20527.pdf>. □



**Federal Deposit  
Insurance Corporation**  
<http://www.fdic.gov>

**Office of the Comptroller of the  
Currency**  
<http://www.occ.gov>

**Federal Reserve**  
<http://www.federalreserve.gov>

**Housing and Urban  
Development**  
<http://www.hud.gov>

**Federal Financial Institutions  
Examination Council**  
<http://www.ffiec.gov>

**U.S. Department of Treasury**  
<http://www.treas.gov>

**Financial Crimes Enforcement  
Network**  
<http://www.fincen.gov>

**Consumer Financial Protection  
Bureau**  
<http://www.consumerfinance.gov>



## Latest CFPB Supervisory Highlights Issued

By William J. Showalter, CRCM, CRP; Senior Consultant

The Consumer Financial Protection Bureau (CFPB) has issued its 22nd edition of *Supervisory Highlights*. In this issue, the agency reports on examination findings in the areas of consumer reporting, debt collection, deposits, fair lending, and mortgage servicing that were completed between September 2019 and December 2019.

The CFPB states that it remains committed to sharing with the public key findings from its supervisory work to help industry limit risks to consumers and comply with federal consumer financial law.

The agency notes that it is important to keep in mind that institutions are subject only to the requirements of relevant laws and regulations. The information contained in *Supervisory Highlights* is disseminated to help institutions better understand how the CFPB examines institutions for compliance with those requirements. This document does not impose any new or different legal requirements. In addition, the legal violations described in this and previous issues of *Supervisory Highlights* are based on the particular facts and circumstances reviewed by the agency as part of its examinations. A conclusion that a legal violation exists on the facts and circumstances described here may not lead to such a finding under different facts and circumstances.

### CFPB observations & findings

The CFPB reports in this issue on recent supervisory observations in the areas of consumer reporting, debt collection, deposits, fair lending, and mortgage servicing.

- **Mortgage servicing.** Recent mortgage servicing examinations have identified various Regulation Z and Regulation X violations. These include violations of Regulation Z requirements to provide consumers in bankruptcy with periodic statements and violations of Regulation X provisions related to force-placed insurance and escrow accounts. In the context of loan transfers, examiners identified violations of Regulation X requirements to provide servicing transfer notices and exercise reasonable diligence to complete a loss mitigation application; violations of FDCPA requirements to provide debt validation notices; and violations of Regulation Z requirements to credit payments as of the date of receipt and provide mortgage loan ownership transfer disclosures. Additionally, examiners identified one or more ECOA violations for failure to consider certain forms of public assistance income when considering borrowers for mortgage modification programs (that violation is summarized in the fair lending section of this issue).
- **Consumer reporting.** Entities that obtain or use consumer reports from consumer reporting companies (CRC), or that furnish information to CRCs for inclusion in consumer reports, play a vital role in the consumer reporting process. They are subject to several requirements under the Fair Credit Reporting Act (FCRA) and its implementing regulation, Regulation V, including the requirement to obtain or use reports only for a permissible purpose, and to furnish data subject to the relevant accuracy and dispute handling requirements. In one or more recent furnishing reviews, examiners found deficiencies in user and furnisher compliance with FCRA permissible purpose, accuracy, and dispute investigation requirements.
- **Deposits.** The CFPB continues to examine banks for compliance with Regulation E, which implements the Electronic Fund Transfer Act (EFTA). The EFTA establishes a legal framework for the offering and use of electronic fund transfer and remittance transfer services. The CFPB also continues to review the deposits operations of the entities under its supervisory authority for compliance with relevant statutes and regulations, including Regulation DD, which implements the Truth in Savings Act (TISA).
- **Fair lending.** The CFPB's fair lending supervision program assesses compliance with the Equal Credit Opportunity Act (ECOA) and its implementing Regulation B, as well as the Home Mortgage Disclosure Act (HMDA) and its implementing Regulation C, at banks and nonbanks over which the agency has supervisory authority. Examiners found one or more lenders engaged in violations of ECOA and Regulation B.
- **Debt collection.** The CFPB examines certain entities that engage in consumer debt collection activities, including nonbanks that are larger participants in the consumer debt collection market. Recent examinations of larger participant debt collectors identified one or more violations of the Fair Debt Collection Practices Act (FDCPA).

- Payday lending. The CFPB's supervision program covers entities that offer or provide payday loans. Examinations of these lenders identified deceptive acts or practices and violations of Regulation Z.

The CFPB also discusses some supervision program developments.

- Interagency Statement on Pandemic Planning. On March 6, 2020, the Federal Financial Institutions Examination Council (FFIEC) published updated guidance from its member agencies identifying actions that financial institutions should take to minimize the potential adverse effects of a pandemic. The statement noted that financial institutions should periodically review related risk management plans, including business continuity plans, to ensure that they are able to continue to deliver products and services in a wide range of scenarios with minimal disruption.
- Non-COVID related guidance. The CFPB discussed a variety of guidance documents, including the Statement of Policy Regarding Prohibition on Abusive Acts or Practices; Responsible Business Conduct: Self-Assessing, Self-Reporting, Remediating, and Cooperation (CFPB Bulletin 2020-01); innovation updates; CFPB pilot advisory opinion program to provide regulated entities clear guidance and improve compliance; and CFPB interpretative rule on method for determining underserved areas.

Lastly, the CFPB highlighted a remedial action it took during the last quarter of 2019.

- Public enforcement actions. The CFPB's supervisory activities resulted in or supported the following public enforcement action. In January 2020, the agency filed suit against Citizens Bank, N.A. (Providence, RI). The CFPB's complaint alleges violations of TILA and its implementing Regulation Z, including violations of amendments to TILA contained in the Fair Credit Billing Act (FCBA) and the Credit Card Accountability Responsibility and Disclosure Act (CARD Act).

The latest issue of Supervisory Highlights from the CFPB is available at <https://www.govinfo.gov/content/pkg/FR-2020-09-10/pdf/2020-19978.pdf>. □



## Final Rule Issued on Appraisal & Evaluation Deferral

By Dale Neiss, CRCM; Consultant

The Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and Federal Reserve Board (FRB) adopted as final the interim final rule they implemented in April that allows institutions supervised by the agencies to defer obtaining an appraisal or evaluation for up to 120 days after the closing of certain residential and commercial real estate loans. The agencies' final rule helps regulated institutions to expeditiously extend liquidity to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of COVID-19.

### Highlights of the joint final rule are:

- The agencies are adopting as final the interim final rule published by the agencies on April 17, 2020, making temporary amendments to the agencies' regulations requiring appraisals for certain real estate-related transactions. The final rule is effective upon publication in the *Federal Register* and expires December 31, 2020, unless extended by the agencies.
- The final rule adopts the deferral of the requirement to obtain an appraisal or evaluation for up to 120 days following the closing of certain residential and commercial real estate transactions, excluding transactions for acquisition, development, and construction of real estate.
- The final rule makes one revision to the interim final rule. In response to comments received by the agencies on the interim final rule, the final rule clarifies that transactions for the acquisition, development, and construction of real estate excluded from the 120-day deferral period mean, for purposes of this rule, those loans described in the Call Report Instructions for Schedule RC-C, "Loans and Lease Financing Receivables," Part I, "Loans and Leases," item 1.a, "Construction, land development, and other land loans."

- Regulated institutions are encouraged to make best efforts to obtain a credible estimate of the value of real property collateral before closing the loan and are to otherwise underwrite loans consistent with the principles in the agencies' Standards for Safety and Soundness and Real Estate Lending Standards.

The Final Rule is available using this link: <https://www.fdic.gov/news/board/2020/2020-09-15-notice-sum-c-fr.pdf>. □



## Correction

In our May issue, the article titled “FRB Removes 'Convenient' Transfers Limit” contains an error. The fourth paragraph states that if the bank decides to remove the six-per-month limit from its savings deposits that it must then begin to report those as “transaction accounts” on its Call Report. That is incorrect, and contradicts what the paragraph before this one states – banks are free to continue reporting these accounts as “savings deposits” or may choose to report them as “transaction accounts.” We apologize for any confusion this contradiction within the article may have caused. □

## Compliance Calendar

*This calendar is designed to help you address current and upcoming requirements related to compliance with federal consumer protection and other select rules. The calendar is not intended as general advice on when to perform ongoing compliance management functions, but as a reminder of due dates for completing these tasks. And, as always, consult the particular law or regulation for details on coverage, etc.*

### November 2020

- Annual renewal period begins for MLO registrations and updating bank information under SAFE Act on November 1, 2020.
- Lenders begin using Standard Time designations for rate lock expirations on TRID Loan Estimates on November 1, 2020 (e.g., EST, CST, etc.).
- Feedback on CFPB plans for small business data collection from small entity representatives due to CFPB by November 9, 2020.
- Comments on ANPRM regarding potential BSA rule amendments due to FinCEN by November 16, 2020.
- Large HMDA reporters (60,000 or more entries in 2019) electronically file third calendar quarter 2020 LAR by November 29, 2020. (CFPB temporarily suspending enforcement due to pandemic.)

### December 2020

- Feedback on CFPB plans for small business data collection from other stakeholders due to CFPB by December 14, 2020.
- Annual renewal period closes for MLO registrations and updating bank information under SAFE Act on December 31, 2020.

### January 2021

- Open Production Period related to revised URLA and updated AUS begins January 1, 2021 for all lenders.
- Annual reinstatement period begins for lapsed MLO and bank registrations under SAFE Act on January 2, 2021.
- Update HMDA-LAR with loans and applications that reached final disposition in fourth calendar quarter 2020 by January 31, 2021.
- Update FHHLDS home loan activity format with fourth calendar quarter 2020 data by January 31, 2021 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

**February 2021**

- Annual reinstatement period ends for lapsed MLO and bank registrations under SAFE Act on February 28, 2021.

**March 2021**

- Mandate & Pipeline Transition Period related to revised URLA and updated AUS begins March 1, 2021 when all lenders (selling loans to GSEs and other secondary market participants) must begin using the new systems – with one-year transition period for loans in the pipeline by this date.
- 2020 HMDA LAR must be submitted to the CFPB by March 1, 2021.
- 2020 CRA small business, small farm, and community development loan data must be submitted to applicable regulator by March 1, 2021 (except “small banks”).
- Lenders begin using Daylight Time designations for rate lock expirations on TRID Loan Estimates on March 14, 2021 (e.g., EDT, CDT, etc.).

**April 2021**

- Update information in CRA public file by April 1, 2021.
- Update HMDA-LAR with loans and applications that reached final disposition in first calendar quarter 2021 by April 30, 2021.
- Update FHHLDS home loan activity format with first calendar quarter 2021 data by April 30, 2021 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

**May 2021**

- Large HMDA reporters (60,000 or more entries in 2020) electronically file first calendar quarter 2021 LAR by May 30, 2021.

**July 2021**

- Update HMDA-LAR with loans and applications that reached final disposition in second calendar quarter 2021 by July 31, 2021.
- Update FHHLDS home loan activity format with second calendar quarter 2021 data by July 31, 2021 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

**August 2021**

- Large HMDA reporters (60,000 or more entries in 2020) electronically file second calendar quarter 2021 LAR by August 29, 2021.

**September 2021**

- (Previously exempt lenders that experience a change in status regarding their exemption from the flood insurance escrow requirements in 2021) Notices providing the option to escrow flood insurance must be distributed to customers of all outstanding designated loans by September 30, 2021.

**November 2021**

- Transactions using the former URLA and legacy AUS will no longer be accepted beginning November 1, 2021.
- Annual renewal period begins for MLO registrations and updating bank information under SAFE Act on November 1, 2021.
- Lenders begin using Standard Time designations for rate lock expirations on TRID Loan Estimates on November 7, 2021 (e.g., EST, CST, etc.).
- Large HMDA reporters (60,000 or more entries in 2020) electronically file third calendar quarter 2021 LAR by November 29, 2021.

**December 2021**

- Annual renewal period closes for MLO registrations and updating bank information under SAFE Act on December 31, 2021.

**January 2022**

- Regulation C (HMDA) changes related to open-end line data collection and reporting – permanently adjusting the coverage threshold to 200 open-end lines in each of previous two years – effective January 1, 2022.

- Annual reinstatement period begins for lapsed MLO and bank registrations under SAFE Act on January 2, 2022.
- Update HMDA-LAR with loans and applications that reached final disposition in fourth calendar quarter 2021 by January 31, 2022.
- Update FHHLDS home loan activity format with fourth calendar quarter 2021 data by January 31, 2022 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

### **February 2022**

- Annual reinstatement period ends for lapsed MLO and bank registrations under SAFE Act on February 28, 2022.

### **March 2022**

- Retirement Date related to revised URLA and updated AUS – March 1, 2022. No legacy URLA and loan application submissions based on previous AUS specifications accepted from this date on (regardless whether dated before March 1, 2021). End of pipeline transition period.
- 2021 HMDA LAR must be submitted to the CFPB by March 1, 2022.
- 2021 CRA small business, small farm, and community development loan data must be submitted to applicable regulator by March 1, 2022 (except “small banks”).
- Lenders begin using Daylight Time designations for rate lock expirations on TRID Loan Estimates on March 13, 2022 (e.g., EDT, CDT, etc.).

### **April 2022**

- Update information in CRA public file by April 1, 2022.
- Update HMDA-LAR with loans and applications that reached final disposition in first calendar quarter 2021 by April 30, 2022.
- Update FHHLDS home loan activity format with first calendar quarter 2022 data by April 30, 2022 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

### **July 2022**

- Update HMDA-LAR with loans and applications that reached final disposition in second calendar quarter 2022 by July 31, 2022.
- Update FHHLDS home loan activity format with second calendar quarter 2022 data by July 31, 2022 [non-HMDA reporting national banks receiving 50 or more home loan applications last year].

### **August 2022**

- Large HMDA reporters (60,000 or more entries in 2020) electronically file second calendar quarter 2022 LAR by August 29, 2022.

### **September 2022**

- (Previously exempt lenders that experience a change in status regarding their exemption from the flood insurance escrow requirements in 2022) Notices providing the option to escrow flood insurance must be distributed to customers of all outstanding designated loans by September 30, 2022.

### **November 2022**

- Annual renewal period begins for MLO registrations and updating bank information under SAFE Act on November 1, 2022.
- Lenders begin using Standard Time designations for rate lock expirations on TRID Loan Estimates on November 6, 2022 (e.g., EST, CST, etc.).
- Large HMDA reporters (60,000 or more entries in 2020) electronically file third calendar quarter 2022 LAR by November 29, 2022.

### **December 2022**

- Annual renewal period closes for MLO registrations and updating bank information under SAFE Act on December 31, 2022.