

RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

February 2020

CFPB Issues Policy Statement on Abusiveness Standard

January 27, 2020

- The CFPB has issued a policy statement to clarify the Dodd-Frank Act’s abusiveness standard. The policy statement, which is applicable as of January 24, 2020, states that it describes “certain aspects of how [the Bureau] intends to approach its use of the abusiveness standard in its supervision and enforcement matters going forward.”
- In the Supplementary Information accompanying the policy statement, the Bureau states that it concluded that uncertainty as to the scope and meaning of the abusiveness standard is creating significant compliance challenges for businesses. Such challenges, the Bureau observes, “can impose substantial costs, including impeding innovation” and, as a result, “consumers may lose the benefits of improved products and services and lower prices.”

[Additional Information](#)

FinCEN Revises CTR Instructions Again

January 15, 2020

- **FinCEN updated their CTR XML Schema User Guide again, without public notice.** This change relates to completing the Multiple Transaction box in Part I. Initially, FinCEN's instructions stated that "multiple transactions" include ALL transactions, even if they were not reportable. FinCEN's example under the previous instructions stated:
- ***Item 3 Multiple transactions:*** *If a customer makes a \$12,000 deposit and a \$300 withdrawal, box 3 will be checked even though only \$12,000 is reportable. This applies when multiple Part I sections with different Item 2 person types are filed on the same person. Box 3 will be checked in all Part I sections on that person.*
- **The revised instructions have reversed that position and they now state:**
- ***Item 3 Multiple transactions:*** *Check Item 3 if multiple cash transactions of any amount totaling more than \$10,000 as cash in or more than \$10,000 as cash out (cash in and cash out transactions should not be combined) were conducted in a single business day by or for the person recorded in Part I. For example, if a customer makes a \$12,000 deposit and a \$300 deposit on the same day, item 3 should be checked. However, if a customer makes a \$12,000 deposit and \$300 withdrawal, item 3 should not be checked. Item 3 "Multiple transactions" is related to, but not the same as, the Item 24 "Aggregated transactions." Whereas Item 3 should be checked each time multiple transactions are reported as a single transaction, the Item 24 option "Aggregated transaction" should only be checked when all the specific conditions underlying that option have been satisfied.*

[Additional Information](#)

CFPB – Civil Penalty Inflation Adjustments

January 14, 2020

- The Bureau is adjusting for inflation the maximum amount of each civil penalty within the Bureau’s jurisdiction (excerpted below).

Law	Penalty Description	New Penalty Amount
Consumer Financial Protection Act	Tier 1 Penalty	\$5,883
Consumer Financial Protection Act	Tier 2 Penalty	\$29,416
Consumer Financial Protection Act	Tier 3 Penalty	\$1,176,638
Interstate Land Sales Full Disclosure Act	Per violation	\$2,050
Interstate Land Sales Full Disclosure Act	Annual Cap	\$2,048,915
Real Estate Settlement Procedures Act	Per failure	\$96
Real Estate Settlement Procedures Act	Annual Cap	\$192,768
Real Estate Settlement Procedures Act	Per failure, where intentional	\$193
SAFE Act	Per violation	\$29,707
Truth in Lending Act	First violation	\$11,767
Truth in Lending Act	Subsequent violations	\$23,533

[Additional Information](#)

NCUA – Civil Monetary Penalty Inflation Adjustment

January 7, 2020

- The NCUA Board (Board) is amending its regulations to adjust the maximum amount of each civil monetary penalty (CMP) within its jurisdiction to account for inflation (excerpted below).
- Final Rule is effective January 14, 2020

Law	Penalty Description	New Penalty Amount
42 USC 4012a(f)(5)	Non-compliance with flood insurance requirements	\$2,226
12 USC 1785(a)(3)	Non-compliance with insurance logo requirements	\$127

[Additional Information](#)

OCC Seeks Public Input for Proposed Amendments to the Community Reinvestment Act (CRA)

January 10, 2020

- On January 9, 2020, the OCC and the Federal Deposit Insurance Corporation (the agencies) published a notice of proposed rulemaking that would amend their regulations implementing the Community Reinvestment Act (CRA). The OCC seeks public input with this request for information to assist in determining how the proposed rule might be revised to ensure that the final rule better achieves the statute's purpose of encouraging banks to help serve their communities by making the framework more objective, transparent, consistent, and easy to understand. Specifically, this request for information seeks bank-specific data and information to supplement currently-available data and to inform potential revisions to modernize and strengthen the CRA regulatory framework.
- Comments to be submitted by March 10, 2020

[Additional Information](#)

CFPB Issues Fall 2019 Semi Annual Report to Congress

February 5, 2020

- The CFPB has issued its Fall 2019 Semi-Annual Report to Congress covering the period April 1, 2019 through September 30, 2019.
- The report represents the CFPB's third semi-annual report under Director Kraninger's leadership and continues the practice of the prior two reports of not providing aggregate numbers for how much consumers obtained in consumer relief and how much was assessed in civil money penalties in supervisory and enforcement actions during the period covered by the report.

[Additional Information](#)

CFPB Announces Action Against Citizens Bank, N.A.

January 30, 2020

- **WASHINGTON, D.C.** – Today the Consumer Financial Protection Bureau (Bureau) filed suit against Citizens Bank, N.A. (Citizens), a national banking association headquartered in Providence, Rhode Island. The Bureau’s complaint alleges violations of the Truth in Lending Act (TILA) and TILA’s 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).
- As described in the complaint, the Bureau alleges that for several years Citizens violated TILA, as amended by the FCBA, and Regulation Z by failing to properly manage and respond to credit card disputes. The complaint alleges that Citizens automatically denied consumers’ billing error notices and claims of unauthorized use in certain circumstances. The complaint further alleges that Citizens failed to fully refund finance charges and fees when consumers asserted meritorious disputes or fraud claims, and failed to send consumers required acknowledgement letters and denial notices in response to billing error notices.
- The Bureau further alleges that for several years Citizens violated TILA by violating provisions passed under the CARD Act. The Bureau alleges that Citizens violated TILA and Regulation Z by failing to provide credit counseling referrals to consumers who called Citizens’ toll-free number designated for that purpose. These alleged violations of TILA—including those under the FCBA and the CARD Act—and Regulation Z also constitute violations of the Consumer Financial Protection Act.

CFPB Announces Action Against Citizens Bank, N.A. - continued

January 30, 2020

- The Bureau filed its complaint in the U.S. District Court for the District of Rhode Island on January 30, 2020. The Bureau's complaint seeks, among other remedies, an injunction against defendants and the imposition of civil money penalties.
- The complaint is not a finding or ruling that the defendant has violated the law.

[Additional Information](#)

Federal Reserve Warns About Redlining and Steering Risks From Digital Targeted Advertising

January 29, 2020

- Carol Evans and Westra Miller from the Federal Reserve's Division of Consumer and Community Affairs published an article in the Fed's Consumer Compliance Outlook addressing redlining and steering risks from digital targeted advertising.

[Additional Information](#)

Comprehensive CREDIT Act

January 29, 2020

- House passed HR 3621, Comprehensive CREDIT Act of 2020, which is pending consideration by the Senate.
- To amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment, and for other purposes.
- Its various Act cover the following: Improvements to the Dispute Process; Free Credit Scores for Consumers; Student Borrower Credit Improvement Act; Credit Restorations for Victims of Predatory Activities and Unfair Consumer Reporting Practices; Clarity in Credit Score Formation; Restrictions on Credit Checks for Employment Decisions; Prohibition on Misleading and Unfair Consumer Reporting Practices; Protections Against Identity Theft, Fraud or a Related Crime.

[Additional Information](#)

Federal Housing Finance Agency (FHFA) Adjustment to Cap on Total Assets Used in Qualifying Member Banks as a “Community Financial Institution” (CFI)

January 22, 2020

- The Federal Housing Finance Agency (FHFA) has adjusted the cap on average total assets that is used in determining whether a Federal Home Loan Bank (Bank) member qualifies as a “community financial institution” (CFI) to \$1,224,000,000, based on the annual percentage increase in the Consumer Price Index for all urban consumers (CPI-U), as published by the Department of Labor (DOL). These changes took effect on January 1, 2020.
- For further information contact: James Hedrick, Division of Federal Home Loan Bank Regulation, (202) 649-3319, James.Hedrick@fhfa.gov; or Eric M. Raudenbush, Associate General Counsel, (202) 649-3084, Eric.Raudenbush@fhfa.gov, (not toll-free numbers), Federal Housing Finance Agency, Constitution Center, 400 Seventh Street SW, Washington, DC 20219. The Telecommunications Device for the Deaf is (800) 877-8339.

[Additional Information](#)

Fannie Mae and Freddie Mac Announce New Timeline for Implementation of the Redesigned Uniform Residential Loan Application (URLA/Form 1003)

January 20, 2020

- On December 18th, Fannie Mae and Freddie Mac announced a new timeline for implementation of the URLA as well as updated datasets for automated underwriting systems (AUS).
- Financial institutions will be required to use the new URLA and AUS specifications beginning on November 1, 2020. There will; however, be a pipeline transition period for 12 months. Any applications that are received prior to the November 2020 deadline that were submitted using the old legacy format may be completed on the previous URLA, even after the mandate date. However, this transition period ends on November 1, 2021 and the current URLA and submissions based on the legacy AUS specifications will no longer be accepted.

[Additional Information](#)

CFPB Invites Public to Apply for Membership for Appointment to its Advisory Committees

January 13, 2020

- Pursuant to the authorities given to the Director of the Bureau of Consumer Financial Protection (Bureau) under the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Director Kraninger invites the public to apply for membership for appointment to its Consumer Advisory Board (CAB), Community Bank Advisory Council (CBAC), Credit Union Advisory Council (CUAC), and Academic Research Council (ARC) (collectively, advisory committees). Membership of the advisory committees includes representatives of consumers, diverse communities, the financial services industry, academics, and economists. Appointments to the committees are generally for two years. However, the Director may amend the respective committee charters from time to time during the charter terms, as the Director deems necessary to accomplish the purpose of the committees. The Bureau expects to announce the selection of new members in late-summer 2020.
- The application will be available on January 13, 2020 here: <https://consumer-financial-protection-bureau.forms.fm/2020-application-to-serve-on-the-cfpb-s-advisory-committees>. Complete application packets received on or before 11:59 p.m. EST on February 27, 2020, will be given consideration for membership on the committees.

[Additional Information](#)

Effective Date	Implementing Rule/Regulation	Additional Details
March 15, 2019	List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List)	<ul style="list-style-type: none"> • List
April 1, 2019	Prepaid Rule	<ul style="list-style-type: none"> • Rule • Compliance Guide
July 1, 2019	Mandatory acceptance of certain private flood insurance	<ul style="list-style-type: none"> • Rule
August 12, 2019	Reg D – Reserve Requirements of Depository Institutions	<ul style="list-style-type: none"> • Rule
August 12, 2019	Reg A – Extensions of Credit by Federal Reserve Banks	<ul style="list-style-type: none"> • Rule
August 19, 2019	Small Business Size Standards	<ul style="list-style-type: none"> • Rule
September 20, 2019	Assessment of Fees	<ul style="list-style-type: none"> • Rule
October 1, 2019	Regulatory Capital Rule	<ul style="list-style-type: none"> • Rule
October 1, 2019	Recordkeeping for Timely Deposit Insurance Determination	<ul style="list-style-type: none"> • Rule
October 9, 2019	OCC, Federal Reserve System and FDIC Rule on Real Estate Appraisals	<ul style="list-style-type: none"> • Rule
October 22, 2019	NCUA Rule on Real Estate Appraisals	<ul style="list-style-type: none"> • Rule

Effective Date	Implementing Rule/Regulation	Additional Details
December 2, 2019	NCUA Payday Alternative Loans	• Rule
December 28, 2019	Taxpayer First Act	• Rule
January 1, 2020	Simplify “Volcker Rule”	• Rule
January 1, 2020	CRA Asset Size Adjustment for Small and Intermediate Small Institutions	• Rule
January 1, 2020	HMDA Adjustment to Asset Size Exemption Threshold	• Rule
July 1, 2020	Final Amendments to Reg. CC Funds Availability	• Rule
November 1, 2020	New URLA Required Use	• Issuance
November 19, 2020	Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date	• Issuance



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