



Capitol Comments September 2016

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

Joint federal agency actions

FFIEC issues revised information security booklet

The FFIEC members issued a revised Information Security booklet, which is part of the [FFIEC Information Technology Examination Handbook](#)¹. The revised booklet addresses the factors necessary to assess the level of security risks to a financial institution's information systems. The booklet also helps examiners evaluate the adequacy of the information security program's integration into overall risk management. The booklet describes effective information security program management, including the following phases of the life cycle of information security risk management: Risk identification; Risk measurement; Risk mitigation; and Risk monitoring and reporting.

Joint agencies report to Congress on bank activities and investments

Section 620 of the Dodd-Frank Act requires the federal banking agencies to conduct a study of the activities and investments that banking entities may engage in under state and federal law. In carrying out the study, the federal banking agencies are required to review and consider (i) the type of permissible activities and investments of banking entities; (ii) the risks, including financial, operational, managerial, or reputational, associated with or presented as a result of such activities or investments; and (iii) the risk mitigation activities undertaken by banking entities with regard to such risks. The Federal Reserve, FDIC, and OCC prepared a [report](#)² based on that study. Each agency prepared a section of the report and reported its own conclusions.

2015 small business, small farm, and community development lending data available

The three federal banking agency members of the FFIEC with CRA responsibilities — the Fed, the FDIC, and the OCC— announced the availability of [data](#)³ on small business, small farm, and community development lending reported by certain commercial banks and savings associations, pursuant to the CRA.

CFPB actions

HMDA final rule overview video

The CFPB posted a video on its YouTube channel entitled: [HMDA Final Rule Overview](#).⁴ The video provides an overview of the HMDA final rule issued by the CFPB on October 15, 2015.

Comment: Grab some popcorn, this video is over an hour long. Additional resources to help you understand the new HMDA final rule can be found on the [CFPB's HMDA rule implementation page](#).⁵

CFPB releases report on student loan servicing complaints

The CFPB Ombudsman released a [report](#)⁶ finding consumers complain of servicing problems that make it difficult to get lower student loan payments tied to their income. The CFPB also published a prototype “[Fix It Form](#)”⁷ that servicers can use to improve the level of service they provide.

Comment: The CFPB also has the [Repay Student Debt tool](#), which helps borrowers get unbiased tips on how to navigate student loan repayment, along with other sample letters they can send to their student loan servicers.

New advisory board and council members announced

CFPB [appointed](#)⁸ new consumer experts from outside the federal government to the Consumer Advisory Board, Community Bank Advisory Council, Credit Union Advisory Council, and Academic Research Council. The four bodies provide advice to CFPB leadership on a broad range of consumer financial issues and emerging market trends.

CFPB monthly complaint snapshot focuses on bank account and service complaints

The CFPB released a [monthly complaint snapshot](#)⁹ highlighting consumer complaints about bank accounts and services. According to the CFPB, the report shows that consumers continue to experience problems managing their accounts. This month's report also highlights trends seen in complaints coming from Ohio. As of Aug. 1, 2016, the Bureau has handled approximately 954,400 total complaints across all products.

Comment: Consumers complained of trouble opening accounts because of consumer and credit reporting data used to screen them. Many of them were learning of this negative information for the first time when they attempted to open an account. Consumers also complained that overdrafts occurred because they were confused about the availability of funds they had deposited or were attempting to deposit. Check-hold policies were often blamed. Many reported error resolution procedures that were not prompt and lacked provisional credit for disputed transactions. The most complained about companies were: Bank of America, JPMorgan, Wells Fargo, and Citibank.

CFPB issues TRID guidance for settlement professionals

This CFPB designed an [online guide](#)¹⁰ to help settlement professionals navigate through the changes that are a part of the Know Before You Owe mortgage initiative

CFPB releases new resources for financial education

CFPB [unveiled new resources](#)¹¹ for financial educators including [Building Blocks to Help Youth Achieve Financial Capability](#),¹² a report that presents a new financial capability developmental model and makes recommendations for financial education. Based on the developmental framework described in the report, the Bureau also released a [personal finance pedagogy](#),¹³ a teaching tool to enhance personal financial education in schools.

CFPB blog

[What you need to know if you were harmed by Wells Fargo](#)

[Cientos de miles de cuentas creadas en secreto por los empleados de Wells Fargo Bank resultan en una multa histórica de \\$100 millones por parte del CFPB](#)

[Hundreds of thousands of accounts secretly created by Wells Fargo Bank employees leads to historic \\$100 million fine from the CFPB](#)

[Four strategies to help youth achieve financial capability](#)

[Did you take out student loans to attend ITT Tech? You have options](#)

[Four ways to support your community's fight against elder financial exploitation](#)

[CFPB announces 30 new Your Money, Your Goals partners to help low-income consumers](#)

[Trying to enroll in an income-driven repayment plan? Avoid #ApplicationAbyss with our student loan tips and resources](#)

[The ABCs of money management for military kids](#)

FDIC actions

FDIC updates video on ATR and QM rule

FDIC released [updated technical assistance videos on the Ability-to-Repay and Qualified Mortgages Rule](#).¹⁴ The updated videos provide financial institution management, compliance officers, and staff with resources for a better understanding of the current requirements of the Ability-to-Repay and Qualified Mortgages Rule.

Comment: This video series is designed for community bank compliance officers, to help facilitate understanding of how to comply with these rules. The series begins with the Ability-to-Repay & Qualified Mortgages rule (ATR/QM rule) with a special focus on aspects of the ATR/QM rule of particular interest to community bankers. All of the videos are under 15 minutes in length.

Nearly all community banks' assessment rates decline

According to an FDIC [press release](#), more than nine out of 10 small banks are likely to pay less for deposit insurance beginning in the current quarter. The reduction will occur because the reserve ratio reached 1.17 percent at the end of June. That's the highest level in more than eight years. The FDIC has included a [calculator](#).¹⁵

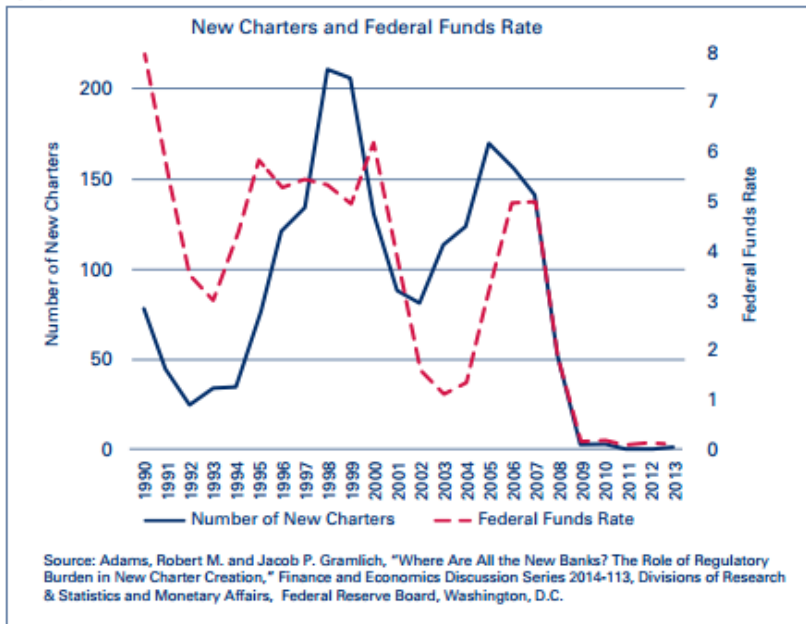
Comment: The reserve ratio reaching 1.17 is significant. As you may recall, it was negative following the financial crisis. Ninety-three percent of institutions with less than \$10 billion in assets are expect to see, on average, a one-third decline.

FDIC releases Summer 2016 Supervisory Insights

The FDIC issued "De Novo Banks: Economic Trends and Supervisory Framework," which appears in the [Summer 2016 issue of Supervisory Insights](#).¹⁶ The article provides an overview of trends in de novo formation; the process by which the FDIC reviews applications for deposit insurance; the supervisory process for de novo institutions; and steps the FDIC is taking to support de novo formations. Additionally, this issue of Supervisory Insights contains the article, "'Matters Requiring Board Attention' Underscore Evolving Risks in Banking." Finally, the "Regulatory and Supervisory Roundup" provides an overview of recently released regulations and supervisory guidance.

Comment: The FDIC says that the information in the de novo article is provided to reinforce the FDIC's desire to promote dialog with individuals and groups interested in forming a new bank. The FDIC says it is supportive of the formation of new financial institutions and welcomes applications for deposit insurance.

Chart 1



FDIC Consumer News – Summer 2016: Choosing and using the right account

[FDIC Consumer News](#)¹⁷ is produced quarterly by the FDIC Office of Communications in cooperation with other Divisions and Offices. It is intended to present information in a nontechnical way and is not intended to be a legal interpretation of FDIC or other government regulations and policies. It may be reprinted in whole or in part without permission—but credit must be given to FDIC Consumer News. In this edition:

Choosing and Using the Right Bank Account: Tips for Getting More Out of Your Checking and Savings

Depositing a Check with Your Smartphone or Tablet

When Small Charges on Your Credit or Debit Card Can Signal a Big Crime

The FDIC’s Greatest Hits: Popular Topics for Readers

Preparing Your Finances for a Flood, Fire or Other Disaster: Having a Plan

Money Smart at 15: The FDIC’s Free Financial Education Curriculum

Updates and Reminders

Comment: Having a bank account brings important benefits, including deposit insurance and access to a variety of financial services. The latest FDIC Consumer News features simple tips on how to choose and manage a checking or savings account wisely. The Summer 2016 edition also has articles on depositing a check using a smartphone or tablet, avoiding credit and debit card frauds, and preparing financially for a flood, fire or other disaster. This periodical can be read or reprinted for your customers at the link above. Additionally, it is available for your [Spanish speaking customers](#).¹⁸ Paper copies and past issues are available by request: publicinfo@fdic.gov. In the past few months, FDIC Consumer News has covered many topics, including [cybersecurity](#),¹⁹ [shopping for loans and credit cards](#),²⁰ [choosing and using bank rewards](#),²¹ and [teaching young people about money](#).²²

FDIC announces affordable mortgage resource for community banks

The [Affordable Mortgage Lending Guide, Part I](#)²³ organizes information about single-family mortgage products from federal agencies and government sponsored enterprises and provides technical assistance for community banks on affordable mortgage credit options. Institutions can use this Guide as a one-stop resource to gain an overview of a variety of program resources, compare different products, and understand Community Reinvestment Act implications. The [Affordable Mortgage Lending Center](#)²⁴ provides a program matrix, program descriptions, data, and fact sheets from the FDIC and other federal resources. Quick Links for each housing product enable institutions to identify the next steps for program participation.

OCC actions

OCC seeks nominations for advisory committees

The OCC is seeking nominations for members of its Minority Depository Institutions Advisory Committee (MDIAC) nominations and its Mutual Savings Association Advisory Committee (MSAAC). [Request for nominations](#).²⁵

OCC issues *Financial Literacy Update*

The September/October 2016 edition of the OCC's [Financial Literacy Update](#),²⁶ a bimonthly e-newsletter that reports upcoming financial literacy events, new initiatives, and related resources, was released.

OCC releases 2017 supervision operating plan

The OCC's Committee on Bank Supervision (CBS) annually develop an [operating plan](#)²⁷ that sets forth the agency's supervision priorities and objectives. The agency's fiscal year (FY) for 2017 begins October 1, 2016, and ends September 30, 2017. The FY 2017 operating plan outlines the OCC's bank supervision priorities by operating unit and aligns with "The OCC's Strategic Plan, Fiscal Years 2015–2019," annual strategic priorities, and the National Risk Committee risk priorities and actions. The operating plan guides the development of supervisory strategies for individual national banks and federal savings associations (collectively, banks). CBS managers and staff will use this plan to guide their supervisory priorities, planning, and resource allocations for FY 2017.

Comment: Midsize and Community Bank Supervision will focus on: credit underwriting, stress testing, strategic risk, operational risk, BSA/AML, consumer compliance, interest rate risk, ALLL, and horizontal risk assessment. Compliance and Community Affairs, a new operating unit, will focus on: risk assessment, policy guidance, technical assistance, industry outreach, and collaboration. Examinations of technology and other critical services will focus on: cybersecurity, enterprise risk management, third-party risk management, change management processes, product- and service-specific risks.

Bank Accounting Advisory Series updated

The OCC released an [update to the Bank Accounting Advisory Series](#).²⁸ The BAAS covers a variety of topics and promotes consistent application of accounting standards among national banks and federal savings associations. This update includes recent answers to frequently asked questions from the industry and examiners covering areas such as contingencies, and fair value accounting.

Federal Reserve actions

Fed announces launch of Facebook page

The Fed created a [Facebook page](#).²⁹ Posts will include press releases, speeches, testimony, reports, educational materials, frequently asked questions, photos, and videos. With the launch of its Facebook page, the Board now shares information on five platforms including Twitter, YouTube, Flickr, and LinkedIn.

Fed releases holiday currency ordering schedule

For the [2016 holiday season](#)³⁰, the Federal Reserve Banks will process your holiday currency special requests during two separate ordering periods. The special ordering periods are as follows:

Friday, October 28 through Thursday, November 3

Friday, December 2 through Thursday, December 8

Fed announces Outlook Live Fair Lending Hot Topics webinar

The Federal Reserve announced that the next [Outlook Live Webinar, on October 4, 2016](#),³¹ will be a discussion of fair lending issues and hot topics. During this session, representatives from six federal agencies will discuss a variety of emerging fair lending issues and hot topics, including:

CFPB Updates

HMDA Validation

Compliance Management

Auto Lending

Redlining

Speakers at this event will represent the DOJ, CFPB, FDIC, OCC, Federal Reserve, and NCUA. Click [here](#)³² to register.

Other federal actions

Department of Defense Issues Interpretive Rule Under the Military Lending Act

On Thursday, August 25, The Department of Defense (DoD) issued an Interpretive Rule under the Military Lending Act (MLA). The issuance provides guidance on certain questions the DoD received regarding compliance with the Final Rule, which becomes effective on October 3rd, 2016.

In issuing the Interpretive Rule, the DoD stated that it "...does not substantively change the [July 2015] regulation implementing the MLA, but rather merely states the Department's preexisting interpretations of an existing regulation" making it effective immediately upon publication.

A bank can use its own method to determine whether an applicant is a covered borrower under the rule, or it can use one of two safe-harbor methods: check the applicant's status in the Defense Manpower Data Center database, or check it against data obtained from one of the national consumer reporting agencies.

HUD and VA announce support for homeless veterans

HUD and the VA announced a second round of funding to help provide permanent homes to an estimated 108 veterans experiencing homelessness in seven states. The rental assistance announced is provided through the [HUD-Veterans Affairs Supportive Housing](#)³³ Program which combines rental assistance from HUD with case management and clinical services provided by VA (see attached list of HUD's voucher awards below).

FHA announces resources to help consumers avoid foreclosure

The FHA announced new procedures to strengthen the process mortgage servicers use to help struggling families avoid foreclosure and remain in their homes. FHA is streamlining its loss mitigation protocols that servicers must use when evaluating and deploying 'home retention options,' foreclosure alternatives that allow delinquent borrowers to retain their home. [Read FHA's mortgagee letter](#).³⁴

FHA's revised procedures streamline the process servicers use to engage borrowers, specifically when evaluating them for the [FHA-Home Affordable Modification Program \(FHA-HAMP\)](#).³⁵ These changes will reduce the number of steps that a servicer and borrower must take to resolve a delinquency and enter into a loss mitigation home retention product. In addition, FHA is removing certain obstacles that will allow servicers greater flexibility for evaluating an unemployed borrower for a special forbearance agreement.

Comment: Specifically, FHA will:

- *Require servicers to convert successful 3-month trial modifications into permanent modifications within 60 days instead of the average four-to-six months;*
- *Allow borrowers with three missed mortgage payments to qualify for a partial claim to bring their arrearages current versus the previous requirement for a minimum of four missed payments;*
- *End the traditional stand-alone Loan Modification option so struggling borrowers can access the FHA-HAMP option, with its greater payment relief, sooner; and*
- *Eliminate the required 12-month term for FHA's special forbearance option. This will allow servicers to offer this option to more unemployed households.*

FHFA announces new refinance offering

The FHFA [announced](#)³⁶ that Fannie Mae and Freddie Mac, at FHFA's direction, will implement a new refinance offering aimed at borrowers with high loan-to-value (LTV) ratios. The new refinance offering will provide much-needed liquidity for borrowers who are current on their mortgage but are unable to refinance through traditional programs because their LTV ratio exceeds the Enterprises' maximum limits.

Redesigned residential loan application

Fannie Mae and Freddie Mac [announced](#)³⁷ the publication of the redesigned Uniform Residential Loan Application (URLA), the standardized form used by borrowers to apply for a mortgage loan. This is the first substantial revision made to the form in more than 20 years and the changes are designed to allow lenders to deliver an easier, more consumer-friendly loan application experience. The redesigned URLA form includes a reorganized layout, simplified terminology, and new data fields that capture necessary information in an easy-to-read format. Additionally, the GSEs worked together to create a common corresponding dataset, called the Uniform Loan Application Dataset to ensure consistency of data delivery.

HUD: Loans in native communities may qualify for CRA consideration

The September 2016 issue of [Community Developments Investments](#)³⁸ spotlights HUD's Title VI Loan Guarantee Program, which provides an additional source of funding for Indian tribes receiving federal Indian Housing Block Grants for affordable housing activities. This Investments also explains how two banks have used the Title VI program—and how other banks can as well—to provide housing financing in Indian Country.

Comment: Bank activities in Indian Country may qualify for [CRA consideration](#).³⁹

FinCEN advisory on email fraud schemes

FinCEN issued an [advisory](#)⁴⁰ to help financial institutions guard against a growing number of e-mail fraud schemes in which criminals misappropriate funds by deceiving financial institutions and their customers into conducting wire transfers. This advisory also provides red flags—developed in consultation with the FBI and the U.S. Secret Service—that financial institutions may use to identify and prevent such e-mail fraud schemes.

Comment: This advisory should be shared with: Cybersecurity departments; Risk departments; Fraud prevention units; BSA/AML management; AML intelligence units; and AML analysts/investigators.

NACHA rule establishes third-party sender registration requirements

The Electronic Payments Association® announced that a [new rule](#)⁴¹ was approved that will require Originating Depository Financial Institutions (ODFIs) to identify and register their Third-Party Sender customers. The registration process will promote consistent customer due diligence among all ODFIs, and serve as a tool to support NACHA's continuing efforts to maintain ACH Network quality.

Comment: According to the press release: In the ACH Network, a Third-Party Sender is a processing intermediary between a financial institution and an end-user of ACH payments. The Third-Party Sender Registration Rule, which becomes effective Sept. 29, 2017, will require ODFIs to provide a limited set of initial, basic registration information, such as name of business and contact information, for each Third-Party Sender with which it maintains a relationship. ODFIs that do not maintain any Third-Party Sender relationships will be required to provide a statement to that effect.

Publications, articles, reports, studies, testimony & speeches

Fed report on charge-off and delinquency rates

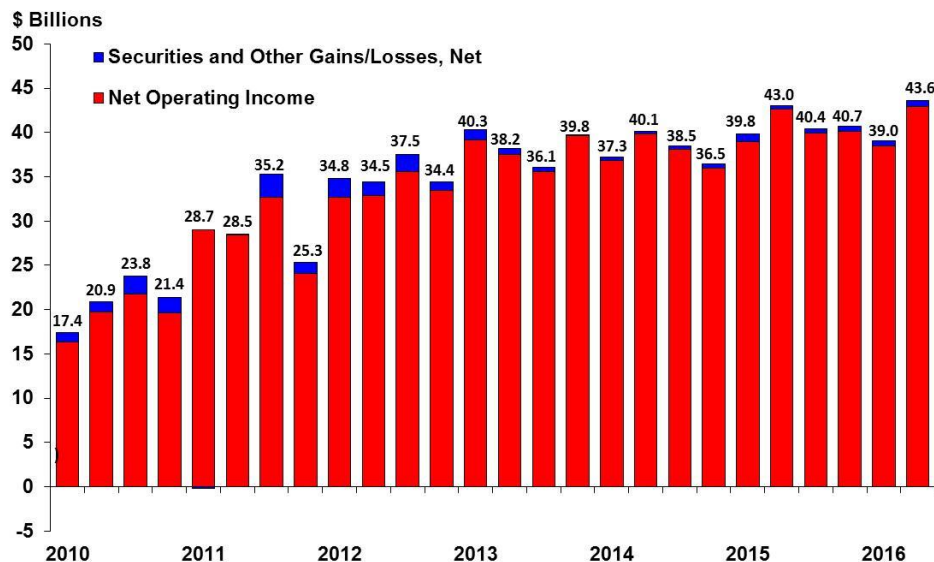
The Fed released [reports](#)⁴² on the charge-off and delinquency rates on loans and leases at commercial banks.

Second quarter financial results at FDIC-insured institutions

The [Quarterly Banking Profile](#)⁴³ is a quarterly publication that provides the earliest comprehensive summary of financial results for all FDIC-insured institutions. [Press release](#).⁴⁴

Comment: According to the press release, commercial banks and savings institutions insured by the FDIC reported aggregate net income of \$43.6 billion in the second quarter of 2016, up \$584 million (1.4 percent) from a year earlier. The increase in earnings was mainly attributable to a \$5.2 billion (4.8 percent) increase in net interest income and a \$981 million decline in expenses for litigation reserves at a few large banks.

Quarterly Net Income, 2010 - 2016



FDIC Smart Money, Summer 2016

[Money Smart News, Summer 2016](#), was released by the FDIC. This issue covers: enhancements to Money Smart for Small Business (including success stories); it's easier to join Money Smart alliance; tips on cybersecurity for bank customers; mobile banking and modernization of the payment system; and lending practices in financial education for postsecondary students.

FHFA reports mortgage interest rates fell in July

The [FHFA index](#)⁴⁵ reflects that, nationally, interest rates on conventional purchase-money mortgages decreased from June to July, according to several indices of new mortgage contracts.

Fed chair Yellen speaks on the continuing role of monetary policy

Janet L. Yellen, Federal Reserve Board Chair, concluded [recent remarks](#)⁴⁶ with: “Although fiscal policies and structural reforms can play an important role in strengthening the U.S. economy, my primary message today is that I expect monetary policy will continue to play a vital part in promoting a stable and healthy economy. New policy tools, which helped the Federal Reserve respond to the financial crisis and Great Recession, are likely to remain useful in dealing with future downturns. Additional tools may be needed and will be the subject of research and debate. But even if average interest rates remain lower than in the past, I believe that monetary policy will, under most conditions, be able to respond effectively.”

FHFA releases housing prices for second quarter

U.S. house prices rose 1.2 percent in the second quarter of 2016 [according to the FHFA House Price Index \(HPI\)](#).⁴⁷ House prices rose 5.6 percent from the second quarter of 2015 to the second quarter of 2016. FHFA's seasonally adjusted monthly index for June was up 0.2 percent from May. The HPI is calculated using home sales price information from mortgages sold to, or guaranteed by, Fannie Mae and Freddie Mac. FHFA has produced a video of highlights for this quarter.

Fed's Beige Book – September 7, 2016

[Reports](#)⁴⁸ from the twelve Federal Reserve Districts suggest that national economic activity continued to expand at a modest pace on balance during the reporting period of July through late August. Most Districts reported a "modest" or "moderate" pace of overall growth. Contacts across the twelve Districts generally expect moderate economic growth in coming months. Overall consumer spending was little changed in most Districts, and auto sales declined somewhat but remained at high levels. Tourism activity was flat from the previous report but above year-earlier levels. Sales of nonfinancial services gained further momentum. Manufacturing activity rose slightly in most Districts. Activity in residential real estate markets grew at a moderate pace, but the pace of sales was constrained in a few Districts by shortages of available homes. Commercial real estate activity expanded further. Demand for business and consumer credit varied across Districts but appeared to expand at a moderate pace overall, with stable credit quality. Agricultural conditions were mixed, with price declines largely offsetting growing volumes. Overall demand for energy-related products and services weakened.

Labor market conditions remained tight in most Districts, with moderate payroll growth noted in general. Upward wage pressures increased further and were moderate on balance, with more rapid gains reported for workers with selected specialized skill sets. Price increases remained slight overall.

FDIC State Profiles

[FDIC State Profiles](#)⁴⁹ are reformatted as a quarterly data sheet summation of banking and economic conditions in each state. To retrieve a state profile, select a state from either the map or list.

Comptroller Curry on innovation in lending

In [prepared remarks](#) delivered to the Marketplace Lending Policy Summit 2016, Comptroller of the Currency Thomas J. Curry, said that the OCC's "Innovation Framework Development Team is considering in their work to create a framework to enable the OCC to assess responsible innovation." Curry didn't share details of the framework, but said that it would be completed this fall and the final product would be consistent with eight principals (a description of those principals begins on page 6 of his remarks). With respect to chartering fintech companies, Comptroller Curry said, "If we at the OCC do decide to grant limited-purpose charters in this area, the institutions who receive the charters will be held to the same strict standards of safety, soundness, and fairness that other federally chartered institutions must meet."

Comment: Briefly, the eight principals are: 1. Support responsible innovation; 2. Foster a receptive culture at the OCC; 3. Capitalize on deep expertise at OCC; 4. Ensure fair access and treatment of customers; 5. Effective risk management and corporate governance; 6. Encourage banks to consider responsible innovation in strategic planning; 7. Ongoing dialogue with all stakeholders in the financial services community; 8. Collaboration with other regulators.

HUD/Census Bureau issue residential construction statistics

HUD and the Census Bureau jointly [announced](#)⁵⁰ the following new residential construction statistics for July 2016.

Fed issues industrial production and capacity utilization numbers

Industrial production rose 0.7 percent in July after moving up 0.4 percent in June. The advance in July was the largest for the index since November 2014. Manufacturing output increased 0.5 percent in July for its largest gain since July 2015. The index for utilities rose 2.1 percent as a result of warmer-than-usual weather in July boosting demand for air conditioning. The output of mining moved up 0.7 percent; the index has increased modestly, on net, over the past three months after having fallen about 17 percent between December 2014 and April 2016. At 104.9 percent of its 2012 average, total industrial production in July was 0.5 percent lower than its year-earlier level. Capacity utilization for the industrial sector increased 0.5 percentage point in July to 75.9 percent, a rate that is 4.1 percentage points below its long-run (1972–2015) average. [Industrial Production and Capacity Utilization – G.17](#).⁵¹

FedFlash

[FedFlash](#)⁵² is your source for the latest Federal Reserve Financial Services operational news. Each bulletin keeps you informed of issues critical to your day-to-day operations, providing you with National and District updates regarding the Fed's products and services, processes, technical protocols and contact information. In this month's edition:

Account Services

- [Reminder - Account Services SCI into AMI integration planned for early next month](#)

Check/Check 21 Services

- [Check Adjustments Tip: Checking the status of a Check Adjustment message](#)

FedACH[®] Services

- [Same Day ACH Phase 1 reminders](#)

- [September 23 implications for FedACH file ID modifiers](#)

- [FedACH SameDay Service modifications and fees](#)

- [Revisions to FedACH Services Operating Circular 4](#)

FedCash[®] Services

- [2016 holiday currency special ordering information now available](#)

FedFocus

[FedFocus](#)^{liii} is the source for the latest Federal Reserve Financial Services news. Each edition keeps you informed about hot topics in the industry, as well as provides insight into the value of Federal Reserve Financial Services. In this month's edition:

- You spoke, we listened: Federal Reserve Financial Services forms get a makeover
- Fed Facts: Keep current with the Fed's wide assortment of publications
- It's time to hit the books and focus on your FEDucation

Selected federal rules proposed

Proposed rules are included only when community banks may want to comment.

COMMENTS

CLOSE

SUMMARY OF PROPOSED RULE

- 10.07.2016 [Payday, Vehicle Title, and Certain High-Cost Installment Loans](#)^{liv} The CFPB proposed to establish 12 CFR part 1041, which would contain regulations creating consumer protections for certain consumer credit products. The proposal generally would cover two categories of loans. First, the proposal generally would cover loans with a term of 45 days or less. Second, the proposal generally would cover loans with a term greater than 45 days, provided that they (1) have an all-in annual percentage rate greater than 36 percent; and (2) either are repaid directly from the consumer's account or income or are secured by the consumer's vehicle. For both categories of covered loans, the proposal would identify it as an abusive and unfair practice for a lender to make a covered loan without reasonably determining that the consumer has the ability to repay the loan. The proposal generally would require that, before making a covered loan, a lender must reasonably determine that the consumer has the ability to repay the loan. The proposal also would impose certain restrictions on making covered loans when a consumer has or recently had certain outstanding loans. The proposal would provide lenders with options to make covered loans without satisfying the ability-to-repay requirements, if those loans meet certain conditions. The proposal also would identify it as an unfair and abusive practice to attempt to withdraw payment from a consumer's account for a covered loan after two consecutive payment attempts have failed, unless the lender obtains the consumer's new and specific authorization to make further withdrawals from the account. The proposal would require lenders to provide certain notices to the consumer before attempting to withdraw payment for a covered loan from the consumer's account. The proposal would also prescribe processes and criteria for registration of information systems, and requirements for furnishing loan information to and obtaining consumer reports from those registered information systems. The CFPB is proposing to adopt official interpretations to the proposed regulation. [Comments](#)^{lv} are due on or before October 7, 2016.
- 10.11.2016 The federal banking agencies are calling for comments on a proposed, new, and streamlined Call Report for small financial institutions. The [proposal](#)^{lvi} from the FDIC, OCC, and Federal Reserve, would affect financial institutions with domestic offices only and less than \$1 billion in total assets, which is 90 percent of institutions required to file Call Reports. The proposal would reduce the Call Report from 85 to 61 pages and result in the removal of about 40% (950) of the data items. Some data items would be eliminated and reporting frequency would be reduced for others. Five schedules would be consolidated into a single new supplemental schedule for certain complex and specialized activities. [FFIEC press release](#)^{lvii} According to the [Federal Reserve entry](#), the deadline for comments is October 11, 2016
- 10.14.2016 The FDIC, the Federal Reserve, and the OCC are requesting comment on a [proposed new streamlined Call Report](#)^{lviii} for eligible small institutions. The agencies are proposing that the new FFIEC 051 Call Report for eligible small institutions and the proposed changes to the FFIEC 041 and FFIEC 031 Call Reports would take effect March 31, 2017. The agencies propose to define "eligible small institutions" as institutions with total assets less than \$1 billion and domestic offices only. Such institutions currently file the FFIEC 041 Call Report. Eligible small institutions would have the option to file the FFIEC 041 Call Report rather than the FFIEC 051. A small institution otherwise eligible to file the FFIEC 051 Call Report may be required to file the FFIEC 041 based on supervisory needs. [FIL-53-2016](#)^{lix}
- 10.18.2016 The CFPB released a proposal to update its [TILA-RESPA Integrated Disclosure rule](#)^{lx} to memorialize informal guidance and offer clarifications. Among the proposed changes are updates to the tolerance provisions for the total of payments, clarification that recording fees and transfer taxes may be charged in connecting with housing-assistance lending, an extension of the rules coverage to all cooperative units, and clarification about how a creditor may provide separate disclosure forms to the consumer and seller. The proposal may be most notable for the issues it didn't address—technical error resolution and simultaneous issue of title policies. Comments will be accepted until October 18, 2016. [Federal Register entry](#)^{lxi}
- 10.27.2016 [Examination Guidance for Third-Party Lending](#)^{lxii} The proposed third-party lending guidance outlines the risks that may be associated with third-party lending as well as the expectations for a risk-management program, supervisory considerations, and examination procedures related to third-party lending.

COMMENTS CLOSED

- 08.22.2016 [Arbitration Agreements](#)^{lxiii} The CFPB proposed to establish 12 CFR part 1040, which would contain regulations governing two aspects of consumer finance dispute resolution. First, the proposed rule would prohibit covered providers of certain consumer financial products and services from using an agreement with a consumer that provides for arbitration of any future dispute between the parties to bar the consumer from filing or participating in a class action with respect to the covered consumer financial product or service. Second, the proposal would require a covered provider that is involved in an arbitration pursuant to a pre-dispute arbitration agreement to submit specified arbitral records to the CFPB. The CFPB proposes that the rulemaking would apply to certain consumer financial products and services. The CFPB is also proposing to adopt official interpretations to the proposed regulation.
- 09.01.2016 [FDIC adjustment of maximum CMPs](#)^{lxiv} This interim final rule adjusts the maximum limit for CMPs according to inflation as mandated by Congress in the 2015 Adjustment Act. The intended effect of annually adjusting maximum civil money penalties in accordance with changes in the Consumer Price Index is to minimize any distortion in the real value of those maximums due to inflation, thereby promoting a more consistent deterrent effect in the structure of CMPs. Other technical changes to 12 CFR part 308 are intended to improve the transparency of the regulation and to assist readers in quickly identifying the applicable CMP amounts.

09.06.2016

[Appraisals for Higher-Priced Mortgage Loans Exemption Threshold](#)^{lxv}. The OCC, the Federal Reserve and the CFPB published proposed rules amending the official interpretations for their regulations that implement a section of the Truth in Lending Act that establishes special appraisal requirements for HPMLs. The Agencies issued joint final rules implementing these requirements, effective January 18, 2014. The Agencies' rules exempted, among other loan types, transactions of \$25,000 or less, and required that this loan amount be adjusted annually based on any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the OCC, the Federal Reserve and the CFPB will not adjust this exemption threshold from the prior year. The proposal would memorialize this as well as the agencies' calculation method for determining the adjustment in years following a year in which there is no annual percentage increase in the CPI-W. Comments must be received by September 6, 2016.

Selected federal rules recently adopted



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 about.

EFFECTIVE

DATE: SUMMARY OF FINAL RULE:

1 yr. from pub.

[Mortgage Servicing Rules](#)^{lxvi} The CFPB updated its mortgage servicing rules and expanded foreclosure protections. The final rule provides protections when a mortgage is transferred between servicers. Mortgage servicers must now offer mitigation services more than once if a borrower brings their mortgage current, then again becomes delinquent. The rule provides additional protections to mortgagors who acquired the mortgage, often through death or divorce. The rules require servicers to provide periodic statements to borrowers in bankruptcy in certain circumstances. The statements must contain specific information tailored for bankruptcy and about loss mitigation options. The CFPB published a summary for consumers on its website. **Servicers have a full year from the upcoming publication date (and for some changes 18 months) to implement the rules.**

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 about.

EFFECTIVE

DATE: SUMMARY OF FINAL RULE:

09.30.2016

Call Reports. As part of its community bank Call Report burden-reduction initiative, the Federal Financial Institutions Examination Council (FFIEC) has approved a number of burden-reducing changes to the Consolidated Reports of Condition and Income (Call Report) as well as certain new and revised data items and instructional revisions. Subject to approval by the U.S. Office of Management and Budget, these Call Report revisions will take effect September 30, 2016, or March 31, 2017, depending on the change.

Comment: Institutions should review [FIL-44-2016](#) for further information about the Call Report revisions taking effect in September 2016 and March 2017.

10.03.2016

[Limitations on Terms of Consumer Credit Extended to Service Members and Dependents](#)^{lxvii} The Department of Defense issued a final rule amending the implementing regulations of the Military Lending Act of 2006. The final rule expands specific protections provided to service members and their families under the MLA and addresses a wider range of credit products than the DOD's previous regulation. **FDIC-supervised institutions and other creditors must comply with the rule for new covered transactions beginning October 3, 2016.** For credit extended in a new credit card account under an open-end consumer credit plan, compliance is required beginning October 3, 2017. [FIL-37-2015](#)^{lxviii}

12.01.2016

[Overtime Rule](#)^{lxix} In this Final Rule the Department updates the standard salary level and total annual compensation requirements to more effectively distinguish between overtime-eligible white collar employees and those who may be exempt, thereby making the exemption easier for employers and employees to understand and ensuring that the FLSA's intended overtime protections are fully implemented. The Department sets the standard salary level for exempt executive, administrative, professional, outside sales, and computer employees at the 40th percentile of weekly earnings of full-time salaried workers in the lowest-wage Census Region. The Department also permits employers to satisfy up to 10 percent of the standard salary requirement with nondiscretionary bonuses, incentive payments, and commissions, provided these forms of compensation are paid at least quarterly. The Department sets the total annual compensation requirement for an exempt Highly Compensated Employee (HCE) equal to the annualized weekly earnings of the 90th percentile of full-time salaried workers nationally. The Department also adds a provision to the regulations that automatically updates the standard salary level and HCE compensation requirements every three years by maintaining the earnings percentiles set in this Final Rule to prevent these thresholds from becoming outdated. Finally, the Department has not made any changes in this Final Rule to the duties tests for the EAP exemption.

12.24.2016	Credit Risk Retention . The OCC, Board, FDIC, Commission, FHFA, and HUD (the agencies) are adopting a joint final rule (the rule, or the final rule) to implement the credit risk retention requirements of section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act or Dodd-Frank Act). Section 15G generally requires the securitizer of asset-backed securities to retain not less than 5 percent of the credit risk of the assets collateralizing the asset-backed securities. Section 15G includes a variety of exemptions from these requirements, including an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as “qualified residential mortgages,” as such term is defined by the agencies by rule. The final rule was effective February 23, 2015. Compliance with the rule with respect to asset-backed securities collateralized by residential mortgages is required beginning December 24, 2015. Compliance with the rule with regard to all other classes of asset-backed securities is required beginning December 24, 2016.
09.30.2017	Joint Agencies: Loans in Areas Having Special Flood Hazards ^{lxxx} A lender that loses the small lender exemption shall mail or deliver to the borrower no later than September 30 of the first calendar year in which the lender loses its small lenders exemption a notice in writing, or if the borrower agrees, electronically, informing the borrower of the option to escrow all premiums and fees for any required flood insurance and the method(s) by which the borrower may request escrow, using language similar to the model clause in appendix B. A lender loses the exemption when its assets are ≥ \$1 billion. This applies to any loan secured by residential improved real estate or a mobile home that is outstanding on July 1 of the first calendar year in which the lender no longer qualifies for the small lender exemption (exception is for lenders with <\$1 billion in assets). Also, see January 1, 2016 above and September 30, 2017 below.
01.01.2018	Home Mortgage Disclosure (Regulation C) , ^{lxxxi} The CFPB amended Regulation C to implement amendments to HMDA made by section 1094 of the Dodd-Frank Act. Consistent with section 1094 of the Dodd-Frank Act, the CFPB is adding several new reporting requirements and clarifying several existing requirements. The CFPB is also modifying the institutional and transactional coverage of Regulation C. The final rule also provides extensive guidance regarding compliance with both the existing and new requirements.

Selected federal rules – recent effective dates

EFFECTIVE

DATE:	SUMMARY OF FINAL RULE:
08.30.2016	Fed CMP inflation adjustments , ^{lxxxii} The Board of Governors of the Federal Reserve System (the “Board”) is issuing an interim final rule amending its rules of practice and procedure to adjust the amount of each civil monetary penalty (“CMP”) provided by law within its jurisdiction to account for inflation as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.
08.01.2016	OCC CMP inflation adjustments , ^{lxxxiii} The OCC adopted an interim final rule amending its rules of practice and procedure for national banks and its rules of practice and procedure in adjudicatory proceedings for Federal savings associations to publish the maximum amount, adjusted for inflation, of each civil money penalty within its jurisdiction to administer. These actions are required under the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The OCC is accepting comments on the interim final rule through August 30, 2016.
08.01.2016	FDIC adjustment of maximum CMPs , ^{lxxxiv} This interim final rule adjusts the maximum limit for CMPs according to inflation as mandated by Congress in the 2015 Adjustment Act. The intended effect of annually adjusting maximum civil money penalties in accordance with changes in the Consumer Price Index is to minimize any distortion in the real value of those maximums due to inflation, thereby promoting a more consistent deterrent effect in the structure of CMPs. Other technical changes to 12 CFR part 308 are intended to improve the transparency of the regulation and to assist readers in quickly identifying the applicable CMP amounts. The FDIC is accepting comments on the interim final rule through September 1, 2016.
08.01.2016	FinCEN adjustment of maximum CMPs , ^{lxxxv} FinCEN is amending the regulations under the Bank Secrecy Act to adjust the maximum amount or range, as set by statute, of certain civil monetary penalties within its jurisdiction to account for inflation. This action is being taken to implement the requirements of the Federal Civil Penalties Inflation Adjustment Act of 1990, as further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. FinCEN is accepting comments on the interim final rule through September 1, 2016.
07.11.2016	FinCEN issued final rules , ^{lxxxvi} under the Bank Secrecy Act clarifying and strengthening customer due diligence requirements for: Banks; brokers or dealers in securities; mutual funds; and futures commission merchants and introducing brokers in commodities. The rules contain explicit customer due diligence requirements and include a new requirement to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.

- 07.01.2016 The Secretary of Education amended the cash management regulations and other sections of the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965, as amended. These final regulations are intended to ensure that students have convenient access to their title IV, HEA program funds, do not incur unreasonable and uncommon financial account fees on their title IV funds, and are not led to believe they must open a particular financial account to receive their Federal student aid. In addition, the final regulations update other provisions in the cash management regulations and otherwise amend the Student Assistance General Provisions. The final regulations also clarify how previously passed coursework is treated for title IV eligibility purposes and streamline the requirements for converting clock hours to credit hours.
- Comment: This rule amendment is meant to stop educational institutions from prioritizing the deposits of financial aid into institutional-sponsored accounts. Marketing material must be presented in a neutral way that enables the student to choose either his or her existing account or a campus account.*
- 07.01.2016 [Registration of Securities Transfer Agents](#).^{lxxxvii} The FDIC issued a final rule requiring insured State savings associations and subsidiaries of such State savings associations that act as transfer agents for qualifying securities to register with the FDIC, similar to the registration requirements applicable to insured State nonmember banks and subsidiaries of such banks. Second, the final rule revises the definition of qualifying securities to reflect statutory changes to the '34 Act made by the Jumpstart Our Business Startups Act.
- 07.01.2016 [Assessments](#).^{lxxxviii} Pursuant to the requirements of the Dodd-Frank Act and the FDIC's authority under section 7 of the Federal Deposit Insurance Act (FDI Act), the FDIC is imposing a surcharge on the quarterly assessments of insured depository institutions with total consolidated assets of \$10 billion or more. The surcharge will equal an annual rate of 4.5 basis points applied to the institution's assessment base (with certain adjustments). **If the Deposit Insurance Fund (DIF or fund) reserve ratio reaches 1.15 percent before July 1, 2016, surcharges will begin July 1, 2016.** If the reserve ratio has not reached 1.15 percent by that date, surcharges will begin the first day of the calendar quarter after the reserve ratio reaches 1.15 percent. (Lower regular quarterly deposit insurance assessment (regular assessment) rates will take effect the quarter after the reserve ratio reaches 1.15 percent.) Surcharges will continue through the quarter that the reserve ratio first reaches or exceeds 1.35 percent, but not later than December 31, 2018. The FDIC expects that surcharges will commence in the second half of 2016 and that they should be sufficient to raise the DIF reserve ratio to 1.35 percent in approximately eight quarters, i.e., before the end of 2018. If the reserve ratio does not reach 1.35 percent by December 31, 2018 (provided it is at least 1.15 percent), the FDIC will impose a shortfall assessment on March 31, 2019, on insured depository institutions with total consolidated assets of \$10 billion or more. **The FDIC will provide assessment credits (credits) to insured depository institutions with total consolidated assets of less than \$10 billion for the portion of their regular assessments that contribute to growth in the reserve ratio between 1.15 percent and 1.35 percent. The FDIC will apply the credits each quarter that the reserve ratio is at least 1.38 percent to offset the regular deposit insurance assessments of institutions with credits.**
- 06.30.2016 [Joint Agencies: Loans in Areas Having Special Flood Hazards](#)^{lxxxix} A lender who doesn't qualify for the small lender exemption shall mail or deliver to the borrower no later than June 30 a notice in writing, or if the borrower agrees, electronically, informing the borrower of the option to escrow all premiums and fees for any required flood insurance and the method(s) by which the borrower may request escrow, using language similar to the model clause in appendix B. A lender with \geq \$1 billion in assets does not qualify for the exemption. This applies to any loan secured by residential improved real estate or a mobile home that is outstanding on January 1, 2016. **Also, see January 1, 2016 above. For lenders that lose the exemption, see September 30, 2017 below.**
- 03.31.2016 [Operations in Rural Areas Under the Truth in Lending Act Interim Final Rule](#).^{lxxx} This interim final rule amends certain provisions of Regulation Z in light of title LXXXIX of the Fixing America's Surface Transportation Act, entitled the Helping Expand Lending Practices in Rural Communities Act, Public Law 114-94. The amendments to Regulation Z concern two matters: The eligibility of certain small creditors that operate in rural or underserved areas for special provisions that permit the origination of balloon-payment qualified mortgages and balloon-payment high cost mortgages and for an exemption from the requirement to establish an escrow account for higher-priced mortgage loans and the determination of whether an area is rural for the purposes of Regulation Z. DATES: This final rule is effective on March 31, 2016. Comments may be submitted on or before April 25, 2016.
- 01.01.2016 [Joint Agencies: Loans in Areas Having Special Flood Hazards](#)^{lxxxii} Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) relating to the escrowing of flood insurance payments and the exemption of certain detached structures from the mandatory flood insurance purchase requirement. The final rule also implements provisions in the Biggert-Waters Flood Insurance Reform Act of 2012 (the Biggert-Waters Act) relating to the force placement of flood insurance. In accordance with HFIAA, the final rule requires regulated lending institutions to escrow flood insurance premiums and fees for loans secured by residential improved real estate or mobile homes that are made, increased, extended or renewed on or after January 1, 2016, unless the loan qualifies for a statutory exception. In addition, certain regulated lending institutions are exempt from this escrow requirement if they have total assets of less than \$1 billion. Further, the final rule requires institutions to provide borrowers of residential loans outstanding as of January 1, 2016, the option to escrow flood insurance premiums and fees. The final rule includes new and revised sample notice forms and clauses concerning the escrow requirement and the option to escrow. The final rule includes a statutory exemption from the requirement to purchase flood insurance for a structure that is a part of a residential property if that structure is detached from the primary residence and does not also serve as a residence. However, under HFIAA, lenders may nevertheless require flood insurance on the detached structures to protect the collateral securing the mortgage. **(Lenders with assets < \$1 billion, see June 30, 2016 and September 30, 2017.)**
- 01.01.2016 [CFPB: Reg. Z Annual Threshold Adjustments \(CARD ACT, HOEPA and ATR/QM\)](#).^{lxxxiii} The CFPB issued this final rule amending the regulatory text and official interpretations for Regulation Z. The CFPB is required to calculate annually the dollar amounts for several provisions in Reg. Z; this final rule reviews the dollar amounts for provisions implementing amendments to TILA under the CARD Act, HOEPA, and the Dodd-Frank Act. These amounts are adjusted, where appropriate, based on the annual percentage

change reflected in the Consumer Price Index in effect on June 1, 2015. The minimum interest charge disclosure thresholds will remain unchanged in 2016

- 01.01.2016 [Amendments Relating to Small Creditors and Rural or Underserved Areas Under the Truth in Lending Act \(Regulation Z\)](#).^{lxxxiii} The CFPB amended certain mortgage rules issued by the CFPB in 2013. The final rule^{lxxxiv} revises the CFPB's regulatory definitions of small creditor, and rural and underserved areas, for purposes of certain special provisions and exemptions from various requirements provided to certain small creditors under the CFPB's mortgage rules.
- 01.01.2016 The OCC, the Board, and the FDIC [amended their CRA regulations](#).^{lxxxv} to adjust the asset-size thresholds used to define "small bank" or "small savings association" and "intermediate small bank" or "intermediate small savings association." As required by the CRA regulations, the adjustment to the threshold amount is based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The agencies also propose to make technical edits to remove obsolete references to the OTS and update cross-references to regulations implementing certain Federal consumer financial laws in their CRA regulations.
- 01.01.2016 [Federal Reserve Bank Services](#).^{lxxxvi} The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2016 of \$13.1 million and the 2016 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.
- 01.01.2018 [Home Mortgage Disclosure \(Regulation C\)](#).^{lxxxvii} The CFPB amended Regulation C to implement amendments to HMDA made by section 1094 of the Dodd-Frank Act. Consistent with section 1094 of the Dodd-Frank Act, the CFPB is adding several new reporting requirements and clarifying several existing requirements. The CFPB is also modifying the institutional and transactional coverage of Regulation C. The final rule also provides extensive guidance regarding compliance with both the existing and new requirements.
- 12.31.2015 [Cyber-related sanctions regulations](#).^{lxxxviii} OFAC issued regulations to implement [Executive Order 13694](#)^{lxxxix} of April 1, 2015 ("Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities"). OFAC intends to supplement this part 578 with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance and additional general licenses and statements of licensing policy.
- 12.24.2015 [Credit Risk Retention](#). The OCC, Board, FDIC, Commission, FHFA, and HUD (the agencies) are adopting a joint final rule (the rule, or the final rule) to implement the credit risk retention requirements of section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act or Dodd-Frank Act). Section 15G generally requires the securitizer of asset-backed securities to retain not less than 5 percent of the credit risk of the assets collateralizing the asset-backed securities. Section 15G includes a variety of exemptions from these requirements, including an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages," as such term is defined by the agencies by rule. The final rule was effective February 23, 2015. **Compliance with the rule with respect to asset-backed securities collateralized by residential mortgages is required beginning December 24, 2015.** Compliance with the rule with regard to all other classes of asset-backed securities is required beginning December 24, 2016.
- 12.24.2015 [CFPB corrections to TRID rules](#).^{xc} The CFPB made technical corrections to Reg. Z and the Official Interpretations of Reg. Z. These corrections republish certain provisions of Reg. Z and the Official Interpretations that were inadvertently removed from or not incorporated into the CFRs by the TRID TILA-RESPA Final Rule. Specifically, this final rule makes the following corrections to reinsert existing regulatory text that was inadvertently deleted from Reg. Z and its commentary:
- o Amends § 1026.22(a)(5) to restore subparagraphs (i) and (ii).
 - o Amends the commentary to § 1026.17 at paragraph 17(c)(1)-2 to restore subparagraphs i, ii, and iii.
 - o Amends commentary paragraph 17(c)(1)-4 to restore subparagraphs i.A, and i.B.
 - o Amends commentary paragraph 17(c)(1)-10 to restore introductory text and subparagraphs iii, iv, and vi.
 - o Amends commentary paragraph 17(c)(1)-11 to restore subparagraphs i, ii, iii, and iv.
 - o Amends commentary paragraph 17(c)(1)-12 to restore subparagraphs i, ii, and iii.
 - o Amends commentary paragraph 17(c)(4)-1 to restore subparagraphs i and ii.
 - o Amends commentary paragraph 17(g)-1 to restore subparagraphs i and ii.
 - o Amends the commentary to § 1026.18 at paragraph 18(g)-4 to restore text to subparagraph i.
- This rule also amends the commentary to appendix D to Reg. Z to add paragraph 7 that had been included in the TILA-RESPA Final Rule published in the Federal Register but that was inadvertently omitted from the commentary to appendix D in the CFR.
- 12.22.2015 The Federal Reserve [Amended Reg. D](#)^{xcii} (Reserve Requirements of Depository Institutions) to revise the rate of interest paid on balances maintained to satisfy reserve balance requirements ("IORR") and the rate of interest paid on excess balances ("IOER") maintained at Federal Reserve Banks by or on behalf of eligible institutions. The final amendments specify that IORR is 0.50 percent and IOER is 0.50 percent, a 0.25 percentage point increase from their prior levels. The amendments are intended to enhance the role of such rates of interest in moving the Federal funds rate into the target range established by the Federal Open Market Committee.
- 10.03.2015 [CFPB: Final integrated Mortgage Disclosures under the RESPA \(Reg. X\) and the Truth In Lending Act \(Reg. Z\)](#).^{xciii} Notice of final rule and official interpretations. The CFPB amended Reg. X and Reg. Z to establish new disclosure requirements and forms in Regulation Z for most closed-end consumer credit transactions secured by real property. In addition to combining the existing disclosure requirements and implementing new requirements imposed by the Dodd-Frank Act, the final rule provides extensive guidance regarding compliance with those requirements. [CFPB blog on the disclosure](#).

- 10.03.2015 [CFPB: Amendments to the 2013 Integrated Mortgage Disclosures Rule under Reg. X and Reg. Z and the Loan Originator Rule under Reg. Z^{xciii} \(80 FR 8767^{xciiv}\)](#) Notice of final rule and official interpretations. This rule amending the integrated mortgage rule extends the timing requirement for revised disclosures when consumers lock a rate or extend a rate lock after the Loan Estimate is provided and permits certain language related to construction loans for transactions involving new construction on the Loan Estimate. This rule also amends the 2013 Loan Originator Final Rule to provide for placement of the NMLSR ID on the integrated disclosures. Additionally, the CFPB made non-substantive corrections, including citation and cross-reference updates and wording changes for clarification purposes, to various provisions of Regulations X and Z as amended or adopted by the 2013 TILA-RESPA Final Rule. [CFPB blog on the disclosure.](#)
- 10.01.2015 [Department of Defense: Limitations on Terms of Consumer Credit Extended to Service Members and Dependents^{xcv}](#) The Department of Defense amended its regulation that implements the Military Lending Act, herein referred to as the “MLA.” Among other protections for Service members and their families, the MLA limits the amount of interest that a creditor may charge on “consumer credit” to a maximum annual percentage rate of 36 percent. The Department amends its regulation primarily for the purpose of extending the protections of the MLA to a broader range of closed-end and open-end credit products. Among other amendments, the Department modifies the provisions relating to the optional mechanism a creditor could use when assessing whether a consumer is a “covered borrower,” modifies the disclosures that a creditor must provide to a covered borrower, and implements the enforcement provisions of the MLA.
- 10.01.2015 [Joint Agencies: Loans in Areas Having Special Flood Hazards^{xvii}](#) The statutory force-placed insurance provision took effect upon the enactment of the Biggert-Waters Act on July 6, 2012. The statutory detached structure exemption took effect upon enactment of the HFIAA on March 21, 2014. The regulatory changes made by this final rule to incorporate these provisions are effective on October 1, 2015. See the final flood rule on 01.01.2016, below, for the statutory and escrow-related provisions.
- 08.01.2015 [Joint Agencies: Loans in Areas Having Special Flood Hazards^{xviii}](#) The OCC, the Fed, the FDIC, the FCA, and the NCUA amended their regulations regarding loans in areas having special flood hazards to implement certain provisions of the Homeowner Flood Insurance Affordability Act of 2014, which amends some of the changes to the Flood Disaster Protection Act of 1973 mandated by the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). The Agencies plan to address the private flood insurance provisions in Biggert-Waters in a separate rulemaking.

Specifically, the final rule:

- Requires the escrow of flood insurance payments on residential improved real estate securing a loan, consistent with the changes set forth in HFIAA. The final rule also incorporates an exemption in HFIAA for certain detached structures from the mandatory flood insurance purchase requirement.
- Implements the provisions of Biggert-Waters related to the force placement of flood insurance.
- Integrates the OCC's flood insurance regulations for national banks and Federal savings associations.

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¹ <http://ithandbook.ffiec.gov/>

² <http://occ.gov/news-issuances/news-releases/2016/nr-ia-2016-107a.pdf>

³ https://www.ffiec.gov/hmcrpr/cra_fs16.htm

⁴ <https://www.youtube.com/watch?v=Arm9XI-Am9M&feature=youtu.be>

⁵ <http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/>

⁶ http://files.consumerfinance.gov/f/documents/201608_cfpb_StudentLoanOmbudsmanMidYearReport.pdf

⁷ http://files.consumerfinance.gov/f/documents/201608_cfpb_FixItForm.pdf

⁸ <http://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-announces-new-advisory-board-and-council-members/>

⁹ http://files.consumerfinance.gov/f/documents/082016_cfpb_August_2016_Monthly_Complaint_Report.pdf

¹⁰ <http://www.consumerfinance.gov/policy-compliance/know-you-owe-mortgages/settlement-professionals-guide/>

¹¹ <http://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-unveils-youth-financial-education-initiatives/>

¹² http://files.consumerfinance.gov/f/documents/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations.pdf

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 - 36 <http://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-New-Streamlined-Refinance-Offering-for-High-LTV-Borrowers-HARP-Extended-through-September-2017.aspx>
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 - 40 <https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2016-a003>
 - 41 <https://www.nacha.org/news/nacha-announces-approval-rule-establishes-third-party-sender-registration-requirements>
 - 42 <http://www.federalreserve.gov/releases/chargeoff/>
 - 43 <https://fdic.gov/bank/analytical/qbp/2016jun/>
 - 44 <https://www.fdic.gov/news/news/press/2016/pr16073.html>
 - 45 <http://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Index-Shows-Mortgage-Rates-Decreased-in-July-2016.aspx>
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48 <http://www.federalreserve.gov/monetarypolicy/beigebook/beigebook201609.htm>

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50 http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2016/HUDNo_16-121

51 <http://www.federalreserve.gov/releases/g17/Current/default.htm>

52 <https://www.frbservices.org/fedflash/>

lii <https://www.frbservices.org/fedfocus/index.html>

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