



HMDA...Getting Ready for 2018 Provisions

While 2017 has just begun, we know that HMDA reporters are preparing for the impact of Regulation C changes that take effect on January 1, 2018. That is the time that most provisions related to institutional and transactional coverage, and data collection, recording, reporting and disclosure become effective.

At that time, new reportable HMDA data is required. One of those new data points is the **Legal Entity Identifier (LEI)**. This is an identifier issued to the financial institution by a utility endorsed by the LEI Regulatory Oversight Committee (LEI ROC) or a utility endorsed by the Global LEI Foundation (GLEIF). As of January 2017, it was reported that over 480,000 entities from 195 countries had obtained LEIs.

An entity may **perform a search** to determine or confirm whether they have an LEI. GLEIF provides a search engine on their website for this purpose. You may find it [here](#).

Further, the LEI ROC website provides information on **how an entity can obtain an LEI**, which is issued by "local operating units." The process typically involves self-registration that includes the collection of information, having that information certified and the collection of a fee. An entity can find guidance on this process at the LEI ROC website [here](#).

Speaking of HMDA

As you are likely in the midst of determining how you should be preparing for the HMDA 2018 changes, please join us for our **1st Q Be Prepared! Compliance Update** webinar. Our primary focus for this quarterly presentation will be on the upcoming HMDA rule changes and strategies to employ as you move forward. Related to this, we'll be sharing a survey in the near future to inquire about your preparation.

Details can be found on BankersWEB, [here](#).

Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- **NEW Compliance Alert:**
 - ✓ E-SIGN
- **Knowledge Base Updates:**
 - ✓ NEW Q&As – Reg. E Prepaid Accounts and CRA
 - ✓ January 2017 News
- **NEW Compliance Webinars:**
 - ✓ Fair Credit Reporting and FACTA
 - ✓ 2016-2017 ACH Rules Update
 - ✓ BSA/AML Contextual Awareness of High Risk Customers
 - ✓ UDAAP: Navigating the Perfect Storm for Regulatory Compliance

To access this information and all other compliance features, go to: <http://compliance.smslp.com/>

Complaints, Actions, Orders & Fines

If you receive updates from the CFPB's subscription service, you have likely noticed an uptick in the number of complaints, orders and enforcement actions that have been communicated since the beginning of the year. In reading through each release, one receives an important reminder about the consequences of non-compliance and poor operational procedures. And, the statistics are sobering. Here is a high level summary of just some of the actions taken this year.

Release Date	Parties	Summary	Restitution / Fines / Order
1/19/17	TCF National Bank	Alleges violations of Electronic Funds Transfer Act. Issues related to overdraft opt-in program.	Suit Filed
1/23/17	a) CitiFinancial Servicing, and b) CitiMortgage, Inc.	a) Violations of RESPA, FCRA and prohibition on deceptive acts or practices. Issues related to foreclosure relief options, deferred payments, credit insurance and inaccurate credit reporting b) Violations of RESPA and prohibition against deceptive acts or practices	a) \$4,400,000 in Restitution & \$4,400,000 CMP b) \$17,000,000 in Restitution \$ 3,000,000 CMP
1/30/17	Group of law firms and attorneys	Complaint filed for collaboration to charge illegal fees related to debt relief and alleged violation of Telemarketing Sales Rule.	Complaint filed
1/31/17	Prospect Mortgage, LLC	Action for payment of illegal kickbacks for mortgage business referrals.	\$3,500,000 CMP Mortgage Brokers & Servicer to pay a combined \$495,000
2/1/17	Mastercard International and UniRush LLC	Unfair acts and practices related to conversion of prepaid card program. System breakdowns resulted in consumers being denied access to their own funds.	\$10,000,000 in Restitution \$3,000,000 CMP
2/2/17	Woodbridge Gold & Pawn	Complaint alleges violations of TILA and other statutes, involving deception related to loan costs.	Proposed consent order includes the payment of over \$56,000 in restitution, forfeiture of \$17,000 in gains and a \$5,000 fine.

Keeping an eye open for such actions provides great insight on examiner focus and areas that can become problematic. For more information, the CFPB's enforcement actions may be found [here](#).



Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **March 28, 2017**.

Details can be found on BankersWEB, [here](#).

FDIC Annual Report

Earlier this month, the **FDIC** issued their **2016 Annual Report**.



In this report, they provide discussion and analysis of various activities that occurred over the last year. While various operational implementations are highlighted, various compliance-related activities are also discussed. For example, the report summarizes the interim final rule that increased the number of small banks and savings associations that are eligible for an 18-month examination cycle. This final rule increased the number of institutions that may qualify for this longer cycle by more than 600 to approximately 4,800 banks and savings associations.

Other interesting discussion topics reflect their action on:

- **Use of Evaluations** – an advisory was issued to clarify expectations for use of property evaluations in certain real estate-related transactions.
- **Issuance of Prepaid Cards** – guidance was issued to clarify CIP requirements and expectations when issuing certain prepaid cards.
- **Cyber Security Efforts** – an advance notice of proposed rulemaking was issued regarding enhanced cybersecurity risk management standards.

The FDIC also shared some statistics and summaries of their supervision and examination efforts during the past year. As provided therein, the FDIC noted that overall; banks demonstrated strong consumer compliance programs. However, the **most significant consumer protection issue** that emerged involved an institution's failure to adequately monitor **third-party vendors**. Several violations involved **unfair or deceptive acts or practices**.

For more information, the FDIC's 2016 Annual Report may be found [here](#).

NCUA Priorities for 2017

Last month, the **NCUA** issued letter **17-CU-01** to federally insured credit unions. The letter's intent is to provide assistance in preparing for upcoming examinations. It addresses the use of streamlined exam procedures for certain credit unions, as well as the use of risk-focused exams for other credit unions.

The NCUA also highlights their **primary areas of supervisory focus for 2017**. Those areas include:

- Cybersecurity Risk Management Practices,
- BSA Compliance,
- Internal Controls and Fraud Prevention,
- Interest Rate and Liquidity Risk,
- Commercial Lending, and
- Consumer Compliance, including Military Lending Act Provisions



The letter highlights details surrounding these topics and in many cases includes additional linked resource material. For more information, the NCUA's issuance may be found [here](#).

FDIC and **UPDATED** CRA Notices

Last month, a joint final rule was published in the Federal Register where various supervisory agencies amended their CRA regulations to adjust the asset-size thresholds used to categorize various banks and savings associations. Within that same final rule, the **FDIC** also included some technical amendments to Appendix B, Part 345, adjusting their CRA notice requirements. These amendments compel covered institutions to print and post the **revised CRA notices** in their **main and branch offices**.

This final rule was effective on the day of publication, January 18, 2017. As such, covered institutions should take steps to adjust their CRA notices as soon as possible. For more information, the final rule announcement may be found [here](#).

Convenient and Affordable Compliance Assistance

Do you need help preparing for the upcoming regulatory requirements? SC+S can help with our Online Compliance Consulting services, which combines the ease of online tools with the guidance of a compliance expert.

You will have access to an online compliance expert who will:

- Answer all of your compliance questions;
- Review your new policies and disclosures for compliance; and
- Train your Board of Directors on upcoming regulatory requirements.

You will also receive access to our online tools, including:

- Our Compliance Calendar;
- Our Dashboard Feature and Progress List, that enables you to determine what steps you will need to take to comply with the requirements and track your progress as you implement them;
- Our exclusive Knowledge Base of compliance Q&As; and
- FREE access to our quarterly Be Prepared! webinar series.

For more information or a free demo, contact Rhonda Coggins at 512-703-1509.

Contact Us

Sheshunoff Consulting + Solutions

901 S. Mopac Expressway
Barton Plaza V, Suite 140
Austin, TX 78746

© 2017 SCSR, L.L.C.

You have received this newsletter as either a complement to other SC+S services you receive, or in response to your request. If you no longer wish to receive this newsletter, please send an email to compliance@smslp.com.

No further reproduction or distribution is allowed outside your organization without permission.