

Compliance Monthly is intended to keep you informed of regulatory changes in advance of their effective date so your institution can have the necessary policies, procedures and processes in place to be compliant at the time of enactment. Information contained in Compliance Monthly is not intended to provide specific advice and guidance. You should consult your own professional services provider in connection with matters affecting your own interests.

Finalized Rules:

Agencies Provide CIP Relief for Premium Finance Loans

On September 28, 2018, FinCEN and the Federal Reserve Board, FDIC, NCUA, and OCC have jointly issued an order granting an exemption from customer identification program requirements for premium finance loans. The exempted transactions are extended by banks and Credit Unions and their subsidiaries to commercial customers to facilitate purchases of property and casualty insurance policies (premium finance loans or premium finance lending).

Proposed Rules:

None.

Other Compliance News:

CFPB Updates Rulemaking Agenda for Fall 2018

The CFPB updated its rulemaking agenda for the remainder of 2018. The CFPB moved its rulemaking on small business lending data collection to its “long-term actions” list, which also includes plans for a rulemaking to define abusive acts and practices under UDAAP and a rulemaking regarding consumer access to financial records. In the short-term, the CFPB projected that a proposed rule on small dollar lending will be issued in January and that a proposed rule to update the Fair Debt Collection Practices Act will be published in March.

The CFPB plans to issue proposals addressing the Economic Growth, Regulatory Relief, and Consumer Protection Act provisions regarding expanded exemptions from mortgage escrow requirements for certain creditors with assets of \$10 billion or less, and to address some or all of the issues related to various HMDA projects, such as taking another look at the discretionary data added in the 2015 HMDA rule.



**David Smith,
Compliance
Director**

FHA to Require Second Appraisal for Some Reverse Mortgages

The Federal Housing Administration (FHA) released guidance to issuers of FHA-insured reverse mortgages stating that the agency may require a second appraisal when a risk assessment does not support the figure reached by the first appraisal. Under the new guidance, FHA will conduct a collateral risk assessment for every appraisal submitted by lenders in FHA's home equity conversion mortgage program. Lenders must not approve or close a reverse mortgage until the completion of the risk assessment; if a second appraisal is required, the lender is to use the lower of the two appraised values. FHA's new requirement takes effect for case numbers assigned on or after October 1, 2018, through September 30, 2019. FHA said the policy change is necessary to maintain the safety and soundness of its HECM program and that it would revisit the policy after six and nine months.

Agencies Issue Statement on Sharing Resources for BSA Compliance

The regulatory agencies and the Financial Crimes Enforcement Network issued a joint statement outlining how banks may enter into collaborative arrangements to share resources in order to more effectively manage their Bank Secrecy Act and anti-money laundering (BSA/AML) obligations. The agencies described several situations in which collaboration might be beneficial for financial institutions, such as conducting internal control functions, independent testing and BSA/AML training. Collaborative arrangements as described in the statement generally are most suitable for financial institutions with a community focus, less complex operations, and lower-risk profiles for money laundering or terrorist financing. When entering into collaborative arrangements, banks should carefully consider the arrangement in relation to the bank's risk profile, ensure adequate documentation, consider legal restrictions, establish appropriate oversight mechanisms, and ensure that the arrangement is consistent with sound principles of corporate governance.

NMLS Renewal Window for Mortgage Loan Originators

The NMLS 2019 Annual Renewal Period for federal registrations begins November 1st. According to federal regulations, all mortgage loan originators actively registered prior to July 1, 2018, must renew their registrations for 2019. The NMLS annual renewal period ends December 31st. Guidance on preparing for and completing registration renewal is posted on the NMLS website.

FinCEN Advisory on Iran's Illicit Activities

FinCEN has issued an advisory (FIN-2018-A006) to help financial institutions better detect and report potentially illicit transactions related to the Islamic Republic of Iran. The advisory is also intended to help foreign financial institutions better understand the obligations of their U.S. correspondents, to avoid exposure to U.S. sanctions, and to address the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) risks that Iranian activity poses to the international financial system. The advisory provides information on the threats the Iranian regime poses to the U.S. financial system as well as to institutions that have correspondent banking relationships

with U.S. financial institutions, describes deceptive financial strategies that the Iranian regime uses to evade sanctions, and provides red flag indicators related to specific malign activities and typologies.

Agencies Release Updated FAQs on Appraisal Regulations

The Federal Reserve Board, FDIC and OCC have published answers to frequently asked questions (FAQs) about appraisals and evaluations for real estate transactions that are covered by the interagency appraisal rules. These FAQs clarify existing regulatory requirements and guidance provided in the 2010 Interagency Appraisal and Evaluation Guidelines and in the 2016 Interagency Advisory on Use of Evaluations in Real Estate-Related Financial Transactions. The FAQs are the agencies' interpretations of existing rules and guidance based on the facts and circumstances presented in the questions, but they are not official rules or regulations.

FFIEC Unveils Redesigned BSA/AML Website

The FFIEC has launched its redesigned Bank Secrecy Act/Anti-Money Laundering (BSA/AML) InfoBase website, which is provided for sharing bank examination procedure information with examiners, financial institutions, the public, and other stakeholders. The InfoBase was redesigned to improve the overall experience for users. It includes improved site navigation, enhanced search capabilities, mobile-friendly capability, and new functionality that allows users to download various sections of the FFIEC BSA/AML Examination Manual.

CFPB Posts Updated HMDA Guides

The CFPB has announced that the Filing Instructions Guide (FIG) for data collected in 2019 is now available. The FIG is a technical resource to help financial institutions file HMDA data collected in 2019 and reported in 2020.

The CFPB has also updated the Home Mortgage Disclosure Small Entity Compliance Guide to reflect amendments made by Section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act and the 2018 interpretive and procedural rule.

Agencies Release 2017 CRA Data on Small Business, Community Development Lending

The Fed, FDIC, and OCC have announced the availability of data on small business, small farm, and community development lending reported by certain commercial banks and savings associations, as required by the CRA. A fact sheet on 2017 data, with tables, was also released.