



Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- NEW Knowledge Base Q&As – Private Flood Insurance
- Updated Compliance Calendar
- May 2019 News

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

Interagency Private Flood Insurance Update

On June 18th, the Federal Reserve hosted the “**Interagency Flood Insurance update on Private Flood Insurance Rule**” webinar. Staff from the Federal Reserve, Farm Credit Administration, FDIC, NCUA and OCC discussed recent updates to the agencies’ flood insurance regulations and the acceptance of private flood insurance policies. The new rules are effective **7/1/19**.

The webinar discussed regulatory requirements related to mandatory acceptance of private flood insurance policies, discretionary acceptance, coverage provided by mutual aid societies, as well as preparations for compliance. The webinar concluded with a Q&A segment.

To provide additional clarity, we’ve transcribed some of those Q&As. For purposes of this newsletter, some information has been shortened and/or paraphrased.

Q *May a lender decide to only accept private flood insurance policies under the mandatory acceptance provisions of the regulation?*

A *The answer is yes.*

Q *On July 1, 2019, are all private flood insurance policies on file with the lender expected to be in compliance with either the compliance aid assurance clause or the mandatory purchase criteria? In other words, on July 1st, will it be necessary for the lender to send 45 day insufficient insurance notices to all private flood insurance policy holders with policies that do not have either the compliance aid assurance clause or meet the mandatory acceptance criteria?*

A *The lender will not be required to review all its existing flood insurance policies on the effective date of the rule. On and after July 1st, 2019, lenders must accept any new private policies that meet the mandatory acceptance*

Upcoming Calendar Reminders

- **6/27** – SC+S Be Prepared! Quarterly Compliance Update
- **7/1** – Private Flood Insurance Rules Effective
- **7/4** – Independence Day
- **7/30** – HMDA LAR Quarterly Update
- **8/19** – Payday Lending Rule Effective (excluding underwriting provisions)
- **9/30** – Sunset of NFIP (if Congress does not reauthorize)

criteria and may, at their discretion, accept policies that meet the discretionary criteria.

Q *If we have a private flood insurance policy currently in place and it comes up for renewal after 7/1/19, do we need to review the policy under the mandatory acceptance criteria in order to allow continued use of that policy post renewal? What if the private policy does not meet the criteria?*

A *So, once the policy comes up for renewal it would be necessary for the lender to review it, although there is no regulatory requirement to review policies currently in place; once the policy comes up for renewal it should be handled as though it was a new policy. In other words, a lender would have to review all policies that are new or renewed after July 1st, 2019, to make sure the policies comply with the regulation.*

Q *If a lender is a participant in a syndicated transaction, what are the lender's obligations with respect to the acceptance of private flood insurance policies? Is the participating lender obligated to review the policy to determine whether it meets the definition of private flood insurance?*

A *Q&A #4 of the 2009 interagency flood insurance Q's and A's addresses this question.*

Interested persons may access the flood-related webinar materials and recording to see and hear the complete presentation, including additional Q&As. The information may be found [here](#).

BSA/AML – 2019 Annual Compliance Webinar

Don't miss out! Sheshunoff's annual BSA/AML Compliance webinar is right around the corner. Our **June 27th Be Prepared!** presentation is solely focused on BSA/AML. Our presenters, Rhonda Coggins, National Compliance Services Director, and Matthew Hovis, Director of BSA/AML Services, will discuss a variety of topics, including:

- Cryptocurrency and Virtual Currency
- Technology and Innovation
- Marijuana-Related Banking
- SAR Filing Trends
- Enforcement Actions
- BSA Reporting and Law Enforcement
- OFAC

Interested persons may access additional details and register at BankersWeb, [here](#).

DELAY – Payday Final Rule

Earlier this month, the CFPB issued a final rule to delay certain provisions of the **Payday, Vehicle Title and Certain High-Cost Installment Loan** rule. As was published in the Federal Register, the **August 19 compliance date** for the **mandatory underwriting provisions** is being **delayed until November 19, 2020**.



Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **June 27, 2019**.

Details may be found on BankersWeb, [here](#).

The rule also contains conforming changes and includes corrections of clerical and other non-substantive errors.

Interested persons are cautioned that this rule **does not provide a delay for all payday rule-related provisions**; however, it is applicable to the mandatory underwriting provisions. There are other aspects of the rule that maintain their compliance date of August 19, 2019.

While we are still reviewing this newly published rule, we will provide additional details when available. Interested persons may find the CFPB's final rule [here](#).

Reminder – Reg. E Opt-In for OD Services

Our Consulting Services team has observed some deficiencies in connection with **Reg. E requirements related to overdraft (OD) services**. Those deficiencies relate to the opt-in requirements, especially when an account is opened in person.

To provide a refresher, an institution must provide **“a reasonable opportunity”** for the consumer to affirmatively consent, or opt in, to the service for ATM and one-time debit card transactions. As the commentary clarifies, a “reasonable opportunity” includes:

- **By mail** – provision of a form for the consumer to fill out and mail to affirmatively consent.
- **By telephone** – provision of a readily-available telephone line that consumers may call to affirmatively consent.
- **By electronic means** – provision of an electronic means for the consumer to affirmatively consent.
- **In person** – provision of a form for the consumer to complete and present at a branch or office to affirmatively consent.

Another important reminder is that an institution shall provide those that do not affirmatively consent to the opt in, the **same account terms, conditions and features** that it provides to consumers who affirmatively consent, except, of course, for the OD services for ATM and one-time debit card transactions. Further, the institution shall not **condition the payment of other overdrafts** on the consumer's affirmative consent.

For more information, please refer to Reg. E, 12 CFR 1005.17 [here](#).

Reauthorization of the NFIP

As the financial industry has become familiar with over the years, the **National Flood Insurance Program (NFIP)** will periodically “sunset” and requires reauthorization. This is most often managed by patchwork legislation that provides for temporary reauthorization of a few months.

Related to this, Congress most recently renewed the NFIP by way of legislation that was signed by the President this month, on June 6th. This legislation reauthorized the NFIP through **September 30, 2019**. Congress must now reauthorize the NFIP by no later than end of day September 30th, or a lapse will occur. Related to this, we're aware that the House Financial Services Committee is in the process of working on a 5 year extension for the NFIP.

Interested persons can find FEMA's reauthorization announcement [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.

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