Online Compliance Consulting News   July 2017

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We hope you had a wonderful Independence Day! 🇺🇸

Proposed HMDA Amendment

Earlier this month, the CFPB issued a proposed rule to amend **Regulation C**, which implements HMDA.

This proposal is directed towards an earlier final rule, which modifies the types of transactions that will be covered by the regulation as of **January 1, 2018**. Effective at that time, one major change is for some lenders to collect and report data on **dwelling-secured open-end lines of credit**.

Based on feedback received, the CFPB has been made aware that the collection of such information on this type of credit may be more expensive and challenging than originally estimated. In response to these concerns, the CFPB is proposing to amend the open-end line of credit threshold, which is contained in the regulation's list of excluded transactions. The previously-issued final rule included an exemption for an open-end line of credit if the institution originated fewer than **100 open-end lines of credit** in each of the 2 preceding calendar years. The new proposal would increase that threshold to **500 open-end lines of credit** through calendar years 2018 and 2019, so that the Bureau can consider whether to make a permanent adjustment.

Interested persons can find the proposed rule **here.** This proposal has a short comment period and comments must be submitted by July 31, 2017.

A Brand New Regulation! 12 CFR 1040

As we're aware, the Dodd-Frank Act (DFA) continues to impact the way we do business. One of the things the DFA provided for was the authority to regulate **arbitration agreements**. More specifically, the CFPB was to study and report on the impact of such agreements and was authorized to prohibit or impose conditions or limitations on their use.

Related to this, the CFPB recently issued their final rule on **arbitration agreements** and established **12 CFR 1040**. To provide some background, the CFPB first issued a proposed rule and request for comment in May, 2016. Subsequently, a final rule was issued in July, 2017. At a high level, the rule does the following:

- Prohibits covered providers of certain consumer products from using an agreement that provides for arbitration of any future dispute to bar the consumer from participating in a class action; and
- Requires covered providers that are involved in arbitration pursuant to a pre-dispute arbitration agreement to submit certain records to the CFPB and also to submit certain court records.

The regulation is effective September 18, 2017, and reflects a compliance date for mandatory compliance for pre-dispute arbitration agreements entered into on or after March 19, 2018.

Interested persons can find the final rule **here.** The CFPB has a dedicated arbitration rule webpage, which can be found **here.**

Adjustments, Corrections and Fixes

Recently, the CFPB issued two final rules making certain corrections and amendments to existing rules. Here is a recap:

- **Amendments to Mortgage Servicing Rules** – this 3 page rule includes several corrections to the final rule which was issued in August, 2016, that impacted Reg. X and Reg. Z. Changes include:
    - correcting typographical errors,
    - correcting the effective date for sample periodic statement forms and commentary, and
    - amending the Bureau's authority citation for Reg. Z.

  Interested persons can find the final rule **here.**

- **Amendments to Mortgage Disclosure Rules** – this 560 page rule includes a variety of changes that, in part, memorializes the CFPB's guidance on various issues and also includes additional clarifications and technical amendments. Other changes include:
    - creating a tolerance for total of payments,
    - adjusts a partial exemption affecting home finance agencies and non-profits,
    - extends coverage of the integrated disclosure requirements to cooperative units, and
    - provides guidance on sharing integrated disclosures with various parties.

  Interested persons can find the final rule **here.**

Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **September 21, 2017**.

When available, details may be found on BankersWEB, **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.

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