



New Year...Fresh Start

With the turn of the page, we're off to a new year and a fresh start!

As we embark on 2021, besides being a new year, it's a new journey. It's an important time to stop in our tracks (for a moment), take a breath, and consider new goals. Our Online Compliance Consulting practice has always considered **planning and strategizing** as key components in successfully tackling the countless responsibilities that those in the compliance industry face.

With that in mind, it is particularly important to take a look at your **Compliance Management System (CMS)** and make any adjustments needed to strengthen it and make it more robust. Also, you'll want to ensure you start the year off on the right foot and be cognizant of what's already on the calendar.

To assist in this overall, process SC+S has developed a bundle of **2021checklists**.

First, we have a **Compliance Management System workbook** that contains various checklists that will help you focus on important aspects of your CMS. While it is a higher-level resource, it outlines important considerations and focuses attention on CMS-related issues, such as board and management oversight, as well as critical program components such as implementation of controls and involvement in change management.

Second, we have a set of **2021 Compliance Program Checklists** that provides more specific and detailed steps you can take in strengthening your program. This valuable resource incorporates checklists for the new year, including a list of compliance items that should already be on your 2021 calendar, as well as policy reviews, compliance reviews (internal and external), and compliance training.

Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- **NEW COVID-19-Related Resources:** *A searchable listing of resources can be found at the top of the Online Compliance Dashboard in the COVID-19 section.*
- **NEW Compliance Alerts:**
 - Reg. Z 2021 Thresholds
 - Reg. C 2021 Threshold and Resources
 - Reg. F Fair Debt Collection Practices
 - Reg. Z ATR/QM Rule on General QMs
 - Reg. Z ATR/QM Rule on Seasoned QMs
- **Updated Compliance Calendar**
- **Updated Regulatory Deadlines Workbook**
- **Updated Implementation Checklists**
- **Updated Compliance Progress Items**
- **Knowledge Base Update:**

Our clients can find these resources in the Online Compliance portal's **Knowledge Base**, within the **SC+S Tools, Checklists and Guides** folder.

Qualified Mortgages in the News

In the 4th quarter of 2020, you likely noticed issuances on the popular topic of Qualified Mortgage rules being published in the Federal Register. There were 3 final rules published to amend **Regulation Z** and the **Ability to Repay / Qualified Mortgage (ATR/QM)** provisions. Here is a snapshot of those rules:

- **Temporary GSE QMs** - The Temporary Government Sponsored Entity (GSE) QM category was initially established to expire on January 10, 2021, or when the GSEs exit conservatorship, whichever comes first. This 2020 rule addressed the expiration of the Temporary GSE QM. When that rule became effective, the temporary GSE QM category was adjusted to expire on the earlier of: **a)** the mandatory compliance date of the final rule amending the General QM loan definition, or **b)** the date the GSEs exit conservatorship. Related to this, the mandatory compliance date of the final rule amending the General QM loan definition is July 1, 2021, as addressed in the General QM rule below. This Temporary GSE QM rule **became effective December 28, 2020**, and may be found [here](#).
- **General QMs** – The focus of the General QM rule is to amend the definition of General QMs and to make other changes. When effective, this rule removes the existing criterion that the ratio of the consumer's total monthly debt to total monthly income (DTI) not exceed 43% and replaces it with new price-based thresholds. The rule also removes Appendix Q and establishes verification provisions that are in accordance with general ATR verification provisions. This General QM rule **becomes effective March 1, 2021**, (with a **mandatory compliance date of July 1, 2021**) and can be found [here](#).
- **Seasoned QMs** – The focus of the Seasoned QM rule is aimed at establishing a new category of QMs. As the CFPB shared, this provides creditors with an alternative pathway to greater ATR compliance certainty, provided certain criteria are met. When effective, the Seasoned QM definition is added to the regulation. Among the requirements, a loan is eligible to become a Seasoned QM at the end of a "seasoning period" and must meet certain performance and portfolio requirements. This Seasoned QM rule **becomes effective March 1, 2021**, and can be found [here](#).

Creditors interested in QMs should review these final rules and make adjustments to their policies and procedures as needed to support compliance.

Don't Miss These New BSA/AML FAQs

On January 19, 2021, **FinCEN** issued "**Answers to Frequently Asked Questions Regarding Suspicious Activity Reporting and Other Anti-Money Laundering Considerations.**" These new FAQs were jointly issued with the Federal Reserve, FDIC, NCUA, OCC, and in consultation with other federal regulators. It was stated that these FAQs are to aid in clarifying requirements, do not alter existing BSA/AML requirements, do not establish new supervisory expectations, and were developed in response to Bank Secrecy Act Advisory Group recommendations.

- 2021 Compliance Program Checklists
- 2021 CMS Checklists
- Updated PPP FAQs
- New Alerts

To access this information and all other compliance features, go to:

<http://compliance.smslp.com/>

Calendar Reminders

- **1/30** – HMDA Quarterly LAR Update
- **3/1** – Reg. Z ATR/QM, General QMs Rule Effective
- **3/1** – Reg. Z ATR/QM, Seasoned QMs Rule Effective
- **3/1** – HMDA LAR Submission
- **3/1** – CRA Data Submission
- **3/25** – 1st Quarter Be Prepared! Compliance Webinar

The **seven FAQs** touch on a variety of situations. For example, it addresses **maintaining customer relationships** and **negative news items**.

Interested persons can find new FAQs [here](#).

New Fair Debt Collection Practices Resource

On January 15, 2021, the Bureau issued a **small entity compliance guide** to support compliance with the **debt collection rule**.

Interested persons can find the referenced resource on the Bureau's website [here](#).

Working With Limited English Proficiency (LEP) Consumers

On January 13, 2021, the Bureau issued a statement regarding the provision of financial products and services to **consumers with LEP**. This guidance is aimed at **fostering financial system inclusivity**. It is also intended to assist financial institutions in complying with the Dodd-Frank Act, ECOA / Reg. B and other applicable laws.

Besides providing an extensive background for the statement, the notice most importantly outlines:

- guiding principles for **servicing LEP consumers**; and
- guidelines for **developing compliance solutions** when serving LEP consumers.

Helpful guidance on topics and key considerations address language selection, product and service selection, language preference collection and tracking, translated documents, and generally applicable CMS guidelines.

Interested persons can find the Bureau's statement [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.



Our next **Be Prepared!** Compliance Update webinar is scheduled for **March 25, 2021**. Details are forthcoming.

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