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Quarterly Report

Mid-South Regulatory Compliance Group

November 2017 Vol. 14 No. 4

CFPB ISSUES FINAL RULE ON SHORT-TERM LOANS

On October 5, 2017, the CFPB issued a final rule (the "Rule") imposing limitation on (1) short-term consumer loans, (2) longer-term consumer installment loans with balloon payments, and (3) higher-rate consumer installment loans repayable by a payment authorization. The Rule requires lenders originating short-term loans and longer-term balloon payment loan to evaluate whether each consumer has the ability to repay the loan along with current obligations and expenditures. The Rule provides an alternative loan for lenders who want to avoid the ability to repay determination. The Rule curtails repeated unsuccessful attempts to debit a consumer's account for short-term loans, balloon payment loans, and installment loans that involve a payment authorization and an APR over 36%.

The Rule addresses the following types of loans: (1) "short-term" consumer loans with a term of 45 days or less; (2) "longer-term" consumer balloon payment loans; and (3) "longer-term" consumer loans that exceed 45 days where the rate exceeds a 36% APR as defined under the Truth in Lending Act and where the lender obtained a leverage payment mechanism (collectively "covered loans"). The Rule defines "leveraged payment mechanism" to mean the right to initiate a transfer of money through any means from a consumer's account, as defined by the Electronic Funds Transfer Act. A leveraged payment mechanism does not include a single payment transfer initiated a consumer's request. Types of leverage payment mechanisms include checks, drafts or similar payment instruments written by the consumer, electronic fund transfer authorizations (including debit card authorizations), remotely created checks, remotely created payment orders, and transfers by account-holding institutions.

Excluded Loans. The Rule excludes the following type of loans from coverage:

- Purchase money loans (expressly limited to the cost of the goods and does not include refinances of a purchase money loan);

- Real estate-secured credit, including home mortgages and credit secured by personal property used as a dwelling;

- Credit cards;

- Student loans, both federal and private;
- Overdraft services and lines of credit;
- Business-Purpose Loans;
- Wage advance programs; and
- No-cost advances.

"Alternative loans" and "Accommodation loans" are also conditionally exempt from coverage of the Rule. "Alternative loans" are closed-end loans with the following features:

- Terms are from 1 to 6 months;
- A principal amount of $200 to $1,000;
- The loan is repayable in 2 or more payments that are substantially equal in amount and fall due in substantially equal intervals;
- The loan is fully amortizing;
- The lender does not impose any charge other than the rate and application fees permitted for federal credit unions under the regulations issued by the National Credit Union Administration (NCUA);
- The lender has determined from its records that the loan would not result in the consumer being indebted on more than 3 outstanding loans from a lender within a period of 180 days;
- The lender does not make more than one alternative loan at a time to a consumer; and
- The lender maintains and complies with policies and procedures for documenting proof of recurring income.

Loans made by federal credit unions in compliance with conditions set forth by the NCUA for a Payday Alternative Loan are deemed to comply with the requirements listed above and are thus conditionally exempt from the Rule.

An "Accommodation loan" includes loans made by a lender who makes 2,500 or fewer covered short-term balloon-payment loans per year and derives no more than 10% of its receipts from such loans. This exclusion was intended to support community bank short-term loans that might be made, for example, to a depositor without substantial underwriting. The terms of the exemption, however, are not limited to bank loans.

Ability to repay. The Rule requires lenders to verify the consumer has the "ability to repay" before originating short-term loans and longer-term balloon-payment loans. The failure to determine a consumer's ability to repay either a short-term loan or a longer-term balloon-payment loan is considered an unfair and abusive practice. For a short-term loan, the lender must reasonably conclude that the consumer can make payments for major financial obligations, make all payments under the loan, and meet basic living expenses during the shorter of the term of loan or the period ending 45 days after consummation of the loan, and for 30 days thereafter. For a covered longer-term balloon-payment loan, the lender must reasonably conclude that the consumer can make payments for major financial obligations, make all payments under the loan, and meet basic living expenses during the relevant monthly period, and for 30 days after having made the highest payment under the loan.

Under the Rule, lenders must:

- Obtain and consider a consumer report from both a registered information system (a newly defined term) and a national consumer reporting agency;
- Verify net monthly income using a reliable record of income payment, unless a reliable record is not reasonably available;
- Verify the consumer's monthly debt obligation using a national consumer report and a consumer report from a "registered information system";
- Verify the consumer's monthly housing costs using a national consumer report if possible, or otherwise rely on the consumer's written statement of monthly housing expenses for rent;
- Forecast a reasonable amount for basic living expenses, other than debt obligations and housing costs; and
- Determine the consumer's ability to repay the loan based on the lender's projections of the consumer's residual income or debt-to-income ratio.

A lender cannot make a covered short-term loan to a consumer who has already obtained three covered short-term or longer-term balloon-payment type loans within 30 days of each other, for 30 days after the third loan is no longer outstanding.

The Rule does not address ability to repay requirements for longer-term (non-balloon) installment loans. Instead, the CFPB indicated it would be further studying longer-term installment loans.

Ability to repay alternatives for closed-end loans. The Rule provides an alternative to an ability to repay analysis for covered "short-term" loans. In lieu of determining the "ability to repay," lenders may originate up to three sequential short-term loans in which the first loan has a principal amount of up to $500, the second loan has a principal amount of at least one-third smaller than the principal amount of the first loan, and the third loan has a principal amount at least two-thirds smaller than the principal amount of the first loan. A lender is not able to use this option if it would result in the consumer have more than 6 covered short-term loans during a consecutive 12-month period or being in debt for more than 90 days on covered short-term loans during a consecutive 12-month period. A lender who uses this option cannot obtain an interest in a vehicle as security, or structure the transaction as open-end credit. Certain model disclosures are also related to these loans.

Payments. The Rule addresses repayment of 3 types of loan products: (1) short-term loans (2) longer-term balloon-payment loans; and (3) longer-term loans with an APR of 36% repayable through a leveraged payment mechanism. The Rule generally deems attempts to withdraw payment from a consumer's account following two sequential payment returns for insufficient funds to be an abusive and unfair practice, with few exceptions. Once two account debits in a row are returned NSF, the lender must obtain a new express consent for the debits. The Rule applies to all account access methods, including ACH and paper checks.

In addition, a lender must provide advanced written notice of a payment at least 3 business days, if provided electronically or at least 6 business days, if provided through the mail, before initiating the first payment withdrawal or a usual withdrawal for a Covered Loan from a consumer's checking, savings or prepaid account. Lenders must also provide notice to consumers of Covered Loans after the second consecutive withdrawal attempt has failed and follow certain procedures in obtaining new authorizations. If two consecutive attempts to collect money from a consumer's account were returned NSF, the lender cannot make any further attempts to collect from the account unless the consumer provides a new authorization. The Rule requires the notices to include specific information and provides model disclosure forms.

Registered information systems. The Rule creates a specialty credit reporting mechanism called "registered information systems," defined as consumer reporting agencies that meet certain criteria and register with CFPB. The Rule requires lenders to furnish information to these "registered information systems" about certain Covered Loans and borrowers at origination, over the life of the loan, and when the loan is no longer outstanding. Additionally, lenders are required to obtain consumer reports from "registered information systems" before extending certain Covered Loans to borrowers for use in making ability to repay determination. To qualify as "registered information systems," credit reporting agencies must meet certain eligibility criteria and provide a reasonably comprehensive record of a consumer's recent and current borrowing history.

Compliance program and recordkeeping. The Rule requires lenders to establish and follow a compliance program reasonably designed to ensure that the lender complies with requirements in the Rule. Further, the lender must comply with certain recordkeeping requirements for Covered Loans, including retaining the loan agreement, related documentation, and additional information in electronic records for 36 months after the last activity on the account. The electronic records of loan terms, underwriting information and computations must be maintained in a tabular format readily accessible to Bureau examiners.

Effective date. The final Rule takes effect 21 months after the date the Rule is published in the Federal Register, except for the provisions concerning registered information systems, which become effective 60 days after such date.

(Ed Wilmesherr)

THE CURRENT STATE OF FAIR LENDING ENFORCEMENT

We have noted in the past that, despite comments from publicity and the new Trump Administration, not much has actually occurred when it comes to deemphasizing the importance of a Fair Lending Laws and Regulations by either the Justice Department or various bank regulatory agencies. In our recent experience, Fair Lending examination continue to be conducted just as they have been in years past.

We have heard from various sources that the staff of the Justice Department and examiners from the bank regulatory agencies remain of the opinion that the laws are clear on the subject of discriminatory lending, and that they are obligated to examine for possible violations of those laws and take such action as they determine is required. A recent report filed by the Department to the Justice confirms this is the case.

On September 28, 2017, the Department of Justice released its annual report to Congress outlining its 2016 activities undertaken to enforce the Equal Credit Opportunity Act, the Fair Housing Act, and the Service Members Civil Relief Act. The Civil Rights Division of the DOJ, which is tasked with enforcing these Laws, highlighted several aspects of its 2016 work, including its efforts to: (1) address redlining discrimination; (2) implement previously obtained settlements; and (3) continue and improve interagency collaboration with the bank regulatory agencies.

The report indicates that in 2016, the DOJ opened 18 fair lending investigations and filed 7 fair lending suits. Of those 7, 6 were settled, resulting in almost $37,000,000 in settlement funds. The report includes a detailed description of all 6 settled cases, which include actions based upon allegations of national origin discrimination, discrimination on the basis of familial status, and what the DOJ referred to as "predatory targeting of minority home owners." At the end of 2016, the DOJ had 33 fair lending investigations, including investigations related to discrimination in mortgage lending, the sale of manufactured homes, that although financing.

The report also detailed the DOJ's Service Members and Veterans Initiative, a pilot program through which the DOJ funds Assistant U.S. Attorney and Division trial attorney positions and designates military judge advocates to serve as Special Assistant U.S. Attorneys to support the DOJ in its efforts to enforce the SCRA. The pilot program will continue to provide these funds through the end of Fiscal Year 2018. In addition, the report discussed the settlements with Wells Fargo Bank N.A., HSBC Finance Corporation, COPOCO Community Credit Union, and various mortgage lenders for alleged violations of the SCRA, including alleged unlawful foreclosures and automobile repossessions.

The report also categorizes the number of ECOA and FHA referrals received from other agencies, such as the CFPB and the Federal Reserve, which totaled 22 in 2016. These referrals included alleged discrimination based on a prohibited basis, including race, national origin, marital status, source of income, age, and sex. Of the 22 matters referred to it by other agencies, 15 matters were ultimately returned to the referring agency, and the DOJ initiated investigation in connection with the remaining 7. The report also lists the factors the DOJ considers when evaluating referrals from other agencies and determining which referrals it will return to the referring agency for administrative resolution and which referrals it will pursue for further litigation. Such factors include whether: (1) the violation was accidental; (2) the practice has ceased and there is little chance it will be repeated; (3) damages for victim are necessary to deter the lender; and (4) the protected class members harmed by the practice cannot be fully compensated without court action.

The DOJ concluded its report by reaffirming its commitment to "vigorous enforcement of fair lending laws," and "to the rights of those who served this country in our Armed Forces." Accordingly, the agency pledged continued to "aggressively enforce laws to protect military members against unlawful financial practices," and to root out and address lending discrimination. We can expect that the bank regulators would be just as committed.

(Memrie Fortenberry)

BANK LIABILITY FOR OFFICIAL CHECKS ("MY CUSTOMER WANTS ME TO STOP PAYMENT ON AN OFFICIAL CHECK. WHAT DO I DO NOW?")

Banks frequently issue official checks at the request of customers. The forms of official checks used and the terminology applied to them can differ. Some banks issue official checks in the form of a cashier's check where the bank draws a check on itself and is both the drawer and drawee of the check. Some banks issue official checks by signing as drawer a check drawn on an account the issuing bank maintains with a correspondent bank. The Uniform Commercial Code (UCC) calls that form of official check a teller's check. Some bankers refer to either of those forms interchangeably as an official check.

Customers who obtain an official check will sometimes ask the bank to stop payment on the check because it has been lost or stolen or it was never used for the reason it was requested in the first place. For example, a customer requests an official check to pay for a used car but then the sale falls through, and the customer is still holding the original check. Occasionally, the payee of an official check will request a replacement because the check has been lost, destroyed or stolen. Of course, the issuing bank is the drawer of the check and the one liable for it, not the customer requesting it, so before 'stopping payment' or issuing a replacement, the issuing bank needs to ask some basic questions. Can I stop payment? Can the bank still be liable for the original check if it issues a replacement? Does it matter which form of official check the bank uses, a cashier's check or a teller's check?

Taking the last question first, as a practical matter, there is not much difference in the legal liability of the issuing bank for a cashier's check (where the bank issues a check drawn on itself) or a teller's check (where the bank issues a check drawn on an account with another bank). Technically, when an issuing bank issues a teller's check, it is a customer of the other bank and can place a stop payment order with its correspondent bank just like a customer of the issuing bank can place a stop payment order on a check the customer has written on his or her own checking account with the bank. However, a stop payment order only revokes the authority of the bank the check is drawn on (the drawee) to pay that check. A stop payment does not end the liability of the drawer of the check. In fact, the drawer then becomes primarily liable on the check under the UCC. So a bank that stops payment on a teller's check it has written on its account with another bank becomes primarily liable for the check. And, of course, a bank issuing a cashier's check is both the drawer and drawee and is liable for payment of that check.

An issuing bank can be liable under the UCC for refusal to pay either a cashier's check or a teller's check and may also be liable for expenses, interest, and in some cases, consequential damages for wrongfully refusing payment. To avoid liability, the issuing bank would have to have a valid legal defense to payment that is good against the holder of the check, who might well be a holder in due course, assuming the holder qualifies. Any bank that takes the item for deposit and then sends it on for collection will, absent forgery, almost always be a holder in due course of the check as the bank will have given value without any knowledge of any claim or defense with respect to the check. Defenses to payment of a check that would be good against a holder in due course of the check are extremely limited and would almost never apply to a bank issuing an official check. Those types of defenses include things like infancy, duress, lack of legal capacity or fraud of a type such that the issuer didn't know what it was actually signing. Failure of consideration is not a defense good against a holder in due course, so if the remitter pays for the official check with bad funds or fails to pay for it at all, the issuing bank is still going to be liable for payment to the holder of the official check. You might think of it as the issuing bank having the same liability as a borrower on a promissory note that is payable on demand. Still, in a worst case scenario where the bank has some reason to believe the bank has been a victim of fraud, a bank might be willing to take the risk and stop payment or refuse payment on an official check and see where the chips fall in the end.

Despite the fact that the liability for the issuing bank is not much different, some banks prefer to issue teller's checks rather than cashier's checks on the premise that, should there be suspected fraud or suspicious circumstances, the bank has the ability to place a stop payment with the drawee bank as a faster and more certain way of returning the check unpaid in a timely fashion. Some banks are concerned about their ability to catch internally and return a cashier's check on a timely basis before the bank's midnight deadline for return of the check expires. But, again, placing a stop payment order does not end the issuing bank's potential liability. It might buy the bank some time to sort out the circumstances, but if the person presenting the check for payment is a holder in due course, then the bank could be liable for the amount of the check plus expenses, interest, and, possibly, consequential damages under UCC Article 3, Section 3-411.

In the situation where the remitter/customer is still holding the original official check and has never delivered it to the payee, the bank can generally take the check back, often with the endorsement of the remitter, cancel it and return the remitter's payment. The check has never "entered the stream of commerce" as some courts put it, and no one else has any rights to the check since it has never been delivered to anyone other than the remitter. However, once the check has been mailed or delivered to the payee or anyone other than the remitter, the remitter really has no legal right to ask the bank to stop payment. If the issuing bank agrees to do so, it still has the risk of being liable for payment of the check to the payee or other holder, such as a bank taking the check for deposit, unless it has a good and valid defense to payment that is good against the holder of the check.

The UCC, however, creates an exception for a lost, stolen or destroyed official check. UCC 3-312 allows a remitter or payee of a cashier's check, teller's check or certified check that has been lost, destroyed or stolen to make a claim with the issuing bank by signing a sworn declaration of loss under penalty of perjury. The affidavit must include the specific statements and information outlined in that code section. Then, once 90 days has passed and the check has not been presented for payment, the issuing bank can pay the claimant or issue a new check and be discharged from all liability for payment of the original check. If the original check is presented later, the issuing bank can refuse payment even if the presenter is a holder in due course. If the original check is presented later to the issuing bank for payment, the bank would still need to return it unpaid in a timely fashion, but the bank should have a valid defense to payment if that happens.

While a remitter has no stop payment right, other than the declaration of loss process under UCC 3-312, some banks will allow a remitter to stop payment if the customer purchases a commercial surety bond to protect the bank, usually, in some amount in excess of the check amount. We have also seen a bank agree to stop payment if the remitter will sign an indemnity agreement in favor of the bank. In that case, however, the bank would need to be confident that the remitter is trustworthy and willing and financially able to repay the issuing bank in the event the bank ever has to pay the official check and looks to the remitter for indemnity.

In any event, a bank should have a policy and procedures in place for issuing official checks including handling requests for stop payment and lost, stolen or destroyed official checks based on the type of official check the bank uses and the bank's tolerance for risk in trying to keep its customers satisfied.

(Cliff Harrison)

REG. B AMENDMENTS CONFORM RULE TO HMDA

The Consumer Financial Protection Bureau issued a final rule amending Regulation B – ECOA to give creditors additional flexibility in collecting an applicant's ethnicity and race information. Generally, Reg. B prohibits a creditor from inquiring about the race, color, religion, national origin, or sex of a credit applicant except in certain situations. One of those exceptions is for collection of government monitoring information where creditors are required to collect and retain information about the applicant's race, ethnicity, sex, marital status and age for dwelling-secured loans to finance or refinance a primary dwelling. Another exception is for HMDA reporters who are required to collect and report the applicant's information under Regulation C - Home Mortgage Disclosure Act. Reg. B also contains model forms, one of which is the 2004 version of the Uniform Residential Loan Application ("2004 URLA") issued by Fannie Mae and Freddie Mac.

As everyone knows, the CFPB substantially revised Reg. C in 2015, and most of those changes take effect beginning January 1, 2018. One of the many changes deals with collection of an applicant's ethnicity and race information. Beginning January 1, 2018, revised Reg. C requires creditors to allow an applicant to self-identify their ethnicity and race using certain disaggregated ethnic and racial subcategories, such as Mexican, Puerto Rican, or Cuban, under the aggregated category Hispanic or Latino. HMDA reporters will report the disaggregated information provided by the applicant.

In 2016, Fannie Mae and Freddie Mac issued a "Demographic Information Addendum" that can be used with the current URLA (the Fannie Mae Form 1003) as a replacement for Section X to collect the required demographic information in compliance with Reg. C. The CFPB followed this with an approval notice in the Federal Register providing that any time from January 1, 2017 through December 31, 2017, a creditor may, at its option, permit applicants to self-identify using the disaggregated ethnic and racial categories and subcategories without violating Reg. B, thereby allowing creditors to begin preparing for compliance with the revised HMDA rule. Fannie and Freddie also issued a revised version of the URLA that complies with the new HMDA rule, but use of that form is not yet required. The changes to Reg. C and the URLA triggered a need to update Reg. B.

These amendments revise various sections of Reg. B to, among other things, permit creditors additional flexibility in how they collect an applicant's ethnicity and race information in order to facilitate compliance with the new HMDA rule. They also allow non-HMDA reporters to collect applicant information in certain circumstances when they would not otherwise be required to do so. The changes also address retention of information about certain applicants, remove the 2004 URLA from the appendix to Reg. B and add additional model forms. Most aspects of the amendments are effective January 1, 2018.

For non-HMDA reporters, the amendments allow creditors to collect an applicant's demographic information using, either, the aggregate ethnicity and race categories as previously required or the disaggregated ethnicity and race categories and subcategories as described in Reg. C for HMDA reporters and as shown in the Fannie/Freddie Demographic Addendum. So, the rule does not require non-HMDA reporters to change their current practices, but would allow them to voluntarily adopt new practices for collecting applicant information. This will allow those creditors who might be on the verge of becoming a HMDA reporter to begin establishing procedures for collecting applicant information consistent with Reg. C. It will also allow creditors to prepare for the transition to the 2016 URLA form. Fannie has said that the industry may begin using the redesigned URLA starting July 1, 2019, and use of the revised form will become mandatory for all new applications in February of 2020.

(Cliff Harrison)

HMDA TRAINING WRAP-UP

The HMDA training sessions are over and now it's time to get started to really getting ready to "Getting it Right." Kudos to management in recognizing the importance of this major revision in how it can affect a bank's Fair Lending! We had the three training sessions and 603 compliance officers, operations personnel, lenders and management attended. We hope the materials provided will be a good reference tool for you. A Q & A is being compiled now from questions asked during the sessions. If there are additional questions, please go ahead and forward those to me so we can include them.

As we said from the start of the training sessions, the 2018 HMDA datapoints are potentially going to play a large role in how fair lending reviews are conducted by the regulators. There are new key factors that will be instrumental in the analysis of loans, such as DTI, LTV, credit score, origination charges and other fees, age (a prohibited basis factor), address (to further determine property location), interest rate, etc. If you think about all of the new datapoints, each may be used by your bank for credit underwriting or pricing purposes. We have talked about this multiple times in our meetings, but it will now be more critical than ever to have guidelines in place for the bank's underwriting and pricing for uniformity in approving or denying a request for credit. In addition, if your bank will consider mitigating factors for exceptions, these need to be detailed. For example, if "long time bank customer" is a mitigating factor, the bank's loan policy should indicate what that includes: customer for 20 years? 14 loans paid out with no notices? deposit account balance of $50,000+? These are just examples, but you get the picture. As examiners will quickly tell you, *discrectionary lending* is the enemy when it comes to fair lending. AND (my three favorite words.. ☺) ***document, document, document!***

From the coverage standpoint, if you haven't done so already, you will need to review the bank's loan portfolio and determine that in both 2016 and 2017, the bank had originated:

- At least 25 covered closed-end mortgage loans;
- At least 500 covered open-end lines of credit; or
- Both of the above.

Remember that HMDA will apply to both consumer and commercial purpose loans and loan applications, the open-end lines of credit are not just HELOCs and will also include commercial loans, and that all potential HMDA loans and loan applications must be dwelling secured. If you have a mortgage department of the bank (not a separate subsidiary where a separate LAR will be filed), those loans will also be included in determining whether or not the bank originated at least 500 LOCs. The bank's lenders will also need to start documenting the purpose of the first advance on a line of credit to determine if it will be reportable.

Also, if a loan application for a HMDA covered transaction is taken in 2017, but action is not taken until 2018, the bank will report the 2018 documentation. The only exception to this is on government monitoring information. That piece requiring additional information will not be effective until 2018.

Additional HMDA purposes have been added and the "waterfall" reporting has changed slightly. So the new categories are cash out refinanced loans and "other." If a bank has procedures in place to report a loan as a "cash out refinance," such as if $xx amount is advanced, the bank will consider the request as a cash out refinance, or if the bank has a secondary market area where investors recognize cash out refinances, then the bank will use this category. The "other" category will be used for a dwelling secured loan for a purpose other than purchase, refinance, cash out refinance or home improvement for consumer purpose loans. "Other" will not be used for commercial purpose loans. The order to go down for which category trumps the other is now: purchase, refinance/cash-out refinance, home improvement, and other.

Also regarding purposes, lenders will need to be clear as to whether or not a loan or loan application is for a "ground up" construction or just a "remodeling; whether or not rural property is for agricultural purposes; lien status; if multiple properties are securing the loan, which property was used for the required data; is the collateral a manufactured home and detail about that manufactured home and site location; etc. Again, document, document, document! Documentation will be most important!

So a few reminders on getting ready:

- Talk to your vendor to see where they are in the process and if they will be able to "populate" the LAR with data from the application.
- Review the bank's current procedures to ensure that there are clear pricing and underwriting procedures, as well as defined mitigating factors, if the bank will allow this (Appendix Q is still a good resource.).
- Determine whether or not the bank will have to report covered closed-end transactions, open-end lines of credit, or both.
- Establish review procedures.
- Determine how the 2018 data will be scrubbed. *This will entail significantly more time than the current LAR scrub does. Banks need to seriously consider whether or not additional staff should be added and if so, should consider going ahead and

hiring in order that this person will be trained and ready to start reviewing and scrubbing on January 2, 2018.

"Getting it right" will be a team effort. As we said in the training, it is imperative that lenders, as front line personnel, obtain all of the required information at application. HMDA can no longer be completed by operations personnel after the fact. Because of the type of information required to be reported, information MUST be gathered at application. HMDA violations are still subject to administrative sanctions, including civil money penalties, and compliance can be enforced by any of the regulatory agencies. AND Fair Lending analysis of the new data will allow increased scrutiny. BE PREPARED!

(Patsy Parkin)

HMDA IS COMING (And We Are Prepared)

We have just completed the final training session for compliance staff and loan officers related to the changes to HMDA data collection and reporting that is set to begin January 1, 2018. Many of you took part in one or more of these sessions.

By all accounts these training sessions were extremely well-received and very beneficial. In all, we had over 600 compliance officers, loan officers and operations staff participate. To accommodate everyone, we needed multiple meeting rooms in Ridgeland and Memphis and had to connect remotely with 6 different banks that wanted large numbers of staff to attend.

Although we have had compliments before on other programs we have put on, this round of training was extremely well received. Patsy and Cliff, in particular, were very knowledgeable and well-prepared, and it goes without saying that we are very grateful to our entire IT staff for this top-notch assistance in linking all of our remote locations.

HMDA revised data reporting will continue to be a primary focus as we move into 2018; but our member banks should be much better prepared, thanks in large part to these training sessions.

(Ed Wilmesherr)

MSRCG ANNUAL MEETING TO BE HELD ON NOVEMBER 14,2017

The MSRCG will hold its November Annual Meeting on November 14, 2017, at The Racquet Club of Memphis in the Large Ballroom located at 5111 Sanderlin Avenue, Memphis, Tennessee. Registration will begin at 9:00 a.m. with the meeting to begin at 9:30 a.m.

As has been our tradition for many years now, we will feature a variety of speakers from the Federal Reserve and the FDIC addressing topics related to loan compliance, UDAAP, TRID compliance and flood insurance issues. We will have a speaker from the FED on BSA issues, and will also spend some time discussing the new beneficial ownership rules for BSA.

As always, the dress code for this occasion is casual, and lunch will be provided. We ask that you fax or e-mail your registration to Liz Crabtree no later than Thursday, November 9, 2017, so that arrangements for lunch can be finalized. We look forward to seeing you there.

(Ed Wilmesherr)

MRCG ANNUAL MEETING TO BE HELD ON NOVEMBER 16, 2017

The MRCG will hold its November Annual Meeting on November 16, 2017, at the Mississippi Sports Hall of Fame & Museum Conference Center, 1152 Lakeland Drive, Jackson, Mississippi. Registration for will begin at 9:00 a.m. with the meeting to begin at 9:30 a.m..

As has been our tradition for many years now, we will feature a variety of speakers from the Federal Reserve and the FDIC addressing topics related to loan compliance, UDAAP, TRID compliance and flood insurance issues. We will have a speaker from the FED on BSA issues, and will also spend some time discussing the new beneficial ownership rules for BSA.

As always, the dress code for this occasion is casual, and lunch will be provided. We ask that you fax or e-mail your registration to Liz Crabtree no later than Friday, November 10, 2017, so that arrangements for lunch can be finalized. We look forward to seeing you there.

(Ed Wilmesherr)

MRCG-MSRCG COMPLIANCE CALENDAR

05/25/2017 – Comments due on CFPB proposed amendments to 2015 HMDA rule	10/19/2017 – Reg. Z and Reg. X Mortgage Servicing Amendments effective
07/20/2017 - MRCG-MSRCG Joint Steering Committee Meeting	10/19/2017 – CFPB technical corrections to Reg. X and Reg. Z re: servicing rules and periodic statements effective
07/31/2017 – Comments due on CFPB proposal to increase threshold for HMDA reporting of HELOCs to 500 accounts for two years to 01/01/2020	10/25/2017 – Butler Snow HMDA Training Program for Lending Personnel (repeat session)
07/31/2017 – Comments due on CFPB plans for periodic assessment of ATR/QM rules	11/14/2017 - MSRCG Annual Meeting
08/14/2017 – Comments due on CFPB proposed amendments to Reg. E and Reg. Z prepaid accounts rules	11/16/2017 - MRCG Annual Meeting
08/15/2017 – Butler Snow HMDA Training Program for Compliance Officers	01/01/2018 – Revised HMDA data collection begins
08/17/2017 - MRCG Quarterly Meeting	03/19/2018 – Mandatory compliance date for CFPB arbitration rule
08/22/2017 - MSRCG Quarterly Meeting	04/01/2018 – Reg. E and Reg. Z Prepaid Accounts rule effective
09/18/2017 – CFPB rule on arbitration agreements effective	04/19/2018 – Reg. Z and Reg. X Mortgage Servicing Amendments to bankruptcy periodic statements and successors in interest effective
09/21/2017 - MRCG-MSRCG Joint Steering Committee Meeting	05/11/2018 – FinCEN BSA enhanced customer due diligence rules effective
09/29/2017 – Comments due on interagency proposal to increase threshold for required appraisals of commercial real estate to $400,000	07/01/2018 – FRB amendments to Reg. CC effective
10/03/2017 – MLA coverage expands to include credit cards	01/01/2019 – Revised HMDA data reporting begins
10/17/2017 – Butler Snow HMDA Training Program for Lending Personnel	