

DECEMBER 2021 FREE COMPLIANCE NEWSLETTER

**FAIR LENDING WORKING GROUP – FORMING NOW**

If you have not heard, we are forming a new fair lending working group in 2022. To supplement our fair lending school, we are forming a new FLEX Group (Fair Lending Expert) that meets every two months for two hours to discuss fair lending topics. You do not have to be a graduate of our program to sign your institution up. We will focus on continuing education as well as answer your fair lending questions, share ideas and findings, and keep you up on current and hot topics. If you want to learn more, you can check out our new [FLEX GROUP PAGE](#) on our university website. If you want to sign up, please fill out the form on that page and we will reach out.

**CFPB RELEASES SEVERAL GUIDANCE DOCUMENTS TO ASSIST WITH PROVIDING THE VALIDATION INFORMATION FOR THE DEBT COLLECTION RULE'S UPCOMING EFFECTIVE DATE**

The Bureau released a “complete and accurate” [Spanish translation](#) of the model validation notice. The Bureau also added a new section in the Debt Collection Rule [FAQs](#). The new FAQs address frequent questions on the use of the model validation notice and the validation information special rule for certain residential mortgage debts. The Bureau also released a document entitled, “[Debt Collection Rule: Disclosing the Model Validation Notice Itemization Table.](#)” This guidance document, which includes examples, reviews certain required validation information. The document illustrates how a debt collector could comply with the requirement to disclose that information.

**CFPB FINDS CREDIT REPORT DISPUTES FAR MORE COMMON IN MAJORITY BLACK AND HISPANIC NEIGHBORHOODS**

The Bureau released research finding that consumers in majority Black and Hispanic neighborhoods, as well as younger consumers and those with low credit scores, are far more likely to have disputes appear on their credit reports. The new research is a part of a series of reports focusing on trends in the consumer financial marketplace and uses data on auto loan, student loan, and credit card accounts opened between 2012 and 2019. You can read the report [here](#).

**FREE INTERAGENCY WEBINAR ON FAIR LENDING**

The federal regulatory agencies are hosting a free Fair Lending webinar. It will be held Tuesday, December 7 at 1:00 CST. You can find the link to the registration [here](#).

**JOINT STATEMENT ON SUPERVISORY AND ENFORCEMENT PRACTICES REGARDING THE MORTGAGE SERVICING RULES IN RESPONSE TO THE CONTINUING COVID-19 PANDEMIC AND CARES ACT**

The regulatory agencies are issuing a joint statement to alert the industry that the supervisory flexibilities outlined in the April 2020 *Joint Statement on Supervisory and Enforcement Practices Regarding the Mortgage Servicing Rules in Response to the COVID-19 Emergency and the CARES Act* (April 2020 Joint Statement) no longer apply. You can find the FIL [here](#).

### **CFPB ISSUES GUIDES FOR CONSUMERS ON ELDER FINANCIAL ABUSE**

The CFPB issued two guides to assist families and friends of people living in nursing homes and assisted living communities who may be subject to elder financial abuse. These are great tools to inform your customers about if they should ever suspect a family member or friend is subject to elder financial abuse. You can find the Preventing Elder Financial Abuse guide [here](#) and Reporting Elder Financial Abuse guide [here](#).

### **FINCEN UPDATES RANSOMWARE ADVISORY**

FinCEN released an update to its 2020 advisory on ransomware and the use of the financial system to facilitate ransom payments. This release was done in connection with a set of actions announced by the Department of the Treasury which focused on disrupting criminal ransomware actors. The FinCEN Advisory (FIN-2021-A004) updates and replaces the October 1, 2020 Advisory on Ransomware and the Use of the Financial System to Facilitate Ransom Payments. FinCEN issued the original advisory to alert financial institutions to predominant trends, typologies, and potential indicators of ransomware and associated money laundering activities.

The updated advisory provides information on: (1) the role of financial intermediaries in the processing of ransomware payments; (2) trends and typologies of ransomware and associated payments; (3) ransomware-related financial red flag indicators; and (4) reporting and sharing information related to ransomware attacks. The amended advisory also reflects information released by FinCEN in its Financial Trend Analysis Report issued on October 15, 2021 and is part of the Department of the Treasury's broader efforts to combat ransomware. You can find the FinCEN Advisory [here](#) and the Treasury release can be found [here](#).

### **DATABASE PUBLISHED FOR CFPB DEBT COLLECTION RULE TEXT MESSAGE ERROR PROCEDURES**

Under the CFPB's Debt Collection Rule, debt collectors who adopt and follow certain procedures can obtain a bona fide error defense from civil liability for unintentional violations of the prohibition against third-party communications when communicating by email or text message. For text message communications, one element of those procedures includes using a "complete and accurate database" to confirm that the consumer's telephone number has not been reassigned to another user. The Rule's commentary identifies the FCC's Reassigned Numbers Database as a "complete and accurate database." The FCC has now published that database. You can access the Reassigned Numbers Database [here](#) and find more information about the Reassigned Numbers Database [here](#).

### **FINCEN NOTICE ON ENVIRONMENTAL CRIMES**

FinCEN issued a notice to call attention to an upward trend in environmental crimes and associated illicit financial activity. In the notice, FinCEN explained that it is highlighting this trend because of: (1) its strong association with corruption and transnational criminal organizations, (2) a need to enhance reporting and analysis of related illicit financial flows; and (3) environmental crimes' contribution to the climate crisis, including threatening ecosystems, decreasing biodiversity, and increasing carbon dioxide in the atmosphere. FinCEN's Notice provides financial institutions with specific suspicious activity report (SAR) filing instructions and highlights the likelihood of illicit financial activity related to several types of environmental crimes. You can find the notice [here](#).

#### **AGENCIES ISSUE RULE ON INCIDENT NOTIFICATION**

The joint agencies issued a final rule to improve the sharing of information about cyber incidents that may affect the U.S. banking system. According to the FDIC's press release, the final rule requires a banking organization to notify its primary federal regulator of any significant computer-security incident as soon as possible and no later than 36 hours after the banking organization determines that a cyber incident has occurred. Notification will be required for incidents that have materially affected—or are reasonably likely to materially affect—the viability of a banking organization's operations, its ability to deliver banking products and services, or the stability of the financial sector.

In addition, the FDIC's release explains that the final rule requires a bank service provider to notify affected banking organization customers as soon as possible when the provider determines that it has experienced a computer-security incident that has materially affected or is reasonably likely to materially affect banking organization customers for four or more hours. Compliance with the final rule is required by May 1, 2022. The Interagency Statement can be found [here](#).

#### **CFPB ANNOUNCES ASSET-SIZE THRESHOLD ADJUSTMENTS UNDER FCRA**

The CFPB has announced the annual adjustment to the maximum amount consumer reporting agencies may charge consumers for making a file disclosure to a consumer under FCRA. The ceiling on allowable charges under Section 612(f) of the FCRA will increase to \$13.50. This adjustment is effective on January 1, 2022 and is consistent with relevant statutory or regulatory provisions. You can access the notice [here](#).