

MARCH 2022 FREE COMPLIANCE NEWSLETTER

2022 NATIONAL INTERAGENCY COMMUNITY REINVESTMENT CONFERENCE

Registration is now open for the annual interagency CRA conference. It is being held virtually this year from March 15-17. If you are interested in attending this year's conference, you can sign up [HERE](#).

2022 REPORTABLE HMDA DATA: A REGULATORY AND REPORTING OVERVIEW REFERENCE CHART

The CFPB recently published the 2022 HMDA reference chart. For those of you that are HMDA reporters, this chart looks much like the Filing Instructions Guide and gives useful information on HMDA reporting for 2022. You can download the chart [HERE](#).

FDIC PRIORITIES FOR 2022 PRESS RELEASE

Acting Chairman Gruenberg has announced the FDIC's priorities for 2022. They include strengthening the Community Reinvestment Act, which we anticipated was coming. The priorities also include addressing financial risks from climate change, the bank merger process, crypto-asset risk, and finalizing the Basel III capital rule. You can read more of the details [HERE](#).

OCC REMARKS ON MODERNIZATION OF THE CRA

Sticking with CRA, the Acting Comptroller released remarks on the upcoming changes to the CRA. He talks about the history of CRA and issues we face, but he also mentions how the regulators will be changing the regulation to better address those problems of today. The main three goals and points he lays out are:

1. Ensuring banks are engaging with and being responsive to local stakeholders and the local needs of low- and moderate-income communities, not just applying one-size fits all solutions;
2. Increase clarity, consistency, and transparency of supervisory expectations and standards regarding which activities are eligible for CRA credit; and
3. Updating standards to reflect changes in the business of banking, specifically the increased use of mobile and internet delivery channels.

His last point really focuses on how many banks have a large nationwide footprint but do not really fit the old CRA community model. If you want to read more on this topic, you can find the article [HERE](#).

COMPARING OVERDRAFT FEES AND POLICIES ACROSS BANKS

A recent newsletter talked about the big CFPB overdraft study and how we think changes will come from it, just like the FDIC study in 2009 lead to the opt-in program. While no official changes or new guidance has come out yet, the CFPB has noticed a big change in banks altering their overdraft programs to a more consumer friendly approach. We have talked about these more than once. If you would like to see a list of ways other banks are changing their programs to be more consumer friendly, you can see the article [HERE](#). Most of the list are items we have seen many banks do, but one was a bit interesting. There are some banks that are providing a grace period to bring the account back current before charging an overdraft fee. While we haven't seen that personally, we think it's a great idea.



PART OF YOUR COMPLIANCE TEAM

OCC RELEASES FAQs ADDRESSING THE AFFECTS OF THE CRA FINAL RULE RESCISSION

We have had several clients ask how the OCC rescinding this rule will affect them. The OCC finally released some Q&As to address these concerns. We know several of you changed what size of test you fall under, and there were several other key changes to the evaluation process. If you are an OCC bank, we highly recommend you read through the Q&As to get your questions answered [HERE](#).

CFPB OUTLINES OPTIONS TO PREVENT ALGORITHMIC BIAS IN HOME VALUATIONS

It's widely understood that appraisers can have biases during the appraisal process, leading to artificially high or low values in homes. However, computer generated valuations, or algorithms, can also contain biases. If you use these computer-generated valuation systems, you are not free from fair lending risk. While a bit lengthy, if you are using these models, you may want to read up on the latest CFPB outline of proposals for consideration [HERE](#).

PREPAID INTEREST AND THE GENERAL QUALIFIED MORTGAGE APR SPECIAL RULE FOR ADJUSTABLE-RATE MORTGAGES

The CFPB issued guidance on how to calculate the Ability-To-Repay (ATR) and what rate to use in that calculation along with the rate to use when calculating prepaid interest. The basic premise is that you need to use the maximum rate in the first five years when calculating both ATR and prepaid interest for APR purposes. If you originate ARMs, you can find the CFPB's fact sheet on the topic [HERE](#).