

June 2022 FREE COMPLIANCE NEWSLETTER

REVISED INTERAGENCY FLOOD INSURANCE Q&As

The five federal regulatory agencies jointly issued revised Q&As regarding federal flood insurance law and the agencies' implementing regulations. The Q&As supersede those originally published by the agencies in 2009 and 2011 as well as consolidate Q&As proposed by the agencies in 2020 and 2021. The revised Q&As also include the changes to the flood insurance requirements made by federal law in recent years.

According to OCC's press release, the Q&As cover a broad range of technical flood insurance topics, including the escrow of flood insurance premiums, the detached structure exemption to the flood insurance purchase requirement, force placement procedures, and private flood insurance. The revised Q&As are also organized by topic to make it easier for users to find and review information related to flood insurance.

You can read the OCC's press release [here](#) and find the new Q&As [here](#).

CFPB ADVISORY OPINION ON COVERAGE OF ECOA

The CFPB issued an Advisory Opinion to affirm that the Equal Credit Opportunity Act and Regulation B protect not only those actively seeking credit but also those who sought and have received credit. ECOA is a civil rights law that protects individuals and businesses against discrimination in accessing and using credit on the basis of race, color, religion, national origin, sex, marital status, age, receipt of public assistance, and filing for protections under the Act.

The advisory opinion reiterates that ECOA's prohibition on discrimination "applies to all credit transactions including the approval, denial, renewal, continuation, or revocation of any open-end consumer credit account." It has been the CFPB's long-standing position that ECOA and Regulation B plainly protect applicants who have received credit and are existing account holders, not just those in the process of applying for credit. You can read the full Advisory Opinion [here](#).

AGENCIES ISSUE JOINT PROPOSAL TO STRENGTHEN CRA

The federal bank regulatory agencies issued a joint proposal to strengthen and modernize regulations implementing the Community Reinvestment Act (CRA) to better achieve the purposes of the law. CRA is a landmark law that encourages banks to help meet the credit needs of their local communities, including low- and moderate-income (LMI) neighborhoods, in a safe and sound manner.

The following are the key elements to the agencies' joint proposal:

- Expand access to credit, investment, and basic banking services in low- and moderate-income communities;
- Adapt to changes in the banking industry, including internet and mobile banking;
- Provide greater clarity, consistency, and transparency;
- Tailor CRA evaluations and data collection to bank size and type; and
- Maintain a unified approach.

The agencies are inviting public comment on their joint proposal, which will be open until August 5, 2022.

You can read the joint press release [here](#).

FHFA MANDATES USE OF THE SCIF

The FHFA announced that Fannie Mae and Freddie Mac will require lenders to use the Supplemental Consumer Information Form (SCIF) as part of the application process for loans that will be sold to the said Enterprises. The purpose of the SCIF is to collect information about the borrower's language preference, if any, and on any homebuyer education or housing counseling the borrower received, to help lenders facilitate communications with borrowers in their preferred language. Lenders will be required to adopt these changes and reporting requirements for loans with application dates on or after March 1, 2023.

The SCIF will be available via Mortgage Translations as part of FHFA's Language Access Multi-Year Plan. Mortgage Translations provides resources to assist lenders, servicers, housing counselors, and others in helping mortgage borrowers who have limited English proficiency. The site contains documents and resources available in English, Spanish, traditional Chinese, Vietnamese, Korean, and Tagalog.

You can find the FHFA's full press release [here](#).

CFPB ON PREVENTING AND REPORTING SCAMS

The CFPB released an article on how to prevent and report scams targeting older adults. In partnership with the Federal Trade Commission, the CFPB aims to help older adults and their families and friends know what to do if someone demands payment by these methods, and where to report fraud.

The CFPB provided tips to protect against scams and fraud including:

- Don't wire money;
- Don't pay with a gift card;
- Don't pay with cryptocurrency; and
- Report fraud to the FTC.

You can find the CFPB's article [here](#).

OFAC AMENDS UKRAINE-RELATED SANCTIONS

OFAC re-issued the amended Ukraine-Related Sanctions Regulations, 31 C.F.R. part 589, renaming it to Ukraine-/Russia-Related Sanctions Regulations. This administrative action replaces the regulations that were published in abbreviated form on May 8, 2014 with a more comprehensive set of regulations that includes additional interpretive and definitional guidance, general licenses, and other regulatory provisions that will provide further guidance to the public. The Ukraine-/Russia-Related Sanctions Regulations will be effective May 2, 2022. In addition, OFAC is also revising several FAQs for the Ukraine-/Russia-Related Sanctions Regulations.

You can find the Treasury's full announcement [here](#).



PART OF YOUR COMPLIANCE TEAM

FINCEN RENEWS AND EXPANDS REAL ESTATE GEOGRAPHIC TARGETING ORDERS

FinCEN announced the renewal and expansion of its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in all-cash purchases of residential real estate. The terms of the GTOs are effective beginning April 30, 2022 and end on October 26, 2022.

FinCEN renewed the GTOs that cover certain counties within the following major U.S. metropolitan areas: Boston; Chicago; Dallas-Fort Worth; Honolulu; Las Vegas; Los Angeles; Miami; New York City; San Antonio; San Diego; San Francisco; and Seattle. They have expanded the geographic coverage to parts of the District of Columbia, Northern Virginia, and Maryland (DMV) metropolitan area, the Hawaiian islands of Maui, Hawaii, and Kauai, and Fairfield County, Connecticut. The purchase amount threshold remains \$300,000 for each covered metropolitan area, with the exception of the City and County of Baltimore, where the purchase threshold is \$50,000.

According to FinCEN, the GTOs continue to provide valuable data on the purchase of residential real estate by persons possibly involved in various illicit enterprises.

You can read FinCEN's full announcement [here](#).

CFPB ISSUES 2021 FAIR LENDING ANNUAL REPORT

The CFPB released its 2021 Fair Lending Annual Report to Congress that details the important fair lending work undertaken in 2021, which focused on racial and economic equity issues and the COVID-19 recovery.

In its press release, the CFPB said that throughout 2021, the agency worked to ensure that individuals, small businesses, and communities had fair, equitable, and nondiscriminatory access to credit through supervision and enforcement actions, research and market monitoring activities, rulemaking and guidance, amicus activity, and consumer education. In addition, the CFPB said that it is looking forward to the technological advancements of the financial service markets. Nevertheless, the Bureau will focus on digital redlining and algorithmic biases, as well as identifying emerging risks to ensure appropriate responses are developed. The agency will also continue to cooperate with other regulators and law enforcement agencies to ensure fair lending and equal opportunity.

You can read the CFPB's press release [here](#) and the Fair Lending Report [here](#).