



JUNE 2024 FREE COMPLIANCE NEWSLETTER

**THE CFPB IS HERE TO STAY**

This should not be breaking news to most of you at this point, but the court has finally ruled that the CFPB’s funding is constitutional. That also means that the 1071 Small Business Rule will move forward. It’s time to restart the process (if you paused) and work towards building a program ready to gather and report required data. As for changes to the rule, we have not seen anything yet, and we don’t recommend holding your breath. The biggest item for today is that the new implementation dates have been set. We believe they will make an amendment to the final rule, but as of now, the information below is what you can expect on when you need to start collecting and reporting data. For more information on the rule and extension, you can find it [HERE](#).

Compliance Tier	Original Compliance Date	New Compliance Date	First Filing Deadline
Tier 1 Institutions - highest volume lenders	October 1, 2024	July 18, 2025	June 1, 2026
Tier 2 Institutions - moderate volume lenders	April 1, 2025	January 16, 2026	June 1, 2027
Tier 3 Institutions - lowest volume lenders	January 1, 2026	October 18, 2026	June 1, 2027

**JOINT REGULATORS ISSUE THIRD-PARTY RISK MANAGEMENT, A GUIDE FOR COMMUNITY BANKS DOCUMENT**

The FDIC, OCC, and Federal Reserve issued joint guidance as a resource to help community banks in developing and implementing their third-party risk management programs, policies, and practices. Every bank should have strong third-party risk management practices in place, but it becomes even more critical when third parties are offering products and services to your customers. As a gentle reminder, you are responsible for everything those third parties do on your behalf, just as if it was your organization offering the products or services. Both safety and soundness/risk management and compliance examiners review this critical area. The regulators noted that this is not a substitute for the interagency guidance, but rather a supplement to provide you with more information and help to strengthen your program. To find the recent guide, you can click [HERE](#).

**REGULATION CC THRESHOLD UPDATES**

In 2019, the regulators made inflation adjustments to the different Regulation CC thresholds for holds on certain deposited items which were effective in 2020. The intent was to adjust for inflation every 5 years thereafter. Well, that five years is upon us. As a result, the thresholds will be going up for certain availability requirements. Most notably, the next-day availability will increase to \$275 (up from \$225), and second-day availability will increase to \$6,725 (up from \$5,525). There are more details changing including cash withdrawal amounts and civil liability amounts. To find a summary of the increases, click [HERE](#). To find the full final rule, click [HERE](#).

**These changes will not go into effect until July 1, 2025**, so there is time to prepare. There will be additional things to do like updating all disclosures and training personnel.





## PART OF YOUR COMPLIANCE TEAM

### CFPB LAUNCHES INQUIRY INTO JUNK FEES IN MORTGAGE CLOSING COSTS

The inquiry is for possible junk fees that are increasing mortgage closing costs. The CFPB is looking at facts such as who is benefiting from these fees and how costs for borrowers and lenders could be lowered. According to their recent analysis, mortgage costs have risen more than 36 percent from 2021 to 2023.

Tory attended the Fair Lending Forum at the end of April, and this topic did come up. We are not sure where this will all end up, but title insurance, credit bureau fees, and others were all being discussed as junk fees. Please don't shoot the messenger on this one. At the conference, there was talk about the benefits of these fees as well, so we are hoping they are looking at both sides of the argument. For example, the position on title insurance being a junk fee is that it is expensive and so few insurance claims are ever made against title, citing claims rates in the single digit percentage. The counter to the argument that they are unnecessary or junk fees is that the cost of insurance (premiums paid) goes to doing title searches to ensure there is never a need for claims. To find the press release, click [HERE](#). There is also a link in the press release to submit a comment if you choose to do so.

### SUMMER DISCOUNT ON OUR FAIR LENDING SCHOOL

As we have done each summer, we are offering a 25% discount to all students who sign up for our popular fair lending school program. You have the option to also earn our Fair Lending Expert (FLE) certification. To utilize the discount between June 1 – August 31, use coupon code ***fairlending*** at checkout. You can find more information on the fair lending school and FLE certificate program on our website [HERE](#).

### THICK RED LINE IS NOW PUBLISHED

Last but not least, Tory's newest book *Thick Red Line* is now available for purchase. The book takes a deep dive into redlining in the United States. From its roots in government policy to present day struggles, you will learn what nearly all redlining cases have in common and how to protect your organization from risk. You can find it on Amazon [HERE](#). However, if you want to get an autographed copy, you can order it from our website. Those come directly from us. We cannot guarantee the signed copy will be any more valuable than the unsigned version, but hopefully it will bring you some sentimental value, and the price is the same. Order copies directly from us [HERE](#). If you want to order more than one signed copy, please reach out to us in advance for shipping.