

*AUGUST 2024 FREE COMPLIANCE NEWSLETTER*

**CFPB RELEASES SUMMER 2024 SUPERVISORY HIGHLIGHTS**

The new CFPB Supervisory Highlights are available. The findings in this report cover violations of law and consumer harm in the areas of auto and student loan servicing and debt collection, including credit card debt collections. This edition also presents findings in deposits and prepaid accounts as well as credit card account management with a focus on medical credit cards. The findings in this edition of Supervisory Highlights cover select examinations that were generally completed from April 1, 2023, to December 31, 2023. You can read the full report [HERE](#).

**CFPB PROPOSES RULES TO HELP HOMEOWNERS AVOID FORECLOSURE**

The CFPB proposed new rules to make it easier for homeowners to get help when they are struggling to pay their mortgage. The proposal, if finalized, would require mortgage servicers to focus on helping borrowers, not foreclosing, when a homeowner asks for help. The proposed changes would also make it simpler for servicers to offer assistance by reducing paperwork requirements, improve communication with borrowers, and ensure critical information is provided in languages borrowers understand. The CFPB is requesting comment about several other topics, including possible approaches it could take to ensure servicers are furnishing accurate and consistent credit reporting information for borrowers undergoing review for assistance. If you want to read the proposed rule, you can find it [HERE](#).

**2024 DISTRESSED AND UNDERSERVED CENSUS TRACT LIST IS AVAILABLE**

This list is most critical if you are an Intermediate Small Bank or a Large Bank under the Community Reinvestment Act. Unlike income designations of census tracts (i.g. low, moderate, middle, or upper income), census tracts that are designated as either distressed, underserved, or both can change each year. Check out the 2024 list by clicking [HERE](#).

**INTERAGENCY GUIDANCE ON RECONSIDERATIONS OF VALUE FOR RESIDENTIAL REAL ESTATE TRANSACTIONS**

The CFPB, the FDIC, the Federal Reserve, the NCUA, and the OCC have issued interagency guidance addressing reconsiderations of value for residential real estate transactions. The final guidance, among other things, advises on policies and procedures that financial institutions may choose to implement to allow consumers to provide financial institutions with information that may not have been considered during an appraisal or if deficiencies are identified in the original appraisal. The guidance also describes the risks of deficient residential real estate valuations and explains how financial institutions may incorporate ROV processes into risk management functions. You can learn more and find the guidance by clicking [HERE](#).

## **AGENCIES ISSUE FINAL RULE TO HELP ENSURE CREDIBILITY AND INTEGRITY OF AUTOMATED VALUATION MODELS**

Six federal regulatory agencies today issued a final rule, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, designed to help ensure the credibility and integrity of models used in valuations for certain mortgages secured by a consumer's principal dwelling. In particular, the rule will implement quality control standards for automated valuation models (AVMs) used by mortgage originators and secondary market issuers in valuing those homes. The final rule is substantially similar to the proposal issued in June 2023.

Under the final rule, the agencies will require institutions that engage in certain transactions secured by a consumer's principal dwelling to adopt policies, practices, procedures, and control systems designed to:

- ensure a high level of confidence in estimates;
- protect against data manipulation;
- seek to avoid conflicts of interest;
- require random sample testing and reviews;
- and comply with nondiscrimination laws.

Driven in part by advances in database and modeling technology and the availability of larger property datasets, AVMs are being used with increasing frequency as part of the real estate valuation process. While advances in AVM technology and data availability have the potential to reduce costs and turnaround times of the property valuation process, it is important that institutions using AVMs take appropriate steps to ensure the credibility and integrity of the valuations produced. It is also important that the AVMs institutions use adhere to quality control standards designed to comply with applicable nondiscrimination laws.

The final rule will become effective on the first day of the calendar quarter following 12 months after publication in the Federal Register. Read the final rule [HERE](#).