

*NOVEMBER 2024 FREE COMPLIANCE NEWSLETTER*

**FDIC EXTENDS SIGNAGE RULE COMPLIANCE DATE BY FOUR MONTHS**

The FDIC did us all a favor and extended the mandatory compliance rule for advertising membership until May 1, 2025. The original compliance date was January 1, 2025. The rule has requirements regarding the use of the new digital sign on your website and electronic deposit taking channels such as a mobile app or deposit taking ATMs. It also has new signage requirements for those of you that sell non-deposit insurance products, or NDIPs.

In a conversation with a banker not long ago, they told me their mobile app vendor would not be ready to have the new digital sign on the app until sometime near the first quarter of 2025, or they could pay tens of thousands of dollars to get it updated early. That's a tough position to be in. Hopefully this 4-month extension helps all of you be ready at the new deadline. The FDIC put out some excellent Q&As on these new requirements, and you can find those [HERE](#). Read through these as there is a lot of great information. If you are looking for the new regulations, you can find them [HERE](#). We have provided the Bankers Online (BOL) version of the regulation, not the government version, as BOL is much easier to follow. You will need to scroll down a bit to find the updated regulation.

**2025 THRESHOLD ADJUSTMENTS**

Every year around this time, the regulators need to adjust certain regulatory thresholds when certain regulations do or do not apply. Here are some that will be adjusted for inflation starting January 1, 2025.

- Regulation Z and Regulation M – this adjustment basically says that the new threshold is \$71,900 or less for consumer credit transactions or consumer leases. If your transaction is above that amount, even if it is consumer credit, the regulations do not apply. So, if you decide to go out and buy that new Cybertruck, you may not get Reg Z disclosures. Private education loans and loans secured by real property, such as mortgages, are always subject to Regulation Z regardless of the amount of the loan.
- Small dollar loan exemption from appraisal requirements for Higher-Priced Mortgage Loans (HPMLs) – when you originate an HPML, there is an added special appraisal that requires a physical visit to the interior of the home. The new adjustment for 2025 says that if the loan amount is under \$33,500, that requirement does not apply. This is up from \$32,400 in 2024.

**CFPB FINALIZES PERSONAL FINANCIAL DATA RIGHTS RULE TO BOOST COMPETITION, PROTECT PRIVACY, AND GIVE FAMILIES MORE CHOICES IN FINANCIAL SERVICES**

The CFPB finalized a rule that will give consumers greater rights, privacy, and security over their personal financial data. The rule requires financial institutions, credit card issuers, and other financial providers to unlock an individual's personal financial data and transfer it to another provider at the consumer's request for free. Consumers will be able to more easily switch to providers with superior rates and services. By fueling competition and consumer choice, the rule will help lower prices on loans and improve customer service across payments, credit, and banking markets. This is the new 1033 rule that you likely may have heard of.

This is a big rule, one you cannot possibly learn from just a newsletter. You can find the final rule [HERE](#), all 594 pages of it. We do recommend that you put this on your radar and get some extensive training on it. There is time to implement it. The largest institutions will have to comply by April 1, 2026, while the smallest covered institutions will have until April 1, 2030. Certain small banks and credit unions are not subject to the rule.

Our good friends over at Bankers Compliance Consulting have already provided some great training on the proposed rule, and they plan to dive deeper into the now final rule. If you are looking for training on this topic, check out their website [www.bankerscompliance.com](http://www.bankerscompliance.com)

### **TD BANK TO PAY \$3 BILLION IN FINES FOR MONEY LAUNDERING PRACTICES**

We get many e-mails each month on fines, DOJ cases, and other formal consent orders that do not make our newsletter. This one is by far the most significant BSA/AML/CFT (whatever acronym you want to use) lawsuit our nation has ever seen. The federal government stated that the bank allowed hundreds of millions of dollars to be laundered through the bank.

The NPR reports that “In one case, a man moved more than \$470 million in drug proceeds and other illicit funds through TD Bank branches, bribing employees with more than \$57,000 in gift cards.” Attorney General Merrick Garland’s words might have been the most powerful – “TD Bank created an environment that allowed financial crime to flourish. By making its services convenient for criminals, it became one.”

As part of this settlement, the bank will pay fines, face growth restrictions, and a host of other requirements. This serves us two friendly reminders: 1. The culture we allow is the one that will flourish; 2. Financial crime should always be taken seriously. You can find the full consent order [HERE](#).

### **CFPB AND JUSTICE DEPARTMENT TAKE ACTION AGAINST FAIRWAY FOR REDLINING BLACK NEIGHBORHOODS IN BIRMINGHAM, ALABAMA**

The CFPB and the Justice Department (DOJ) took action to end Fairway Independent Mortgage Corporation’s illegal mortgage lending discrimination against majority-Black neighborhoods in the greater Birmingham, Alabama area. The CFPB and DOJ allege that Fairway illegally redlined Black neighborhoods, including through its marketing and sales actions. Fairway’s actions discouraged people from applying for mortgage loans in the Birmingham metropolitan area’s Black neighborhoods. If entered by the court, the settlement announced would require Fairway to pay a \$1.9 million civil penalty to the CFPB’s victims relief fund. Fairway would also be required to provide \$7 million for a loan subsidy program to offer affordable home purchase, refinance, and home improvement loans in majority-Black neighborhoods.

If you are a HMDA reporter, you need to know what your data says. Tory travels the country to train on fair lending. He always says this is an open-book test. You get to look up the answers. You should know where your applications come from and the neighborhoods where your loans are originating. That little 4-letter acronym, HMDA, gives you all the data you need. Get software or pay to have it analyzed.



## PART OF YOUR COMPLIANCE TEAM

For those of you unaware, our Fair Lending School was built to teach you everything you need to know to build a strong fair lending program. Get your team certified as a Fair Lending Expert (FLE). You can learn more by checking out our website [www.tcuniversity.us](http://www.tcuniversity.us). Contact us directly if you have any questions. Nearly every redlining case is preventable. A few thousand dollars on training and software is much cheaper than millions in fines.

### **CFPB ANNOUNCES THE BETA RELEASE OF THE HMDA PLATFORM FOR DATA THAT WILL BE COLLECTED IN 2025**

This new Beta Platform provides financial institutions and vendors an opportunity to test whether their sample loan application register (LAR) data complies with the reporting requirements outlined in the [Filing Instructions Guide](#) (FIG) for HMDA data collected in 2025.

The press release says please note that the 2025 Beta Platform is for testing purposes only and the Bureau will continue to add functionality. No data submitted on the Beta Platform will be considered for compliance with HMDA data reporting requirements; we encourage financial institutions to maintain their own system of record. During the beta period, financial institutions may test and retest HMDA data files as often as desired. You can find the new Beta Platform [HERE](#).