



The Current Regulatory Environment and the Regulatory Compliance Module Update

Cynthia Boehmer, JD
January 13, 2016

- This presentation will last about 1 hour
- Our audience will be muted, so please communicate with me by using the “chat box” located on the webinar’s control panel
- We will have time for Q & A at the end of the presentation. Submit your questions by using the “questions box” located on the webinar’s control panel.

Cynthia Boehmer, JD

WolfPAC Compliance Consultant

Phone: 617-933-3340

Email: cboehmer@wolfandco.com

- Regulatory Environment
 - TRID
 - Flood
 - HMDA
 - Military Lending Act
 - SCRA
 - BSA
 - Consumer Complaints
 - Regulatory Relief
- Regulatory Compliance Module Update
 - BSA and OFAC FFIEC Mandatory Risk Assessments
 - Enhanced Reporting
 - New Questionnaires
 - Linking Controls
- Questions

New Regulations



- Integrated Disclosure Rule effective October 3, 2015
 - GFE and initial TIL disclosures = new “Loan Estimate” form
 - HUD-1 and final TIL disclosures = new “Closing Disclosure”
 - New Disclosure timing requirements
 - Changes to tolerances
 - New escrow closing and partial payment disclosures



- Mandatory escrow of flood insurance premiums
- Exemption from flood insurance purchase requirements for certain detached structures on residential property
- The provisions of Biggert-Waters related to the force placement of flood insurance





- Released on October 15, 2015
- Requires increased data reporting, such as:
 - the length of the loan;
 - total points and fees;
 - the length of any teaser or introductory interest rates; and
 - the applicant or borrower's age and credit score.

- Expanded the products offered protection under the MLA
- Prohibits mandatory arbitration and other onerous legal notice requirements
- Effective Date of October 1, 2015
 - Applies to consumer credit accounts originated or established on or after October 3, 2016
 - Applies to credit cards on or after October 3, 2017



- Foreclosure and Seizure of Property
 - Sunset of one-year moratorium from date military service ends
 - Reverted back to a 90-day moratorium on January 1, 2016
 - Senate passed a bill reinstated the 1 year timeframe
 - House introduced a similar bill but has not passed

- Fixing America's Surface Transportation (FAST) Act signed on December 4, 2015
 - Contained several regulatory relief provisions for financial institutions
- Gramm-Leach-Bliley (GLBA) Disclosures
 - No annual disclosure if certain criteria are met
- Designation of Rural Communities
 - CFPB to establish application process for designation of rural area

- **Small Bank Exam Cycle Reform**
 - Increases asset threshold to qualify for 18-month exam cycle from \$500 million to \$1 billion
 - Must meet other criteria
- **Credit Unions and the FHLB**
 - Privately insured credit unions can become members of the FHLB
- **SAFE Act**
 - Amended to include other financial service providers for access to records for background checks





- Medical Marijuana
- Changes – Manual and Interpretations
- AML Software Validations
- FDIC FIL - Assessments on whether to retain certain customer relationships
- Proposed Beneficial Ownership Rule



- CFPB Consumer Complaint database went public on June 25, 2015
- Increased regulator scrutiny
 - Not limited to CFPB regulated institutions
 - Primary driver of investigations and enforcement actions

WHAT'S
NEW

WHAT'S
NEXT

What's New in the Compliance Module?

- BSA and OFAC FFIEC Mandatory Risk Assessments
- Enhanced Reporting
- New Questionnaires
- Linking Compliance Controls

BSA and OFAC FFIEC Risk Assessments





- Assess the Mitigating Controls currently in place
- Strengthen the controls assessment by including details of specific controls in place for each category
- Example:

Governance	CO Strategic Plan	Formal Board-approved plan governing the organization's CO mission, vision and strategic direction. The plan links to the organization's business objectives, outlines the organization's CO resources, and provides a GAP analysis of support for major initiatives and external/internal needs.	Regulatory Compliance
Governance	CO Management Reporting	Formal, documented process for reporting CO activities and challenges to executive management and the Board.	Regulatory Compliance
Governance	CO Budgeting Process	Formal documented process for developing a Compliance Budget based upon compliance priorities.	Regulatory Compliance

Linking of Compliance Controls

4. Complexity of Requirements	High	
5. Outsourcing	Low	
6. Exposure Penalties	High	
7. Regulatory Changes / Environment	Moderate (O)	
8. Calculated Overall Quantity of Inherent Risk	Moderate	

Quality of Mitigating Controls

1. Policies and Procedures	Strong	Add a Control Remediation Item
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Answer the following questions to assess the strength of controls based on the adequacy of written policies and procedures in place used by the organization to comply with the regulation.

Question	Response	Comments
1. Does the organization have a policy addressing this regulation?	Yes	
2. Are policies related to this regulation approved on an annual basis?	Yes	
3. Are policies related to this regulation approved by the Board?	Yes	
4. Are there documented (written) procedures relating to this regulation?	Yes	
5. Are written procedures regularly updated?	Yes	
6. Do the procedures provide personnel with all of the information required to perform the related transactions and comply with the various requirements?	Yes	

Select any additional Controls applicable to the Responsibility Dimension. [Link Controls](#)

Control Name	Classification	Comments
L000003 - BSA Training Control Description: Annual BSA/OFAC training Default Description	Key	

7. Overall Quality of Mitigating Controls	Strong	
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2. Monitoring / Audit	Adequate	Add a Control Remediation Item
3. Training	Strong	Add a Control Remediation Item
4. Board and Management Involvement	Strong	Add a Control Remediation Item
5. Calculated Overall Quality of Mitigating Controls	Strong	

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cboehmer@wolfandco.com

www.wolfpacsolutions.com