



COMPLIANCE UPDATE

Consumer Financial Protection Bureau (CFPB) Public Statement on Home Mortgage Disclosure Act (HMDA) Compliance

The CFPB issued a public statement announcing that it does not intend to require data resubmission unless data errors are material or assess penalties with respect to errors for data collected in 2018 and reported in 2019 under the regulation. Beginning on January 1, 2018, financial institutions will submit HMDA data collected in 2017 and beyond using the CFPB's new online platform.

Accordingly, collection and submission of the 2018 HMDA data will provide financial institutions an opportunity to focus on identifying any gaps in their implementation of the additional requirements and making improvements in their HMDA compliance management systems for future years. The CFPB expects that any supervisory examinations of 2018 HMDA data will be diagnostic, to help institutions identify compliance weaknesses, and will credit good-faith compliance efforts.

The CFPB also intends to engage in a rulemaking to reconsider various aspects of the 2015 HMDA rule, such as the institutional and transactional coverage tests and the rule's discretionary data points. More specifically, the rulemaking may reexamine lending-activity criteria that determine whether institutions are required to report mortgage data. The rulemaking may also look at adjusting the new requirements to report certain types of transactions. Finally, the rulemaking may reassess the

additional information that the rule requires beyond the new data points specified under the Dodd-Frank Act.

New HMDA Tools

The CFPB now has available the HMDA Check Digit Tool and Rate Spread Calculator for use with data collected in or after 2018. The Check Digit Tool and Rate Spread Calculator will remain available to financial institutions throughout the 2018 collection period and thereafter to support calculation of data field values required for reporting HMDA data. The tools are available at <https://www.consumerfinance.gov/data-research/hmda/for-filers>.

Department of Defense Updates Military Lending Act Rule Interpretations

The Department published at [82 FR 58739](#) an amendment to its interpretive Q&A on the Military Lending Act (MLA) regulations, "Limitations on Terms of Consumer Credit Extended to Service Members and Dependents," at 32 CFR Part 232. On August 26, 2016, the Department issued the first set of interpretations of that regulation in the form of questions and answers; the present interpretive rule amends and adds to those questions and answers to provide guidance on certain questions the Department has received regarding compliance with the July 2015 Final Rule. The new interpretive rule is effective as of December 14, 2017. Among the answers in the revisions are:

- Purchase money secured loans, such as those for vehicles, will still qualify for an exemption from the MLA regulation when related items such as warranties are added to the loan. Financing credit-related costs, however, will disqualify the transaction for the exception.
- Depository institutions can take a security interest in checking, savings, or other financial accounts by describing a permissible security interest granted by covered borrowers.
- Creditors may exercise the right to take a security interest in funds deposited into a covered borrower's account in connection with all types of consumer credit covered by the MLA regulation, including credit card accounts, provided this is not otherwise prohibited.
- There are also clarifications on the use of remotely created checks to make loan payments and the timing for checking military status under the safe harbor provision in the MLA regulation.

The amendment can be accessed at

<https://www.federalregister.gov/documents/2017/12/14/2017-26974/military-lending-act-limitations-on-terms-of-consumer-credit-extended-to-service-members-and>.

SCRA § 303 Sunset Date Extended

The president signed the National Defense Authorization Act for Fiscal Year 2018, extending for two years, until December 31, 2019, the “sunset” on the temporary change of “90 days” in § 303(b) and (c) of the Servicemembers Civil Relief Act (SCRA) to “one year.” For another two years, servicemembers will remain entitled to the protections in § 303 for one year beyond the end of their active duty service. This, of course, means that the wording of the current Housing and Urban Development-SCRA delinquency notice for past-due mortgage payments will remain correct for the next two years, and the current notice can be used past its December 31, 2017, expiration date.

Fiduciary Rule Delay

The Department of Labor published a final rule to postpone to July 1, 2019, the compliance date for, and certain exemptions from, the Department's Fiduciary Rule.

Pennsylvania Local Tax Collection Accounts

The Pennsylvania Local Tax Collection Law was amended to require that by March 1, 2018, each local government tax collector is required to close any account opened in the name of the tax collector and to transfer funds into a new account “which includes the name of an office, title, or position, and may include the name of the municipality for which the tax collector was elected or appointed,” but which may not include the tax collector's social security number. As drafted, it is unclear whether these requirements apply only to taxes collected under the Local Tax Enabling Act, such as wage taxes, occupation taxes, transfer taxes, and other miscellaneous taxes, or whether the requirements apply to all accounts, including those used for the collection of real property taxes. You can access the amended law at <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2017&sessInd=0&act=38>.

Arbitration Rule Overturned

The White House announced on November 1, 2017, that the president signed H.J.Res. 111 into law, overturning the CFPB's Arbitration Rule. The Rule will now not take effect, and a similar rule cannot be promulgated without specific authorizing legislation.

QUESTIONS?

If you wish to discuss these matters in detail, please contact Steve Zanardelli, Tim Schofer, or Frank Antiga at (724) 934-0344 or (800) 580-7738 or email szanardelli@srsnodgrass.com, tschofer@srsnodgrass.com, or fantiga@srsnodgrass.com.