



CERTIFICATION NEWS

REGULATORY

Economic Growth, Regulatory Relief and Consumer Protection Act

By Mandy Snyder

President Trump signed into law S. 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act. This historic new law created regulation that is tiered to the size, risk, complexity, and business model of community banks. There is some confusion in the industry regarding the impact of the new law and how and when the various provisions of the law will take effect. In regard to the changes affecting regulatory lending compliance specifically, the Bureau of Consumer Financial Protection (BCFP) must first issue implementing regulations before the changes go into effect.

Below is a list of the changes related to mortgage lending, a brief description of each change, and what must be amended before

the change can take effect:

- QM for portfolio loans. Banks with assets of less than \$10 billion will enjoy automatic "qualified mortgage" status for certain mortgages they originate and hold in portfolio. Banks will still need to comply with the ability to repay requirements. The BCFP will need to amend Regulation Z for these changes to be effective.
- Escrow exemption. Banks with assets of less than \$10 billion that make fewer than 1,000 first lien mortgages annually on principal dwellings will be exempt from Truth in Lending Act escrow requirements. The BCFP will need to amend Regulation Z for these changes to be effective.

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PROFESSIONAL PROFILE

Get to Know Nikki Fladung-Selix, an ICBA-Certified Banker in Minnesota

By Shirley Ringhand



Nikki Fladung-Selix is the compliance officer and BSA officer at The Bank of Elk River in Elk River, Minn. She became a Certified BSA/AML Professional in 2008, and a Certified Community Bank Compliance Officer in 2009.

Fact Check The Bank of Elk River

Headquarters: Elk River, MN
Retail offices: 5
Bank asset size: \$418 million
Number of bank employees: 108
Number of staff in auditing and BSA/AML: 2
Website: www.thebankofelkriver.com
Taglines/Motto: Strong Loyal Innovative

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2018 CERTIFICATION CALENDAR

Audit Institute (Week 1)

- Sept. 10-14; Minneapolis, Minnesota

Audit Institute (Week 2)

- Sept. 17-21; Minneapolis, Minnesota

Annual Current Issues/ Certification Conferences

- Sept. 24-27; Minneapolis, Minnesota
- Oct. 22-25; Phoenix, Arizona

Bank Security Institute

- Sept. 9-12; Minneapolis, Minnesota

BSA/AML Institute

- Nov. 14-16; Dallas, Texas

Compliance Institute

- Sept. 30-Oct. 5; Nashville, Tennessee

Commercial Lending Institute

- Aug. 19-24; Minneapolis, Minnesota

Consumer Lending Institute

- Sept. 16-19; Minneapolis, Minnesota

Credit Analyst Institute

- Nov. 4-7; Dallas, Texas

IT Institute

- Aug. 6-10; Minneapolis, Minnesota

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Certification Conference? Please
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Economic Growth *Continued from page 1*

- Exemption from new HMDA data fields. Lenders of all asset sizes with a “satisfactory” CRA rating and that originate fewer than 500 closed-end mortgage loans or fewer than 500 open-end lines of credit will be exempt from the new Dodd-Frank HMDA data fields. This does not mean that qualified lenders will be exempt from HMDA in its entirety. There will still be data points that will need to be collected and reported. The BCFP will need to amend Regulation C for these changes to be effective.
- Appraisal exemption for certain rural loans. Rural portfolio loans of less than \$400,000 will be exempt from appraisal requirements when a certified/licensed appraiser cannot be found in a timely manner. This rule is effective immediately but the regulators are looking to see if there are specific regulations that need to be amended.
- TRID waiting period. No more three-day waiting period when the lender extends a second offer of credit with a lower APR. The BCPB will need to amend Regulation Z for these changes to be effective.

Until the regulations are amended, it is recommended that all financial institutions continue with their policies and procedures as currently written and practiced. ICBA

is working closely with the regulators to help expedite the process of amending the regulations.

There are several other changes within the Economic Growth, Regulatory Relief, and Consumer Protection Act. To learn more about the entire provisions of the Act, ICBA has several resources available for review. Click [here](#) for more information

Mandy Snyder (mandy.snyder@icba.org) is director, Compliance & Online Training, Community Banker University at ICBA.

Press Release from Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency

On June 25, 2018 the Agencies released the list of Distressed or Underserved Nonmetropolitan Middle-Income Geographies. This list provides areas where revitalization or stabilization activities are eligible to receive consideration under the Community Reinvestment Act community development definition. The current list can be found www.icba.org/fdicnews.

Hot Topic Q&A

Q: Should checks deposited through Remote Deposit Capture (RDC), have a physical restrictive endorsement with the new Regulation CC amendments in July?

A: The final rule for Regulation CC, effective July 1, 2018, does not require banks to have a restrictive endorsement for Remote Deposit Capture (RDC). In general, the final rule states that a bank should determine whether the risks involved in use of RDC are in line with the bank's risk management. The Federal Reserve Board believes

that the indemnities provided in the final rule will provide basic protections for banks handling electronically-created items and help prevent multiple deposits of the same item. As part of the bank's risk management program, the bank must measure and consider the risks presented by RDC for deposits and operations, consider the following:

- What policies and procedures are necessary to minimize the risk presented;
- Who is responsible for addressing an issue that may arise as a result of RDC

and the presentment of a paper check;

- What types of internal controls are necessary to ensure operations has a method of identifying such issues;
- Working with the bank's provider for remote deposit capture to ensure that the deposit has a restrictive endorsement e.g., for mobile deposit only to ABC bank.

The regulation can be found in 12 CFR 229.34(f) along with the Official Staff Interpretation.

Important Compliance Date

Effective Date	Regulatory Change
Oct. 1, 2018	Mandatory effective date for the 2017 TILA-RESPA final rule which provides clarification and changes to the existing TILA-RESPA rule which was effective Oct. 3, 2015. Note: Your bank may have already implemented some of the clarifications and changes that were allowed immediately upon publishing the final rule on July 7, 2017, but Oct. 1, 2018 requires all covered institutions to comply. To learn more, visit www.icba.org/2017TILA-RESPA_final_rule

Have additional questions? Community Banker University staff are happy to assist you. Contact us at 800-422-7285.

Bureau of Consumer Financial Protection Statement on the Home Mortgage Disclosure Act

On July 5, 2018, The Bureau of Consumer Financial Protection (BCFP) issued a Statement on the Economic Growth, Regulatory Relief, and Consumer Protection Act (the Act). It stated the following: On May 24, 2018, the President signed the Economic Growth, Regulatory Relief, and Consumer Protection Act (the Act), a section of which amends the Home Mortgage Disclosure Act (HMDA).^[1] The Act provides partial exemptions for some insured depository institutions and insured credit unions from certain HMDA requirements.^[2] The partial exemptions are generally available to insured depository institutions and insured credit unions:

- For closed-end mortgage loans if the institution originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years.
- For open-end lines of credit if the institution originated fewer than 500 open-end lines of credit in each of the two preceding calendar years.

For closed-end mortgage loans or open-end lines of credit subject to the partial exemptions, the Act states that the “requirements of [HMDA section 304(b)(5) and (6)]” shall not apply. Accordingly, for these transactions, those institutions are exempt from the collection, recording, and

reporting requirements for some, but not all, of the data points specified in current Regulation C.

The Bureau expects later this summer to provide further guidance on the applicability of the Act to HMDA data collected in 2018.^[3]

2018 Loan/Application Registers (LARs) formatting and submission

For all institutions filing HMDA data collected in 2018, the Act will not affect the format of the LARs:

- LARs will be formatted according to the previously-released 2018 Filing Instructions Guide for HMDA Data Collected in 2018 (2018 FIG).^[4]^[5]
- If an institution does not report information for a certain data field due to the Act’s partial exemptions, the institution will enter an exemption code for the field specified in a revised 2018 FIG that the Bureau expects to release later this summer.
- All LARs will be submitted to the same HMDA Platform. A beta version of the HMDA Platform for submission of data collected in 2018 will be available later this year for filers to test.

Compliance statement

As announced in December 2017, the

Bureau does not intend to require data resubmission for HMDA data collected in 2018 and reported in 2019, unless data errors are material. Furthermore, the Bureau does not intend to assess penalties with respect to errors in data collected in 2018 and reported in 2019. Collection and submission of the 2018 HMDA data will provide financial institutions an opportunity to identify any gaps in their implementation of amended Regulation C and make improvements in their HMDA compliance management systems for future years. Any examinations of 2018 HMDA data will be diagnostic to help institutions identify compliance weaknesses, and the Bureau will credit good-faith compliance efforts.

[1] HMDA is implemented by Regulation C, 12 CFR part 1003.

[2] Pub. L. 115-174, section 104(a) (to be codified at 12 USC 2803).

[3] The partial exemptions are not available to insured depository institutions that do not meet certain Community Reinvestment Act performance evaluation rating standards. Guidance will include information on how this provision will be implemented.

[4] <https://s3.amazonaws.com/cfbp-hmda-public/prod/help/2018-hmda-fig.pdf>

[5] The FFIEC’s HMDA Platform and filing resources and tools are available at ffiec.cfbp.gov.

Professional Profile, continued from page 1

What makes a community bank different from the larger banks?

Community bankers have a lot of heart and soul for what they do and who they serve. We have always aimed to do it right and transparently.

What makes you most proud of your bank?

The commitment we have to our community, customers and ourselves. Our staff is full of passion and pride.

How did you find your way into banking?

During my senior year in high school I obtained a part time job at a local community bank typing loan comments and filing. After graduation, I needed to work full time, I was offered a customer service job at the bank I was employed at. The rest is history!

Tell us your biggest and best accomplishment.

Making it through the last decade! I took my position just as the industry flooded with regulatory change. When I look back at the last ten years of change, I tell myself I made it through all of that, I can do anything.

What do you like best about the work you do?

I thoroughly enjoy assisting my co-workers. Helping them to reach an understanding of the laws and regulations and getting it right. I also thrive on working with my peers, examiners and other associations. Our industry has formed a unified alliance. Its invigorating!

What is your bank’s customer service philosophy?

Personalized support, consistent experiences and innovative products and services to meet the needs of our customers.

What’s your best advice to a new bank employee?

Keep on Keepin on. This is a tricky industry but so very rewarding to work and serve the community we live in.

Why did you choose to become certified?

To elevate my career and credibility in the industry.

How has earning your certification designation helped your career as a banker?

The ICBA Certification is a very well-known accreditation in the community banking industry. Staying current on my education and maintaining my certification has allowed me to advance my knowledge and become a very valuable employee.

Shirley Ringhand (shirley.ringhand@icba.org) is vice president, Certification, Seminars and Bank Director Program, Community Banker University at ICBA.



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CERTIFICATION NEWS

Changes to CPE Requirements for Certified BSA/AML Professional Designation Coming

The continuing professional education (CPE) requirement for a Certified BSA/AML Professional (CBAP) designation is changing from 15 to 20 CPE credits effective Jan. 1, 2019.

Regulatory expectations, strict examiner scrutiny and heightened financial trends continue to increase since 2007, when the BSA/AML Certification Program was first introduced. To ensure all individuals maintaining the CBAP designation remain on the pulse of industry issues and emerging trends, the ICBA Certification Board recommended and approved an increase to 20 CPE credits. The board also approved adding BSA/AML curriculum to the Community Banker University portfolio and as such, ICBA has added new BSA/AML CPE opportunities for 2018 and will continue to pursue additional opportunities.

As a reminder, participation in this certification program requires that you meet the described CPE credit requirements. You are required to complete at least 20 CPE credits in each two-year maintenance period. This change is effective with all two-year maintenance periods beginning Jan. 1, 2019, and thereafter.

I. Acceptable CPE Activities:

- Live seminars or conferences must account for at least half of your CPE credits each two-year cycle. (10 credits). You will earn one CPE credit for every 50 minutes of classroom instruction for qualified seminars.
- Webinars, computer based training, online courses, videos, DVDs and all other self-study courses related to the common body of knowledge can account for a maximum of half of the required CPE credits per cycle. (10 credits).

II. Reporting CPE Credits to Community Banker University.

- You must report your completed CPE credits to Community Banker University in your online certification portfolio.

CPE credits cannot be reported more than once, and you cannot use them toward more than one certification unless directed by Community Banker University.

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