



Thomson Reuters Regulatory Intelligence

Topical Tracking Service

CONSUMER BANKING, MORTGAGE LENDING AND SECURITIES

April 2021

The following is a selection of federal and state regulatory actions affecting the consumer banking, mortgage lending, and securities sectors for April 2021. This bulletin includes news and analysis from Thomson Reuters Latest Updates, Regulatory Intelligence, Expert Analysis, Reuters News, and other Thomson Reuters professional services publications.

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CONSUMER BANKING

Recent Legislative Activity

Arkansas

- [2021 AR S.B. 150 \(NS\)](#), effective July 30, 2021, adds virtual currency to the list of items that would void the exemption for certain financial entities from application of the Arkansas Uniform Money Services Act. The bill does not apply to an operator of a payment system if it provides certain services in connection with virtual currency. Latest Update available [here](#).

Colorado

- [2021 CO S.B. 121 \(NS\)](#), effective April 15, 2021, significantly expands the presumption of abandonment requirements for certain bank deposits and includes interests in a financial organization. Latest Update available [here](#).

¹ This Topical Tracking Service Snapshot was compiled by members of the Thomson Reuters Risk Editorial staff.

Kansas

- [2021 KS H.B. 2114 \(NS\)](#), effective July 1, 2021, establishes the senior care task force, providing a definition of financial exploitation and forming a designated team to monitor the financial exploitation of vulnerable adults. The bill also adds requirements for additional mandatory reporters, increases investigation days for reports of abuse, neglect, and financial exploitation of certain adults, and adds additional notice requirements. Latest Update available [here](#).

North Dakota

- [2021 ND S.B. 2048 \(NS\)](#), effective August 1, 2021, enacts the Revised Uniform Unclaimed Property Act to provide guidance on presumption of abandonment, reporting requirements, penalties, and continuing appropriation. Latest Update available [here](#).

Wyoming

- [2021 WY H.B. 236 \(NS\)](#), effective July 1, 2021, prohibits financial institutions from discriminating against firearms businesses as specified. Latest Update available [here](#).

Recent Administrative Activity

Federal

- [86 FR 20258-01](#), effective April 19, 2021, reinstates the changes to the prompt corrective action provisions from May 2020 by the National Credit Union Administration Board, which have since expired. The change allows the NCUA to issue an order applicable to all federally insured credit unions (FICUs) to waive the earnings retention requirement for any FICU that is classified as adequately capitalized. The regulation also allows a credit union that is undercapitalized to submit a streamlined net worth restoration plan stating that its reduction in capital was caused by share growth, a temporary condition due to COVID-19. Latest Update information available [here](#).

Ohio

- [2021 OH REG TEXT 581397 \(NS\)](#), effective April 13, 2021, increases the loan limit from \$250,000 to \$400,000 for loans that need appraisals done by a certified or licensed independent appraiser according to the requirements in this section. Latest Update available [here](#).

Regulator Notices

FDIC, Federal Reserve, and OCC Invite Comments on Proposed Rule for Income Tax Allocation Agreements. Under the proposed rule, banks that file tax returns as part of a consolidated tax filing group would be required to enter into tax allocation agreements with their holding companies and other members of their consolidated group. The proposed rule also describes the provisions that must be included in those agreements and more. Comments must be received within 60 days of the proposed rule's publication in the Federal Register. More information available [here](#).

Interagency Statement on Model Risk Management for Bank Systems Supporting Bank Secrecy Act/Anti-Money Laundering Compliance. The Federal Reserve, FDIC, and OCC are issuing a joint statement to clarify that the risk management principles discussed in the model risk management guidance may be appropriate considerations in the context of the BSA/AML requirements but do not require any specific model risk management framework or application. More information available [here](#).

Interest Rate Risk: Interest Rate Risk Statistics Report. The OCC has published the Spring 2021 edition of the semiannual Interest Rate Risk Statistics Report. The report presents interest rate risk data gathered during examinations of OCC-supervised midsize and community banks and federal savings associations. More information available [here](#).

Regulatory Intelligence and Reuters News

- [Central bank digital cash may unleash flood of new payments players, says BIS](#) (April 1, 2021)
- [U.S. regulators explain how model risk management principles apply to anti-laundering systems, request bank feedback](#) (April 13, 2021)
- [The OCC updated its FAQs on coronavirus for National Banks and Federal Savings Associations](#) (April 26, 2021)

MORTGAGE LENDING

Recent Legislative Activity

Arkansas

- [2021 AR S.B. 149 \(NS\)](#), effective July 30, 2021, amends the Fair Mortgage Lending Act by revising the definitions for "branch office," "managing principal," and "mortgage servicer"; merging license termination requirements for a loan officer and a transitional loan officer; revising information requirements for license applications; requiring that an initial loan officer license is issued during November or December it need not be renewed for the following period; establishing name usage and office location requirements for licenses; requiring written security and cybersecurity policies as well as policies and procedures for compliance with the Fair Mortgage Lending Act and other state or federal laws and regulations; and revising the examination fees. Latest Update available [here](#).

Maryland

- [2021 MD S.B. 251 \(NS\)](#), effective October 1, 2021, amends the Mortgage Lender Law by revising definitions; requiring that licenses provided by the NMLSR include the unique identifier; adding that the unique identifier will be the license number for licensees; requiring written notifications, requests, and approvals be processed through the NMLSR; and providing posting and display requirements. Amends the Mortgage Loan Originator Law by revising definitions; adding that the unique identifier will be the license number for licensees; changing notification requirements for licensees; and adding that a licensee may surrender their license through the NMLS. Latest Update available [here](#).

New Mexico

- [2021 NM S.B. 365 \(NS\)](#), effective June 18, 2021, amends NM ST § 58-21A-4 (Prohibited practices and provisions regarding home loans) by increasing the frequency by which interest rate and payment may change to 6 months, and providing that the interest rate may only increase by 1% every 6 months. Latest Update available [here](#).

Oklahoma

- [2021 OK H.B. 1817 \(NS\)](#), effective November 1, 2021, amends OK ST T. 59 § 2095.3 (Exemptions) by adding an exemption from the Oklahoma Secure and Fair Enforcement for Mortgage Licensing Act for entities recognized by the IRS as 26 USCA § 501(c)(3) charitable entities. Latest Update available [here](#).

- [2021 OK S.B. 796 \(NS\)](#), effective November 1, 2021, amends OK ST T. 14A § 3-109 (Definition: "Loan finance charge") by including exceptions to the term "loan finance charge" under OK ST T. 14A § 3-508A, and amends OK ST T. 14A § 3-508A (Loan finance charge for supervised loans) by increasing the maximum thresholds for a loan finance charge and by providing for a lender closing fee. Latest Update available [here](#).

Rhode Island

- [2021 RI H.B. 5257 \(NS\)](#) and [2021 RI S.B. 561 \(NS\)](#), effective April 15, 2021, amends RI ST § 34-7-3 (Definitions) by modifying the definition for "discriminate" and adding a definition for "lawful source of income," and amends RI ST § 34-7-4 (Unlawful housing practices) by prohibiting discrimination based on a lawful source of income and adding that confirming the source, amount, and duration of the lawful source of income is not prohibited. House Bill 5257 and Senate Bill 561 are companion bills and are identical. Latest Update available [here](#).

Washington

- [2021 WA S.B. 5077 \(NS\)](#), effective July 25, 2021, amends the Consumer Loan Act and the Mortgage Broker Practices Act by creating an exemption from office licensing requirements for mortgage loan originators working from home. Latest Update available [here](#).

Recent Administrative Activity

Federal

- [86 FR 22844-01](#), effective June 30, 2021, amends 12 CFR Pt. 1026, Supp. I, Part 3 (Official Interpretations) by delaying mandatory compliance with the Qualified Mortgage Definition rule from July 1, 2021, as promulgated by [85 FR 86308-01](#), until October 1, 2022. Latest Update available [here](#).
- [86 FR 17692-01](#), effective April 1, 2021, rescinds the statement issued March 26, 2020, "[Statement on Supervisory and Enforcement Practices Regarding Quarterly Reporting Under the Home Mortgage Disclosure Act](#)", which suspended citations or enforcement actions for failure to report HMDA quarterly data under Regulation C.

Regulator Notices

CFPB Provides 2020 HMDA Data on Mortgage Lending (March 31, 2021). The CFPB has announced that the Home Mortgage Disclosure Act (HMDA) Modified Loan Application Register (LAR) data for 2020 was published on the Federal Financial Institutions Examination Council's HMDA Platform for approximately 4,400 HMDA filers. The published data contains loan-level information filed by financial institutions, modified to protect privacy. More information can be found [here](#).

CFPB Rescinds Series of Policy Statements to Ensure Industry Complies with Consumer Protection Laws (March 31, 2021). The Consumer Financial Protection Bureau (CFPB) has announced it is rescinding seven policy statements issued in 2020 that provided temporary flexibilities to financial institutions in consumer financial markets including mortgages, credit reporting, credit cards, and prepaid cards. The seven rescissions, effective April 1, provide guidance to financial institutions on complying with their legal and regulatory obligations. With the rescissions, the CFPB is providing notice that it intends to exercise the full scope of the supervisory and enforcement authority provided under the Dodd-Frank Act. The CFPB is also rescinding its 2018 bulletin on supervisory communications and replacing it with a revised bulletin describing its use of matters

requiring attention (MRAs) to effectively convey supervisory expectations. More information can be found [here](#).

Federal Reserve General Counsel Speech Discusses the End of LIBOR (April 14, 2021). The Federal Reserve has issued a speech delivered by Mark Van Der Weide, of the General Counsel, before the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, Committee on Financial Services, U.S. House of Representatives, in Washington, D.C. Mr. Van Der Weide discussed the end of LIBOR and the transition to an alternative interest rate calculation for mortgages, student loans, business borrowing, and other financial products. More information can be found [here](#).

Fair Lending Report of the Bureau of Consumer Financial Protection, April 2021 (April 27, 2021). The CFPB has issued its ninth Fair Lending Report of the Bureau of Consumer Financial Protection to Congress. The report describes the CFPB fair lending activities in supervision and enforcement; guidance and rulemaking; interagency coordination; and outreach and education for calendar year 2020. More information can be found [here](#).

Regulatory Intelligence and Reuters News

- [U.S. consumer finance regulator seeks more safeguards against foreclosure due to COVID-19 emergency](#) (April 6, 2021)
- [MORTGAGE BANKING BRIEF: U.S. consumer bureau sets mortgage-servicer compliance priorities as foreclosure moratoriums end](#) (April 9, 2021)

SECURITIES

Recent Legislative Activity

Arkansas

- [2021 AR S.B. 151 \(NS\)](#), effective July 30, 2021, revises laws relating to registration fees and fees for examinations by the Commissioner's office, and definitions and rules relating to the protection of vulnerable adults from financial exploitation. Latest Update available [here](#).

Indiana

- [2021 IN H.B. 1462 \(NS\)](#), effective July 1, 2021, amends IN ST 23-19-4-12 (Denial, revocation, suspension, withdrawal, restriction, condition, or limitation of registration) by adding failure to comply with the requirements of IN ST 24-4.9-3 to disclose a data breach as cause for the Commissioner to condition, limit, or deny a registration or application for registration. Latest Update available [here](#).

Montana

- [2021 MT H.B. 65 \(NS\)](#), effective April 1, 2021, amends the definition of "salesperson" to include an individual who supervises another individual who falls within the definition, including the person disclosed as the supervisor on a salesperson's Form U4, and includes repeal of the latter change effective July 1, 2021. Latest Update available [here](#).

Nebraska

- [2021 NE L.B. 297 \(NS\)](#), effective September 9, 2021, adopts the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act, providing definitions and guidelines for reporting financial exploitation of a vulnerable adult, delaying a transaction, and what

documents a broker-dealer or investment adviser must provide investigators, and granting immunity for good faith action under the Act. Latest Update available [here](#).

Oklahoma

- [2021 OK S.B. 568 \(NS\)](#), effective April 19, 2021, provides a registration exemption for the sale or an offer to sell a security by an issuer if the transaction meets the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933 and SEC Rule 147A. Latest Update available [here](#).

Wyoming

- [2021 WY H.B. 41 \(NS\)](#), effective July 1, 2021, increases the maximum limit on cash and other consideration to be received for all sales of a security in reliance on the Wyoming Intrastate Securities Exemption, and increasing the maximum amount a single investor may purchase. Latest Update available [here](#).

Recent Administrative Activity

Texas

- [2021 TX REG TEXT 569579 \(NS\)](#), effective March 21, 2021, conforms Texas regulations to amended SEC regulations defining accredited investors and qualified institutional buyers by replacing detailed definitions of "accredited investors" and "qualified institutional buyers" in 7 TX ADC 109.4 through 109.6 with cross-references to 7 TX ADC 107.2, amended by [2021 TX REG TEXT 569578 \(NS\)](#), effective March 21, 2021. Latest Updates available [here](#) and [here](#).

Regulator Notices

BLUE SKY BRIEF: Maine Extends Suspension of On-Site Broker-Dealer Branch Office Inspections (April 30, 2021). The Maine Office of Securities has issued a new administrative order extending the suspension of on-site broker-dealer inspections of branch offices until December 31, 2021. Under the order, issued on April 26, 2021, firms must conduct an on-site inspection of each branch office located in Maine before December 31, 2022, and must notify the Administrator by January 31, 2023, of the specific branches inspected. More information available [here](#).

Regulatory Intelligence and Reuters News

- [IA BRIEF: Considerations for a post-pandemic branch office model](#) (April 26, 2021)
- [NASAA Releases Annual Report on State-Registered Investment Advisers](#) (April 21, 2021)
- [IA BRIEF: SEC exam priorities include newly updated rules and disclosures](#) (April 12, 2021)
- [SEC broker-dealer alert on AML requirements emphasizes microcaps](#) (April 5, 2021)

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