



LexisNexis®

2018 BANKING COMPLIANCE CALENDAR

Banking compliance is the key to a thriving financial institution, but with an increased risk of penalties, BSA violations, regulatory enforcement actions, and more, your challenges in this area continue to mount.

Just a few of the changes on the horizon for 2018 include:

- Phase three of NACHA's Same Day ACH Rule goes into effect mid-March
- Mortgage servicers will see changes relating to successors in interest and bankruptcy periodic statements in April
- FinCEN's new rule on customer due diligence, known as the "beneficial ownership rule," becomes official in May
- Banks subject to the Volcker Rule have an important deadline coming up in July

To support your efforts in compliance, LexisNexis® Sheshunoff™ offers the 2018 Banking Compliance Calendar. It provides a framework to help your institution plan for, and satisfy many of, the regulatory demands. Organized by month, you'll find a wealth of information to help your organization understand what specific regulations are required and when you need to act, along with suggested timelines for those regulations that have broader annual requirements. In addition, pertinent Sheshunoff® resources are suggested throughout the calendar to support your work.

The 2018 Banking Compliance Calendar offers:

- Important dates and reminders for dozens of 2018 regulatory requirements
- Insight, background and context to provide a deeper understanding of applicable regulations
- Relevant information to help you properly execute against these rules to avoid fines, lawsuits and reputational risk
- Suggestions for additional guidance and resources to help you satisfy examiner expectations and remain compliant

Savings on valuable resources—Look for highlighted titles throughout.

Each reporting date or reminder includes a link to related Sheshunoff resources. You are entitled to a 20% discount* on these feature titles. Click on the links, and you'll reach the LexisNexis® Store for easy ordering.

The most powerful tool against risk is knowledge. We hope the 2018 Banking Compliance Calendar proves helpful in guiding you and your institution to a successful, profitable and compliant year.

Sincerely,

The LexisNexis® Sheshunoff® Editorial Team

2018 Banking Compliance Calendar

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January

January 1

Annual adjustments for the dollar amounts for provisions implementing amendments to TILA under the CARD Act, HOEPA, and Ability-to-Repay and qualified mortgage sections are effective. (See the [Federal Register](#).)

Percentage Change

The dollar amounts are adjusted annually on January 1 by the annual percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) that was reported on the preceding June 1.

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January 1

Most provisions of revised HMDA are effective. (See [CFPB Guidance](#).)

Amendments to Regulation C

In September 2017, the CFPB adopted several amendments to the provisions of Regulation C that are effective as of January 1, 2018. The most significant of these changes revises the information collecting and reporting exemptions.

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January 1

Final Regulation B rule regarding the collection of GMI and transition to the new Uniform Residential Loan Application form is effective.

Regulation B

Regulation B prohibits discrimination in any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the legal right to enter into a contract), receipt of income from a public assistance program and exercise of any rights in good faith under the Consumer Credit Protection Act. Applications for consumer-purpose and certain business-purpose loans are governed by the reporting and recordkeeping requirements of Regulation B. However, Section 1002.5(a)(4) of Regulation B provides that banks may collect discriminatory information under certain specific circumstances, if done in compliance with Appendix B to Regulation C.

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January (continued)

January 5

If your bank is not publicly traded, ensure that any executive officer or director who has a loan secured by bank stock has made an annual report of that loan to the board. (Regulation O – 12 CFR 215.10)

Regulation O

Banks are required to identify all executive officers, directors and principal shareholders, and the related interests of each of these individuals, plus they must report on the terms and amounts of credit extended to these persons and their related interests. Related interests include companies in which they are a controlling entity. Control occurs when a director or executive officer owns 10 percent or more of the stock, or when anyone owns 10 percent of the stock and no other shareholder owns or controls any more than 10 percent.

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January 5

Ensure that your bank has adopted a reasonable method of inquiry and recordkeeping of the amount and terms of each extension of credit by the bank to your insiders. (Regulation O – 12 CFR 215.8)

Section 215.8

Section 215.8 governs the records banks are required to make and retain for compliance with Regulation O. However, extensions of credit to executive officers and directors of affiliates can be excluded from Section 215.8 if they meet certain requirements.

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January 30

HMDA data for 4th quarter 2017 must be recorded on LAR. (12 CFR 1003.4)

Loan Application Register

In addition to reporting your final loan/application register (LAR) entries to the FFIEC in the spring, each quarter you must make sure that you have recorded all reportable transactions on your LAR, within 30 calendar days after the end of the calendar quarter in which final action is taken (such as origination or purchase of a loan, or denial or withdrawal of an application).

(12 CFR 1003.4(a))

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January (continued)

January 31

If you are a card issuer with 10,000 or more open credit card accounts, you must submit agreements to the CFPB quarterly. This quarterly update is due no later than the first business day on or after January 31. (Regulation Z)

Submission of Agreements

A card issuer must make quarterly submissions to the CFPB in the form and manner specified by the Bureau that contain:

- Identifying information about the card issuer and the agreements submitted, including the issuer's name, address and identifying number (such as an RSSD ID number or tax identification number)
- The credit card agreements that the card issuer offered to the public as of the last business day of the preceding calendar quarter that the card issuer has not previously submitted
- Any credit card agreement previously submitted that was amended during the preceding calendar quarter
- Notification regarding any credit card agreement previously submitted that the issuer is withdrawing

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February

February 2

Begin to scrub your 2017 HMDA and CRA data for the reports due March 1.

Data Collection

All banks, other than small banks, must collect data and report to their principal regulator on four loan types:

- Home mortgage loans (includes home purchase, home improvement and refinancing)
- Small business loans
- Small farm loans
- Community development loans

Banks may choose at their option to also collect data on consumer loans, such as motor vehicle, credit card, home equity, or other secured and unsecured consumer loans.

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February 13

If you have registered on FinCEN's website to share information with other financial institutions, according to USA PATRIOT Act Section 314(b), renew annual certification.† (Bank Secrecy Act)

Note: You must renew this certification annually on the anniversary date of your request for certification.

†This activity is recommended to be performed annually; the timing is up to you.

Shared Information

You may not use the information shared for any purpose other than:

- Identifying and, where appropriate, reporting on money laundering or terrorist activities
- Determining whether to establish or maintain an account, or to engage in a transaction
- Assisting the financial institution in complying with any requirement of the BSA

You may not say whether or not a suspicious activity report has or will be filed.

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February 23

Review your USA PATRIOT Act Section 314(a) procedures to respond to requests for information. Update the contact information if appropriate.† (Bank Secrecy Act)

Section 314(a)—Responding to Requests from Law Enforcement

Examiners require that your financial institution have a specific procedure for responding and protecting the security and confidentiality of the Section 314(a) requests from FinCEN. The procedures will be considered adequate if they are similar to those you have established to protect the nonpublic information of all of your customers.

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February (continued)

February 23

Review your tickler system of certifications for any foreign correspondent accounts you may have and ensure that they are current.† (Bank Secrecy Act)

Establish Due Diligence Procedures for Correspondent Accounts of Foreign Financial Institutions

The Bank Secrecy Act requires enhanced due diligence measures for correspondent accounts established, maintained, managed or administered for any foreign bank that is:

- Operating under an offshore banking license
- Operating under a license issued by a country designated as being noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member and with which designation the United States concurs
- Operating under a license issued by a country designated by the Secretary of the Treasury as warranting special measures due to money laundering concerns

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†This activity is recommended to be performed annually; the timing is up to you.

March

March 1

HMDA and CRA data for 2017 are due to the FFIEC.

Checklist for Officer Certifying the LAR

Note: Regulation C requires an officer to certify the accuracy of the HMDA report submitted by an institution to its supervisory agency. The following checklist will help you in this review. The answer should be “yes” to each of the questions.

- If you report more than 25 entries, has your institution’s LAR been prepared in an automated format, using the correct format for automated reports, and following the instructions from your supervisory agency?
- Does your LAR use the same column headings in the same order as shown on the LAR provided in Appendix A to the FFIEC booklet (*A Guide to HMDA Reporting, Getting It Right!*)? (Column headings may be abbreviated, so long as the meaning remains clear.)
- Does the LAR include the consolidated loan data from all of your institution’s divisions or branches (including loans and applications handled by your commercial loan division, if applicable)?
- Does the LAR exclude loan data from any subsidiaries of your institution (which must report separately)?
- Does the LAR list the MSA or MD number, state and county codes, and 2000 census tract numbers for all entries for properties located in MSAs or MDs where you have a home or a branch office?
- Are all the census tract numbers on the register from the 2000 census tract series?
- If your institution is required under CRA regulations to report property located outside of MSAs or MDs where you have offices, have these data been entered?

Has your institution acquired or merged with another institution during the reporting year? If so, refer to the FFIEC publication: *A Guide to HMDA Reporting, Getting It Right!*

Save 20%* on [Mortgage Lenders Model Compliance Manual: Policies, Forms, and Checklists](#) from Sheshunoff!

March 2

Conduct annual review of certain BSA exempt customers for continued eligibility and monitoring for suspicious activity.†
(Bank Secrecy Act)

Exemptions

31 CFR 1020.315 contains all of the information relating to transactions of exempt persons. This section allows banks to exempt only certain entities. It is important to note that, although extremely inclusive of most business customers of retail banks, there are still entities which, if engaged in certain activity, may not be exempt. The exceptions are noted in Section 1010.311(d)(viii). Therefore, you must still make sure that your bank does not exempt nonlisted business customers who are engaged in business activities enumerated in the statute.

Save 20%* on [Bank Secrecy Act and Anti-Money Laundering Service](#) from Sheshunoff!

†This activity is recommended to be performed annually; the timing is up to you.

March (continued)

March 16

NACHA Same Day ACH Rule for moving payments faster (Phase 3) is effective. (See [NACHA Same Day ACH](#).)

To ease the implementation of Same Day ACH, the new rule will be phased in over three years enabling select ACH transactions to move and settle the same day. As of September 23, 2016, Phase 1 of implementation expanded the traditional functionality of the ACH Network by supporting ACH credits moving more rapidly with three official settlement windows every 24 hours. In phase 2 effective September 15, 2017, both credit and debit transactions are supported. In the final phase effective (Sunday) March 18, 2018, all receiving financial institutions will be required to make funds available from same-day credits no later than 5 P.M. the receiving institution's local time.

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March 30

Review CRA public file. All information must be accurate and updated by April 1, including the loan-to-deposit ratio for small and intermediate small banks.

Small Banks

If your bank is a small bank or was a small bank during the prior calendar year, it must include in its public file:

- The bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio (calculated by dividing the bank's net loans and losses by its total deposits)
- Information required for other banks if your bank has elected to be evaluated under the lending, service and investment tests

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March 31

Make your modified HMDA/LAR available.

After you submit your (LAR) and have made any required changes that the FFIEC has found, you must make your HMDA LAR modified data available to the public upon request in electronic or printed form.

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April

April 1

Comprehensive consumer protections for prepaid accounts under Regulation E and Regulation Z are effective today.

CFPB

The CFPB issued a final rule to delay the October 1, 2017, effective date of the rule governing Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) (the Prepaid Accounts Final Rule) by six months, to April 1, 2018. On January 25, 2018, the CFPB issued a final rule modifying several aspects of the Prepaid Accounts Final Rule and further extending the effective date to April 1, 2019.

Save 20%* on [Compliance Monitoring Program for National Banks](#) from Sheshunoff!

April 6

Conduct annual escrow analysis in compliance with 12 CFR 1024.177 of Regulation X.[†] (Note: Statements must be sent within 30 days of analysis.)

Annual Escrow Account Statement

For each escrow account, a servicer must submit to the borrower an annual escrow account statement (and the previous year's projection or initial escrow account statement) within 30 calendar days of the completion of the escrow account computation year. The servicer must conduct an escrow account analysis before submitting the annual escrow account statement.

Note: This annual disclosure may include the annual statement regarding private mortgage insurance required by the Homeowners Protection Act of 1998 for certain loans consummated on or after July 29, 1999.

Save 20%* on [The RESPA Manual: A Complete Guide to the Real Estate Settlement Procedures Act](#) from LexisNexis® A.S. Pratt®!

April 13

Conduct annual Regulation CC training for appropriate staff. (12 CFR 229.19(f))[†]

Regulation CC Training Topics

1. Types of accounts covered
2. Types of customers covered
3. General rules
 - a. Next-day items
 - b. Second-day items
 - c. Holds
 - i. Case-by-case
 - ii. Exceptions
4. Notice to depositors
 - a. Initial disclosures
 - b. Lobby signs

Save 20%* on [Model Teller/CSR Training Manual with Trainer's Guide](#) from Sheshunoff!

[†]This activity is recommended to be performed annually; the timing is up to you.

April (continued)

April 19

Mortgage servicing amendments relating to successors in interest and bankruptcy periodic statements are effective. (See the [CFPB Compliance Guide](#).)

Final Amendments

The CFPB issued a proposed rule on November 20, 2014, that made changes to nine major topics. Most provisions of the rule were effective October 19, 2017. However, the bankruptcy periodic statement exemption and modified statements as well as the regulation text and commentary provisions specifically addressing successors in interest become effective April 19, 2018.

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April 29

HMDA data for 1st quarter 2018 must be recorded on LAR.

See January 30 entry.

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April 30

If you are a card issuer with 10,000 or more open credit card accounts, you must submit agreements to the CFPB quarterly. This quarterly update is due no later than the first business day on or after April 30. (Regulation Z)

Submission Requirements

A card issuer must make quarterly submissions to the CFPB, in the form and manner specified by the CFPB, that contain:

- Identifying information about the card issuer and the agreements submitted, including the issuer's name, address and identifying number (such as an RSSD ID number or tax identification number)
- The credit card agreements that the card issuer offered to the public as of the last business day of the preceding calendar quarter that the card issuer has not previously submitted
- Any credit card agreement previously submitted that was amended during the preceding calendar quarter
- Notification regarding any credit card agreement previously submitted that the issuer is withdrawing

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May

May 4

If you have a third-party provider for retail investment products, call FINRA to determine if any complaints have been filed on the investment company or your designated representative.† (Nondeposit investment products)

Third Parties

Most community banks and thrifts sell uninsured deposits through arrangements with third parties that are broker/dealers. If you do so, you should have entered into a written agreement with the third party. The agreement must be approved by your board of directors, and you must monitor compliance with the agreement.

Save 20%* on [Compliance Monitoring Program for State Non-Member Banks](#) from Sheshunoff!

May 11

BSA CDD rule is effective. (Bank Secrecy Act)

Customer Due Diligence

FINCEN has issued its final rule on customer due diligence. This rule, popularly known as the “beneficial ownership rule,” creates a fifth pillar of compliance for BSA/AML programs and will change the process of customer due diligence significantly.

Steps to ensure compliance include:

- Updating written policies and procedures
- Training all staff affected by the rule
- Developing new methods to document both the ownership and management control of customers
- Making customer due diligence an ongoing process

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May 16

Update variable-rate home equity line of credit historical data.† (Regulation Z)

Historical Example

If you offer variable-rate home equity lines of credit, then you must update the historical data that are required annually. You must give applicants a historical example, based on a \$10,000 extension of credit, that illustrates how annual percentage rates and payments would have been affected by index value changes implemented according to the terms of the plan. The historical example must be based on the most recent 15 years of index values (selected for the same time period each year) and must reflect all significant plan terms, such as negative amortization, rate carryover, rate discounts, and rate and payment limitations that would have been affected by the index movement during the period.

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†This activity is recommended to be performed annually; the timing is up to you.

June

June 1

Review and update, if appropriate, your general security program, including robbery procedures.† (12 CFR 30, 12 CFR 170, 12 CFR 208, 12 CFR 326, 12 CFR 391)

Security Devices

1. Each office of the bank in which cash or documents having cash value are maintained will be equipped with the following:
 - a. A rated vault and door having a time-lock double combination
 - b. Constant illumination in and around the vault area
 - c. Filming devices to record the progress of any robbery
 - d. An alarm system for summoning police assistance
 - e. Night vault alarms covering all vaults, including late teller chests and night depositories
2. All alarms, combinations and filming devices are to be under standard maintenance contracts to ensure that such items are kept in good working order. The security officer will maintain a record of all such service and supplementary testing.
3. The security officer will arrange for a review of the bank's security system by local law enforcement personnel annually.
4. Comments and suggestions from local law enforcement personnel for enhancing security will be solicited, considered and reported to the bank's board of directors.

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June 8

Conduct robbery and physical security training for all bank staff.† (12 CFR 30, 12 CFR 170, 12 CFR 208, 12 CFR 326, 12 CFR 391)

Security Program

You must have a security program and robbery procedures that are specific for your institution, and every year you must review that program and update it if necessary. For example, if your bank is located in a neighborhood with many robberies, your security plan should reflect that. You must also designate a security officer who must have the authority, subject to the approval of the board of directors, to develop and administer a written security program for each branch. The security officer must report at least annually to the bank's board of directors on the implementation, administration and effectiveness of your security program.

Save 20%* on [Bank Security Desk Reference](#) from Sheshunoff!

†This activity is recommended to be performed annually; the timing is up to you.

June 30

Report any CRA-related agreements that you or your affiliate may have with nongovernmental entities or persons (NGEPs) to your federal regulator. The report must contain the disbursement, receipt and uses of funds or other resources under the covered agreement. The report must be filed no later than six months following the end of the fiscal year covered by the report.

Report Information

The report must contain the following information:

- The name and mailing address of the NGEP filing the report
- Information sufficient to identify the covered agreement for which the annual report is being filed, such as by providing the names of the parties to the agreement and the date the agreement was entered into or by providing a copy of the agreement
- The amount of funds or resources received under the covered agreement during the fiscal year
- A detailed, itemized list of how any funds or resources received by the NGEP under the covered agreement were used during the fiscal year, including the total amount used for:
 - Compensation of officers, directors and employees
 - Administrative expenses
 - Travel expenses
 - Entertainment expenses
 - Payment of consulting and professional fees
 - Other expenses and uses (specify expense or use)

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July

July 6

Update your risk assessment for your information security procedures, adjust your program as appropriate and report the status of your program to your board.† (Interagency Guidelines Establishing Information Security Standards)

Risk-Assessment Process Overview

Risk assessment is a process for connecting information gathered about business assets, their value and their associated vulnerabilities to produce a measure of the risk to the business from a specific project, implementation or design.

The identification of risk to an organization involves defining four basic elements:

- The actual threat
- The possible consequences of the threat
- The probable frequency of the occurrence of the threat
- The extent of management's confidence that the threat will happen

Because the nature of risks is constantly changing, not every possibility can be considered. Risk assessment tries to look into the future and lower the possibility that threats will affect the organization.

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†This activity is recommended to be performed annually; the timing is up to you.

July 21

Banks subject to the Volcker Rule must have divested themselves of direct ownership in certain legacy investment funds and terminated relationships with funds that are prohibited under Section 619 of the Dodd-Frank Act, commonly known as the Volcker Rule. (Extended for one year in 2017)

What types of funds are covered by the Volcker Rule?

The Final Rule restricts banking entity investments and interactions with “covered funds.” The definition of covered fund in the Final Rule includes principally:

- *Section 3(c)(1) and 3(c)(7) Funds.* As in the statute, the Final Rule's definition of covered fund includes entities that would be investment companies under the Investment Company Act of 1940 (the ICA) but for Sections 3(c)(1) or 3(c)(7) of the ICA
- *Certain Commodity Pools.* A commodity pool under Section 1a(10) of the Commodity Exchange Act is a covered fund if (i) the commodity pool operator has claimed an exemption under 17 CFR 4.7, or (ii) the commodity pool operator is registered with the Commodity Futures Trading Commission as a commodity pool operator in connection with the operation of the commodity pool, substantially all participation units of the commodity pool are owned by “qualified eligible persons” and participation units have not been publicly offered to persons who are not qualified eligible persons

- *Certain Foreign Funds (For U.S. banking entities only).* With respect to U.S. banking entities only, a covered fund includes an entity that:
 - i. is organized or established outside the United States
 - ii. the ownership interests of which are offered and sold solely outside the United States
 - iii. is, or holds itself out as being, an entity or arrangement that raises money from investors primarily for the purpose of investing in securities for resale or other disposition or otherwise trading in securities
 - iv. either has as its sponsor that banking entity or has issued an ownership interest that is owned directly or indirectly by that banking entity
 - v. if the entity was subject to U.S. securities laws, could not rely on an exclusion or exemption from the definition of “investment company” under the ICA other than the exclusions contained in Sections 3(c)(1) or 3(c)(7) of the ICA

Save 20%* on [The Final Volcker Rule: The Proprietary Trading and Covered Fund Provisions](#) from A.S. Pratt!

July 29

HMDA data for 2nd quarter 2018 must be recorded on LAR.

See January 30 entry.

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July 31

Every registered bank lender must file Form FR G-4 as required by Regulation U by July 31.

Regulation U

The purpose of Regulation U is to impose credit restrictions upon banks and nonbanks that extend credit for the purpose of buying or carrying margin stock if the credit is secured directly or indirectly by margin stock. Such institutions may not extend more than the maximum loan value of the collateral, as set by the Federal Reserve, securing such credit.

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July 31

If you are a card issuer with 10,000 or more open credit card accounts, you must submit agreements to the CFPB quarterly. This quarterly update is due no later than the first business day on or after July 31. (Regulation Z)

Submission of Agreements to CFPB

Section 1026.58(c) requires that card issuers make quarterly submissions to the CFPB, in the form and manner specified by the Bureau. Quarterly submissions must be sent to the CFPB no later than the first business day on or after January 31, April 30, July 31 and October 31 of each year. Each submission must contain the following:

- Identifying information about the card issuer and the agreements submitted, including the issuer's name, address and identifying number (such as an RSSD ID number or tax identification number)
- The credit card agreements that the card issuer offered to the public as of the last business day of the preceding calendar quarter that the card issuer has not previously submitted to the CFPB
- Any credit card agreement previously submitted to the CFPB that was amended during the preceding calendar quarter and that the card issuer offered to the public as of the last business day of the preceding calendar quarter, as described in section 1026.58(c)(3)
- Notification regarding any credit card agreement previously submitted to the CFPB that the issuer is withdrawing, as described in section 1026.58(c)(4), (c)(5), (c)(6), and (c)(7)

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August

August 10

Deliver annual long Regulation E error resolution notice if you do not provide it on monthly statements.†

Error Resolution Notice—Regulation E

Regulation E requires a financial institution to give consumers an error resolution notice periodically (12 CFR 205.8(b)). If you have decided that you do not have room on the back of your deposit statements to include the shorter forms of the error resolution notices under Regulation E, then you must deliver long notices annually. The long notices are the same as the information that was given to customers and borrowers when they first opened an account. The short form alternative can be found in Appendix A of Regulation E (model form A-3(b)).

Save 20%* on [Compliance Guide to Payment Systems: Law and Regulation](#) from Sheshunoff!

August 13

Deliver annual long Regulation Z error resolution notice if you do not disclose the short notice on periodic statements.†

Error Resolution Notice—Regulation Z

If you have decided that you do not have room on the back of your loan statements to include the shorter forms of the error resolution notices under Regulation Z, then you must deliver long notices annually. The long notices are the same as the information that was given to customers and borrowers when they first contract for an open-end loan. The short form alternative disclosure can be obtained from Appendix G to Regulation Z (model form G-4).

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August 17

Review your privacy policy, update it if appropriate, have the policy approved by your board and deliver the policy to existing customers. (Regulation P)

Policy Statement

Employees of the bank have a duty to protect the confidential nature of customers' financial records. Employees will not release customer financial information to any source other than a credit bureau without written authorization from the customer, a subpoena, summons or warrant.

The Right to Financial Privacy Act (12 USC 3401, 12 CFR 219, 29 CFR 19, 31 CFR 14) establishes specific procedures for federal government authorities to follow when seeking customer records. Employees will follow the procedures contained in this policy when a federal agency requests customer financial information.

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†This activity is recommended to be performed annually; the timing is up to you.

September

September 4

Update/review your overall BSA risk assessment.[†] (Bank Secrecy Act)

Risk Assessment

Although the statute does not specify the frequency of the audit, regulators consider it a sound practice to conduct a BSA audit annually. The people conducting the BSA/AML testing should be independent of the process and report directly to the board of directors or to a designated board committee composed primarily or completely of outside directors.

The risk assessment should cover the following areas of the BSA compliance program:

- Compliance program
- Anti-money laundering program
- Internal controls
- Independent testing
- BSA compliance officer
- Training
- Record retention
- Electronic banking

Save 20%* on [BSA/Anti-Money Laundering: Internal Audit and Risk Management](#) from Sheshunoff!

September 7

Review your current CIP procedures, make any necessary changes, and have the procedures approved by your board along with your BSA policy.[†] (Bank Secrecy Act)

CIP Requirements

Existing rules require that a financial institution's BSA compliance program be written, approved by the board and noted in the financial institution's minutes. The BSA program must include the following four elements:

1. Internal policies, procedures and controls to ensure ongoing compliance
2. Designation of a compliance officer
3. Ongoing employee training program
4. An independent audit function to test programs

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[†]This activity is recommended to be performed annually; the timing is up to you.

September 12

Conduct annual Bank Secrecy Act training.[†]

Sample Training Outline for International Departments

- I. Objectives
- II. Bank Secrecy Act Background
- III. General Bank Responsibilities
- IV. Employee Responsibilities
- V. Customer Identification Program (CIP)
- VI. Currency Transaction Reports
- VII. Suspicious Activity Reports
- VIII. High-Risk International Accounts
- IX. High-Risk Countries
- X. Special Rules for Foreign Correspondent Accounts
- XI. Red Flags in Foreign Correspondent Banking
- XII. Loan Recordkeeping
- XIII. Penalties for Noncompliance
- XIV. Office of Foreign Assets Control (OFAC)

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September 14

Send out annual PMI notices.[†] (Private mortgage insurance—Homeowners Protection Act of 1998)

Homeowners Protection Act

Congress enacted the Homeowners Protection Act (HPA) to require lenders to cancel mandatory private mortgage insurance (PMI) on residential mortgage loans under certain circumstances. The HPA also requires lenders to provide several disclosures regarding PMI cancellation—when the loan is originated, annually during the term of the loan, and when PMI terminates.

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September 30

Report of blocked property (as of June 30) is due to OFAC. (OFAC Rules)

Annual Report

OFAC requires an annual report of all property blocked or funds retained under OFAC Regulations found in Title 31 of the Code of Federal Regulations, Parts 500 through 599. This information is needed by the United States Government for planning purposes and to verify compliance with OFAC Regulations. The report is to be submitted annually by September 30 to the Compliance Programs Division, OFAC, Department of the Treasury, Washington, D.C. 20220.

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[†]This activity is recommended to be performed annually; the timing is up to you.

September continued

September 30

Make the public portion of your HMDA disclosure statement available in your main office within three days of the date it is posted on the web by the FFIEC and in each branch office located in an MSA.

Notice to Public

The HMDA data about our residential mortgage lending are available for review. The data show geographic distribution of loans and applications; race, gender and income of applicants and borrowers; and information about loan approvals and denials. Please inquire at this office regarding the locations where HMDA data may be inspected.

(If you chose to make the annual FFIEC disclosure statement available only upon written request, add this sentence: “You may obtain a copy of our annual disclosure statement by sending a written request to [insert name and address of appropriate office]”.)

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October

October 1

Escrow amendments to TRID Rule are effective. (Regulation Z/RESPA) (See [CFPB Amendments](#).)

TRID Rule

“TRID Rule” refers to the TILA-RESPA Integrated Disclosure Rule, which took effect on October 3, 2015. Among other things, the TRID Rule combined the Truth-in-Lending Act (Regulation Z) and Real Estate Settlement Procedures Act (RESPA) disclosures consumers receive when applying for and closing mortgage loans.

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October 1

This is the deadline for submitting prepaid account agreements to the CFPB.

Prepaid Account

The term “prepaid account” includes such bank products as payroll card accounts and government benefit accounts. Gift cards (i.e., gift cards, gift certificates, loyalty, award or promotional gift cards, and general-use prepaid cards that are both marketed and labeled as gift cards or gift certificates) are excluded from the definition. Health savings accounts, flexible spending accounts, medical savings accounts and health reimbursement arrangements would also be excluded.

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October 5

Review your code of ethics policy and procedures, make any necessary changes and distribute your ethics and conflict of interest policies along with the acknowledgement page to all employees if you make changes.† (18 USC 215 and general agency guidance on ethics, insider activities and corporate governance)

Policy Statement

All officers and employees of the bank are expected and required to act in a responsible and respectable manner at all times. Furthermore, while acting in their capacities as bank employees, all officers and employees must remain free of outside influence that could result in the loss of objectivity regarding business conducted with customers or with the bank. Officers and employees are expected to be honest and act with integrity when conducting bank business with customers, vendors and fellow employees.

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October 30

HMDA data for 3rd quarter 2018 must be recorded on LAR.

See January 30 entry.

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†This activity is recommended to be performed annually; the timing is up to you.

October continued

October 31

If you are a card issuer with 10,000 or more open credit card accounts, you must submit agreements to the CFPB quarterly. This quarterly update is due no later than the first business day on or after October 31. (Regulation Z)

Submission Requirements

A card issuer must make quarterly submissions to the CFPB in the form and manner specified by the Bureau that contain:

- Identifying information about the card issuer and the agreements submitted, including the issuer's name, address and identifying number (such as an RSSD ID number or tax identification number)
- The credit card agreements that the card issuer offered to the public as of the last business day of the preceding calendar quarter that the card issuer has not previously submitted
- Any credit card agreement previously submitted that was amended during the preceding calendar quarter
- Notification regarding any credit card agreement previously submitted that the issuer is withdrawing

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November

November 1

Begin annual renewal period for mortgage originators registered in NMLS database. Renewal period ends December 31.

(See [NMLS® Federal Registry Resources](#).)

December

December 1

Annual NACHA audit is due.

Audit Report and Documentation

You need to retain your audit report and supporting documentation for six years from the date the audit is conducted. This information must be provided to NACHA upon its request. Failure to provide proof that you have completed an annual audit when requested by NACHA may be considered a Class 2 rules violation and bring a fine of up to \$100,000 a month.

Audit Report Outline:

- I. Audit Scope
- II. Summary of Audit Recommendations
- III. Audit Rating and Comments
- IV. Date of Prior Annual ACH Audit
- V. Audit of Received ACH Activity
- VI. Audit of Originated ACH Activity
- VII. Review of Policies and Procedures

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December 3

Update adjustable-rate mortgage historical data or worst-case-scenario data on early ARM disclosures, if you use this method. See model form in Regulation Z, H-4(C).†

ARM Disclosures

Lenders must provide consumers with specific information about the variable-rate features of closed-end adjustable-rate mortgages with longer than a one-year maturity, secured by a consumer's principal dwelling. Regulation Z requires lenders to give the Federal Reserve Board's Consumer Handbook on Adjustable-Rate Mortgages (CHARM booklet) and "program disclosures" at the time a consumer is furnished a credit application or before a nonrefundable fee is paid, whichever event occurs earlier. The program disclosures supplement, but do not replace, the standard TILA disclosures lenders are required to furnish before consummation.

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†This activity is recommended to be performed annually; the timing is up to you.

December continued

December 14

Review the account information for your MSB customers and determine which companies must renew their registrations with FinCEN. Obtain copies of the registrations and any state or local licenses or review current registrations on MSB.gov. (Interagency Interpretive Guidance on Providing Banking Services to Money Services Businesses Operating in the United States 4/25/05)[†] (Bank Secrecy Act)

Note: Money services businesses must renew registration with FinCEN by December 31 every two years.

Money Services Businesses

Money services businesses (MSBs) must renew registration with FinCEN by December 31 every two years. You should conduct due diligence on these customers at least annually. You may have MSB customers who deserve enhanced due diligence, and so you may be reviewing their accounts more often.

If you find a customer who, after a thorough investigation, appears to be operating as an MSB but is not licensed or registered, you should file a suspicious activity report (SAR). However, it may be that the customer does not understand the triggering events that cause him to be classified as an MSB. In this case, depending on your overall relationship with this customer, you may wish to notify the customer that the business should be licensed by your state and registered with FinCEN for the specific activity, such as check cashing.

If the activity continues and the customer still refuses to register, you have no choice but to report the activity to FinCEN via an SAR.

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[†]This activity is recommended to be performed annually; the timing is up to you.