



# COMPLIANCE BRIEF

May 28, 2021



## Today's Topics

- Status Updates
  - Secondary Market Loans & QM Rule
  - CRA Reform Status Update
  - NFIP Update
- New Developments
  - More tax refund payments





## Secondary Market Lending as of July 1

- New Fannie Mae & Freddie Mac Lender Letter
  - [LL-2021-11](#) and [Bulletin 2021-19](#) issued May 26
  - Confirms applications taken on or after July 1 must meet the price-based General QM standards to be eligible for purchase



- GSE QMs applications must be dated before June 30 AND be securitized or purchased by Aug. 31, 2021
- Exception for construction – perm loans
- Provides table comparing current and revised Selling Guide requirements

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## Secondary Market Lending after July 1

- Before July 1, secondary market lenders must:
  - Develop **written** policies & procedures for verifying & considering a consumer's repayment ability
    - Safe harbor for underwriting compliance if using Fannie & Freddie's Selling Guides
  - Incorporate testing for rate spread
    - Special rules for ARM loans w/ initial fixed rate less than 60 months
  - Implement documentation standards to support repayment analysis & evidence underwriting procedures were followed
  - Train staff, Test, Repeat

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## Secondary Market Lending after July 1



- IBA Resources
  - June Disclosure article
  - Sample policy statement
  - Sample procedures
  - Sample underwriting guidelines

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## CRA Reform

- Per May 18, 2021 OCC Bulletin, the OCC:
  - Will “reconsider” June 2020 Final Rule
  - Permit suspension of development of systems to implement rule provisions that would be effective Jan. 1, 2023 & Jan. 1, 2024
  - Does not plan to finalize Dec. 2020 proposed rule that would set exam benchmarks, testing thresholds, etc.
  - Is discontinuing CRA information collection efforts per Dec. 2020 Federal Register notice
- New director of OCC to be appointed by Biden
- Interagency rule-making effort anticipated

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## Flood Disaster Protection Act

- Two pending set of Flood FAQ
  - Update / Reorganization of existing Interagency Flood FAQ
    - Issued June 2020, Comment period closed
  - New Private Flood Insurance FAQ
    - Issued March 2021, Comment period closed
  - Anticipate final FAQ for both will be released together
  - As early as end of summer 2021
- Reauthorization of NFIP
  - NFIP set to expire Sept. 30, 2021
  - Senate Banking Hearing on May 18 on reauthorization

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## Flood Disaster Protection Act

- [FEMA Risk Rating 2.0](#)
  - Updates National Flood Insurance Risk Rating Methodology
  - August 1, 2021 – NFIP policy holders can contact insurance company for info
  - October 1, 2021 – New policies will be subject to the new rating methodology
  - October 1, 2021 – Existing policy holders eligible for renewal can utilize decreased premiums
  - April 1, 2022 – remaining policies renewed on or after this date will be subject to new rating methodology



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## Flood Disaster Protection Act



- [FEMA Risk Rating 2.0](#)
  - Rate increases limited to 18% per year, in general
  - Premium discounts available for pre-FIRM subsidized and newly mapped properties
  - Transfers of discounts still allowed when policy is assigned to new owner
  - Discounts still available in communities participating in the [Community Rating System](#)

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## Expired! No problem!

### Standard Flood Hazard Determination Form

- Expired 10/31/18
- According to FEMA website, updated version is pending approval
- Use version w/ 10/31/18 expiration date until further notice

DEPARTMENT OF HOMELAND SECURITY  
Federal Emergency Management Agency  
**STANDARD FLOOD HAZARD DETERMINATION FORM (SFHDF)** OMB Control No. 1605-0045  
Expires: 10/31/18

|  |  |  |                          |
|--|--|--|--------------------------|
| SECTION I - LOAN INFORMATION   |  | 1. LENDER/SERVER NAME AND ADDRESS (See instructions for more information.)   |                          |
| 3. LENDER/SERVER ID #  | 4. LOAN IDENTIFIER                         | 5. AMOUNT OF FLOOD INSURANCE REQUIRED  |                          |
| SECTION II   |  |  |                          |
| A. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) COMMUNITY JURISDICTION  |  |  |                          |
| 1. NFIP Community Name   | 2. County(ies)                             | 3. State   | 4. NFIP Community Number |
| B. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) DATA AFFECTING BUILDING/MOBILE HOME   |  |  |                          |
| 1. NFIP Map Number or Community Panel Number (Community name, if not the same as "1")  | 2. NFIP Map Panel Effective / Revised Date | 3. Is there a Letter of Map Change (LOMC)?<br><input type="checkbox"/> NO<br><input type="checkbox"/> YES (If yes, and LOMC data is available, enter date and case no. below.) |                          |
| 4. Flood Zone  | 5. Is to NFIP Map                          | Date   | Case No.                 |
| C. FEDERAL FLOOD INSURANCE AVAILABILITY (Check all that apply.)  |  |  |                          |
| <input type="checkbox"/> Federal Flood Insurance is available (community participates in the NFIP) <input type="checkbox"/> Regular Program <input type="checkbox"/> Emergency Program of NFIP<br><input type="checkbox"/> Federal Flood Insurance is not available (community does not participate in the NFIP) |  |  |                          |

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## Expired! No problem!

Servicemembers Civil Relief Act Notice Disclosure U.S. Department of Housing and Urban Development Office of Housing OMB Approval 2502-0584 Exp 3/31/2021

### Legal Rights and Protections Under the SCRA

Servicemembers on "active duty" or "active service," or a spouse or dependent of such a servicemember may be entitled to certain legal protections and debt relief pursuant to the Servicemembers Civil Relief Act (50 USC §§ 3901-4043) (SCRA).

### Who May Be Entitled to Legal Protections Under the SCRA?

- Regular members of the U.S. Armed Forces (Army, Navy, Air Force Marine Corps and Coast Guard).
- Reserve and National Guard personnel who have been activated and are on Federal active duty
- National Guard personnel under a call or order to active duty for more than 30 consecutive days under section 502(b) of title 32, United States Code, for purposes of responding to a national emergency declared by the President and supported by Federal funds.
- Active service members of the commissioned corps of the Public Health Service and the National Oceanic and Atmospheric Administration.
- Certain United States citizens serving with the armed forces of a nation with which the United States is allied in the prosecution of a war or military action.

### HUD SCRA Notice

- Expired 3/31/2021
- Continue to use until HUD's new form is authorized by OMB

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## More Tax Refund Payments Coming

- March 2021 [American Rescue Plan](#) allows certain taxpayers to exclude a portion of unemployment compensation from their taxable income
- Result: Additional tax refunds for some taxpayers
- IRS is recalculating & sending refunds
  - So far, 900,000+ payments valued at more than \$1.6 billion
- Refunds are NOT protected benefit payments
  - They are subject to offset, garnishment & collection orders

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- June 24, 9:30 am to 4 pm, Register [here](#)
- Held virtually, registration fee per bank (not attendee)
- Agenda topics
  - Mortgage Lending Update
  - Regulatory Panel
  - ESIGN Lessons Learned
  - Convertible Virtual Currency – What you Need to Know
  - IBA Regulatory Update

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## Got Compliance Questions?

- On IBA website:
  - [Compliance FAQ](#)
  - [Bankers Compliance Resources](#)
  - [Links to COVID-19 Regulatory Guidance](#)
  - [COVID-19 FAQ](#)
- Compliance Hotline
  - [compliance@iowabankers.com](mailto:compliance@iowabankers.com)
  - 844-REGS411 (or 844-734-7411)



**THANKS  
FOR  
LISTENING**

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