Shining Light on Compliance

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Helping you safely navigate the regulatory waters

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Annual Threshold Changes 1/1/2025

INSIDE THIS ISSUE

The HMDA (Home Mortgage Disclosure Act) and CRA (Community Reinvestment Act) annual threshold requirements for 2025 will change as follows:

HMDA

Financial institutions with assets of **$58 million** or less are exempt from collecting and reporting data in 2025. As a reminder, closed-end mortgage loans are reported if the financial institution originated at least 25 in each of the two preceding calendar years; and open-end credit lines are reported if the financial institution originated 200 or more lines in either of the two preceding calendar years.

CRA

Large Bank = assets of **$1.609 billion** as of December 31 of either of the two preceding calendar years.
Intermediate Small Bank = assets of at least **$402 million and less than $1.609 billion** as of December 31 for both preceding calendar years.
Small Bank = assets of **less than $402 million** as of December 31 for both preceding calendar years.

Beneficial Ownership Information - Update

Due to ongoing litigation and a recent federal court order, reporting companies are not currently required to file beneficial ownership information [BOI] with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

As a reminder, the rule required:

- Businesses created or registered to do business prior to January 1, 2024, to file initial BOI report by January 1, 2025.
- Businesses created or registered in 2024 would have 90 calendar days to file initial BOI report.
- Businesses created after January 1, 2025, will have 30 calendar days to file initial BOI report.

FinCEN Alert005

The Financial Crimes Enforcement Network [FinCEN] issued an alert to raise awareness of fraud schemes abusing its name, insignia, and authorities for financial gain. These FinCEN-specific fraud schemes include scams that exploit beneficial ownership information [BOI] reporting, misuse FinCEN's Money Services Business [MSB] registration tool, or involve impersonation or misrepresentation of FinCEN and employees.

Fraudulent BOI Forms and Websites

Scammers are targeting companies to steal money or personal information. They may attempt to convince companies to pay a filing fee to have a third party submit BOI to FinCEN when not actually filing and require a fee when no filing fee is associated with filing BOI reports.

Fraudulently Registering as MSBs with FinCEN

Scammers fraudulently registering as MSBs use that self-registration to appear legitimate or otherwise gain credibility. These scammers are sometimes part of virtual asset investment scams, including so-called "pig butchering" or "Sha Zhu Pan" fraud schemes. Scammers often submit false information when registering and leverage their subsequent appearance on FinCEN's MSB Registrant Search Page to give the appearance of being legitimate or "approved by FinCEN". Registration with FinCEN as an MSB does not constitute "approval" of the MSB's business.

Further details and red flag indicators can be found in the full alert FIN-2024-Alert005

Agencies Issue Statement on Elder Financial Exploitation

The federal regulatory agencies issued a statement to provide institutions with examples of risk management and other practices that can effectively identify, prevent, and respond to elder financial exploitation. The interagency statement does not create new regulatory requirements or establish new supervisory expectations; rather, it is intended to raise awareness and provide strategies.

Some of the examples of risk management and other practices institutions could consider adopting include:

- Enhancing or creating risk-based policies, ongoing monitoring practices, and complaint processes to identify, measure, monitor, and mitigate elder financial exploitation.
- Transaction holds and disbursement delays can help institutions prevent and respond to various situations that may involve elder financial exploitation.
- Institutions may help protect older adults from financial exploitation by engaging with elder fraud prevention and response networks, including professionals from various agencies and organizations.

Institutions are encouraged to share resources with account holders. More details can be found in the full statement Interagency Statement - Elder Financial Exploitation

News to Use

With many unknowns regarding potential regulatory changes in the new administration, the Consumer Financial Protection Bureau [CFPB] has not slowed down in making news.

CFPB Sues JPMorgan Chase, Bank of America, and Wells Fargo for Allowing Fraud to Fester to Zelle

The CFPB alleges violations of federal law through critical failures, including:

- Limited identity verification methods allowed potential criminals to quickly create accounts and target Zelle users.
- Criminals were not restricted and tracked as they exploited multiple accounts across the network, allowing them to carry out repeated fraud schemes across multiple institutions before being detected if they were detected at all.
- Defendant banks failed to use information from fraud complaints to prevent further fraud.
- Defendant banks failed to investigate customer complaints and take appropriate action.

CFPB Files Lawsuit to Stop Illegal Kickback Scheme to Steer Borrowers to Rocket Mortgage

The CFPB filed suit to stop Rocket Homes from incentivizing real estate brokers and agents in exchange for steering homebuyers to Rocket Mortgage LLC for loans. Rocket Homes pressured real estate brokers and agents not to share information with clients concerning products not offered by Rocket Mortgage, such as the availability of downpayment assistance programs. Specifically, the CFPB alleged that Rocket Homes violated the Real Estate Settlement Procedures Act [RESPA] by:

- Providing kickbacks in exchange for referrals
- Requiring brokers and agents to steer consumers toward Rocket Mortgage

The CFPB further alleged coercive tactics were used to get consumers to use Rocket Mortgage for their home loans, including training agents to suggest that house settlements could fall through if the homebuyer wanted to comparison shop with Rocket Mortgage's competitors.

CFPB Finalizes Rule to Remove Medical Bills from Credit Reports

The CFPB's new rule amends Regulation V:

- Prohibits lenders from considering medical information: the rule ends the special regulatory carveout that previously allowed creditors to use certain medical information in making lending decisions. This means lenders will also be barred from using information about medical devices, such as prosthetic limbs, that could be used to require that the devices serve as collateral for a loan for the purposes of repossession.
- Bans medical bills on credit reports: the rule bans consumer reporting agencies from including medical debt information on credit reports and credit scores sent to lenders. This will help end the practice of using the credit reporting system to coerce payment of bills regardless of their accuracy. Lenders will continue to be able to consider medical information to verify medical-based forbearances, verify medical expenses that a consumer needs a loan to pay, consider certain benefits as income when underwriting, and other legitimate uses.

<u>CFPB Sues Experian for Sham Investigations of Credit Report Errors</u>

The CFPB alleges that Experian does not take sufficient steps to intake, process, investigate, and notify consumers about consumer disputes, resulting in the inclusion of incorrect information on credit reports, which can threaten consumers' access to credit, employment, and housing. Specifically, the CFPB alleges consumers are harmed by:

- **Conducting sham investigations that fail to properly address consumer disputes: When handling disputes, Experian uses faulty intake procedures and does not accurately convey all relevant information about disputes to the original furnisher. Experian routinely and uncritically accepts the original furnisher's response to the disputed information, even when that response was improbable or illogical, or when Experian has other information available that suggests the furnisher is unreliable.**
- **Improperly reinserting inaccurate information on consumer reports: Experian failed to implement basic matching tools that prevent or greatly reduce the likelihood of reinsertion by a new furnisher of a previously deleted tradeline. Experian improperly reinserts inaccurate information into consumer reports because it fails to match newly reported information with records of previously deleted information.**