

MEMORANDUM

To: Subscribers to *Regulatory Compliance Certification Program*

From: Sheshunoff Information Services

Subject: Highlights

Enclosed is the latest update to your *Regulatory Compliance Certification Program*. This update covers the following:

New Certification Exam Format

- In response to customer requests, all of the certification exams are now available in electronic format. Complete instructions for the new exam process can be found in “Certification Program Requirements” in the front of each module.

Lending Requirements

- *Flood insurance*. New information on National Flood Insurance Reform Act requirements, insurance coverage amounts for second mortgages, and penalties and liabilities has been added to Course 5.

Bank Secrecy Act and Additional Requirements

- *BSA E-Filing*. FinCEN announced in July that it will end its magnetic media filing program, and all magnetic filers must switch to BSA Electronic Filing (E-Filing) by December 31, 2008. E-filing and the transition are discussed in Course 1.
- *BSA CTR guidance*. In the May 2008 issue of *SAR Activity Review: Trends, Tips & Issues*, FinCEN offered tips on reading between the lines of a CTR to determine possible suspicious activity. A new section in Course 1 offers questions you might ask when reviewing CTRs and red flags that could indicate money laundering or other illegal activity.

Coming Soon

Regulators have proposed changes in several regulations, but those changes had not been finalized at press time. Look for information on the following topics in future updates:

- *RESPA changes*. In March HUD announced a sweeping proposal to rewrite RESPA regulations and make dramatic changes to good faith estimate and HUD-1/1A disclosures, which will affect the application and closing process.
- *Flood insurance*. Regulatory agencies have proposed questions and answers regarding flood insurance; the agencies will be providing supporting Q&A for FEMA’s *Mandatory Purchase of Flood Insurance Guidelines*, published in 2007.

- *FCRA/FACT Act.* A The Federal Reserve Board and the Federal Trade Commission have proposed changes that would require consumers to be notified when they receive credit on less favorable terms than other consumers (i.e., risk-based pricing).
- *Bank Secrecy Act.* FinCEN announced proposed revisions to some of the current rules for CTR exemptions; proposed changes include eliminating the requirement to file exemption forms on depository institutions and government agencies and authorities, the biennial renewal requirement on Phase II exemptions, and the 12-month requirement as a minimum length of time to establish customer qualification for a Phase II exemption.