



## Did You Remember to Update **your** REGULATION CC PROGRAM?

In the midst of a season that has presented many unknowns, it's important to keep track of regulatory updates. Of one particular update is Regulation CC. The Dodd-Frank Act amended Regulation CC, and these amendments were effective back in 2011. If you don't remember, that's okay! The purpose of this blog is to help you understand what changes were effective July 1, 2020 and to ensure that all your bases are covered and in compliance. A self-serve library enabling MLOs to become proficient and self-sufficient problem solvers

### Recurring Inflation Adjustments

The Dodd-Frank Act changes to Regulation CC mandated that all dollar amounts be indexed to inflation that were set to begin five years after December 31, 2011. The adjustments to these dollar amounts are based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rounded to the nearest \$25. So, these first set of adjustments are now effective starting July 1, 2020 and end June 30, 2025. You can read about this methodology straight from the regulation itself at section 229.11.

# Impacted Areas

## Let's take a look at the areas impacted by these updates

- Often known as the \$100 rule with an updated dollar amount to \$200 in 2011, section 229.10(c)(1)(vii) of Regulation CC requires that for checks subject to two-day availability, you are required to make \$200 or the amount of the deposit (whichever is less) available the next business day. Now, that amount is \$225. This amount will adjust again on July 1, 2025.
- In addition to the \$100 rule just mentioned, the \$400 rule as noted in section 229.12(d) allows you to extend availability by one business day for checks when withdrawals are made by cash so long as \$400 is made available not later than 5:00pm on the day the funds would otherwise be available. That amount is now \$450 and will adjust again on July 1, 2025.
- Section 229.13 paragraphs (a), (b), and (d) allow for exception holds regarding new accounts, large deposits, and repeated overdrafts, respectively. References to the dollar amount of \$5,000 are now increased to \$5,525 with the next adjustment to occur on July 1, 2025.

## Don't Forget to Notify Your Customers

Section 229.18(e) states the following:

*"A bank shall send a notice to holders of consumer accounts at least 30 days before implementing a change to the bank's availability policy regarding such accounts, except that a change that expedites the availability of funds may be disclosed not later than 30 days after implementation."*

So, if you've implemented these changes on July 1, 2020, then your customers must be notified of the inflation adjustment updates by July 31, 2020. If you've implemented the changes sooner, make sure your customers were notified accordingly.

## A Note About Penalties

The civil liability amounts were also adjusted from \$1,000 to \$1,100 and from \$500,000 to \$552,500 as denoted in section 229.21.

## CALL TO ACTION

### Updated, Update Update!

#### Make sure you've addressed the following:

- ▶ Update your Regulation CC policies and procedures with proper board approvals. Make sure your senior management and board are current with these changes, especially the board. They need to understand what their approving.
- ▶ Update new account disclosures. Your vendor more than likely has completed this step for you, but double check. And, adjust your hold notices language.
- ▶ If your lobby notices include reference to any of the dollar amounts that have been adjusted, review them and get them updated.
- ▶ Train your staff so that they are comfortable in discussing the inflation adjustments and dollar amounts when a new account is opened or a hold is placed on a check deposit. Use a ton of examples!
- ▶ Test the updates! A step often overlooked until there's a violation. Make sure your systems for placing and removing holds are doing it correctly for the right amounts and that holds are dropping off when they should.