

# REGULATORY INTELLIGENCE

## U.S. Consumer Banking, Mortgage Lending, and Securities Snapshot - July 2023

Published 07-Aug-2023 by  
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The following is a selection of federal and state regulatory actions affecting the consumer banking, mortgage lending, and securities sectors for July 2023. This bulletin includes news and analysis from Thomson Reuters latest updates, Regulatory Intelligence, expert analysis, Reuters News, and other Thomson Reuters professional services publications.

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### CONSUMER BANKING

#### Recent legislative activity

##### California

- [2023 CA S.B. 564 \(NS\)](#), effective January 1, 2024, amends [CA GOVT § 26723](#) (Fee to open safe-deposit box) by increasing the fee to open a safe deposit box from \$135 to \$170. Latest Update available [here](#).

##### Colorado

- [2021 CO S.B. 190 \(NS\)](#), effective July 1, 2023, enacts the Colorado Privacy Act (Article 1, Part 13), allowing consumers to protect their privacy and require companies to be responsible for their personal data; providing consumers with the right to access, correct, and delete personal data and to opt out of the sale and collection of personal data; requiring companies, including financial institutions, to safeguard personal data and provide information; and to require data protection assessments in the collection and use of personal data. Amends [CO ST § 6-1-105](#) (Unfair or deceptive trade practices) by adding that a person engages in a deceptive trade practice when, in the course of the person's occupation, the person violates any provision as specified in [CO ST § 6-1-131\(1\)\(c\)](#). Latest Update available [here](#).

##### Connecticut

- [2023 CT S.B. 1033 \(NS\)](#), effective July 1, 2023, amends [CT ST § 36a-338](#) (Report of public depository. Maintenance of records) by providing that reports must be certified under oath unless filed electronically. Effective October 1, 2023, amends [CT ST § 36a-318](#) (Copy of deposit account contract and schedule of charges and interest to be furnished to depositors. Exceptions. Notice requirements. Notice re imposition of dormancy fees on inactive deposit accounts. Notice re closing of deposit accounts. Exceptions) by adding exceptions for specified situations when a deposit account is closed. Effective October 1, 2023, amends [CT ST § 36a-262](#) (Limitations on liabilities of any one obligor. Exemptions) by replacing the phrase "equity capital and reserves for loan and lease losses" with "capital and surplus"; incorporating a CFR definition of "readily marketable collateral"; and adding an exception that allows a bank to elect to use equity capital and adjusted allowances for credit losses, instead of capital and surplus for specified purposes and under certain conditions. Effective October 1, 2023, amends [CT ST § 36a-275](#) (Investments in debt securities and debt mutual funds), [CT ST § 36a-276](#) (Investments in equity securities and equity mutual funds), and [CT ST § 36a-277](#) (Social purpose investments) by replacing the phrase "total capital and reserves for loan and lease losses" or "equity capital and reserves for loan and lease losses" with "capital and surplus" and adding an exception that allows a bank to elect to use equity capital and adjusted



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allowances for credit losses, instead of capital and surplus for specified purposes and under certain conditions. Latest Update available [here](#).

## **Hawaii**

- [2023 HI H.B. 525 \(NS\)](#), effective June 29, 2023, makes extensive substantive and nonsubstantive amendments to the Hawaii Uniform Commercial Code (Chapter 490). Adopts new Article A (Controllable Electronic Records) to Chapter 490 (Uniform Commercial Code) consisting of HI ST § 490:A-101 through HI ST § 490:A-107. Adopts new Article B (Transitional Provisions For Uniform Commercial Code Amendments (2022)) to Chapter 490 (Uniform Commercial Code) consisting of HI ST § 490: B-101 through HI ST § 490: B-401. Latest Update available [here](#).

## **Missouri**

- [2023 MO S.B. 63 \(NS\)](#), effective August 28, 2023, adopts a new section at [MO ST 362.034](#) which requires a state agency to transmit information about a licensed medical marijuana entity to a financial institution and requires the financial institution to treat that information as confidential. Latest Update available [here](#).

## **Ohio**

- [2023 OH H.B. 33 \(NS\)](#), effective October 2, 2023, amends [OH ST § 169.07](#) (Liability; defense of legal proceedings against organization) by adding a good-faith element, limiting liability protections to the value of the unclaimed funds paid, adding a 14-day deadline for holder notification to the Director, revising the powers and obligations of the Director, and adding new disclaimers for claims and indemnity. Amends [OH ST § 1121.23](#) (Criminal records checks) by providing when a person is presumed to exercise control, providing a standard for rebutting the presumption of control, providing considerations for determining the percentage of a person controlled, and incorporating the phrase "exercises control" throughout. Amends [OH ST § 1733.16](#) (Meeting of board of directors; notice) by removing notice options for telegram and cablegram. Latest Update available [here](#).

## **Oregon**

- [2023 OR H.B. 2160 \(NS\)](#), effective January 1, 2024, amends [OR ST § 98.322](#) (Stock certificates and intangible equity ownership interests in business associations; presumptions of abandonment) by deleting current text and adding definitions, dates when a security or distribution is presumed abandoned, notice requirements, and additional abandonment conditions or exceptions. Amends [OR ST § 98.362](#) (Holders of abandoned intangible equity ownership interests; delivery of ownership certificates and other evidence) by providing that the original certificate must be delivered when held or controlled by the holder, and providing that a duplicate certificate must be issued when the holder does not hold or control the original. Amends [OR ST § 98.332](#) (Fiduciaries holding property) by increasing the presumed abandoned timeframe to three years, and adding that funds in an Oregon Uniform Transfers to Minors Act account are not payable or distributable unless the minor attains the age of 21 years. Latest Update available [here](#).
- [2023 OR H.B. 2759 \(NS\)](#), effective September 24, 2023, amends [OR ST § 646.569](#) (Prohibition of telephone solicitation; names on list described in ORS 646.572 or 646.574) by adding a provision that aiding violations of the section is an unlawful practice under [OR ST § 646.608](#), including in cases of willful ignorance. Amends [OR ST § 646A.374](#) (Misrepresentation or falsification prohibited) by adding a provision that aiding violations of the section is an unlawful practice under [OR ST § 646.608](#), including in cases of willful ignorance; and providing certain exemptions. Amends [OR ST § 646.608](#) (Attorney General's rules; unlawful business; trade practices; proof) by adding a violation of [OR ST § 646A.374](#) to the list of unlawful practices. Latest Update available [here](#).

## **Vermont**

- [2023 VT H.B. 171 \(NS\)](#), effective July 1, 2023, amends [VT ST T. 33 § 6902](#) (Definitions) by making substantive revisions to numerous definitions and adding new definitions. Amends [VT ST T. 33 § 6903](#) (Reporting suspected abuse, neglect, and exploitation of vulnerable adults) by rewording the mandatory reporting provisions including revising the list of mandatory reporters and exceptions, and adding a confidentiality exception where the reporter's information may be shared with other investigative bodies as necessary. Amends [VT ST T. 33 § 6904](#) (Nature and content of report; to whom made) by removing reporting method and timing provisions, and requiring the report to include documentation and any evidence of maltreatment. Amends [VT ST T. 33 § 6911](#) (Records of abuse, neglect, and exploitation) by substantially revising all provisions including access to records, confidentiality of reports and documents, and the registry maintained by the Department. Amends [VT ST T. 33 § 6913](#) (Penalties; abuse; neglect; exploitation; mandatory reporter's failure to report) by increasing penalty amounts, adding a penalty for a mandatory reporter who withholds information or provides false or inaccurate information. Amends [VT ST T. 33 § 6915](#) (Access to financial information) by including surveillance video, access logs, IP addresses, and any other digital logs, documents, and metadata in the definition of "financial information"; and removing a provision regarding charges for providing information. Latest Update available [here](#).

## **Recent administrative activity**

### **Federal**

- [88 FR 48055-01](#), effective August 25, 2023, amends 12 CFR Pt. 701, App. A (Appendix A To Part 701-Federal Credit Union Bylaws) to adopt a policy by which a member of a federal credit union (FCU) may be expelled for cause by a vote of two-thirds of a quorum of an FCU's board of directors. The final rule also makes conforming changes to Article II of the FCU Bylaws regarding members in good standing. Latest Update available [here](#).



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## Georgia

- [2023 GA REG TEXT 648316 \(NS\)](#), effective July 27, 2023, amends numerous sections of the Georgia Administrative Code relating to banking and finance including [GA ADC 80-1-1-01](#) (Applications, Registrations and Notifications, Generally); [GA ADC 80-1-2-01](#) (General Provisions and Definitions); [GA ADC 80-1-2-02](#) (Direct Bank Services Subject to Agency Regulation); [GA ADC 80-1-2-03](#) (Application to Conduct Agency Relationship); [GA ADC 80-1-2-04](#) (Review by Department of Agency Agreement); [GA ADC 80-1-2-05](#) (Bank and Credit Union Service Contracts: Requirements of Providers); [GA ADC 80-1-2-06](#) (Contracts for Direct or Indirect Bank Services); [GA ADC 80-1-4-01](#) (Permissible Investments and Limitations); [GA ADC 80-1-11-05](#) (Annual Disclosure Statements by Banks); [GA ADC 80-2-1-01](#) (General Requirements for Accounting Procedures); [GA ADC 80-2-4-01](#) (Investment of Credit Union Funds in Other Financial Institutions); [GA ADC 80-2-4-02](#) (Investment of Credit Union Funds in Fixed Assets; Requirements); [GA ADC 80-2-4-03](#) (Investment of Credit Union Funds in Subsidiaries); [GA ADC 80-2-4-08](#) (Application Requirements for Branch Offices); [GA ADC 80-2-9-01](#) (Investment Securities); [GA ADC 80-5-1-02](#) (License and Supervision Fees for Check Cashers, Payment Instrument Sellers, Money Transmitters, Representative Offices, Mortgage Lenders, Mortgage Brokers, and Installment Lenders; Due Dates); [GA ADC 80-5-1-03](#) (Examination, Supervision, Registration, Application, and Other Fees for Financial Institutions and Nonbank subsidiaries or Holding Companies). Latest Update available [here](#).

## Illinois

- [2023 IL REG TEXT 634035 \(NS\)](#), effective June 20, 2023, amends [38 IL ADC 110.170 \(Insurance\)](#) by changing the caption to "Insurance and Other Products"; removing certain refund calculation and record retention provisions; adding that a judgment prior to maturity must be decreased by any unearned insurance premium; adding that a refund of any unearned debt cancellation premium must be given when a loan is prepaid in full, cancelled, renewed, refinanced, or reduced to judgment prior to maturity; and making other clarifying or technical changes. Latest Update available [here](#).

## Texas

- [2023 TX REG TEXT 641813 \(NS\)](#), effective July 16, 2023, adopts Chapter 60 of Title 7 (Banking and Securities) which establishes requirements for creating and operating a savings association, including Subchapter A (General Provisions) [7 TX ADC 60.1](#) through [7 TX ADC 60.2](#); Subchapter B (Applications) [7 TX ADC 60.101](#) through [7 TX ADC 60.191](#); Subchapter C (Operations) [7 TX ADC 60.201](#) through [7 TX ADC 60.261](#); and Subchapter D (Loans, Investments, Savings, and Deposits) [7 TX ADC 60.301](#) through [7 TX ADC 60.331](#). Latest Update available [here](#).

## Regulator notices

[Fair Lending Report of the Consumer Financial Protection Bureau, June 2023](#) (July 6, 2023). The Consumer Financial Protection Bureau (CFPB) has issued its eleventh Fair Lending Report of the Consumer Financial Protection Bureau (Fair Lending Report) to Congress. The CFPB uses a risk-based approach to identify emerging developments and trends by monitoring key consumer financial markets. The report describes the Bureau's fair lending activities in supervision and enforcement; guidance and rulemaking; interagency coordination; and outreach and education for 2022.

## Regulatory Intelligence and Reuters News

- [U.S. regulators ask lenders to work with stressed commercial real estate firms](#) (June 30, 2023).
- [U.S. banks warn stricter capital rules will raise prices](#) (July 17, 2023).
- [U.S. FDIC calls on banks to fix 'inaccurate' financial statements](#) (July 25, 2023).

## MORTGAGE LENDING

### Recent legislative activity

#### Connecticut

- [2023 CT S.B. 1033 \(NS\)](#), effective October 1, 2023, amends [CT ST § 36a-486](#) (License required. Exemptions. Prohibited advertisements. Violations. Temporary authority to act as mortgage loan originator) by prohibiting mortgage lenders, mortgage correspondent lenders, mortgage brokers, and mortgage loan originators from engaging the services of a lead generator unless the lead generator is licensed or exempt from licensing. Amends [CT ST § 36a-498e](#) (Prohibited acts) by revising prohibited acts regarding licensing; and amends [CT ST § 36a-719](#) (Mortgage servicer license. Issuance. Application. Criminal history records checks. Renewal standards. Automatic suspension of license. Abandonment of application. Schedule and report. Unique identifier of license. Advertising of license) by repealing the definition of "at the respective office location". Latest Update available [here](#).

## Illinois

- [2023 IL H.B. 2325 \(NS\)](#), effective January 1, 2024, amends [IL ST CH 205 § 635/1-3](#) (Necessity for license; scope of Act) by replacing "place of business or location" with "full service office"; amends [IL ST CH 205 § 635/1-4](#) (Definitions) by modifying the definition of "full service office" and adding the definition of "remote location"; and adopts [IL ST CH 205 § 635/3-11](#) (Remote location operations) providing requirements for a licensee to allow mortgage loan originators to work from a remote location. Latest Update available [here](#).

## Ohio

- [2023 OH H.B. 33 \(NS\)](#), effective October 2, 2023, amends [OH ST § 2329.27](#) (Publication) by incorporating by reference the notice requirements of OH ST § 2329.261. Latest Update available [here](#).

## Recent administrative activity

### Georgia

- [2023 GA REG TEXT 648316 \(NS\)](#), effective July 27, 2023, amends [GA ADC 80-11-1-04](#) (Branch Managers) by repealing subsection (5) regarding fingerprinting; amends [GA ADC 80-11-1-05](#) (Employee Background Checks; Covered Employees) by modifying requirements for employee background checks including who must conduct the background check; amends [GA ADC 80-11-2-01](#) (Mortgage Broker and Lender Location Requirement and Minimum Retention Period) by clarifying that all books, records, and accounts required by GA ADC 80-11-2.02(1)(n) must be maintained for 5 years from the date of the employee no longer working for the licensee; and amends [GA ADC 80-11-3-01](#) (Administrative Fines) by revising the administrative fine for failure to obtain background checks on covered employees in subsection (23) and repealing subsection (27) regarding timely background checks. Latest Update available [here](#).

### Maine

- [2023 ME REG TEXT 637659 \(NS\)](#), effective June 25, 2023, adopts ME ADC 02-030 Ch. 708, § III (Definitions) providing definitions for "mortgage loan originator", "Nationwide Multistate Licensing System", "Administrator", and "Bureau". Adopts ME ADC 02-030 Ch. 708, § IV (General Provisions) stating the licensing period and license fees for mortgage loan originators, providing requirements for late renewal of a license, requiring licensees report changes to existing licensing information within 30 days, and requiring mortgage loan originators list their NMLS unique identifier in any advertising that includes references to the availability of loans or loan related services. Latest Update available [here](#).

### Regulator notices

[HUD seeking comment on revisions to requirements regarding investing lender and mortgagee status as an FHA approved lender or mortgagee](#) (July 18, 2023). The Department of Housing and Urban Development (HUD) has requested comment on a proposal to revise the requirements for investing lenders and investing mortgagees to gain or maintain status as a Federal Housing Administration (FHA) approved lender or mortgagee. The comment deadline is September 18, 2023.

[Federal agencies seeking comment on deficient residential real estate valuation risk guidance](#) (July 21, 2023). The Board of Governors of the Federal Reserve Bank, the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC) have requested comments on proposed guidance that would highlight risks associated with deficient residential real estate valuations and describe how financial institutions may incorporate reconsiderations of value (ROV) processes and controls into established risk management functions. Included are examples of policies that may be established by financial institutions to help identify, address, and mitigate the risk of discrimination impacting residential real estate valuations. The comment deadline is September 19, 2023.

### Regulatory Intelligence and Reuters News

- [U.S. banks' residential mortgages face mandates exceeding global standards](#) (July 19, 2023).

### SECURITIES

#### Recent administrative activity

##### Missouri

- [2023 MO REG TEXT 633199 \(NS\)](#), effective July 30, 2023, amends [15 MO ADC 30-51.170](#) (Dishonest or Unethical Business Practices by Broker-Dealers and Agents) by deleting the current text of subsection (3) and adding a requirement that a broker-dealer or agent disclose when they incorporate a social objective or other nonfinancial objective into a discretionary investment decision to buy or sell a security or commodity, recommend and/or solicit the purchase or sale of a security or commodity, or select, recommend, or advise a customer regarding the selection of a third-party manager or subadviser to manage the investments in the customer's account; and providing a form of disclosure. Latest Update available [here](#).

### Regulator Notices

[Daily computation of customer and broker-dealer reserve requirements under the Broker-Dealer Customer Protection Rule](#) (July 18, 2023). The Securities and Exchange Commission (SEC) has proposed amendments to the broker-dealer customer protection rule to require certain broker-dealers to perform their customer and broker-dealer reserve computations and make any required deposits into their reserve bank accounts daily rather than weekly. The Commission also is seeking comment on whether similar daily reserve computation requirements should apply to broker-dealers and security-based swap dealers with respect to their security-based swap customers. Comments must be received on or before September 11, 2023.

[Exemption for certain investment advisers operating through the Internet](#) (July 26, 2023). The Securities and Exchange Commission (SEC) is proposing amendments to the rule under the Investment Advisers Act of 1940 that exempts certain investment advisers that provide advisory services through the internet from the prohibition on Commission registration, as well as related amendments to Form ADV. The proposed amendments are designed to modernize the rule's conditions to account for the evolution in technology and the

investment advisory industry since the adoption of the rule. Comments must be received on or before 60 days after publication in the Federal Register.

[Conflicts of interest associated with the use of predictive data analytics by broker-dealers and investment advisers](#) (July 26, 2023). The Securities and Exchange Commission (SEC) is proposing new rules under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 to eliminate, or neutralize the effect of, certain conflicts of interest associated with broker-dealers' or investment advisers' interactions with investors through these firms' use of technologies that optimize for, predict, guide, forecast, or direct investment-related behaviors or outcomes. The Commission is also proposing amendments to rules under the Exchange Act and Advisors Act that would require firms to make and maintain certain records in accordance with the proposed conflicts rules. Comments must be received on or before 60 days after publication in the Federal Register. More information available [here](#).

### **Regulatory Intelligence and Reuters News**

- [IA BRIEF: U.S. SEC exam officials warn of risks from lax use of multi-factor authentication](#) (July 3, 2023).
- [U.S. SEC scraps contentious pricing proposal in final money market fund reforms](#) (July 12, 2023).
- [IA BRIEF: Two major adviser rule proposals require prompt reporting of breaches](#) (July 17, 2023).
- [INSIGHT - Financial regulators rushing out AI rules requiring firms to supervise chatbots and digital agents like human counterparts](#) (July 28, 2023).

(Anna Deel, Landon Larivee, Laine Lester, Steven Martino, and Andrew Whitehead, Regulatory Intelligence)

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15-Aug-2023