



Compliance Journal

Special Focus

TRID 2.0 – Disclosing Inspection/Draw/Handling Fees for Construction Loans

Complying with TRID 2.0 became mandatory on October 1, 2018. TRID 2.0 represents the first set of major changes to the TILA/RESPA Integrated Disclosure Rule (TRID) since its inception back in 2015. These changes primarily addressed areas of TRID 1.0 which left a lot to be desired – disclosures for construction loans and simultaneous subordinate liens. Lucky for banks, a number of these changes (e.g. the dreaded Cash to Close table) were, in all likelihood, addressed by your vendor. However, certain changes require bank intervention or, at the very least, bank knowledge. One of those changes is the disclosure of inspection/draw/handling fees for the staged disbursement of construction loan proceeds. Under revised TRID rules, how you disclose inspection/draw/handling fees depends upon when those fees are collected from the consumer. Banks should also be aware of how these changes affect tolerance calculations.

In a construction or construction to permanent loan, banks or title companies often assess an Inspection/Draw/Handling fee (or separate, itemized fees) for the staged disbursement of construction loan proceeds. If such fees are collected from the consumer at or before closing, such fees are disclosed on the Loan Estimate and Closing Disclosure as usual – in the Loan Costs table in sections A, B, or C, as appropriate. Under revised TRID rules, however, if these fees are collected from the consumer AFTER closing (either by the bank or third party, such as a title company), the Inspection/Draw/Handling Fee(s) must be disclosed on a separate Addendum, which must accompany the Loan Estimate and Closing Disclosure. The

Addendum must be titled “Inspection and Handling Fees Collected After Closing”. Importantly, irrespective of how these fees are collected – before, at, or after closing – a bank must list the fees on the Written List of Providers (a.k.a. Shopping List) if the consumer has the ability to shop for the services, according to informal guidance provided by CFPB.

It appears that CFPB modified the disclosure requirements for Inspection/Draw/Handling Fees collected post-closing in order for such fees to be more accurately reflected in the disclosures on the Loan Estimate and Closing Disclosure. For example, if an Inspection/Draw/Handling Fee is collected from the consumer after closing, certainly that fee should not affect the “Cash to Close” calculation. To this end, CFPB did provide the following guidance for Inspection/Draw/Handling fees collected post-closing and disclosed on an Addendum:

- Such fees are considered “loan costs.” Therefore, such fees should be included in the Total of Payments calculation and the In 5 Years calculation.
- Such fees are finance charges and are included as finance charges anywhere a finance charge is included on the disclosures (e.g. in the APR calculation), except these fees should be excluded from all Cash to Close calculations on the disclosures.
- If such fees are withheld from the proceeds of the credit, the fees are prepaid finance charges and the Amount Financed Calculation should

reflect the fee(s). Otherwise – that is, if a post-closing Inspection/Draw/Handling fee is not a prepaid financed charge – the Amount Financed calculation should not reflect these fees.

Finally, it’s important to note the impact on tolerance calculations for Inspection/Draw/Handling fees under revised TRID rules.

1. Inspection/Draw/Handling Fees Collected at or before Consummation. First, if these fees are disclosed in the Loan Costs Table because they are collected at or before closing, they are subject to tolerance just like any other fees disclosed in the Loan Costs table. That is, the tolerance standard is zero, 10%, or unlimited. No change under TRID 2.0.
2. Inspection/Draw/Handling Fees Disclosed on an Addendum and Collected Post-Closing. If an Inspection/Draw/Handling fee is disclosed on an Addendum (because it’s intended to be collected post-closing) and such fees are actually collected post-closing, the best information reasonably available standard applies. Therefore, no tolerance violation will occur.
3. Post-Closing Inspection/Draw/Handling Fees Change Between Addenda. According to informal guidance provided by CFPB, if a post-closing inspection/draw/handling fee amount changes between the time an Addendum is issued with the Loan Estimate (or a revised disclosure) and the Addendum issued with the final



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CD, a conservative reading of the rule is that the fees disclosed on the Addenda may not be governed by the “best information reasonably available standard”. Rather, the fees will be governed by the tolerance category that would apply to those loan costs absent an Addendum. That is, the fees could be subject to 10%, 0%, or unlimited tolerance depending on whether or not the fee is an origination charge and whether or not shopping is permitted/the customer shopped. Put simply, the tolerance is based on whether the fee would be located in Loan Costs section A, B, or C if there wasn’t an Addendum.

Banks should also note that if there is a change to when an Inspection/Draw/Handling Fee will be collected from the consumer, this will likely be a changed

circumstances and tolerance will reset for the Inspection/Draw/Handling fee(s). For example, Bank issued a Loan Estimate and disclosed a Draw fee on an accompanying Addendum because Title Company, who was managing the draws, planned to collect the amount from the consumer post-closing. Two days after the Loan Estimate is issued and weeks before the Closing Disclosure must be issued, Bank decides it will now manage the draws itself and will be collecting the Draw fee from the consumer at closing. According to informal guidance provided by CFPB, this is likely a changed circumstance and, as such, the Bank may reset tolerance for the Draw fee with the issuance of the appropriate disclosure (here, a revised Loan Estimate). The revised disclosure should list the Draw fee in the Loan Costs section, in A, B, or C, as appropriate.

In summary, banks should familiarize themselves with these changes, as applicable to their practices. In addition, it’s important to ensure that your vendor is capable of managing the bank’s construction lending practices for the assessment of Inspection/Draw/Handling fees.

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Agencies Finalize Amendments to Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Amount.

The Bureau of Consumer Financial Protection (CFPB), the Board of Governors of the Federal Reserve System (FRB), and the Office of the Comptroller of the Currency (OCC) are finalizing amendments to the official interpretations for their regulations that implement section 129H of the Truth in Lending Act (TILA). Section 129H of TILA establishes special appraisal requirements for “higher-risk mortgages,” termed “higher-priced mortgage loans” or “HPMLs” in the agencies’ regulations. Agencies’ rules exempted, among other loan types, transactions of \$25,000 or less, and required that this loan amount be adjusted annually based on any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the agencies will not adjust this exemption threshold from the prior year. However, in years following a year in which the exemption threshold was not adjusted, the threshold is calculated by applying the annual percentage increase in the CPI-W to the dollar amount that would have resulted, after rounding, if the decreases and any subsequent increases in the CPI-W had been taken into account. Based on the CPI-W in effect as of **06/01/2018**, the exemption threshold will increase from \$26,000 to \$26,700, effective **01/01/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-23/pdf/2018-25400.pdf>. *Federal Register*, Vol. 83, No. 226, 11/23/2018, 59272-59274.

Agencies Announce 2019 Regulation M Exemption Threshold Amount.

The Bureau of Consumer Financial Protection (CFPB), and the Board of Governors of the Federal Reserve System (FRB) are finalizing amendments to the official interpretations and commentary

for the agencies’ regulations that implement the Consumer Leasing Act (CLA). The Dodd-Frank Act amended the CLA by requiring that the dollar threshold for exempt consumer leases be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the agencies will not adjust this exemption threshold from the prior year. However, in years following a year in which the exemption threshold was not adjusted, the threshold is calculated by applying the annual percentage change in the CPI-W to the dollar amount that would have resulted, after rounding, if the decreases and any subsequent increases in the CPI-W had been taken into account. Based on the annual percentage increase in the CPI-W as of **06/01/2018**, the exemption threshold will increase from \$55,800 to \$57,200 effective **01/01/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-23/pdf/2018-25396.pdf>. *Federal Register*, Vol. 83, No. 226, 11/23/2018, 59274-59276.

Agencies Announce 2019 Regulation Z Exemption Threshold Amount.

The Bureau of Consumer Financial Protection (CFPB), and the Board of Governors of the Federal Reserve System (FRB) are finalizing amendments to the official interpretations and commentary for the agencies’ regulations that implement the Truth in Lending Act (TILA). The Dodd-Frank Act amended TILA by requiring that the dollar threshold for exempt consumer credit transactions be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). If there is no annual percentage increase in the CPI-W, the agencies will not adjust this exemption threshold from the prior year. However, in years following a year in which the exemption threshold was not adjusted, the threshold is calculated by applying the annual percentage change in the CPI-W to the dollar amount that would have resulted, after rounding, if the

decreases and any subsequent increases in the CPI-W had been taken into account. Based on the annual percentage increase in the CPI-W as of **06/01/2018**, the exemption threshold will increase from \$55,800 to \$57,200 effective **01/01/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-23/pdf/2018-25398.pdf>. *Federal Register*, Vol. 83, No. 226, 11/23/2018, 59276-59278.

CFPB Proposes Civil Penalty Inflation Adjustments.

The Bureau of Consumer Financial Protection (CFPB) is proposing to amend its rule adjusting for inflation the maximum amount of each civil penalty within CFPB’s jurisdiction pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. CFPB is proposing an amendment to specify that the adjusted civil monetary penalties only apply to assessments whose associated violations occurred on, or after, **11/02/2015** (the date the 2015 Inflation Adjustment Act amendments were signed into law). Comments are due **11/13/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-12/pdf/2018-22217.pdf>. *Federal Register*, Vol. 83, No. 198, 10/12/2018, 51653-51654.

CFPB Issues Supervisory Highlights.

CFPB is issuing the seventeenth edition of its Supervisory Highlights. In the issue of Supervisory Highlights, CFPB reports examination findings in the areas of auto finance lending; credit card account management; debt collection; deposits; mortgage servicing; mortgage origination; service providers; short-term, small-dollar lending; remittances; and fair lending. As in past editions, the report includes information on CFPB’s use of its supervisory and enforcement authority, recently released examination procedures, and CFPB guidance. The notice may be viewed



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at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-18/pdf/2018-22726.pdf>. *Federal Register*, Vol. 83, No. 202, 10/18/2018, 52816-52822.

FRB Finalizes Reserve Requirements of Depository Institutions.

The Board of Governors of the Federal Reserve System (FRB) is amending Regulation D, Reserve Requirements of Depository Institutions, to reflect the annual indexing of the reserve requirement exemption amount and the low reserve tranche for 2019. The Regulation D amendments set the amount of total reservable liabilities of each depository institution that is subject to a zero percent reserve requirement in 2019 at \$16.3 million (up from 16.0 million in 2018). This amount is known as the reserve requirement exemption amount. The Regulation D amendments also set the amount of net transaction accounts at each depository institution (over the reserve requirement exemption amount) that is subject to a three percent reserve requirement in 2019 at \$124.2 million (up from \$122.3 million in 2018). This amount is known as the low reserve tranche. The adjustments to both of these amounts are derived using statutory formulas specified in the Federal Reserve Act. FRB is also announcing changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit, that are used to determine the frequency at which depository institutions must submit deposit reports. The rule is effective **11/29/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-30/pdf/2018-23608.pdf>. *Federal Register*, Vol. 83, No. 210, 10/30/2018, 54517-54519.

FRB Requests Comment on Information Collection.

- FRB announced it seeks comment on the information collection titled Disclosure Requirements of subpart H of Regulation H (Consumer Protections in Sales of Insurance). FRB also gave notice that it sent the collection to OMB for review. Comments are

due **12/17/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-17/pdf/2018-22551.pdf>. *Federal Register*, Vol. 83, No. 201, 10/17/2018, 52452-52453.

- FRB announced it seeks comment on the information collection titled Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies, and the Annual Report of Merchant Banking Investments Held for an Extended Period. FRB also gave notice that it sent the collection to OMB for review. Comments are due **01/04/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24118.pdf>. *Federal Register*, Vol. 83, No. 214, 11/05/2018, 55366-55368.

FDIC Proposes Rescinding Disclosure of Financial and Other Information Regulations.

The Federal Deposit Insurance Corporation (FDIC) proposes to rescind and remove its regulations relating to the disclosure of financial and other information by FDIC-insured state nonmember banks. Upon the removal of the regulations, all insured state nonmember banks and insured state-licensed branches of foreign banks would no longer be subject to the annual disclosure statement requirement found in those regulations. The financial and other information that has been subject to disclosure by individual banks pursuant to these regulations is publicly available through the FDIC's website. Comments are due **11/26/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-25/pdf/2018-23042.pdf>. *Federal Register*, Vol. 83, No. 207, 10/25/2018, 53829-53832.

FDIC Requests Comment on Information Collections.

- FDIC announced it seeks comment on the information collection titled Resolution Plans Required for Insured Depository Institutions With \$50

Billion or More in Total Assets. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **11/28/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-29/pdf/2018-23500.pdf>. *Federal Register*, Vol. 83, No. 209, 10/29/2018, 54351-54352.

- FDIC announced it seeks comment on the information collection titled Certification of Compliance with Mandatory Bars to Employment. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **11/29/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-30/pdf/2018-23597.pdf>. *Federal Register*, Vol. 83, No. 210, 10/30/2018, 54589-54590.
- FDIC announced it seeks comment on the information collection titled Activities and Investments of Insured State Banks. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23987.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55167-55170.
- FDIC announced it seeks comment on the information collection titled Privacy of Consumer Information. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23987.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55167-55170.
- FDIC announced it seeks comment on the information collection titled Registration of Mortgage Loan Originators (SAFE Act). FDIC also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23987.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55167-55170.



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- FDIC announced it seeks comment on the information collection titled National Survey of Unbanked and Underbanked Households. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **01/07/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-06/pdf/2018-24228.pdf>. *Federal Register*, Vol. 83, No. 215, 11/06/2018, 55532-55533.

FDIC Issues Terminations of Receiverships.

- FDIC as Receiver for former depository institutions, intends to terminate its receivership for the institutions listed in the notices. The liquidation of the assets for each receivership has been completed. To the extent permitted by available funds and in accordance with law, the Receiver will be making a final dividend payment to proven creditors. Based upon the foregoing, the Receiver has determined that the continued existence of the receiverships will serve no useful purpose. Consequently, notice is given that the receiverships shall be terminated, to be effective no sooner than thirty days after the date of this notice. If any person wishes to comment concerning the termination of any of the receiverships, such comment must be made in writing, identify the receivership to which the comment pertains, and be sent within thirty days of the date of this notice to: Federal Deposit Insurance Corporation, Division of Resolutions and Receiverships, Attention: Receivership Oversight Department 34.6, 1601 Bryan Street, Dallas, TX 75201. No comments concerning the termination of the above-mentioned receiverships will be considered which are not sent within this time frame. The notices may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-19/pdf/2018-22747.pdf>. *Federal Register*, Vol. 83, No. 203, 10/19/2018, 53061. <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24172.pdf>.

Federal Register, Vol. 83, No. 214, 11/05/2018, 55364. <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24115.pdf>. *Federal Register*, Vol. 83, No. 214, 11/05/2018, 55364.

- FDIC as Receiver was charged with the duty of winding up the affairs of former depository institutions and liquidating all related assets. The Receiver has fulfilled its obligations and made all dividend distributions required by law. The Receiver has further irrevocably authorized and appointed FDIC-Corporate as its attorney-in-fact to execute and file any and all documents that may be required to be executed by the Receiver which FDIC-Corporate, in its sole discretion, deems necessary, including but not limited to releases, discharges, satisfactions, endorsements, assignments, and deeds. Effective on the termination dates listed in the final column of the chart in the notice, the Receiverships have been terminated, the Receiver has been discharged, and the Receiverships have ceased to exist as legal entities. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24500.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56079.

OCC Requests Comment on Information Collections.

- The Office of the Comptroller of the Currency (OCC) announced it seeks comment on the information collection titled Interagency Appraisal Complaint Form. OCC also gave notice that it sent the collection to OMB for review. Comments are due **12/26/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-26/pdf/2018-23395.pdf>. *Federal Register*, Vol. 83, No. 208, 10/26/2018, 54174-54175.
- OCC announced it seeks comment on the information collection titled Margin and Capital Requirements for Covered Swap Entities. OCC also

gave notice that it sent the collection to OMB for review. Comments are due **01/07/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-06/pdf/2018-24209.pdf>. *Federal Register*, Vol. 83, No. 215, 11/06/2018, 55598-55560.

- OCC announced it seeks comment on the information collection titled Consumer Protections for Depository Institution Sales of Insurance. OCC also gave notice that it sent the collection to OMB for review. Comments are due **01/08/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24495.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56150-56151.
- OCC announced it seeks comment on the information collection titled Market Risk. OCC also gave notice that it sent the collection to OMB for review. Comments are due **01/08/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24494.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56148-56150.

HUD Requests Comment on Information Collections.

- The Department of Housing and Urban Development (HUD) announced it seeks comment on the information collection titled New Construction Subterranean Termite Protection for New Homes. HUD also gave notice that it sent the collection to OMB for review. Comments are due **11/13/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-12/pdf/2018-22243.pdf>. *Federal Register*, Vol. 83, No. 198, 10/12/2018, 51695.
- HUD announced it seeks comment on the information collection titled HOPE VI Implementation and HOPE VI Main Street Programs: Funding and Program Data Collection. HUD also gave notice that it sent the collection to OMB for review. Comments



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are due **12/10/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24489.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56091-56092.

- HUD announced it seeks comment on the information collection titled Office of Native American Program (ONAP) Training and Technical Assistance Evaluation Form. HUD also gave notice that it sent the collection to OMB for review. Comments are due **12/10/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24491.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56095-56096.
- HUD announced it seeks comment on the information collection titled Insurance Termination Request for Multifamily Mortgage. HUD also gave notice that it sent the collection to OMB for review. Comments are due **01/08/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24488.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56093-56094.
- HUD announced it seeks comment on the information collection titled Rural Capacity Building. HUD also gave notice that it sent the collection to OMB for review. Comments are due **01/08/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24492.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56094-56095.
- HUD announced it seeks comment on the information collection titled Voucher Management System (VMS), Section 8 Budget and Financial Forms. HUD also gave notice that it sent the collection to OMB for review. Comments are due **12/10/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-09/pdf/2018-24490.pdf>. *Federal Register*, Vol. 83, No. 218, 11/09/2018, 56092-56093.

HUD Issues Designation of Difficult Development Areas and Qualified Census Tracts.

HUD issued a notice designating 2019 “Difficult Development Areas” (DDAs) and “Qualified Census Tracts” (QCTs) for purposes of the Low-Income Housing Tax Credit (LIHTC) under Internal Revenue Code (IRC) Section 42, as enacted by the Tax Reform Act of 1986. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-22/pdf/2018-23000.pdf>. *Federal Register*, Vol. 83, No. 204, 10/22/2018, 53282-53288.

HUD Announces Reverse Mortgage Loan Sales.

HUD announced its intention to competitively offer multiple residential reverse mortgage pools consisting of approximately 1,150 reverse mortgage notes secured by properties with a loan balance of approximately \$230 million. The sale will consist of due and payable Secretary-held reverse mortgage loans. The mortgage loans consist of first liens secured by single family, vacant residential properties, where all borrowers are deceased, and no borrower is survived by a non-borrowing spouse. The sale will be held on **12/12/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-07/pdf/2018-24395.pdf>. *Federal Register*, Vol. 83, No. 216, 11/07/2018, 55733-55735.

FEMA Issues Final Flood Hazard Determinations.

- The Federal Emergency Management Agency (FEMA) has issued a final notice which identifies communities in the state of **Illinois**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance

Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA’s National Flood Insurance Program (NFIP). The final notice is effective **02/15/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-25/pdf/2018-23343.pdf>. *Federal Register*, Vol. 83, No. 207, 10/25/2018, 53892-53894.

- FEMA has issued a final notice which identifies communities in the states of **Indiana**, and **Minnesota**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA’s National Flood Insurance Program (NFIP). The final notice is effective **12/21/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-26/pdf/2018-23383.pdf>. *Federal Register*, Vol. 83, No. 208, 10/26/2018, 54132-54133.
- FEMA has issued a final notice which identifies communities in the states of **Iowa**, and **Wisconsin**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable,



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in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA's National Flood Insurance Program (NFIP). The final notice is effective **02/01/2019**.

The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23918.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55192-55194.

- FEMA has issued a final notice which identifies communities in the states of **Iowa**, and **Minnesota**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA's National Flood Insurance Program (NFIP). The final notice is effective **12/07/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24072.pdf>. *Federal Register*, Vol. 83, No. 214, 11/05/2018, 55381-55383.

FEMA Issues Notice of Changes in Flood Hazard Determinations.

FEMA has issued a notice which lists communities in the states of **Indiana**, **Nebraska**, and **Wisconsin**, where the addition or modification of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or the regulatory

floodway (hereinafter referred to as flood hazard determinations), as shown on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports, prepared by FEMA for each community, is appropriate because of new scientific or technical data. The flood hazard determinations will become effective on the dates listed in the table in the notice and revise the FIRM panels and FIS report in effect prior to the determination for the listed communities. From the date of the second publication of notification of these changes in a newspaper of local circulation, any person has ninety (90) days in which to request through the community that the Deputy Associate Administrator for Mitigation reconsider the changes. The flood hazard determination information may be changed during the 90-day period. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24199.pdf>. *Federal Register*, Vol. 83, No. 214, 11/05/2018, 55386-55388.

FEMA Issues Proposed Flood Hazard Determinations.

FEMA has requested comments on proposed flood hazard determinations, which may include additions or modifications of any Base Flood Elevation (BFE), base flood depth, Special Flood Hazard Area (SFHA) boundary or zone designation, or regulatory floodway on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports for communities in the states of **Iowa**, and **Nebraska**. The FIRM and FIS report are the basis of the floodplain management measures that the community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). Comments are due **02/04/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-05/pdf/2018-24198.pdf>. *Federal Register*, Vol. 83, No. 214, 11/05/2018, 55379-55380.

FEMA Issues Major Disaster Declaration.

FEMA issued a notice that, in a letter dated **10/18/2018**, the President issued a major disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq. (the "Stafford Act"), for the state of Wisconsin. The declaration authorizes FEMA to provide Individual Assistance and Public Assistance in the designated areas and Hazard Mitigation throughout the state. The declaration was issued **10/18/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23919.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55191.

FinCEN Requests Comment on Information Collections.

- The Financial Crimes Enforcement Network (FinCEN) announced it seeks comment on the information collection titled Suspicious Activity Report by Securities and Futures Industries. FinCEN also gave notice that it sent the collection to OMB for review. Comments are due **11/29/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-30/pdf/2018-23645.pdf>. *Federal Register*, Vol. 83, No. 210, 10/30/2018, 54659-54660.
- FinCEN announced it seeks comment on the information collection titled Anti-Money Laundering programs for money services business, mutual funds, operators of credit card systems, and Providers of Prepaid Access. FinCEN also gave notice that it sent the collection to OMB for review. Comments are due **11/29/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-30/pdf/2018-23645.pdf>. *Federal Register*, Vol. 83, No. 210, 10/30/2018, 54659-54660.



Regulatory Spotlight

Treasury Finalizes Regulations Regarding Tax Return Preparer Penalty.

The Department of the Treasury (Treasury) finalized regulations relating to the tax return preparer penalty. The final regulations are necessary to implement recent law changes that expand the scope of the tax return preparer due diligence penalty so that it applies to the child tax credit (CTC)/additional child tax credit (ACTC), and the American opportunity tax credit (AOTC) as well as to eligibility to file a return or claim for refund as head of household. The regulations affect tax return preparers. The regulations are effective **11/07/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-07/pdf/2018-24411.pdf>. *Federal Register*, Vol. 83, No. 216, 11/07/2018, 55632-55636.

Treasury Proposes De Minimis Error Safe Harbor Exceptions.

Treasury proposed regulations relating to penalties for failure to file correct information returns or furnish correct payee statements. The proposed regulations contain safe harbor rules that, for penalty purposes, generally treat as correct payee statements or corresponding information returns that contain errors relating to de minimis incorrect dollar amounts. They prescribe the time and manner in which a payee may elect not to have the safe harbor rules apply. They also update penalty amounts and update references to information reporting obligations. Finally, they provide rules relating to the reporting of basis of securities by brokers as this reporting relates to the de minimis error safe harbor rules. The proposed regulations affect persons required to either file information returns or to furnish payee statements, and recipients of payee statements. Comments are due **12/17/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-17/pdf/2018-22393.pdf>. *Federal Register*, Vol. 83, No. 201, 10/17/2018, 52726-52749.

Treasury Proposes Changes to Health Reimbursement Arrangements and Other Account-Based Group Health Plans.

Treasury proposed rules to expand opportunities for working people and their families to access affordable, quality healthcare through proposed changes to regulations under various provisions of the Public Health Service Act (PHS Act), the Employee Retirement Income Security Act (ERISA), and the Internal Revenue Code regarding health reimbursement arrangements (HRAs) and other account-based group health plans. Specifically, the proposed rules allow integrating HRAs with individual health insurance coverage, if certain conditions are met. The proposed rules also set forth conditions under which certain HRAs would be recognized as limited excepted benefits. Treasury also proposes rules regarding premium tax credit eligibility for individuals offered coverage under an HRA integrated with individual health insurance coverage. Comments are due **12/28/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-29/pdf/2018-23183.pdf>. *Federal Register*, Vol. 83, No. 209, 10/29/2018, 54420-54477.

Treasury Announces Guarantee Availability for Bond Guarantee Program.

Treasury is inviting Qualified Issuer Applications and Guarantee Applications for the Community Development Financial Institutions (CDFI) Bond Guarantee Program. CDFI Fund announces the availability of up to \$1 billion of Guarantee Authority in FY 2019, contingent upon Congressional authorization. Significant dates for applicants may be found in the notice. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-06/pdf/2018-24273.pdf>. *Federal Register*, Vol. 83, No. 215, 11/06/2018, 55582-55598.

Treasury Requests Comment on Information Collections.

- Treasury announced it seeks comment on the information collection titled Entity Classification Election. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **12/18/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-19/pdf/2018-22807.pdf>. *Federal Register*, Vol. 83, No. 203, 10/19/2018, 53152.
- Treasury announced it seeks comment on the information collection titled Debt Instruments with Original Discount; Imputed Interest on Deferred Payment Sales or Exchanges of Property; Property Traded on an Established Market. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **12/26/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-26/pdf/2018-23482.pdf>. *Federal Register*, Vol. 83, No. 208, 10/26/2018, 54176-54177.
- Treasury announced it seeks comment on the information collection titled Validating Your TIN and Reasonable Cause. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23949.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55235-55236.

FHFA Finalizes Amendments to Community Support Program.

The Federal Housing Finance Agency (FHFA) is issuing a final rule amending its community support regulation to require that FHFA establish relevant dates for FHFA's biennial community support review by written notice to the Federal Home Loan Banks (Banks). The amendments do not affect the substantive requirements of the regulation and do not change the cri-



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teria for determining member compliance with the community support standards and eligibility for access to long-term Bank advances. The final rule is effective **11/15/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-16/pdf/2018-22451.pdf>. *Federal Register*, Vol. 83, No. 200, 10/16/2018, 52115-52118.

FHFA Finalizes Amendments to Responsibilities of Boards of Directors, Corporate Practices, and Corporate Governance.

FHFA is amending its regulation on the Responsibilities of Boards of Directors, Corporate Practices, and Corporate Governance for its regulated entities. The final rule amends the existing regulation pertaining to Federal Home Loan Bank strategic business plans so that it applies as well to the Enterprises, and makes a number of adjustments and conforming changes to the existing regulation. As amended, the regulation requires that the board of directors of each regulated entity have in effect at all times a strategic business plan that describes its strategy for achieving its mission and public purposes. It extends to the Enterprise boards the existing provision requiring the board of each Federal Home Loan Bank to review the strategic business plan at least annually, re-adopt it at least once every three years, and establish reporting requirements for and monitor implementation of the strategic business plan. The final rule adds a new provision regarding current and emerging risks, repeals two outdated provisions of the existing regulation, and makes a conforming change to the Office of Finance Board of Directors regulation. The final rule is effective **12/18/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-19/pdf/2018-22859.pdf>. *Federal Register*, Vol. 83, No. 203, 10/19/2018, 52950-52954.

FHFA Proposes Amendments to Housing Goals.

FHFA is proposing to amend the existing Federal Home Loan Bank Housing Goals

regulation. FHFA proposes to replace the existing four separate retrospective housing goals with a single prospective mortgage purchase housing goal as well as establish a separate small member participation housing goal. The proposed rule would also allow the Banks to request FHFA approval of alternative target levels for the proposed goals. Finally, FHFA is proposing to eliminate the existing \$2.5 billion volume threshold that triggers the application of housing goals for each Bank. Comments are due **01/31/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-23890.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55114-55133.

FHFA Requests Comment on Information Collection.

FHFA announced it seeks comment on the information collection titled Advances to Housing Associates. FHFA also gave notice that it sent the collection to OMB for review. Comments are due **12/17/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-17/pdf/2018-22667.pdf>. *Federal Register*, Vol. 83, No. 201, 10/17/2018, 52451-52452.

SBA Amends Development Company Loan Program.

The Small Business Administration (SBA) is changing the job creation or retention requirements under its Development Company Loan Program (504 Loan Program) by increasing the dollar amounts used in calculating the number of jobs that must be created or retained for each 504 Project and for the portfolio average of each Certified Development Company. In addition, SBA is designating additional areas for application of the higher portfolio average. The changes will apply to all 504 loans that are approved under the 504 Loan Program on or after **11/02/2018**. Comments are due **12/03/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-24033.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 55224-55226.

SBA Issues Maximum Allowable 7(a) Fixed Interest Rates.

SBA announced the maximum allowable fixed interest rates for 7(a) guaranteed loans. SBA is increasing the maximum allowable spread as follows: For 7(a) fixed rate loans of \$250,000 or less, SBA is setting the maximum allowable spread over Prime at 6% (plus the additional spread permitted under 13 CFR 120.215 for very small loans). For 7(a) fixed rate loans over \$250,000, SBA is setting the maximum allowable spread over Prime at 5%. The maximum allowable spread will no longer depend on the term of the loan. The notice is effective **11/06/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-06/pdf/2018-24258.pdf>. *Federal Register*, Vol. 83, No. 215, 11/06/2018, 55478-55479.

SBA Issues Major Disaster Declarations.

- SBA issued notice that as a result of the President's major disaster declaration on **10/18/2018** for the state of Wisconsin, applications for disaster loans may be filed at the address listed in the notice or other locally announced locations. Applications are due **01/18/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-25/pdf/2018-23325.pdf>. *Federal Register*, Vol. 83, No. 207, 10/25/2018, 53935-53936.
- SBA issued notice that as a result of the President's major disaster declaration on **10/18/2018** for the state of Wisconsin, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed in the notice or other locally announced locations. Applications for Physical Damage Loans are due **12/17/2018**, applications for Economic Injury Loans are due **07/18/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-25/pdf/2018-23359.pdf>.



Regulatory Spotlight

Federal Register, Vol. 83, No. 207, 10/25/2018, 53934-53935.

FSA Requests Comment on Information Collection.

The Farm Service Agency (FSA) announced it seeks comment on the information collection titled The Biofuel Infrastructure Partnership Grants to States. FSA also gave notice that it sent the collection to OMB for review. Comments are due **12/11/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-12/pdf/2018-22216.pdf>. *Federal Register*, Vol. 83, No. 198, 10/12/2018, 51660-51661.

FCA Finalizes Amendments to Regulations Governing the Eligibility of Non-Program Investments.

The Farm Credit Administration (FCA) finalizes amendments to regulations governing the eligibility of non-program investments held by the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA is revising these regulations in compliance with section 939A of the Dodd-Frank Act by removing references to, and requirements relating to, credit ratings. This regulation shall become effective no earlier than 30 days after publication in the *Federal Register* during which either or both Houses of Congress are in session. FCA will publish a notice of the effective date in the *Federal Register*. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-02/pdf/2018-24045.pdf>. *Federal Register*, Vol. 83, No. 213, 11/02/2018, 550193-55099.

FCIC Finalizes Standards of Approval.

The Federal Crop Insurance Corporation (FCIC) finalized the General Administrative Regulations; Subpart L—Reinsurance Agreement—Standards for Approval; Regulations for the 2019 and Subsequent Reinsurance Years. The intended effect of this action is to clarify and improve

Subpart L to better align with the existing Standard Reinsurance Agreement (SRA) and Livestock Price Reinsurance Agreement (LPRA) and to eliminate language that is no longer relevant. The rule is effective **11/13/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-11/pdf/2018-21699.pdf>. *Federal Register*, Vol. 83, No. 197, 10/11/2018, 51301-51303.

FASB Requests Comment on Exposure Drafts.

- The Federal Accounting Standards Advisory Board (FASB) has released for public comment an exposure draft of a proposed Interpretation, *Guidance on Recognizing Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5*. The proposed Interpretation is available on the FASB website at: <http://www.fasab.gov/documents-forcomment/>. Copies can be obtained by contacting FASB at (202) 512-7350. Comments are due **01/17/2019**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-23/pdf/2018-23110.pdf>. *Federal Register*, Vol. 83, No. 205, 10/23/2018, 53473-53474.
- FASB has released an exposure draft of a proposed Statement of Federal Financial Accounting Concepts (SF-FAC), *Materiality*, for public comment. The proposed SF-FAC is available on the FASB website at: <http://www.fasab.gov/documents-forcomment/>. Copies can be obtained by contacting FASB at (202) 512-7350. Comments are due **01/23/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-23/pdf/2018-23109.pdf>. *Federal Register*, Vol. 83, No. 205, 10/23/2018, 53473.

NCUA Amends Risk-Based Capital Rule.

The National Credit Union Administration (NCUA) is amending previously revised

regulations regarding prompt corrective action (PCA). The final rule delays the effective date of NCUA's **10/29/2015** final rule regarding risk-based capital (2015 Final Rule) for one year, moving the effective date from **01/01/2019** to **01/01/2020**. During the extended delay period, the NCUA's current PCA requirements will remain in effect. The final rule also amends the definition of a "complex" credit union adopted in the 2015 Final Rule for risk-based capital purposes by increasing the threshold level for coverage from \$100 million to \$500 million. These changes provide covered credit unions and NCUA with additional time to prepare for the rule's implementation, and exempt an additional 1,026 credit unions from the risk-based capital requirements of the 2015 Final Rule without subjecting the National Credit Union Share Insurance Fund (NCUSIF) to undue risk. The final rule is effective **01/01/2020**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-11-06/pdf/2018-24171.pdf>. *Federal Register*, Vol. 83, No. 215, 11/06/2018, 55467-55478.

SSA Proposes Prohibition of Persons with Certain Criminal Convictions from Serving as Representative Payees.

The Social Security Administration (SSA) proposes to amend regulations to prohibit persons convicted of certain crimes from serving as representative payees under the Social Security Act (Act). We are proposing these revisions because of changes to the Act made by the Strengthening Protections for Social Security Beneficiaries Act of 2018. Comments are due **11/13/2018**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2018-10-11/pdf/2018-22168.pdf>. *Federal Register*, Vol. 83, No. 197, 10/11/2018, 51400-51403. ■



Compliance Notes

▲ IRS issued the 2019 annual inflation adjustments for many tax provisions as well as the 2019 tax rate tables for individuals and estates and trusts. The notice may be viewed at: <https://www.irs.gov/pub/irs-drop/rp-18-57.pdf>

▲ CFPB has issued updated versions of its Small Entity Compliance Guides for the HOEPA and Loan Originator rules to reflect the broadened and expanded exemption for manufactured home retailers in section 107 of the Economic Growth, Regulatory Relief, and Consumer Protection Act and certain other updates detailed in the Version Log for each guide document. The HOEPA Guide may be viewed at: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcftp_hoeпа_small-entity_compliance-guide.pdf The Loan Originator Rule Guide may be viewed at: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcftp_loan-originator_small-entity_compliance-guide.pdf

▲ FHA released its 2018 Annual Report to Congress on the economic condition of the agency's Mutual Mortgage Insurance Fund (MMI Fund). FHA reports that at the end of Fiscal Year (FY) 2018, the MMI Fund had a total Economic Net Worth of \$34.8 billion and a Capital Reserve Ratio that remains above the statutory minimum for a fourth consecutive year. The full report may be viewed at: <https://www.hud.gov/sites/dfiles/Housing/documents/2018fhaannualreportMMIFund.pdf>

▲ FHFA has issued its FY 2018 Performance and Accountability Report. The report outlines FHFA's responsibilities, goals, and how the agency has met them in FY 2018. The full report may be viewed at: <https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-2018-PAR.pdf>

▲ FTC issued its Fiscal Year 2018 Agency Financial Report, which describes the agency's strong fiscal management and key program performance of the agency during the past year. The report highlights FTC accomplishments in furtherance of its missions to protect consumers and

promote competition, and reaffirms the agency's commitment to responsible stewardship of resources and sound financial operations. Prepared in accordance with OMB Circular A-136, the report includes annual audited financial statements, as well as the Office of the Inspector General's assessment of FTC's key management accomplishments and opportunities for performance improvements. FTC's FY 2018 independent financial statement audit marks the agency's 22nd consecutive unmodified opinion, the highest audit opinion available. The report may be viewed at: <https://www.ftc.gov/news-events/press-releases/2018/11/ftc-issues-agency-financial-report-fiscal-year-2018>

▲ FDIC has released the 2018 version of the instructor-led Money Smart for Adults financial education curriculum. Instructors can use the fully scripted materials with minimal preparation to deliver unbiased, relevant, and accurate financial education. The new version includes expanded content on topics such as mobile banking, reading a pay statement, renting an apartment, and creative ways to save money, as well as updated information on standard topics such as credit reports and scores. Information on the Money Smart program may be viewed at: <https://www.fdic.gov/consumers/consumer/moneysmart/index.html>

▲ OCC issued a bulletin announcing the release of its Policies and Procedures Manual (PPM) for enforcement actions against institution-affiliated parties (IAP) of national banks, federal savings associations, and federal branches and agencies of foreign banks. The PPM generally sets forth the OCC's existing policies and procedures for taking enforcement actions against a current or former IAP in response to violations of laws, regulations, final agency orders, conditions imposed in writing, or written agreements; unsafe or unsound practices; or breaches of fiduciary duty. OCC also updated its policies and procedures regarding bank enforcement actions and related matters, and civil money penalties, primarily to ensure consistency with its policies and procedures for enforcement

actions against IAPs. The bulletin may be viewed at: <https://www.occ.gov/news-issuances/bulletins/2018/bulletin-2018-41.html>

▲ FRB released the October 2018 Senior Loan Officer Opinion Survey (SLOOS), which addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months, which generally corresponds to the third quarter of 2018. Regarding loans to business borrowers, banks indicated that they eased their standards and terms for commercial and industrial (C&I) loans while experiencing weaker demand for such loans on balance. At the same time, banks reportedly left their standards unchanged on most categories of commercial real estate (CRE) loans, while demand reportedly weakened for most categories of such loans. The full survey results may be viewed at: <https://www.federalreserve.gov/data/sloos/sloos-201810.htm>

▲ DATCP has extended the deadline to apply for 2019 Industrial Hemp Research Pilot Program licenses and registrations to 03/01/2019. The final 2018 report for participants is still due 12/15/2018. The notice may be viewed at: https://datcp.wi.gov/Pages/Programs_Services/IndustrialHemp.aspx

▲ FDIC added new items to its cybersecurity awareness resources for financial institutions. This includes two new vignettes for the Cyber Challenge, which consists of exercises that are intended to encourage discussions of operational risk issues and the potential impact of information technology disruptions on common banking functions. The announcement and resources may be viewed at: <https://www.fdic.gov/news/news/financial/2018/fil18063.html>

▲ FRB released the inaugural Supervision and Regulation Report. The report summarizes banking conditions and the Federal Reserve's supervisory and regulatory activities, in conjunction with semiannual testimony before Congress by the Vice Chairman for Supervision. The



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report may be viewed at: <https://www.federalreserve.gov/publications/2018-november-supervision-and-regulation-report-preface.htm>

▲ CFPB has updated some of its youth financial education content to provide K-12 educators with new, free resources to help students develop financial knowledge, skills, and habits. The tools and further information may be viewed at: <https://www.consumerfinance.gov/about-us/blog/new-financial-education-resources-help-teachers-bring-youth-financial-capability-classroom/>

▲ FFIEC has issued a statement regarding actions taken under OFAC's Cyber-Related Sanctions Program and to the potential impact that sanctions may have on financial institutions' operations, including the use of services of a sanctioned entity. The statement may be viewed at: <https://www.ncua.gov/newsroom/Documents/joint-statement-ofac-cyber-related-sanctions-program.pdf>

▲ FDIC released the October 2018 edition of the FDIC Consumer News which features an article on credit and debit card billing issues. The full article may be viewed at: <https://www.fdic.gov/consumers/consumer/news/october2018.pdf>

▲ FRB issued an updated Reserve Maintenance Manual. The manual provides information regarding reserve calculations and account maintenance for depository institutions that file the Federal Reserve (FR) 2900 form (Report of Transaction Accounts, Other Deposits and Vault Cash) with the Federal Reserve, either weekly or quarterly. The update includes revisions to reflect changes in reporting requirements, and calculation of reserve balance requirements. The manual may be viewed at: <https://www.federalreserve.gov/monetarypolicy/files/reserve-maintenance-manual.pdf>

▲ CFPB issued a statement announcing its intent to issue proposed rules in January 2019 that will reconsider its rule regarding Payday, Vehicle Title, and

Certain High-Cost Installment Loans and address the rule's compliance date. The statement may be viewed at: <https://www.consumerfinance.gov/about-us/newsroom/public-statement-regarding-pay-day-rule-reconsideration-and-delay-compliance-date/>

▲ FFIEC announced the availability of data on small business, small farm, and community development lending reported by certain commercial banks and savings associations, pursuant to the CRA. The data may be accessed at: <https://www.ffiec.gov/press/pr102518.htm>

▲ CFPB has issued the Filing Instructions Guide (FIG) for data collected in 2018 to be submitted to CFPB in 2019. The guide may be viewed at: <https://s3.amazonaws.com/cfpb-hmda-public/prod/help/2018-hmda-fig-2018-hmda-rule.pdf>

▲ CFPB updated its Compliance and Guidance webpage based on feedback received in listening sessions and requests to streamline user experience. The updated page may be viewed at: <https://www.consumerfinance.gov/policy-compliance/guidance/>

▲ FDIC released the results of the 2017 biennial National Survey of Unbanked and Underbanked Households which indicates that for the third consecutive survey period, the number of U.S. households without a bank account fell. The percentage of U.S. households that were unbanked in 2017 the most recent year of the survey, was 6.5 percent, the lowest rate recorded since the FDIC began conducting the survey in 2009. It was down from 7.0 percent in 2015, and down significantly from a high of 8.2 percent in 2011. The unbanked numbers for 2017 equate to 14.1 million adults in 8.4 million households not having a checking or savings account. The decline in the unbanked rate from 2015 to 2017 can be explained almost entirely by improvements in the socioeconomic circumstances of U.S. households. The number of underbanked U.S. households was also down compared to 2015 levels. The full results of the sur-

vey may be viewed at: <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

▲ FFIEC has redesigned its FFIEC BSA/AML InfoBase website which was developed to provide field examiners at the financial institution regulatory agencies with an electronic source for training and distributing needed examination information. The website may be viewed at: <https://bsaaml.ffiec.gov/>

▲ FDIC has provided an optional alternative file format for use in processing an alternative recordkeeping entity accounts (e.g. pass-through account holder, custodian or fiduciary) held at Part 370 covered institutions. Brokers and other alternative recordkeeping entities utilizing this optional process can expect a significant acceleration of both the deposit insurance determination process and the availability of insured funds when compared to the existing process. FDIC has published a new section in the Deposit Broker's Processing Guide titled, "VIII. Part 370 Alternative Recordkeeping Entity Processing: Addendum to the Deposit Broker's Processing Guide" ("Part 370 Addendum") which may be viewed at: <https://www.fdic.gov/deposit/deposits/brokers/> ■



Compliance Calendar

December 2018 – June 2019

Conferences

Bank Executives Conference
Feb. 4-6 | Milwaukee

Agricultural Bankers Conference
April 10-11 | Wisconsin Dells

Women in Banking Conference
April 23 | Wisconsin Dells

Trust Conference
May 3 | Wisconsin Dells

Human Resources Conference
May 9 | Wisconsin Dells

Luncheons

Wisconsin Economic
Forecast Luncheons
Jan. 9 | Madison
Jan. 11 | Eau Claire

Power of Community

WBA Power of Community
Week | Wisconsin (statewide)
April 22-26 | 2019

(Visit www.wisbank.com/BanksPowerWI online or
Twitter – #BanksPowerWI.)

Summit

BOLT Summer Leadership Summit
June 11-12 | Wisconsin Dells

Schools

Commercial Lending School
Feb. 18-22 | Wisconsin Dells

Residential Mortgage
Lending School
Feb. 18-22 | Wisconsin Dells

Loan Compliance School
March 31 | Wisconsin Dells

School of Bank Management
May 5-10 | Madison

Compliance Officer School
May 14-15 | Wisconsin Dells

Seminars/Workshops

Community Bankers for
Compliance (Session 1 of 4)
Jan. 22 | Stevens Point
Jan. 23 | Madison

Ag Problem Loans Workshop
Feb. 27 | Wisconsin Dells

Call Report Workshop
March 5 | Wisconsin Dells

Credit Analysis Boot Camp
March 14-15 | Madison
March 28-29 | Green Bay

Security Officer Workshops
March 19 | Green Bay
March 20 | Eau Claire
March 21 | Wisconsin Dells

Cash Management Workshop
March 25 | Wisconsin Dells

Enterprise Risk Mgmt. Wshop.
March 26 | Wisconsin Dells

Webinars (online training)

New Account Interview
Business Accounts: CIP, Risk
and Beneficial Ownership
Dec. 11 | 1:30-3:30 pm

Dealing with Joint Signers in
Consumer & Real Estate Lndg.
Dec. 13 | 2-3:30 p.m.

Managing the Force-Placed
Insurance Process
Dec. 17 | 2-3:30 pm

10 Deadly Habits of a
Dysfunctional Team and What to
Do About them
Dec. 18 | 1:30-3:30 pm

BSA Year-End Round Up
Dec. 19 | 10 a.m.-Noon

Compliance for Commercial
Lenders - Issues for the Unwary
Dec. 19 | 1:30-3:30 p.m.

Common Check Scams Against
Your Customer
Dec. 20 | 10 a.m.-Noon

Best-Ever Compliance Checklists
for Consumer Loans
Jan. 3 | 1:30-3:30 p.m.

2018 HMDA Submission Due
March 1, 2019 Part 1: Identifying
Reportable Loans, Data Integrity
& FIG Analysis
Jan. 15 | 2-3:30 p.m.

Compliance Rules for
Commercial Loans Secured by
Real Estate
Jan. 17 | 1:30-3:30 p.m.

IRA & HSA 2019 Update,
Including Tax Reform
Considerations
Jan. 17 | 2-3:30 p.m.

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