

# Regulatory Dispatch

*Timely news and resources community bankers can use*

*to better stay on top of a rapidly changing world.*

## **FinCEN [Removes](#) Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies**

WASHINGTON—Consistent with the U.S. Department of the Treasury’s March 2, 2025 announcement, the Financial Crimes Enforcement Network (FinCEN) is issuing an interim final rule that removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) to FinCEN under the Corporate Transparency Act.

In that interim final rule, FinCEN revises the definition of “reporting company” in its implementing regulations to mean only those entities that are formed under the law of a foreign country and that have registered to do business in any U.S. State or Tribal jurisdiction by the filing of a document with a secretary of state or similar office (formerly known as “foreign reporting companies”). FinCEN also exempts entities previously known as “domestic reporting companies” from BOI reporting requirements.

Thus, through this interim final rule, all entities created in the United States — including those previously known as “domestic reporting companies” — and their beneficial owners will be exempt from the requirement to report BOI to FinCEN. Foreign entities that meet the new definition of a “reporting company” and do not qualify for an exemption from the reporting requirements must report their BOI to FinCEN under new deadlines, detailed below. These foreign entities, however, will not be required to report any U.S. persons as beneficial owners, and U.S. persons will not be required to report BOI with respect to any such entity for which they are a beneficial owner.

Upon the publication of the interim final rule, the following deadlines apply for foreign entities that are reporting companies:

Reporting companies registered to do business in the United States before the date of publication of the IFR must file BOI reports no later than 30 days from that date.

Reporting companies registered to do business in the United States on or after the date of publication of the IFR have 30 calendar days to file an initial BOI report after receiving notice that their registration is effective.

FinCEN is accepting comments on this interim final rule and intends to finalize the rule this year.

***Comment: The CTA was divided up into three rule makings – part one was who was required to report, and what data had to be reported; part two was about how the data had to be reported and who would have access to the information; and finally, part three was to***

*reconcile the current customer due diligence rule with the CTA. This likely puts an end to any hope to reduce the burden on banks to collect and retain BOI information under the existing customer due diligence rule.*

### **IBAT Insights (Ask IBAT Anything)**

**Q:** First question, we have an investor wanting a 24-month loan to construct a dwelling to be sold. Would that be HMDA reportable since the term is over 12-months? Second question, if that same investor buys a home to ‘fix-up’ and sell with a 12-month term, is that reportable?

**A:** The term “Temporary Financing” is “[a] loan or line of credit that is designed to be replaced by a separate permanent financing extended by any financial institution to the same borrower at a later time.” Notice that “Temporary Financing” does not apply a prescriptive limit as to the duration of the loan.

Just because a loan has a term of more than 12-months does not mean it may not still be “Temporary Financing.” The question to ask is, was the loan designed to be replaced by separate permanent financing?

The Official Interpretations at §1003.3, paragraph 3(c)(3) provides a specific answer to your first question.

...snip

*2. Loan or line of credit to construct a dwelling for sale. A construction-only loan or line of credit is considered temporary financing and excluded under § 1003.3(c)(3) if the loan or line of credit is extended to a person exclusively to construct a dwelling for sale. See comment 3(c)(3)-1.ii through .iv for examples of the reporting requirement for construction loans that are not extended to a person exclusively to construct a dwelling for sale.*

Source [link](#).

Your second question is also addressed in the examples the CFPB provides in the Official Interpretations at §1003.3 mentioned above.

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*v. Lender A originates a loan with a nine-month term to enable an investor to purchase a home, renovate it, and re-sell it before the term expires. Under § 1003.3(c)(3), the loan is not designed to be replaced by separate permanent financing extended to the same borrower, and therefore the temporary financing exclusion does not apply. Such a transaction is not temporary financing under § 1003.3(c)(3) merely because its term is short.*

There seems to be an unexplained distinction in the CFPB’s logic between constructing a home for resale (a “Temporary Financing” and not reportable) versus a purchasing a home already built to improve and turn around and re-sell (not a “Temporary Financing” and therefore reportable.)

## Bank Management

	<p><b>OCC <a href="#">Bank Supervision: Removing References to Reputation Risk</a> (03/20/2025)</b> – Summary: The Office of the Comptroller of the Currency (OCC) has commenced removing references to banks’<sup>1</sup> reputation risk from its Comptroller’s Handbook booklets and guidance issuances. Concurrently, the OCC has instructed its examiners that they should no longer examine for reputation risk.</p> <p><b>Note for Community Banks</b> The OCC’s discontinuation of examining for reputation risk applies to community banks.</p> <p><b>Highlights</b> The OCC has never used reputation risk as a catch-all justification for supervisory action. Rather, the OCC has focused primarily on the risks to a bank’s current or projected financial condition and resilience arising from negative public opinion. Nonetheless, the OCC believes removing references to reputation risk will improve transparency and confidence in the supervisory process. For handbooks and guidance issuances issued jointly with other regulators, the OCC will work with those regulators to expeditiously remove references to banks’ reputation risk.</p> <p>The OCC expects banks to engage in sound risk management practices, operate in a safe and sound manner, and comply with applicable laws and regulations.</p>
	<p><b>OCC <a href="#">Digitalization: Resources for Community Banks</a> (03/19/2025)</b> – The Office of the Comptroller of the Currency (OCC) has established a new <a href="#">Digitalization</a> page on its website—<a href="http://www.occ.gov">www.occ.gov</a>—dedicated to resources to help community banks<sup>1</sup> meet their digitalization objectives.</p> <p><b>Note for Community Banks:</b> This bulletin applies to community banks.</p> <p><b>Highlights:</b> Digitalization is the use of technology to change a business model, provide new revenue and value-producing opportunities, or automate business processes. New and emerging technologies are important tools for community banks to meet customer demand, increase revenue, improve efficiencies, and remain competitive.</p> <p>The OCC recognizes that community banks may face key challenges when implementing a digitalization strategy. The new page highlights relevant OCC rules, statements, and guidance that community banks can reference when pursuing their digitalization efforts.</p>

	<p>The OCC plans to maintain the page by keeping it up to date as new resources become available.</p> <p>The OCC is technology-neutral and does not endorse any particular digitalization strategy.</p> <p><b><i>Comment: While the OCC maintains a technology neutral position and does not endorse any particular digitalization strategy, the digitalization resources include a list of relevant resources that community banks can reference when pursuing their digitalization initiatives. The digitalization page provides links to regulations, statements and guidance, risk management practices, and information on emerging technologies.</i></b></p>
	<p><b>FRB <a href="#">Statement by Governor Bowman</a></b> (03/17/2025) – I would like to express my thanks to President Trump for nominating me as the Vice Chair for Supervision. I am grateful for the continued faith and confidence he has placed in me to fulfill this vital role.</p> <p>If confirmed, I will promote a safe and sound banking system through a pragmatic approach to supervision and regulation with a transparent and tailored bank regulatory framework that encourages innovation. I will leverage my hands-on experience as a banker, a bank regulator, and a Board Member to address the challenges ahead.</p> <p>I look forward to working with my counterparts in the other agencies and my Board colleagues to support a growing U.S. economy and prosperity for all Americans.</p>
	<p><b>OCC <a href="#">Conditionally Approves Fintech Business Model for a National Bank</a></b> (03/17/2025) – WASHINGTON—The Office of the Comptroller of the Currency (OCC) today announced conditional approval of the application for financial technology (fintech) company SmartBiz Loans to change the business model of CenTrust Bank, N.A., Northbrook, Illinois, upon its acquisition of CenTrust Bank, N.A.</p> <p>Upon acquisition, CenTrust Bank, N.A. was renamed SmartBiz Bank, N.A. CenTrust further applied to change its business model to conduct small business lending activities on a nationwide basis.</p> <p>The OCC granted a change to the business model after thorough review of SmartBiz and its current operations. In granting this application, the OCC applied the same rigorous review and standards applied to all new entrants to the federal banking system.</p> <p>“A safe, sound and fair fintech business model has a place in today’s federal banking system,” said Acting Comptroller of the Currency Rodney E. Hood. “This conditional approval demonstrates the OCC’s commitment to a regulatory framework that supports innovations in banking that expand access to financial services for consumers and communities across the country.”</p> <p>The federal banking system includes more than 1,000 national banks, federal savings associations, and federal branches of foreign banking organizations operating in the United</p>

	States that range in size from community banks under \$10 billion in assets focused on meeting local needs to the largest internationally active banks. These banking companies conduct a wide array of businesses that range from retail and wholesale banking activity to trust, credit card and other more narrowly focused services. The institutions that make up the federal banking system conduct approximately 66 percent of the banking activity in the United States, hold more than \$16 trillion in assets combined, and manage more than \$67 trillion under their custody and fiduciary control.
	<b>FRB <a href="#">Industrial Production and Capacity Utilization - G.17</a></b> (03/17/2025) – Release Date: March 18, 2025 - Industrial production (IP) increased 0.7 percent in February after moving up 0.3 percent in January. Manufacturing output rose 0.9 percent, boosted by a jump of 8.5 percent in the index for motor vehicles and parts. The output of manufacturing excluding motor vehicles and parts increased 0.4 percent. The index for mining gained 2.8 percent, and the index for utilities decreased 2.5 percent. At 104.2 percent of its 2017 average, total IP in February was 1.4 percent above its year-earlier level. Capacity utilization stepped up to 78.2 percent, a rate that is 1.4 percentage points below its long-run (1972–2024) average.

## Deposit / Retail Operations

	<p><b>FTC <a href="#">Asked to Pay to Claim a Million-Dollar Prize? Don't Bet on It!</a></b> (01/24/2025) – Scammers sometimes make you think you've hit a stroke of good luck. But if your million-dollar cash prize letter comes with instructions to pay a small fee — maybe for taxes, reporting, or handling — it's not luck. It's a scam. If you pay, you'll lose your money and find out there's no prize. Can you spot a prize scam?</p> <p><i><b>Comment: Find ways to share these and other fraud alerts with your accountholders.</b></i></p>
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## Lending

	<p><b>HUD <a href="#">Rescinding Multiple Appraisal Policy Related Mortgagee Letters</a></b> (03/19/2025) – This ML includes the following changes related to ML 2024-07, Appraisal Review and Reconsideration of Value Updates:</p> <ul style="list-style-type: none"> <li>• rescinds current language and restores previous language under Second Appraisal by Original Mortgagee (II.A.1.a.iii(B)(9)(a));</li> <li>• rescinds current language and restores previous language under Appraisal Review (II.A.3.a.vi);</li> <li>• rescinds current language and restores previous language under General Reconsideration of Value Requirements to Reconsideration of Value (II.A.3.a.ix);</li> <li>• rescinds and removes Mortgagee Quality Control Plan (II.A.3.a.x);</li> <li>• rescinds current language and restores previous language under Second Appraisal by Original Mortgagee (II.B.2.a.iii(B)(10)(b)(i));</li> <li>• rescinds current language and restores previous language under Appraisal Review (II.B.4.a.ii(E));</li> </ul>
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- rescinds current language and restores previous language under General Reconsideration of Value Requirements to Reconsideration of Value (II.B.4.a.ii(H));
- rescinds and removes Mortgagee Quality Control Plan (II.B.4.a.ii(I)); and
- rescinds and removes Underwriter Requests for a Reconsideration Value (II.D.2.e).

This ML includes the following changes related to ML 2021-27, Appraisal Fair Housing Compliance and Updated General Appraiser Requirements:

- rescinds current language and restores previous language under Postapproval Requirements – Compliance with Law (I.B.1.e.i);
- rescinds current language and restores previous language under Property Acceptability Criteria – Quality of Appraisal (II.A.3.a.v);
- updates Property Acceptability Criteria – Quality of Appraisal (II.B.4.a.ii(F)) for alignment with forward policy; and
- rescinds current language and restores previous language under General Appraiser Requirements (II.D.2).

***Comment: This letter is specifically addressed to GSE's. The prudential banking regulators have also issued guidance for banks on the reconsideration of value. Additionally, in 2024 those regulators finalized a rule requiring mortgage originators and secondary market issuers to implement quality control standards for Automated Valuation Models (AVMs) used in determining the value of mortgage collateral, effective October 1, 2025. This letter does not change the guidance or rules issued by the banking regulators – at least for now.***

## Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

- 01.10.2025      **CFPB** [Electronic Fund Transfers Through Accounts Established Primarily for Personal, Family, or Household Purposes Using Emerging Payment Mechanisms](#) SUMMARY: In light of interest by electronic fund transfer system market participants to offer new types of products to transfer funds and make purchases through accounts established primarily for personal, family, or household purposes, the Consumer Financial Protection Bureau (CFPB) is proposing this interpretive rule to assist companies, investors, and other market participants evaluating existing statutory and regulatory requirements governing electronic fund transfers (EFTs). **DATES: Comments must be received by March 31, 2025.**
- 01.10.2025      **CFPB** [Request for Information Regarding the Collection, Use, and Monetization of Consumer Payment and Other Personal Financial Data](#) SUMMARY: The Consumer Financial Protection Bureau (CFPB) is seeking comments from the public to better understand how companies that offer or provide consumer financial products or

services collect, use, share, and protect consumers' personal financial data, such as data harvested from consumer payments. The submissions in response to this request for information will serve to assist the CFPB and policymakers in further understanding the current state of the business practices at these companies and the concerns of consumers as the CFPB exercises its enforcement, supervision, regulatory, and other authorities. **DATES: Comments must be received on or before April 11, 2025.**

01.13.2025

**CFPB [Prohibited Terms and Conditions in Agreements for Consumer Financial Products or Services \(Regulation AA\)](#)** SUMMARY: The Consumer Financial Protection Bureau (CFPB) is proposing to prohibit certain contractual provisions in agreements for consumer financial products or services. The proposal would prohibit covered persons from including in their contracts any provisions purporting to waive substantive consumer legal rights and protections (or their remedies) granted by State or Federal law. The proposal would also prohibit contract terms that limit free expression, including with threats of account closure, fines, or breach of contract claims, as well as other contract terms. The proposal would also codify certain longstanding prohibitions under the Federal Trade Commission's (FTC) Credit Practices Rule. **DATES: Comments must be received on or before April 1, 2025.**