


Banking Update


Compliance Areas to Know in 2025

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May 2025



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Today's Presenter



Dawn Kincaid,
Brode Consulting Services, Inc.

Dawn Kincaid began her banking career while attending Ohio State University. She has over 20 years' experience in client service, operations, information technology, administrative and board relations, marketing, and compliance. Most recently Dawn served as the Senior Vice President of Operations for a central-Ohio-based community bank, where she created and refined policies and procedures, conducted self-audits and risk assessments, and organized implementation of new products and services. Dawn has served in the roles of Compliance, BSA/AML, CRA, Privacy, and Security Officer. She has led training initiatives, prepared due diligence information, completed a variety of regulatory applications, and coordinated internal and external audits and exams, and has presented for numerous state associations.

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Section 1071:

It's Still on it's Way...So Far

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Small Business Lending- CFPB's Final Rule (Still On For Now)

Amends ECOA to require FIs to collect & report credit applications made by **women-owned, minority-owned and small businesses**








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CFPB Final Rule- Definitions



-  Covered Financial Institution
-  Small Business
-  Covered Application
-  Covered Credit Transaction

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What Are We Be Required to Report?

- Unique identifier
- Application date
- Application method (i.e., the means by which the applicant submitted its application)
- Application recipient
- Action taken by the on the application
- The action taken date
- Denial reason(s), as applicable
- Interest rate
- Total origination charges
- Broker fees
- Initial annual charges
- Additional cost for merchant cash advances or other sales-based financing
- Prepayment penalties
- Type
- Credit purpose
- Amount applied for
- Census track based on an address or location provided by the applicant
- Gross annual revenue for the applicant's preceding fiscal year
- NAICS code
- Number of the applicant's non-owner workers
- Applicant's time in business
- Number of the applicant's principal owners
- Minority-owned business status
- Women-owned business status
- Ethnicity, race and sex of applicant's principal owners

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When to Report

- **Very HMDA-like**
- Report annual data on June 1st every year
- Filing guide to be developed



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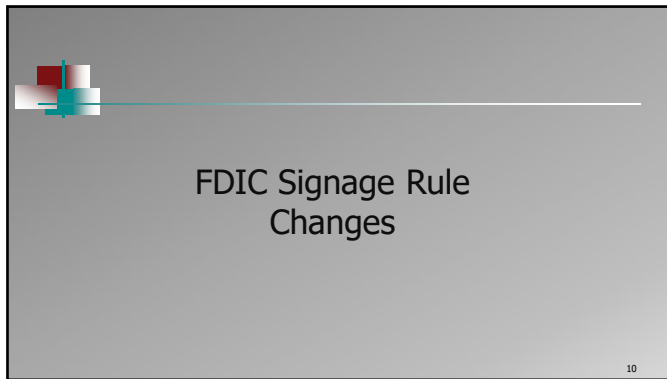
When Does this Start?

- **July 18, 2025**
 - Institutions with 2500+ originations
- **January 16, 2026**
 - Originated at least 500 covered originations in both 2022 and 2023;
 - Did not originate 2,500 or more covered originations in both 2022 and 2023; and
 - Originated at least 100 covered originations in 2024.
- **October 18, 2026**
 - Originated at least 100 covered originations in 2024 and 2025



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FDIC Logo Usage: Part 328

- Should appear where depository services are detailed/advertised (paper and digital)
 - Even in a message that "promotes nonspecific banking products and services."
 - Size and print must be clearly legible
- May use the short form "FDIC Insured" to satisfy requirements
- Exceptions

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Final Rule: *FDIC Official Signs & Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo*

- Issued December 20, 2023
 - Effective Date: **April 1, 2024**
 - Compliance Date: **May 1, 2025; March 1, 2026**
- **Rule Requirements**
 - Display of official sign in physical branches
 - Display of official sign on websites, mobile apps, ATMs, & other similar devices
 - Disclosures to differentiate between deposit and non-deposit products
 - Clarifies rules regarding misrepresentation of deposit insurance coverage
 - Updates "non-deposit product" definition to include crypto assets and address safe deposit box services
 - Requires FIs to maintain policies and procedures

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Final Rule: FDIC's Official Sign




- No changes to the current design
- Must display at each place of business where *"consumers have access to or transact with deposits."*
 - **Rule:** Must display at **each** teller window or station where deposits are received and any other area you accept deposits. **However....**
 - If the branch **only** offers deposit products onsite, then you can post the sign wherever it is visible from the teller stations and any other area you accept deposits
 - For example: Posting one "official sign" between two teller stations that can be seen from both

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Final Rule: Non-Deposit Sign




- Applies if you offer **both** deposit and non-deposit products through the "same channel" (Such as your branch)
- Must post non-deposit signs in both "traditional" and "non-traditional" teller areas where deposits are received
- General Rule:
 - Segregate areas where non-deposit products are offered from those where insured deposits are taken
 - Ensure sign contains the proper content:
 - The products are not insured by the FDIC
 - Are not deposits
 - May lose value
 - Sign must be displayed continuously, clearly, and conspicuously
 - No specific size, design, color requirements
 - Must not be in close proximity to the official FDIC sign
 - **NOT** required in the SOB area

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Final Rule: Digital Signs



FDIC FDIC-Insured - Backed by the full faith and credit of the U.S. Government

- Specific size, font, and color requirements
 - Alternate option if colors would not be legible on your site/page
- Sign to be posted on:
 - initial or homepage of the website or application
 - landing or login pages
 - pages where the customer may transact with deposits
- Non-Deposit Digital Signage
 - Must be displayed if both deposit and non-deposit products are offered
 - May NOT be in close proximity to the FDIC digital sign
 - One-Time Notification Requirement

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Final Rule: Other Provisions



- Use of Electronic Media to Display Required Signs
- Non-English Version of the Official Statement
- ATMs and Remote Deposit Facilities
- Pass-Through Deposit Insurance
- Misrepresentations of Deposit Insurance
- Written Policies and Procedures

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Social Media Considerations- FDIC Logo



- Should appear on all posts where depository services are detailed
 - Logo on your website could link to the FDIC's insurance calculator
- Ensure the logo is not present on posts advertising or describing non-deposit or investment products and services
- Include on "Cover Page" and individual posts

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Social Media Considerations- Non-Deposit Products

- Ensure the ad provides:
 - Disclosure to consumers in a conspicuous manner that products are not deposits of the bank AND are not insured and could lose value; and
 - "Member FDIC" logo should not appear on the pages where these products are detailed or advertised.

goals. INVESTMENT AND
INSURANCE PRODUCTS
ARE: • NOT A DEPOSIT
• NOT FDIC INSURED • NOT
INSURED BY ANY FEDERAL
GOVERNMENT AGENCY
• NO BANK GUARANTEE
• MAY LOSE VALUE

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Hot Button- Fair Lending in Marketing

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Types of Lending Discrimination

Overt	Disparate Treatment	Disparate Impact
<ul style="list-style-type: none"> Lender openly discriminates on a prohibited basis Can occur even when a lender expresses but does not act on a discriminatory preference. 	<ul style="list-style-type: none"> Lender treats a credit applicant differently based on one of the prohibited bases Does not require any showing that the treatment was motivated by prejudice 	<ul style="list-style-type: none"> Policy/practice has disproportionate adverse impact on applicants in a prohibited bases group Disproportionately and adversely affect a person's access to credit

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Examiner Identified Redlining Risks Marketing & Outreach

Marketing	Outreach
<ul style="list-style-type: none"> Marketing activities tend to exclude residents of majority Black and Hispanic Census Tracts Doesn't engage in marketing of mortgage credit Website/marketing materials do not include diverse human models 	<ul style="list-style-type: none"> Reliance on MLOs to conduct outreach tends to exclude residents of majority Black and Hispanic Census Tracts Doesn't conduct any outreach connected to mortgage lending or increasing ownership Outreach is held in locations that tend to exclude residents of majority Black and Hispanic Census Tracts

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Suggested Risks Mitigators

- Have **policies and procedures** to regularly evaluate fair lending risk arising from marketing and outreach initiatives (or lack thereof)
- Monitor marketing and outreach activities**, including those conducted by MLOs, to ensure those activities are reaching the entire AA
- Review **use of all criteria or filters used in digital marketing** and outreach to determine fair lending risk
- Manage third party risks** by:
 - Understanding whether any digital or online advertising platforms utilize algorithms or filters that could exclude majority-minority communities or minority applicants
 - Requesting reports from vendors and partners indicating the reach of the lender's marketing and outreach activities

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Fair Lending Reverse Redlining

- Illegal practice of extending credit on **unfair terms** in a particular community on a discriminatory basis (because of the race or ethnicity of its residents)
- Examples...



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CFPB Director Statement- October 2021

"Algorithms are black boxes behind brick walls."



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Digital Redlining



Utilizing digital resources (websites, social media, blogs...) *"to market or provide unequal access to or terms of credit to residents of an area where the applicant resides or will reside, or the area where the property to be mortgage is located."*

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Digital Redlining- Where the Risks Exist



- How is your message reaching **"just the right consumer"**?
- Advertisers **curate information**
- Risk increases when **AI** is utilized to steer your marketing
 - Consumers not offered a full-range of products

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Digital Marketing- What You Need to Do



- **Monitor** the terms used for any filters
- **Review** any reports received documenting audiences that were reached
- **Learn** from the Facebook debacle
- **Understand** any algorithms utilized by the technology
- **Modify** current tools used to monitor traditional marketing for fair lending risks to accommodate these "new" ways of advertising.
- **Review** any geographic filters in use

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Beneficial Ownership Registry

Much Ado About Nothing


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Remember When...

Requirements & Registry



- Would require certain entities ("reporting companies") to report the personal information of their beneficial owners to FinCEN
 - Identifying the "beating hearts" behind these companies. **Sound familiar?**
- Information to be maintained in a non-public registry

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BOI Database Enforcement



National Small Business United v. Yellen

Firestone, et. al. v. Janet Yellen, et. al.

Texas Cop Shop Inc., et. al. v. Garland, et. al.

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BOI Reporting Requirement Removed

• March 2, 2025

- Treasury announced U.S. Domestic Businesses and U.S. Persons no longer required to report under the CTA

• Revised Definition of Reporting Company

- *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")*

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Are Our Current BO Rules Going Away?



- Short Answer...**No!**
- Still need to adhere to current CDD rules for obtaining beneficial ownership information using definitions of beneficial owner in May 2018 Final Rule
- CTA required FinCEN to revise current rules within **one year** of the database going live

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Debit Card & ACH Fraud Reg E Disputes

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Combating Fraud

- It's **not** just you!
- Average debit card fraud is **\$100 per transaction**¹
- **\$6.2 Billion**: Estimated debit card fraud in America in 2024¹
- **21%** of adults have experienced fraud



¹ Security.org "2025 Credit Card Fraud Report and Statistics"

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Digital Skimming (Magecart)



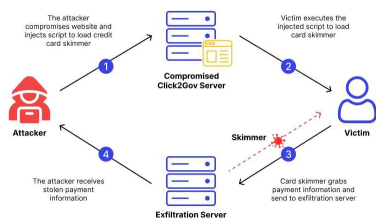
- Online data skimming from e-Commerce websites
- **Hackers infect a business website** to take PII, usernames, passwords and card information during a transaction
- Estimate this occurs **every 16 seconds!**

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Digital Skimming (Magecart)- How it Works

Credit card skimming attack chain



Source: Wallarm "What is Magecart Attack-How to Prevent It?"

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Unauthorized EFT



EFT from a consumer's account initiated by a person other than the consumer without actual authority to initiate the transfer and from which the consumer receives no benefit.

When is a transaction considered "unauthorized"?

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Real Life Reg E Situations: Dispute vs. Chargeback



- **Dispute:** Action taken by a cardholder to challenge a transaction appearing on the cardholder's statement. (**Action**).
- **Chargeback:** A forced payment reversal. (**Process**).
- Chargeback Rules and Reg E Rules may be different. **Reg E reigns supreme!**

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Declined Disputes Because of Security Program and Third-Party Decision

- Security Program "protects" the merchant from chargebacks
- Third parties automatically declined disputes involving these programs
- FIs cited for not complying with:
 - Failing to investigate
 - Failing to report results to the consumer
 - Failing to correct errors
 - Imposing liability on the consumer outside of amounts permitted

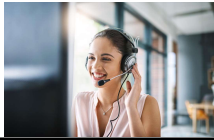


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Real Life Reg E Situations:
 Accountholder Initiated Call to Fraudulent Support Number

*What if the accountholder called a support number
 they found online and provided their card number?
 Can we hold them liable for the transactions?*



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Real Life Reg E Situations:
 Consumer Used Debit Card to Buy Gift Cards

Is this a Reg E error?



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Real Life Reg E Situations:
 Cancelling Subscriptions



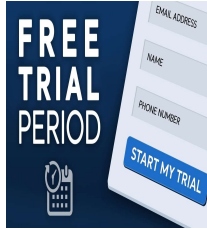
- Consumer cancels subscription, but merchant continues to charge their debit card
- How would you handle?

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Real Life Reg E Situations: Charges after Cancelling "Free Trials"

- Consumer claims to cancel before "free trial" period ends, but merchant continues to charge their debit card
- What's your process?



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Real Life Reg E Situations: Family Member Spent More than Given "Permission" To

Just make that *one* purchase/payment...



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Unauthorized Transactions Not Involving an Access Device

- You may not hold a consumer liable for any portion of any unauthorized EFT not involving an access device that occurred **on or before the 60th calendar day** after you issue the periodic statement showing the first unauthorized EFT
- You may only hold consumer liable for an unauthorized EFT not involving an access device if the transfer occurred **more than 60 calendar days** after the periodic statement showing the first unauthorized EFT out of the consumer's account and before the consumer you notice



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60-Day Rule in Action: Recurring Transactions

- A consumer is disputing streaming service charges of \$35.00 each that occurred on the following days: June 15th, July 15th, August 15th, September 15th, October 15th, and November 15th.
- The first statement was sent by the financial institution on June 20th, 2024.
- What transactions would the consumer be liable for?

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Identity Theft

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A Scammy Snapshot of 2024

(Based on reports to Consumer Sentinel)
ftc.gov/data #FTCTopFrauds ReportFraud.ftc.gov

2.6 million fraud reports

\$12.5 billion reported lost

More than 1 in 3 people who reported a scam also reported losing money.

99,000 reports by Military Consumers \$384 million reported lost
Investors: Highest # of reports 45,000
Total losses: \$200 million

Big losses follow scams that start with a call or on social media.

Phone calls: Highest per person reported losses
\$1,500 median loss

Social media: Highest overall reported losses
\$1.9 billion total lost

Email: Highest overall number of reports
372,000 reports

Younger people reported losing money to fraud more often than older people
20-39 year-olds: 44%
70-79 year-olds: 24%

Job scams and employment agency losses soared.
Total losses: 105,000 reports
2020: \$90 million, 2024: \$501 million
38,000 reports, 2020: 38,000 reports

Losses to investment scams kept climbing.
2022: \$3.8 billion, 2023: \$4.6 billion, 2024: \$5.7 billion

Top Frauds

- 1 Imposters
- 2 Online shopping and negative reviews
- 3 Business and job opportunities
- 4 Investments
- 5 Internet services

Source: FTC

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Examples of Prevalent Scams

- Grandparent Scams
- You're Hired! Employment Scams
- You've won a lottery!...you didn't play
- Online Auction/Garage Sale purchase scams
- Your Long-Lost Relative Left you their Fortune
- You've been awarded a Scholarship/Grant
- Romance Scams
- Charity Scams
- Need a Loan...We Have One Guaranteed!
- Investment Scams
- The Nigerian Scam



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Identity Theft Statistics

- Continues to be one of the **fastest growing crimes** around the world
- **Over 273,000 SARs** filed in 2024
- **Number one** reported crime to the FTC in 2023



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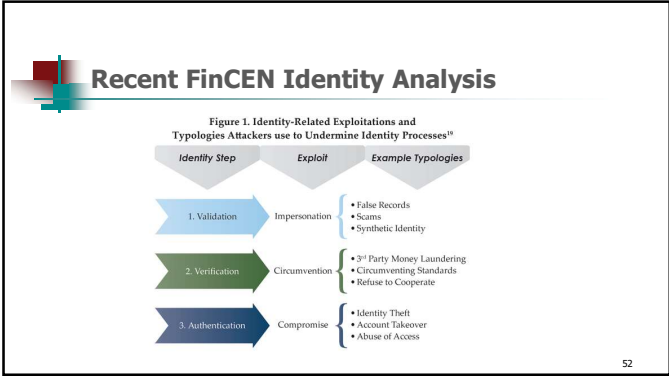
Recent FinCEN Identity Analysis

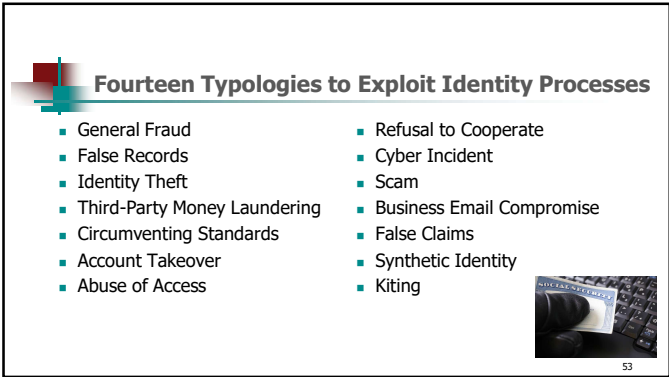
- In 2021, 42% of total reports filed related to identity
- **Three identity theft processes:**
 - Validation
 - Verification
 - Authentication
- **Three Common Exploitations**
 - Impersonate others to evade validation
 - Circumvent or exploit insufficient verification processes
 - Use compromised credentials to gain unauthorized access during authentication

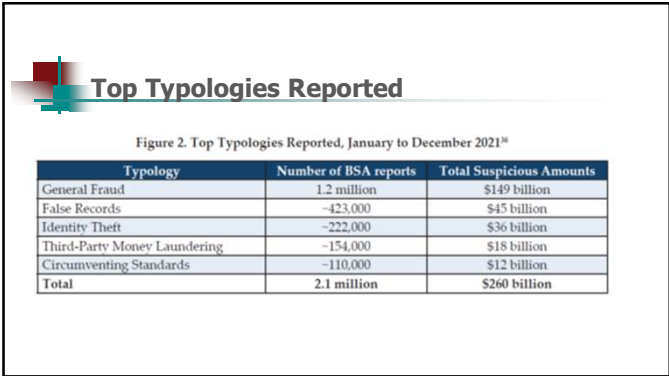


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Deepfake Media Targeting FIs

- FIN-2024-Alert004-"FinCEN Alert on Fraud Schemes Involving Deepfake Media Targeting Financial Institutions."
- Criminals creating:
 - Falsified documents
 - Photographs
 - Videos
- Used to facilitate:
 - Check fraud
 - Credit card fraud
 - Authorize push payment fraud
 - Loan fraud
 - Unemployment fraud




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Protecting Your Institution

- **When additional due diligence may be warranted at account opening**
 - Inconsistencies among multiple identity documents submitted by the customer
 - Customer's inability to satisfactorily authenticate their identity, source of income, or another aspect of their profile
 - Inconsistencies between the identity document and other aspects of the customer's profile
- **What to do:**
 - "Reverse" image search
 - Use software to detect potential manipulations of an image
 - Use multi-factor authentication
 - Live verification checks for online activity
- Warning signs outside of account opening



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Check Fraud-Avoiding Loss


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Check Fraud- UCC § 3-404

Person who issues a fraudulent check can be held liable:

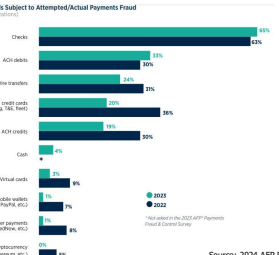
- If the signature is forged/made by fraud
- FI may have to reimburse rightful owner if you accepted a fraudulent check without "reasonable verification"



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Check Fraud

Payment Methods Subject to Attempted/Actual Payments Fraud
(Percent of Organizations)



Payment Method	2021 (%)	2022 (%)
Checks	100	100
ACH debits	95	95
Wire transfers	45	55
Corporate/commercial credit cards (incl. purchasing, fuel, food)	100	100
ACH credits	95	95
Cash	45	55
Virtual cards	15	15
Mobile wallets (Apple Pay, etc.)	15	15
Peer-to-peer payments (Venmo, etc.)	15	15
Cryptocurrency (Bitcoin, etc.)	15	15

Source: 2024 AFP Payments Fraud and Control Report

Checks remain the **number one** payment method impacted by fraud

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Check Fraud

APPENDIX B: Scam type data table, consumer scams

SCAM TYPE	NEW REPORTS	EXPOSURE	SUSCEPTIBILITY	MEDIAN LOSS
Advance fee loan	39.7	1.7%	30.4%	\$ 1,000
Charity	1.3	0.3%	31.7%	\$ 880
Counterfeit product	10.8	3.1%	80.7%	\$ 84
Credit card	19.9	1.0%	88.8%	\$ 500
Credit repair/identity relief	10.8	0.4%	53.8%	\$ 150
Debt collection	12.1	0.4%	9.6%	\$ 900
Employment	284.3	14.4%	17.2%	\$ 1,800
Fake check/money order	6.0	0.3%	21.0%	\$ 1,100
Family/brand emergency	6.6	0.2%	33.3%	\$ 1,300
Government agency impersonator	4.8	2.0%	33.3%	\$ 100
Government grant	24.7	0.3%	33.3%	\$ 1,400
Healthcare/Medicaid/Medicare	5.4	0.3%	19.4%	\$ 480

Source: 2024 BBB Scam Tracker Risk Report

PAYMENT METHOD	F1	F2	F3
Credit card		Counterfeit product	Travel/traveler's insurance
Online payment system	Online purchase		Employment
Bank account debit		Phishing/social engineering	Transportation/traveler's insurance
Prepaid card			
Online payment	Investment/employment	Employment	Online purchase
Check	Money impersonation		
Wire transfer	Online purchase	Investment/employment	Advance fee loan
Cash	Money impersonation	Online purchase	Employment

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FTC-Consumer Sentinel Network Data Book 2023

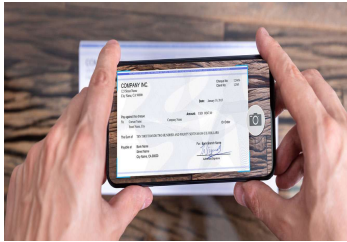
Top 10 Fraud Categories

Rank	Category	# of Reports	% Reporting \$ Loss	Total \$ Loss	Median \$ Loss
1	Imposter Scams	853,935	21%	\$2,668M	\$800
2	Online Shopping and Negative Reviews	368,379	53%	\$392M	\$125
3	Prizes, Sweepstakes and Lotteries	157,520	13%	\$338M	\$878
4	Investment Related	107,699	75%	\$4,642M	\$7,768
5	Business and Job Opportunities	107,134	32%	\$491M	\$2,137
6	Internet Services	98,717	7%	\$36M	\$250
7	Telephone and Mobile Services	94,261	11%	\$19M	\$206
8	Health Care	71,538	7%	\$17M	\$300
9	Travel, Vacations and Timeshare Plans	55,063	22%	\$122M	\$1,187
10	Foreign Money Offers and Fake Check Scams	32,164	34%	\$138M	\$1,900

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Impact of Mobile Deposit



- Easy, convenient...**source of fraud**
- Develop a layered approach to **mitigate** operational risks
- **Clearly communicate** the types of checks eligible for mobile deposit

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Check Washing



- On the rise across the nation
- Older adults still rely on physical checks more than other age groups
- Encourage due diligence
- Timely notice to receive full benefit of state law
- More information available from United Postal Inspection Service
 - See Manual

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FinCEN FTA: Check Fraud Related to Mail Theft



- Issued September 2024
- 15,417 BSA reports of **\$688 million** in suspicious activity
- Report highlights of outcomes after checks are stolen:
 - 44% altered and deposited
 - 25% used as templates for counterfeit checks
 - 20% fraudulently signed and deposited

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ICBA and U.S. Postal Inspection Service Partnership

- Educational materials available as of February 2025
- **Download** from either's website

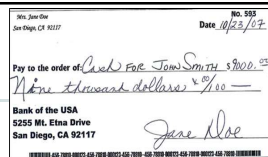


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Altered Checks- Warranties and Liability

- UCC § 3-407 sets forth the rules
- Paying bank files a Breach of Warranty; Liability lies with the Depository bank
- Alabama
 - Breach of Warranty claim must be made within 3 years of the breach



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Altered Checks- How to Handle

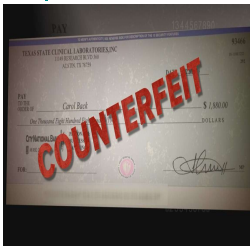
- Within 24 hours
 - Return within midnight deadline
 - Use "Altered/Fictitious" return reason
- After 24 hours
 - Paying bank files a Breach of Warranty Claim



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Counterfeit Checks



- UCC § 3-419:
 - Treated as if it were forged.
 - The person who **accepts or pays** the counterfeit check is generally liable for the loss unless they can prove they acted in good faith and followed reasonable procedures.
- Check number is a BIG red flag
- Paying institution warrants these claims

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Preparing Your Staff

- Provide staff with the latest information
 - Red Flags
 - Process for reporting to the BSA Department
- Frontline training
 - Current scams
 - "Role play"
 - Check verification procedures




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FedDetect® Commercial Check Fraud Tool

- FedDetect Duplicate Notification for Check Services
 - Treasury Checks
 - Commercial Checks (as of November 2024)
- Sends notice of potential duplicate checks
- FREE** service
- Enroll to receive the reports



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Recovering Funds



- Attempt to debit your accountholder's account**
 - May consider a "payment plan"
- Legal action may be necessary**
 - In some cases charges can be brought against the victim if it's believed they're involved with the scam

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Board Reporting

- Fraud risk assessment
- Associated losses
- Resulting exposure to fraud risk




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New Funds Availability
Limit Update


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Inflation Adjustments

- States that these dollar amounts should be adjusted **every five years** beginning after December 31, 2011, by the annual percentage increase in the CPI-W, as published by the Bureau of Labor Statistics.
- Amounts to be rounded to the **nearest multiple of \$25.**
- Next Adjustment Date: **July 1, 2025**
 - One Year Lead Time
- Helps you plan when to **anticipate** and **budget** for additional changes and efforts that will be required to stay compliant with Reg CC.



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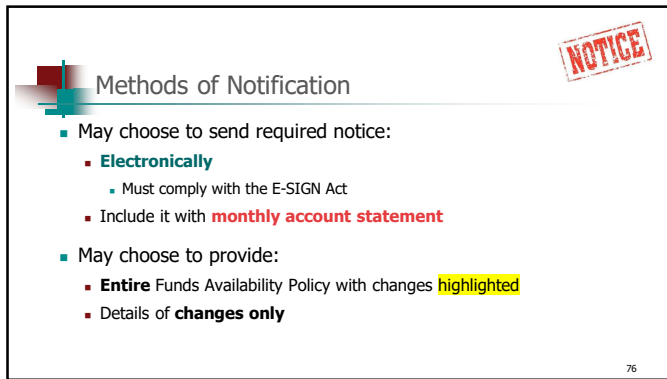


Adjusted Dollar Amounts

Section	Remove	Add
229.10(c)(vii)(A)	\$225	\$275
Next Day Availability		
229.12(d)	\$450	\$550
Time Period Adjustment		
229.13(a)	\$5,525	\$6,725
New Accounts		
229.13(b)	\$5,525	\$6,725
Large Deposits		
229.13(d)	\$5,525	\$6,725
Repeated Overdrafts		
229.21(a)	\$1,100	\$1,350
Civil Liability	\$552,500	\$672,950

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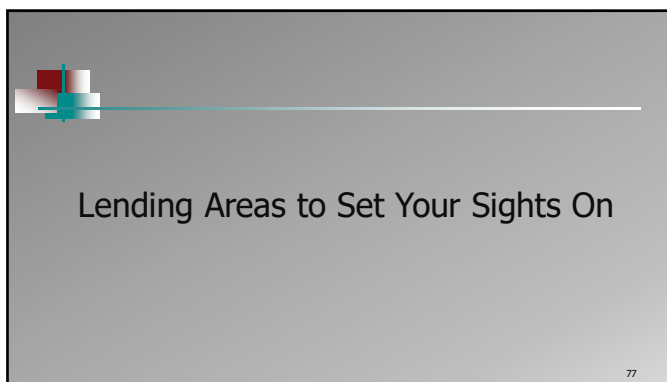


Methods of Notification

- May choose to send required notice:
 - **Electronically**
 - Must comply with the E-SIGN Act
 - Include it with **monthly account statement**
- May choose to provide:
 - **Entire** Funds Availability Policy with changes **highlighted**
 - Details of **changes only**

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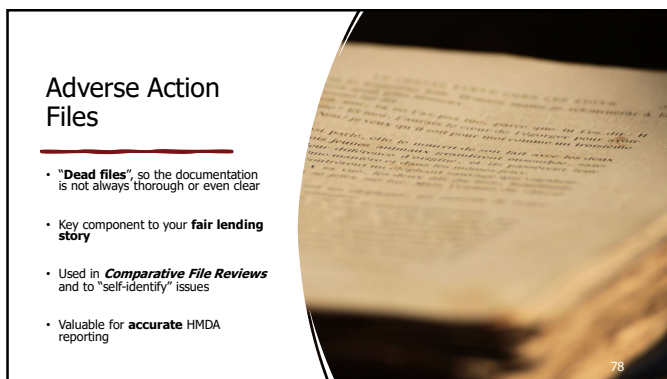
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Lending Areas to Set Your Sights On

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Adverse Action Files

- "Dead files", so the documentation is not always thorough or even clear
- Key component to your **fair lending story**
- Used in **Comparative File Reviews** and to "self-identify" issues
- Valuable for **accurate** HMDA reporting

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Adverse Action Process


Notification of Action Taken

- Timely action (within 30 days of application)
- Date of application
- Inquiry VS application?

Contents of Notice

- Statement of action taken (denial, counter offer, incomplete)
- Name and address of lender
- Equal credit language
- Name and address of regulatory agency (get it right!)
- **SPECIFIC REASONS**
- Applicant's rights


Document, document, document so that a third party could understand your decision....the examiners are expecting this!



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Business Credit Applicants



1. Business with gross revenues of **\$1 million or less** in its preceding fiscal year:
 - Provide a statement of the adverse action when adverse action is taken
2. Business with gross revenues in **excess of \$1 million** in its preceding fiscal year:
 - Notify the applicant, within a reasonable time, orally or in writing, of the action taken, and
 - Provide a written statement of the reasons for adverse action if the applicant makes a written request for the reasons within 60 days of the creditor's notification. Must include the ECOA notice.
 - Records must be kept on file for 60 days after notifying the business of the credit denial.

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TRID-Ag Purpose Exemption

Consider the Following:

- Borrower refinancing a 1st mortgage amount of \$178,115.00
- Borrower requesting an addition \$200,000 to build livestock barn

Does TRID apply?



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Investment Property Consider the Following:

- Applicant owns land
- Loan request to build a duplex
- Individual will live in one unit upon completion

Does TRID apply?

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Loan Costs Table (Page 2)


- Paid to **loan originator**
- "Most important" section when comparing lenders
- This is **NOT** where all your "Finance Charge Items" go
- Originator sets these fees, so **zero percent tolerance**

Loan Costs	
A. Origination Charges	\$3,188
% of Loan Amount (Points)	
Fannie Mae LLP's Fee (%)	\$638
Loan Origination Fee	\$2,550

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Services You Cannot Shop For



Because the lender gets to choose...

zero percent tolerance

B. Services You Cannot Shop For	
Appraisal Fee	\$550
Credit Report	\$110
Flood Determination	\$11
Life of Loan Flood	\$7
Tax Tracking Fee	\$85

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Services You Can Shop For

C. Services You Can Shop For	\$2,348
Title - Closing Protection Letter	\$125
Title - Lenders Title Endorsements	\$300
Title - Notary Fees	\$14
Title - Title Insurance	\$1,909

- Lender requires the service
- Borrower **CAN** shop.
- Services are provided by persons other than the creditor or broker.
- Service providers may already be specified on the Sales Agreement.
- Tolerance level depends on whether borrower shops



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FDPA Triggers

- **Making** a Loan
- **Increasing** a Loan
- **Renewing** a Loan
- **Extending** a Loan

When you become aware at ANY POINT during the life of the loan that flood insurance is required



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Trigger Events "Becomes Aware at Any Point"

- Audit/Review – Uninsured
- Audit/Review – Underinsured
 - 1st: \$140,000
 - 2nd: \$50,000
 - Policy for \$150,000 = Underinsured by \$40,000
- New Policy – Unacceptable
- FEMA remapping
- Misrating
- Permanent foundation for mobile home



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Required Actions Upon Determination

Review: SFHA Zones begin with "A" or "V"

1. Send a **notice**
2. **Purchase** flood insurance
 - Within **45 days** of the lender's notification to borrower, the lender **MUST** purchase flood insurance on the borrower's behalf
3. **Charge:** Lender may charge for the cost of the premiums and fees incurred on purchasing the insurance beginning on the date on which coverage lapsed or was not sufficient



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Force Placement Notice Content – Required

1. Borrower should, at their expense, **obtain flood insurance** not less than the minimum amount required by law for the remaining term of the loan.
2. Borrower has **45 days to purchase** insurance.
3. If borrower does not show evidence of obtaining such coverage within **45 days** after notification, **we will purchase insurance on their behalf** and may charge the borrower for the cost of premiums and fees incurred in purchasing the insurance.



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Force Placement Notice Content – Recommended



- **Amount:**
 - Minimum – Borrower can obtain more!
 - Insufficient- Additional amount needed
- Mortgagee information
- Proof of flood insurance (declaration page)

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Force Placement Notice Timing –

- **Notice must be sent** once a determination has been made that the collateral is either not covered or covered in an amount less than required
 - Cancellation or expiration notice from insurance company
 - Compliance audit/review
- **Document** any reason for delayed notification
- **Courtesy Notice** – notice sent prior to policy expiration will not fulfill requirement

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Hot Buttons and Emerging Trends

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Current & Emerging Hot Buttons

- Future of Final CRA Rule
- BSA-“De-Risking”
- Elder Financial Exploitation
- Proposed New BSA/AML Rule

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Conclusion

Thank you so much for inviting me to speak with you!

Have a great day!

If you have any further questions, please contact Dawn Kincaid at dawn@brodeconsulting.com

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