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## Capitol Report

### Maine Bankers Association

November 25, 2020

### **News from Washington (Legislative & Regulatory)**

**Treasury Announced No Extension in CARES Act Facilities.** Last week, Treasury Secretary Mnuchin sent a letter to Federal Reserve Chair Powell indicating the Treasury is declining to extend the Maine Street Lending Program and other CARES Act facilities scheduled to expire at the end of the year. Mnuchin did ask that the Fed extend two facilities that used Treasury funding (Commercial Paper Funding Facility and the Money Market Mutual Fund Liquidity Facility), as well as the Primary Dealer Credit Facility and PPP Liquidity Facility, which did not use Treasury funding, for an additional 90 days. Click [here](#) to read Mnuchin's letter.

**FHFA Announced Additional Extension of COVID-19 Flexibilities.** The FHFA stated, "To support homeowners and mortgage lenders, the Federal Housing Finance Agency (FHFA) has approved an extension of the current temporary policy that allows for the purchase of certain single-family mortgages in forbearance that meet specific eligibility criteria as set by Fannie Mae and Freddie Mac (the Enterprises). The policy is extended for loans originated through December 31, 2020." Read more [here](#).

**Agencies Released Fact Sheet to Clarify Bank Secrecy Act Due Diligence Requirements for Banks and Credit Unions that Offer Services to Charities and Non-Profits.** Last week, Federal financial institution regulatory agencies issued a joint fact sheet clarifying that bank and credit union compliance efforts to meet Bank Secrecy Act due diligence requirements for customers that are charities and other nonprofit organizations should be based on the money laundering risks posed by the customer relationship. Read more [here](#). Click to view the [Fact Sheet](#).

### **State News**

**Attorney General and Maine DHHS Issue Guidance Detailing Mask Requirements and Enforcement Under the Law.** The guidance supports Governor Mills' executive orders announced on Saturday, November 21 for Mainers and all individuals present in the state to follow the law and wear face coverings when in public. View the document [here](#).

**The Governor's Economic Recovery Committee (ERC) has Released Final Report.** The goal of the second Report is to "identify the most critical long-term ideas to sustain Maine's people and grow our economy, in order to start building that bridge to future prosperity." The final ERC meeting was

held on November 20th, and a copy of a “Draft Report” was provided to public participants during the meeting. The Final Report was released yesterday and can be found [here](#).

**The Committee to Study the Feasibility of Creating Basic Income Security (BIS) has Released Their Final Report.** The Committee was authorized by the Maine Legislature and charged with “examining and making recommendations on the feasibility of providing basic income security through a direct cash payment system and other programs that are designed to help individuals and families become more economically secure, including, but not limited to the following: 1. Tax rebates and credits, including strengthening the earned income tax credit and a negative income tax; 2. Universal basic income and unconditional cash transfers to residents of the State; and 3. Other direct cash benefit programs.” Click [here](#) for a copy of the Final Report.

**Maine COVID-19 Statistics.** Members have requested that we provide the current COVID-19 numbers reported by the State with the publication of each Capitol Report.

Total Cases: 10,799

Confirmed Cases: 9,698

Probable Cases: 1,101

Deaths: 189

Hospitalized: 662

Recovered: 8,232

#### *Trending*

Currently Hospitalized: 105

Deaths in Last 30 Days: 43



A Division of Bankers Alliance

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## **Compliance Alliance Feature Question**

**Question:** Bank XYZ has a new commercial transaction where a closed-end loan is paying off a line of credit. The line of credit is dwelling secured and the new loan will also be dwelling secured but with different collateral. It will, however, be the same borrower on both loans. Since this is not a purchase and there are no new funds to consider it a home improvement, would this still be a reportable refinance for HMDA purposes with the new loan having different collateral?

**Answer:** For HMDA purposes, it would be a refinance if it satisfies and replaces an original debt with the same borrower. There is not a requirement that the collateral remain the same, only the borrower. However, the original debt had to have been secured by a dwelling as well.

**(p) Refinancing** means a closed-end mortgage loan or an open-end line of credit in which a new, dwelling-secured debt obligation satisfies and replaces an existing, dwelling-secured debt obligation by the same borrower.

<https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1003/2/#p>

**3. Existing debt obligation.** A closed-end mortgage loan or an open-end line of credit that satisfies and replaces one or more existing debt obligations is not a refinancing under § 1003.2(p) **unless the existing debt obligation (or obligations) also was secured by a dwelling.** For example, assume that a borrower has an existing \$30,000 closed-end mortgage loan and obtains a new \$50,000 closed-end mortgage loan that satisfies and replaces the existing \$30,000 loan. The new \$50,000 loan is a refinancing under § 1003.2(p). However, if the borrower obtains a new \$50,000 closed-end mortgage loan that satisfies and replaces an existing \$30,000 loan secured only by a personal guarantee, the new \$50,000 loan is not a refinancing under § 1003.2(p). See § 1003.4(a)(3) and related commentary for guidance about how to report the loan purpose of such transactions, if they are not otherwise excluded under § 1003.3(c).

<https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1003/Interp-2/#2-p-Interp-3>

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- [Live Demo on Thursday, December 3rd @ 2:00 pm ET](#)

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