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Capitol Report

Maine Bankers Association

March 19, 2020

News from Washington (Legislative & Regulatory)

ABA and ICBA Announce Support for Senator Cramer’s Legislation. The [legislation](#) is designed to facilitate community banks’ supporting their customers and ensuring daily operations during the coronavirus pandemic. The legislation, titled the “Community Bank Regulatory Relief Act,” would lower the community bank leverage ratio to 8% from the current level of 9% and delay the implementation of the current expected credit loss standard until December 2024 for community banks.

FDIC Released New FAQs for Bankers and Consumers. Today the FDIC released [FIL-18-2020](#). “The FDIC understands that financial institutions and consumers may have questions about the potential impact of the Coronavirus Disease 2019 (referred to as COVID-19). In response, the FDIC is providing two sets of frequently asked questions (FAQs), one for financial institutions and one for consumers.” Click [here](#) for the FAQs for bankers. Click [here](#) for the FAQs for consumers.

News from Augusta (Legislative & Regulatory)

The Legislature Passed the Governor’s Comprehensive Bill ([LD 2167](#)) to Deal with COVID-19 Which Became Law ([PL 617](#)) Yesterday. The new law includes the creation of a new Loan Guarantee Fund, administered by FAME, to aid Maine residents (including self-employed individuals) who have experienced a reduction in income since January 1, 2020 due to circumstances relating to COVID-19. Banks and credit unions have an option to participate in the program. Click [here](#) for a Fact Sheet from FAME regarding the program.

FAME Will Partner with the SBA and Maine Lenders to Provide Special Financing for Maine Businesses Affected by COVID-19. “FAME and participating lenders will make special terms available to Maine-based businesses that have experienced interruption or hardship due to COVID-19. Various benefits include the following: loans up to \$50,000 offered at reduced interest rates; interest-only payments; up to 75% pro-rata loan insurance on loans up to \$100,000; interim financing in conjunction with the SBA wherein FAME makes loan proceeds available while approved SBA borrowers await federal funding.” Click [here](#) for a copy of FAME’S press release on the new loan program.

MBA and the Maine Credit Union League (MCUL) Issue a Joint Press Release. Yesterday MBA and MCUL distributed a joint press release to the media, reassuring Maine consumers about the safety, security, and reliability of the state's strong financial services industry. We felt that a joint release would be a more powerful statement to send to Maine citizens. Click [here](#) for a copy of the Press Release.



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Compliance Alliance Feature Article

Regulation Z and "Investment" Properties

So this might be shocking to some, but not all "investment" properties are exempt from Reg. Z.

Now, let's break this down a little bit. For Reg. Z purposes, we're generally looking at the purpose of the loan itself and not so much the purpose of the property securing the loan. As we all know, if the purpose of the loan proceeds is primarily business purpose, then the whole loan will not be subject to Reg. Z.

Reg. Z doesn't even use the term "investment property," but it does have exemptions for rental properties. These exemptions depend on three things—whether the property is owner-occupied, the purpose of the loan, and the number of units. If your loan meets all these conditions, then it's automatically exempt from Reg. Z.

Continue reading [here](#).

Not a member of Compliance Alliance? Learn more about membership with Compliance Alliance by attending one of our live demos:

- [Live demo on Tuesday, March 24th @ 10: 00 am CT.](#)
- [Live demo on Thursday, March 26th @ 1:00 pm CT.](#)

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