



“Spring is when you feel like whistling even with a shoe full of slush.” Doug Larson

Adjusted Appraisal Threshold – Commercial RE

Earlier this month, the **FDIC**, **Federal Reserve** and the **OCC** issued a joint rule amending their appraisal regulations. The new rules amend current regulatory provisions requiring appraisals for certain transactions. The “Real Estate Appraisals” rule was published in the Federal Register on April 9, 2018.

In 2017, the agencies **proposed** an amendment that would have increased the monetary threshold at or below which institutions would not be required to obtain appraisals for commercial real estate transactions from \$250,000 to \$400,000.

In the 2018, the **final** rule increases the threshold level at or below which appraisals are not required for **commercial real estate transactions** from **\$250,000 to \$500,000**. The final rule defines a “commercial real estate transaction” as a real estate-related financial transaction that is not secured by a single 1-to-4 family residential property.

Within the preamble to the final rule, the agencies provided the following clarification: *“For commercial real estate transactions exempted from the appraisal requirement as a result of the revised threshold, regulated institutions must obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices.”*

The agency regulations impacted by this change include:

- **FDIC – 12 CFR 323**
- **FRB – 12 CFR 225**
- **OCC – 12 CFR 34**

Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- NEW Alert – Payday Lending Rule
- Updated Alert – Reg. Z - Mortgage Servicing
- Updated Alert - BSA Customer Due Diligence / Beneficial Owner Rule
- Updated Compliance Calendar
- Updated BSA Resource
- Be Prepared! Webinar – 1Q Slide Deck
- 4 NEW Training Webinars
- March 2018 News

To access this information and all other compliance features, go to: <http://compliance.smslp.com/>

The new final rule was effective on the date of publication, **April 9, 2018**. As appropriate, this rule should be shared with lending staff and appraisal-related policies and procedures should be adjusted.

Interested persons may find additional information on the new real estate appraisal rule [here](#).

NEW Beneficial Owner Rule FAQs

Earlier this month, FinCEN issued another set of frequently asked questions regarding the new **customer due diligence** (CDD) provisions for legal entity customers and their beneficial owners. While the compliance date, **May 11, 2018**, is right around the corner, these FAQs provide greater clarity on various topics.

While the 37 new FAQs discuss everything from identification and verification to impacts on CTR reporting and aggregation, one particular FAQ caught our attention, in clarifying the handling of certain entities.

Do you know which entities are excluded from the ownership prong, but not the control prong?

Charities, non-profits, and similar entities generally do not have ownership interests, and as such, are excluded from the **ownership prong** of the final rule. However, institutions are required to collect beneficial ownership information under the **control prong**. This is supported by the CFPB's new **FAQ #23** and is also discussed in the preamble to the final CDD rule.

Our clients may find the Sheshunoff **Compliance Alert** on this topic in the Online Compliance Consulting **Knowledge Base**. Other interested persons may find the new FAQs [here](#).

Convenient and Affordable Compliance Assistance

Do you need help preparing for the upcoming regulatory requirements? SC+S can help with our Online Compliance Consulting services, which combines the ease of online tools with the guidance of a compliance expert.

You will have access to an online compliance expert who will:

- Answer all of your compliance questions;
- Review your new policies and disclosures for compliance; and
- Train your Board of Directors on upcoming regulatory requirements.

You will also receive access to our online tools, including:

- Our Compliance Calendar;
- Our Dashboard Feature and Progress List, that enables you to determine what steps you will need to take to comply with the requirements and track your progress as you implement them;
- Our exclusive Knowledge Base of compliance Q&As; and
- FREE access to our quarterly Be Prepared! webinar series.

For more information or a free demo, contact Rhonda Coggins at 512-703-1509.



Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **June 21, 2018**.

When available, details may be found on BankersWEB, [here](#).

Contact Us

Sheshunoff Consulting + Solutions
901 S. Mopac Expressway
Barton Plaza V, Suite 140
Austin, TX 78746

© 2018 SCSR, L.L.C.

You have received this newsletter as either a complement to other SC+S services you receive, or in response to your request. If you no longer wish to receive this newsletter, please send an email to compliance@smslp.com.

No further reproduction or distribution is allowed outside your organization without permission.