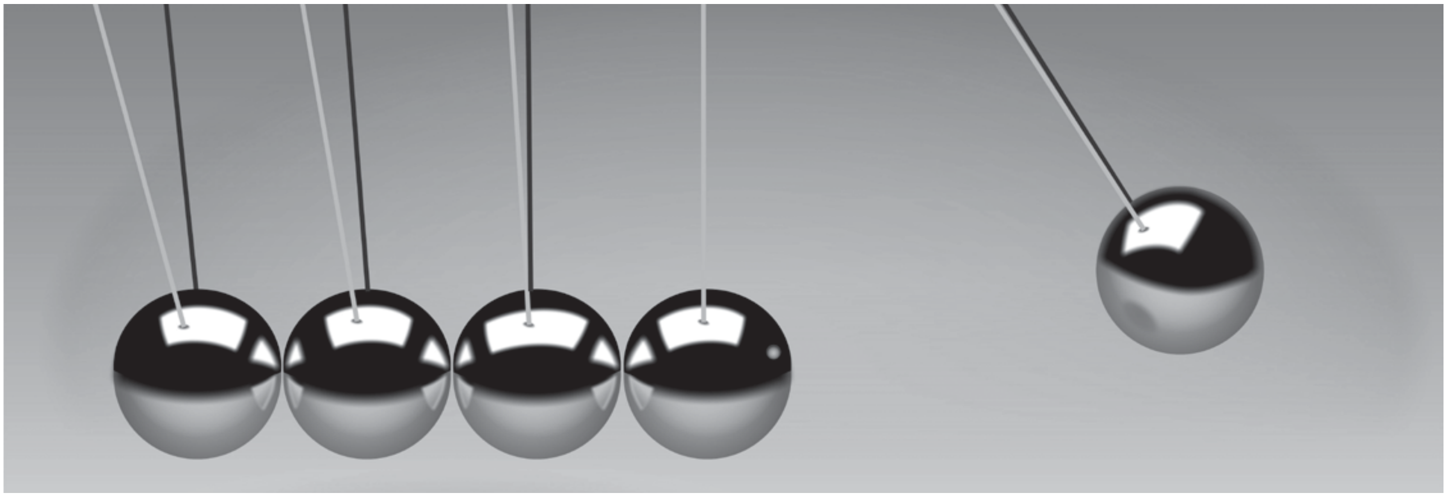
SEPTEMBER 2025

YOUR MONTHLY COMPLIANCE NEWSLETTER



FINDINGS FROM OUR CONSULTING WORK

In this section of our newsletter, we often discuss common issues we have been finding in our audit work, but I wanted to shake it up a bit and address a common question I keep getting – the current political and regulatory environment. We discussed this topic a few months ago, but so much has happened since then, and we still get these questions all of the time.

Unless you have been hiding under a rock, and if you have, please tell me where I can find this rock, you know that there has been a scaling back in regulatory oversight. Many proposed regulations like 1071 are back on hold, and others like the Community Reinvestment Act will likely be pulled back entirely.

In addition, many of the previous guidance documents have been rescinded, and things like disparate impact have been removed entirely. Does this mean we can let up on things like compliance and fair lending? Has regulatory scrutiny declined? Should I look at cross training out of compliance and start a TikTok channel? Let me try and give you my insight into these crucial questions.

First things first – I attend a lot of conferences, so what I will share isn't necessarily just my own opinions. I'm not necessarily "in the know" enough to provide sweeping guidance and opinions on these topics, but I do make a point to get out, stay connected, and learn what's going

See FINDINGS page 2

FREE FAIR LENDING TRAINING - WEBINAR

Dana Ginsburg from ComplianceTech will be hosting Josh Silver, author and CRA advocate and Tory Haggerty, author and fair lending advocate for a 90-minute Zoom webinar. The webinar will be a 60-minute discussion with both authors followed by 30 minutes of Q&A from you. To register for the webinar, you can follow the link HERE.

FINDINGS

Continued from page 1

on. With that said, these are just opinions, albeit informed ones.

Has regulatory scrutiny declined? Many would argue yes. I would argue sort of and temporarily. The sort of means yes, the federal government has scaled way back. We have all seen the layoffs at the CFPB, DOJ, and other regulatory agencies. There is no way they can continue as they did with significantly fewer resources. However, all of that young, smart, and hungry talent did not just up and quit the industry. They all need jobs, and they are flooding to the states and other groups. That means that we will have a much stronger regulator at the state level, and they are already flexing their muscles.

The most common question I get is on disparate impact – has it gone away? Absolutely not. Again, while the federal regulators may not pursue it, the state certainly is. In the last 6 weeks alone, we have seen one state go after a student loan lender and their use of AI, a second state go after a housing case involving renters, and another state pick up the Zelle case after the CFPB dropped it. Two of those, in particular, are citing disparate impact. We know California has essentially set up their own state version of the CFPB, and community groups are becoming increasingly more active. So, has regulatory oversight declined? No, it's just shifted to different oversight agencies. Rather than one federal voice, we now have 50 state voices.

Can we let up on compliance and fair lending? Of course not. If scrutiny has declined at the federal level, any of us who have been around for a long time know that is a temporary shift. The pendulum always swings back, so if anything, right now you should be building. Use this break in federal oversight to make sure your program is strong and ready for the next swing back.

Should you start up a TikTok channel? Well, if you can make viral videos and get your channel monetized, I would say why not? Kids these days make millions, and I've heard the compliance and oversight risk in that area is very minimal.

If anything, we can breathe at least a little bit for now. But we all know that the DOJ and others go back 5 years on their data review. That means all of your decisions now to act or not act will come back to haunt you in the future. Now is not the time to scale back. It's the time to build for the future.

FDIC IS PROPOSING TO AMEND OFFICIAL SIGNS AND ADVERTISING REQUIREMENTS

The FDIC Board voted to approve some amendments to the 2023 rule changes for using the FDIC official digital sign and non-deposit signage. You may remember there were updates to the rule, and some of those updates were pushed back. This is just a proposed change, so there's nothing to worry about yet. If you want to read more on this, you can find the press release HERE and the proposed rule HERE.

PRESIDENT SIGNS EXECUTIVE ORDER PUTTING PRESSURE ON BIG BANKS OVER "POLITICIZED DEBANKING"

This is a hard topic to even address because it gets into political discussions, and those never seem to end up well. Our opinions aside, essentially what it sounds like is they are trying to bring political beliefs and affiliations into the banking space and look for financial institutions denying access to customers based on "politicized or unlawful debanking."

Political affiliations are not a prohibited basis under any of the fair lending laws, but if you look at this as fair banking, there are not the same definitions as the Fair Housing and Equal Credit Opportunity Acts. How this will all work, we don't know. We do want you to be aware. Yahoo! Finance did an article on this, and you can read it HERE and make your own conclusions. The FDIC sent a link to the White House executive order, and that can be found HERE.

YOUR MONTHLY FAIR LENDING CORNER NEWSLETTER

VIDEO

APPRAISAL BIAS

Check out our monthly fair lending short video first and then come back here for some additional thoughts.
[Appraisal Bias | Tuscan Club University]

The topic of this month's fair lending newsletter is appraisal bias. This is a topic that we have seen more of over the last decade or so. Make sure you click on the video link to see more thoughts on this topic.

As Tory mentions in the video, identifying appraisal bias can be challenging, and it can involve different people in your organization. One of the best ways to spot and prevent it is to understand your market area. If you know the general value of homes, you can better spot those that might have appraisal bias issues.

Another simple trick is to spend more time reading the appraisal. If you know the information in the appraisal, or you notice some things left out, you may need to work with the appraiser to get them corrected.

We have seen liability fall upon banks or other lenders for not appropriately spotting and fixing appraisal bias. You cannot pass that risk on to the appraiser. Be sure you are reviewing appraisals, have a good understanding of what home values should be, and if you see issues – fix them.

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