



Capitol Comments

June 2020

When there is a deadline or effective date associated with an item, you will see this graphic: 

'And since all this loveliness can not be Heaven, I know in my heart it is June' — Abba Gould Woolson Hudson

Department of the Treasury [COVID-19 Resources](#)

SBA Coronavirus (COVID-19): Small Business Guidance & Loan [Resources](#)

Joint federal agency issuances, actions and news

Revisions to the Consolidated Reports of Condition and Income (Call Report) and the FFIEC 101 Report (06.12.2020) 

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (Board), and the Office of the Comptroller of the Currency (collectively, the agencies), have requested and received emergency approval from the U.S. Office of Management and Budget for certain revisions to the three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051) and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101), effective as of the June 30, 2020, report date. These revisions resulted from several interim final rules (IFRs) and a notice of proposed rulemaking (NPR) issued by one or all of the agencies in response to the impact on the financial markets and the strains on the U.S. economy as a result of the Coronavirus Disease 2019 (COVID-19). These revisions also resulted from certain provisions of the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The IFRs and NPR were published in the Federal Register from March through June 2020.

The revisions include:

1. Updates to the instructions for the calculation of certain amounts reported on Schedule RC-R, Regulatory Capital, that apply to the three versions of the Call Report and for the calculation of certain amounts reported on Schedule A, Advanced Approaches Regulatory Capital, on the FFIEC 101.
2. New items on Call Report Schedule RC-C, Part I, Loans and Leases, and Schedule RC-M, Memoranda, to collect data on:

- a. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the CARES Act, with these items collected on a confidential basis;
 - b. U.S. Small Business Administration Paycheck Protection Program (PPP) loans and borrowings under the Federal Reserve PPP Liquidity Facility (PPPLF); and
 - c. Holdings of assets purchased under the Money Market Mutual Fund Liquidity Facility (MMLF). The agencies expect the collection of these new items to be time-limited.
3. Revisions to the definitions of certain deposits reported on Call Report Schedule RC-E, Deposit Liabilities, in response to an IFR amending the Board's Regulation D (12 CFR 204).
 4. Changes to the reporting on extensions of credit to insiders on Call Report Schedule RC-M, Memoranda, in response to a Board IFR that excepts certain loans guaranteed under the Small Business Administration's PPP from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board's Regulation O (12 CFR 215).

The agencies will request public comment on these reporting changes through the standard Paperwork Reduction Act process at a later date.

The attached supplemental instructions for reporting in accordance with these revisions in the Call Report and the FFIEC 101 as of the June 30, 2020, report date, along with the redlined report forms, as applicable, are available on the FFIEC [Reporting Forms](#) webpages. The agencies encourage you to review the reporting changes applicable to your institution.

Source [link](#).

Comment: The most significant changes are the new account to capture Small Business Administration Paycheck Protection Program loans and a new account to capture information on FRB Paycheck Protection Program Liquidity Facility loans.

Financial Regulators Statement on Financial Inclusion (06.05.2020)

The members of the Federal Financial Institutions Examination Council (FFIEC) released the following statement on the importance of financial inclusion:

"We, the prudential and consumer financial protection regulators of the U.S. financial system, are committed to financial inclusion. Racism and discrimination must not be tolerated. Everyone deserves the opportunity to participate in our financial mainstream. We remain steadfastly dedicated to ensuring that the financial institutions which we regulate provide fair access and fair treatment to everyone in America."

Source [link](#).

Comment: The Equal Credit Opportunity Act and the Fair Housing Act are two civil rights laws that prohibit discrimination. Fair lending examination procedures have been adopted by the regulators. During the Obama administration, there was an emphasis on such exams. Given the tension during the George Floyd demonstrations, it remains to be seen whether the federal regulators will reinvigorate such exams.

Agencies Issue Host State Loan-to-Deposit Ratios (06.02.2020)

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued the host state loan-to-deposit ratios that they will use to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. These ratios replace the prior year's ratios, which were released on May 28, 2019.

In general, section 109 prohibits a bank from establishing or acquiring a branch or branches outside of its home state primarily for the purpose of deposit production. Section 109 also prohibits branches of banks controlled by out-of-state bank holding companies from operating primarily for the purpose of deposit production.

Section 109 provides a process to test compliance with the statutory requirements. The first step in the process involves a loan-to-deposit ratio test that compares a bank's statewide loan-to-deposit ratio to the host state loan-to-deposit ratio for banks in a particular state.

A second step is conducted if a bank's statewide loan-to-deposit ratio is less than one-half of the published ratio for that state or if data are not available at the bank to conduct the first step. The second step requires the appropriate agency to determine whether the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches.

A bank that fails both steps is in violation of section 109 and is subject to sanctions by the appropriate agency.

The updated host state loan-to-deposit ratios are attached.

Attachment:

[Section 109 Host State Loan-to-Deposit Ratios](#)

Source [link](#).

Comment: The host state loan-to-deposit ratio is the ratio of total loans in a state to total deposits from the state for all banks that have that state as their home state. For state-chartered banks and FDIC-supervised savings banks, the home state is the state where the bank was chartered.

Federal Agencies Share Principles for Offering Responsible Small-Dollar Loans (05.20.2020)

The federal financial institution regulatory agencies issued principles for offering small-dollar loans in a responsible manner to meet financial institutions customers' short-term credit needs.

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency recognize the important role that responsibly offered small-dollar loans can play in helping customers meet their ongoing needs for credit from temporary cash-flow imbalances, unexpected expenses, or income shortfalls, including during periods of economic stress, natural disasters, or other extraordinary circumstances such as the public health emergency created by COVID-19.

The agencies are issuing the "Interagency Lending Principles for Offering Responsible Small-Dollar Loans" to encourage supervised banks, savings associations, and credit unions to offer responsible small-dollar loans to customers for consumer and small business purposes.

A March 26 joint agency statement encouraged banks, savings associations, and credit unions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19.

Attachment:

[Joint Principles](#)

[Fact Sheet](#)

Source [link](#).

Comment: The key word here is “responsible.” These small-dollar loan programs are an excellent CRA product. However, the loans must still be appropriately underwritten and priced. The agencies set forth core lending principles for financial institutions intending to offer small-dollar loan products: 1) Loan products are consistent with safe and sound banking, treat customers fairly, and comply with applicable laws and regulations; 2) Financial institutions effectively manage the risks associated with the products they offer, including credit, operational, and compliance; and 3) Loan products are underwritten based on prudent policies and practices governing the amounts borrowed, frequency of borrowing, and repayment requirements.

CFPB actions and news

Consumer Reporting and the CARES Act (06.16.2020)

Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to minimize the impact of the COVID-19 pandemic. The CARES Act places important requirements on companies that furnish information to consumer reporting agencies about consumers affected by the COVID-19 pandemic.

The Bureau previously [issued a statement](#) informing lenders they must comply with the credit reporting requirements of the CARES Act. Today, the [Bureau released FAQs](#) that will help ensure that consumers receive the credit reporting protections required by the CARES Act.

The FAQs address the credit reporting requirements of the CARES Act, including considerations for furnishers when reporting consumers as current as required by the CARES Act. The FAQs also clarify that reporting that a consumer is affected by a natural or declared disaster is not a substitute for complying with the CARES Act credit reporting requirements. In addition, the FAQs address the Bureau’s guidance that provides temporary and targeted flexibility in the event CRAs or the furnisher experience challenges as a result of the pandemic in investigating consumer disputes. All CRAs and furnishers remain responsible for conducting reasonable investigations of consumer disputes in a timely fashion. The Bureau’s statement makes clear that the Bureau expects CRAs and furnishers to make good faith efforts to investigate disputes as quickly as possible.

Where to find more resources

The CFPB offers [additional resources to help industry comply with credit reporting requirements](#). The CFPB is also providing consumers with up-to-date information and resources to [protect and manage their finances during this difficult time](#). Additionally, the CFPB offers [financial education tools and information for consumers](#).

Source [link](#).

Comment: In one of its FAQs, the bureau states that while the CFPB’s statement said the bureau would exercise some flexibility in its supervisory and enforcement approach during the COVID-19 pandemic, it “did not say that the Bureau would give furnishers or consumer reporting agencies an unlimited time beyond the statutory deadlines to investigate disputes before the Bureau would take supervisory or enforcement action.

Furnishers and consumer reporting agencies remain responsible for conducting reasonable investigations of consumer disputes in a timely fashion.”

CFPB Releases Tool to Help Communities Prevent and Respond to Elder Fraud (06.10.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) released an online resource to help communities form networks to increase their capacity to prevent and respond to elder financial abuse. The Elder Fraud Prevention and Response Networks Development Guide (Networks Development Guide) offers planning tools, templates, and exercises to help communities create a collaborative network to fight elder fraud or refresh or expand an existing network.

The Networks Development Guide is an online tool that includes a meeting model on how to set up a retreat and training event to rally stakeholders and community leaders. Retreats planned over this summer, for instance, could happen as early as the fall, and the planning can be implemented remotely via teleconference, supporting engagement in rural communities and in consideration of the need for social distancing. The guide also provides resources for reconvening after the retreat to help community leaders take further action to expand network capabilities.

“The CFPB is focused on stopping financial exploitation of older Americans. We hope this resource will help launch networks in fighting elder financial exploitation in communities where networks don’t currently exist,” CFPB Director Kathleen L. Kraninger said. “For those communities with an existing network, the Networks Development Guide can help to refresh or realign its priorities and activities, or expand the diversity of its membership to include new stakeholders. We encourage the use of the guide by communities across the nation to build their capacity to prevent and respond to elder financial exploitation.”

The CFPB works with law enforcement, adult protective services, financial institutions, legal aid organizations, senior service providers, and other community stakeholders on the issue of elder financial exploitation. The CFPB has helped bring community stakeholders in communities across the country together to form or strengthen collaborative networks with a shared goal of empowering older people to protect themselves from financial harm. The Networks Development Guide underscores the Bureau’s commitment to increasing the prevention of and response to elder financial exploitation.

The CFPB will be offering presentations and webinars in the coming weeks to walk stakeholders through the Networks Development Guide and provide tips on how to use it.

Access the Networks Development Guide at www.consumerfinance.gov/eldernetworks.

The CFPB created these free fraud prevention resources for stakeholders to share with older adults:

- [Elder Fraud Prevention and Response Network Development Guide](#) – an online resource to help stakeholders strengthen community efforts to prevent and respond to elder financial exploitation by establishing a network or expanding the capacity of an existing network
- [Money Smart for Older Adults](#) – an awareness program with print materials and other resources developed in collaboration with the FDIC
- [Fraud prevention placemats, handouts, and activity sheets](#) – simple, eye-catching scam prevention materials
- [Advisory and Recommendations for Financial Institutions on Preventing and Responding to Elder Financial Exploitation](#) – best practices for recognizing and reporting elder financial exploitation for banks, credit unions, and other financial services providers

- [Protecting Residents from Financial Exploitation](#) – a manual for assisted living and nursing facilities

There are many different stakeholders involved in the prevention of and response to elder fraud, so it's important that we work together.

Source [link](#).

Comment: Banks are mandated by federal (and many states) law to report elder financial exploitation. In addition, developing a strong program is another excellent CRA project. The CFPB previously reported that the most common suspects include family members and strangers. Scams are defined as "scams" by the filer of the SAR itself or described within the SAR as a scheme involving the transfer of money to a stranger for a promised benefit to be received by the older adult, but the older adult will never receive. Non-scams include a broad array of activities, such as theft by family members or others known to the older adult, account takeovers, identity theft and other crimes.

CFPB Issues TRID Factsheet and FAQs (06.09.2020)

The Bureau published guidance related to the TILA-RESPA Integrated Disclosure (TRID) Rule.

First, the Bureau published a Factsheet on how to disclose title insurance on the Loan Estimate and Closing Disclosure, including when a negative owner's title insurance cost disclosure is appropriate.

Second, the Bureau updated the TRID FAQs to include guidance on the total of payments disclosure, using the optional signature line on the Loan Estimate and Closing Disclosure, and the requirement to include seller information on the consumer's disclosures if providing separate Closing Disclosures.

You can access the TRID Title Insurance Factsheet and TRID FAQs here:

<https://www.consumerfinance.gov/policy-compliance/guidance/mortgage-resources/tila-respa-integrated-disclosures/>.

Source [link](#).

Comment: While the Factsheet is focused solely on the handling of title insurance disclosures under the rule, the FAQ's cover various topics, including the separation of data when using separate Closing Disclosures for the consumer and the seller, the Total of Payments calculation, and the optional signature lines on the Loan Estimate and Closing Disclosure. Update TRID procedures to assure compliance with these clarifications.

CFPB Takes Steps to Facilitate LIBOR Transition (06.04.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) took steps to facilitate the transition away from LIBOR for consumers and regulated entities. The Bureau released an updated Consumer Handbook on Adjustable Rate Mortgages (CHARM) to help consumers better understand adjustable rate mortgage loan products. The Bureau also released a Notice of Proposed Rulemaking (NPRM) concerning the anticipated discontinuation of LIBOR, including proposing examples of replacement indices that meet Regulation Z standards. Additionally, the Bureau is issuing guidance (FAQs) on other important LIBOR transition topics that do not require amendments to Regulation Z.

The CHARM booklet is intended to provide information to consumers about the features and risks of adjustable rate mortgage loans. Creditors must provide the disclosure or a suitable substitute generally no later than three days following certain ARM applications.

The Bureau consumer-tested draft versions of the handbook, finding that a fixed-rate and adjustable rate mortgage comparison table is an important feature for consumers, and that fewer pages and enhanced design elements make it more visually appealing. The number of pages was reduced from 41 to 21. The updated booklet also removes references to the LIBOR benchmark index.

Interest rates on certain financial products, including some mortgages, credits cards, home equity lines of credit, reverse mortgages, and student loans, rely on LIBOR as the benchmark index to determine the interest rate that consumers will pay. To prepare for the anticipated discontinuation of LIBOR, financial institutions have been developing plans for the transition to replacement indices for new and existing loans that use the LIBOR index.

In the NPRM, the Bureau is proposing examples of replacement indices for LIBOR for open-end products that meet Regulation Z standards. The Bureau proposes to permit creditors for home equity lines of credit (HELOCs) and credit card issuers to replace a LIBOR index with a replacement index on or after March 15, 2021, if certain conditions are met. Under the proposal, creditors and issuers may select a replacement index that is newly established and has no history; or is not newly established and has a history, if certain conditions are met. Creditors and issuers must ensure that the rate calculated using the replacement index is substantially similar to the rate using the LIBOR index.

To ensure that consumers know how the variable rates will be determined after the LIBOR index is replaced, the NPRM proposes to revise change-in-terms notice requirements for HELOCs and credit card accounts.

For closed-end credit provisions, the NPRM proposes to identify specific indices as an example of a comparable index for the LIBOR index that will be replaced. In the NPRM, the SOFR-based spread adjusted indices recommended by the Alternative Reference Rates Committee are proposed as an example of a comparable index.

The NPRM will be open for public comments until August 4, 2020.

The CHARM booklet can be found here:

https://files.consumerfinance.gov/f/documents/cfpb_charm_booklet.pdf

[View the Proposed Amendments to Regulation Z](#)

[View the Notice and Opportunities to Comment](#)

LIBOR transition FAQs can be found here:

https://files.consumerfinance.gov/f/documents/cfpb_libor-transition_nprm-frequently-asked-questions.pdf

Source [link](#).

Comment: Note that these special rules only apply to transitioning from LIBOR as an index—not any other index. Presumably this rule will have limited impact as LIBOR is not a common consumer loan/card index. Interest rates on certain financial products, including some mortgages, credits cards, home equity lines of credit, reverse mortgages, and student loans, rely on LIBOR as the benchmark index to determine the interest rate that consumers will pay. To prepare for the anticipated discontinuation of LIBOR, banks been developing plans for the transition to replacement indices for new and existing loans that use the LIBOR index.

CFPB and State Regulators Provide Additional Guidance to Assist Borrowers Impacted by the COVID-19 Pandemic (06.04.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau and the Conference of State Bank Supervisors issued joint guidance to mortgage servicers to assist in complying with the Coronavirus Aid, Relief and Economic Security (CARES) Act provisions granting a right to forbearance to consumers impacted by the COVID-19 pandemic.

Servicers of federally-backed mortgages, such as Fannie Mae or Freddie Mac, Department of Housing and Urban Development, Department of Veterans Affairs, or Department of Agriculture loans, must grant forbearance to borrowers with pandemic-related hardships that may last as long as two consecutive 180-day periods. Furthermore, additional interest, fees, or penalties beyond the amounts scheduled or calculated should be waived with no negative impact to the borrower’s mortgage contract during the forbearance.

Mortgage servicers could violate the CARES Act or other applicable law and potentially cause consumer harm if they were to require documentation from borrowers to prove financial hardship, if they did not grant the forbearance once properly requested, or if they steered borrowers away from forbearance or misled them.

Last month, the Bureau and CSBS released a consumer guide to their relief options.

To read the guidance click here: https://files.consumerfinance.gov/f/documents/cfpb_csbs_industry-forbearance-guide_2020-06.pdf

Source [link](#).

Comment: This forbearance requirement does not apply to other mortgage loans, which are typically held in-portfolio by community banks.

Consumer Financial Protection Bureau Takes Action to Help Consumers Receive Relief from Credit Card Issuers (06.03.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) took action to help consumers receive relief during the pandemic more quickly from their credit card issuer. Regulation Z requires that creditors provide written disclosures to consumers for account-opening and temporary rate or fee reduction.

During the pandemic, consumers may seek to open a new account or request a temporary reduction in APR or fees for an existing account or a low-rate balance transfer. The Bureau is providing temporary and targeted flexibility for credit card issuers regarding electronic provision of certain disclosures required to be in writing during this pandemic.

[The Bureau’s statement can be viewed here.](#)

Source [link](#).

Comment: This provision cuts through regulatory timing issues that would otherwise delay relief to affected consumers.

Remittance Rule FAQs related to the COVID19 Pandemic (Regulation E) (06.02.2020)

The Bureau has issued FAQs explaining whether failure to deliver remittance transfer funds to the designated recipient by the disclosed date of availability due to certain government-mandated closures in response to the COVID-19 pandemic is an error under the Remittance Rule. The FAQs also include illustrative examples.

Source [link](#).

Comment: Again, this document provides clarity and flexibility to assist bankers in assisting their customers.

CFPB updates the HMDA Small Entity Compliance Guide (05.28.2020)

The Bureau has published updates to the HMDA Small Entity Compliance Guide to reflect changes made to Regulation C by the [2020 HMDA Thresholds Rule](#). You can access the updated HMDA Small Entity Compliance Guide [here](#).

The Bureau has previously issued several resources to help institutions comply with the 2020 HMDA Thresholds Rule. You can access those resources [here](#).

Source [link](#).

Comment: Update your HMDA procedures.

FDIC actions and news

FDIC-Insured Institutions Reported Reduced Profitability but Strong Loan Growth and Stable Asset Quality in First Quarter 2020 (06.16.2020)

- Loan and Lease Balances and Deposits Registered Strong Growth
- Asset Quality Metrics Remained Relatively Stable
- The Number of Banks on the "Problem Bank List" Remained Low
- Deteriorating Economic Activity Negatively Affected Banking Industry's Profitability
- Quarterly Net Income Fell by 69.6 Percent from First Quarter 2019
- Community Banks Reported a 20.9 Percent Decline in Net Income from a Year Ago

"The banking industry has been a source of strength for the economy in the first quarter despite unexpected shocks. Although bank earnings were negatively affected by increases in loan loss provisions, banks effectively supported individuals and businesses during this downturn through lending and other critical financial services."

— FDIC Chairman Jelena McWilliams

For the 5,116 commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC), aggregate net income totaled \$18.5 billion in first quarter 2020, a decline of \$42.2 billion (69.6 percent) from a year ago. The decline in net income is a reflection of deteriorating economic activity, which resulted in the increase in provision expenses and goodwill impairment charges. Financial results for first quarter 2020 are included in the FDIC's latest Quarterly Banking Profile released.

Source [link](#).

Comment: Fortunately, community banks generally have strong capital and ALLL. These will be tested if the economic uncertainty created by COVID-19 is not turned around.

FDIC Issues Annual Report on Efforts to Preserve and Promote Minority Depository Institutions (06.10.2020)

The Federal Deposit Insurance Corporation (FDIC) released a report submitted to Congress that chronicles the efforts the agency made to preserve and promote Minority Depository Institutions (MDIs) in 2019. This report provides a summary profile of MDIs as of the end of 2019; a description of the FDIC's MDI program; and detailed information on the FDIC's 2019 initiatives supporting these institutions. Read FDIC's annual report to Congress.

The FDIC defines an MDI as any federally insured depository institution for which 51 percent or more of the voting stock is owned by minority individuals, or a majority of the Board of Directors is minority and the community that the institution serves is predominantly minority. As of December 31, 2019, there were 144 FDIC-insured MDIs with combined total assets of nearly \$249 billion and 36,676 employees.

In 2019, the FDIC took significant measures to help grow MDIs and improve their operations, including:

- Published [Minority Depository Institutions: Structure, Performance, and Social Impact](#), a research study that looked at the demographics, structural change, geography, financial performance, and social impact of MDIs over a 17-year period ending December 31, 2018.
- Hosted [three roundtable discussions](#) among MDI and large bank executives to facilitate greater lending and community development activities in low-income neighborhoods and how such collaborations could receive favorable consideration under the Community Reinvestment Act (CRA). During the roundtables, executives from 29 large banks and 24 MDIs discussed potential partnerships including financial support, lending collaboration, and service activities including technical assistance.
- Established a new MDI Subcommittee of the Advisory Committee on Community Banking (CBAC). There are nine executives serving as members of the MDI Subcommittee representing African American, Native American, Hispanic American, and Asian American MDIs across the country.

In an address to the [National Bankers Association](#) in October, Chairman McWilliams applauded the work MDIs perform in Low- and Moderate-Income (LMI) neighborhoods, "if not for your institutions, individuals in LMI communities might not have access to banking services. You help create jobs, grow small businesses, and build wealth."

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) established the following goals: to preserve the number of MDIs; to preserve the minority character in cases involving merger or acquisition of a MDI; to provide technical assistance to help prevent insolvency of MDIs; to promote and encourage creation of new MDIs; and to provide for training, technical assistance, and educational programs for MDIs.

Source [link](#).

OCC actions and news

Employment Contracts, Mutual to Stock Conversions, and Technical Amendments: Final Rule (06.10.2020)



On June 9, 2020, the Office of the Comptroller of the Currency (OCC) issued a final rule to address recommendations from the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) report issued in March 2017. The final rule reduces burden and increases flexibility for banks and is effective 30 days after the date of publication in the Federal Register.

Highlights

Consistent with recommendations in the EGRPRA report to reduce burden and increase flexibility for banks, the final rule

- repeals the requirement that employment contracts with federal savings association (FSA) employees be in writing and approved by the FSA's board of directors.

- amends 12 CFR 192 (conversions from mutual to stock form) to
 - clarify which forms and accounting standards are used in connection with a mutual-to-stock conversion;
 - encourage electronic filing, electronic meetings, and notice by email;
 - reduce the number of copies of proxy materials that must be filed with the OCC; and
 - update cross-references to repealed and integrated rules.
- amends the securities disclosure exemptions in 12 CFR 16 to
 - provide that a bank in organization that is issuing securities pursuant to the small issues exemption is not required to include audited financial statements as part of its offering documents; and
 - clarify that all registration statements, offering documents, amendments, notices, or other documents relating to a mutual-to-stock conversion must be filed with the appropriate OCC licensing office on the OCC's BankNet website.
- clarifies that the regulations in 12 CFR 19, subpart P, addressing the removal, suspension, or debarment of independent public accountants, apply to insured FSAs and insured federal branches of foreign banks.
- amends the definitions of “small business loans” and “small farm loans” in the lending limits rule, 12 CFR 32, to align with the language of the call report instructions.
- includes a preamble discussion whether the OCC should amend its fiduciary rules to
 - require national banks and FSAs to retain records for fiduciary accounts for “the minimum period required by applicable fiduciary State law,” in addition to the current periods of three years from the later of the termination of the account or the termination of any litigation relating to the account; and
 - expand the list of acceptable collateral for self-deposited trust funds to include additional types of instruments.

Background

Section 2222 of EGRPRA requires the Federal Financial Institutions Examination Council (FFIEC) and each appropriate federal banking agency represented on the FFIEC (the OCC, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System [collectively, the agencies]) to review their regulations at least once every 10 years. The agencies also must publish a summary of the comments received in connection with the EGRPRA review in the Federal Register, and the FFIEC must submit a report to Congress that summarizes any significant issues raised by the comments and the relative merits of the issues. The agencies completed their second EGRPRA review on March 30, 2017, with the publication of the Joint Report to Congress.

In May 2015, the OCC published a final rule revising its licensing rules that included a number of amendments directly responsive to recommendations from the March 2017 EGRPRA report. In January 2017, the OCC published a second final rule implementing further changes requested by EGRPRA commenters. This final rule is the third OCC rulemaking that addresses recommendations from the report.⁶

Source [link](#).

Comment: Some significant changes but really technical and ‘in the weeds.’

OCC Requests Comment on Proposal to Update Activities and Operations Rules and its Rules on Digital

Activities (06.04.2020)

On June 3, 2020, the Office of the Comptroller of the Currency (OCC) issued an advance notice of proposed rulemaking (ANPR) inviting public comment on its regulations at 12 CFR 7, subpart E, and 12 CFR 155 on national bank and federal savings association (bank) digital activities. This ANPR is part of the agency's ongoing efforts to remain responsive to rapidly changing trends and technology developments in the financial marketplace and, specifically, to evaluate whether these regulations effectively promote economic growth and opportunity while ensuring that banks operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The ANPR has a 60-day comment period, ending on August 3, 2020.

Highlights

The ANPR invites comment on the OCC's digital activities rules and other banking issues related to digital technology or innovation, including:

- whether the legal standards in 12 CFR 7, subpart E, and 12 CFR 155 are sufficiently flexible and clear in light of the technological advances that have transformed the financial industry over the past two decades.
- whether these legal standards create unnecessary hurdles or burdens to innovation by banks.
- whether there are digital banking activities or issues that are not covered by these rules that the OCC should address (e.g., digital finders' activities, certain software, and correspondent services).
- what activities related to cryptocurrencies or cryptoassets are financial services companies or bank customers engaged in and what are the barriers or obstacles to further adoption of crypto-related activities in the banking industry.
- how is distributed ledger technology used or potentially used in activities related to banking.
- how are artificial intelligence and machine learning techniques used or potentially used in activities related to banking.
- what new payments technologies and processes should the OCC be aware of and what are the potential implications of these technologies and processes for the banking industry.
- what new or innovative tools do financial services companies use to comply with regulations and supervisory expectations (i.e., "regtech").
- what issues are unique to smaller institutions regarding the use and implementation of innovative products, services, or processes that the OCC should consider.
- what other changes to the development and delivery of banking products and services should the OCC be aware of and consider.
- whether there are issues the OCC should consider in light of changes in the banking system that have occurred in response to the COVID-19 pandemic.

The OCC is not seeking comment on its authority to issue a special purpose national bank charter in this rulemaking.

Source [link](#).

Comment: These two massive proposals appear poised to significantly update both the existing rules on operations and provide a framework for innovation.

Permissible Interest on Loans That Are Sold, Assigned, or Otherwise Transferred: Final Rule (06.02.2020)

The Office of the Comptroller of the Currency (OCC) issued a final rule to clarify that when a national bank or savings association (bank) sells, assigns, or otherwise transfers (transfers) a loan, interest permissible before the transfer continues to be permissible after the transfer.

Highlights

Federal law establishes that banks may charge interest on loans at the maximum rate permitted to any state-chartered or licensed lending institution in the state where the bank is located. In addition, banks are generally authorized to transfer loans and to enter into and assign loan contracts. Despite these clear authorities, recent developments have created legal uncertainty about the ongoing permissibility of the interest term after a bank transfers a loan. This rule clarifies that when a bank transfers a loan, interest permissible before the transfer continues to be permissible after the transfer.

Source [link](#).

Comment: This rule addresses the so-called Madden rule, created by federal courts. In the preamble to the final rule, the OCC stated that “[b]ased on its supervisory experience, the OCC believes that unresolved legal uncertainty about this issue may disrupt banks’ ability to serve consumers, businesses, and the broader economy efficiently and effectively, particularly in times of economic stress. The OCC also believes that enhanced legal certainty may facilitate responsible lending by banks, including in circumstances when access to credit is especially critical.”

Sampling Methodologies: Revised Comptroller’s Handbook Booklet (05.26.2020)

The Office of the Comptroller of the Currency (OCC) issued the revised “Sampling Methodologies” booklet of the Comptroller’s Handbook. This booklet is prepared for use by OCC examiners in connection with their examination and supervision of national banks, federal savings associations, and federal branches and agencies of foreign banking organizations (collectively, banks). The revised booklet is effective for supervisory activities beginning on or after June 15, 2020.

Highlights

The revised booklet

- explains the differences between statistical and judgmental sampling, including the appropriate use of each.
- provides an updated and expanded discussion of judgmental sampling.
- contains a detailed discussion of the OCC’s statistical sampling methodologies.
- includes examples of the application of judgmental and statistical sampling.
- includes look-up tables for examiners to determine statistical sample sizes and upper confidence bounds.

Related Link

[“Sampling Methodologies”](#) (PDF)

Source [link](#).

Comment: While this booklet is for use by OCC examiners in connection with their examination and supervisory activities, the booklet has useful details on the approach OCC supervised banks may experience as well as some practices bank may want to consider.

Director, Shareholder, and Member Meetings: Interim Final Rule (05.26.2020)

The Office of the Comptroller of the Currency (OCC) is issuing an interim final rule that amends 12 CFR 5 and 7 to clarify that national banks and federal savings associations (FSAs) (collectively, banks) may permit telephonic and electronic participation at all board of directors, shareholder, and, as applicable, member meetings.

This interim final rule is effective on May 28, 2020. Comments on the interim final rule must be received no later than July 13, 2020.

Highlights

This interim final rule:

- permits banks to provide for telephonic or electronic participation of members and shareholders, as applicable, at both annual and special meetings.
- requires banks that permit telephonic and electronic participation at member or shareholder meetings to have procedures for this remote participation and provides banks with a choice of procedures to follow based on elected state corporate governance procedures, the Delaware General Corporation Law, or the Model Business Corporation Act.
- codifies an OCC interpretation that permits national banks to provide for telephonic or electronic participation at board of directors meetings.
- updates OCC rules to clarify that all FSAs may provide for telephonic or electronic participation at board of directors meetings.

Concurrent with the issuance of this IFR, the OCC also is publishing optional model bylaw provisions for FSAs that permit telephonic and electronic participation as provided in this IFR. Pursuant to OCC rules, if an FSA adopts a bylaw amendment that includes the language of the OCC's optional bylaws without change and files the bylaw with the OCC within 30 days after adoption, the bylaw is effective upon adoption.

Background

The National Bank Act, the Home Owners' Loan Act, as applicable, and OCC regulations do not require that director, shareholder, or member meetings take place in person. Furthermore, banks have access to remote communication tools, such as telephone or internet-based conferencing, to enable them to comply with internal and regulatory meeting requirements within the parameters of the COVID-19 social distancing guidelines. The OCC is issuing this IFR to update its regulations to conform with modern technologies and to clarify that banks may use remote communication tools to conduct these meetings. The amendments made by this IFR are permanent and will not expire after the COVID-19 emergency has ended.

Source [link](#).

Comment: Existing corporate rules already permitted banks to utilize the corporate law of Maryland, their state of domicile, or the Model Business Corporation Act. These laws provide for remote meetings. However, bank bylaws should clearly authorize them in order to take advantage of this flexibility. Notice that the electronic or telephonic meetings are permissible for directors and shareholders if properly authorized. If the need for "social distancing" continues due to COVID-19, this remote meeting method will be essential to protect participants.

OCC Sounds Warning About Effects of COVID-19 'Lockdowns' on Banking System (05.29.2020)

WASHINGTON, D.C.—Acting Comptroller of the Currency Brian P. Brooks expressed concerns about the effects of regional and local responses to COVID-19 on the federal banking system.

In letters to the National League of Cities, the U.S. Conference of Mayors, and the National Association of Governors, the Acting Comptroller of the Currency urged mayors and governors to consider the adverse impact of long-term regional economic shutdown on the nation's banks when making their decisions. "Certain aspects of these local orders," wrote Acting Comptroller Brooks, "potentially threaten the stability and orderly functioning of the financial system the OCC is charged by law to protect."

The letter raises awareness among state and municipal officials of certain risks closely associated with "essentially indefinite" business closures in certain cities and states. Requiring businesses to remain closed decreases businesses' ability to service their debt, thus increasing default risk in the banking system. Lengthy business closures also reduce the value of collateral securing commercial real estate because of increases in burglaries and vandalism of vacant strip malls, storefronts, and the like; in those cities considering cutting off electric, water, and other utilities to businesses that choose to remain open notwithstanding lockdown orders, the degradation of the physical loan collateral exposes banks to higher loss severities. During a period of double-digit unemployment and stresses caused by local responses to COVID-19 to previously safe and sound business and commercial real estate portfolios, actions that exacerbate that risk may prolong and worsen an economic downturn, reduce the availability of credit and capital that would support recovery, and result in safety and soundness issues that are especially significant for smaller community and regional banks with business concentrations in these areas.

"National banks and federal savings associations entered the COVID-19 crisis extremely well capitalized and with strong liquidity," Mr. Brooks wrote. "The President and Congress have relied on a strong banking system to deliver many of the elements of the CARES Act and other relief to support the nation during this difficult period. I ask that your members carefully consider the impact of their lockdown orders on the health and function of our shared national financial infrastructure as they implement the President's guidance to determine when and how to unwind those orders."

Source [link](#).

Comment: The COVID-19 pandemic could be the most serious challenge to banks in nearly a century. Community banks are working to keep their distribution channels open, despite social distancing advice and supervisory and compliance functions that were never designed for remote work. Banks are also trying to manage revenue and customer expectations, despite near-zero interest rates and growing pressure on consumers.

Federal Reserve actions and news

Federal Reserve Board to Resume Normal Examination Activities Banks (06.15.2020)

The Federal Reserve Board on Monday announced that it will resume examination activities for all banks, after previously announcing a reduced focus on exam activity in light of the coronavirus response.

In March, the Board announced that it would focus on outreach and monitoring in light of the coronavirus response measures and temporarily reduce its exam activity, with the greatest reduction for smaller banks.

Since that time, banks have had time to implement contingency operating plans and adapt their operations, so exam activity will resume.

The Board anticipates that exams will continue to be conducted offsite until conditions improve and will continue to work with banks to understand any specific issues they may be facing.

Source [link](#).

Comment: Be prepared to download even more material into secure portals. Also, expect more telephonic and electronic meetings to be scheduled.

Federal Reserve Board Expands its Main Street Lending Program to Allow More Small and Medium-Sized Businesses to be Able to Receive Support (06.08.2020)

The Federal Reserve Board on Monday expanded its Main Street Lending Program to allow more small and medium-sized businesses to be able to receive support. The Board lowered the minimum loan amount, raised the maximum loan limit, adjusted the principal repayment schedule to begin after two years, and extended the term to five years, providing borrowers with greater flexibility in repaying the loans. The Board expects the Main Street program to be open for lender registration soon and to be actively buying loans shortly afterwards.

"Supporting small and mid-sized businesses so they are ready to reopen and rehire workers will help foster a broad-based economic recovery," Federal Reserve Chair Jerome H. Powell said. "I am confident the changes we are making will improve the ability of the Main Street Lending Program to support employment during this difficult period."

Small and medium-sized businesses are a vital part of the economy and employ tens of millions of people, and, because their needs vary widely, the Board has extensively sought feedback and revised the Main Street program accordingly.

The changes include:

- Lowering the minimum loan size for certain loans to \$250,000 from \$500,000;
- Increasing the maximum loan size for all facilities;
- Increasing the term of each loan option to five years, from four years;
- Extending the repayment period for all loans by delaying principal payments for two years, rather than one; and
- Raising the Reserve Bank's participation to 95% for all loans.

Once they have successfully registered for the program, lenders are encouraged to begin making Main Street loans immediately. The Main Street Lending Program intends to purchase 95% of each eligible loan that is submitted to the program, provided that the required documentation is complete and the transactions are consistent with the relevant Main Street facility's requirements. The Main Street Lending Program will also accept loans that were originated under the previously announced terms, if funded before June 10, 2020.

Nonprofit organizations play a critical role throughout the economy, and the Board is working to establish a program soon for these organizations.

The Main Street Lending Program was established with the approval of the Treasury Secretary and with \$75 billion in equity provided by the Treasury Department from the CARES Act. Additional frequently asked

questions and answers for lenders and borrowers are also available. The form participation agreement and other legal forms will be updated to align with the changes announced.

Source [link](#).

Comment: There are excellent presentations on this program at the “Ask the Fed” site, along with FAQs and forms.

Federal Reserve Board Releases Results of Survey of Senior Financial Officers at Banks About Their Strategies and Practices for Managing Reserve Balances (05.29.2020)

The Federal Reserve Board on Friday released results of a survey of senior financial officers at banks about their strategies and practices for managing reserve balances. The Senior Financial Officer Survey is used by the Board to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management strategies and practices. The most recent survey was conducted in collaboration with the Federal Reserve Bank of New York between January 31, 2020, and February 14, 2020, and includes responses from banks that held approximately three quarters of total banking system reserve balances at the time of the survey.

Source [link](#).

CA 20-10: Community Reinvestment Act (CRA) Consideration for Activities in Response to the Coronavirus (05.27.2020)

Summary: On May 27, 2020, the Federal Reserve issued this letter to advise its supervised institutions of the issuance of Frequently Asked Questions (FAQ) on CRA consideration for activities in response to the coronavirus. The FAQ provides additional clarification of the information included in the Joint Statement on CRA Consideration for Activities in Response to COVID-19, which was issued on March 19, 2020. In particular, the FAQ clarifies how the agencies will consider activities in response to the COVID-19 emergency, how both retail and community development activities will be considered in examinations, the agencies’ treatment of COVID-19 designated disaster areas and the effective time period for eligible activities, and the CRA reporting and eligibility standards for the SBA Paycheck Protection Program and the Federal Reserve Main Street Lending Program.

Source [link](#).

Comment: Document your efforts!

Beige Book - Summary of Commentary on Current Economic Conditions by Federal Reserve District (05.27.2020)

Commonly known as the Beige Book, this report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. An overall summary of the twelve district reports is prepared by a designated Federal Reserve Bank on a rotating basis.

This report was prepared at the Federal Reserve Bank of Kansas City based on information collected on or before May 18, 2020. This document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

- [Federal Reserve Bank of Boston](#)
- [Federal Reserve Bank of New York](#)
- [Federal Reserve Bank of Philadelphia](#)
- [Federal Reserve Bank of Cleveland](#)
- [Federal Reserve Bank of Richmond](#)
- [Federal Reserve Bank of Atlanta](#)
- [Federal Reserve Bank of Chicago](#)
- [Federal Reserve Bank of St. Louis](#)
- [Federal Reserve Bank of Minneapolis](#)
- [Federal Reserve Bank of Kansas City](#)
- [Federal Reserve Bank of Dallas](#)
- [Federal Reserve Bank of San Francisco](#)

Overall Economic Activity

Summary of Economic Activity

Economic activity declined in all Districts – falling sharply in most – reflecting disruptions associated with the COVID-19 pandemic. Consumer spending fell further as mandated closures of retail establishments remained largely in place during most of the survey period. Declines were especially severe in the leisure and hospitality sector, with very little activity at travel and tourism businesses. Auto sales were substantially lower than a year ago, although several Districts noted recent improvement. A majority of Districts reported sharp drops in manufacturing activity, and production was notably weak in auto, aerospace, and energy-related plants. Residential home sales plunged due in part to fewer new listings and to restrictions on home showings in many areas. Construction activity also fell as new projects failed to materialize in many Districts. Commercial real estate contacts mentioned that a large number of retail tenants had deferred or missed rent payments. Bankers reported strong demand for PPP loans. Agricultural conditions worsened, with several Districts reporting reduced production capacity at meat-processing plants due to closures and social distancing measures. Energy activity plummeted as firms announced oil well closures, which led to historically low levels of active drilling rigs. Although many contacts expressed hope that overall activity would pick-up as businesses reopened, the outlook remained highly uncertain and most contacts were pessimistic about the potential pace of recovery.

Source [link](#).

Other federal action and news

CSBS June Economic Insights Webinar (06.11.2020)

In part one of this webinar, CSBS Senior Economist Tom Siems gives the US economy a brief "health checkup," looks at what available data is telling economists about consumer behavior – are Americans dining out again? Flying? Using public transit? – and offers a glimpse of what the economic recovery might look like.

In part two, Dan White, Director of Public Sector Research at Moody's Analytics, takes an in-depth look at how state government budgets have been impacted by COVID-19, and whether they will be able to "weather the storm" under a range of different economic outcomes.

Source [link](#).

CSBS - State Regulators to Address Post-Crisis Economic Recovery and Financial Infrastructure (06.11.2020)

State financial regulators stood up a COVID-19 Recovery Steering Group to guide multistate efforts to respond to the personal hardships and financial infrastructure risks caused by the global pandemic. The steering group will work through the Conference of State Bank Supervisors (CSBS).

The group, led by Texas Banking Commissioner Charles G. Cooper, will consider changes to bank and nonbank financial services oversight and will share lessons learned and best practices with fellow regulators and the financial services industry. Commissioner Cooper, a former CSBS chairman, also serves as the state banking representative on the Financial Stability Oversight Council.

Charles G. Cooper: "State regulators are committed to our state and local communities' economic recovery, and we are putting infrastructure in place to ensure that state-chartered banks and state-licensed nonbank financial services companies are positioned to serve their customers. The Recovery Steering Group will stay focused on our role in protecting consumers and supporting our local economies.

"This group of regulators has experience gained in past crises to make systemic changes to banking and financial services oversight."

Changes to state or federal laws or regulations to improve operational flexibility, information sharing and coordination are also being considered.

COVID-19 Recovery Steering Group members

- Kevin Allard, superintendent, Ohio Division of Financial Institutions
- Manuel Alvarez, commissioner, California Department of Business Oversight
- Charles Cooper, commissioner, Texas Department of Banking
- John Ducrest, commissioner, Louisiana Department of Financial Institutions
- Tom Fite, director, Indiana Department of Financial Institutions
- Mary Gallagher, commissioner, Massachusetts Division of Banks
- Greg Gonzales, commissioner, Tennessee Department of Financial Institutions
- Rick Green, commissioner of banking, South Carolina State Board of Financial Institutions
- Jeff Plagge, superintendent, Iowa Division of Banking
- Charles Vice, commissioner, Kentucky Department of Financial Institutions
- Max Zappia, deputy commissioner of financial institutions, Minnesota Department of Commerce

Source [link](#).

Comment: Thank you, Commissioner Cooper!

FTC Blog - What to Know About the Economic Impact Payment Debit Cards (05.28.2020)

If you're still waiting for your Economic Impact Payments, you might be getting a debit card instead of a check in the mail. This, of course, is the money that's meant to give relief due to the Coronavirus pandemic. You may

have already gotten your payment by direct deposit or by check. But if you're still waiting, watch your mailbox for either a check or a VISA debit card. And know that the government will never, ever call, text, email, or ask you to click on a link they sent to activate your card or get your money.

Here's what to know if your payment comes in the form of a debit card.

Look for the prepaid card (and its envelope) in the mail. The envelope will be from "Money Network Cardholder Service." Inside will be a VISA-branded prepaid card issued by MetaBank. This card will give you access to your economic impact payment.

Activate the card immediately. The mailer will give you instructions on how to activate the card, but here's the deal: You can activate your card by calling 1-800-240-8100 or visiting USdebitcard.gov and clicking on the EIP card link. To activate your card, though, you'll have to give them your Social Security number. Once you activate your card, you can get cash or use it anywhere that accepts VISA debit cards. There are no fees associated with transferring the money from the card to your personal bank account. Keep in mind that EIP cards will expire after three years. When that happens, the bank will send any money left on the card to you.

Questions about the card? Money Network has a 24-hour call center: 1-800-240-8100. You can call to check your card balance or just ask questions. There's also more information and a quick video from the [Consumer Financial Protection Bureau](#) to answer questions you might have.

Most important, remember: unless you've asked for assistance, no one will ever call you about the EIP card. And no one will text, email, or ask you to click on a link they sent to activate this card or to get your money. If someone does, stop. It's a scammer. Don't give them your Social Security or debit card number, or any other information. Then report it to the FTC at ftc.gov/complaint.

Source [link](#).

Comment: This blog provides useful information to bank customers who have received EIP debit cards. Consider adding it to your consumer financial information page on your website.

FinCEN Recognizes Law Enforcement Cases Significantly Impacted by Bank Secrecy Act Filings (05.19.2020)

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) announced the award recipients of the 2020 FinCEN Director's Law Enforcement Awards Program. The annual program recognizes law enforcement agencies that used Bank Secrecy Act (BSA) reporting to successfully pursue and prosecute criminal investigations.

The program demonstrates the critical role that the financial industry's BSA filings play in criminal cases, and underscores the importance of a successful partnership between financial institutions and law enforcement agencies. The investigations being recognized are a key example of how vital BSA reporting is toward keeping our country strong, our financial system secure, and our families safe from harm.

The program is open to all Federal, state, local, and tribal law enforcement agencies. Due to current social distancing guidelines, Director Blanco will present the awards at an official ceremony on October 29, 2020 in Washington, DC.

The seven categories and redacted summaries of the recipients are listed below. The recipients will be publicly identified during the October 2020 ceremony.

Source [link](#).

Publications, articles, reports, studies, testimony & speeches

Industrial Production and Capacity Utilization – G. 17 (06.16.2020)

Total industrial production increased 1.4 percent in May, as many factories resumed at least partial operations following suspensions related to COVID-19. Even so, total industrial production in May was 15.4 percent below its pre-pandemic level in February. Manufacturing output—which fell sharply in March and April—rose 3.8 percent in May; most major industries posted increases, with the largest gain registered by motor vehicles and parts. The indexes for mining and utilities declined 6.8 percent and 2.3 percent, respectively. At 92.6 percent of its 2012 average, the level of total industrial production was 15.3 percent lower in May than it was a year earlier. Capacity utilization for the industrial sector increased 0.8 percentage point to 64.8 percent in May, a rate that is 15.0 percentage points below its long-run (1972–2019) average and 1.9 percentage points below its trough during the Great Recession.

Source [link](#).

Consumer Credit – G.19 (06.05.2020)

April 2020

In April, consumer credit decreased at a seasonally adjusted annual rate of 19-1/2 percent. Revolving credit decreased at an annual rate of 65 percent, while nonrevolving credit decreased at an annual rate of 4 percent.

Source [link](#).

FRB Minneapolis - COVID Inequality (06.03.2020)

A unique new survey reveals marked declines in American well-being, with significant demographic and geographic disparities, and little precaution against risk.

Source [link](#).

Retirement Security and Financial Decision-Making: Research Brief (05.27.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) released a first of its kind study examining the financial resources and expenses of retirees during the first five years of retirement among Americans who retired between 1992 and 2014. Given that a growing number of retirees are not experiencing the expected gradual reduction in spending after they retire, the study helps identify ways to protect retirees from overspending their savings in early retirement. The study found that 51 percent of people who retired between 1992 and 2014 had income, savings, and/or non-housing assets to maintain the same spending level for five consecutive years after retiring. The Bureau also found that the ability to maintain the same spending level in the first five years in retirement was associated with large spending cuts in later years.

In addition, the Bureau found that the ability to maintain the same spending level in the first five years in retirement varies significantly by sex, race, marital status, health status, educational attainment, and generation:

- More than 70 percent of blacks and Hispanics are unable to maintain the same spending level in the first five years of retirement;
- 58 percent of men are able to maintain the same level of spending compared to 42 percent of women in the first five years of retirement;
- 81 percent of retirees with a college degree or higher were able to maintain spending levels as compared to those with a high school diploma, at 52 percent; and
- Pre-baby boomers – those born before 1946 – were more able to maintain the same spending level in the first five years after retirement than baby boomers – those born from 1946 to 1964.

The study highlights decisions to consider for protecting financial security before retiring. According to the study, the 51 percent of retirees who are able to maintain their same spending level after retiring were more likely to: not have a mortgage or other debt; have a traditional pension taken in monthly payments rather than in a one-time lump-sum; and claim their full or maximum Social Security benefits rather than reduced benefits at a younger age.

Source [link](#).

U.S. Economic Outlook and Monetary Policy - Vice Chair Richard H. Clarida (05.21.2020)

Current Economic Situation and Outlook

While the coronavirus (COVID-19) pandemic has taken a tragic human toll measured in terms of lives lost and suffering inflicted, as a direct result of the necessary public health policies put in place to mitigate and control the spread of the virus, the pandemic has also inflicted a heavy toll on the levels of activity and employment in the U.S. economy. Real gross domestic product (GDP) declined at a 4.8 percent annual rate in the first quarter of the year and will almost surely continue to contract at an unprecedented pace in the second quarter. The unemployment rate, which was at a 50-year low of 3.5 percent as recently as February, surged in April by more than 10 percentage points to 14.7 percent, an 80-year high, and it is likely to rise further in May. To put the numbers in some context, more jobs were lost in March and April of this year than had been created in the previous nine years.

Source [link](#).

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

**PROPOSED
DATE**

SUMMARY OF PROPOSED RULE

06.04.2020

[National Bank and Federal Savings Association Digital Activities](#) - The Office of the Comptroller of the Currency (OCC) is interested in making sure it is aware of and understands the evolution of financial services, so it ensures the federal banking system continues to serve consumers, businesses, and communities effectively. Further, national banks and Federal savings associations (banks) must have a regulatory and supervisory framework that enables banks to adapt to rapidly changing trends and technology developments in the financial marketplace to meet customers' evolving needs while continuing to operate in a safe and sound manner. The Office of the Comptroller of the Currency (OCC) is reviewing its regulations on bank digital activities to ensure that its regulations continue to evolve with developments in the industry. This advance notice of proposed rulemaking (ANPR) solicits public input as part of this review. DATES: Comments must be received by August 3, 2020.

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know.

**EFFECTIVE
DATE:**

SUMMARY OF FINAL RULE:

- 09.03.2019 [Availability of Funds and Collection of Checks \(Regulation CC\)](#) - The Board and the Bureau (Agencies) are amending Regulation CC, which implements the Expedited Funds Availability Act (EFA Act), to implement a statutory requirement in the EFA Act to adjust the dollar amounts under the EFA Act for inflation. The Agencies are also amending Regulation CC to incorporate the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amendments to the EFA Act, which include extending coverage to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam, and making certain other technical amendments. This rule is effective September 3, 2019, except for the amendments to 12 CFR 229.1, 229.10, 229.11, 229.12(d), 229.21, and appendix E to part 229, which are effective July 1, 2020.
- 04.01.2020 [Regulatory Capital Treatment for High Volatility Commercial Real Estate \(HVCRE\) Exposures](#) - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule to revise the definition of “high volatility commercial real estate (HVCRE) exposure” in the regulatory capital rule. This final rule conforms this definition to the statutory definition of “high volatility commercial real estate acquisition, development, or construction (HVCRE ADC) loan,” in accordance with section 214 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The final rule also clarifies the capital treatment for loans that finance the development of land under the revised HVCRE exposure definition. DATES: The final rule is effective on April 1, 2020.
- 04.06.2020 [Regulatory Capital Rule: Temporary Changes to the Community Bank Leverage Ratio Framework](#) - This interim final rule makes temporary changes to the community bank leverage ratio framework, pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security Act (statutory interim final rule). As of the second quarter 2020, a banking organization with a leverage ratio of 8 percent or greater (and that meets other qualifying criteria) may elect to use the community bank leverage ratio framework. The statutory interim final rule also establishes a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls below the 8-percent community bank leverage ratio requirement, so long as the banking organization maintains a leverage ratio of 7 percent or greater. The temporary changes to the community bank leverage ratio framework implemented by this statutory interim final rule will cease to be effective as of the earlier of the termination date of the national emergency concerning the coronavirus disease declared by the President on March 13, 2020, under the National Emergencies Act, or December 31, 2020. To provide clarity to banking organizations, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation issued concurrently an interim final rule that provides a transition from the temporary 8-percent community bank leverage ratio requirement to a 9-percent community bank leverage ratio requirement. DATES: The final rule is effective on April 23, 2020.
- 04.06.2020 [Regulatory Capital Rule: Transition for the Community Bank Leverage Ratio Framework](#) - Transition for the Community Bank Leverage Ratio Framework - This interim final rule provides a graduated transition to a community bank leverage ratio requirement of 9 percent from the temporary 8-percent community bank leverage ratio requirement (transition interim final rule). When the requirements in the transition interim final rule become applicable, the community bank leverage ratio will be 8 percent beginning in the second quarter of calendar year 2020, 8.5 percent through calendar year 2021, and 9 percent thereafter. The transition interim final rule also maintains a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1 percentage point below the applicable community bank leverage ratio requirement. The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (together, the agencies) issued concurrently an interim final rule that established an 8-percent community bank leverage ratio, as mandated under the Coronavirus Aid, Relief, and Economic Security Act. The agencies are issuing the transition interim final rule to provide community banking organizations with sufficient time and clarity to meet the 9 percent leverage ratio requirement under the community bank leverage ratio framework while they also focus on supporting lending to creditworthy households and businesses given the recent strains on the U.S. economy caused by the coronavirus disease emergency. DATES: The final rule is effective on April 23, 2020.
- 04.13.2020 [Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loan](#) - To provide liquidity to small business lenders and the broader credit markets, to help stabilize the financial system, and to provide economic relief to small businesses nationwide, the Board of Governors of the Federal Reserve System (Board) authorized each of the Federal Reserve Banks to participate in the Paycheck Protection Program Lending Facility (PPPL Facility), pursuant to section 13(3) of the Federal Reserve Act. Under the PPPL Facility, each of the Federal Reserve Banks will extend non-recourse loans to eligible financial institutions to fund loans guaranteed by the Small Business Administration under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To facilitate use of this Federal Reserve facility, the Office of the Comptroller of the Currency, the Board, and the Federal Deposit Insurance Corporation (together, the agencies) are adopting this interim final rule to allow banking organizations to neutralize the

regulatory capital effects of participating in the facility. This treatment is similar to the treatment extended previously by the agencies in connection with the Federal Reserve's Money Market Mutual Fund Liquidity Facility. In addition, as mandated by section 1102 of the CARES Act, loans originated under the Small Business Administration's Paycheck Protection Program will receive a zero percent risk weight under the agencies' regulatory capital rule. DATES: The interim final rule is effective on April 13, 2020.

- 04.17.2020 [Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks](#) - In light of recent disruptions in economic conditions caused by the Coronavirus Disease 2019 and current strains in U.S. financial markets, the Board is issuing an interim final rule that exempts certain loans that are guaranteed under the Small Business Administration's Paycheck Protection Program from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board's Regulation O. DATES: The interim final rule is effective on April 22, 2020.
- 04.17.2020 [Real Estate Appraisals](#) - The OCC, Board, and FDIC (collectively, the agencies) are adopting an interim final rule to amend the agencies' regulations requiring appraisals of real estate for certain transactions. The interim final rule defers the requirement to obtain an appraisal or evaluation for up to 120 days following the closing of a transaction for certain residential and commercial real estate transactions, excluding transactions for acquisition, development, and construction of real estate. Regulated institutions should make best efforts to obtain a credible valuation of real property collateral before the loan closing, and otherwise underwrite loans consistent with the principles in the agencies' Standards for Safety and Soundness and Real Estate Lending Standards. The agencies are providing this relief to allow regulated institutions to expeditiously extend liquidity to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the National Emergency declared in connection with coronavirus disease 2019 (COVID-19). The interim final rule is effective April 17, 2020 through December 31, 2020. Comments on the interim final rule must be received no later than June 1, 2020.
- 04.24.2020 [Federal Reserve Board Announces Interim Final Rule to Delete the Six-Per-Month Limit on Convenient Transfers From the "Savings Deposit" Definition in Regulation D](#) - The Board of Governors of the Federal Reserve System ("Board") is amending its Regulation D (Reserve Requirements of Depository Institutions) to delete the numeric limits on certain kinds of transfers and withdrawals that may be made each month from "savings deposits." The amendments are intended to allow depository institution customers more convenient access to their funds and to simplify account administration for depository institutions. There are no mandatory changes to deposit reporting associated with the amendments. This rule is effective on April 24, 2020.
- 07.01.2020 [Home Mortgage Disclosure \(Regulation C\)](#) - The Bureau of Consumer Financial Protection (Bureau) is amending Regulation C to increase the threshold for reporting data about closed-end mortgage loans, so that institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020. The Bureau is also setting the threshold for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary threshold of 500 open-end lines of credit. This final rule is effective on July 1, 2020, except for the amendments to § 1003.2 in amendatory instruction 5, the amendments to § 1003.3 in amendatory instruction 6, and the amendments to supplement I to part 1003 in amendatory instruction 7, which are effective on January 1, 2022. See part VI for more information.
- 07.21.2020 [Remittance Transfers under the Electronic Fund Transfer Act \(Regulation E\)](#) - The Electronic Fund Transfer Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau of Consumer Financial Protection's (Bureau) remittance rule in Regulation E (Remittance Rule or Rule) implements these protections. The Bureau is amending Regulation E and the official interpretations of Regulation E to provide tailored exceptions to address compliance challenges that insured institutions may face in certain circumstances upon the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on July 21, 2020. In addition, the Bureau is increasing a safe harbor threshold in the Rule related to whether a person makes remittance transfers in the normal course of its business. This final rule is effective July 21, 2020.
- 08.03.2020 [Permissible Interest on Loans That Are Sold, Assigned, or Otherwise Transferred](#) - Federal law establishes that national banks and savings associations (banks) may charge interest on loans at the maximum rate permitted to any state-chartered or licensed lending institution in the state where the bank is located. In addition, banks are generally authorized to sell, assign, or otherwise transfer (transfer) loans and to enter into and assign loan contracts. Despite these authorities, recent developments have created legal uncertainty about the ongoing permissibility of the interest term after a bank transfers a loan. This rule clarifies that when a bank transfers a loan, the interest permissible before the transfer continues to be permissible after the transfer. DATES: The final rule is effective on August 3, 2020.
- 10.20.2020 [Community Reinvestment Act Regulations](#) - The Office of the Comptroller of the Currency (OCC) is adopting a final rule to strengthen and modernize the Community Reinvestment Act (CRA) by clarifying and expanding the activities that qualify for CRA credit; updating where activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting. DATES: This rule is effective on October 1, 2020. Banks must comply with the final amendments by October 1, 2020, January 1, 2023, or January 1, 2024, as applicable. Until the compliance dates, banks must continue to comply with parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C to 12 CFR 25). Alternatively, the OCC may permit a bank to voluntarily

Common words, phrases and acronyms

APOR	“Average Prime Offer Rates” are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CFPB	Consumer Financial Protection Bureau
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFR	Code of Federal Regulations . Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act . This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency
FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration

FinCEN	Financial Crime Enforcement Network
FR	Federal Register . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program . U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act

Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act

SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury

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