Capitol Comments

June 2019

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

No price is set on the lavish summer; June may be had by the poorest comer. – James Russell Lowell

Joint federal agency issuances, actions and news

Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies (06.17.2019)

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency today announced the availability of the 2019 list of distressed or underserved nonmetropolitan middle-income geographies, where revitalization or stabilization activities are eligible to receive Community Reinvestment Act (CRA) consideration under the community development definition.

Distressed nonmetropolitan middle-income geographies and underserved nonmetropolitan middle-income geographies are designated by the agencies in accordance with their CRA regulations. The criteria for designating these areas are available on the Federal Financial Institutions Examination Council (FFIEC) website (http://www.ffiec.gov/cra). The designations continue to reflect local economic conditions, including unemployment, poverty, and population changes.

As with past releases, the agencies apply a one-year lag period for geographies that were listed in 2018 but are no longer designated as distressed or underserved in the current release. Revitalization or stabilization activities in these geographies are eligible to receive CRA consideration under the community development definition for 12 months after publication of the current list.

The current and previous years' lists can be found on the FFIEC website, along with information about the data sources used to generate those lists.

2019 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies (PDF)

Source Information and Methodology (PDF)

Source link.

Agencies Issue Final Rule to Streamline Regulatory Reporting Requirements and Commit to Further Review of Reporting Burdens for Small Institutions (06.17.2019)

The three federal bank regulatory agencies adopted a final rule to streamline regulatory reporting requirements for small institutions.

The final rule implements Section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act and is one step in the agencies' efforts to meaningfully streamline reporting requirements.The agencies are committed to actively exploring additional revisions to Call Reports that would further reduce reporting requirement burdens.

The changes announced today would permit insured depository institutions with total assets of less than $5 billion that do not engage in certain complex or international activities to file the most streamlined version of the Call Report, the FFIEC 051 Call Report. The rule would reduce by approximately one-third the number of existing data items reportable for the first and third calendar quarters.

All institutions, regardless of size, submit a quarterly Call Report that includes data used by regulators to monitor the condition, performance, and risk profile of individual institutions and the industry as a whole.

Source link.

Comment: Also, as with the proposal, the final rule notes that the principal areas of reduced reporting in the first and third calendar quarters generally would include data items related to categories of risk-weighting of various types of assets and other exposures under the agencies' regulatory capital rules, fiduciary and related services assets and income and troubled debt restructurings by loan category.

Agencies Issue Host State Loan-to-Deposit Ratios (05.28.2019)

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 June 15, 2018.

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.

Section 109 Host State Loan-to-Deposit Ratios (33 KB PDF)

Source link.

Comment: Congress enacted section 109 to ensure that interstate branches would not take deposits from a community without the bank reasonably helping to meet the credit needs of that community. The definition of an "interstate branch" includes any branch of a bank controlled by an out-of-state bank holding company.

Final Rule - Regulatory Capital Rule: Simplifications to the Capital Rule (05.28.2019)

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 (final rule) to simplify certain aspects of the capital rule. The final rule is responsive to the agencies' March 2017 report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996, in which the agencies committed to meaningfully reduce regulatory burden, especially on community banking organizations. The key elements of the final rule apply solely to banking organizations that are not subject to the advanced approaches capital rule (non-advanced approaches banking organizations). Under the final rule, non-advanced approaches banking organizations will be subject to simpler regulatory capital requirements for mortgage servicing assets, certain deferred tax assets arising from temporary differences, and investments in the capital of unconsolidated financial institutions than those currently applied. The final rule also simplifies, for non-advanced approaches banking organizations, the calculation for the amount of capital issued by a consolidated subsidiary of a banking organization and held by third parties (sometimes referred to as a minority interest) that is includable in regulatory capital. In addition, the final rule makes technical amendments to, and clarifies certain aspects of, the agencies' capital rule for both non-advanced approaches banking organizations and advanced approaches banking organizations (technical amendments). Revisions to the definition of high-volatility commercial real estate exposure in the agencies' capital rule are being addressed in a separate rulemaking.

Source link.

Comment: This final rule relates back to proposals made in September 2017.

CFPB actions and news

CFPB To Hold First Symposium on June 25 (06.11.2019)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau announced that its first symposium will be held on June 25 at 9 a.m. The symposium, part of a series announced earlier this year, will focus on the Dodd-Frank Act's prohibition on abusive acts or practices. The symposium will be webcast on the Bureau's website.

The Dodd-Frank Act authorizes the Bureau to take enforcement, supervision, and rulemaking actions concerning unfair, deceptive, or abusive acts and practices (UDAAP). The meaning of abusiveness is less developed than the meaning of unfair or deceptive, which have been defined substantially by the Federal Trade Commission Act. The symposium will provide a public forum for the Bureau and the public to hear various perspectives on the meaning of abusiveness.

This first symposium will have two panels of UDAAP experts. The symposium will also include remarks by CFPB Director Kathleen L. Kraninger and CFPB Deputy Director Brian Johnson. The first panel will include a discussion with leading academic experts in the area of Consumer Protection on various policy issues relating to the abusive standard under Dodd-Frank. The panel will be moderated by Tom Pahl, CFPB's Policy Associate Director, Research, Markets and Regulation. The experts on the panel will include:

Patricia McCoy, Professor of Law, Boston College Law School

Todd Zywicki, Professor of Law, George Mason University, Antonin Scalia Law School

Howard Beales, George Washington University; former Director of the Federal Trade Commission (FTC) Bureau of Consumer Protection

Adam Levitin, Professor of Law, Georgetown Law School

The second panel will examine how the abusive standard has been used in practice, and will include leading legal experts in the field. The panel will be moderated by David Bleicken, CFPB Deputy Associate Director, Supervision, Enforcement and Fair Lending. Experts on the panel will include:

William MacLeod, Partner at Kelley Drye; former Director of the FTC Bureau of Consumer Protection and Bureau of Competition

Eric Mogilnicki, Partner at Covington & Burling; former Chief of Staff, Senator Ted Kennedy

Lucy Morris, Partner Hudson Cook; former CFPB Deputy Enforcement Director

Nicholas Smyth, Assistant Director of the Pennsylvania Office of Attorney General's Bureau of Consumer Protection, Senior Deputy Attorney General

Members of the public that plan to attend the symposium should RSVP at this link: https://www.consumerfinance.gov/about-us/events/cfpb-symposium-abusive-acts-or-practices/.

Source link.

Comment: Hopefully, this symposium will give community bankers a better understanding exactly what 'A' for abusiveness actually means.

CFPB Issues Final Rule Delaying 2017 Payday Lending Rule (06.06.2019)

The Bureau of Consumer Financial Protection is issuing this final rule to delay the August 19, 2019 compliance date for the mandatory underwriting provisions of the regulation promulgated by the Bureau in November 2017 governing Payday, Vehicle Title, and Certain High-Cost Installment Loans (2017 Final Rule or Rule). Compliance with these provisions of the Rule is delayed by 15 months, to November 19, 2020. The Bureau is also making certain corrections to address several clerical and non-substantive errors it has identified in other aspects of the Rule.

The Bureau is releasing a table of contents for this final rule as well as an unofficial, informal redline to assist industry and other stakeholders in reviewing the changes that this final rule makes to the regulatory text and commentary of the 2017 Final Rule.

Source link.

Comment: The entirety of the payday lending regulation was supposed to take effect on Aug. 19, but the underwriting provisions will now be on hold until Nov. 19, 2020. The Supplementary Information accompanying the final rule expressly states that the Bureau is not delaying the August 19, 2019 compliance date for the Payday Rule's troublesome payment provisions.

Bureau Publishes Frequently Asked Questions on the TRID Rule as it Applies to Construction Loans (05.31.2019)

On May 31, 2019, the Bureau released two frequently asked questions on disclosing construction loans.

Source link.

Comment: Unfortunately, these FAQs don't provide any detailed guidance on the completion of the Loan Estimate and Closing Disclosure for construction-only loans and construction-to-permanent loans. Rather, they address issues community bankers are already familiar with. Worth reading but not revelatory.

Spring 2019 Rulemaking Agenda (05.22.2019)

The Bureau is publishing its Spring 2019 Agenda as part of the Spring 2019 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget. As an independent regulatory agency, the Bureau voluntarily participates in the Unified Agenda. The agenda lists the regulatory matters that the Bureau reasonably anticipates having under consideration during the period from May 1, 2019, to April 30, 2020, as described further below.

A permanent director of the Bureau took office in December 2018. The Director recently completed a listening tour to engage with Bureau stakeholders, employees, and outside experts, building on feedback submitted through more than 88,000 public comments in response to the Bureau's 2018 "Call for Evidence" initiative. The Bureau expects to communicate further information about future planning and priorities in the coming months. In the meantime, this Spring 2019 Agenda reflects ongoing rulemaking activities, including initiatives to implement statutory requirements and to address the potential sunset of statutory and regulatory provisions.

Source link.

Comment: Section 1071 of the Dodd- Frank Act (***which amended the ECOA to require banks to collect and maintain certain data in connection with credit applications made by women- or minority-owned businesses and small businesses) is now listed in current rulemaking status, meaning a proposal is expected in January 2020.***

FDIC actions and news

FDIC's Consumer Compliance Supervisory Highlights (06.13.2019)

The Federal Deposit Insurance Corporation (FDIC) issued the new Consumer Compliance Supervisory Highlights publication. The purpose of this publication is to enhance transparency regarding the FDIC's consumer compliance supervisory activities and includes a high-level overview of consumer compliance issues identified during 2018 through the FDIC's supervision of state non-member banks and thrifts.

This issue of Consumer Compliance Supervisory Highlights also includes a "Resources & Information for Financial Institutions" on page 6 and an appendix of "Most Frequently Cited Violations and Enforcement Actions" to support supervised institutions' efforts to manage consumer compliance responsibilities effectively.

This publication is available on the FDIC's website at www.fdic.gov/regulations/examinations/consumercomplsupervisoryhighlights.pdf.

Source link.

Comment: Must-read for any compliance officer. This issue includes the following: Overdraft Programs: Debit Card Holds and Transaction Processing; Real Estate Settlement Procedures Act (RESPA) Section 8 Violations; Regulation E – Mistakes Made in the Consumer Liability/Error Resolution Process; Skip-A-Payment Loan Programs; and Lines of Credit – Finance Charge Calculation and Disclosure.

Banker Feedback Helps Focus FDIC Efforts to Better Address Their Needs (06.04.2019)

Over the past year, Federal Deposit Insurance Corporation (FDIC) Chairman Jelena McWilliams has been meeting with local bankers, state supervisors, and consumer groups to obtain feedback on many important topics, including: the needs of their local communities, the FDIC's regulatory approach, and ideas to promote economic inclusion.

At a speech before the Community Development Bankers Association's Peer Forum and Membership Meeting in Washington, D.C., Chairman McWilliams said, "The role of regulatory agencies is not to stand in the way of relationships between banks and the communities they serve, but to encourage them. To achieve that goal requires that regulators get out of the D.C. 'beltway' and hear firsthand both from the bankers and the communities they serve. In my first year at the FDIC, I am almost halfway through a 50-state listening tour."

As a result of her meetings, Chairman McWilliams has directed staff to increase efforts to:

- Actively seek ways to reduce regulatory burden on community banks;
- Encourage community banking, including the establishment of de novo banks in communities of all sizes;
- Promote and preserve the nation's Minority Depository Institutions (MDIs);
- Modernize the Community Reinvestment Act (CRA) framework and provide clarity to institutions on their CRA obligations; and
- Ensure that the regulatory framework encourages banks to offer products and services to low- and moderate-income households.

Chairman McWilliams closed out her remarks by telling the group, "I look forward to working with you to build wealth in our communities, expand access to safe banking products and services, and bring unbanked and underbanked consumers into the banking fold."

Attachments:

Chairman McWilliams speech before the Community Development Bankers Association

Map of States Visited by FDIC Chairman Jelena McWilliams

Source link.

Comment: Note that the top two staff directives are about regulatory relief for community banks and increasing the number of community banks. Refreshing!

FDIC-Insured Institutions Report Net Income of $60.7 Billion in First Quarter 2019 (05.29.2019)

- Net Income Rises 8.7 Percent from a Year Earlier
- Net Interest Margin Rises to 3.42 Percent
- Community Banks' Net Income Increases 10.1 Percent from a Year Earlier
- Total Loan and Lease Balances Increase 4.1 Percent from First Quarter 2018
- Number of "Problem Banks" Drops to 59

"The banking industry reported another positive quarter. The FDIC continues to encourage banks to maintain prudent risk management in order to support lending through this economic cycle." — FDIC Chairman Jelena McWilliams

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $60.7 billion in first quarter of 2019, up $4.9 billion (8.7 percent) from a year earlier. The increase in net income was mainly attributable to a $7.9 billion (6 percent) increase in net interest income. Financial results for first quarter of 2019 are included in the FDIC's latest Quarterly Banking Profile released.

Source link.

Comment: From the report – 'Community Banks Quarterly Net Income Increased 10.1 Percent from a Year Earlier: The 4,930 insured institutions identified as community banks reported net income of $6.5 billion in the first quarter, up $596 million (10.1 percent) from a year earlier. The increase was driven by higher net interest income (up $1.1 billion, or 6.4 percent), higher securities gains (up $110 million, or 206.7 percent) and lower provision expense (down $137 million, or 17.3 percent). Lower noninterest income (down $84 million, or 1.9 percent) and higher noninterest expense (up $585 million, or 4 percent) partially offset improvements to net income.'

Summary of Deposits Survey - Filing for June 30, 2019 (05.28.2019)

The Summary of Deposits (SOD) is the annual survey of branch office deposits as of June 30 for all FDIC-insured institutions, including insured U.S. branches of foreign banks. All institutions with branch offices are required to submit the survey; institutions with only a main office are exempt. All survey responses are required by July 31, 2019. No filing extensions will be granted.

Highlights:

By June 28, 2019, institutions should review their current branch office information on the FDIC's BankFind website at https://research.fdic.gov/bankfind/and submit changes through FDICconnect (FCX). Details on how to use FCX are provided in the SOD Reporting Instructions. Changes that cannot be submitted through FCX should be included in the SOD Survey.

Beginning July 1, 2019, institutions may submit their SOD Survey. All survey responses are required by July 31, 2019. No extensions will be granted for submitting SOD data.

Institutions must either complete the survey directly in the Central Data Repository (CDR) or use vendor software to prepare and submit their survey responses to the CDR. Software vendors available to assist with the SOD filing are listed under "Filing Procedures" on page 3 of this FIL.

SOD Reporting Instructions are available on the FDIC's website at https://www.fdic.gov/sod/.

No later than September 30, 2019, SOD Survey results will be published on the FDIC's website at www5.fdic.gov/sod/.

Source link.

OCC actions and news

OCC Hosts New York Workshop for Board Directors and Bank Management (05.31.2019)

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host a workshop in New York, N.Y., at the OCC Northeastern District Office, July 9-10, for directors, senior management team members, and other key executives of national community banks and federal savings associations supervised by the OCC.

The Building Blocks: Keys to Success for Directors and Senior Management workshop combines lectures, discussion, and exercises to provide practical information on the roles and responsibilities of board participation. Taught by seasoned OCC supervision staff, the workshop focuses on duties and core responsibilities of directors and management, discusses major laws and regulations, and increases familiarity with the examination process.

The workshop fee is $99. Participants receive course materials, assorted supervisory publications, and lunch. The workshop is limited to the first 35 registrants.

The workshops are taught by experienced OCC staff and are two of the 24 offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. To register for this workshop, visit www.occ.gov/occworkshops.

Source link.

Comment: These workshops provide an excellent training opportunity for community bank directors and management. Additionally, consider the Assemblies for Bank Directors that offer the Certified Community Bank Director's Program, which provides participants a certified director designation. This certification for bank board members has resonated with community bank boards throughout the United States.

Federal Reserve actions and news

Perspectives from Main Street: Stakeholder Feedback on Modernizing the Community Reinvestment Act (06.17.2019)

This report summarizes feedback received during the Federal Reserve's roundtable outreach initiative. The views of roundtable participants provided in this report are offered without taking a position or commenting on the feasibility, legal permissibility, or likelihood of making any of the suggested changes.

Each roundtable consisted of a small group of regional bankers and/or community stakeholders and was facilitated by Federal Reserve staff from the Community Development and Consumer Affairs departments. All roundtables used a consistent set of questions (refer to appendixes B and C, respectively, for questions posed to community groups and bankers).

Source link.

Comment: In April 2019 the agencies announced they were ready to begin working on an interagency proposal to reform their CRA regulations and hoped to have a proposal ready by early 2020. The feedback in this report could serve as a framework for those proposals. The report is divided into five meaningful sections: Assessment Areas; CRA in Underserved Communities; Performance Test Structure; Evaluating Performance; and Defining Community Development Activities.

Federal Reserve Board publishes summary of feedback from roundtable discussions on the current state of, and potential revisions to, the Community Reinvestment Act (06.13.2019)

The Federal Reserve Board on Thursday published, "Perspectives from Main Street: Stakeholder Feedback on Modernizing the Community Reinvestment Act," a summary of feedback received from bankers and community groups during a series of 29 roundtable discussions on the current state of, and potential revisions to, the Community Reinvestment Act (CRA).

The information was gathered from CRA roundtables hosted by the Federal Reserve Board and the Federal Reserve Banks held between October 2018 and January 2019. More than 400 participants shared views that will factor into the Board's consideration of any CRA modernization proposals. Additionally, representatives from the other federal banking agencies with CRA responsibility were invited to attend the roundtables.

"Meeting with bankers and community group members in communities all around the country allowed us to hear nuanced perspectives about what works well and what could work better under the CRA," said Federal Reserve Board Governor Lael Brainard.

Enacted in 1977, the CRA affirmed the obligation of federally insured depository institutions to help meet the credit needs of communities in which they are chartered, consistent with safe and sound operations. The act also charged the federal bank regulatory agencies, including the Federal Reserve, with implementing the CRA through issuing regulations and evaluating banks' performance to determine whether they meet their CRA obligations.

"Perspectives from Main Street: Stakeholder Feedback on Modernizing the Community Reinvestment Act" may be accessed at: https://www.federalreserve.gov/publications/stakeholder-feedback-on-modernizing-the-community-reinvestment-act.htm

Source link.

Beige Book - Summary of Commentary on Current Economic Conditions by Federal Reserve District (06.05.2019)

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.

Source link.

Other federal action and news

Prepared Remarks of FinCEN Director Blanco at the NYU Law Program on Corporate Compliance and Enforcement (06.12.2019)

Good afternoon. It is a pleasure to be here again at the NYU Law Program on Corporate Compliance and Enforcement. Thank you for having me back.

When I last spoke here in November 2017, I was serving as Acting Assistant Attorney General for the Criminal Division of the United States Department of Justice and spoke of DOJ's efforts in financial investigations, corruption, transnational crime, money laundering, sanctions violations, illicit finance, and asset recovery, among other topics.

Well, the more things change, the more they stay the same. That very month, I was named Director of the U.S. Department of the Treasury's Financial Crimes Enforcement Network — FinCEN. Although I am no longer at DOJ, many of the same issues continue to be central to my work carrying out FinCEN's mission, which is to safeguard our financial system, protect our national security, and keep our communities and families safe from harm.

It is a complex but worthwhile and rewarding undertaking, and it requires FinCEN to constantly grow, evolve, and adapt. With that in mind, there are three main issues I would like to cover today:

• First, I want to describe how FinCEN is tackling a number of evolving forms of illicit finance threats and related crimes, to include terrorism, corruption, human trafficking, virtual currency, cyber-enabled threats, and money laundering through real estate;

• Second, I will emphasize the need to collect beneficial ownership information at company formation; and

• Lastly, I will discuss ongoing efforts to upgrade and modernize our system of anti-money laundering/countering financing of terrorism, or AML/CFT to incorporate the innovative approaches being taken by financial institutions and others, in order to have the best and most actionable information available.

So let us begin.

Source link.

Comment: Interesting comments that address a broad range of topics, including human trafficking, virtual currency and cyber-enabled crimes and threats. In closing comments, Director Blanco provides some thoughts on the direction of BSA/AML reform efforts.

NFIP Extension Included in Disaster Relief Bill Passed By House (06.05.2019) 

Sec. 1207. (a) Section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is amended by striking "June 14, 2019" and inserting "September 30, 2019".

Source link.

Comment: The National Flood Insurance Program Administration Reform Act of 2019 (H.R. 3111), introduced by Rep. Nydia Velazquez (D-N.Y.), would reauthorize the NFIP through Sept. 30, 2024 and reform program affordability, mapping and mitigation.

IRS Takes Additional Steps to Protect Taxpayer Data; Plans to End Faxing and Third-Party Mailings of Certain Tax Transcripts (06.04.2019)

WASHINGTON — As part of its ongoing efforts to protect taxpayers from identity thieves, the Internal Revenue Service announced it will stop its tax transcript faxing service in June and will amend the Form 4506 series to end third-party mailing of tax returns and transcripts in July.

Tax transcripts are summaries of tax return information. Transcripts have become increasingly vulnerable as criminals impersonate taxpayers or authorized third parties. Identity thieves use tax transcripts to file fraudulent returns for refunds that are difficult to detect because they mirror a legitimate tax return.

The halt to the faxing and third-party service this summer are two more steps the IRS is taking to protect taxpayer data. In September 2018, the IRS began to mask personally identifiable information for every individual and entity listed on the transcript. See New Tax Transcript and Customer File Number. At that time, the IRS announced it intended to stop its faxing and third-party mailing service, and has since worked with tax professionals to assure they have what they need for tax preparation and representation.

Source link.

Comment: Update your loan procedures, particularly for mortgage loans, to access tax info!

Nacha Membership Approves Rule for Differentiating Unauthorized Return Reasons (05.31.2019)

Nacha Voting Membership approved an amendment to the Nacha Operating Rules on Differentiating Unauthorized Return Reasons. The effective dates for this rule change are April 1, 2020 and April 1, 2021.

The Differentiating Unauthorized Return Reasons Rule is designed to better distinguish among types of unauthorized return reasons for consumer debits. This differentiation will give ODFIs and their Originators clearer and better information when a customer claims that an error occurred with an authorized payment, as opposed to when a customer claims there was no authorization for a payment.

ODFIs and their Originators will be able to react differently to claims of errors, and potentially could avoid taking more significant action with respect to such claims. This rule will also allow collection of better industry data on unauthorized activity.

In addition, language within the Rules regarding Written Statements of Unauthorized Debits will be modified to accommodate the newly defined return reason, but there will be no additional substantive changes to the WSUD rules.

Source link.

Comment: R11 returns will share some of the same requirements and characteristics of R10 returns under the new rules. But there are key differentiating factors all parties need to be aware of before the rules go into effect.

FinCEN Announces Its Innovation Hours Program (05.24.2019)

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) announced the FinCEN Innovation Hours Program to better shape and inform its ongoing engagement with Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) innovators.

The Innovation Hours Program will provide financial technology (FinTech) and regulatory technology (RegTech) companies and financial institutions the opportunity to present their new and emerging innovative products and services to FinCEN. Technology demonstrations should highlight how these innovations work and how financial institutions might use them. FinCEN expects to hold events in the Washington D.C. metro area, as well as some regional events that focus on financial services-related innovation.

Primary consideration for requests for Innovation Hours will be given to entities that are at the operational stage. Companies interested in meeting with FinCEN should submit a web request and provide applicable background information about their firm's business and innovative products. Requests will be accepted on a rolling basis.

The Innovation Hours Program is part of a broader Innovation Initiative at FinCEN that also includes consideration of exceptive relief for pilot programs designed to facilitate innovative solutions to AML/CFT compliance challenges, and ongoing efforts to provide enhanced feedback and information sharing programs.

Source link.

Continued Encouragement for Consumer Lending Act Introduced – CECL Stop-and-Study Bill (05.22.2019)

The Continued Encouragement for Consumer Lending Act (S. 1564) would require FASB to work with the Securities and Exchange Commission (SEC) and financial regulators to review CECL's impact and report the findings to Congress. Financial institutions would not be required to comply with the standard until one year after the report is submitted to Congress.

Source link.

Comment: The legislation would require the Securities and Exchange Commission to coordinate a study with the Financial Accounting Standards Board and regulators to determine CECL's impact on the availability of credit for consumers and small businesses, whether the standard will pose systemic risks to the U.S. economy and how it will affect financial institutions of various sizes. The study would then be submitted to Congress. The bill mandates a delay of CECL's enforcement for one year after the study is completed.

South Dakota's Afdahl Elected CSBS Chairman (05.21.2019)

Washington, D.C. – The Conference of State Bank Supervisors (CSBS) announced the election of Bret Afdahl, director of banking in the South Dakota Division of Banking, as the new chairman of the CSBS Board of Directors. The election took place during the organization's annual membership meeting in San Antonio, Tex., where new officers were also elected for 2019-2020. CSBS has also announced new committee chair appointments.

Newly installed officers, who comprise the CSBS Executive Committee, include:

Chair: Bret Afdahl, director of banking, South Dakota Division of Banking

Chair-Elect: Kevin Hagler, commissioner, Georgia Department of Banking and Finance

Vice Chair: Melanie Hall, commissioner, Montana Division of Banking and Financial Institutions

Treasurer: Tom Fite, director, Indiana Department of Financial Institutions

Secretary: Robin Wiessmann, secretary, Pennsylvania Department of Banking and Securities

Immediate Past Chair: Charlotte Corley, commissioner, Mississippi Department of Banking and Consumer Finance

<u>At-Large Board members are:</u>

Lise Kruse, commissioner, North Dakota Department of Financial Institutions

Mike Hill, superintendent of banks, Alabama State Banking Department

<u>Committee and Board chairs of the CSBS Board of Directors include:</u>

Legislative Committee: Lee Keith, commissioner, Missouri Division of Finance

Non-Depository Supervisory Committee: Charlie Clark, director, Washington Department of Financial Institutions

Regulatory Committee: Karen Lawson, director of banking, Michigan Department of Insurance and Financial Services

State Supervisory Processes Committee: Chris Dietz, deputy director, Indiana Department of Financial Institutions

State Regulatory Registry: John Ducrest, commissioner, Louisiana Office of Financial Institutions

CSBS Education Foundation Board of Trustees Chair: Charles Vice, commissioner, Kentucky Department of Financial Institutions

Bankers Advisory Board Industry Co-Chair: Andy Anderson, Bank of Anguilla, Mississippi *

<u>Chairs Emeritus, who serve as ex-officio members of the CSBS Board, include:</u>

Albert Forkner, commissioner, Wyoming Division of Banking *

Charles G. Cooper, commissioner, Texas Department of Banking *

Candace Franks, commissioner, Arkansas State Bank Department *

Charles Vice, commissioner, Kentucky Department of Financial Institutions *

Greg Gonzales, commissioner, Tennessee Department of Financial Institutions *

John Ducrest, commissioner, Louisiana Office of Financial Institutions *

Jeffrey Vogel, director, Wyoming Department of Audit *

E. Joseph Face, Jr., commissioner, Virginia Bureau of Financial Institutions *

Mick Thompson, commissioner, Oklahoma State Banking Department *

G. Edward Leary, commissioner, Utah Department of Financial Institutions *

* Denotes non-voting member

Source link.

Publications, articles, reports, studies, testimony & speeches

Industrial Production and Capacity Utilization - G.17 (06.14.2019)

Industrial production rose 0.4 percent in May after falling 0.4 percent in April. The indexes for manufacturing and mining gained 0.2 percent and 0.1 percent, respectively, in May; the index for utilities climbed 2.1 percent. At 109.6 percent of its 2012 average, total industrial production was 2.0 percent higher in May than it was a year earlier. Capacity utilization for the industrial sector moved up 0.2 percentage point in May to 78.1 percent, a rate that is 1.7 percentage points below its long-run (1972–2018) average.

Source link.

Consumer Credit - G.19 (06.07.2019)

In April, consumer credit increased at a seasonally adjusted annual rate of 5-1/4 percent. Revolving credit increased at an annual rate of 8 percent, while nonrevolving credit increased at an annual rate of 4-1/4 percent.

•Consumer Credit Outstanding

•Levels

•Flows

Source link.

Comment: Consumer credit represents loans for households, for financing consumer purchases of goods and services, and for refinancing existing consumer debt. Secured and unsecured loans are included, except those secured with real estate (such as mortgages and home equity loans and lines).

The Federal Reserve's Review of Its Monetary Policy Strategy, Tools, and Communication Practices - Vice Chair Richard H. Clarida (06.05.2019)

Good morning, and welcome to day two of the Federal Reserve System Conference on Monetary Policy Strategy, Tools, and Communication Practices.1 I think you will have to agree that the presentations and discussion yesterday were uniformly thoughtful, substantive, and stimulating, and today we will have another impressive lineup of speakers and panelists addressing timely topics that are relevant to our review. And let me convey on behalf of Chair Powell, the Board of Governors, and the Reserve Bank Presidents, a sincere and deep appreciation to all the participants on this program, especially the authors of the seven outstanding papers, for the time, thought, and energy that went into preparing their contributions.

Yesterday Professors Eberly, Stock, and Wright provided us with a thorough and thoughtful evaluation of the Federal Reserve's monetary policy strategy, tools, and communications since 2009. They conclude that the policy tools that the Federal Open Market Committee (FOMC) relied on—"level policy" and "slope policy," to use their terminology—helped restore the U.S. economy to health and bring it close to the statutory goals of maximum employment and price stability assigned to us by the Congress.

Source link.

Confirmation Hearing - Governor Michelle W. Bowman (06.05.2019)

Chairman Crapo, Ranking Member Brown, and members of the Committee, it has been just over a year since - this Committee first recommended my nomination as a Federal Reserve Board Governor. While I am not the first community banker to serve on the Board, I am humbled by the opportunity you gave me to serve as the first Governor to fill the role the Congress designated for someone with community banking experience on the Federal Reserve Board. I am deeply honored the President has renominated me to serve in that capacity.

I am also grateful to my family for their continued support. My husband, Wes, and our children, Jack and Audrey, are here with me today. The rest of my family are watching from home in Kansas.

Since my confirmation last year, I have worked to fulfill my unique role on the Board by traveling widely and listening closely to community bankers, consumers, small business owners, and community leaders. I have visited with farmers, workers, and business leaders from across the country to discuss the economy. I am making sure these unique perspectives are represented in the Federal Reserve's deliberations and decision making on both monetary policy and regulatory matters.

Source link.

Comment: Federal law requires at least one member of the Federal Reserve Board of Governors to have primary experience working in or supervising community banks. Governor Bowman has done both and is a strong advocate for community banking.

Did the U.S. Tax Cuts Boost Economic Activity in 2018? (06.04.2019)

The answer is yes, at least according to the recent empirical literature on the macroeconomic effects of taxes. The consensus estimate across models is that the tax cuts raised real gross domestic product (GDP) growth in 2018 by 1 percentage point.

The same models on average predict an impact of 0.5 percentage points in 2019 but little further effect in 2020.

Data indicate that real GDP expanded 3 percentage points last year. This number exceeds most professional forecasts in 2017 and is well above official estimates of the trend growth rate of about 2 percent. In late 2017, federal lawmakers enacted a comprehensive tax overhaul with economic growth as one of its major goals.

The new tax law substantially cut tax rates for individuals and pass-through businesses until 2025, and permanently lowered the tax rate for corporations from 35 percent to 21 percent. How can we know whether these tax cuts indeed lifted economic growth and what their longer-term effect will be?

Source link.

Comment: The nonpartisan Congressional Research Service said the economy's strong performance came largely from factors already in place.

Opening Remarks - Chair Jerome H. Powell at the "Conference on Monetary Policy Strategy, Tools, and Communications Practices" sponsored by the Federal Reserve, Federal Reserve Bank of Chicago, Chicago, Illinois (06.04.2019)

Good morning. I am very pleased to welcome you here today. This conference is part of a first-ever public review by the Federal Open Market Committee of our monetary policy strategy, tools, and communications.

We have a distinguished group of experts from academics and other walks of life here to share perspectives on how monetary policy can best serve the public.

I'd like first to say a word about recent developments involving trade negotiations and other matters. We do not know how or when these issues will be resolved. We are closely monitoring the implications of these developments for the U.S. economic outlook and, as always, we will act as appropriate to sustain the expansion, with a strong labor market and inflation near our symmetric 2 percent objective. My comments today, like this conference, will focus on longer-run issues that will remain even as the issues of the moment evolve.

While central banks face a challenging environment today, those challenges are not entirely new. In fact, in 1999 the Federal Reserve System hosted a conference titled "Monetary Policy in a Low Inflation Environment." Conference participants discussed new challenges that were emerging after the then-recent victory over the Great Inflation.1 They focused on many questions posed by low inflation and, in particular, on what unconventional tools a central bank might use to support the economy if interest rates fell to what we now call the effective lower bound (ELB). Even though the Bank of Japan was grappling with the ELB as the conference met, the issue seemed remote for the United States. The conference received little coverage in the financial press, but a Reuters wire service story titled "Fed Conference Timing on Inflation Odd, but Useful" emphasized the remoteness of the risk.2 Participants at the conference could not have anticipated that only 10 years later, the world would be engulfed in a deep financial crisis, with unemployment soaring and central banks around the world making extensive use of new strategies, tools, and ways to communicate.

Source link.

Sustaining Maximum Employment and Price Stability - Vice Chair Richard H. Clarida (05.30.2019)

Thank you for that generous introduction. I have attended Economic Club of New York events many times over the years and have always enjoyed the programs that feature engaging speakers sharing important insights on timely topics. It is a distinct honor to appear before you today from this side of the podium, and I do hope my remarks will contribute to this proud tradition.1

In July, the current U.S. economic expansion will become the longest on record—or at least the record since the 1850s, which is as far back as the National Bureau of Economic Research tracks U.S. business cycles.2 In anticipation of that milestone, I would like to take stock of where the U.S. economy is today, to assess its future trajectory, to review some important structural changes in the economy that have occurred over the past decade, and to explore what all of this might mean for U.S. monetary policy.

The Federal Reserve has a specific mandate assigned to it in statute by the Congress, which is the dual mandate of maximum employment and price stability. As I speak today, the economy is as close to achieving both legs of this dual mandate as it has been in 20 years. My colleagues and I understand that our responsibility is to conduct a monetary policy that not only is supportive of and consistent with achieving maximum employment and price stability, but also, once achieved, is appropriate, nimble, and consistent with sustaining maximum employment and price stability for as long as possible. And thus, the title of my talk today is "Sustaining Maximum Employment and Price Stability."

Source link.

Networked Supervision Is Stronger Supervision - By John W. Ryan CSBS President and CEO (05.30.2019)

Every cloud has a silver lining.

That is what came to mind last week in San Antonio as I saw 160 state and federal financial regulators share perspectives on emerging risks and supervisory strategies at our annual State-Federal Supervisory Forum.

We hold this meeting, which we call the SFSF, for a notable reason. It is an opportunity for state regulators to share ideas and practices with each other and with leaders and staff from the Federal Reserve, the FDIC and the CFPB from across the country.

This year, we heard from Federal Reserve Vice Chairman Randal Quarles and CFPB Director Kathy Kraninger. FDIC leaders met with our members. South Dakota Banking Director Bret Afdahl, our new CSBS chairman, asked both state and federal regulators to innovate in the year ahead. In between speakers, we had break-out sessions and other opportunities where regulators could talk directly with each other.

During this meeting, I reflected on one very large cloud. Over a decade ago, the mortgage market melted down and caused a financial crash. We never, ever want to have a similar crisis.

Source link.

Map Shows the Average Credit Score In Every State - New Credit Data From Experian Shows How Americans Fare 10 Years After The Financial Crisis. (05.24.2019)

It's been a little more than 10 years since the financial crisis that kicked off the Great Recession. How are Americans' finances faring today? Credit reporting agency Experian sought to find out with their latest State of Credit report, which examined today's consumer credit behaviors — including how credit scores break down for each U.S. state.

Source link.

Comment: Credit scores are up nationwide by 5 points on average year over year 2017 and 2018. From the report – 'What's driving that growth? Griffin said that the economy has improved, consumer confidence has grown, the unemployment rate has decreased and people have generally become more financially stable since 2008.'

Federal Reserve Board Issues Report on the Economic Well-Being of U.S. Households (05.23.2019)

The Federal Reserve Board's latest Report on the Economic Well-Being of U.S. Households found that most measures of economic well-being and financial resilience in 2018 were similar to, or slightly better than, those in 2017.

Overall, the financial experiences reported by the 11,000 adults surveyed in 2018 were largely positive, and many families have experienced substantial gains since the survey began in 2013, in line with the nation's ongoing economic expansion. When asked about their overall economic well-being, 75 percent of U.S. adults said they were "doing okay" or "living comfortably"—up 12 percentage points from 2013. The survey also asked how they would pay for a hypothetical unexpected expense of $400. Sixty-one percent said they would pay the expense with cash, savings, or a credit card paid off at the next statement; 27 percent would borrow or sell something; and 12 percent would not be able to cover it. In 2013, only half of adults said they would pay with cash or its equivalent.

Source link.

Comment: From the report - "This year's survey finds that rising levels of employment are translating into improved financial conditions for many, but not all, Americans, with one third now reporting they are living comfortably and another 40 percent reporting they are doing ok financially," said Federal Reserve Board Governor Lael Brainard. "Even with the improvement in financial outlook, however, 40 percent still say they cannot cover a $400 emergency expense, or would do so by borrowing or selling something. We learned that about one in five adults knows someone with addiction to opioids or painkillers; whites are about twice as likely to have such exposure as blacks and Hispanics; and exposure does not vary much by education level or by local economic conditions.".

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
05.13.2019	Overdraft Rule Review Pursuant to the Regulatory Flexibility Act - The Bureau of Consumer Financial Protection (Bureau) is conducting a review of the Overdraft Rule consistent with section 610 of the Regulatory Flexibility Act. As part of this review, the Bureau is seeking comment on the economic impact of the Overdraft Rule on small entities. These comments may assist the Bureau in determining whether the Overdraft Rule should be continued without change or amended or rescinded to minimize any significant economic impact of the rules upon a substantial number of such small entities, consistent with the stated objectives of applicable statutes. **Comments close July 1, 2019.**
05.08.2019	Home Mortgage Disclosure (Regulation C) Data Points and Coverage- The Bureau of Consumer Financial Protection (Bureau) is issuing this Advance Notice of Proposed Rulemaking (ANPR) to solicit comments relating to whether to make changes to the data points that the Bureau's October 2015 final rule implementing the Home Mortgage Disclosure Act (HMDA) added to Regulation C or revised to require additional information. Additionally, the Bureau is issuing this ANPR to solicit comments relating to the requirement that institutions report certain business- or commercial-purpose transactions under Regulation C. **Comments close July 8, 2019.**
05.07.2019	Debt Collection Practices (Regulation F) - The Bureau of Consumer Financial Protection (Bureau) proposes to amend Regulation F, 12 CFR part 1006, which implements the Fair Debt Collection Practices Act (FDCPA) and currently contains the procedures for State application for exemption from the provisions of the FDCPA. The Bureau's proposal would amend Regulation F to prescribe Federal rules governing the activities of debt collectors, as that term is defined in the FDCPA. The Bureau's proposal would, among other things, address communications in connection with debt collection; interpret and apply prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection; and clarify requirements for certain consumer-facing debt collection disclosures. **Comments close August 19, 2019.**
04.29.2019	Request for Information Regarding Potential Regulatory Changes to the Remittance Rule- The Electronic Fund Transfers Act (EFTA), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau of Consumer Financial Protection's (Bureau) remittance rules (Remittance Rule or Rule) implement these protections. This document seeks information and evidence that may inform possible changes to the Rule that would not eliminate, but would mitigate the effects of the expiration of a statutory exception for certain financial institutions. EFTA expressly limits the length of the temporary exception to July 21, 2020 and does not authorize the Bureau to extend this term. Therefore, the exception will expire on July 21, 2020 unless Congress changes the law. In addition, the Bureau seeks information and evidence related to the scope of coverage of the Rule, including whether to change a safe harbor threshold in the Rule that determines whether a person makes remittance transfers in the normal course of its business, and whether an exception for small financial institutions may be appropriate. **Comments close June 28, 2019.**

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:
01.01.2019	Regulatory Capital Rules: Retention of Certain Existing Transition Provisions for Banking Organizations That Are Not Subject to Advanced Approaches Capital Rules. 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 extend the regulatory capital treatment applicable during 2017 under the regulatory capital rules (capital rules) for certain items. These items include regulatory capital deductions, risk weights, and certain minority interest limitations. The relief provided under the final rule applies to banking organizations that are not subject to the capital rules' advanced approaches (non-advanced approaches banking organizations). Specifically, for these banking organizations, the final rule extends the current regulatory capital treatment of mortgage servicing assets, deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, significant investments in the capital of unconsolidated financial institutions in the form of common stock, non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, and common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest exceeding the capital rules' minority interest limitations. Under the final rule, advanced approaches banking organizations continue to be subject to the transition provisions established by the capital rules for the above capital items. Therefore, for advanced approaches banking organizations, their transition schedule is unchanged, and advanced approaches banking organizations are required to apply the capital rules' fully phased-in treatment for these capital items beginning January 1, 2018.
03.06.2019	Limited Exception for a Capped Amount of Reciprocal Deposits from Treatment as Brokered Deposits - The FDIC is amending its regulations that implement brokered deposits and interest rate restrictions to conform with recent changes to section 29 of the Federal Deposit Insurance Act made by section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act related to reciprocal deposits, which took effect on May 24, 2018. The FDIC is also making conforming amendments to the FDIC's regulations governing deposit insurance assessments.
04.01.2019	CFPB - Final Rule: Rules Concerning Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) - Summary: The Bureau of Consumer Financial Protection (Bureau) is amending Regulation E, which implements the Electronic Fund Transfer Act, and Regulation Z, which implements the Truth in Lending Act, and the official interpretations to those regulations. This rulemaking relates to a final rule published in the Federal Register on November 22, 2016, as amended on April 25, 2017, regarding prepaid accounts under Regulations E and Z. The Bureau is finalizing modifications to several aspects of that rule, including with respect to error resolution and limitations on liability for prepaid accounts where the financial institution has not successfully completed its consumer identification and verification process; application of the rule's credit-related provisions to digital wallets that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019.
04.01.2019	Three-Year Regulatory Capital Phase in for New Current Expected Credit Losses (CECL) - 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 address changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL). The final rule provides banking organizations the option to phase in over a three-year period the day-one adverse effects on regulatory capital that may result from the adoption of the new accounting standard. In addition, the final rule revises the agencies' regulatory capital rule, stress testing rules, and regulatory disclosure requirements to reflect CECL, and makes conforming amendments to other regulations that reference credit loss allowances. The final rule is effective on April 1, 2019. Banking organizations may early adopt this final rule prior to that date.
04.15.2019	Limited Exception for a Capped Amount of Reciprocal Deposits From Treatment as Brokered Deposits; Technical Amendment - The FDIC is making technical amendments to the preamble of a final rule published in the Federal Register on February 4, 2019. The final rule relates to a limited exception for a capped amount of reciprocal deposits from treatment as brokered deposits. As published, several industry participants raised concerns about the meaning of a sentence in the preamble of the final rule. To avoid potential confusion, the FDIC is amending the language, as explained below.
04.17.2019	Disclosure of Financial and Other Information by FDIC-Insured State Nonmember Banks -The Federal Deposit Insurance Corporation (FDIC) is amending its regulations by rescinding and removing its regulations entitled Disclosure of Financial and Other Information By FDIC-Insured State Nonmember Banks. Upon the removal of the regulations, all insured state nonmember banks and insured state-licensed branches of foreign banks (collectively, "banks") would no longer be subject to the annual disclosure statement requirement set out in the existing regulations. The financial and other information that has been subject to disclosure by individual banks under the regulations is publicly available through the FDIC's website.

07.01.2019 Loans in Areas Having Special Flood Hazards (Private Insurance) - The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) are amending their regulations regarding loans in areas having special flood hazards to implement the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters Act). Specifically, the final rule requires regulated lending institutions to accept policies that meet the statutory definition of "private flood insurance" in the Biggert-Waters Act; and permits regulated lending institutions to exercise their discretion to accept flood insurance policies issued by private insurers and plans providing flood coverage issued by mutual aid societies that do not meet the statutory definition of "private flood insurance," subject to certain restrictions.

07.01.2019 Delay of Effective Date; Regulatory Capital Rule: Implementation and Transition of the Current Expected Credit Losses Methodology for Allowances and Related Adjustments to the Regulatory Capital Rule and Conforming Amendments to Other Regulations - On February 14, 2019, the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) published in the Federal Register a final rule to address changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL) (final rule). The final rule had an effective date of April 1, 2019, and provides that banking organizations may early adopt the final rule prior to that date. The agencies have determined that a delay of the effective date to July 1, 2019, is appropriate.

08.19.2019 Payday, Vehicle Title, and Certain High-Cost Installment Loans - The Bureau of Consumer Financial Protection (Bureau or CFPB) is issuing this final rule establishing regulations creating consumer protections for certain consumer credit products and the official interpretations to the rule. First, the rule identifies it as an unfair and abusive practice for a lender to make covered short-term or longer-term balloon-payment loans, including payday and vehicle title loans, without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule exempts certain loans from the underwriting criteria prescribed in the rule if they have specific consumer protections. Second, for the same set of loans along with certain other high-cost longer-term loans, the rule identifies it as an unfair and abusive practice to make attempts to withdraw payment from consumers' accounts after two consecutive payment attempts have failed, unless the consumer provides a new and specific authorization to do so. Finally, the rule prescribes notices to consumers before attempting to withdraw payments from their account, as well as processes and criteria for registration of information systems, for requirements to furnish and obtain information from them, and for compliance programs and record retention. The rule prohibits evasions and operates as a floor leaving State and local jurisdictions to adopt further regulatory measures (whether a usury limit or other protections) as appropriate to protect consumers. Effective Date: This regulation is effective January 16, 2018. Compliance Date: Sections 1041.2 through 1041.10, 1041.12, and 1041.13 have a compliance date of August 19, 2019. A federal court granted the Bureau of Consumer Financial Protection's request to delay the effective date of its rule on small-dollar loans. The decision delays the August 2019 compliance date. On June 6, 2019 the bureau issued a Final Rule delaying the compliance date until November 19, 2020 and included correcting amendments.

11.24.2019 Sec. 106 of Economic Growth, Regulatory Relief, and Consumer Protection Act titled 'Eliminating barriers to jobs for loan originators.' - Section 106 allows certain state-licensed mortgage loan originators (MLOs) who are licensed in one state to temporarily work in another state while waiting for licensing approval in the new state. It also grants MLOs who move from a depository institution (where loan officers do not need to be state licensed) to a non-depository institution (where they do need to be state licensed) a grace period to complete the necessary licensing.

04.01.2020 Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 - SUMMARY: 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 (final rule) to simplify certain aspects of the capital rule. The -2- final rule is responsive to the agencies' March 2017 report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996, in which the agencies committed to meaningfully reduce regulatory burden, especially on community banking organizations. The key elements of the final rule apply solely to banking organizations that are not subject to the advanced approaches capital rule (non-advanced approaches banking organizations). Under the final rule, non-advanced approaches banking organizations will be subject to simpler regulatory capital requirements for mortgage servicing assets, certain deferred tax assets arising from temporary differences, and investments in the capital of unconsolidated financial institutions than those currently applied. The final rule also simplifies, for non-advanced approaches banking organizations, the calculation for the amount of capital issued by a consolidated subsidiary of a banking organization and held by third parties (sometimes referred to as a minority interest) that is includable in regulatory capital. In addition, the final rule makes technical amendments to, and clarifies certain aspects of, the agencies' capital rule for both non-advanced approaches banking organizations and advanced approaches banking organizations (technical amendments). Revisions to the definition of high-volatility commercial real estate exposure in the agencies' capital rule are being addressed in a separate rulemaking. DATES: The portions of the final rule related to simpler requirements for mortgage servicing assets, certain deferred tax assets, investments in the capital of unconsolidated financial institutions, and minority interest (incorporated in the amendatory instructions 7, 8, 24, 30, 31, 47.b, 53, 54, and 70) are effective on April 1, 2020. The portions of the final rule related to the technical amendments (incorporated in the amendatory instructions 1-6, 9-23, 25-29, 32-46, 47.a, 48-52, and 55-69) are effective October 1, 2019. Any banking organization subject to the capital -3- rule may elect to adopt the technical amendments that are effective October 1, 2019, prior to that date.

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