



# Capitol Comments

## April 2019

Kelly Goulart, Sr. Manager – Regulatory Compliance  
[kgoulart@complianceadviser.org](mailto:kgoulart@complianceadviser.org) | 512.275.2231

Janie Daniel, Regulatory Compliance Adviser  
[jdaniel@complianceadviser.org](mailto:jdaniel@complianceadviser.org) | 512.275.2221

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

***April hath put a spirit of youth in everything! – William Shakespeare***

## Joint federal agency issuances, actions and news

### ***Interagency Flood Insurance Update on Private Flood Insurance Rule (04.22.2019)***

Staff from the Board of Governors of the Federal Reserve, Farm Credit Administration, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency will discuss the flood insurance rule issued in February ([84 FR 4953, February 20, 2019](#)). Topics that will be discussed include:

- Mandatory acceptance of private flood insurance;
- Mandatory acceptance Compliance Aid;
- Discretionary acceptance of private flood insurance;
- Flood Coverage provided by Mutual Aid Societies; and
- Preparations to comply with the Rule

The webinar will be Tuesday, May 14, 2019 at the following time:

Times: 11:00 a.m. – 12:00 p.m. Pacific

12:00 p.m. – 1:00 p.m. Mountain

1:00 p.m. – 2:00 p.m. Central

2:00 p.m. – 3:00 p.m. Eastern

Following the presentation there will be a Questions and Answers segment, where presenters will respond to audience questions. Questions may be sent [via email](#) in advance of the event to facilitate the Q&A segment.

To register, click on the URL or copy and paste it into your browser to register for this webinar:

<https://www.webcaster4.com/Webcast/Page/577/30085>.

***Comment: This rule implements the Biggert-Waters Act requirement that regulated lending institutions accept private flood insurance policies that satisfy criteria specified in the Act. Considering the complexity of the rule and the number of FDPA citations on exams, we highly recommend taking advantage of this free program!***

## **New Accounting Standard on Credit Losses: Frequently Asked Questions (04.03.2019)**

The federal financial institution regulatory agencies issued updated Frequently Asked Questions on the New Accounting Standard on Financial Instruments – Credit Losses to assist institutions and examiners. The new standard takes effect in 2020, 2021, or 2022, depending on an institution's characteristics. The Frequently Asked Questions (FAQs) combine new questions and answers and those issued in 2017 and 2016, replacing the FAQs attached to FIL-41-2017. Certain previously issued FAQs have been updated in response to recent developments. The FAQs continue to focus on the application of the current expected credit losses methodology (CECL) for estimating credit loss allowances and related supervisory expectations and regulatory reporting guidance.

### **Highlights:**

The Financial Accounting Standards Board (FASB) published the new credit losses accounting standard in June 2016. The FAQs discuss how this new standard changes existing U.S. generally accepted accounting principles (GAAP), which includes replacing the existing incurred loss methodology with CECL.

New FAQs in the combined set of questions and answers address collateral-dependent loans; reasonable and supportable forecasts; internal control considerations related to data; and the continued relevance of concepts, processes, and practices in existing supervisory guidance on the allowance for loan and lease losses.

The FASB's recent amendment to the effective date of the new accounting standard for nonpublic business entities is reflected in updated responses to certain questions.

The FAQs continue to emphasize the scalability of CECL to institutions of all sizes, and the expectation that community institutions are not expected to need to adopt complex modeling techniques to implement the new accounting standard.

Under current U.S. GAAP, institutions use allowance estimation methods scaled to their size and complexity. The agencies expect a similar array of credit loss estimation methods will be used under CECL. However, inputs to allowance methods will need to change to properly implement CECL.

The agencies expect institutions to make good faith efforts to apply the new credit losses standard in a sound and reasonable manner. Accordingly, institutions should continue preparing to implement the standard.

Questions about the new accounting standard and the FAQs may be submitted by e-mail to [CECL@fdic.gov](mailto:CECL@fdic.gov).

Source [link](#).

***Comment: These FAQs are a valuable tool in the ongoing effort to comply with CECL. Consider sharing with the board as well as appropriate operations staff. The notice makes clear that until CECL becomes effective, banks must continue to follow current U.S. GAAP on impairment and the allowance for loan and lease losses (ALLL). Existing ALLL policy statements and guidance will not be rescinded until CECL is effective for all institutions. For public business entities (PBEs) under the standard, CECL is effective for fiscal years beginning after Dec. 15, 2021 including interim periods within those fiscal years.***

## **Current Expected Credit Losses (CECL) Webinar: Weighted-Average Remaining Maturity (WARM) Method (04.02.2019)**

The federal financial institution regulatory agencies hosted an interagency webinar focusing on the application of the Weighted-Average Remaining Maturity (WARM) method for estimating allowances for credit losses in

accordance with Accounting Standards Update No. 2016 13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This event was held in conjunction with the Financial Accounting Standards Board (FASB), the U.S. Securities and Exchange Commission (SEC), and the Conference of State Bank Supervisors (CSBS). The webinar was scheduled for April 11, 2019, at 2:00 p.m. Eastern Time. Webinar materials are archived for viewing.

- In January 2019, the FASB issued a Staff Q&A document confirming that the WARM method is one of many acceptable methods that could be used to estimate allowances for less complex financial asset pools under CECL. The April 11 webinar primarily addressed the use of the WARM method.
- The FASB Staff Q&A document aligns with information communicated in the interagency banker webinar on February 27, 2018, that discussed practical examples of how smaller, less complex community banks can implement CECL.

**Related Topics:**

[FIL-39-2016, June 17, 2016, Joint Statement on New Accounting Standard on Financial Instruments – Credit Losses](#)

[FIL-41-2017, September 6, 2017, New Accounting Standard on Credit Losses: Frequently Asked Questions](#)

[Community Bank Webinar: Implementation Examples for the Current Expected Credit Losses Methodology, February 27, 2018](#)

Source [link](#).

***Comment: Although the WARM method is just one of many acceptable methodologies that can be used to estimate expected credit losses, it is widely considered to be a practical approach for less complex pools of financial assets and, more generally, for community banks.***

***Home Mortgage Disclosure Act (HMDA) FFIEC A Guide to HMDA Reporting: Getting It Right! for 2019 HMDA Data and Updated HMDA Examination Procedures (04.01.2019)*** 

The Federal Financial Institutions Examination Council (FFIEC) has issued *A Guide to HMDA Reporting: Getting It Right!* for data collected in 2019 and reported in 2020 and updated interagency HMDA examination procedures.

The 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended HMDA and established partial exemptions from reporting certain data points for eligible institutions. The Consumer Financial Protection Bureau (CFPB) issued an interpretive and procedural rule to implement the amendments (2018 HMDA rule).

The FFIEC's *A Guide to HMDA Reporting: Getting It Right!* summarizes key HMDA provisions and can serve as a useful compliance resource for supervised financial institutions. This new version applies to 2019 HMDA data reported in 2020 and includes a summary of the EGRRCPA amendments to HMDA and the 2018 HMDA rule.

The FDIC and other member agencies of the FFIEC are making updated interagency HMDA examination procedures available to the public. The updates address the EGRRCPA amendments to HMDA, the 2018 HMDA rule, and amendments to Regulation C made by CFPB final rules issued in 2015 and 2017.

FDIC examiners will use the updated interagency HMDA examination procedures in connection with reviews of HMDA data collected in 2018 and after.

The updated interagency HMDA examination procedures will be incorporated into the FDIC's Compliance Examination Manual (CEM). To be notified of CEM updates, register on the FDIC's Email Updates webpage at <https://service.govdelivery.com/accounts/USFDIC/subscriber/new>.

Source [link](#).

*Comment: As noted, this guide covers HMDA data collected in 2019 for submissions due March 1, 2020, while the CFPB published the related HMDA Modified Loan Application registers for approximately 5,400 financial institutions. This FFIEC guide has always been an excellent, plain language tool, that facilitates HMDA compliance.*

## CFPB actions and news

### ***HMDA Modified Loan Application Registers Released (03.29.2019)***

On March 29, 2019, the Home Mortgage Disclosure Act (HMDA) Modified Loan Application Registers (LARs) data were published for approximately 5,400 financial institutions. This is the first year in which additional data reported by certain institutions under the 2015 HMDA rule will be available. The Modified LARs contains loan level information for 2018 on individual HMDA filers, modified to protect privacy. For guidance as to how submitted data is modified to protect privacy, please see <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-announces-policy-guidance-disclosure-home-mortgage-data/>.

Later this year, additional information will be published related to HMDA, including: a complete loan level dataset and HMDA aggregate and disclosure reports. These data products will be accompanied by a Data Point article highlighting key trends. The information to be released this year will include certain new data points, which can provide more insights into the mortgage lending practices of institutions. The CFPB anticipates applying particular rigor and analysis to address data anomalies, including in the new data points and describing the context in which the data may be best understood.

The HMDA statute requires that the Modified LARs be available by March 31st. The 2015 HMDA rule eliminated the need for individual financial institutions to make their Modified LARs available to members of the public who may request them. This is the second year that all Modified LARs have been publicly available on [ffiec.cfpb.gov](http://ffiec.cfpb.gov). The 2018 HMDA Modified LARs are available here: <https://ffiec.cfpb.gov/data-publication/modified-lar>.

Source [link](#).

*Comment: In its release, the CFPB also stated its intent to release additional HMDA information later this year, including a complete loan level dataset and HMDA aggregate and disclosure reports.*

## FDIC actions and news

### ***Deposit Insurance Coverage Seminars (04.23.2019)***

The FDIC will conduct four identical live seminars on FDIC deposit insurance coverage for bank employees and bank officers between May 15, 2019, and December 9, 2019. In addition to a comprehensive overview of FDIC deposit insurance rules, the seminars include deposit insurance coverage information on signature card

requirements for joint accounts, Prepaid Cards, Bank Trade names, Health Savings Accounts, 529 plan accounts, and 529 Achieving a Better Life Experience (ABLE) plan accounts.

The presentation provides an overview of some of the most popular deposit insurance resources such as: (a) the FDIC's Electronic Deposit Insurance Estimator (EDIE), which is an interactive tool used to calculate deposit insurance coverage; (b) the FDIC's BankFind Directory, which allows users to confirm if a bank is FDIC-insured; and (c) the FDIC's Financial Institution Employee's Guide to Deposit Insurance, which was developed to assist bankers in providing detailed information about deposit insurance coverage to their customers.

The FDIC also has developed three separate Deposit Insurance Coverage Seminars for bank officers and employees that are available on the FDIC's YouTube channel. Both the live and YouTube deposit insurance coverage seminars will provide bank employees with an understanding of how to calculate deposit insurance coverage. The live seminars each provide a comprehensive overview of FDIC deposit insurance.

Please note: The FDIC recently issued a [notice of proposed rulemaking](#) concerning recordkeeping requirements for joint accounts. In the event a final rule is issued with respect to this proposal, the final rule may impact some of the information in the slides and presentation. Please check the date on the PDF/printable version for seminars you may plan to attend after May 15, 2019.

Source [link](#).

***Comment: These free seminars are an excellent resource in understanding the complexities of deposit insurance.***

### ***Consolidated Reports of Condition and Income (04.19.2019)***

The Consolidated Reports of Condition and Income (Call Report) for the March 31, 2019, report date must be submitted to the agencies' Central Data Repository (CDR) by Tuesday, April 30, 2019. Certain institutions with foreign offices have an additional five calendar days to file their reports. The Call Report for this quarter includes revisions that primarily address changes in the accounting for credit losses under the Financial Accounting Standards Board's Accounting Standards Update No. 2016-13 (ASU 2016-13).

Source [link](#).

***Comment: The changes generally result from the revised accounting for credit losses under the Financial Accounting Standards Board's Accounting Standards Update No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), and banking agency rules on implementation. Other changes result from two sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) that affect the information institutions report for high-volatility commercial real estate (HVCRE) exposures and reciprocal deposits.***

### ***FDIC Podcasts Chronicle Causes, Responses to Financial Crisis (04.04.2019)***

The FDIC released a series of podcasts featuring discussions about Crisis and Response: An FDIC History, 2008–2013, the agency's study of the banking and financial crisis. The podcast series gives listeners a unique behind-the-scenes perspective on the crisis, as FDIC officials share their insights into the agency's decision-making strategies and actions.

"The podcasts will allow us to reach an even larger audience, from policymakers and industry representatives to academics and other regulators. We hope that the podcasts encourage thoughtful discussion about the policy measures undertaken during and after the crisis, and that this dialogue will help us better understand the factors that contributed to the crisis and the steps needed to prevent a recurrence," Chairman Jelena McWilliams said.

The podcast series is organized into seven episodes: an introductory episode that highlights the study's overview and one episode for each of the study's six chapters.

The podcasts and The Crisis and Response study are available on the FDIC's website at <https://www.fdic.gov/bank/historical/crisis/index.html>. Copies of the study can be ordered from the [FDIC Online Catalog](#).

Source [link](#).

***Comment: It is always cheaper to learn from others' mistakes! Consider sharing these podcasts with your board of directors.***

### ***Technology Service Provider Contracts (04.02.2019)***

This FIL describes examiner observations about gaps in financial institutions' contracts with technology service providers that may require financial institutions to take additional steps to manage their own business continuity and incident response. Highlights include:

- Financial institution boards of directors and senior management are responsible for managing risks related to relationships with technology service providers.
- Effective contracts are an important risk management tool for overseeing technology service provider risks, including business continuity and incident response.
- Recent FDIC examination findings noted that some financial institution contracts with technology service providers lack sufficient detail regarding the contract parties' respective rights and responsibilities for business continuity and incident response.
- When contracts do not adequately address such risks, financial institutions remain responsible for assessing those risks and implementing appropriate mitigating controls.
- Financial institutions have a responsibility under Section 7 of the Bank Service Company Act to notify their FDIC regional office of contracts or relationships with technology service providers that provide certain services to the institution.

Continuation of [FIL-19-2019](#)

Source [link](#).

***Comment: Based upon exam findings, banks and their technology service providers need to sharpen their focus on contractual provisions, particularly those that address business continuity and incident response risks.***

### ***FDIC Hosts Webinar for Financial Capability Month Highlights Free Financial Education Tools (04.01.2019)***



In recognition of Financial Capability Month, the FDIC hosted a webinar on April 17 to help organizations learn how to use Money Smart tools. This webinar also explained the benefits of joining the FDIC's Money Smart

Alliance, a free resource to help organizations learn new approaches and strategies on how to use Money Smart tools.

The FDIC is also highlighting its free financial education tools to help people of all ages build their financial knowledge and skills to achieve brighter financial futures.

These free resources include:

- Money Smart for Adults, this recently updated 14-module curriculum can be used to provide training for adults in many different life stages and financial situations.
- Money Smart for Older Adults, developed with the CFPB, and focused on preventing elder financial exploitation.
- Money Smart for Young People, featuring lesson plans and Parent/Caregiver Guides to help educators deliver basic financial concepts to students in kindergarten through 12th grade.
- Money Smart for Young Adults, offering a fully scripted instructor guide that bankers and others without teaching experience can use to engage young people ages 12-20.
- Money Smart for Small Business, developed with the U.S. Small Business Administration to provide information related to starting and managing a business.
- Youth Banking Resource Center, helping financial institutions connect financial education tools to savings accounts for school-aged children.
- Youth Employment Resource Center, helping connect youth employment programs with Money Smart and strategies to offer bank accounts to program participants.
- FDIC Learning Bank, a site that provides information for young people about using money wisely, how banks work, and the differences between types of bank accounts.
- FDIC Consumer News, offering practical guidance on how to become a smarter, safer user of financial services.
- Savings-Related Resources, a website that provides savings-related resources for financial institutions, community-based organizations, and others.

"The FDIC's Money Smart curriculum and related resources help people gain the knowledge, confidence, and skills to use banks more effectively and manage their finances. These resources can be a valuable tool for banks to build deeper relationships with their customers," said FDIC Chairman Jelena McWilliams.

Source [link](#).

***Comment: Consider integrating these materials into your bank's financial literacy/outreach program.***

### ***FDIC Board Proposes Changes to Recordkeeping Requirements for Deposit Insurance Determinations***

***(03.29.2019)*** 

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) approved proposals to amend two rules to simplify the process for making insurance determinations in the event a bank is placed into receivership.

The first proposal amends Part 370 of the FDIC's Rules and Regulations for "Recordkeeping for Timely Deposit Insurance Determination" to address issues raised as the FDIC worked with banks to implement the rule since it was originally approved in November 2016. The proposal also provides an optional one-year extension of the rule's original compliance deadline of April 1, 2020.

Part 370 is currently applicable to the 36 FDIC-insured institutions that have more than two million deposit accounts and establishes recordkeeping requirements to facilitate rapid payment of insured deposits to customers if one of those institutions were to fail. The FDIC will continue working closely with institutions as they develop the capabilities required by Part 370.

The second proposal amends Part 330 of the FDIC's Rules and Regulations, which applies to all FDIC-insured institutions, regardless of size. Currently, in order for deposits in a joint account to be insured separately from deposits individually owned by the account's co-owners upon the failure of an insured institution, each co-owner of the joint account must have signed a signature card.

The proposal is narrowly focused on providing an alternative method to satisfy this requirement. Institutions could continue to maintain signature cards, but the proposal also would allow the signature card requirement to be satisfied by other information contained in an institution's deposit account records establishing co-ownership of a joint account. The proposal would not expand or contract deposit insurance coverage for joint accounts and would not impose any new requirements on depositors or FDIC-insured institutions.

Comments will be accepted on both rules for 30 days after publication in the [Federal Register](#).

Source [link](#).

***Comment: Comments close May 13, 2019. Remember these proposals will not change state law, which may require signatures for certain account types!***

### ***FDIC Announces New Members for the Advisory Committee on Community Banking (03.28.2019)***

The Federal Deposit Insurance Corporation (FDIC) has announced the selection of six new members to its Advisory Committee on Community Banking, which has been providing advice and recommendations to the FDIC on a broad range of community bank policy and regulatory matters since it was established in 2009. The Advisory Committee members represent a cross-section of community bankers from around the country.

"The Advisory Committee provides key information and input to the FDIC on issues facing community banks," said FDIC Chairman Jelena McWilliams. "We are fortunate to have such talented and highly respected professionals as a resource. I look forward to working with the Advisory Committee members."

The Advisory Committee on Community Banking discusses and provides input to the FDIC on a wide variety of topics, including current examination policies and procedures, credit and lending practices, deposit insurance assessments, insurance coverage and regulatory compliance.

The new members of the Advisory Committee are:

- Dick Beshear, Chairman, President & CEO, First Security Bank and Trust Company, Oklahoma City, Oklahoma
- Keith Epstein, EVP & CEO, Roxboro Savings Bank, Roxboro, North Carolina
- Bruce Kimbell, President & CEO, First Community Bank of the Heartland, Clinton, Kentucky
- Thomas Leavitt, President & CEO, Northfield Savings Bank, Northfield, Vermont
- Lori Maley, President & CEO, Bank of Bird-in-Hand, Bird-in-Hand, Pennsylvania
- Cathy Stuchlik, Chairwoman & President, Clackamas County Bank, Sandy, Oregon
- The new members will join the following individuals already serving on the committee:
  - Fred DeBiasi, President & CEO, American Savings Bank, Middletown, Ohio
  - Christopher Donnelly, President & CEO, Bank of the Prairie, Olathe, Kansas

- Asif Dakri, Vice Chairman & CEO, Wallis Bank, Houston, Texas
- James J. Edwards, Jr., CEO, United Bank, Zebulon, Georgia
- David J. Hanrahan, Sr., former President & CEO, Capital Bank of New Jersey, Vineland, New Jersey
- Danny J. Kelly, President & CEO, The Hometown Bank of Alabama, Oneonta, Alabama
- Kenneth Kelly, Chairman & CEO, First Independence Bank, Detroit, Michigan
- Tiffany Baer Paine, President & CEO, Security Bank USA, Bemidji, Minnesota
- Alan Shettlesworth, President & COO, Main Bank, Albuquerque, New Mexico
- Joseph W. Turner, President & CEO, Great Southern Bank, Springfield, Missouri
- Louise Walker, President & CEO, First Northern Bank, Dixon, California
- Len E. Williams, President & CEO, People's Utah Bancorp & CEO, People's Intermountain Bank, American Fork, Utah

For more information, please visit the Advisory Committee on Community Banking webpage at <http://www.fdic.gov/communitybanking/>.

Source [link](#).

***Comment: We are pleased to note the presence of a strong community bankers in this committee!***

#### ***FDIC Supervisory Insights Journal - Winter 2018 Issue Now Available (03.20.2019)***

The Winter 2018 issue of Supervisory Insights features an article of interest to examiners, bankers and supervisors. “Transitions in Financial Instrument Reference Rates” examines the future of, and alternatives to, the London Inter-bank Offered Rate (LIBOR). Supervisory Insights – Winter 2018 issue is available at [www.fdic.gov/supervisoryinsights](http://www.fdic.gov/supervisoryinsights).

Source [link](#).

***Comment: As the article notes, the FDIC does not endorse or require the use of any particular reference rate.***

#### ***FDIC Consumer News: Rewards Cards - Minimize the Pitfalls, Maximize the Benefits (03.2019)***

This newsletter includes the following articles:

- Knowledge of card programs provides the best rewards
- Wondering how to get cash back or free airline tickets by using a debit or credit card? With the variety of card rewards programs on the market and the restrictions that may accompany them, it’s important to know the details and choose the card that’s right for you.

Source [link](#).

***Comment: Consider using this newsletter as part of your consumer financial literacy/outreach!***

## **OCC actions and news**

***OCC Hosts Risk Governance and Credit Risk Workshops in Pittsburgh (04.11.2019)*** 

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops at the Hotel Indigo Pittsburgh East Liberty in Pittsburgh, May 21-22, for directors of national community banks and federal savings associations supervised by the OCC.

The Risk Governance: Improving Director Effectiveness workshop on May 21 combines lectures, discussion, and exercises to provide practical information for directors to effectively measure and manage risks. The workshop also focuses on the OCC's approach to risk-based supervision and major risks in the financial industry.

The Credit Risk: Directors Can Make a Difference workshop on May 22 focuses on credit risk within the loan portfolio, such as identifying trends and recognizing problems. The workshop also covers the roles of the board and management, how to stay informed of changes in credit risk, and how to effect change.

The workshop fee is \$99 and open to directors of national community banks and federal savings associations supervised by the OCC. 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](http://www.occ.gov/occworkshops).

Source [link](#).

### ***OCC Hosts Compliance and Operational Risk Workshops in Kansas (03.27.2019)***

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops in Manhattan, Kansas, at the Four Points by Sheraton Manhattan, May 7 and 8, for directors of national community banks and federal savings associations supervised by the OCC.

The Compliance Risk workshop on May 7 combines lectures, discussion, and exercises on the critical elements of an effective compliance risk management program. The workshop also focuses on major compliance risks and critical regulations. Topics of discussion include the Bank Secrecy Act, Flood Disaster Protection Act, Fair Lending, Home Mortgage Disclosure Act, Community Reinvestment Act, and other compliance hot topics.

The Operational Risk workshop on May 8 focuses on the key components of operational risk—people, processes, and systems. The workshop also covers governance, third-party risk, vendor management, internal fraud, and cybersecurity.

The workshop fee is \$99 and open to directors of national community banks and federal savings associations supervised by the OCC. 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](http://www.occ.gov/occworkshops).

Source [link](#).

### ***OCC Reports Mortgage Performance Improves in Fourth Quarter of 2018 (03.22.2019)***

WASHINGTON—The Office of the Comptroller of the Currency (OCC) reported a slight improvement in the performance of first-lien mortgages in the federal banking system during the fourth quarter of 2018.

The OCC Mortgage Metrics Report, Fourth Quarter 2018, showed 95.8 percent of mortgages included in the report were current and performing at the end of the quarter, compared to 94.5 percent a year earlier.

The report also showed that servicers initiated 29,515 new foreclosures during the fourth quarter of 2018-, a 3.5 percent increase from the previous quarter and a 14.5 percent decrease from a year ago. Servicers completed 20,256 mortgage modifications in the fourth quarter of 2018, and 73.2 percent of the modifications reduced borrowers' monthly payments.

The first-lien mortgages included in the OCC's quarterly report comprise 31 percent of all residential mortgages outstanding in the United States or approximately 16.9 million loans totaling \$3.22 trillion in principal balances. This report provides information on mortgage performance through December 31, 2018, and it can be downloaded from the OCC's website, [www.OCC.GOV](http://www OCC.GOV).

Source [link](#).

## Federal Reserve actions and news

### ***Beige Book - Summary of Commentary on Current Economic Conditions by Federal Reserve District (04.17.2019)***

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](#).

***Comment: Don't overlook this valuable, free economic tool! From the Eleventh District: Moderate expansion continued in the Eleventh District economy. Manufacturing output increased. Retail sales were flat, and growth in the nonfinancial services sector softened. Loan volumes expanded led by growth in commercial real estate lending, and home sales rose, further boosting optimism in outlooks. Soil moisture was mostly adequate, though rains delayed crop planting in some areas. Activity in the energy sector expanded. Employment rose moderately, despite a tight labor market. Wage growth remained elevated, while price growth was mixed. Outlooks stayed positive or improved in most sectors with the exception of nonfinancial services.***

### ***Federal Reserve Board Accepting Applications for its Community Advisory Council (04.08.2019)***

The Federal Reserve Board announced that it is accepting applications from individuals who wish to be considered for membership on the Community Advisory Council (CAC). The CAC was formed in 2015. It advises the Board on issues affecting consumers and communities and complements two of the Board's other advisory councils whose members represent depository institutions--the Federal Advisory Council and the Community Depository Institutions Advisory Council.

The CAC is made up of a diverse group of experts and representatives of consumer and community development organizations and interests, including affordable housing, community and workforce development, small business, and asset and wealth building. CAC members meet semiannually with members of the Board of Governors in Washington to provide a range of perspectives on the economic circumstances and financial services needs of consumers and communities, with a particular focus on the concerns of low- and moderate-income consumers and communities.

The Board expects to announce the appointment of CAC members in the fall of 2019. Applicants from previous years are encouraged to re-apply in 2019. Additional information about the selection process, including instructions for submitting an application, can be found in the [Federal Register Notice](#).

Source [link](#).

***Federal Reserve Board Announces Changes to its Payment System Risk Policy Regarding Intraday Credit to U.S. Branches and Agencies of Foreign Banking Organizations (04.03.2019)*** 

The Federal Reserve Board published a final rule implementing policy changes to procedures governing the provision of intraday credit to U.S. branches and agencies of foreign banking organizations (FBOs). The changes are intended to refine the methods for determining the level of intraday credit that these branches and agencies can receive from the Federal Reserve Banks.

Part II of the Board's Payment System Risk Policy (PSR policy) governs the provision of intraday credit (or daylight overdrafts) in accounts at the Reserve Banks. The PSR policy recognizes that the Federal Reserve has an important role in providing intraday balances and credit to foster the smooth functioning of the overall payment system and also seeks to control the risks assumed by the Reserve Banks in providing this intraday credit, which is made available to meet temporary needs at healthy depository institutions.

Although the PSR policy's intraday credit provisions generally apply similarly to FBOs and U.S. institutions, certain procedures for determining the level of intraday credit that FBOs can receive from the Federal Reserve Banks differ. Where the procedures are different for FBOs, the PSR policy relies on an FBO's strength of support assessment (SOSA) ranking and its status as a financial holding company (FHC) to determine the level of intraday credit that U.S. branches and agencies of the FBO can receive from the Federal Reserve Banks. The Board has announced that the SOSA ranking will be eliminated; additionally, the Board believes that an FBO's status as an FHC should not affect the FBO's access to intraday credit.

With this rulemaking, the Board is removing references to SOSA and an FBO's FHC status while adopting alternative methods for determining FBOs' eligibility for positive net debit cap, the size of the net debit cap, and its eligibility to request a streamlined procedure to obtain maximum daylight overdraft capacity. The Board believes that FBOs' resulting net debit caps will be better tailored to FBOs' use of intraday credit and will not constrain FBOs' U.S. operations.

The Board's Federal Register notice is [attached](#).

Source [link](#).

***Comment: The changes, which take effect April 1, 2020, include elimination of the “strength of support assessment” (SOSA) rankings, and a branch or agency’s status as a financial holding company (FHC), which have been used to gauge the levels of intraday credit that can be received.***

### ***Senior Credit Officer Opinion Survey on Dealer Financing Terms (03.28.2019)***

The Senior Credit Officer Opinion Survey on Dealer Financing Terms (SCOOS) is a quarterly survey providing information about the availability and terms of credit in securities financing and over-the counter (OTC) derivatives markets. The SCOOS is modeled after the long-established Senior Loan Officer Opinion Survey on Bank Lending Practices, which provides qualitative information about changes in supply and demand for loans to households and businesses at commercial banks. The SCOOS collects qualitative information on credit terms and conditions in securities financing and OTC derivatives markets, which are important conduits for leverage in the financial system. The survey panel for the SCOOS began by including 20 dealers and over time has been expanded. These firms account for almost all of the dealer activity in dollar-denominated securities financing and OTC derivatives markets. The survey is directed to senior credit officers responsible for maintaining a consolidated perspective on the management of credit risks. The HTML links below include the full report; the PDF links include the summary only.

Source [link](#).

## **Other federal action and news**

### ***Online Lending Company Agrees to Settle FTC Charges It Engaged in Deceptive and Unfair Loan Servicing Practices (04.15.2019)***

Avant, LLC, an online lending company, has agreed to settle the Federal Trade Commission's charges that it engaged in deceptive and unfair loan servicing practices, such as imposing unauthorized charges on consumers' accounts and unlawfully requiring consumers to consent to automatic payments from their bank accounts.

"We have alleged that Avant gave the run-around to consumers trying to repay their loans, because of systemic issues with the company's loan servicing platform," said Andrew Smith Director of the FTC's Bureau of Consumer Protection. "Online lenders need to understand that loan servicing is just as important to consumers as loan marketing and origination, and we will not hesitate to hold lenders liable for unfair or deceptive servicing practices."

According to the FTC's complaint, Avant offers unsecured installment loans for consumers through its website. The FTC charged that in many cases, the company falsely advertised that it would accept payments by credit or debit cards, when in fact it rejected these forms of payments. The FTC also alleged that the company withdrew money from consumers' accounts or charged their credit cards without authorization. In some instances, Avant charged consumers duplicate payments without authorization, improperly taking consumers' monthly payments twice or more in one month. For example, one consumer's monthly payment was debited from his account 11 times in a single day.

Source [link](#).

### ***FTC Blog - SSA Imposters Top IRS in Consumer Loss Reports (04.12.2019)***

Have you gotten calls about supposed problems with your Social Security number from callers pretending they're with the Social Security Administration (SSA)? If so, you're not alone. The FTC's latest Data Spotlight finds that reports about SSA imposters are surging, while reports about IRS imposters have taken a dive.

As the Spotlight puts it, “In the shady world of government imposters, the SSA scam may be the new IRS scam.” While reports of SSA imposters have swelled – nearly half of the reports we’ve gotten in the last year have come in the past two months alone – reports of IRS scammers have plunged. What’s more, people told us they lost \$19 million to SSA imposters in the past year. That overtakes the \$17 million reported lost to IRS imposters in 2016, the peak year of the IRS scam.

Source [link](#).

***Comment: Consider educating customers about this latest scam area. Remember that educating elderly customers in advance is an excellent way to limit elder financial abuse!***

### **CSBS Supports Congressional Oversight on Data Breaches (03.26.2019)**

Washington, DC -- Congress has an important role to perform in ensuring that consumer data is protected in financial transactions, says the Conference of State Bank Supervisors (CSBS).

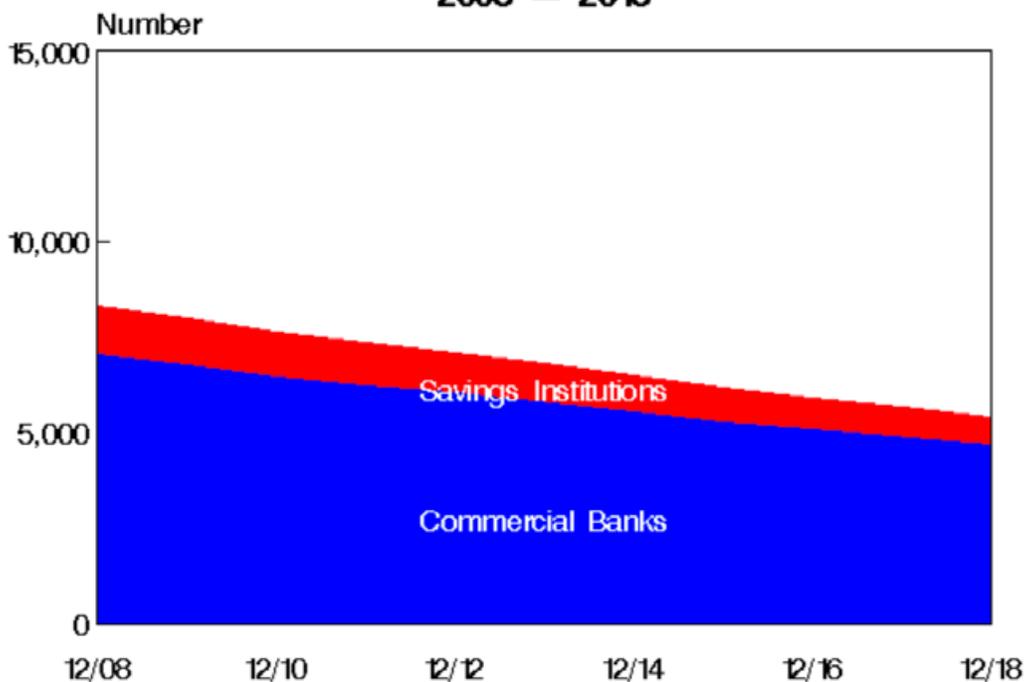
John Ryan, CSBS president and CEO: “We are pleased that Chairmen Cummings and Krishnamoorthi are holding congressional hearings on data breach protections and demonstrating their leadership in forcing action to protect consumers. State regulators already have taken up this challenge and look forward to supporting the chairmen and other Members of Congress in ensuring a safe and sound financial system for the United States.”

In a formal statement to the House Oversight Subcommittee on Economic and Consumer Policy, Ryan noted that in June 2018 eight state financial regulators entered into a consent order with Equifax, who mishandled the personal data of almost 150 million consumers. States represented: Alabama, California, Georgia, Maine, Massachusetts, New York, North Carolina and Texas.

Source [link](#).

## **Number of FDIC—Insured Institutions**

**2008 – 2018**



## Publications, articles, reports, studies, testimony & speeches

### ***Global Perspectives: Mike Leavitt on Health Care Costs and Higher Education (04.23.2019)***

The U.S. health care system is uniquely innovative, but it is also arguably uniquely inefficient. Health outcomes in the U.S.—whether measured in terms of simple metrics such as life expectancy or more sophisticated ones such as quality-adjusted life years—do not seem commensurate with health care expenditures.

U.S. spending on health care as a share of gross domestic product is well above the average for other developed countries, while health care outcomes are much worse than in other developed countries, and are now deteriorating for some populations, according to Organization for Economic Cooperation and Development statistics.

Devising a better system has proven to be a challenge. Health care costs will absorb a growing share of government spending worldwide and will limit the ability to address other important needs.

The Federal Reserve Bank of Dallas recently hosted Mike Leavitt, founder of health care consulting firm Leavitt Partners, as part of the Bank's Global Perspectives speaker series. He is a former Utah governor and Environmental Protection Agency administrator and Department of Health and Human Services secretary in the George W. Bush administration. The speaker series was launched at the beginning of 2016 with the objective of bringing leaders from the worlds of business, academia and policymaking to the Dallas Fed to share their insights on global, national and regional developments.

Leavitt and Dallas Fed President Rob Kaplan discussed the need for health care reform, the role of government and new models of education.

Source [link](#).

### ***Existing-Home Sales Slide 4.9% in March (04.22.2019)***

WASHINGTON (April 22, 2019) – Existing-home sales retreated in March, following February's surge of sales, according to the National Association of Realtors®. Each of the four major U.S. regions saw a drop-off in sales, with the Midwest enduring the largest decline last month.

Total existing-home sales<sup>1</sup>, <https://www.nar.realtor/existing-home-sales>, completed transactions that include single-family homes, townhomes, condominiums and co-ops, fell 4.9% from February to a seasonally adjusted annual rate of 5.21 million in March. Sales as a whole are down 5.4% from a year ago (5.51 million in March 2018).

Lawrence Yun, NAR's chief economist, anticipated waning in the numbers for March. "It is not surprising to see a retreat after a powerful surge in sales in the prior month. Still, current sales activity is underperforming in relation to the strength in the jobs markets. The impact of lower mortgage rates has not yet been fully realized."

Source [link](#).

### ***Survey Shows Revenues and Hiring Strong for Small Firms in 2018 (04.17.2019)***

ST. LOUIS – The 12 Federal Reserve Banks issued the Small Business Credit Survey: 2019 Report on Employer Firms, which examines the results of an annual survey of small business owners nationwide. The report

focuses on small employer firms, businesses that have between 1 and-499 full- or part-time payroll employees.

Fielded in the third and fourth quarters of 2018, the report showed that revenue and employment growth both improved year over year, but profitability remained the same. The outlook for 2019 is more tempered, the survey found. While credit demand increased marginally in 2018, the number of firms receiving credit remained essentially flat. Firms with high credit risk and startups continued to have financing shortfalls. Online lenders in particular saw applications increase by approximately one-third, even though applicants were more dissatisfied with the interest rates offered.

Other national key findings include:

- More than one-third of small firms (37%) reported adding payroll employees in 2018.
- Expectations for 2019 are mixed with a majority of firms expecting revenues to increase but the net share of firms expecting payroll job growth to decline.
- Nearly two-thirds of firms (64%) continued to experience financial challenges, including difficulties with managing operating expenses, scarcity of credit, and challenges making debt payments.
- Respondents showed consistent year-over-year demand for new financing, with 43% of firms applying for new capital in 2018, similar to 40% in 2017.
- Nearly half of applicants (47%) received funding for the full amount they requested, similar to the 2017 survey.

Source [link](#).

### ***Industrial Production and Capacity Utilization - G.17 (04.16.2019)***

Industrial production edged down 0.1 percent in March after edging up 0.1 percent in February; for the first quarter as a whole, the index slipped 0.3 percent at an annual rate. Manufacturing production was unchanged in March after declining in both January and February. The index for utilities rose 0.2 percent, while mining output moved down 0.8 percent. At 110.2 percent of its 2012 average, total industrial production was 2.8 percent higher in March than it was a year earlier. Capacity utilization for the industrial sector decreased 0.2 percentage point in March to 78.8 percent, a rate that is 1.0 percentage point below its long-run (1972–2018) average.

Source [link](#).

### ***St. Louis Fed Annual Report: Go Figure with FRED (04.16.2019)***

ST. LOUIS – Have you met FRED? [Federal Reserve Economic Data \(FRED\)](#) helps people understand how to use economic data, examine that data critically and make use of it in their lives. In its 2018 Annual Report, the Federal Reserve Bank of St. Louis examines how FRED, a data aggregator, enables people and businesses to make wiser economic decisions, leading to better outcomes for the economy overall.

“Fulfilling this public mission is at the core of why our Research division created and maintains FRED and other online data services that the public can access for free,” writes St. Louis Fed President and CEO James Bullard in the [President’s Message](#).

FRED's popularity has grown from a modest 620 users when it was introduced in 1991 to 5.9 million users worldwide in 2018. At the end of last year, the FRED database contained more than 520,000 regional, national and international data series from 87 different primary sources.

The new annual report "[Go Figure with FRED](#)" includes the following essays:

- [FRED Puts the Data in Your Hands](#): Katrina Stierholz, vice president and director of library and research information services, writes about how FRED goes far beyond simply providing data and provides a powerful mix of tools.
- [Behind the Scenes with the FRED Team](#): Members of the FRED team discuss the long-standing commitment to public service, the intrinsic value as a data aggregator and where FRED and its information services siblings might head next.
- [Economic Education and FRED](#): "With FRED (and its extended family), students have access to the most current data from the most reputable sources," writes Mary Suiter, assistant vice president, Economic Education, at the St. Louis Fed.
- [Do You Know FRASER?](#) The Federal Reserve Archival System for Economic Research (FRASER) is home to more than a half-million documents to help explain the decisions that shaped the U.S. economy and shed light on the people who made them.
- [FRED's Got Friends](#): Hear how friends of FRED in colleges, libraries, offices and newsrooms view the benefits of the easy-to-use economic database.

Read the essays, watch interviews and find out what FRED enthusiasts have to say about the importance of access to data to inform decision-making at [www.stlouisfed.org/annual-report/2018](http://www.stlouisfed.org/annual-report/2018).

Source [link](#).

### ***Federal Reserve Board Publishes Transcripts of More Than 50 Interviews with Former Policymakers and Former Senior Staff That Chronicle Nearly Half A Century of Federal Reserve History (04.12.2019)***

The Federal Reserve Board on Friday published transcripts of more than 50 interviews with former policymakers and former senior staff that chronicle nearly half a century of Federal Reserve history.

The interviews, including with former chairs Paul A. Volcker, Alan Greenspan, and Janet L. Yellen, provide personal recollections of important economic, monetary policy, and regulatory developments. They also provide impressions of life and culture at the Federal Reserve Board.

The interviews are available on the history section of the Board's website.

Source [link](#).

### ***U.S. Economic Outlook and Monetary Policy – Vice Chair Richard H. Clarida (04.11.2019)***

*Thank you for the opportunity to participate in the Institute of International Finance's Washington Policy Summit. Before we begin our conversation, I want to share a few thoughts about the outlook for the economy and monetary policy.1*

*Current Economic Situation and Outlook*

*The U.S. economy is in a good place and operating close to both of the Federal Reserve's dual-mandate objectives of maximum employment and price stability. Real gross domestic product (GDP) rose about 3 percent last year, and in July, just a few months from now, the current economic expansion almost certainly will become the longest on record. The unemployment rate is near the lowest level recorded in 50 years, and average monthly job gains have continued to outpace the increases needed over the longer run to provide jobs for new entrants to the labor force. Average hourly earnings are showing a welcome increase consistent with a healthy labor market, yet inflation remains near our 2 percent objective.*

*All that said, the incoming data have revealed signs that U.S. economic growth is slowing somewhat from 2018's robust pace. Prospects for foreign economic growth have been marked down, and important international risks, such as Brexit, remain. U.S. inflation as measured by the core personal consumption expenditures (PCE) price index, which excludes volatile food and energy prices and is a better gauge of underlying inflation pressures, has been muted. And some indicators of longer-term inflation expectations remain at the low end of a range that I consider consistent with our price-stability mandate.*

Source [link](#).

### **Community Banking in the Age of Innovation - Governor Michelle W. Bowman (04.11.2019)**

*Today I would like to share a few observations on innovation as it relates to the business of community banking. In particular, I will focus on opportunities for community banks to innovate through collaboration with fintech firms. I'll also discuss the role our regulatory structure plays in those relationships.*

*Community banks, like just about every other industry, are learning to adapt to a new world of rapid innovation and shifting consumer expectations. Consider the personal loan market. TransUnion estimates that, about a decade ago, fintech lenders generated less than 1 percent of personal loans. Today, fintech firms originate a larger share of personal loans than banks.<sup>3</sup> This is not all bad news for banks, though. And we should not simply assume that gains by fintech lenders are necessarily at the expense of banks. A large share of fintech lending is actually originated by bank partners working with fintech firms. Similarly, the funds that flow between a fintech lender and borrowers almost always travel across the payment services of a bank. So, while the changes in the market pose potential competitive threats to banks, the changes also raise potential new opportunities for banks. This is especially true for community banks, which are frequently the banks working most closely with fintech lenders.*

Source [link](#).

### **The Federal Reserve's Review of Its Monetary Policy Strategy, Tools, and Communication Practices - Vice Chair Richard H. Clarida (04.09.2019)**

*I am pleased to attend this Fed Listens event on the distributional consequences of the business cycle and monetary policy. The Opportunity and Inclusive Growth Institute at the Federal Reserve Bank of Minneapolis is a natural venue for discussing this topic in the context of the broad review of our monetary policy framework that we are undertaking this year.<sup>1</sup> In our review, we are examining the policy strategy, tools, and communication practices that the Federal Open Market Committee (FOMC) uses to pursue the Fed's dual-mandate goals of maximum employment and price stability. I will speak this evening about the motivation for and scope of our review. We are bringing open minds to it and are seeking perspectives from a broad range of interested individuals and groups, such as the panel of researchers we heard from this afternoon and the*

community leaders we will hear from tomorrow. To us, it simply seems like good institutional practice to engage broadly with the public in this review as part of a comprehensive approach to enhanced transparency and accountability.

Source [link](#).

### ***Veterans' Financial Well-Being is Good, But Challenges Remain (04.09.2019)***

Today, the Office of Servicemember Affairs is releasing a more detailed research brief on the financial well-being of veterans. According to this [national survey](#), which measured the financial well-being of Americans across the country, veterans, as a group, experience somewhat higher levels of financial well-being than the average American.

The research brief provides valuable insight into the financial lives of veterans for a number of areas. For veterans, attributes such as higher education, homeownership, and good physical health are positively associated with financial well-being. However, veterans, like many other Americans, show lower financial well-being levels when they use short-term credit products, are regularly contacted by debt collectors, or incur student loan debt.

If you're interested in learning more about this research, read the Office's blog.

Source [link](#).

### ***Consumer Credit - G.19 (04.05.2019)***

In February, consumer credit increased at a seasonally adjusted annual rate of 4-1/2 percent. Revolving credit increased at an annual rate of 3-1/4 percent, while nonrevolving credit increased at an annual rate of 5 percent.

Source [link](#).

### ***Housing Market Perspectives Looks into Generation Shift from Renting to Buying (04.01.2019)***

ST. LOUIS— Getting off to a slow start financially may translate into more difficulty of attaining goals like buying that first house for many millennials. Most U.S. households headed by someone under 35 are renters. William Emmons, assistant vice president and chief economist of the St. Louis Fed's Center for Household Financial Stability, found that the rising cost of higher education, the job-market impact of the Great Recession, and rapidly rising housing prices may be keeping the younger generation out of the housing market.

The key takeaways for this quarter's [Housing Market Perspectives](#) are:

- U.S. households headed by someone 18 to 39 years old in 2019 are more likely to be renters today than their same-aged counterparts were in 2004.
- Millennials are closer to the historical norm for homeownership for their current ages than the typical member of Generation X was in 1994.
- The high share of young adults that rent today doesn't suggest the Great Recession or other events have pushed them far off course.

According to Emmons' report, a majority of the generations born in the 20th century transitioned into homeownership as they moved into middle age. The question is: Will today's young adults be different? Emmons' projections for 2019 are based on the Census Bureau's annual data through 2018.

"As of 2016, the typical household headed by someone born in the 1980s (a millennial) appeared to be seriously behind all previous generations at a similar age in accumulating wealth," Williams said. "A decline in the apparent income- and wealth-boosting power of higher education, due to a variety of causes, also darkens the outlook for this group."

In the publication, Emmons explains that those born in 1980 or later were too young to experience the worst effects of the housing bubble and the Great Recession. So, while today's under-40 group is undoubtedly off to a slow start financially, they do not carry the financial scars that previous generations do. Therefore millennials and members of Gen Z may not be that far away from becoming home owners.

Source [link](#).

### ***Index points to a pickup in Midwest economic growth in February (03.29.2019)***

The Midwest Economy Index (MEI) increased to +0.43 in February from +0.24 in January. Contributions to the February MEI from three of the four broad sectors of nonfarm business activity and four of the five Seventh Federal Reserve District states increased from January. The relative MEI moved up to +0.62 in February from +0.43 in January. Contributions to the February relative MEI from three of the four sectors and four of the five states increased from January.

Source [link](#).

### ***Agriculture and Community Banking - Governor Michelle W. Bowman (03.29.2019)***

*Good morning. It is a pleasure to be here today to discuss the important role agriculture plays in our economy, a role that is supported by many community banks. I would like to thank the Independent Community Bankers Association and their New Mexico state association for inviting me to participate in the conversation we will have today. In addition to the bankers and state leaders here, agricultural bankers and other leaders in the industry are listening in from around the country, and I look forward to hearing their views in a few moments.*

*During our time together, I would like to offer some observations on the current state of the farm economy. And because I see community bankers as playing a vital role in this sector, I'll explain why I believe the community banking model is well-suited to supporting agricultural businesses. Finally, I will highlight the Federal Reserve's approach to supervising agricultural banks.*

Source [link](#).

### ***FRB Publishes Report Containing Summary Information on Debit Card Transactions in 2017 (03.21.2019)***

The Federal Reserve Board published a report on debit card transactions in 2017, including information on volume and value, interchange fee revenue, certain issuer costs, and fraud losses. The report is the fifth in a series published every two years pursuant to section 920 of the Electronic Fund Transfer Act (EFTA).

Section 920 also imposes limits on interchange fees that debit card issuers can receive on an electronic debit transaction. The Board's Regulation II (Debit Card Interchange Fees and Routing), which implements section

920, provides that a debit card issuer subject to the interchange fee standard (a covered issuer) may not receive an interchange fee that exceeds 21 cents plus 5 basis points multiplied by the value of the transaction, plus a 1-cent fraud-prevention adjustment, if eligible. The regulation does not apply to debit card issuers with consolidated assets of less than \$10 billion, certain government-administered debit cards, and certain prepaid cards. The interchange fee standard became effective on October 1, 2011.

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
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02.06.2019	<a href="#">Unsafe and Unsound Banking Practices [Brokered Deposits]</a> - The Federal Deposit Insurance Corporation (FDIC) is undertaking a comprehensive review of the regulatory approach to brokered deposits and the interest rate caps applicable to banks that are less than well capitalized. Since the statutory brokered deposit restrictions were put in place in 1989, and amended in 1991, the financial services industry has seen significant changes in technology, business models, and products. In addition, changes to the economic environment have raised a number of issues relating to the interest rate restrictions. A key part of the FDIC's review is to seek public comment through this Advance Notice of Proposed Rulemaking (Notice) on the impact of these changes. The FDIC will carefully consider comments received in response to this Notice in determining what actions maybe warranted. <b><u>Comments are due 05.07.2019.</u></b>
02.06.2019	<a href="#">Payday, Vehicle Title, and Certain High-Cost Installment Loans</a> - The Bureau of Consumer Financial Protection has issued this final rule to create consumer protections for certain consumer credit products. The rule has two primary parts. First, for short-term and longer-term loans with balloon payments, the Bureau is identifying it as an unfair and abusive practice for a lender to make such loans without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule generally requires that, before making such a loan, a lender must reasonably determine that the consumer has the ability to repay the loan. The Bureau has exempted certain short-term loans from the ability-to-repay determination prescribed in the rule if they are made with certain consumer protections. Second, for the same set of loans and for longer-term loans with an annual percentage rate greater than 36 percent that are repaid directly from the consumer's account, the rule identifies it as an unfair and abusive practice to attempt to withdraw payment from a consumer's account after two consecutive payment attempts have failed, unless the lender obtains the consumer's new and specific authorization to make further withdrawals from the account. The rule also requires lenders to provide certain notices to the consumer before attempting to withdraw payment for a covered loan from the consumer's account. <a href="#">On February 6, 2019, the Bureau issued two proposed rules to rescind the mandatory underwriting provisions of the rule and to delay the August 19, 2019 compliance date for those provisions to November 19, 2020.</a> <b><u>Comments are due 05.15.2019.</u></b>
04.11.2019	<a href="#">Proposes Changes to Recordkeeping Requirements for Deposit Insurance Determinations</a> - FDIC Board Proposes Changes to Recordkeeping Requirements for Deposit Insurance Determinations - The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today (3/29) approved proposals to amend two rules to simplify the process for making insurance determinations in the event a bank is placed into receivership. The <a href="#">first proposal</a> amends Part 370 of the FDIC's Rules and Regulations for "Recordkeeping for Timely Deposit Insurance Determination" to address issues raised as the FDIC worked with banks to implement the rule since it was originally approved in November 2016. The proposal also provides an optional one-year extension of the rule's original compliance deadline of April 1, 2020. The <a href="#">second proposal</a> amends Part 330 of the FDIC's Rules and Regulations, which applies to all FDIC-insured institutions, regardless of size. Currently, in order for deposits in a joint account to be insured separately from deposits individually owned by the account's co-owners upon the failure of an insured institution, each co-owner of the joint account must have signed a signature card. <b><u>Comments are due on both proposals 05.11.2019.</u></b>

# 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	<p><a href="#">Regulatory Capital Rules: Retention of Certain Existing Transition Provisions for Banking Organizations That Are Not Subject to Advanced Approaches Capital Rules</a>. 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.</p>
03.06.2019	<p><a href="#">Limited Exception for a Capped Amount of Reciprocal Deposits from Treatment as Brokered Deposits</a> - 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.</p>
04.01.2019	<p><a href="#">CFPB - Final Rule: Rules Concerning Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z)</a> - 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.</p>
04.01.2019	<p><a href="#">Three-Year Regulatory Capital Phase in for New Current Expected Credit Losses (CECL)</a> - 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.</p>
04.15.2019	<p><a href="#">Limited Exception for a Capped Amount of Reciprocal Deposits From Treatment as Brokered Deposits; Technical Amendment</a> - 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.</p>
04.17.2019	<p><a href="#">Disclosure of Financial and Other Information by FDIC-Insured State Nonmember Banks</a> - 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.</p>

- 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.
- 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.

## 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	<a href="#">Consumer Financial Protection Bureau</a>
CARD Act	<a href="#">Credit Card Accountability Responsibility and Disclosure Act of 2009</a>
CFR	<a href="#">Code of Federal Regulations</a> . Codification of rules and regulations of federal agencies.

CRA	<a href="#">Community Reinvestment Act</a> . This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	<a href="#">Conference of State Bank Supervisors</a>
CTR	<a href="#">Currency Transaction Report</a> . Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than \$10,000.
Dodd-Frank Act	<a href="#">The Dodd–Frank Wall Street Reform and Consumer Protection Act</a>
DOJ	<a href="#">Department of Justice</a>
FDIC	<a href="#">Federal Deposit Insurance Corporation</a>
EFTA	<a href="#">Electronic Fund Transfer Act</a>

Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	<a href="#">Federal Emergency Management Agency</a>
FFIEC	<a href="#">Federal Financial Institutions Examination Council</a>
FHFA	<a href="#">Federal Housing Finance Agency</a>
FHA	<a href="#">Federal Housing Administration</a>
FinCEN	<a href="#">Financial Crime Enforcement Network</a>
FR	<a href="#">Federal Register</a> . U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	<a href="#">Federal Reserve Board</a>
FSOC	<a href="#">Financial Stability Oversight Council</a>
FTC	<a href="#">Federal Trade Commission</a>
GAO	<a href="#">Government Accountability Office</a>
HARP	<a href="#">Home Affordable Refinance Program</a>
HAMP	<a href="#">Home Affordable Modification Program</a>
HMDA	<a href="#">Home Mortgage Disclosure Act</a>
HOEPA	<a href="#">Home Ownership and Equity Protections Act of 1994</a>
HPML	<a href="#">Higher Priced Mortgage Loan</a>
HUD	<a href="#">U.S. Department of Housing and Urban Development</a>

IRS	<a href="#">Internal Revenue Service</a>
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	<a href="#">National Flood Insurance Program</a> . U.S. government program to allow the purchase of flood insurance from the government.
NMLS	<a href="#">National Mortgage Licensing System</a>
OCC	<a href="#">Office of the Comptroller of the Currency</a>
OFAC	<a href="#">Office of Foreign Asset Control</a>
OREO	<a href="#">Other Real Estate Owned</a>
QRM	Qualified Residential Mortgage
Reg. B	<a href="#">Equal Credit Opportunity</a>
Reg. C	<a href="#">Home Mortgage Disclosure</a>
Reg. DD	<a href="#">Truth in Savings</a>
Reg. E	<a href="#">Electronic Fund Transfers</a>
Reg. G	<a href="#">S.A.F.E. Mortgage Licensing Act</a>
Reg. P	<a href="#">Privacy of Consumer Financial Information</a>
Reg. X	<a href="#">Real Estate Settlement Procedures Act</a>
Reg. Z	<a href="#">Truth in Lending</a>
RESPA	<a href="#">Real Estate Settlement Procedures Act</a>
SAR	<a href="#">Suspicious Activity Report</a> – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	<a href="#">Truth in Lending Act</a>
TIN	Tax Identification Number
Treasury	<a href="#">U.S. Department of Treasury</a>

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