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

***I'm only wishing to go a-fishing; For this the month of May was made. - Henry Van Dyke***

Joint federal agency issuances, actions and news

***Proposed Revisions to the Consolidated Reports of Condition and Income (05.07.2019) ***

The banking agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), are requesting comment on proposed revisions to the Consolidated Reports of Condition and Income (Call Report) that would introduce reporting requirements associated with the agencies' recently proposed Community Bank Leverage Ratio (CBLR). The proposed Call Report revisions also address proposed amendments to the FDIC's regulations that would apply the CBLR framework to the deposit insurance assessment system. Institutions are encouraged to comment on the Call Report proposal by June 18, 2019.

**Highlights:**

•The agencies are proposing to add a new CBLR schedule to all three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051). The CBLR schedule would be applicable to qualifying community institutions with less than $10 billion in total consolidated assets that opt into the CBLR framework (CBLR banks). As proposed, such institutions would complete the CBLR schedule in lieu of the existing regulatory capital schedule in the Call Report (Schedule RC-R, Parts I and II).

•Other proposed Call Report revisions would align the reporting of deposit insurance assessment data in Schedule RC-O by CBLR banks to proposed CBLR-related amendments to the FDIC's assessment regulations.

•The Call Report revisions would take effect the same quarter as the effective date of the final rules on the CBLR and the related deposit insurance assessment revisions.

•Drafts of the proposed revisions to the Call Report forms and instructions, including new Schedule RC-R, CBLR, are available on the FFIEC's separate webpages for the three Call Report forms (<https://www.ffiec.gov/ffiec_report_forms.htm>).

•Institutions should review [FIL-24-2019](https://www.fdic.gov/news/news/financial/2019/fil19024.html) for further information about the agencies' CBLR reporting proposal.

**Source** [link](https://www.fdic.gov/news/news/financial/2019/fil19025.html?source=govdelivery&utm_medium=email&utm_source=govdelivery).

***Comment: Meanwhile, Congress is considering legislation that would change the CBLR, including lowering the capital requirement to 8 percent. The chance of this passing before implementation is a bit iffy.*** ***Last month, the agency (and the other federal banking agencies) published the proposed changes noting they would align the call report with the FDIC’s proposed rule providing a simplified alternative measure of capital adequacy (the CBLR) for certain qualifying community banks with less than $10 billion in total consolidated assets, consistent with Section 201 of last year’s regulatory relief legislation - the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA, S. 2155). The CBLR was also mandated by EGRRCPA.*** ***Last month’s notice also pointed out that the revisions it outlined would take effect in the same quarter as the effective date of final rules on the CBLR.***

CFPB actions and news

***Overdraft Rule Review Pursuant to the Regulatory Flexibility Act (05.13.2019) ***

The CFPB is announcing the launch of its first RFA 610 review, which is of the 2009 Overdraft Rule.

In 2009, the Federal Reserve Board issued a rule that limits the ability of financial institutions to assess overdraft fees for paying automated teller machine (ATM) and one-time debit card transactions that overdraw consumers' accounts. The rule amends Regulation E, which implements the Electronic Fund Transfer Act (EFTA). The Bureau recodified Regulation E, including the amendments made by the Overdraft Rule, in 2011 when the Bureau assumed rulemaking responsibility under the EFTA. The notice seeks comment on the economic impact of the Overdraft Rule on small entities. The public will have 45 days to comment after publication of the notice in the Federal Register.

The CFPB’s notice of review and request for comment on the 2009 Overdraft Rule can be found at: <https://files.consumerfinance.gov/f/documents/cfpb_rfi_overdraft-rule.pdf>

**Source** [link](https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/open-notices/overdraft-rule-review-pursuant-regulatory-flexibility-act/).

***Comment: Advocates for the current rule note that overdraft fees have been reduced. A 2013 study by the CFPB found that the overdraft protection rule “…led to a material decrease in the amount of overdraft fees paid by consumers.”*** ***But are some customers losing this informal credit source? Data is needed on that point. Many small and mid-sized banks still rely on overdraft fees for as much as 50 percent of their revenue.***

***Consumer Financial Protection Bureau Proposes Regulations to Implement the Fair Debt Collection Practices Act (05.07.2019) ***

WASHINGTON, D.C. – the Consumer Financial Protection Bureau (Bureau) issued a Notice of Proposed Rulemaking (NPRM) to implement the Fair Debt Collection Practices Act (FDCPA). The proposal would provide consumers with clear protections against harassment by debt collectors and straightforward options to address or dispute debts. Among other things, the NPRM would set clear, bright-line limits on the number of calls debt collectors may place to reach consumers on a weekly basis; clarify how collectors may communicate lawfully using newer technologies, such as voicemails, emails and text messages, that have developed since the FDCPA’s passage in 1977; and require collectors to provide additional information to consumers to help them identify debts and respond to collection attempts.

“The Bureau is taking the next step in the rulemaking process to ensure we have clear rules of the road where consumers know their rights and debt collectors know their limitations,” said CFPB Director Kathleen L. Kraninger. “As the CFPB moves to modernize the legal regime for debt collection, we are keenly interested in hearing all views so that we can develop a final rule that takes into account the feedback received.”

The proposed rule can be found at: <https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-NPRM.pdf>.

**Source** [link](https://www.consumerfinance.gov/about-us/newsroom/bureau-proposes-regulations-implement-fair-debt-collection-practices-act/).

***Comment: Creditors collecting their own debts are not covered by the FDCPA. However, this law affects the third-party collectors used by banks. Are these “bright-line” limits worth the tight limits on number of contacts?*** ***Trying to rein in debt collectors was a signature effort for Richard Cordray, who left the CFPB in 2017. This proposal is one of the first significant actions taken by Director Kathy Kraninger since she took over the CFPB in December.***

***Fast facts: Proposed Debt Collection Rule (05.07.2019)***

The Bureau issued a proposed rule to amend Regulation F, 12 CFR part 1006, which implements the Fair Debt Collection Practices Act (FDCPA). The Bureau also released a Fast Facts document that summarizes key provisions in the proposed rule, as well as a flowchart that outlines the proposal’s electronic disclosure options for three required disclosures.

You can access the proposed debt collection rule here: <https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-NPRM.pdf>

You can access the Fast Facts summary of the proposed rule here: <https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-fast-facts.pdf>

You can access the flowchart on the proposed rule’s electronic disclosure options here: <https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-electronic-disclosure-flowchart.pdf>

**Source** [link](https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-fast-facts.pdf).

***Consumer Financial Protection Bureau Proposes Changes to HMDA Rules (05.02.2019) ***

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) issued a Notice of Proposed Rulemaking (NPRM), which proposes to raise the coverage thresholds for collecting and reporting data about closed-end mortgage loans and open-end lines of credit under the Home Mortgage Disclosure Act (HMDA) rules. The NPRM would provide relief to smaller lenders from HMDA’s data reporting requirements and would clarify partial exemptions from certain HMDA requirements that Congress added in the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The Bureau also issued an Advance Notice of Proposed Rulemaking (ANPR) seeking information on the costs and benefits of reporting certain data points under HMDA.

“Today’s proposed changes would provide much needed relief to smaller community banks and credit unions while still providing federal regulators and other stakeholders with the information we need under the Home Mortgage Disclosure Act,” said CFPB Director Kathleen L. Kraninger. “The public is encouraged to submit their comments on the proposals, which will be considered by the Bureau before the next step is taken.”

HMDA

The Dodd-Frank Act transferred HMDA rulemaking authority from the Federal Reserve Board to the Bureau. HMDA and its implementing rules require many financial institutions to maintain, report, and publicly disclose loan-level information about mortgages. These data help show whether lenders are serving the housing needs of their communities; they give public officials information that helps them make decisions and policies; and they shed light on lending patterns that could be discriminatory. On behalf of the federal HMDA reporting agencies and the Federal Financial Institutions Examination Council (FFIEC), the Bureau processes that data and makes data products available to the general public.

NPRM

For closed-end mortgage loans, the NPRM proposes two alternatives that would permanently increase the coverage threshold from 25 to either 50 or 100 closed-end mortgage loans. For open-end lines of credit, the NPRM would extend for another two years the current temporary coverage threshold of 500 open-end lines of credit. Once that temporary extension expires, the NPRM would set the open-end threshold permanently at 200 open-end lines of credit.

ANPR

The ANPR solicits comments about the costs and benefits of collecting and reporting the data points the 2015 HMDA Rule added to Regulation C and certain preexisting data points that the 2015 HMDA Rule revised. The ANPR also seeks comments about the costs and benefits of requiring that institutions report certain commercial-purpose loans made to a non-natural person and secured by a multifamily dwelling.

The public is invited to submit written comments on these proposed regulation changes, which will be carefully considered before a final rule is issued.

The NPRM is available at: <https://files.consumerfinance.gov/f/documents/cfpb_nprm-hmda-regulation-c.pdf>

The ANPR is available at: <https://files.consumerfinance.gov/f/documents/cfpb_anpr_home-mortgage-disclosure-regulation-c-data-points-and-coverage.pdf>

Supporting materials are available at: <https://www.consumerfinance.gov/policy-compliance/guidance/hmda-implementation/>

**Source** [link](https://www.consumerfinance.gov/about-us/newsroom/bureau-proposes-changes-hmda-rules/).

***Comment: The proposed threshold change would constitute REAL regulatory relief!*** ***Many community banking associations have repeatedly called on the CFPB to raise the closed-end mortgage loan and open-end line of credit reporting thresholds to exempt as many community banks as possible from arduous HMDA reporting.***

***CFPB Factsheet - TRID and Assumptions (05.01.2019)***

The Bureau has posted a factsheet discussing whether Loan Estimates and Closing Disclosures are required for assumption transactions. The factsheet is available on the Bureau’s [website](http://links.govdelivery.com/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTIwMTkwNTAxLjUzOTQzMjEmbWVzc2FnZWlkPU1EQi1QUkQtQlVMLTIwMTkwNTAxLjUzOTQzMjEmZGF0YWJhc2VpZD0xMDAxJnNlcmlhbD0xNzYwODc2OCZlbWFpbGlkPWtnb3VsYXJ0QGliYXQub3JnJnVzZXJpZD1rZ291bGFydEBpYmF0Lm9yZyZmbD0mZXh0cmE9TXVsdGl2YXJpYXRlSWQ9JiYm&&&100&&&https://www.consumerfinance.gov/policy-compliance/guidance/tila-respa-disclosure-rule/).

**Source** [link](https://files.consumerfinance.gov/f/documents/cfpb_tila-respa-factsheet.pdf).

***Comment: This is a useful compliance tool. Make it a part of your TRID compliance toolbox.*** ***The factsheet closes by reminding creditors that even if an assumption does not require a Loan Estimate and Closing Disclosure, if it is a consumer credit transaction, other Regulation Z and Regulation X servicing requirements may apply.***

***Bureau Issues Request for Information on the Remittance Rule (04.25.2019) ***

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) issued a Request for Information (RFI) on its Remittance Rule. The RFI includes a consideration of issues discussed in the Bureau’s assessment of the Rule, which examined if the Rule had been effective in achieving its goals.

The Remittance Rule imposes requirements on companies which send international money transfers, or remittance transfers, on behalf of consumers. Among its requirements, the Rule mandates that providers generally must disclose the exact exchange rate, the amount of certain fees, and the amount expected to be delivered to the recipient.

The Bureau is requesting information on two aspects of the Remittance Rule: First, the Bureau is asking for information to determine whether to propose changing the remittance transfer providers the Rule covers. Specifically, the Bureau is seeking information about the number of remittance transfers a provider must make to provide them in the normal course of business, and information on incorporating a small financial institution exception into the Rule.

Second, the Bureau is asking for information about the expiration of a temporary exception in the Rule that allows certain insured institutions to estimate the exchange rate and certain fees they are required to disclose when sending remittance transfers. The statutory provision authorizing the temporary exception expressly limits its length and does not provide the Bureau the authority to extend the exception beyond July 21, 2020. The Bureau will use the information in determining potential next steps, including considerations related to the expiration of the temporary exception.

The public will have 60 days to comment after the RFI is published in the Federal Register. The RFI is available at the following link: <https://files.consumerfinance.gov/f/documents/cfpb_rfi_remittance-rule.pdf> .

S**ource** [link](https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-request-information-remittance-rule/).

***Comment: When this rule was put into place, many small community banks with limited remittance customers simply cut out this product. The exception is critical in keeping the product available at community banks!***

FDIC actions and news

***Banker Teleconference Series: Private Flood Insurance Rule (05.20.2019)***

The FDIC's Division of Depositor and Consumer Protection (DCP) will conduct an interagency webinar scheduled for Tuesday, June 18, 2019, that will focus on the recently issued interagency final rule on private flood insurance. The session is free, but registration is required. This is a continuing series of events for bankers, including teleconferences and webinars, to update bank management and staff on important bank regulatory and emerging issues in the consumer compliance and protection area.

The final rule becomes effective on July 1, 2019.

**Highlights:**

Staff from the FDIC, Office of the Comptroller of the Currency, Federal Reserve System, National Credit Union Administration, and Farm Credit Administration will discuss the private flood insurance rule issued in February 2019. Topics that will be discussed include:

* Mandatory acceptance of private flood insurance;
* Compliance aid for mandatory acceptance;
* Discretionary acceptance of private flood insurance;
* Flood coverage provided by mutual aid societies; and
* Preparations to comply with the Rule.

The webinar is scheduled for Tuesday, June 18, 2019, from 2:00 p.m. to 3:00 p.m. Eastern Time. [Registration](https://www.webcaster4.com/Webcast/Page/577/30085) is available online.

We encourage institutions to submit questions prior to the webinar by sending an email to fedwebinar@sf.frb.org.

The FDIC also is soliciting suggestions from institutions on topics for future banker events. Please submit suggestions to BankerTeleconference@fdic.gov.

**Source** [link](https://www.fdic.gov/news/news/financial/2019/fil19027.html?source=govdelivery&utm_medium=email&utm_source=govdelivery).

***Comment: Hopefully, this webinar will address many “down in the weeds” types of questions. As a reminder, under the final rule a policy is deemed to meet the definition of “private flood insurance” if the following statement is included within the policy or as an endorsement to the policy: “This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.” If a policy includes this statement, the bank may rely on the statement and will not need to review the policy further to determine if it qualifies as “private flood insurance.” However, banks may not reject a policy solely because it is not accompanied by the statement. In that case, the banks must review the policy to determine whether it meets the definition of private flood insurance and fulfills the flood insurance coverage requirement.***

OCC actions and news

***OCC Report Highlights Key Risks for Federal Banking System (05.20.2019)***

WASHINGTON — The Office of the Comptroller of the Currency (OCC) reported credit, operational, compliance, and interest rate risks are key themes for the federal banking system in its Semiannual Risk Perspective for Spring 2019.

Highlights from the report include:

* Credit quality is strong when measured by traditional performance metrics, but successive years of growth, incremental easing in underwriting, risk layering, and building credit concentrations result in accumulated risk in loan portfolios.
* Operational risk is elevated as banks adapt to a changing and increasingly complex operating environment. Key drivers for operational risk include persistent cybersecurity threats as well as innovation in financial products and services, and increasing use of third parties to provide and support operations that are not effectively understood, implemented, and controlled.
* Compliance risk related to Bank Secrecy Act/Anti-Money Laundering (BSA/AML) is high as banks remain challenged to effectively manage money laundering risks.
* Interest rate risk and the related liquidity risk implications pose potential challenges to earnings given the uncertain rate environment, competitive pressures, changes in technology, and untested depositor behavior.

The report also highlights financial innovation and related impacts to strategic risk.

The report covers risks facing national banks and federal savings associations based on data as of December 31, 2018. The report presents information in five main areas: the operating environment, bank performance, special topics in emerging risk, trends in key risks, and supervisory actions. It focuses on issues that pose threats to those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners, and the public.

Related Link

[OCC Semiannual Risk Perspective for Spring 2019](https://www.occ.treas.gov/publications/publications-by-type/semiannual-risk-perspective/pub-semiannual-risk-perspective-spring-2019.pdf) (PDF)

**Source** [link](https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-49.html).

***Comment: The key risks facing the federal banking system have changed only modestly since the fall 2017 Semiannual Risk Perspective. However, current report does note that “competition for quality loans is strong as examiners note evidence of eased underwriting.”*** ***Compliance risk remains elevated as banks manage money laundering risks and implement changes to policies and procedures to comply with amended Bank Secrecy Act and consumer protection requirements.***

***Comptroller of the Currency Discusses Banking Regulatory Reform (05.15.2019)***

WASHINGTON—Comptroller of the Currency Joseph M. Otting discussed the common sense, bipartisan reforms that are reducing unnecessary burden on banks while ensuring they operate in a safe, sound, and fair manner.

During testimony before the Senate Committee on Banking, Housing, and Urban Affairs, the Comptroller discussed implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, the condition of the federal banking system, and risks the agency is monitoring.

Related Links

[Oral Statement](https://www.occ.treas.gov/news-issuances/congressional-testimony/2019/ct-2019-46-oral.pdf) (PDF)

[Written Testimony](https://www.occ.treas.gov/news-issuances/congressional-testimony/2019/ct-2019-46-written.pdf) (PDF)

**Source** [link](https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-46.html).

***Revised Comptroller's Handbook Booklet and Rescissions (05.07.2019)***

The Office of the Comptroller of the Currency (OCC) issued the “Real Estate Settlement Procedures Act” (RESPA) booklet of the Comptroller's Handbook. This revised booklet replaces the similarly titled booklet issued in April 2015.

This booklet provides guidance and procedures to examiners in connection with changes made by the Consumer Financial Protection Bureau (CFPB) to Regulation X (12 CFR 1024), which implements RESPA. The main changes to the booklet relate to implementation of the CFPB’s mortgage servicing rule and to clarification and amendment of provisions of Regulation X that took effect October 19, 2017, as well as provisions related to successors in interest, which took effect April 19, 2018. The booklet also reflects changes resulting from the final rule on integrated mortgage disclosures, which became effective October 3, 2015.

**Highlights**

* Significant revisions from the OCC’s 2015 RESPA booklet reflect
* the establishment and implementation of a definition of “successor in interest.”
* compliance with certain servicing requirements when a person is a debtor in bankruptcy.
* clarifications and revisions to the provisions regarding force-placed insurance notices, policy and procedure requirements, and early intervention and loss mitigation requirements under Regulation X’s servicing provisions.

**Source** [link](https://www.occ.treas.gov/news-issuances/bulletins/2019/bulletin-2019-22.html).

***OCC Hosts Credit and Compliance Risk Workshops in Kentucky (05.01.2019) ***

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host two workshops in Lexington, Kentucky, at the Four Points by Sheraton Lexington, June 4 and 5, for directors of national community banks and federal savings associations supervised by the OCC.

The Credit Risk: Directors Can Make a Difference workshop on June 4 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 Compliance Risk workshop on June 5 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 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](https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-43.html).

***Comment: These workshops are a valuable educational opportunity for bank directors. As mentioned earlier, credit risk was cited as a key risk to the system as loan competition increases and underwriting standards are loosened.***

***OCC Solicits Public Comment on Proposed Innovation Pilot Program (04.30.2019) ***

WASHINGTON — The Office of the Comptroller of the Currency (OCC) opened a 45-day public comment period on a proposed Innovation Pilot Program (the program). The program would be voluntary and designed to provide eligible entities with regulatory input early in the testing of innovative activities that could present significant opportunities or benefits to consumers, businesses, financial institutions, and communities.

The program would build on the [OCC’s innovation initiatives](https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-42.html) to date and complement the agency’s vision to add value through constructive, proactive supervision and to serve as a valuable resource to industry stakeholders.

“Supporting a financial system that innovates responsibly is central to the mission of the OCC,” said Comptroller of the Currency Joseph M. Otting. “As the prudential regulator of the U.S. federal banking system, the OCC has been a leading voice among regulators on the importance of encouraging innovation that promotes safe and sound bank operations, treats customers fairly, and provides fair access to financial services. This proposed program is an important step as we look to the future of supervision and the evolution of the U.S. banking system.”

Entities eligible for the proposed program would be OCC-supervised financial institutions, including those engaging a third party to offer the innovative product, service, or process. Entities may propose a pilot individually or as a collaborative effort such as a consortium or utility.

Comments on the proposed program should be sent to pilotprogram@occ.treas.gov by June 14, 2019.

Related Links

[OCC Innovation Pilot Program](https://www.occ.treas.gov/topics/responsible-innovation/occ-innovation-pilot-program.pdf) (PDF)

[OCC Innovation Pilot Program: Frequently Asked Questions](https://www.occ.treas.gov/topics/responsible-innovation/occ-innovation-pilot-program-faqs.pdf) (PDF)

**Source** [link](https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-42.html).

***OREO - Notice of Proposed Rulemaking (04.26.2019) ***

On April 24, 2019, the Office of the Comptroller of the Currency (OCC) published a notice of proposed rulemaking (NPR) on other real estate owned (OREO) activities for national banks and federal savings associations. OREO refers to real estate acquired in satisfaction of debts previously contracted and real estate no longer used or planned to be used to conduct banking activities.

**Highlights**

The proposed rule would

* Clarify and streamline the OCC’s existing OREO rule for national banks;
* Update the regulatory framework for OREO activities at federal savings associations; and
* Make technical amendments to the capital rules, including on provisions related to OREO.

**Source** [link](https://www.occ.treas.gov/news-issuances/bulletins/2019/bulletin-2019-20.html).

Federal Reserve actions and news

***Consumer Compliance Outlook (04.30.2019)***

Consumer Compliance Outlook is a Federal Reserve System publication dedicated to consumer compliance issues. Click on the links below to receive future issues of Consumer Compliance Outlook in electronic or paper format.

[E-Mail Notification](https://app.e2ma.net/app2/audience/signup/81315/31466/)

[Hard Copy Subscription External](https://consumercomplianceoutlook.org/)

**Current Issue: First Issue 2019**

* Early Observations on the TILA-RESPA Integrated Disclosure Rule
* Enhancing Your Compliance Training Program
* Don’t Forget About These Federal Consumer Protection Laws and Regulations
* Compliance Alert
* News from Washington
* On the Docket
* Calendar of Events

[Download the complete Issue](https://consumercomplianceoutlook.org/assets/2019/first-issue/ccoi12019.pdf?la=en) (2.1 MB, 16 pages)

**Source** [link](https://consumercomplianceoutlook.org/).

***Comment: Take note – “Most of the TRID violations Federal Reserve System examiners cited were technical, often reflecting isolated LE or CD fields being left blank. However, a few disclosure errors were systemic and reflected weaknesses in compliance management systems, such as a deficiency in oversight, training or internal controls.”***

***Federal Reserve Supervision and Regulation Report (05.10.2019)***

Current Report: May 10, 2019

[Testimony](https://www.federalreserve.gov/newsevents/testimony/quarles20190515a.htm) | [Report](https://www.federalreserve.gov/publications/2019-may-supervision-and-regulation-report.htm)

The report summarizes banking conditions and the Federal Reserve’s supervisory and regulatory activities, in conjunction with semiannual testimony before Congress by the Vice Chairman for Supervision.

Past Reports

2018

[Testimony](https://www.federalreserve.gov/newsevents/testimony/quarles20181114a.htm) | [Report](https://www.federalreserve.gov/publications/2018-november-supervision-and-regulation-report-preface.htm)

**Source** [link](https://www.federalreserve.gov/publications/supervision-and-regulation-report.htm).

***Federal Reserve Requests Comment on Potential Modifications to Operating Hours for The Reserve Banks' National Settlement Service and Fedwire Funds Service (05.09.2019) ***

The Federal Reserve Board requested comment on potential modifications to the Federal Reserve Banks' National Settlement Service (NSS) and Fedwire® Funds Service to support enhancements to the same-day automated clearinghouse (ACH) service. The Board also requested comment on corresponding changes to the Federal Reserve Policy on Payment System Risk related to a new posting time for transactions and an increased daylight overdraft fee.

On September 13, 2018, NACHA, the rules and standards body for the ACH network, announced that its voting members had approved amendments to the NACHA Operating Rules & Guidelines to establish a third same-day ACH processing and settlement window. Currently, there is a morning window with a submission deadline of 10:30 a.m. ET and settlement at 1:00 p.m. ET and an afternoon window with a submission deadline of 2:45 p.m. ET and settlement at 5:00 p.m. ET. The new window, with a submission deadline of 4:45 p.m. ET and settlement at 6:00 p.m. ET, would allow originating depository financial institutions to submit same-day items later in the business day. A third same-day ACH window aligns with the Federal Reserve's ongoing objective to support improvements in the safety and efficiency of payment systems in the United States as well as public interest in greater availability of payment services. In particular, the later same-day ACH window would allow more institutions to use same-day ACH services during a greater portion of their business day and may promote greater adoption of same-day ACH and availability of the service to originators and end-users.

**Source** [link](https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190509b.htm).

***The April 2019 Senior Loan Officer Opinion Survey on Bank Lending Practices (05.06.2019)***

The April 2019 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months, which generally corresponds to the first quarter of 2019.1 Responses were received from 73 domestic banks and 21 U.S. branches and agencies of foreign banks. Unless otherwise indicated, this summary refers to the responses of domestic banks.

Regarding loans to businesses, respondents to the April survey indicated that, on balance, they left their standards basically unchanged and eased some of the terms on commercial and industrial (C&I) loans to large and middle-market firms, while standards and most terms remained basically unchanged for such loans to small firms.2 Meanwhile, banks reported weaker demand for C&I loans from firms of both size categories.

In addition, banks responded to a set of special questions investigating C&I lending to firms that are exposed to developments in Asia or Europe. A moderate net fraction of banks reported that they expect the quality of loans to exposed firms to deteriorate with respect to current levels over the remainder of 2019. Banks that have taken steps to mitigate risk of loan losses from such exposures reported the tightening of lending policies on new credit to exposed firms as the most frequently used action over the past year.

Banks reportedly tightened standards across all three major commercial real estate (CRE) loan categories—construction and land development loans, nonfarm nonresidential loans, and multifamily loans—over the past three months. Loan demand in all three major CRE loan categories reportedly weakened during the same period.

Banks also responded to a set of special questions about changes in lending policies and demand for CRE loans over the past year. Banks reportedly eased important lending terms, including maximum loan size, maximum loan maturity, and the spread of loan rates over their cost of funds, across all three major CRE loan categories. Most of the banks that reported reasons for easing CRE credit policies cited more aggressive competition from other banks or nonbank lenders.

For loans to households, a moderate net fraction of banks reported that standards on credit card loans tightened, on net, while their lending standards on auto loans and on most categories of residential real estate (RRE) loans remained basically unchanged. Banks reported weaker demand for almost all categories of RRE loans and for credit card loans, while demand for auto loans was basically unchanged.

**Source** [link](https://www.federalreserve.gov/data/sloos/sloos-201904.htm).

Other federal action and news

***FinCEN Holds Fifth Annual Awards Program to Recognize Importance of Bank Secrecy Act Reporting by Financial Institutions (05.16.2019)***

WASHINGTON—Financial Crimes Enforcement Network (FinCEN) Director Kenneth A. Blanco hosted the fifth annual FinCEN Director’s Law Enforcement Awards Program during which he recognized the efforts of several law enforcement agencies that used Bank Secrecy Act (BSA) reporting to successfully pursue and prosecute criminal investigations. The BSA’s recordkeeping and reporting requirements help to create a financial trail that law enforcement agencies use to track criminals, their activities, and their assets.

“The cases recognized today make clear that BSA data is critical in the fight against financial crime,” said Sigal P. Mandelker, Under Secretary for Terrorism and Financial Intelligence. “I commend the award recipients and their agencies. Their use of this information demonstrates the value of the financial industry’s continued partnership and commitment.”

“BSA data is an important part of our national security apparatus and how we protect the people of our nation from criminals, terrorists, and other bad actors,” said FinCEN Director Kenneth A. Blanco. “The successful prosecution of the cases recognized here today demonstrates that the information that financial institutions report to us through their BSA filings makes a difference in the lives of many people every day. It provides leads, helps expand cases, identifies networks of criminals and other bad actors, and often helps to alert the regulatory and law enforcement communities to trends in illicit activity, making our communities safer.”

FinCEN’s annual awards program underscores the importance of a successful partnership between the financial industry that provides BSA information and the law enforcement agencies that use it. Today’s ceremony was held following the conclusion of the Bank Secrecy Act Advisory Group (BSAAG) Plenary. Chaired by the Director of FinCEN, BSAAG is the congressionally-established forum for industry, regulators, and law enforcement to communicate about how law enforcement agencies use BSA reports, and how recordkeeping and reporting requirements can be improved. Representatives from financial industry trade groups assisted in the presentation of each award.

The program is open to all Federal, state, local, and tribal law enforcement agencies. The seven award categories and the 2019 award recipients are listed below.

**Source** [link](https://www.fincen.gov/news/news-releases/fincen-holds-fifth-annual-awards-program-recognize-importance-bank-secrecy-act).

***Comment: These awards highlight the importance of BSA/AML information provided by banks to the law enforcement agencies.***

***FinCEN Reissues Real Estate Geographic Targeting Orders for 12 Metropolitan Areas (05.15.2019)***

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) announced the renewal of its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in all-cash purchases of residential real estate. The purchase amount threshold remains $300,000 for each covered metropolitan area.

GTOs continue to provide valuable data on the purchase of residential real estate by persons possibly involved in various illicit enterprises. Reissuing the GTOs will further assist in tracking illicit funds and other criminal or illicit activity, as well as inform FinCEN’s future regulatory efforts in this sector.

GTOs cover certain counties within the following major U.S. metropolitan areas: Boston; Chicago; Dallas-Fort Worth; Honolulu; Las Vegas; Los Angeles; Miami; New York City; San Antonio; San Diego; San Francisco; and Seattle.

FinCEN appreciates the continued assistance and cooperation of the title insurance companies and the American Land Title Association in protecting the real estate markets from abuse by illicit actors.

Any questions about the Orders should be directed to the FinCEN Resource Center at FRC@FinCEN.gov.

A copy of the GTO is available [here](https://www.fincen.gov/sites/default/files/shared/Real%20Estate%20GTO%20Order%20FINAL%20GENERIC%205.15.2019_508.pdf).

Frequently asked questions regarding these GTOs are available [here](https://www.fincen.gov/sites/default/files/shared/FAQs%20on%20Real%20Estate%20GTO%205.15.2019_508.pdf).

**Source** [link](https://www.fincen.gov/news/news-releases/fincen-reissues-real-estate-geographic-targeting-orders-12-metropolitan-areas).

***Comment: The FAQ on GTOs is a must-read if your bank is operating in those areas.***

***CSBS National Survey of Community Banks Has Begun (05.09.2019) ***

CSBS has begun the annual process of surveying community banks on their economic condition, regulatory impacts and business plan. We encourage banks to participate in the survey, which can be accessed here.

This is the sixth year of the CSBS National Survey of Community Banks. It canvasses hundreds of community banks across the country, providing truly a unique opportunity for them to have their voices heard. The data from these surveys provides a rich tableau of the challenges and opportunities these institutions face and is useful information for both policymakers and researchers.

The survey also helps us monitor the constant change community banks experience year after year. Last year we reported that after years of increasing costs, compliance costs for community banks actually declined by 13%.

But the National Survey is more than accumulating quantitative data. It also provides us with qualitative insight on the outlook of community banks and the economy.

This year, CSBS is pleased to introduce the creation of an ongoing sentiment index of community bankers in partnership with Temple University economists Dr. William Dunkelberg and Dr. Jonathan Scott. The index is intended to shine light on specific market conditions and how they impact prospects for growth and participation by community banks in their communities.

Ten short questions have been included towards the end of the National Survey. The answers to these questions about regulations, competition, economic conditions and market prospects will be combined to form an overall sentiment index of community bankers. Going forward, these questions will be circulated on a quarterly basis to better reflect changing sentiments.

Our goal is to get a more accurate understanding of how bankers are feeling about the future and to help provide an important barometer of the state of the industry. We encourage bankers to complete the survey given its potential influence as an economic barometer.

The National Survey went live on April 15 and closes on June 30. We look forward to seeing where the community banking industry stands in 2019.

**Source** [link](https://www.csbs.org/national-survey-community-banks-has-begun).

***Comment: Have you bank voice heard - take time to complete the survey!***

***FinCEN Advisory on Illicit Activity Involving Convertible Virtual Currency (05.09.2019)***

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to assist financial institutions in identifying and reporting suspicious activity concerning how criminals and other bad actors exploit convertible virtual currencies (CVCs) for money laundering, sanctions evasion, and other illicit financing purposes, particularly involving darknet marketplaces, peer-to-peer (P2P) exchangers, foreign-located Money Service Businesses (MSBs), and CVC kiosks. Virtual currencies, particularly CVCs, are increasingly used as alternatives to traditional payment and money transmission systems. As with other payment and money transmission methods, financial institutions should carefully assess and mitigate any potential money laundering, terrorist financing, and other illicit financing risks associated with CVCs. This advisory highlights prominent typologies and red flags associated with such activity and identifies information that would be most valuable to law enforcement, regulators, and other national security agencies in the filing of suspicious activity reports (SARs).

**Source** [link](https://www.fincen.gov/sites/default/files/advisory/2019-05-10/FinCEN%20Advisory%20CVC%20FINAL%20508.pdf).

***Comment: Include this advisory in your BSA training and SAR program.*** ***The Guidance largely summarizes FinCEN’s existing regulatory framework regarding the application of the Bank Secrecy Act to virtual currency activities. The advisory points to “the issues most frequently raised by industry, law enforcement and other regulatory bodies within this evolving financial environment.” The advisory warns banks of the use by criminals and other bad actors of CVC schemes involving darknet marketplaces, P2P exchangers, foreign-located MSBs and CVC kiosks. It also lists so-called “red flags” that may be associated with each typology. These red flags can assist in the detection and reporting of suspicious CVC activity by entities subject to the BSA.***

***CSBS - The COUNTER Act is Welcome Progress on BSA Reform (05.09.2019)***

The House Financial Services Committee approved unanimously a bill (H.R. 2514 or the COUNTER Act) to modernize and reform the Bank Secrecy Act (BSA). CSBS applauds this effort to improve the Bank Secrecy Act’s effectiveness and to ensure the law can better and more efficiently achieve its purpose of combatting illicit finance.

The states are the single largest supervisor of institutions, both banks and non-banks, subject to BSA/AML requirements. As the primary regulator of 4,283 depository institutions and over 500 non-depository money services businesses, state regulators are often the first point of contact for financial services providers and law enforcement on issues that arise related to BSA compliance. In 2018, state-chartered banks filed 234,262 Suspicious Activity Reports (SARs). Over the same period, state-licensed money services businesses (MSBs) filed 873,203 SARs. Together, this amounts to more than half of the total number of SARs filed in 2018.

The CSBS sent a letter on the discussion draft of the COUNTER Act. A few key points from our letter and about the bill the Committee just approved:

**AML/CFT Supervision.** CSBS supports the COUNTER Act’s significant emphasis on improving supervision related to anti-money laundering (AML) and the countering of the financing of terrorism (CFT). A thoughtful review of issues, including feedback loops, the value of BSA, and AML exam authority delegation should lead to improved processes and more effective supervision and enforcement.

Shared Compliance Resources. CSBS supports the COUNTER Act’s endorsement of shared compliance resources. CSBS issued a White Paper in 2016 making the case for shared resources and we appreciate the bills’ support for this commonsense solution for community banks and other smaller institutions.

**Coordination and Information Sharing.** The COUNTER Act’s focus on better connecting the regulatory players in the BSA space is a key reform. FinCEN and the federal banking agencies are working to reform the approach to AML supervision. In the spirit of the COUNTER Act’s emphasis on regulatory coordination and collaboration, we look forward to engaging with Treasury and the federal banking agencies. And, when it comes to the COUNTER Act’s proposed Innovation Labs and the Innovation Council, we would like to work with the Committee to ensure that state regulators are involved.

**De-Risking.** We strongly support the COUNTER Act’s inclusion of a study and strategy on de-risking. CSBS and its members have long been concerned about de-risking and the challenges that licensed money services companies and other businesses have faced in obtaining and maintaining banking relationships. Such wholesale treatment runs counter to our expectation as bank regulators that banks can and should assess the risks of customers on a case-by-case basis.

We look forward to working with the Committee to advance this important proposal.

**Source** [link](https://www.csbs.org/counter-act-welcome-progress-bsa-reform).

***Comment: To read H.R. 2514, the COUNTER Act of 2019, click*** [***here***](https://www.govtrack.us/congress/bills/116/hr2514)***.***

***CSBS Vision 2020: A Progress Report (04.25.2019)***

In recent years, state financial regulators have been making changes to modernize and enhance the regulation of nonbank financial services companies. Collectively, the regulators’ efforts are known as CSBS Vision 2020. This is a progress report on actions taken to date and a look ahead.

**Role of State Regulators in Nonbank Regulation**

State regulators are the primary regulatory authority for nonbanks – numbering more than 23,000 nationwide -- such as mortgage lenders, money transmitters, debt collectors and consumer finance companies.

The job of state regulators is to make sure that consumers have broad, safe access to credit and other financial services, chiefly by ensuring the safety and soundness of the financial system while protecting consumers from bad actors and big mistakes. The regulators oversee nonbanks by licensing entities in one or more states and supervising them through examinations. Many fintechs operate in this space.

State regulators have devoted considerable attention to nonbanks because they represent a significant growth sector in financial services. Also, the convergence of technology and financial services has challenged and encouraged regulators to take a fresh look at regulatory requirements and processes.

**CSBS Vision 2020**

In 2017, state regulators made it CSBS policy to move towards an integrated, 50-state system of licensing and supervision for nonbanks. Vision 2020 represents their plan to bring more harmonization into the multistate experience as a means for regulatory efficiency and better supervision. State regulators will preserve how they protect the financial system and consumers but address inefficiencies in current licensing and regulatory processes.

**Source** [link](https://www.csbs.org/csbs-vision-2020-progress-report).

***Comment: Remember that S. 2155 requires the prudential regulators to consult with the state financial regulators when issuing rules and regulations.***

Publications, articles, reports, studies, testimony & speeches

***Business Debt and Our Dynamic Financial System - Chair Jerome H. Powell (05.20.2019)***

*It is a pleasure to be here at this important annual event sponsored and organized by the Federal Reserve Bank of Atlanta's Center for Financial Innovation and Stability. The risks in our financial system are constantly evolving. Fifteen years ago, everyone was talking about whether households were borrowing too much. Today everyone is talking about whether businesses are borrowing too much. This evening, I will focus on the implications of the increase in business debt over the past decade and review the steps the Federal Reserve and other agencies are taking to understand and limit the associated risks.*

*In public discussion of this issue, views seem to range from "This is a rerun of the subprime mortgage crisis" to "Nothing to worry about here." At the moment, the truth is likely somewhere in the middle. To preview my conclusions, as of now, business debt does not present the kind of elevated risks to the stability of the financial system that would lead to broad harm to households and businesses should conditions deteriorate. At the same time, the level of debt certainly could stress borrowers if the economy weakens. The Federal Reserve continues to assess the potential amplification of such stresses on borrowers to the broader economy through possible vulnerabilities in the financial system, and I currently see such risks as moderate.*

**Source** [link](https://www.federalreserve.gov/newsevents/speech/powell20190520a.htm).

***The Federal Reserve’s Review of Its Monetary Policy Strategy, Tools, and Communication Practices - Vice Chair Richard H. Clarida (05.17.2019)***

*I am pleased to participate in this event, part of the listening tour that Reserve Banks are hosting around the country and a key input into the Federal Reserve's review of our monetary policy strategy, tools, and communication practices. We are bringing open minds to our review and are seeking a broad range of perspectives. To us, it simply seems like good institutional practice to engage with a wide range of interested individuals and groups as part of a comprehensive approach to enhanced transparency and accountability.*

*President Harker already mentioned the Federal Reserve's statutory goals of maximum employment and price stability. Our review will take these dual mandate goals as given. We will also take as given that a 2 percent rate of inflation in the price index for personal consumption expenditures is the operational goal most consistent with our price-stability mandate. While we believe that our existing strategy, tools, and communications practices have generally served the public well, we are eager to evaluate ways they might be improved. That said, based on the experience of other central banks that have undertaken similar reviews, our review is more likely to produce evolution, not a revolution, in the way we conduct monetary policy.*

**Source** [link](https://www.federalreserve.gov/newsevents/speech/clarida20190517a.htm).

***The Disconnect between Inflation and Employment in the New Normal - Governor Lael Brainard (05.16.2019)***

*It is a pleasure to be here at the National Tax Association Annual Spring Symposium. Just as it may take the tax experts and practitioners here today some time to disentangle the longer-term implications of recent major changes to tax policy, so, too, we are in the process of analyzing the lessons for monetary policy of apparent post-crisis changes in the relationships among employment, inflation, and interest rates.1*

*The Congress has assigned the Federal Reserve the job of using monetary policy to achieve maximum employment and price stability. Price stability means moderate and stable inflation, which the Federal Reserve has defined to be 2 percent inflation. Maximum employment is understood as the highest level of employment consistent with price stability. In the aftermath of the Great Recession, which had deep and persistent effects, it is important to understand whether there have been long-lasting changes in the relationships among employment, inflation, and interest rates in order to ensure our policy framework remains effective.*

**Source** [link](https://www.federalreserve.gov/newsevents/speech/brainard20190516a.htm).

***Industrial Production and Capacity Utilization - G.17 (05.15.2019)***

Industrial production fell 0.5 percent in April, and the rates of change for previous months were revised down on net. Output is now reported to have declined 1.9 percent at an annual rate in the first quarter. Manufacturing production moved down 0.5 percent in April after being unchanged in March. The index for mining advanced 1.6 percent in April, while the index for utilities fell 3.5 percent. At 109.2 percent of its 2012 average, total industrial production was 0.9 percent higher in April than it was a year earlier. Capacity utilization for the industrial sector decreased 0.6 percentage point in April to 77.9 percent, a rate that is 1.9 percentage points below its long-run (1972–2018) average.

**Source** [link](https://www.federalreserve.gov/releases/g17/current/default.htm).

***A New “Big Data” Index of U.S. Economic Activity (05.15.2019)***

Introduction and summary -Central banks around the globe are commonly charged with the responsibility of producing timely predictions of the current state of the economy in the course of conducting monetary policy. This task is often difficult given the substantial publication lags in comprehensive measures of economic activity, such as U.S. real gross domestic product (GDP). Accordingly, a large literature has developed methods that utilize the broad set of available high-frequency (typically monthly) economic indicators to track changes in economic activity in real time. In this article, we employ recent advances in this literature to produce a new “big data” index of U.S. economic activity that can be used to track U.S. business and inflation cycles in real time and estimate monthly real GDP growth.

Our work in this area is an extension of the nearly 20-year tradition established by the Chicago Fed National Activity Index (CFNAI). The CFNAI is a monthly measure of growth in U.S. economic activity constructed from a panel of 85 macroeconomic time series encompassing four types, or groups, of indicators: production and income; employment, unemployment, and hours; personal consumption and housing; and sales, orders, and inventories.1 By including such a diverse set of indicators, the index is designed to capture broad movements in aggregate U.S. economic activity around a long-term historical rate of economic growth. A zero value of the index indicates that growth in economic activity is proceeding along at this rate, while a negative value indicates below-average growth and a positive value indicates above-average growth. In what follows, we present a new estimation methodology for economic activity indexes that allows us to efficiently use a significantly broader set of macroeconomic indicators than the CFNAI and more accurately track U.S. economic activity around its long-run growth trend.

**Source** [link](https://www.chicagofed.org/publications/economic-perspectives/2019/1).

***St. Louis Fed Ag Survey: Farm Incomes Continue to Decline (05.09.2019)***

In the first quarter of 2019, farm income declined for the twenty-first consecutive quarter, according to the latest Agricultural Finance Monitor published by the Federal Reserve Bank of St. Louis. However, some bankers expect farm income to improve in the second quarter.

The survey was conducted March 15 through March 31. The results are based on responses from 26 agricultural banks within the Eighth Federal Reserve District, which includes all or parts of seven Midwest and Mid-South states: Arkansas, Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

**Source** [link](https://www.stlouisfed.org/news-releases/2019/05/09/st-louis-fed-ag-survey-farm-incomes-continue-to-decline).

***Welcoming remarks by Chair Powell at the 2019 Federal Reserve System Community Development Research Conference (05.09.2019)***

*It is my pleasure to welcome all of you to the Federal Reserve System's 11th Community Development Research Conference, cosponsored by the community development offices of all 12 Federal Reserve Banks and the Board of Governors.*

*These biennial conferences are one manifestation of the Federal Reserve's deep commitment to supporting research that helps policymakers, community development practitioners, and researchers improve the economic well-being of families and communities. These gatherings also inform the Federal Reserve System's work in promoting consumer protection and community development, and I would like to thank all of you for your contributions to this conference.*

*This year our conference focuses on pathways to the middle class. While there are many definitions of "middle class," I think we can agree that achieving a basic level of economic security is fundamental. Surveys suggest that many Americans believe being middle class means having a secure job and the ability to save.1 In recent decades, income growth for middle-income households has lagged behind that for high‑income households.2 In addition, economic resources differ markedly by race, education, occupation, geography, and other factors. Those circumstances underscore a two-fold challenge for our country: fostering the conditions that will help lower-income families reach the middle class, while ensuring that middle-class status still provides the basic economic security that it has traditionally offered.*

*The conference organizers have sorted through the many research questions that will be addressed today and tomorrow and have taken away three key observations that are fundamental to addressing the challenges related to the middle class.*

**Source** [link](https://www.federalreserve.gov/newsevents/speech/powell20190509a.htm).

***Speech by Governor Brainard - "Fed Listens" in Richmond: How Does Monetary Policy Affect Your Community? (05.08.2019)***

*Today's community listening session is part of a series called "Fed Listens." The Federal Reserve is undertaking a review to make sure we are carrying out the monetary policy goals assigned to us by the Congress in the most effective way we can.2 In conducting this review, we are reaching out to communities around the country in sessions like this to understand how you are experiencing the economy day to day.*

*Two Goals*

*So what are the monetary policy goals the Congress assigned us? Congress has assigned the Federal Reserve to use monetary policy to achieve maximum employment and price stability. These two goals are what we refer to as our dual mandate. By price stability we mean moderate and stable inflation. Specifically, the Federal Open Market Committee (FOMC)—the group at the Fed responsible for determining monetary policy—has announced that our goal is to keep inflation around 2 percent over time. The maximum employment part of our dual mandate is straightforward: The Congress has directed us to achieve the highest level of employment—and thus the lowest level of unemployment—that is consistent with price stability.*

*While the Congress has specified the goals for monetary policy and a set of tools or authorities to pursue them, it has allowed the FOMC to determine how to best go about achieving those goals.*

**Source** [link](https://www.federalreserve.gov/newsevents/speech/brainard20190508a.htm).

***Consumer Credit - G.19 (05.07.2019)***

Consumer credit increased at a seasonally adjusted annual rate of 4-1/4 percent during the first quarter. Revolving credit increased at an annual rate of 1-1/2 percent, while nonrevolving credit increased 5-1/4 percent. In March, consumer credit increased at an annual rate of 3 percent.

[Consumer Credit Outstanding](https://www.federalreserve.gov/releases/g19/current/default.htm#table1)

[Levels](https://www.federalreserve.gov/releases/g19/current/default.htm#table2)

[Flows](https://www.federalreserve.gov/releases/g19/current/default.htm#table3)

**Source** [link](https://www.federalreserve.gov/releases/g19/current/default.htm).

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 [Home Mortgage Disclosure (Regulation C)](https://www.federalregister.gov/documents/2019/05/13/2019-08983/home-mortgage-disclosure-regulation-c) - The Bureau of Consumer Financial Protection (Bureau) is proposing two alternatives to amend Regulation C to increase the threshold for reporting data about closed-end mortgage loans so that institutions originating fewer than either 50 closed-end mortgage loans, or alternatively 100 closed-end mortgage loans, in either of the two preceding calendar years would not have to report such data as of January 1, 2020. The proposed rule would also adjust the threshold for reporting data about open-end lines of credit by extending to January 1, 2022, the current temporary threshold of 500 open-end lines of credit and setting the threshold at 200 open-end lines of credit upon the expiration of the proposed extension of the temporary threshold. The Bureau is also proposing to incorporate into Regulation C the interpretations and procedures from the interpretive and procedural rule that the Bureau issued on August 31, 2018, and to implement further section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act. **Comments close June 12, 2019.**

05.13.2019 [Overdraft Rule Review Pursuant to the Regulatory Flexibility Act -](https://www.federalregister.gov/documents/2019/05/15/2019-09812/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](https://www.federalregister.gov/documents/2019/05/08/2019-08979/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)](https://www.federalregister.gov/documents/2019/05/21/2019-09665/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-](https://www.federalregister.gov/documents/2019/04/29/2019-08455/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.](https://www.regulations.gov/document?D=OCC-2017-0012-0034) 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](https://www.fdic.gov/news/board/2018/2018-12-18-notice-sum-h-fr.pdf) - 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)](https://www.federalregister.gov/documents/2018/02/13/2018-01305/rules-concerning-prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth) - 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)](https://www.federalregister.gov/documents/2019/02/14/2018-28281/regulatory-capital-rule-implementation-and-transition-of-the-current-expected-credit-losses) - 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 -](https://www.federalregister.gov/documents/2019/04/15/2019-07048/limited-exception-for-a-capped-amount-of-reciprocal-deposits-from-treatment-as-brokered-deposits) 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 -](https://www.federalregister.gov/documents/2019/03/18/2019-04944/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)](https://www.fdic.gov/news/news/financial/2019/fil19008.html)  - 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](https://www.federalregister.gov/documents/2019/03/29/2019-06011/delay-of-effective-date-regulatory-capital-rule-implementation-and-transition-of-the-current) - 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](https://www.federalregister.gov/documents/2017/11/17/2017-21808/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.’](https://fas.org/sgp/crs/misc/R45073.pdf) - 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

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| 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](https://www.consumerfinance.gov/) Bureau |
| CARD Act | [Credit Card Accountability Responsibility and Disclosure Act of 2009](https://www.ftc.gov/sites/default/files/documents/statutes/credit-card-accountability-responsibility-and-disclosure-act-2009-credit-card-act/credit-card-pub-l-111-24_0.pdf) |
| CFR | [Code of Federal Regulations](http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR). Codification of rules and regulations of federal agencies. |
| CRA | [Community Reinvestment Act](http://www.ffiec.gov/cra/). This Act is designed to encourage loans in all segments of communities. |
| CRE | Commercial Real Estate |
| CSBS | [Conference of State Bank Supervisors](http://www.csbs.org/Pages/default.aspx) |
| CTR | [Currency Transaction Report](https://www.ffiec.gov/bsa_aml_infobase/pages_manual/olm_017.htm). 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](http://www.law.cornell.edu/topn/dodd-frank_wall_street_reform_and_consumer_protection_act) |
| DOJ | [Department of Justice](http://www.justice.gov/) |
| FDIC  | [Federal Deposit Insurance Corporation](https://www.fdic.gov/)  |
| EFTA | [Electronic Fund Transfer Act](https://www.consumerfinance.gov/eregulations/1005) |
| Federal bank regulatory agencies  | FDIC, FRB, and OCC  |
| Federal financial institution regulatory agencies  | BFCP, FDIC, FRB, NCUA, and OCC  |
| FEMA | [Federal Emergency Management Agency](http://www.fema.gov) |
| FFIEC | [Federal Financial Institutions Examination Council](http://www.ffiec.gov/) |
| FHFA | [Federal Housing Finance Agency](http://www.fhfa.gov/) |
| FHA | [Federal Housing Administration](http://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration) |
| FinCEN | [Financial Crime Enforcement Network](http://www.fincen.gov) |
| FR | [Federal Register](https://www.federalregister.gov/). U.S. government daily publication that contains proposed and final administrative regulations of federal agencies. |
| FRB, Fed or Federal Reserve | [Federal Reserve Board](http://www.federalreserve.gov/)  |
| FSOC | [Financial Stability Oversight Council](http://www.treasury.gov/initiatives/fsoc/Pages/home.aspx) |
| FTC | [Federal Trade Commission](http://www.ftc.gov) |
| GAO | [Government Accountability Office](http://www.gao.gov) |
| HARP | [Home Affordable Refinance Program](http://harpprogram.org/) |
| HAMP | [Home Affordable Modification Program](https://www.hmpadmin.com/portal/programs/hamp.jsp) |
| HMDA | [Home Mortgage Disclosure Act](https://www.ffiec.gov/hmda/) |
| HOEPA | [Home Ownership and Equity Protections Act of 1994](http://files.consumerfinance.gov/f/201305_compliance-guide_home-ownership-and-equity-protection-act-rule.pdf) |
| HPML | [Higher Priced Mortgage Loan](https://www.consumerfinance.gov/ask-cfpb/what-is-a-higher-priced-mortgage-loan-en-1797/) |
| HUD | [U.S. Department of Housing and Urban Development](http://www.hud.gov) |
| IRS | [Internal Revenue Service](https://www.irs.gov/) |
| MLO | Mortgage Loan Originator |
| MOU | Memorandum of Understanding |
| NFIP | [National Flood Insurance Program](http://www.fema.gov/national-flood-insurance-program). U.S. government program to allow the purchase of flood insurance from the government. |
| NMLS | [National Mortgage Licensing System](http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx) |
| OCC  | [Office of the Comptroller of the Currency](http://www.occ.gov/)  |
| OFAC | [Office of Foreign Asset Control](http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx) |
| OREO | [Other Real Estate Owned](http://www.occ.gov/topics/credit/commercial-credit/other-real-estate-owned.html) |
| QRM | Qualified Residential Mortgage |
| Reg. B | [Equal Credit Opportunity](https://www.consumerfinance.gov/eregulations/1002) |
| Reg. C | [Home Mortgage Disclosure](https://www.consumerfinance.gov/eregulations/1003) |
| Reg. DD | [Truth in Savings](https://www.consumerfinance.gov/eregulations/1030) |
| Reg. E | [Electronic Fund Transfers](https://www.consumerfinance.gov/eregulations/1005) |
| Reg. G | [S.A.F.E. Mortgage Licensing Act](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1007_main_02.tpl) |
| Reg. P | [Privacy of Consumer Financial Information](https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title12/12cfr1016_main_02.tpl) |
| Reg. X | [Real Estate Settlement Procedures Act](https://www.consumerfinance.gov/eregulations/1024) |
| Reg. Z | [Truth in Lending](https://www.consumerfinance.gov/eregulations/1026) |
| RESPA | [Real Estate Settlement Procedures Act](https://www.consumerfinance.gov/eregulations/1024) |
| SAR | [Suspicious Activity Report](https://www.ffiec.gov/bsa_aml_infobase/pages_manual/OLM_015.htm) – 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](https://www.consumerfinance.gov/eregulations/1026) |
| TIN | Tax Identification Number |
| Treasury | [U.S. Department of Treasury](http://www.treasury.gov) |

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