



Community Bankers of Michigan Regulatory Dispatch

January 11, 2023

Timely news and resources community bankers can use

to better stay on top of a rapidly changing world.

CFPB Announces Appraisal Subcommittee Hearing on Appraisal Bias

On January 24, 2023, from 10:00 a.m. – 12:00 p.m. ET, the Consumer Financial Protection Bureau will host the Appraisal Subcommittee (ASC) for a hearing on appraisal bias. Invited witnesses representing key stakeholder groups will share their views with the ASC during the hearing.

CFPB will host the [Appraisal Subcommittee](#) (ASC) for a hearing on appraisal bias. Invited witnesses representing key stakeholder groups will share their views with the ASC during the hearing.

We encourage you to attend the hearing in-person at the Consumer Financial Protection Bureau Headquarters located at 1700 G Street, NW, Washington, DC 20552. For those who are unable to attend in-person, the event will also be livestreamed on the CFPB website.

Members of the public are invited to listen to the hearing and provide written comments. Comments can be submitted to <mailto:AppraisalBiasHearing@asc.gov> until February 8, 2023.

[RSVP to attend in-person or view remotely](#)

Comment: A recent study of appraisals compiled between 2013 and 2021 identified evidence of a persistent, widespread practice in the home appraisal industry to give higher values to homes when the occupants are white and devalue them if the owners are people of color.

Items of Interest

Bank Management

FRB [Thoughts on Inflation in a Supply-Constrained Economy - Governor Lisa D. Cook](#) (01/06/2023) - *I am particularly pleased to be here today for multiple reasons. I think most of us feel some nostalgic pull to these meetings, though I do not think I want to revisit the frantic interview cycle ever again. These meetings allow us to meet and reconnect with colleagues, hear about new and valuable research, and have in-depth discussions on the subtler, more nuanced aspects of economics. I hope to do that today with my co-panelists on a subject that has my and the Federal Open Market Committee's full attention: inflation. I want to use my time to outline the unique set of challenges facing policymakers and academics today as well as how we can better understand inflation dynamics in this new environment, including by looking at novel data sources.1*

The effects of the pandemic and Russia's war against Ukraine have turned a spotlight on the supply side of the economy and its ability to adapt to rapid changes in demand and to navigate a seemingly never-ending sequence of adverse supply shocks. The unique nature of the supply and demand imbalances over the past couple of years has made it more difficult to forecast inflation, posing new challenges for monetary policy. One way to better manage these challenges is by continuing to monitor—and even expand—new sources of data. Additionally, we have some key issues to consider in approaching revised models of inflation behavior.

Before I turn to broader issues with modeling inflation, let me start with the recent inflation data. Inflation remains far too high, despite some encouraging signs lately, and is therefore of great concern. As a Fed policymaker, I am committed to bringing inflation back to our 2 percent goal.

The 12-month change in total personal consumption expenditures (PCE) prices through November was 5.5 percent. Core PCE prices rose 4.7 percent over the same 12-month period (figure 1). This measure omits volatile food and energy prices and tends to give a more accurate signal of total inflation's trajectory. Both figures are down a bit from the peaks reached in the first half of last year. However, monthly data are quite volatile, so I would caution against putting too much weight on the past few favorable monthly data reports.

Comments: December's wage data could provide some encouragement that the Fed's efforts to curb inflation are impacting demand. Fed officials at their last meeting noted that they are encouraged by the latest inflation readings but will need to see continued progress before they are convinced that inflation is coming down and they can ease up on rate hikes.

OCC [Issues Annual Report for 2022](#) (01/05/2023) - WASHINGTON—The Office of the Comptroller of the Currency (OCC) published its 2022 Annual Report. The OCC Annual Report provides Congress with an overview of the condition of the federal banking system, discusses the OCC's strategic priorities and initiatives, and shares the agency's financial management and condition.

The report specifically highlights the OCC's work to foster and safeguard trust – trust between financial providers and their consumers, trust between regulators and supervised institutions, trust that banks will not exploit working or vulnerable Americans, and trust among financial regulators to work together to solve broad problems.

Related Links
[2022 Annual Report](#)

Comments: The report touches on crypto-assets, artificial intelligence, disparities in property appraisals and climate change.

Joint [Statement on Crypto-Asset Risks to Banking Organizations](#) (01/05/2023) - The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (collectively, the agencies) are issuing a joint statement on crypto-asset risks to banking organizations.

	<p>Statement of Applicability: This Financial Institution Letter (FIL) applies to all FDIC-supervised institutions.</p> <p>Attachment: Joint Statement on Crypto-Asset Risks to Banking Organizations</p> <p><i>Comments: In the joint statement, the regulators highlight key risks relevant to banking organizations and discuss views regarding whether crypto-asset activities are consistent with safe and sound banking practices stating that those activities are “highly likely to be inconsistent with safe and sound banking practices.”</i></p>
	<p>OCC Financial Literacy Update: First Quarter 2023 (01/03/2023) - The Office of the Comptroller of the Currency (OCC)'s Financial Literacy Update is a quarterly e-newsletter that reports upcoming events, new initiatives, and related resources of the OCC and other government agencies and organizations. The Financial Literacy Update provides brief descriptions for upcoming events in chronological order. New initiatives and resources are listed in alphabetical order. Visit www.occ.gov/flu for more information. We welcome your feedback.</p> <p>In This Issue</p> <ul style="list-style-type: none"> ▪ COVID-19 ▪ Events ▪ Initiatives ▪ Resources

BSA / AML

	No news to report this week.
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Deposit / Retail Operations

	No news to report this week.
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Human Resources

	<p>FTC Proposes Rule to Ban Noncompete Clauses, Which Hurt Workers and Harm Competition (01/05/2023) - The Federal Trade Commission proposed a new rule that would ban employers from imposing noncompete agreements on their workers, a widespread and often exploitative practice that suppresses wages, hampers innovation, and blocks entrepreneurs from starting new businesses.</p> <p><i>Comment: Many community banks negotiate noncompete clauses/agreements with some sort of ‘consideration’ for senior management preventing them from working with another bank in the surrounding area for some defined period of time after they separate from the bank. Commercial borrowers tend to have much closer relationships with their loan officers than mortgage borrowers and are much more likely to follow a banker to a new financial institution. A carefully crafted noncompete allowed community banks to protect existing relationships with local businesses from being ‘poached’ when an experienced banker moved on to another institution.</i></p>
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Lending

CFPB [Filing Period for 2022 HMDA Data Open](#) (01/04/23) - The CFPB is pleased to announce that the filing period for HMDA data collected in 2022 opened on January 1, 2023. Submissions will be considered timely if received on or before Wednesday, March 1, 2023. The HMDA Platform provides financial institutions an opportunity to determine whether their loan/application register (LAR) data comply with the reporting requirements outlined in the Filing Instructions Guide for HMDA data collected in 2022.

Submit your data

Access the HMDA Platform to begin the filing process for data collected in 2022 here: <https://ffiec.cfpb.gov/filing/>.

Users will receive a confirmation email upon submission of their HMDA data. The confirmation email will be sent to the email account of the user that has submitted the data.

Testing your submission?

The Beta Platform found at <https://ffiec.beta.cfpb.gov/filing/> will remain available on an ongoing basis for filers wishing to test their submissions. Please note that the Beta Platform is for testing purposes only. No data submitted on the Beta Platform will be considered for compliance with HMDA data reporting requirements. To submit your HMDA Data for 2022, visit the live HMDA Platform at <https://ffiec.cfpb.gov/filing/>.

This year, included on the Beta Website is a new tool that provides institutions with assistance in creating their HMDA LAR file. The online version of the LAR Formatting Tool is an enhanced version of the LAR Formatting Tool that is currently available. The online LAR Formatting Tool is intended to help financial institutions, typically those with small volumes of covered loans and applications, to create an electronic file that can be submitted to the HMDA Platform. Filers are able to create their transmittal sheet and LAR rows on the beta website, entering values for each data field, and use this tool to download the full LAR file.

We encourage financial institutions to continue providing feedback on their experience using the HMDA Platform and to direct any questions regarding the HMDA Platform to hmdahelp@cfpb.gov or <https://hmdahelp.consumerfinance.gov/>.

Comments: Data needs to be perfectly clean and ready for submission by March 1.

FRB [Upcoming Ask the Fed® Regional CRE Series Kicks-off January 19, 2023](#) (01/04/2023) - Based on your feedback, we are bringing back our Ask the Fed® regional series on CRE. U.S. economic and CRE market conditions have begun to adjust to the changing policy environment. Will these changes lead to a sizeable deterioration in CRE asset values? Will economic conditions decelerate? Will these changing conditions lead to greater lending opportunities, or to explosive growth?

The first session in this series will be held on Thursday, January 19, 2023, “live” from the offices of the Washington State Department of Financial Institutions in Tumwater, Wash. Subject Matter Expert & Senior Policy Advisor, Brian Bailey, CCIM, CRE, from the Federal Reserve Bank of Atlanta, will discuss trends and emerging risks in the CRE and CRE finance industries in the Pacific Region of the United States (see map below). Regional sessions

focused on CRE in the Mountain, Midwest, Northeast, South Central and Southern regions of the US will be held at a future date.

Registration is now open at www.askthefed.org. As always, we are interested in your questions. You can email your questions in advance of each session at questions@askthefed.org. We'll take questions during each session as well, but questions received in advance will receive priority. We strongly encourage participants to use the webinar audio on their computer for the best webinar experience. Session materials will be archived for future viewing.

Comments: While this first regional session is focused on the Pacific Northwest, the fallout from the pandemic showed how closely regions across the country are inextricable connected.

Technology / Security

No news to report this week.

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 RULE WITH REQUEST FOR PUBLIC COMMENT

11.07.2022 FRB [Guidelines for Evaluating Account and Services Requests](#) - The Board of Governors of the Federal Reserve System (Board) is issuing a request for comment on proposed amendments to its Guidelines for Evaluating Account and Services Requests (Account Access Guidelines or Guidelines) that would require the Federal Reserve Banks (Reserve Banks) to publish a periodic list of depository institutions with access to Reserve Bank accounts and/or financial services. **DATE: Comments must be received on or before January 17, 2023.**

12.16.2022 FinCEN [Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities](#) FinCEN is promulgating proposed regulations regarding access by authorized recipients to beneficial ownership information (BOI) that will be reported to FinCEN pursuant to Section 6403 of the Corporate Transparency Act (CTA), enacted into law as part of the Anti-Money Laundering Act of 2020 (AML Act), which is itself part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA). The proposed regulations would implement the strict protocols on security and confidentiality required by the CTA to protect sensitive personally identifiable information (PII) reported to FinCEN. The NPRM explains the circumstances in which specified recipients would have access to BOI and outlines data protection protocols and oversight mechanisms applicable to each recipient category. The disclosure of BOI to authorized recipients in accordance with appropriate protocols and oversight will help law enforcement and national security agencies prevent and combat money laundering, terrorist financing, tax fraud, and other illicit activity, as well as protect national security. FinCEN is also proposing regulations to specify when and how reporting companies can use FinCEN identifiers to report the BOI of entities. **DATES: Written comments on this proposed rule may be submitted on or before February 14, 2023.**

01.05.2023 FTC [Non-Compete Clause Rulemaking](#) About one in five American workers—approximately 30 million people—are bound by a non-compete clause and are thus restricted from pursuing better employment opportunities. A non-compete clause is a contractual term between an employer and a worker that blocks the worker from working for a competing employer, or starting a competing business, typically within a certain geographic area and period of time after the worker's employment ends. Because non-compete clauses prevent workers from leaving jobs and decrease competition for workers, they lower wages for both workers who are subject to them as well as workers who are not. Non-compete clauses also prevent new businesses from forming, stifling entrepreneurship, and prevent novel

innovation which would otherwise occur when workers are able to broadly share their ideas. The Federal Trade Commission proposes preventing employers from entering into non-compete clauses with workers and requiring employers to rescind existing non-compete clauses. The Commission estimates that the proposed rule would increase American workers' earnings between \$250 billion and \$296 billion per year. The Commission is asking for the public's opinion on its proposal to declare that non-compete clauses are an unfair method of competition, and on the possible alternatives to this rule that the Commission has proposed. **Comments will be due 60 days after the Federal Register publishes the proposed rule. The public comment period will be open soon.**