



Community Bankers of Michigan Regulatory Dispatch

January 8, 2025

Timely news and resources community bankers can use

to better stay on top of a rapidly changing world.

HousingWire Forecast: The two big housing Market Trends to Watch in 2025

'In the HousingWire mortgage rate forecast for 2025, we included the possibility of a five handle during the year. What's the scenario where mortgage rates drop over 100 basis points in 2025? If we get lucky on economic news and spreads continue to tighten a bit, we could see some alleviation to the affordability vice everyone is now in.

The other trend to watch is whether we finally have more sellers entering the market in 2025. The three years in the post-pandemic housing market have been marked by very few sellers — 60,000 new listings in a given week vs. 80,000 in years' past. There are some signals that seller volume is starting to creep back to normal levels.'

Comment: What to expect? Look for changes to immigration, expanding tariffs, the rising costs of damage related to natural disasters, and the expansion of AI into more parts of our daily lives. Dedicate your resources accordingly.

Bank Management

FDIC [Consolidated Reports of Condition and Income for Fourth Quarter 2024](#) (12/23/2024) – SUMMARY:
The linked materials pertain to the Consolidated Reports of Condition and Income (Call Report) for the December 31, 2024, report date and provide guidance on certain reporting issues. This Financial Institution Letter and the attached Supplemental Instructions should be shared with the individual(s) responsible for preparing the Call Report at your institution. Please plan to complete as early as possible the preparation, editing, and review of your institution's Call Report data and the submission of data to the agencies' Central Data Repository (CDR). Starting your preparation early will help you identify and resolve any edit exceptions before the submission deadline. If you later find that certain information needs to be revised, please make the appropriate changes to your Call Report data and promptly submit the revised data file to the CDR.

STATEMENT OF APPLICABILITY:

The contents of, and material referenced in, this FIL apply to all FDIC-insured financial institutions.

DISTRIBUTION:

FDIC-Insured Financial Institutions.

Comment: Get this information to the individuals that prepare your Call Report.

BSA / AML

[FinCEN Alert \[December 27, 2024\]: Impact of Ongoing Litigation – Deadline Stay – Voluntary Submission Only](#) (12/27/2024) – In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

The Corporate Transparency Act (CTA) plays a vital role in protecting the U.S. and international financial systems, as well as people across the country, from illicit finance threats like terrorist financing, drug trafficking, and money laundering. The CTA levels the playing field for tens of millions of law-abiding small businesses across the United States and makes it harder for bad actors to exploit loopholes in order to gain an unfair advantage.

On Tuesday, December 3, 2024, in the case of Texas Top Cop Shop, Inc., et al. v. Garland, et al., No. 4:24-cv-00478 (E.D. Tex.), the U.S. District Court for the Eastern District of Texas, Sherman Division, issued an order granting a nationwide preliminary injunction. Texas Top Cop Shop is only one of several cases that have challenged the Corporate Transparency Act (CTA) pending before courts around the country. Several district courts have denied requests to enjoin the CTA, ruling in favor of the Department of the Treasury. The government continues to believe—consistent with the conclusions of the U.S. District Courts for the Eastern District of Virginia and the District of Oregon—that the CTA is constitutional. For that reason, the Department of Justice, on behalf of the Department of the Treasury, filed a Notice of Appeal on December 5, 2024, and separately sought of stay of the injunction pending that appeal.

On December 23, 2024, a panel of the U.S. Court of Appeals for the Fifth Circuit granted a stay of the district court's preliminary injunction entered in the case of Texas Top Cop Shop, Inc. v. Garland, pending the outcome of the Department of the Treasury's ongoing appeal of the district court's order. FinCEN immediately issued an alert notifying the public of this ruling and recognizing that reporting companies may have needed additional time to comply with beneficial ownership reporting requirements, FinCEN extended reporting deadlines. On December 26, 2024, however, a different panel of the U.S. Court of Appeals for the Fifth Circuit issued an order vacating the Court's December 23, 2024, order granting a stay of the preliminary injunction. Accordingly, as of December 26, 2024, the injunction issued by the district court in Texas Top Cop Shop, Inc. v. Garland is in effect and reporting companies

Comment: This changes nothing for community banks. The requirement on those banks to collect and retain beneficial ownership information under the 2018 CDD Final Rule remains the same. This does impact commercial and bank customers. Share this information with the appropriate staff.

Deposit / Retail Operations

[FTC Stay Ahead of Scammers In 2025](#) (12/30/2024) – With scammers targeting our entire life savings with their schemes, we all need to be alert and know how to detect their latest tricks. Something as simple as talking about scams you know about is a great way to help you and your community stay protected. And being part of this solution doesn't require training or a lot of time!

The FTC has free materials and information on hundreds of different scams both in print and online. Here are a few ideas to help you become a fraud fighter.

- **Learn more about what scammers say and do.** Start at consumer.ftc.gov where you'll find articles, consumer alerts, and advice to help you spot and avoid scams.

- **Check out resources in multiple languages.** If you know people who prefer to get information in their native language, [ftc.gov/languages](https://www.ftc.gov/languages) has materials in more than a dozen languages.
- **Get print materials to share with your community.** Go to [ftc.gov/BulkOrder](https://www.ftc.gov/BulkOrder) and order free resources on a variety of consumer topics. Delivery is also free.
- **Keep up with the latest.** Sign up for FTC consumer alerts at [ftc.gov/ConsumerAlerts](https://www.ftc.gov/ConsumerAlerts) to get email updates on recent scams, announcements, and advice.
- **Share what you know.** Have a conversation, leave FTC materials where people will see them, or post on social media. Are you part of a group? Consider using [Pass It On](#) or [Pásalo](#) presentations, complete with notes and supporting materials, to start a conversation about scams. All FTC content is in the public domain, which means there's no copyright or permission needed to use it.

Please remember the FTC wants to hear about scams in any language, even if you didn't lose money. Report in English at ReportFraud.ftc.gov — or in Spanish at ReporteFraude.ftc.gov. To report in other languages, call (877) 382-4357 and press 3 to speak to an interpreter in your preferred language.

Comment: Find ways to share with your account holders. And get ready, tax season – and the related tax scams – are just around the corner.

[FinCEN Warns of Fraud Schemes That Abuse Its Name, Insignia, and Authorities for Financial Gain](#)

(12/18/2024) – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an alert to raise awareness of fraud schemes abusing FinCEN's name, insignia, and authorities for financial gain. These FinCEN-specific fraud schemes include scams that exploit beneficial ownership information reporting; misuse FinCEN's Money Services Business Registration tool; or involve the impersonation of, or misrepresent affiliation with, FinCEN and its employees.

The alert provides guidance to the public on how to identify and avoid these scams and provides typologies and red flag indicators to help financial institutions detect, prevent, and report potential suspicious activity to FinCEN. It also highlights to the public the importance of reporting these and similar scams to Treasury's [Office of Inspector General](#), the [Federal Trade Commission](#), and the Federal Bureau of Investigation's [Internet Crime Complaint Center](#).

News Release: <https://www.fincen.gov/news/news-releases/fincen-warns-fraud-schemes-abuse-its-name-insignia-and-authorities-financial>

Alert: <https://www.fincen.gov/sites/default/files/2024-12/Alert-FinCEN-Scams-FINAL508.pdf>

Comment: This alert includes schemes that exploit beneficial ownership information reporting requirements (on hold) or impersonate FinCEN employees; essentially, scammers are posing as FinCEN to trick people into giving them money or personal information.

Human Resources

[IRS Increases the Standard Mileage Rate for Business Use in 2025; Key Rate Increases 3 Cents to 70 Cents Per Mile](#) (12/13/2024) – WASHINGTON — The Internal Revenue Service announced that the optional standard mileage rate for automobiles driven for business will increase by 3 cents in 2025, while the mileage rates for vehicles used for other purposes will remain unchanged from 2024.

Optional standard mileage rates are used to calculate the deductible costs of operating vehicles for business, charitable and medical purposes, as well as for active-duty members of the Armed Forces who are moving.

Beginning Jan. 1, 2025, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

70 cents per mile driven for business use, up 3 cents from 2024.

21 cents per mile driven for medical purposes, the same as in 2024.

21 cents per mile driven for moving purposes for qualified active-duty members of the Armed Forces, unchanged from last year.

14 cents per mile driven in service of charitable organizations, equal to the rate in 2024.

The rates apply to fully-electric and hybrid automobiles, as well as gasoline and diesel-powered vehicles.

While the mileage rate for charitable use is set by statute, the mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes, meanwhile, is based on only the variable costs from the annual study.

Under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. And only taxpayers who are members of the military on active duty may claim a deduction for moving expenses incurred while relocating under orders to a permanent change of station.

Use of the standard mileage rates is optional. Taxpayers may instead choose to calculate the actual costs of using their vehicle.

Taxpayers using the standard mileage rate for a vehicle they own and use for business must choose to use the rate in the first year the automobile is available for business use. Then, in later years, they can choose to use the standard mileage rate or actual expenses.

For a leased vehicle, taxpayers using the standard mileage rate must employ that method for the entire lease period, including renewals.

[Notice 2025-5 PDF](#) contains the optional 2025 standard mileage rates, as well as the maximum automobile cost used to calculate mileage reimbursement allowances under a fixed-and variable rate (FAVR) plan. The notice also provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in 2025 for which employers may calculate mileage allowances using a cents-per-mile valuation rule or the fleet-average-valuation rule.

Comment: Update your 2025 mileage rates accordingly.

Lending

[Joint Extension of the Revised Statement Regarding Status of Certain Investment Funds and Their Portfolio Investments for Purposes of Regulation O and Reporting Requirements under Part 363 of FDIC Regulations](#) (12/27/2025) – The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the “federal banking agencies”) are issuing the attached Interagency Statement, concerning Regulation O1 and Part 3632 of the FDIC Regulations, to extend the expiration of certain no-action position previously provided in an interagency statement accompanying FIL 63-2023, dated December 15, 2023.

The Interagency Statement (PDF) can be found on the FDIC website.

Statement of Applicability: The contents of, and material referenced in, this FIL apply to all FDIC-supervised financial institutions.

Highlights:

On December 27, 2019, the federal banking agencies issued a temporary no-action position to provide time for the FRB, in consultation with the other federal banking agencies, to consider whether to amend Regulation O to address concerns about unintended consequences of the application of Regulation O to companies that sponsor, manage, or advise investment funds and institutional accounts that invest in voting securities of banking organizations.

On December 22, 2020, the federal banking agencies revised the interagency statement to extend the expiration of the no-action position and clarified the eligibility criteria for such relief. The revised statement was also extended on December 1, 2021, December 22, 2022, and December 15, 2023, until January 1, 2025.

This Statement extends the expiration of the no-action position previously provided until the sooner of January 1, 2026, or the effective date of a final FRB rule having a revision to Regulation O that addresses the treatment of extensions of credit by a bank to fund complex-controlled portfolio companies that are insiders of the bank.

This FIL supersedes and rescinds FIL 63-2023, dated December 15, 2023.

Comment: This is really ‘in the weeds’ stuff. The agencies will continue to exercise ‘discretion’ in not bringing action against principal shareholder fund complexes and banks for extensions of credit to fund complex-controlled portfolio companies that would otherwise violate Regulation O, provided the principal shareholder fund complexes and banks satisfy certain criteria that ensure the principal shareholder fund complex does not control the bank.

[Joint Agencies Release Annual Asset-Size Thresholds Under Community Reinvestment Act Regulations \(12/19/2024\)](#) – The Federal Reserve Board and the Federal Deposit Insurance Corporation announced the 2025 updated Community Reinvestment Act (CRA) “small bank” and “intermediate small bank” asset-size thresholds.

The CRA regulations establish the framework and criteria by which the relevant agencies assess a financial institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. Financial institutions are evaluated under different CRA examination procedures based upon their asset-size classification. The asset-size thresholds are adjusted annually based on the average change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is a measure of inflation.

As a result of the 2.91 percent increase in the CPI-W for the period ending in November 2024, the CRA asset-size thresholds for small banks and intermediate small banks are:

- A small bank is an institution that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.609 billion.
- An intermediate small bank is a small institution with assets of at least \$402 million as of December 31 of both of the prior two calendar years and less than \$1.609 billion as of December 31 of either of the prior two calendar years.

These thresholds are in effect from January 1, 2025, through December 31, 2025. A list of the current and historical asset-size thresholds is available here.

Comment: Update your CRA program accordingly.

CFPB [Issues PACE Transactions final rule and Executive Summary](#) (12/17/2024) – The CFPB issued a Final Rule related to residential Property Assessed Clean Energy (PACE) transactions.

The final rule:

- amends Regulation Z’s exclusion of tax assessments and tax liens from the definition of credit to clarify that voluntary tax assessments and tax liens, such as PACE financing, are not excluded under TILA and Regulation Z;
- recognizes PACE financing as meeting the definition of credit under TILA and Regulation Z;
- prescribes ability-to-repay requirements for residential PACE financing; and
- makes other amendments and exemptions to make clear how other rules in Regulation Z apply to PACE financing.

The Final Rule includes model Loan Estimate and Closing Disclosure forms to be used to comply with the TILA-RESPA Integrated Disclosure (TRID) Rule for PACE transactions.

You can access the Final Rule, the Executive Summary, and the TRID forms here:

www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/property-assessed-clean-energy-pace-transactions/ .

Comment: Property owners voluntarily agree to have a contractual assessment placed on their property as a senior lien. The assessment is paid back over a set period of time, usually 10 to 20 years, as an addition to the property owner's property tax bill. Residential PACE is allowed in Michigan for commercial and industrial properties, not for residential.

CFPB [Report Finds Mortgage Companies Create Obstacles for Homeowners After Death or Divorce](#)

(12/17/2024) – WASHINGTON, D.C. —The Consumer Financial Protection Bureau (CFPB) issued a report on the experiences of homeowners dealing with their mortgage company after divorce or the death of an original borrower. Many homeowners report that their servicers push them to take on new, higher-interest loans instead of keeping their existing mortgage. Homeowners also report recurring requests from servicers for the same or updated documents extending over months and sometimes years, at the same time they are dealing with the death of a loved one or a divorce. Domestic violence survivors face additional challenges, including mortgage companies continuing to send critical mortgage information to the abuser and thus putting the survivor’s safety at risk. Servicers generally blame investor requirements, processing volumes, or “systems issues,” rather than taking responsibility for their shoddy customer service.

“When someone loses a spouse or goes through a divorce, the last thing they need is their mortgage servicer giving them the runaround or pushing them into an unaffordable loan,” said CFPB Director Rohit Chopra. “Mortgage servicers have clear obligations under federal law to help these homeowners.”

“Assumptions are a fundamental feature of a VA-guaranteed loan, and when a Veteran passes away, their qualified surviving spouse should be able to assume the loan without further delay,” said Joshua Jacobs,

Under Secretary for Benefits at the Department of Veterans Affairs. “It’s unacceptable that anyone would target surviving spouses in their time of need. VA has published guidance to remind holders and servicers of assumption guidelines — and we’ve outlined how VA will address any failure to comply with these requirements.”

Each year, many Americans become homeowners following the death of a spouse or family member, or through divorce. If there is a mortgage on the home, these homeowners must make sure the mortgage payments are made on time to avoid foreclosure. Federal rules and mortgage program guidelines require servicers to help these successor homeowners get information on the existing mortgage, including how to make payments and evaluation for help making their payments through a loan modification, if necessary. Homeowners who want to modify their loan payments or remove a borrower from the mortgage must typically accept legal responsibility for the payments or “assume” the mortgage, and they may need to go through an investor or federal mortgage agency’s underwriting process.

Homeowners report problems accessing basic information and having their assumptions processed with loans insured by VA and other federal agencies.

Based on its review of consumer complaints, the CFPB has identified multiple areas of concern, including:

- Pressure to take out higher-interest loans: Homeowners report servicers telling them they must refinance their mortgages at today's higher interest rates even though federal mortgage guidelines allow them to maintain the existing loan terms.
- Repeated delays and paperwork requests: Many homeowners report waiting months or even years for servicers to process their paperwork, with some reporting that servicers repeatedly request the same documentation or fail to respond to inquiries.
- Refusals to release the original borrower from liability: Some homeowners report that servicers are denying their requests to remove the original borrower from the mortgage, even when the successor homeowner has been making all payments on the mortgage for years.
- Risks to domestic violence survivors: Survivors of domestic violence have reported that servicers continue sending account information to their abusers and require their abusers' consent for account changes, potentially creating safety threats.

The Department of Veterans Affairs encourages VA home loan borrowers to contact their servicer to resolve concerns with their existing mortgages. Borrowers may also call 877-827-3702, between 8 a.m. and 6 p.m. ET, to contact the nearest VA Regional Loan Center and speak with a VA representative regarding their individual home loan situation for counseling and guidance.

Additionally, the CFPB urges investors and guarantors to:

- Review mortgage servicers’ policies and procedures to ensure that they are complying with all applicable law and guidance, including the guidance provided by the federal mortgage agencies.
- Ensure their policies are not unnecessarily pushing successor homeowners to refinance their mortgages.
- Examine whether their underwriting requirements are posing an undue obstacle to mortgage assumptions where the successor demonstrates an ability and willingness to pay.
- Develop, with mortgage servicers, policies and procedures to protect the rights and safety of successor homeowners who are survivors of domestic violence.

The CFPB has previously taken action to protect homeowners who are successors in interest. As part of the CFPB's 2013 mortgage servicing regulations, the CFPB established requirements for servicers to facilitate communications with successors in interest who are surviving family members. In 2014, the CFPB published an interpretive rule to clarify that the CFPB's Ability to Repay Rule does not apply where a successor in interest who has acquired title to a property agrees to be added as obligor or substituted for the existing obligor. In 2016, the CFPB expanded mortgage servicing protections for successors in interest who receive property upon the death of a relative or joint tenant; as the result of divorce or legal separation; through certain trusts; or from a spouse or parent.

Comment: Remember that RESPA has a section that deals with successors in interest. A successor in interest is a person or entity that acquires ownership of a property that secures a mortgage loan and protects successors in interest with certain rights.

Technology / Security

CISA [Releases Best Practice Guidance for Mobile Communications](#) (12/18/2024) – CISA released Mobile Communications Best Practice Guidance. The guidance was crafted in response to identified cyber espionage activity by People's Republic of China (PRC) government-affiliated threat actors targeting commercial telecommunications infrastructure, specifically addressing "highly targeted" individuals who are in senior government or senior political positions and likely to possess information of interest to these threat actors.

Highly targeted individuals should assume that all communications between mobile devices—including government and personal devices—and internet services are at risk of interception or manipulation.

CISA strongly urges highly targeted individuals to immediately review and apply the best practices provided in the guidance to protect mobile communications, including consistent use of end-to-end encryption.

Comment: A good reminder that '...all communications between mobile devices—including government and personal devices—and internet services are at risk of interception or manipulation.' Don't assume the only person you are communicating with is the intended audience.

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.

09.17.2024 **FDIC** [Recordkeeping for Custodial Accounts](#) Summary: SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is proposing requirements that would strengthen FDIC-insured depository institutions' (IDI) recordkeeping for custodial deposit accounts with transactional features and preserve beneficial owners' and depositors' entitlement to the protections afforded by Federal deposit insurance. The proposal is intended to promote the FDIC's ability to promptly make deposit insurance determinations and, if necessary, pay deposit insurance claims "as soon as possible" in the event of the failure of an IDI holding custodial accounts with transactional features. The proposed requirements also are expected to result in depositor and consumer protection benefits, such as promoting timely access by consumers to their funds, even in the absence of the failure of an IDI. The requirements described in this document would only apply to IDIs offering custodial accounts with transactional features and that are not specifically exempted as provided in this NPR. **DATES: Comments must be received by the FDIC on or before January 16, 2025 (extended by the FDIC from the original December 2, 2024, deadline.)**

12.09.2024

CFPB [Fair Credit Reporting Act \(Regulation V\); Identity Theft and Coerced Debt](#) SUMMARY: The Consumer Financial Protection Bureau (CFPB) is seeking information in advance of preparing a proposed rule to address concerns related to information furnished to credit bureaus and other consumer reporting agencies concerning coerced debt. More specifically, this advance notice of proposed rulemaking solicits information on amending the definitions of “identity theft” and “identity theft report” in Regulation V, which implements the Fair Credit Reporting Act, as well as other related amendments to Regulation V, to include information stemming from transactions that occurred without the consumer’s effective consent. **DATES: Comments must be received by March 7, 2025.**