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

'October is a symphony of both permanence and change.' – Bonaro W. Overstreet

Joint federal agency issuances, actions and news

FFIEC CRA Alert - CRA Data Entry Software Version 2020 Release 2 (10.13.2020)

The 2020 CRA Data Entry Software Release 2 is now available.

Source link.

Comment: The Federal Financial Institutions Examination Council (FFIEC) said this second release of the 2020 Community Reinvestment Act (CRA) reporting software includes the 2020 census update and an enhancement of the "Submission via Web" data export option.

Bank Secrecy Act: Customer Identification Program Rule Exemption for Insurance Premium Finance Loans (10.09.2020)

The FDIC, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the National Credit Union Administration, collectively the federal banking agencies (FBAs), with the concurrence of the Financial Crimes Enforcement Network (FinCEN), grant an exemption from the requirements of the customer identification program (CIP) rules for loans extended by banks and their subsidiaries to all customers to facilitate purchases of property and casualty insurance policies.

A copy of the Order Granting the Exemption can be found on the FDIC's website.

Source link.

Comment: FinCEN emphasized that "property and casualty insurance policies themselves are not an effective means for transferring illicit funds." Banks, however, must still comply with all other regulatory requirements, including those implementing the Bank Secrecy Act that require the filing of suspicious activity reports.

Regulatory Capital Rule: Eligible Retained Income (10.08.2020)

On October 8, 2020, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) jointly issued a final rule that revises the definition of eligible retained income in the agencies' regulatory capital rule. The rule finalizes without changes an interim final rule that the agencies issued on March 20, 2020. The final rule is effective for banks January 1, 2021.

Note for Community Banks

This final rule applies to community banks except for qualifying community banking organizations electing to use the community bank leverage ratio framework.

Highlights

Under the capital rule, if a bank's capital ratios fall within its buffer requirements, the maximum amount of capital distributions it can make is a function of its eligible retained income. The final rule revises the definition of eligible retained income to the greater of

- a banking organization's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, or
- the average of a banking organization's net income over the preceding four quarters.

Source link.

Comment: As noted, these relate to two actions taken in March 2020. The first one was in the form of a statement encouraging banks to use their resources to support households and businesses and that statement was accompanied by a questions and answers (Q&A) document. The second measure was a technical change to gradually phase in, as intended, the automatic distribution restrictions if the capital levels of a firm decline. The technical change was an interim final rule that revised the definition of eligible retained income for all depository institutions, bank holding companies, and savings and loan holding companies subject to the agencies' capital rule.

Current Expected Credit Losses: Final Rule (10.01.2020)

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) published a rule finalizing the interim final rule to delay the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (CECL2) by banks.

This bulletin replaces and rescinds OCC Bulletin 2020-27, "Current Expected Credit Losses: Interim Final Rule," and OCC Bulletin 2020-42, "Current Expected Credit Losses: Final Rule With Technical Changes to Interim Final Rule."

Note for Community Banks

The final rule applies to community banks that adopt CECL in 2020 under U.S. generally accepted accounting principles (GAAP). Most community banks are not required to adopt CECL until 2023.

Highlights

In March 2020, the agencies issued an interim final rule (2020 CECL IFR) that provides banking organizations that were required under U.S. GAAP (as of January 2020) to implement CECL before the end of 2020 the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period (five-year transition option).

The final rule

- adopts all provisions of the 2020 CECL IFR.
- permits all banking organizations that adopt CECL in 2020 the option to use the new transition in the 2020 CECL IFR, even if not required to adopt CECL under U.S. GAAP in 2020.
- clarifies that a banking organization is not required to use the transition in quarters in which it would not generate a regulatory capital benefit.

Source link.

Comment: In March 2020 the agencies issued an interim final rule that delayed the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, "Financial Instruments—Credit Losses," Topic 326, "Measurement of Credit Losses on Financial Instruments" (commonly referred to as CECL1) for a transition period of up to five years. Also, in March 2020 the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provided banking organizations with optional, temporary relief from complying with CECL. The March 2020 joint statement clarified the interaction between the CECL interim final rule and the CARES Act for purposes of regulatory capital requirements.

Truth in Lending Act: Revised Interagency Examination Procedures (09.30.2020)

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council1 (FFIEC) has adopted revised interagency examination procedures for the Truth in Lending Act (TILA), implemented by Regulation Z. The revised interagency procedures reflect amendments to Regulation Z published in the Federal Register through May 18, 2018.

Highlights

The FFIEC members developed these procedures to promote consistency in the examination process and communication of supervisory expectations. These interagency procedures reflect

- amendments to Regulation Z that relate to the TILA-RESPA Integrated Mortgage Disclosure Rule.3
- amendments to TILA relating to the Economic Growth, Regulatory Relief, and Consumer Protection Act, including
  - provisions relating to high-cost loans, appraisals, and student lending.
  - an additional type of qualified mortgage for insured depository institutions with less than $10 billion in assets.
  - an additional type of escrow exemption for insured depository institutions with less than $10 billion in assets.

Source link.

Comment: The updated interagency procedures reflect changes made to Regulation Z that relate to the TILA-RESPA Integrated Mortgage Disclosure Rule. Updates also reflect amendments to TILA that relate to the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), such as (i) special provisions relating to high-cost loans, appraisals, and student lending; (ii) "an additional type of qualified mortgage for insured depository institutions with less than $10 billion in assets"; and (iii) "an additional type of escrow exemption for insured depository institutions with less than $10 billion in assets." Going forward, examiners should only rely on the revised interagency examination procedures. Exam procedures are an excellent tool in designing internal audit procedures.

Agencies Issue Two Final Rules (09.29.2020)

The federal bank regulatory agencies finalized two rules, which are either identical or substantially similar to interim final rules currently in effect and issued earlier this year. They include:

- A final rule that temporarily defers appraisal and evaluation requirements for up to 120 days after the closing of certain residential and commercial real estate transactions; and

- A final rule that neutralizes—due to the lack of credit and market risk—the regulatory capital and liquidity effects for banks that participate in certain Federal Reserve liquidity facilities.

The final rule temporarily deferring appraisal and evaluation requirements is substantially similar to the interim final rule issued in April. It will allow individuals and businesses to more quickly access real estate equity to help address needs for liquidity as a result of the coronavirus. In response to comments, the final rule clarifies which loans are subject to the deferral. The final rule is effective upon publication in the Federal Register and will expire on December 31, 2020.

The final rule pertaining to Federal Reserve liquidity facilities adopts without change three interim final rules issued in March, April, and May 2020. Earlier this year, the Federal Reserve launched several lending facilities to support the economy in light of the coronavirus response. The final rule neutralizes the regulatory capital and liquidity coverage ratio effects of participating in the Money Market Mutual Fund Liquidity Facility and Paycheck Protection Program Liquidity Facility because there is no credit or market risk in association with exposures pledged to these facilities. As a result, the final rule will support the flow of credit to households and businesses affected by the coronavirus. The effective date of this final rule is 60 days after the date of publication in the Federal Register.

Real Estate Appraisals Final Rule

Treatment of Certain Emergency Facilities in the Regulatory Capital Rule and the Liquidity Coverage Ratio Rule

Source link.

Comment: All deferrals of appraisals and evaluations are temporary. Banks that defer receipt of an appraisal or evaluation are still expected to conduct their lending activity consistent with the underwriting principles in the Agencies' Standards for Safety and Soundness and Real Estate Lending Standards that focus on the ability of a borrower to repay a loan and other relevant law and regulations. The second final rule neutralizes the regulatory capital and liquidity coverage ratio effects of banks participating in the Money Market Mutual Fund Liquidity Facility and Paycheck Protection Program Liquidity Facility because there is no credit or market risk in association with exposures pledged to these facilities as noted in the original interim final rule.

CFPB actions and news

Consumer Financial Protection Bureau Issues Final Rule Extending the GSE Patch (10.20.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) issued a final rule to extend the Government-Sponsored Enterprise (GSE) Patch until the mandatory compliance date of a final rule amending the General Qualified Mortgage (QM) loan definition in Regulation Z. The GSE Patch was scheduled to expire on January 10, 2021. The Bureau is not amending the provision in Regulation Z stating that the GSE Patch will expire if the GSEs (Fannie Mae and Freddie Mac) exit conservatorship.

In releasing the final rule, the Bureau is taking steps to ensure a smooth and orderly transition away from the GSE Patch and to maintain access to responsible, affordable mortgage credit upon its expiration. Further, the Bureau is taking this action to ensure that responsible, affordable credit remains available to consumers who may be affected if the GSE Patch expires before the mandatory compliance date of a final rule amending the General QM loan definition. The Bureau issued a proposal to amend the General QM loan definition on June 22, 2020, the same day it issued a proposal to extend the GSE Patch. The Bureau is currently developing a final rule amending the General QM loan definition and is planning to issue it at a later date.

The Dodd-Frank Act amended the Truth in Lending Act (TILA) to establish ability-to-repay requirements for most residential mortgage loans. TILA identifies factors a creditor must consider in making a reasonable and good faith assessment of a consumer's ability to repay. TILA also defines a category of loans called QMs, which are presumed to comply with the ability-to-repay requirements. In 2013, the Bureau issued the Ability-to-Repay/Qualified Mortgage (ATR/QM) rule, which established a general QM standard for loans where the consumer's debt-to-income (DTI) ratio is 43 percent or less and that meet various other requirements.

The ATR/QM Rule also created the GSE Patch as a temporary QM definition. The GSE Patch provides QM status to certain mortgage loans eligible for purchase or guarantee by either of the GSEs. GSE Patch loans are eligible for QM status even if the DTI ratio exceeds 43 percent. Last year, the Bureau released an assessment of the ATR/QM Rule and found that GSE Patch loans represent a large and persistent share of mortgage originations. As noted above, the GSE Patch is scheduled to expire soon, and absent regulatory action the Bureau estimates that approximately 957,000 mortgage loans would be affected by the expiration of the GSE Patch. The Bureau estimates that, after the GSE Patch expires, some of these loans would either not be made or would be made but at a higher price.

On August 18, 2020 the Bureau also issued a proposed rule related to the ATR/QM Rule to create a new category of QMs (Seasoned QMs). The Bureau is planning to issue a final rule in connection with this proposal at a later date.

To read the final rule click here: https://files.consumerfinance.gov/f/documents/cfpb_atr-qm-patch-extension-final-rule_2020-10.pdf.

Source link.

Comment: The GSE Patch was scheduled to expire on January 10, 2021, but the CFPB's final rule will extend the GSE Patch until the date a final rule amending the General QM loan definition becomes effective. The CFPB issued a proposal to amend the QM loan definition on June 22, 2020, the same day it issued a proposal to extend the GSE Patch. The agency is currently developing a final rule amending the General QM loan definition and is planning to issue it at a later date.

CFPB Publishes 2021 Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart (10.19.2020)

The Bureau published a reference tool for HMDA data required to be collected and recorded in 2021 and reported in 2022.

You can access the 2021 Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart at www.consumerfinance.gov/policy-compliance/guidance/mortgage-resources/hmda-reporting-requirements/.

Source link.

Comment: The chart is intended to be used as a reference tool for those data points required to be collected, recorded and reported under HMDA. The reference chart also breaks down and describes, one by one, the data points required to be collected and reported by lenders in 2021 and provides filing instructions for each.

Deadline Extended to Claim Stimulus (10.08.2020)

The IRS has extended the deadline for individuals to claim their Economic Impact Payment (EIP). The IRS's Non-Filers tool will be available through November 21, 2020.

While most people who regularly file a tax return or receive federally administered assistance, like social security, were automatically sent their EIP, several million people have not yet received their payment. Most of these people have no tax filing obligation because they make too little income to file federal taxes.

Your clients may be among the millions of people who are eligible to receive their Economic Impact Payment under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, who haven't claimed it yet. To help you reach those who haven't filed yet we've created a handful of resources to help:

- Helping Consumers Claim the Economic Impact Payment: A guide for intermediary organizations
- Flyer in English
- Flyer in Spanish

Comment: Sadly, these payments have also been subject to fraud. See FinCEN Advisory on Imposter Scams and Money Mule Schemes, FIN-2020-A003 https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2020-a003 .

CFPB Issues RESPA FAQs on MSAs and on Gifts and Promotional Activity (10.07.2020)

The Bureau released a set of Frequently Asked Questions (FAQs) discussing topics under the Real Estate Settlement Procedures Act (RESPA) and Regulation X. The FAQs provide an overview of the provisions in RESPA Section 8 (and the respective sections in Regulation X), and they address the application of these provisions to gifts and promotional activities and also to marketing services agreements (MSAs).

At the same time, the Bureau is rescinding Compliance Bulletin 2015-05, RESPA Compliance and Marketing Services Agreements. As stated in the Bureau's blog post on the rescission, the Bureau's rescission of the Bulletin does not mean that MSAs are per se or presumptively legal. Instead, as explained in the FAQs, whether a particular MSA violates RESPA Section 8 will depend on specific facts and circumstances, including how the MSA is structured and implemented. The FAQs aim to provide greater clarity on these points and highlight examples of when an MSA is or is not legal.

MSAs remain subject to scrutiny and the Bureau remains committed to vigorous enforcement of RESPA Section 8.

You can access RESPA FAQs here: https://www.consumerfinance.gov/policy-compliance/guidance/mortgage-resources/real-estate-settlement-procedures-act/real-estate-settlement-procedures-act-faqs/.

Source link.

Comment: These FAQs lift the burdensome prior guidance on MSAs. Nonetheless, remember that all marketing fees and activities must reflect actual market value. Inflated payments still create an illegal kickback. Determining whether or not an MSA violates RESPA Section 8 will depend on specific facts and circumstances contained in the MSA and how the arrangement is structured and implemented.

Consumer Financial Protection Bureau Releases Assessment of TRID Mortgage Loan Disclosure Rule (10.01.2020)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) published an assessment of the TRID Integrated Disclosure Rule (the Truth in Lending Act and Real Estate Settlement Procedures Act). The assessment found that the TRID Rule made progress towards several of its goals.

The evidence available for the assessment indicates that the TRID Rule improved consumers' ability to locate key information, compare terms and costs between initial disclosures and final disclosures, and compare terms and costs across mortgage offers. Evidence was mixed, but leans positive, regarding whether the Rule improved consumer understanding of forms.

The assessment also found that the Rule resulted in sizeable implementation costs for companies. Firms also reported increases to their ongoing costs; however, it is unclear if these increases are due to ongoing trends or if these increases can be attributed to the Rule. The report examined potential effects on a range of market outcomes, such as interest rates and origination volumes, and found either no change or relatively short-lived changes in these measures around the Rule's effective date.

The assessment was conducted in accordance with Section 1022(d) of the Dodd-Frank Act that requires the Bureau to assess significant rules or orders adopted under Federal consumer financial law. An assessment must address, among other relevant factors, the rule's effectiveness in meeting the Dodd-Frank Act's purposes and objectives and the specific goals stated by the Bureau in issuing the rule. An assessment must reflect available evidence and any data that the Bureau reasonably may collect, and the Bureau must invite public comment on recommendations for modifying, expanding, or eliminating the rule.

In addition, the Bureau published a Data Point examining how the terms and costs of a mortgage loan may change during the origination process as reflected in the Loan Estimate and Closing Disclosure forms provided to borrowers pursuant to the TRID Rule. The research examined data for about 50,000 mortgages, though they may not be representative of all mortgages. The research found that almost 90 percent of mortgage loans involved at least one revision, 62 percent received at least one revised Loan Estimate, and 49 percent received at least one corrected Closing Disclosure. Additionally, the report found that the prevalence of changes in loan terms between the first Loan Estimate and the last Closing Disclosure varied greatly across loan terms: APR changes occurred in more than 40 percent of mortgages; loan amount and the loan to value ratio changed for almost 25 percent of mortgages; and interest rate changed for eight percent of mortgages.

The report also summarizes public comments for modifying, expanding, or eliminating the rule. The Bureau will take the public comments as well as the findings of the assessment into account in determining whether there might be changes to the rule that would strengthen the rule's benefits or reduce its costs.

The TRID Rule Assessment Report issued is available at:
https://files.consumerfinance.gov/f/documents/cfpb_trid-rule-assessment_report.pdf

The Data Point is available at: https://files.consumerfinance.gov/f/documents/cfpb_data-point_how-mortgages-change-before-origination.pdf

Source link.

Comment: Regarding the one-time cost of implementation, the median response from lenders was roughly $146 per mortgage originated in 2015. The bureau's benefit-cost analysis estimated the average implementation cost to be around $135 per mortgage. Lenders reported that their implementation costs were largely driven by new information technology systems, policies and training, as well as costs related to third parties including closing agents, software vendors, mortgage brokers and correspondents.

FDIC actions and news

The FDIC Approves Interim Final Rule to Provide Temporary Relief from Part 363 Audit and Reporting Requirements (10.20.2020)

WASHINGTON – Due to recent disruptions in economic conditions, some insured depository institutions (IDIs) have experienced large cash inflows resulting from participation in the Paycheck Protection Program (PPP), the Money Market Mutual Fund Liquidity Facility (MMLF), and the Paycheck Protection Program Liquidity Facility (PPPLF), or due to other factors such as the effects of other government stimulus efforts.

The Federal Deposit Insurance Corporation (FDIC) issued an interim final rule (IFR) to provide relief for such IDIs that, absent regulatory action, would be required to incur substantial costs on a temporary basis.

The FDIC's IFR would allow IDIs that have experienced growth to determine whether they are subject to the requirements of Part 363 of the FDIC's regulations for fiscal years ending in 2021 based on the consolidated total assets as of December 31, 2019. Such IDIs, whose asset growth may be temporary but significant, would be otherwise required to develop processes and systems to comply with the annual independent audits and reporting requirements of Part 363 on a potentially short-term basis.

The interim final rule is effective immediately, and comments will be accepted for 30 days after publication in the Federal Register.

The FDIC is also actively considering similar, additional, targeted adjustments to further mitigate unintended consequences resulting from pandemic-related stimulus actions.

Attachment:

Proposed Interim Final Rule

Source link.

Comment: Part 363 requires banks with assets of $500 million or more to obtain annual independent audits and meet related reporting requirements. It has additional requirements, including for audit committees, at banks with $1 billion and $3 billion in assets. The interim final rule will allow banks to determine whether they are subject to Part 363 requirements for fiscal years ending in 2021 based on the lesser of their consolidated total assets as of Dec. 31, 2019, or consolidated total assets as of the beginning of their fiscal years ending in 2021. A bank currently makes the determination using its consolidated total assets as of the beginning of its fiscal year. The interim final rule gives the FDIC the authority to require reporting if it determines asset growth was related to a merger or acquisition.

FDIC Survey Shows 95 Percent of U.S. Households Were Banked in 2019 (10.19.2020)

WASHINGTON – A record 95 percent of U.S. households had a bank or credit union account in 2019, according to a new biennial survey and report released by the Federal Deposit Insurance Corporation (FDIC). How America Banks: Household Use of Banking and Financial Services also found that a record low 5.4 percent of U.S. households were unbanked in 2019.

Since 2009, the FDIC has measured the banked and unbanked populations in the U.S. and studied household use of banking and financial products and services, the most comprehensive analysis of its kind.

“It is encouraging that a record number of households had bank accounts in 2019, though we continue to pursue actions to create a more inclusive banking system,” said FDIC Chairman Jelena McWilliams. “New products and technologies have the potential to bring even more people into the banking system and the FDIC will encourage this important innovation.”

In partnership with the U.S. Census Bureau, the FDIC conducted the survey in June 2019, collecting responses from nearly 33,000 households. The FDIC found that between 2017 and 2019, more than 1.5 million new households opened bank accounts, and the use of mobile banking as the primary means of accessing accounts more than doubled.

The 2019 survey also asked all households – both banked and unbanked – about their use of credit provided by banks and credit provided by nonbanks. In 2019, almost three in four households used bank credit and fewer than one in 20 used nonbank credit.

Key findings of How America Banks from 2019:

- Nearly 95 percent (124 million) of U.S. households had at least one bank or credit union account in 2019, while 5.4 percent (7.1 million) of households did not.
- Mobile banking continued to increase sharply in 2019, more than doubling as the primary means of access since 2017 and leading all other methods of account access, including tellers, ATMs, and online banking.
- Nearly half of unbanked households reported they did not have a bank account because they did not have enough money to meet minimum balance requirements, and approximately one-third of unbanked households stated they did not have an account because they did not trust banks.
- The number and percent of all unbanked households declined from 2017 to 2019. Approximately 14 percent of African-American households and 12 percent of Hispanic households did not have bank accounts in 2019. This is the lowest percentage of unbanked household for these groups since the FDIC began conducting the survey. However, among white households, less than 3 percent were unbanked.
- Nearly 28 percent of unbanked households used prepaid cards in 2019, which may provide them with a connection to the banking system. About one in three (31.1 percent) Black unbanked households used a prepaid card in 2019, as did one in six (16.7 percent) Hispanic unbanked households.
- In 2019, 73 percent of U.S. households used bank credit, such as a credit card, personal loan, or line of credit from a bank. Five percent used nonbank credit, such as a payday loan or an auto title loan. Use of nonbank credit declined from 8 percent in 2015 to nearly 5 percent in 2019.

In light of the extraordinary economic and social disruptions caused by the COVID-19 pandemic, the survey includes a postscript that draws on findings from the 2019 and earlier surveys to address possible consequences for the unbanked rate. The postscript also discusses potential pandemic-related challenges faced by households in conducting financial transactions, visiting bank branches, saving for unexpected expenses or emergencies, and obtaining credit.

For more information on How America Banks, including custom tables and localized data, visit FDIC.gov/HowAmericaBanks.

The FDIC also launched a new website to assist consumers who would like to learn more about the process of opening a bank account, including top reasons to have a bank account. To learn more, visit FDIC.gov/GetBanked and follow the campaign at #GetBanked.

Source link.

Comment: The FDIC noted that the decline by nearly half in unbanked households between 2017 and 2019 was associated with improvements in household's socioeconomic circumstances, including higher annual income, lower monthly income volatility, low unemployment and higher rates of homeownership status and educational attainment that came as a result of a strong economy.

FDIC Publishes Resource Guide to Promote Investment Partnerships With FDIC-Insured Minority Banks and Community Development Financial Institutions (10.16.2020)

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) published a new resource guide to promote private and philanthropic investment partnerships with FDIC-insured Minority Depository Institutions (MDIs) and Community Development Financial Institution banks (CDFI banks). "Investing in the Future of Mission-Driven Banks" is FDIC's latest effort to build supportive partnerships between these banks and other financial institutions, private companies and philanthropic organizations.

FDIC-insured MDIs and CDFI banks provide critically needed banking products and services to small businesses and individuals in minority and lower income communities in urban and rural areas that have traditionally lacked access to safe and affordable credit. Many of these institutions are small, and building capacity and scale are critical to growing their operations and expanding services to their communities.

There are approximately 250 MDIs and CDFI banks insured by the FDIC with combined capital of less than $40 billion. Consequently, modest investments at any one of these institutions can have an enormous impact on their operations and the communities they serve. Every dollar of equity capital invested can increase lending by a multiple of the original investment. Every dollar of deposits can only increase lending up to the amount of the deposit. In addition, grants and other investments may qualify for matching funds in existing support programs, and partnerships between private companies, philanthropic organizations, or other banks can greatly expand the investment from the original partner.

The FDIC has also created a MDI and CDFI Bank locator that includes every FDIC-insured mission-driven bank and branch in the country. Information includes bank type, location, and direct links to each bank.

The FDIC welcomes comments or suggestions about this publication or the agency's Minority Depository Institutions (MDI) Program. Contact the MDI Program at MDIProgram@fdic.gov.

Source link.

Comment: The resource guide is intended to promote private and philanthropic investment partnerships with minority depository institutions (MDIs) and community development financial institutions (CDFI) banks insured by the FDIC.

FDIC Advisory Committee to Discuss Results of 2019 Survey of Households Use of Banking and Financial Services (10.16.2020)

The Federal Deposit Insurance Corporation (FDIC) Advisory Committee on Economic Inclusion (ComE-IN) will meet on Thursday, October 22, at 1:00 p.m. ET to discuss the results of How America Banks: 2019 FDIC Survey of Household Use of Banking and Financial Services, the FDIC's biennial survey of thousands of U.S. households administered in partnership with the U.S. Census Bureau. During the meeting, the committee also will discuss the financial status and health of American households during the COVID crisis, the economic conditions in members' local communities, and other topics. The meeting will be Webcast live beginning at 1:00 p.m., ET.

ComE-IN was established by the FDIC Board of Directors in November 2006 to provide the agency with advice and recommendations on important initiatives to expand access to banking services for underserved populations. More information is available about the committee and its initiatives, and the comprehensive data for all household surveys.

Source link.

FDIC Releases Results of Summary of Deposits Annual Survey (09.18.2020)

The Federal Deposit Insurance Corporation (FDIC) released results of its annual survey of branch office deposits for all FDIC-insured institutions as of June 30, 2020. The FDIC's Summary of Deposits (SOD) provides deposit totals for each of the more than 85,000 domestic offices operated by more than 5,000 FDIC-insured commercial and savings banks, savings associations, and U.S. branches of foreign banks.

The SOD includes historical data going back to 1994 that can be analyzed using online reports, tables, and downloads. SOD users can locate bank offices in a particular geographic area and create custom market share reports for areas such as state, county, and metropolitan statistical area. Market share reports have been expanded to allow users to see market growth and market presence for specific institutions.

The SOD is available at https://www7.fdic.gov/sod/. To receive annual updates of the SOD, go to the subscription page at https://service.govdelivery.com/accounts/USFDIC/subscriber/new.

Source link.

FDIC Launches Its First-Ever Academic Challenge (09.18.2020)

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) announced the launch of the agency's first-ever Academic Challenge, a competition among teams of university and college students to address questions concerning the U.S. banking sector. The topic for this inaugural challenge is "The Effects of Community Banks on Local Economic Development."

The FDIC's Center for Financial Research is hosting the 2020-2021 Academic Challenge, which will consist of two rounds. In the first round of the competition, teams of undergraduate students will use multiple public data sources to examine the effects of community banks on local economic development. In the second round, finalist teams will be invited to present their findings and answer questions from a panel of judges who work in the areas of banking and bank supervision.

"We are launching this academic challenge to excite young minds to the world of banking and how community banks connect to their communities," said FDIC Chairman Jelena McWilliams. "This competition will expose undergraduates to the regulation and supervision of financial institutions."

Teams will be challenged to use government and other public data to inform their insights. In addition, FDIC economists will host two online sessions to help students find resources and address questions about the competition. Participants will have the opportunity to showcase and sharpen their analytical and presentation skills, to be exposed to important issues in banking, and to deepen their experiences working in teams.

Source link.

OCC actions and news

OCC Assesses $85 Million Civil Money Penalty Against USAA (10.14.2020)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) assessed a $85 million civil money penalty against USAA, Federal Savings Bank.

The OCC took this action based on the bank's failure to implement and maintain an effective compliance risk management program and an effective information technology risk governance program. These deficiencies resulted in violations of law, including but not limited to violations of the Military Lending Act and the Servicemembers Civil Relief Act. The bank is in the process of remediating these violations pursuant to the requirements of the January 2019 Consent Order the bank entered into with the OCC.

Source link.

Comment: This action as well as other recent actions reflect the emphasis that the OCC places on an effective compliance risk management program.

Community Reinvestment Act: Small Bank Compliance Guide (10.01.2020)

The Office of the Comptroller of the Currency (OCC) issued three items required to support the implementation of the Community Reinvestment Act (CRA) rule the agency issued on June 5, 2020 (2020 rule).

Note for Community Banks

The "Community Reinvestment Act 2020 Rule Small Bank Compliance Guide" and other supporting materials pertain to community banks subject to the CRA.

Highlights

The three items include the following:

- A compliance guide for small banks.
- An initial illustrative list of qualifying activities.
- A form to request consideration of items to be added to the list of qualifying activities.

The materials are available on the OCC website at https://occ.gov/cra.

Source link.

Comment: The small bank compliance guide covers compliance dates (Oct. 1 for certain provisions and Jan. 1, 2024 for small banks to comply with several other requirements), qualifying activities, the CRA's illustrative list and process for adding to it, assessment area delineations and data collection requirements.

OCC Releases Bank Supervision Operating Plan for Fiscal Year 2021 (10.01.2020)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) released its bank supervision operating plan for fiscal year (FY) 2021.

The plan provides the foundation for policy initiatives and for supervisory strategies as applied to individual national banks, federal savings associations, federal branches, federal agencies, and technology service providers. OCC staff members use this plan to guide their supervisory priorities, planning, and resource allocations.

Supervisory strategies for FY 2021 focus on

- credit risk management, commercial and residential real estate concentration risk management, allowances for loan and lease losses, and allowances for credit losses.
- cybersecurity and operational resilience.
- Bank Secrecy Act/anti-money laundering (BSA/AML) compliance management.
- compliance risk management associated with 2020 pandemic-related bank activities.
- Community Reinvestment Act performance.
- fair lending examinations and risk assessments.
- the impact of a low-rate environment and preparation for the phaseout of the London Interbank Offering Rate (LIBOR).
- proper oversight of significant third-party relationships.
- change management over significant operational changes.
- payment systems products and services.

The OCC will provide periodic updates about supervisory priorities through the Semiannual Risk Perspective in the fall and spring.

Source link.

Comment: These are not a major change from the FY 2020 Plan that included headers for Bank Secrecy Act/Anti-Money Laundering (BSA-AML) Compliance, Cybersecurity Operational Resiliency, Impact of Changing Interest Rate Outlooks, and Technological Innovation and Implementation.

OCC Reports Decline in Mortgage Performance (09.23.2020)

WASHINGTON—The Office of the Comptroller of the Currency (OCC) reported the performance of first-lien mortgages in the federal banking system declined during the second quarter of 2020.

The OCC Mortgage Metrics Report, Second Quarter 2020 showed 91.1 percent of mortgages included in the report were current and performing at the end of the quarter, compared to 96.1 percent a year earlier.

The percentage of seriously delinquent mortgages—mortgages that are 60 or more days past due and all mortgages held by bankrupt borrowers whose payments are 30 or more days past due— increased 5.4 percent from the previous quarter and 5.3 percent from a year ago.

Servicers initiated 249 new foreclosures during the second quarter of 2020, a 98.7 percent decrease from the previous quarter and a 98.8 percent decrease from a year ago. Events associated with COVID-19, including foreclosure moratoriums during the second quarter of 2020, caused significant decreases in these metrics.

Servicers completed 10,984 mortgage modifications in the second quarter of 2020, and 89.0 percent of the modifications reduced borrowers' monthly payments.

The first-lien mortgages included in the OCC's quarterly report comprise 28 percent of all residential mortgages outstanding in the United States or approximately 15 million loans totaling $2.97 trillion in principal balances. This report provides information on mortgage performance through June 30, 2020, and it can be downloaded from the OCC's website, www.occ.gov.

Source link.

Federal Reserve actions and news

Announcing the FedNowSM Pilot Program (10.13.2020)

The Federal Reserve announced the creation of the FedNow Pilot Program to support development, testing and adoption of the FedNow Service. This program continues efforts to foster industry partnerships in the development of the new instant payments service.

Over the coming weeks, the Federal Reserve will accept expressions of interest in the pilot program from eligible members of the FedNow Community, including financial institutions, as well as service providers and payment processors that partner with financial institutions.

The pilot program will include three phases: advisory, testing and closed-loop production. Throughout each of these phases and the subsequent launch of the FedNow Service, the Federal Reserve will call upon the entire group or subgroups of pilot participants – for example, those with specific expertise and/or representing specific segments – to participate in discussions or demos, test the service, engage service providers or users, and conduct other activities as needed.

Interested organizations that are not members of the FedNow Community should first enroll by submitting the FedNow Community participant profile form. Enrolled Community members will receive more information on the pilot program, the program's expression of interest form and an invitation to join a webinar later this month.

If your organization is interested in participating in the FedNow Pilot Program, please submit the expression of interest form by November 16 to be considered. Participants will be selected from the pool of interested organizations, seeking to ensure the program is representative of various types of institutions and service providers, connection types, and settlement arrangements.

Additional participants may be added in later phases of the program to address evolving needs. Organizations that are not selected will have opportunities to provide input into the FedNow Service through their participation in FedNow Community roundtables, working groups and surveys and may elect to become an early user of the service upon general availability.

Source link.

Comment: The opportunity to participate in the pilot program is open to eligible members of the FedNow Community, comprised of more than 700 members that have expressed their commitment to the success of the service. Community members selected to participate in the pilot will play a key role in supporting the development, testing and adoption of the FedNow Service.

Federal Reserve Board Extends Temporary Actions Aimed at Increasing the Availability of Intraday Credit Extended by Federal Reserve Banks (10.01.2020)

The Federal Reserve Board on Thursday extended to March 31, 2021, temporary actions aimed at increasing the availability of intraday credit extended by Federal Reserve Banks on both a collateralized and uncollateralized basis. These temporary actions: (1) suspend uncollateralized intraday credit limits (net debit caps) and waive overdraft fees for institutions that are eligible for the primary credit program; (2) permit a streamlined procedure for secondary credit institutions to request collateralized intraday credit (max caps); and (3) suspend two collections of information that are used to calculate net debit caps.

These temporary actions, which were announced on April 23, 2020, and originally set to expire on September 30, 2020, are consistent with the series of actions the Board has announced to support the flow of credit to households and businesses and to mitigate the disruptions from COVID-19. In particular, the temporary actions reinforce the Board's efforts to encourage regular use of intraday credit by healthy financial institutions.

Source link.

September 2020 Senior Loan Officer Opinion Survey on Bank Lending Practices (09.29.2020)

The Federal Reserve conducted a supplementary Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS) to understand the experiences of domestically chartered banks with the Main Street Lending Program (MSLP).1 The survey consisted of a set of questions that focused on four areas: commercial and industrial (C&I) loan inquiries and banks' participation in the MSLP since mid-June, when lender registration started; banks' outlook regarding their participation in the program; factors that may have shaped banks' willingness to participate; and characteristics of borrowers inquiring and receiving MSLP loans.2

Regarding C&I loan inquiries and banks' participation in the MSLP, respondents indicated that, on balance, inquiries for C&I loans from borrowers of an eligible size for the MSLP (or "MSLP-sized borrowers") were basically unchanged since mid-June, whereas inquiries decreased from Paycheck Protection Program (PPP)-sized borrowers and borrowers too large to be eligible for the MSLP.3 The majority of respondents reported that they were registered for the MSLP, with some banks reporting that they were already underwriting and submitting MSLP loans, and others reporting that they were preparing to make their first MSLP loans in the coming weeks.

In terms of banks' outlook for participation, respondents expected C&I loan inquiries to increase in the next three months from MSLP-sized borrowers, assuming that economic activity progresses in line with consensus forecasts. However, only a modest share of banks expected their willingness to extend MSLP loans to increase over the same period.

Regarding factors that may have shaped banks' participation in the MSLP, the survey inquired with registered banks about their reasons for not approving MSLP loans and with nonregistered banks about their reasons for not registering. Registered banks often cited concerns about borrowers' financial condition before and during the COVID-19 crisis, as well as overly restrictive MSLP loan terms for borrowers as reasons for not approving MSLP loans. Meanwhile, nonregistered banks mentioned their ability to provide credit to eligible borrowers without the MSLP, as well as unattractive key MSLP loan terms for lenders as reasons for not registering.

Regarding borrower characteristics, the survey asked banks about MSLP-sized borrowers inquiring about C&I loans and about borrowers approved for MSLP loans. Inquiring borrowers reportedly suffered significant reductions in revenue or employment due to COVID-19, were often eligible for PPP loans, and had access to alternative bank products other than C&I loans or to alternative sources of funds other than bilateral bank loans. In contrast, approved borrowers were reportedly even more likely to be affected by the pandemic than inquiring borrowers, but less likely to have access to alternative bank products or sources of funds. In addition, approved MSLP borrowers were less likely to be new clients than inquiring borrowers.

Source link.

Federal Reserve Board Issues Advance Notice of Proposed Rulemaking on an Approach to Modernize Regulations that Implement the Community Reinvestment Act (09.21.2020)

The Federal Reserve Board on Monday issued an Advance Notice of Proposed Rulemaking (ANPR) that invites public comment on an approach to modernize the regulations that implement the Community Reinvestment Act (CRA) by strengthening, clarifying, and tailoring them to reflect the current banking landscape and better meet the core purpose of the CRA. The ANPR seeks feedback on ways to evaluate how banks meet the needs of low- and moderate-income (LMI) communities and address inequities in credit access.

"By releasing a thoughtful and balanced ANPR and providing a long period for comment, the Federal Reserve is hoping to build a foundation for the banking agencies to come together on a consistent approach to CRA that has the broad support of the intended beneficiaries as well as banks of different sizes and business models," said Federal Reserve Board Chair Jerome H. Powell.

"The CRA is a seminal piece of legislation that remains as important as ever as the nation confronts challenges associated with racial equity and the COVID-19 pandemic," said Federal Reserve Board Governor Lael Brainard. "We must ensure that CRA continues to be a strong and effective tool to address systemic inequities in access to credit and financial services for LMI and minority individuals and communities."

Public comment on the ANPR will assist the Board in refining CRA modernization proposals to:

- Strengthen CRA's core purpose of meeting the wide range of LMI banking needs and addressing inequities in financial services and credit access
- Address changes in the banking industry
- Promote financial inclusion by including special provisions for activities in Indian Country and underserved areas, and for investments in Minority Depository Institutions and Community Development Financial Institutions
- Bring greater clarity, consistency, and transparency to performance evaluations that are tailored to local conditions
- Tailor performance tests and assessments to account for differences in bank sizes and business models
- Clarify and expand eligible CRA activities focused on LMI communities
- Minimize data burden and tailor data collection and reporting requirements
- Recognize the special circumstances of small banks in rural areas
- Create a consistent regulatory approach

Congress enacted the CRA in 1977, as part of several landmark pieces of legislation enacted in the wake of the civil rights movement intended to address inequities in the credit markets. The Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency have broad authority and responsibility for implementing the statute, which provides the agencies with a crucial mechanism for addressing persistent structural inequity in the financial system for LMI and minority individuals and communities. The statute and its implementing regulations also provide the agencies, regulated banks, and community organizations with necessary structure for facilitating and supporting a vital financial ecosystem that supports LMI- and minority-focused community development.

Comments on the attached ANPR will be accepted for 120 days after publication in the Federal Register.

Source link.

Comment: Based on this ANPR, it appears that the Fed will not expand data collection as is true for the OCC revisions. However, like the OCC changes, it would provide greater certainty for what counts as CRA investment activities.

Other federal action and news

Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity (10.15.2020)

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to help save lives, and to protect the most vulnerable in our society from predators and cowards who prey on the innocent and defenseless for money and greed. This advisory supplements the 2014 FinCEN Guidance on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking – Financial Red Flags ("2014 Advisory").

SAR Filing Request: FinCEN requests financial institutions reference this advisory in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the following key term: "HUMAN TRAFFICKING FIN-2020-A008" and selecting SAR Field 38(h) (human trafficking). Additional guidance appears near the end of this advisory.

Source link.

Comment: As with other advisories, this one includes helpful "red flags" and case studies, which can be useful training tools.

Advisory on Unemployment Insurance Fraud During the COVID-19 Pandemic (10.13.2020)

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to alert financial institutions to unemployment insurance (UI) fraud observed during the COVID-19 pandemic. Many illicit actors are engaged in fraudulent schemes that exploit vulnerabilities created by the pandemic.

This advisory contains descriptions of COVID19-related UI fraud, associated financial red flag indicators, and information on reporting suspicious activity. This advisory is based on FinCEN's analysis of COVID-19related information obtained from Bank Secrecy Act (BSA) data, open source reporting, and law enforcement partners.

Source link.

Comment: The advisory contains helpful "red flags." Again, these can be useful in training.

State Regulators Issue Ransomware Mitigation Tool (10.13.2020)

Washington, D.C. – State financial regulators, joined by the Bankers Electronic Crimes Task Force and the U.S. Secret Service, issued a self-assessment tool to banks they supervise in an effort to help mitigate ransomware attacks.

"Ransomware is a major threat to the financial services industry," said Texas Banking Commissioner Charles G. Cooper, who leads the Bankers' Electronic Crimes Task Force on this effort. The taskforce, composed of U.S. community financial institution CEOs, law enforcement, state bank regulators and other industry stakeholders, addresses the security needs of community financial institutions.

"State regulators are offering this tool because the rapid advancements in ransomware and potentially devastating consequences require financial institutions to be vigilant. There is no single measure to prevent ransomware attacks. It requires strong adherence to fundamental cybersecurity controls," Commissioner Cooper said.

Incidents of ransomware across industries have been on the rise and appear to be spreading. One global cyber insurer reported 775 ransomware incidents for its U.S. customers in 2019, representing a 131% increase from the year prior. Eleven percent of those customers were financial institutions.

"This is another example where close cooperation and developing robust partnerships is critical to accomplishing our shared goal of protecting the nation's financial infrastructure," said William Smarr, Special Agent in Charge of the U.S. Secret Service Dallas Field Office. "Working with the CSBS, the Secret Service recognizes the value of our trusted partners and the acumen they provide to combat cyber enabled fraud. Together, we are committed to keeping the Homeland safe from cyber threats."

Using the ransomware tool, a bank can assess its efforts to control and mitigate risks associated with the threat of ransomware and identify gaps that require increased security.

"This newly developed and comprehensive tool gives our bank's executive managers and board of directors an overview of our preparedness towards identifying, protecting, detecting, responding and recovering from a ransomware attack," said Trey Maust, executive chairman of Lewis & Clark bank in Oregon City, Ore., and a Bankers' Electronic Crimes Task Force member.

Source link.

Comment: With this release, state financial regulators remind banks to be vigilant against increasingly sophisticated ransomware attacks. Regulators also remind financial institutions that paying a ransom could expose financial institutions (and incident response consultants) to civil penalties if the payment is made to a cybercriminal sanctioned by Treasury's Office of Foreign Assets Control (OFAC).

Treasury Issues Ransomware Advisories to Increase Awareness and Thwart Attacks (10.01.2020)

The U.S. Department of the Treasury issued a pair of advisories to assist U.S. individuals and businesses in efforts to combat ransomware scams and attacks, which continue to increase in size and scope. The Financial Crimes Enforcement Network (FinCEN) advisory, entitled Advisory on Ransomware and the Use of the Financial System to Facilitate Ransom Payments, provides information on the role of financial intermediaries in payments, ransomware trends and typologies, and related financial red flags. It also provides information on effectively reporting and sharing information related to ransomware attacks. The Office of Foreign Assets Control (OFAC) advisory, entitled Advisory on Potential Sanctions Risks for Facilitating Ransomware Payments, highlights the sanctions risks associated with facilitating ransomware payments on behalf of victims targeted by malicious cyber-enabled activities.

October is National Cybersecurity Awareness Month. Additional information and resources on cybersecurity from the Cybersecurity and Infrastructure Security Agency and the National Cybersecurity Alliance can be found here.

Read the news release here.

Read the FinCEN advisory here.

Read the OFAC advisory here.

Source link.

Comment: As the advisory explains, ransomware attacks are a growing concern for the financial sector because of the critical role financial institutions play in the collection of ransom payments. Processing ransomware payments is typically a multi-step process that involves at least one depository institution and one or more money services business (MSB). Many ransomware schemes involve convertible virtual currency (CVC), the preferred payment method of ransomware perpetrators. The advisory also contains "red flags," which can be useful in training.

Publications, articles, reports, studies, testimony & speeches

U.S. Economic Outlook, Monetary Policy, and Initiatives to Sustain the Flow of Credit to Households and Firms (10.19.2020)

It is my pleasure to meet virtually with you today at the Unconventional Convention of the American Bankers Association.1 I look forward to my conversation with Rob Nichols, but first, please allow me to offer a few remarks on the economic outlook, Federal Reserve monetary policy, and some of the initiatives we have announced to support the flow of credit to households and firms during these challenging times.

Current Economic Situation and Outlook

In the first half of this year, the COVID-19 (coronavirus disease 2019) pandemic and the mitigation efforts put in place to contain it delivered the most severe blow to the U.S. economy since the Great Depression. Gross domestic product (GDP) collapsed at an almost 32 percent annual rate in the second quarter, and more than 22 million jobs were lost in March and April. This recession was by far the deepest one in postwar history, but it also may go into the record books as the briefest recession in U.S. history. The flow of macrodata received since May has been surprisingly strong, and GDP growth in the third quarter is estimated by many forecasters to have rebounded at roughly a 30 percent annual rate. This development is especially noteworthy when set in relief against the surge in new COVID-19 cases that were reported this summer in a number of U.S. states and the coincident flatlining in a number of high-frequency activity indicators that we follow to track the effect of the virus on economic activity.

Although spending on many services continues to lag, the rebound in the GDP data has been broad based across indicators of goods consumption, housing, and investment. These components of aggregate demand have benefited from robust fiscal support—including expanded unemployment benefits and the Small Business Administration's Paycheck Protection Program (PPP)—as well as low interest rates and efforts by the Federal Reserve to sustain the flow of credit to households and firms. In the labor market, about half of the 22 million jobs that were lost in the spring have been restored, and the unemployment rate has fallen since April by nearly 7 percentage points to 7.9 percent as of September.

Source link.

Industrial Production and Capacity Utilization - G.17 (10.16.2020)

Industrial production fell 0.6 percent in September, its first decline after four consecutive months of gains. The index increased at an annual rate of 39.8 percent for the third quarter as a whole. Although production has recovered more than half of its February to April decline, the September reading was still 7.1 percent below its pre-pandemic February level. Manufacturing output decreased 0.3 percent in September and was 6.4 percent below February's level. The output of utilities dropped 5.6 percent, as demand for air conditioning fell by more than usual in September. Mining production increased 1.7 percent in September; even so, it was 14.8 percent below a year earlier. At 101.5 percent of its 2012 average, total industrial production was 7.3 percent lower in September than it was a year earlier. Capacity utilization for the industrial sector decreased 0.5 percentage point in September to 71.5 percent, a rate that is 8.3 percentage points below its long-run (1972–2019) average but 7.3 percentage points above its low in April.

Source link.

U.S. Economic Outlook and Monetary Policy - Vice Chair Richard H. Clarida (10.14.2020)

It is my pleasure to meet virtually with you today at the 2020 Annual Membership Meeting of the Institute of International Finance.1 I regret that we are not doing this session in person, and I hope the next time Tim Adams invites me back, we will be gathering together in Washington. I look forward, as always, to my conversation with Tim, but first, please allow me to offer a few remarks on the economic outlook, Federal Reserve monetary policy, and our new monetary policy framework.

Current Economic Situation and Outlook

In the first half of this year, the COVID-19 (coronavirus disease 2019) pandemic and the mitigation efforts put in place to contain it delivered the most severe blow to the U.S. economy since the Great Depression. Gross domestic product (GDP) collapsed at an almost 32 percent annual rate in the second quarter, and more than 22 million jobs were lost in March and April. This recession was by far the deepest one in postwar history, but it also may go into the record books as the briefest recession in U.S. history. The flow of macrodata received since May has been surprisingly strong, and GDP growth in the third quarter is estimated by many forecasters to have rebounded at perhaps a 25 to 30 percent annual rate. This development is especially noteworthy when set in relief against the surge in new COVID-19 cases that were reported this summer in a number of U.S. states and the coincident flatlining in a number of high-frequency activity indicators that we follow to track the effect of the virus on economic activity.

Source link.

Consumer Credit - G.19 (10.07.2020)

August 2020

In August, consumer credit decreased at a seasonally adjusted annual rate of 2 percent. Revolving credit decreased at an annual rate of 11-1/4 percent, while nonrevolving credit increased at an annual rate of 3/4 percent.

Source link.

Recent Economic Developments and the Challenges Ahead - Chair Jerome H. Powell (10.06.2020)

Good morning. It has been just eight months since the pandemic first gained a foothold on our shores, bringing with it the sharpest downturn on record, as well as the most forceful policy response in living memory. Although it is too early for definitive conclusions, today I will offer a current assessment of the response to the economic fallout of this historic event and discuss the path ahead.

…snip

The Road Ahead

I will now turn to the outlook. The recovery has progressed more quickly than generally expected. The most recent projections by FOMC (Federal Open Market Committee) participants at our September meeting show the recovery continuing at a solid pace. The median participant saw unemployment declining to 4 percent and inflation reaching 2 percent by the end of 2023. Of course, the economy may perform better or worse than expected. The outlook remains highly uncertain, in part because it depends on controlling the spread and effects of the virus. There is a risk that the rapid initial gains from reopening may transition to a longer than expected slog back to full recovery as some segments struggle with the pandemic's continued fallout. The pace of economic improvement has moderated since the outsize gains of May and June, as is evident in employment, income, and spending data. The increase in permanent job loss, as well as recent layoffs, are also notable.

Source link.

Community Bank Optimism on Local Economic Health Ticks Up Slightly but Concerns Remain (10.06.2020)

Washington, D.C. – Community bankers are feeling slightly better about the health of their local economies but still far short of their pre-pandemic level of confidence, the most recent Community Bank Sentiment Index (CBSI) reveals.

The Conference of State Bank Supervisors publicly released the third quarter results, collecting data from 334 community banks across the nation during the month of September. The results showed a sentiment index of 97 points, up from 90 in the second quarter. Prior to the pandemic, the sentiment index hovered in the low 120s.

The CBSI captures on a quarterly basis what community bankers nationwide think about the future. Participant answers are analyzed and compiled into a single number; an index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

Key findings from the third quarter 2020 results include:

- The regulatory burden component is at 57, the same as for Q2, and again at a record low.
- Regulatory burden drove the uncertainty category to its highest at 44 points, up from 32 in 2Q.
- Bankers reported an improved outlook in business conditions, up to 103 points from 93 in the last quarter, and franchise value, up to 116 points from 98 in the same period.
- Their profitability outlook remains a concern, despite showing a 13-point increase to a value of 68 in the third quarter.

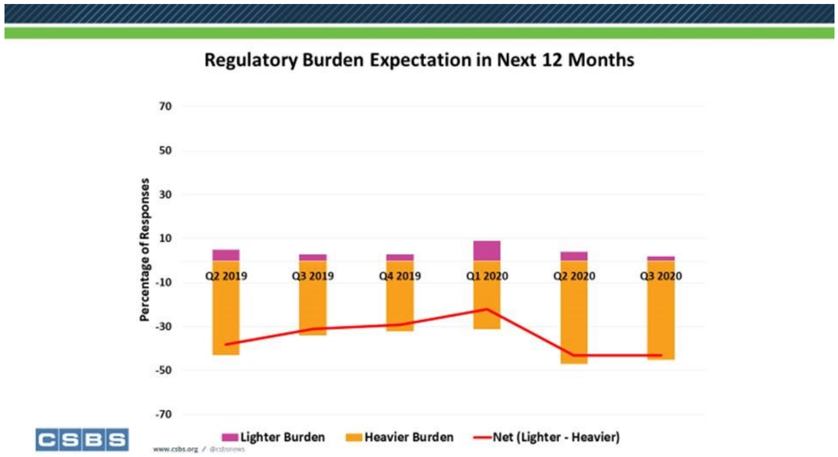
“The slight increase of community bankers’ overall optimism is notable; however, the fallout of the pandemic continues to create uncertainty for local communities,” said CSBS President and CEO John Ryan. “Policymakers should note their concern about future profitability and regulatory burden.”

Source link.

2020 Hindsight is Uncertainty (10.08.2020)

If the old expression “hindsight is 20/20” is true, then as we look back on this year of the pandemic/lockdown, uncertainty is sure to be an overriding theme. And community bankers would seem to agree. Their responses to CSBS's third quarter 2020 survey used to compute the Community Bank Sentiment Index (CBSI) express more uncertainty now than ever before.

As shown in the nearby chart, the overall level of community banker uncertainty leapt in the third quarter by 12 points to an index of 44, a rating that is even higher than the assessment of 42 recorded in the first quarter 2020 survey. The "uncertainty index" is calculated by summing the percent of "Don't Know/Not Sure" responses for each of the seven questions that makeup the CBSI.



…snip

But perhaps more importantly, since the second quarter, uncertainty in Regulatory Burden has been the driving force behind this recent historic high level of uncertainty, covering 11 points out of the total quarterly increase of 12 points. Bankers are clearly concerned that regulators will use a heavier hand in evaluating the safety and soundness of their banks as they work through an expected increase in problem loans and a more difficult financial environment.

Moreover, the overall outlook regarding regulatory burden for community bankers is dismal. The Regulatory Burden component for the third quarter 2020 is 57, the same as it was in the second quarter 2020, and the lowest value of the seven factors that comprise the CBSI.

Source link.

Modernizing and Strengthening CRA Regulations: Hearing from Community Banks

Governor Lael Brainard (10.01.2020)

Thank you for inviting me here today to take part in your Fall Leadership Meeting.1

We recognize that community banks play a vital role in the communities you serve. Your insights into local conditions and your long-standing customer relationships afford you a deep understanding of the needs and characteristics of the households and small businesses in your communities, and enable you to meet their credit needs effectively. The value of these relationships has never been more evident than during this crisis—a fact that my colleague, Governor Michelle Bowman, highlighted yesterday when she said "it is no surprise that community banks are standing shoulder to shoulder with their customers, on the front lines." Governor Bowman referred to an Independent Community Bankers of America (ICBA) report that cites preliminary data on the Paycheck Protection Program that community banks have been the main source of lending for minority-owned small businesses during the pandemic and noted the same is true for veteran-owned businesses.2

As you know, last week, the Federal Reserve Board unanimously voted to approve an Advance Notice of Proposed Rulemaking (ANPR) on the Community Reinvestment Act (CRA).3 The ANPR is built on ideas advanced by stakeholders. Throughout this process, the ICBA has been an important source of information, which has provided the Federal Reserve valuable insights into the unique role and needs of community banks as you invest in your communities. We have benefited from the ICBA's engagement on CRA both in the form of detailed comment letters and through a number of meetings to discuss different aspects of CRA reform. We thank you for your robust engagement and trust that you see your input reflected in the ANPR.

Source link.

CSBS Survey Shows Pandemic Impact on Community Banks (09.30.2020)

Washington D.C. – Concern about business conditions surpassed funding as the greatest challenge for community banks as they navigated the impact of the coronavirus pandemic, according to the Conference of State Bank Supervisors' (CSBS) seventh annual national survey.

Last year, funding led the top concern, and only 6% of respondents listed business conditions as a challenge. However, this year, business conditions leapt to the top, with 34% of banks reporting it was their greatest challenge. Only 9% of respondents listed funding as their top concern, down from 23% a year prior.

Relationship lending continued to be a strength of community banks as their communities adjusted to the pandemic's economic fallout. Community bankers reported increasing their loans to small businesses by 40% for the year ended in June.

Other key findings from the 2020 survey include:

- More than 40% of respondents said supervisory expectations for due diligence of third-party providers were an impediment to establishing new third-party relationships.
- Sixty-three percent of respondents said the regulatory burden from the Bank Secrecy Act is a major concern.
- While last year's survey showed community banks were embracing technology, the actual number of those offering digital and online services remains largely unchanged due to cost.

The survey is being released at the start of the Community Banking in the 21st Century Research and Policy Conference, sponsored by the CSBS, Federal Reserve Board of Governors and the Federal Deposit Insurance Corporation.

Source link.

Community Banks Rise to the Challenge - Governor Michelle W. Bowman (09.30.2020)

Thank you, it is a pleasure to join you virtually today and share a few thoughts on what I am hearing from community banks in the wake of the pandemic, and what the Federal Reserve is doing to assist in the recovery.

When I addressed this conference exactly a year ago, the world was a very different place. COVID-19 has brought hardship and disruption to nearly every aspect of our lives, and even as economic conditions improve, the pandemic continues to weigh on households, businesses, and the economy. Today, I would like to offer some of my observations on current conditions and share with you what I have learned in discussions with community bankers across the nation. This input has shaped my views of how supervision and regulation are affecting *community banks in these challenging times—what is working, and what needs to improve. In addition to the Fed's usual consultation with community banks, I have separately embarked on an effort to meet directly with the CEOs of all 685 community banks supervised by the Fed, an undertaking that has already provided valuable insights that I will relate in these remarks.*

Source link.

2020 Five Questions for Five Bankers: A View from the States (09.30.2020)

CSBS is excited to share the state responses to the 2020 "Five Questions for Five Bankers."

As in previous years, these questions are carefully designed to help facilitate state regulator and banker dialogue to better understand the emerging issues faced by community banks.

The narratives produced also help provide qualitative insight to the questions asked in the National Survey of Community Banks.

These year's questions focused on how bankers are serving the community during the pandemic and the future or community banking, burden reduction from regulatory relief or supervisory efforts, funding challenges and opportunities, impact of natural disasters, extreme weather events and other climate-related change, and evaluating compliance with the Bank Secrecy Act/ Anti-Money Laundering law.

This dialogue would not be happening without the work and engagement the commissioners do with the bankers. Even during these challenging times, we continue to get feedback that this is a very valuable exercise and an excellent opportunity to hear what community bankers have to say on important issues. That is why we chose to move forward with this project this year, despite the pandemic.

We cannot thank enough the states that were able to make time to participate this year. We hope that in the future, the Five Questions for Five Bankers responses will once again return as an addition to the National Survey of Community Banks in the annual publication.

While this year certainly looks different, we believe there is great value in these shared stories. The compiled state summaries can be accessed here.

Source link.

Highly Indebted FHA Borrowers at Special Risk as COVID-19 Forbearance Ends (09.29.2020)

Remarkably, more than 25 percent of recent borrowers with Federal Housing Administration (FHA) insured mortgages expect to devote at least one-half of their gross income each month to debt service financing their homes, educations, automobiles and credit card spending.

These borrowers also tend to have little savings and are, thus, extremely vulnerable to income shocks. How will these households—many first-time buyers—fare in response to the COVID-19 crisis?

The pandemic has resulted in massive disruption to households and businesses and, for many, affected their ability to service their debt. In response, many mortgage lenders have engaged in forbearance, attempting to provide a bridge for their borrowers' finances through the pandemic. However, as the health crisis persists and the economic environment remains uncertain, some borrowers reaching the end of their forbearance will be unable to repay their obligations.

The situation appears most urgent for those borrowers who entered the crisis with a high debt load and little room to financially navigate without forbearance.

Source link.

Federal Reserve Board Issues Report on the Economic Well-Being of U.S. Households (09.18.2020)

Data collected to supplement the Federal Reserve Board's seventh annual Survey of Household Economics and Decision making showed that U.S. families were faring better financially in July than in April, but many still faced uncertainty regarding layoffs and prospects for returning to work.

Recognizing the unprecedented financial disruptions caused by the COVID-19 pandemic, the Federal Reserve conducted a pair of supplemental surveys to monitor changes in the financial well-being of Americans. The first of these surveys was conducted in April, at the onset of the pandemic and before most financial relief efforts were in place. The April results were described in the Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020. The second survey was conducted in July.

Source link.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

PROPOSED DATE	SUMMARY OF PROPOSED RULE
07.09.2020	Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers Regarding Flood Insurance - The OCC, Board, FDIC, FCA, and NCUA (collectively, the Agencies) propose to reorganize, revise, and expand the Interagency Questions and Answers Regarding Flood Insurance and solicit comment on all aspects of the amendments. To help lenders meet their responsibilities under Federal flood insurance law and to increase public understanding of their flood insurance regulations, the Agencies have prepared proposed new and revised guidance addressing the most frequently asked questions and answers about flood insurance. Significant topics addressed by the proposed revisions include the effect of major amendments to flood insurance laws with regard to the escrow of flood insurance premiums, the detached structure exemption, and force-placement procedures. Comments must be submitted on or before November 4, 2020.
09.15.2020	High-Level Summary of Outline of Proposals Under Consideration for SBREFA: Small Business Lending Data Collection Rulemaking - The Bureau is now in the process of writing regulations to implement section 1071. Under the process established by Congress in the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), the Bureau is required to consult with representatives of small entities likely to be affected directly by the regulations the Bureau is considering proposing and to obtain feedback on the likely impacts the rules the Bureau is considering would have on small entities. Comments must be submitted on or before December 14, 2020.
09.16.2020	FinCEN Seeks Comments on Enhancing the Effectiveness of Anti-Money Laundering Programs - This document seeks public comment on potential regulatory amendments to establish that all covered financial institutions subject to an anti-money laundering program requirement must maintain an "effective and reasonably designed" anti-money laundering program. Any such amendments would be expected to further clarify that such a program assesses and manages risk as informed by a financial institution's risk assessment, including consideration of anti-money laundering priorities to be issued by FinCEN consistent with the proposed amendments; provides for compliance with Bank Secrecy Act requirements; and provides for the reporting of information with a high degree of usefulness to government authorities. The regulatory amendments under consideration are intended to modernize the regulatory regime to address the evolving threats of illicit finance, and provide financial institutions with greater flexibility in the allocation of resources, resulting in the enhanced effectiveness and efficiency of anti-money laundering programs. Comments must be submitted on or before November 16, 2020.
10.19.2020	Community Reinvestment Act - The Board of Governors of the Federal Reserve System (Board) is publishing for public comment an advance notice of proposed rulemaking (ANPR) to solicit public input regarding modernizing the Board's Community Reinvestment Act regulatory and supervisory framework. The Board is seeking comment on all aspects of the ANPR from all

interested parties and also requests commenters to identify other issues that the Board should consider. Comments must be submitted on or before February 16, 2021.

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:
07.01.2020	Home Mortgage Disclosure (Regulation C) - The Bureau of Consumer Financial Protection (Bureau) is amending Regulation C to increase the threshold for reporting data about closed-end mortgage loans, so that institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020. The Bureau is also setting the threshold for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary threshold of 500 open-end lines of credit. This final rule is effective on July 1, 2020, except for the amendments to § 1003.2 in amendatory instruction 5, the amendments to § 1003.3 in amendatory instruction 6, and the amendments to supplement I to part 1003 in amendatory instruction 7, which are effective on January 1, 2022. See part VI for more information.
07.21.2020	Remittance Transfers under the Electronic Fund Transfer Act (Regulation E) - The Electronic Fund Transfer Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau of Consumer Financial Protection's (Bureau) remittance rule in Regulation E (Remittance Rule or Rule) implements these protections. The Bureau is amending Regulation E and the official interpretations of Regulation E to provide tailored exceptions to address compliance challenges that insured institutions may face in certain circumstances upon the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on July 21, 2020. In addition, the Bureau is increasing a safe harbor threshold in the Rule related to whether a person makes remittance transfers in the normal course of its business. This final rule is effective July 21, 2020.
08.03.2020	Permissible Interest on Loans That Are Sold, Assigned, or Otherwise Transferred - Federal law establishes that national banks and savings associations (banks) may charge interest on loans at the maximum rate permitted to any state-chartered or licensed lending institution in the state where the bank is located. In addition, banks are generally authorized to sell, assign, or otherwise transfer (transfer) loans and to enter into and assign loan contracts. Despite these authorities, recent developments have created legal uncertainty about the ongoing permissibility of the interest term after a bank transfers a loan. This rule clarifies that when a bank transfers a loan, the interest permissible before the transfer continues to be permissible after the transfer. DATES: The final rule is effective on August 3, 2020.
08.21.2020	Federal Interest Rate Authority - The Federal Deposit Insurance Corporation (FDIC) is issuing regulations clarifying the law that governs the interest rates State-chartered banks and insured branches of foreign banks (collectively, State banks) may charge. These regulations provide that State banks are authorized to charge interest at the rate permitted by the State in which the State bank is located, or one percent in excess of the 90-day commercial paper rate, whichever is greater. The regulations also provide that whether interest on a loan is permissible under section 27 of the Federal Deposit Insurance Act is determined at the time the loan is made, and interest on a loan permissible under section 27 is not affected by a change in State law, a change in the relevant commercial paper rate, or the sale, assignment, or other transfer of the loan. DATES: The rule is effective on August 21, 2020.
09.30.2020	Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances - 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 that delays the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses, Topic 326, Measurement of Credit Losses on Financial Instruments (CECL). The final rule provides banking organizations that implement CECL during the 2020 calendar year the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period. The agencies are providing this relief to allow these banking organizations to better focus on supporting lending to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the coronavirus disease 2019, while also maintaining the quality of regulatory capital. This final rule is consistent with the interim final rule published in the Federal Register on March 31, 2020, with certain clarifications and minor adjustments in response to public comments related to the mechanics of the transition and the eligibility criteria for applying the transition. DATES: The final rule is effective September 30, 2020.
10.01.2020	Regulatory Capital Rule: Temporary Changes to and Transition for the Community Bank Leverage Ratio Framework - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance

Corporation are adopting as final the revisions to the community bank leverage ratio framework made under two interim final rules issued in the Federal Register on April 23, 2020. The final rule adopts these interim final rules with no changes. Under the final rule, the community bank leverage ratio will remain 8 percent through calendar year 2020, will be 8.5 percent through calendar year 2021, and will be 9 percent thereafter. The final rule also maintains a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1 percentage point below the applicable community bank leverage ratio requirement. DATES: The final rule is effective October 1, 2020.

10.20.2020 Community Reinvestment Act Regulations - The Office of the Comptroller of the Currency (OCC) is adopting a final rule to strengthen and modernize the Community Reinvestment Act (CRA) by clarifying and expanding the activities that qualify for CRA credit; updating where activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting. DATES: This rule is effective on October 1, 2020. Banks must comply with the final amendments by October 1, 2020, January 1, 2023, or January 1, 2024, as applicable. Until the compliance dates, banks must continue to comply with parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C to 12 CFR 25). Alternatively, the OCC may permit a bank to voluntarily comply, in whole or in part, with the amendments adopted in this release prior to the applicable compliance dates. Parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C) expire on January 1, 2024.

10.20.2020 Applicability of Annual Independent Audits and Reporting Requirements for Fiscal Years Ending in 2021 - In light of recent disruptions in economic conditions caused by the coronavirus disease 2019 (COVID–19) and strains in U.S. financial markets, some insured depository institutions (IDIs) have experienced increases to their consolidated total assets as a result of large cash inflows resulting from participation in the Paycheck Protection Program (PPP), the Money Market Mutual Fund Liquidity Facility (MMLF), the Paycheck Protection Program Liquidity Facility (PPPLF), and the effects of other government stimulus efforts. Since these inflows may be temporary, but are significant and unpredictable, the FDIC is issuing an interim final rule (IFR) that will allow IDIs to determine the applicability of part 363 of the FDIC's regulations, Annual Independent Audits and Reporting Requirements, for fiscal years ending in 2021 based on the lesser of their (a) consolidated total assets as of December 31, 2019, or (b) consolidated total assets as of the beginning of their fiscal years ending in 2021. Notwithstanding any temporary relief provided by this IFR, an IDI would continue to be subject to any otherwise applicable statutory and regulatory audit and reporting requirements. The IFR also reserves the authority to require an IDI to comply with one or more requirements of part 363 if the FDIC determines that asset growth was related to a merger or acquisition. This IFR is effective immediately and will remain in effect through December 31, 2021, unless extended by the FDIC.

10.26.2020 HUD's Implementation of the Fair Housing Act's Disparate Impact Standard - HUD has long interpreted the Fair Housing Act ("the Act") to create liability for practices with an unjustified discriminatory effect, even if those practices were not motivated by discriminatory intent. This rule amends HUD's 2013 disparate impact standard regulation to better reflect the Supreme Court's 2015 ruling in Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. and to provide clarification regarding the application of the standard to State laws governing the business of insurance. This rule revises the burden-shifting test for determining whether a given practice has an unjustified discriminatory effect and adds to illustrations of discriminatory housing practices found in HUD's Fair Housing Act regulations. This Final Rule also establishes a uniform standard for determining when a housing policy or practice with a discriminatory effect violates the Fair Housing Act and provides greater clarity of the law for individuals, litigants, regulators, and industry professionals. DATES: The final rule is effective October 26, 2020.

01.01.2021 Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA, and Qualified Mortgages) - The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule amending the regulation text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z; this final rule revises, as applicable, the dollar amounts for provisions implementing TILA and amendments to TILA, including under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Bureau is adjusting these amounts, where appropriate, based on the annual percentage change reflected in the Consumer Price Index (CPI) in effect on June 1, 2020. DATES: This final rule is effective January 1, 2021.

Common words, phrases and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CFPB	Consumer Financial Protection Bureau
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFR	Code of Federal Regulations. Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act. This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report. Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than $10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency
FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register. U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.

FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program. U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National

TILA	Truth in Lending Act
TIN	Tax Identification Number

Treasury	U.S. Department of Treasury