Regulatory Dispatch

Timely news and resources community bankers can use to better stay on top of a rapidly changing world.

August 19, 2026

How Will Banks Be Impacted by the Proposed Regulation O Amendments? - First Major Overhaul of Insider Transactions Regulation in Nearly 50 Years – Hinshaw & Culbertson

On July 31, 2026, the Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) jointly announced proposed rules that would substantially raise the dollar thresholds governing extensions of credit by banks to their executive officers, directors, principal shareholders, and their related interests.

Because the agencies jointly administer Regulation O, the proposed amendments would, if adopted, update the standards across all categories of federally insured depository institutions.

The current thresholds have not been meaningfully updated since 1979, and during that time, inflation, economic growth, and bank capital levels have all dramatically outpaced the dollar limits that trigger board-approval requirements and cap lending to executive officers.

Comment: According to Federal Reserve Vice Chair Michelle Bowman, the updated rule provides clearer, more straightforward standards. This makes it much easier for community banks to attract top-tier local talent for effective governance.

CBAK Insights (Ask Anything)

Q: What are the rules for completing a Standard Flood Hazard Determination (SFHD) form? Are there any exceptions?

A: Under federal regulations (12 C.F.R. § 339.6 for FDIC-supervised banks, or the equivalent rules for OCC or FRB) a lender must complete a Standard Flood Hazard Determination (using FEMA Form 086-0-32) prior to closing in specific triggers.

§ 339.6 Required use of standard flood hazard determination form.

(a) ***Use of form.*** *An FDIC-supervised institution shall use the standard flood hazard determination form developed by the Administrator of FEMA when determining whether the building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available under the Act. The standard flood hazard determination form may be used in a*

printed, computerized, or electronic manner. An FDIC-supervised institution may obtain the standard flood hazard determination form from FEMA's Web site at www.fema.gov.

(b) ***Retention of form.*** *An FDIC-supervised institution shall retain a copy of the completed standard flood hazard determination form, in either hard copy or electronic form, for the period of time the FDIC-supervised institution owns the loan.*

The translation of that is a lender is required to complete a Standard Flood Hazard Determination form before closing whenever making, increasing, extending, or renewing any loan. But there are three specific exceptions:

Mobile Homes with Unknown Locations: The sole regulatory exception to completing the determination prior to closing occurs when the permanent location of a mobile/manufactured home is unknown at the time of closing. In that situation, your bank must complete the determination as soon as the permanent location is designated.

Reusing Previous Determinations (7-Year Rule): A lender is not required to pull a brand-new determination for a MIRE event if:

- A determination was previously completed on the exact same property within the last **7 years**, **AND**
- The determination was documented on the official FEMA form, **AND**
- FEMA map revisions or re-mappings have not occurred since the previous determination was conducted.

Raw Land / Unimproved Real Estate: Flood insurance rules apply only to physical structures. If a loan is secured solely by unimproved land, a determination is not required until construction on a building begins.

Bank Management

FDIC Announces New Review Process for Deposit Insurance Applications (08/10/2026) – WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) today announced a new two-phase process the agency will use to review new deposit insurance applications. The new procedures are intended to encourage new bank formation, accelerate the speed of the review process, and improve the efficiency of the application process.

“Improving the *de novo* process and encouraging more new bank formation has been a key priority for the FDIC,” said Chairman Travis Hill. “Today’s action is one of several steps the FDIC has been working on in furtherance of this goal. A healthy pipeline of new entrants is critical to the long-term vitality of the banking sector, particularly for community banks.” Under the new two-phase approach, the FDIC will provide *de novo* applicants who satisfy relevant requirements: (1) a *contingent authorization* within 120 days of receiving the application; and (2) approval within the subsequent 12 months following the receipt of additional information and completion of key organizational steps. When deposit insurance applicants notify the FDIC that the institution is ready to open, the FDIC will affirm that all pre-opening conditions have been met.

The two-phase process will provide organizing groups clarity within a few months, before they expend significant time and financial resources on capital raising, staffing, infrastructure development, and other start-up activities. The FDIC expects that, with

	some exceptions, applicants will generally be able to file applications concurrently with both the FDIC and the chartering authority. In addition, the FDIC will coordinate with the chartering authority throughout the application process to promote efficiency, avoid duplication, and ensure timely action. The FDIC's new streamlined procedures are generally consistent with the *21st Century ROAD to Housing Act*, which, among other provisions, directs the federal banking agencies to review and streamline the *de novo* application process. The FDIC will continue to review its framework for processing *de novo* applications and coordinate with state and federal agency counterparts to ensure a transparent and consistent FDI application process. The FDIC is committed to ensuring a timely and effective application process, and FDIC staff will be available to meet with organizers and answer questions at any stage of the process. Attachment(s) Revised Procedures for Processing FDI Applications (PDF) ***Comment: OCC Commends FDIC Reform, Advances Priority to Reinvigorate De Novo Chartering. While the process is much faster and highly structured, the FDIC emphasizes that substantive standards have not been lowered. Groups looking to form a bank must still present highly credible financial backing, strong management depth, and comprehensive compliance plans right from the very start. Moving work to the front end means that pre-filing preparation is more important than ever.***

BSA / AML

	FinCEN Analysis: Financial Institutions Flagged Nearly $5 Billion Linked to Suspected Human Smuggling (08/13/2026) – **WASHINGTON**—Today, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a Financial Trend Analysis showing that financial institutions flagged nearly $5 billion linked to suspected human smuggling over a three-year period. The report, which analyzed patterns and trends identified in Bank Secrecy Act (BSA) data between 2023 and 2025, identified several consistent indicators, including unverifiable relationships between originators and beneficiaries, transactions sent along common migration routes, and excessive cash activity conducted along the southwest border of the United States. "Many human smuggling networks generate profit for larger transnational criminal organizations, including Mexico-based drug cartels," said FinCEN Director Gacki. "Suspicious activity flagged by financial institutions provides critical information, and we will continue to work closely with both the private sector and law enforcement to dismantle human smuggling networks and protect our borders." FinCEN's analysis of 67,540 BSA reports associated with suspected human smuggling between 2023 and 2025 and found the following prominent trends: **Suspected Human Smuggling-Related BSA Reports Declined Significantly in 2025** • Suspected human smuggling-related BSA reports peaked in 2024 before significantly decreasing in 2025 by 62 percent. • The United States ranked first for subject locations by country, followed by four Latin America nations: Mexico, Guatemala, Honduras, and Colombia. **Money Services Businesses (MSBs) Filed the Vast Majority of BSA Reports Potentially Related to Suspected Human Smuggling Activity** • Approximately 97 percent of the BSA reports in the dataset were filed by MSBs, with subjects primarily located in the United States and Latin America.

- MSBs reported similar descriptions of potential connections to human smuggling, such as transactions outside of a customer's usual pattern, money sent to locations along common migration routes, and suspected structuring of transactions to avoid recordkeeping and reporting requirements. The majority (59 percent) of their reports indicated no verifiable familial connection between the transaction originator and beneficiary as a basis for filing.

Depository Institutions Filed Fewer BSA Reports Related to Suspected Human Smuggling Activity but Had a Higher Total Suspicious Activity Amount

- Depository institution filings represented approximately 3 percent of the total dataset, however, the suspicious activity amounts in their reports accounted for approximately 61 percent of the total amount.
- Depository institution reports highlighted several typologies indicative of potential human smuggling-related financial activity, such as suspected structuring of cash transactions, funnel accounts receiving funds from numerous individuals, and travel agencies arranging travel for migrants—ranging from sham operations to legitimate businesses that may be unwittingly facilitating such activity.

FinCEN's analysis of threat pattern and trend information derived from BSA data on additional topics can be found on its Financial Trend Analyses page.

Comment: High-volume, structured cash withdrawals at ATMs clustered along the U.S. southwest border. FinCEN noted an intersection where accounts funded by unusual deposits were utilized for debit card purchases at tactical, thermal imaging, or night-vision equipment suppliers, serving as a force multiplier for smuggling networks.

FinCEN Permanently Ends Beneficial Ownership Reporting Requirements for Millions of Small Business Owners (08/11/2026) – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is issuing a final rule that permanently removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information to FinCEN under the Corporate Transparency Act. The final rule is effective on its publication in the Federal Register. FinCEN today also announced that it will delete previously reported information by U.S. persons—now exempt from the reporting requirements—from the beneficial ownership information database. Under the final rule, foreign entities that are reporting companies will still be required to report beneficial ownership information for foreign individuals.

Lending

CSBS In The Loop | Episode 2: Mortgage Compliance and AI in Today's Mortgage Industry (08/05/2026) – Mortgage supervision is evolving technology, AI, and multistate oversight reshape how companies and regulators work together.

In this episode of *In the Loop*, hosts Kareeme Tucker and Derek Storms sit down with Melissa Koupal, Chief Risk and Compliance Officer at CMG Mortgage, and Jeff Midbo, SVP and Chief Compliance Officer at United Wholesale Mortgage. They dive into how the mortgage industry is adapting to AI-driven workflows, navigating multistate exams, and fostering collaboration with regulators to maintain efficiency, risk management, and consumer protection.

In this episode, you'll learn:

- How AI and operational tools are streamlining compliance and quality control
- Strategies for balancing efficiency with thorough, risk-focused supervision
- Ways industry and regulators can collaborate for smoother multistate exams

	Comment: The agencies should not be expected to make entirely new laws for artificial intelligence. Instead, they will apply existing financial protection and safety rules to any new tech a bank or company uses. For example, government agencies and housing giants like Fannie Mae and Freddie Mac have made it clear that lenders must protect consumers and keep data safe.

Open for Comment

Included only when specific to or relevant for community banks to comment on. Date posted may not be the same as the Federal Register Date.

07.31.2026 **FDIC** Extensions of Credit to Insiders SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is proposing to increase quantitative thresholds for certain extensions of credit to insiders of FDIC supervised institutions, as restricted by the Federal Reserve Act and regulations promulgated thereunder. Specifically, the proposal would increase the thresholds for certain (1) extensions of credit to executive officers not otherwise specifically authorized by statute from $100,000 to $400,000; and (2) extensions of credit to insiders requiring prior approval by the board of directors from $500,000 to $2,000,000. The proposal would also establish an indexing methodology to periodically update such thresholds over time. **DATES: Comments must be received on or before on or before October 5, 2026.**

07.31.2026 **Joint** Community Reinvestment Act Regulations SUMMARY: The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) are proposing to amend their Community Reinvestment Act rules by making certain substantive, technical, and process-oriented changes to refocus on the statutory objective of encouraging banks to meet the credit needs of their communities; to better ensure that community development grants reach the communities they are intended to benefit; to reduce unnecessary burden, particularly for community banks; and to provide greater clarity for how to obtain CRA consideration. The OCC and the FDIC are also proposing certain technical changes to their rules implementing the Community Reinvestment Act sunshine requirements of the Federal Deposit Insurance Act. In addition, the OCC is proposing similar technical changes to its Public Welfare Investments rule and its Rules, Policies, and Procedures for Corporate Activities. **DATE: Comments must be received on or before October 13, 2026.**

07.17.2026 **FDIC** Reporting Forms and Instructions Associated with Requirements and Standards for FDIC Supervised Permitted Payment Stablecoin Issuers SUMMARY: The FDIC invites comment on new forms and instructions associated with an Office of Management and Budget (OMB) control number (3064-0225) assigned in connection with a notice of proposed rulemaking. In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid OMB control number. As part of the notice of proposed rulemaking, the FDIC sought a new OMB control number for a new information collection that would include weekly and quarterly reporting forms that must be completed by permitted payment stablecoin issuers. **DATES: Comments must be submitted on or before September 18, 2026.**

06.22.2026 **Joint** Permitted Payment Stablecoin Issuer Customer Identification Program **SUMMARY**: The Financial Crimes Enforcement Network (FinCEN), together with the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) are jointly issuing this proposed rule to implement certain provisions of the Guiding and Establishing National and Innovation for U.S. Stablecoins Act (GENIUS Act). Specifically, this rulemaking implements the GENIUS Act’s directives to treat permitted payment stablecoin issuers as financial institutions under the Bank Secrecy Act and to require issuers to maintain an effective customer identification program. **DATES: Comments must be received by August 21, 2026.**