Community Bankers of Michigan Regulatory Dispatch

August 5, 2026

Timely news and resources community bankers can use

FDIC and OCC Seek Public Comment on Joint Notice of Proposed Rulemaking to Amend Community Reinvestment Act (CRA) Regulations

On July 31, 2026, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (collectively, the agencies) jointly issued a notice of proposed rulemaking to amend the agencies' Community Reinvestment Act (CRA) regulations to make targeted changes to the existing regulatory framework by proposing certain substantive, technical, and process-oriented changes. Specifically, the proposed rule would amend the framework the agencies adopted in 1995 to refocus the agencies' CRA supervision efforts on the statutory objective of encouraging banks to meet the credit needs of their communities; better ensure that community development grants reach the communities they are intended to benefit; reduce unnecessary burden for banks, particularly for community banks; and provide greater clarity for how to obtain CRA consideration.

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

Highlights:

- On July 16, 2025, the agencies published a notice of proposed rulemaking to rescind the CRA final rule that was issued on October 24, 2023 (recission proposal). The 2023 final rule was enjoined by a federal court before it went into effect.
- After considering comments received on the rescission proposal, the FDIC and OCC have decided to issue a new proposed rulemaking that would make a number of targeted reforms to the CRA regulatory framework adopted in 1995 that remains in effect today.
- Specifically, the agencies are proposing the following changes:
    - Raise the asset thresholds to below $1 billion for a small bank, $1 billion to $10 billion for an intermediate bank, and above $10 billion for a large bank to reduce burden. As a result, banks with $10 billion or less in assets would be subject to fewer data collection, maintenance, and reporting requirements.
    - Modify how the agencies consider retail banking services to focus on lending.
    - Modify the consideration of grants and donations as qualifying community development activities to better ensure that community development grants benefit communities.
    - Implement changes to increase the clarity, transparency, and objectivity of the current rules associated with evaluating a bank's CRA performance.
- The agencies are not proposing significant changes to the current assessment area framework.
- Comments on the proposed rule are due 60 days after the date of publication in the *Federal Register*.

FIL-44-2026
Attachment(s)
[Federal Register Notice - NPR Community Reinvestment Act (PDF)]
[Notice of Proposed Rulemaking: Community Reinvestment Act Regulations (PDF)]

Comment: Millions in regulatory compliance costs are stripped away for banks under $10B. Banks newly categorized under these higher thresholds would be exempted from heavy CRA data collection, maintenance, and reporting requirements, returning to streamlined, more flexible supervisory evaluations. Additionally, the 'Strategic Plan' option would be revised into a more pragmatic, accessible alternative. For non-traditional community banks or those with niche business models, this provides a realistic pathway to design custom CRA evaluation standards tailored to their specific market dynamics.

CBM Insights

Q: We have a question about TRID and fee tolerances. Can a decrease in one fee be used to offset an increase in another fee in the same category?

A. It depends. Tolerance issues and the "good faith" standard for settlement charges on the Loan Estimate vs. the Closing Disclosure are addressed in 12 CFR §1026.19(e)(3) of Regulation Z.

That section governs how *estimates* disclosed on the Loan Estimate are evaluated against the *actual* costs paid at closing on the Closing Disclosure to determine whether the disclosures were made in "good faith."

Here is how § 1026.19(e)(3) breaks down tolerance categories by dividing settlement charges into three tolerance 'buckets:'

Zero Tolerance (§1026.19(e)(3)(i))

Fees in this category cannot increase at all from the original Loan Estimate to Closing Disclosure without violating the good faith standard. If they increase, the lender must refund the difference.

Note: This is what is likely causing your confusion. Unlike the 10% fee bucket, for fees in the zero-tolerance bucket, each line item is evaluated independently. You cannot offset an increase in one zero-tolerance fee with a decrease in another zero-tolerance fee.

10% Cumulative Tolerance (§1026.19(e)(3)(ii))

The sum total of the fees in this bucket can increase by up to 10% without a violation:

No Tolerance Limit / Unlimited (§1026.19(e)(3)(iii))

Fees in this bucket can increase by any amount at closing, provided the initial disclosure was made based on the best information reasonably available at the time.

Bank Management

	Joint Community Bank Leverage Ratio Framework: Community Bank Compliance Guide Update (06/08/2026) – The Office of the Comptroller of the Currency, the Federal Reserve Board, and Federal Deposit Insurance Corporation (together, the agencies) are issuing an updated community bank leverage ratio (CBLR) framework compliance guide, consistent with the changes made to the framework in the CBLR final rule published in April 2026.

CBLR Framework Community Bank Compliance Guide (PDF)

Statement of Applicability: The contents of, and materials referenced in, this FIL apply to qualifying FDIC-supervised financial institutions with less than $10 billion in total consolidated assets that are not advanced approaches banks and elect the CBLR framework.

Highlights:
Specifically, the compliance guide incorporates the recent changes the 2026 CBLR final rule made to the CBLR framework. The final rule:

- Lowers the CBLR requirement from 9 percent to 8 percent, allowing more community banks to qualify for the CBLR framework.
- Extends the grace period from two quarters to four quarters, in order to provide additional time for community banks to either satisfy the definition of a qualifying community banking organization under the CBLR framework, or to achieve compliance with risk-based capital requirements.
- Limits a community bank to using the grace period for a maximum of eight out of the prior twenty quarters.

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Attachment(s)
2026 CBLR Final Rule: Federal Register Regulatory Capital Rule: Community Bank Leverage Ratio Framework
Community Bank Leverage Ratio Framework Compliance Guide (Revised July 2026) (PDF)

Comment: The federal banking regulators jointly issued this updated Community Bank Leverage Ratio (CBLR) Framework Compliance Guide to reflect major regulatory changes that took effect on July 1, 2026. The joint update from the FDIC, the Federal Reserve Board, and the OCC implements a finalized rule designed to reduce complex reporting burdens, enhance capital deployment, and provide localized banks with broader operational flexibility.

BSA / AML

FinCEN Issues Alert on Fraud Schemes Targeting Federal Student Aid (07/24/2026) – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an Alert urging financial institutions to detect, prevent, and report suspicious activity connected to fraud schemes targeting student aid programs administered by the Federal government.

Resources

- Treasury Press Release
- FinCEN Alert

Comment: According to the U.S. Department of the Treasury, criminal networks primarily rely on two sophisticated methodologies to unlawfully siphon financial aid refunds: "Ghost Students": Fraudsters steal legitimate Personally Identifiable Information (PII)—often targeting minors—or deploy artificial intelligence to synthesize fake identities. They bypass school identity verification checks to register fake applicants and pocket the resulting federal aid payouts. "Straw Students": Complicit individuals willingly hand over their PII to fraud rings in exchange for a fee. The rings enroll these individuals across various institutions to collect financial aid refunds, occasionally colluding with corrupt school insiders who manipulate educational records.

Deposit / Retail Operations

FRB Community Pulse on Payments: July (07/30/2026) – Criminals don't always choose victims at random. While many scams are broad and opportunistic, criminals also segment, personalize, test and refine their tactics. To understand how various groups are targeted and what financial institutions can do about it, we will begin with the psychology that drives modern scams operations. This introductory article sets the foundation for a deeper exploration of victim demographic and event specific vulnerabilities covered throughout this series — *Understanding Scam Risk Across Customer Segments.*

Criminals Use Public Information to Craft Believable Scams

Criminals look for characteristics that make a victim more susceptible and likely to engage with them. The more information available through compromised sources, social media or public websites, the easier it is for a criminal to identify potential victims and craft believable pretexts. Some victim characteristics include:

- **Emotional vulnerability:** Loneliness, stress, grief and major life transitions can impact judgment.
- **Social isolation:** Limited access to trusted contacts or family reduces help from others who might spot red flags.
- **Apparent financial position:** Criminals tailor their "ask" based on what they believe a victim can send or do.
- **Employment status or position:** Reveals who has access, authority and predictable responsibilities, or conversely, those who are seeking employment opportunities.
- **Geographic proximity:** Criminals impersonate businesses, financial institutions or organizations with which a potential victim is most likely to be familiar.

Criminals then map these traits to specific communication methods: email, SMS/text, social media direct messages, messaging apps or phone calls. Their goal is to reach targets in a way that feels ordinary, familiar and non-threatening.

For financial institutions, understanding segmentation helps clarify why cases may cluster within certain groups and informs how scam education can be tailored for different customer segments. It also helps fraud teams anticipate the potential scam journey based on account activity, payment requests or unusual deposit behavior.

FTC Talk to your friends and family to fight fraud (07/30/2026) – One of the best ways to fight fraud is to talk about it. When you know scammers' tactics, they're easier to spot and avoid. The FTC has some facts about fraud to help you start the conversation.

- **Imposters are the #1 scam the FTC sees**. Scammers send texts pretending to be a business like your bank, saying you need to verify a (fake) transaction to "protect" (but really: steal) your money. Or they're a "government organization" like a state toll agency, telling you to pay (fake) tolls. To confirm it's legit, check with the real organization, but use a phone number or website you know is real — not the info from the call or message.
- **People report losing lots of money to investment scams.** Scammers know that promising big returns on investments might get you to open your wallet. But do some research to avoid these scams. Many investment scams start with unlicensed people or unregistered firms, so use the free search tool on Investor.gov to check out anyone recommending or selling investments.
- **Scammers love to text.** People tell the FTC it's the main way scammers got in touch — thanks mainly to toll scams. But it's far from the only way. They're still calling (a lot) and reaching many people through social media. The takeaway? Scammers are everywhere we are, always finding ways to get our attention. So, watch for signs of a scam and check it out if in doubt.

- **Scammers say you have to pay a specific way**. People report recent losses through bank transfers and cryptocurrency, but scammers also like demanding payment by wire transfer, payment app, and gift card. If anyone ever says the ONLY way to pay is any one of these, get your scam antennae up.

Looking for more on top frauds? Dig in at ftc.gov/ExploreData and keep the conversations going.

Comment: Educate, educate, educate your accountholders.

Holland & Knight Proposed House Bill Aims to Expand Holds for Suspected Fraudulent Checks and Wires (07/27/2026) – Highlights

- U.S. Rep. Young Kim (R-Calif.) recently introduced H.R. 9331, the Strengthening Transaction Oversight and Preventing (STOP) Payments Fraud Act of 2026, which would authorize financial institutions to bypass standard Regulation CC funds availability timelines for deposited checks and incoming wire transfers when there is a "reasonable suspicion" of fraud.
- The bill would establish no statutory time cap on such holds, leaving the allowable duration to be determined entirely by joint Federal Reserve and Consumer Financial Protection Bureau rulemaking.
- Depository institutions would need to base holds on objective, transaction-specific fraud indicators rather than broad class categorization, directly impacting how fraud-detection systems flag activity.
- If passed, the bill would also create new compliance mandates for bank regulatory programs, including strict overdraft fee prohibition and mandatory written exemption notices.

Comment: Under current federal law, banks are legally forced to clear funds within strict, compressed windows—even if internal fraud systems flag an incoming transfer or physical check as highly suspicious. Criminals exploit this gap by withdrawing cash or moving funds out of the country before the bank can complete its investigation. According to statements from Representative Young Kim, check fraud stripped more than $1.3 billion from consumers and banks across 2023 and 2024 alone.

Nacha Three New Nacha Rules Approved (07/27/2026) – Nacha voting members have approved three new Nacha Rules—including one which took effect immediately, opening the ACH Contact Registry to the U.S. Treasury's Bureau of the Fiscal Service (BFS).

"The Rule came about after BFS approached Nacha, asking to be included in the Registry," said Devon Marsh, Nacha Managing Director, ACH Network Rules and Risk Management. The Registry had previously been available only to registered financial institutions, Payments Associations and the two ACH Operators.

BFS said it wants to use the Registry to find contacts at banks and credit unions, as well as provide its contact information so financial institutions can easily get hold of the right person at BFS.

"Easily finding the right people is at the heart of the Registry, and we are pleased to include BFS," said Marsh, who noted a Rules change was required for it to happen. With nearly 87,000 contacts already in the Registry for ACH, as well as optional sections including checks and wires, Marsh said the new Rule "benefits not only BFS but all Registry participants and will enhance ACH Network quality."

Another newly approved Rule will document the current set of characters that are accepted by the two ACH Operators.

"The goal here is to eliminate any uncertainty about what characters the Operators accept, and, in turn, enhance ACH payment processing," said Marsh. This Rule takes effect Jan. 1, 2027.

The third approved Rule creates an exception to a separate, upcoming Rule concerning funds availability.

On Sept. 18, 2026, RDFIs will be required to make funds available for all non-Same Day credit Entries by 9 a.m. their local time on settlement date. This newly approved Rule acknowledges that for some RDFIs located east of the Atlantic time zone and west of the international date line, next day credits in certain file delivery windows are made available to those RDFIs on the settlement date after the 9 a.m. deadline. Guam and the Northern Mariana Islands are among the locations for which this exception will apply when it takes effect with the previously approved funds availability Rule on Sept. 18.

Learn more about all new Nacha Rules on Nacha.org.

Comment: The rules make three significant changes: Opening the ACH Contact Registry to the U.S. Treasury; Standardizing Accepted Character Sets (effective January 1, 2027); and Creating a Geographic Funds Availability Exception.

Human Resources

No news to report at this time.

Lending

FDIC Notice of Proposed Rulemaking: Extensions of Credit to Insiders (07/31/2026) – The Federal Deposit Insurance Corporation (FDIC) is seeking public comment on a notice of proposed rulemaking that would adjust certain lending thresholds for executive officers and other insiders of FDIC-supervised institutions.

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

Highlights:
Federal statutes and related regulations govern extensions of credit to executive officers, directors, principal shareholders, and their related interests (collectively, insiders) by FDIC-supervised institutions. The proposed rule would raise and index certain dollar-based thresholds to align the thresholds with those proposed by the Board of Governors of the Federal Reserve (FRB) under Regulation O of the Federal Reserve Act.

Specifically, the FDIC's notice of proposed rulemaking would:

- Increase the maximum amount of credit that an FDIC-supervised institution may extend to one of its executive officers, for purposes other than those specifically authorized by statute, from $100,000 to $400,000;
- Increase the maximum amount of credit that an FDIC-supervised institution may extend to one of its insiders, with any aggregate lending beyond this limit requiring approval by the board of directors, from $500,000 to $2,000,000;
- Establish an indexing methodology to automatically adjust such thresholds every five years to reflect the cumulative change in economic growth and inflation since the prior adjustment; and
- Simplify the method for determining the lending limit applicable to a given institution.

Updating these thresholds will reduce burden on FDIC-supervised institutions, as the thresholds have become steadily more restrictive over time. These proposed changes would align the FDIC's lending thresholds with those proposed by the Board of Governors of the Federal Reserve (FRB) under Regulation O of the Federal Reserve Act. These changes will standardize compliance and avoid disparate treatment between FDIC-supervised institutions and other insured depository institutions.

	Comments on the proposal are due 60 days after the date of publication in the *Federal Register*. FIL-45-2026 Attachment(s) Federal Register Notice - NPR Extensions of Credit to Insiders of FDIC-supervised Institutions (PDF) ***Comment: The Fed has issued a similar proposal - "Today's proposal modernizes Regulation O by updating outdated dollar-based thresholds and ensuring their future relevance, while preserving necessary safeguards," said Vice Chair for Supervision Michelle W. Bowman. "Community banks often face challenges recruiting experienced business leaders to serve as members of bank boards and as bank executives. Many potential board members are business owners whose expertise is invaluable. This rule recognizes that value by providing clearer, more straightforward standards that protect against potential conflicts of interest while supporting effective governance." Unlike recent CRA actions where agency alignment diverged, this Reg O initiative shows direct harmonization between the Federal Reserve and the FDIC. FDIC-supervised state non-member institutions and Fed-regulated member banks will operate under identical, modernized limits, preventing regulatory disparity across charter types.***
	Cooley LLP Bank Regulators Push to Roll Back Anti-Redlining Standards (07/29/2026) – The Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC) are expected to propose sweeping changes to the Community Reinvestment Act of 1977 (CRA) in the coming weeks – reportedly without the involvement of the Federal Reserve. While not formally confirmed, the OCC and FDIC are set to release a proposal that would raise the threshold for banks subject to the CRA. The new threshold could increase from $1.6 billion to $10 billion in assets and would subsequently reclassify hundreds of banks currently treated as large institutions as no longer subject to the CRA – effectively downgrading CRA compliance obligations. Notably, CRA operating regulations have not been updated since the 1990s.

Technology / Security

	CISA Publishes New Guidance on Security Practices and Principles for Open Source Software (07/30/2026) – The Cybersecurity and Infrastructure Security Agency (CISA) released new guidance, *Open Source Software: Security Principles and Practices*, to help federal agencies and organizations use OSS securely, manage supply chain risk, and engage constructively with open source communities. This guidance explains how to evaluate OSS components using a structured C4 Framework that looks at codebase, community, conduct, and configuration. It highlights the importance of maintaining an accurate software inventory, using a software bill of materials (SBOM) to understand dependencies, and integrating OSS into existing vulnerability management and patching processes. The document also describes how software producers (including vendors, developers, and maintainers) in government and industry can adopt a "default open source" approach for custom-developed code and safely publish and maintain OSS projects. This includes recommendations on using modern development practices, automating checks for vulnerabilities, and clearly signaling support status over time. The guidance also addresses "open source" artificial intelligence (AI) systems and emphasizes that an open source label is not sufficient by itself. Organizations should look for transparency into a model's training data and pipeline before treating an AI system as open source for risk management purposes. These recommendations align with CISA's Cybersecurity Performance Goals 2.0 and the National Institute of Standards and Technology's Secure Software Development Framework (SSDF), while providing actionable steps that any organization relying on OSS or AI can use to strengthen software security across environments.

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 [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

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 [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

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.**

06.11.2026 **OCC** GENIUS Act: Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency **SUMMARY:** The Office of the Comptroller of the Currency (OCC) is proposing a new information collection that would include weekly and quarterly reporting forms that must be completed by permitted payment stablecoin issuers and foreign payment stablecoin issuers registered with the OCC under the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. **Comments are requested on these forms by August 11, 2026.**