



Community Bankers of Michigan Regulatory Dispatch July 8, 2026

Timely news and resources community bankers can use

[Section 1071 Small Business Lending Rule Narrowed and Delayed: What Lenders Need to Know](#)

The Section 1071 small business lending reporting rule took effect on June 30, 2026, with compliance beginning January 1, 2028. Recent amendments significantly narrow the scope of the rule by reducing the number of covered financial institutions, excluding several categories of transactions, eliminating a number of reporting requirements, and simplifying demographic data collection. The amendments reflect the Consumer Financial Protection Bureau's stated intent to launch the Section 1071 reporting regime with a more limited set of covered institutions, products, and data points. While the rule is substantially less burdensome than the version finalized in 2023, larger small-business lenders should continue preparing for the January 1, 2028, compliance date.

Comment: The CFPB continues to frame this as a “start small, expand carefully” approach. The Bureau takes the position that Section 1071 is a multi-decade project and that the initial rule is a foundation, not an endpoint. That carries two implications: the near-term compliance burden is lower than under the 2023 final rule, but lenders should expect the regime to grow more complex and comprehensive over time. The Bureau also acknowledges that multiple lawsuits challenging the 2023 final rule remain pending, and that narrowing the rule may itself invite new challenges from stakeholders who favored the broader 2023 framework. All means that there are still some litigation risk and potential for further judicial review even as implementation of the 2026 Final Rule moves forward.

Bank Management

	FDIC Consolidated Reports of Condition and Income for Second Quarter 2026 (07/02/2026) – Summary: This Financial Institution Letter and the attached Supplemental Instructions
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	<p>for the June 30, 2026, report date should be shared with the individual(s) responsible for preparing the Call Report at your institution.</p> <p>Statement of Applicability: This Financial Institution Letter (FIL) applies to all FDIC-insured institutions.</p> <p>Distribution: FDIC-Insured Institutions</p> <p><i>Comment: Share this information with those preparing the Call Report for your bank.</i></p>
	<p>FFIEC Statement on Promoting De Novo Depository Institution Formation (06/29/2026) – The Federal Financial Institutions Examination Council, on behalf of its member entities, released a statement on promoting de novo depository institution formation. The statement includes agency-specific resources for applicants. The statement should not be interpreted as new instructions; instead, it offers further transparency into the de novo formation process.</p> <p>The statement and links to the agency-specific resources for applicants can be viewed at Promoting De Novo Depository Institution Formation</p> <p><i>Comment: Complementary federal efforts, such as the Promoting New Bank Formation Act, seek to institute a three-year phase-in for capital requirements and ease dynamic business plan modifications.</i></p>

BSA / AML

	<p>FinCEN Issues Supplemental Alert on Fuel Smuggling and Tax Evasion Schemes on the Southern Border Associated with Mexico-Based Cartels (06/30/2026) – The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) issued a supplemental Alert to advise financial institutions to be vigilant in detecting, identifying, and reporting suspicious activity connected to Cartel de Jalisco Nueva Generacion (CJNG) and other Mexico-based transnational criminal organizations smuggling fuel from the United States into Mexico in schemes involving Mexican tax evasion known as fiscal fuel theft. FinCEN’s Alert provides an overview of methodologies and financial typologies associated with these fiscal fuel theft schemes; highlights red flag indicators; and reminds financial institutions of their reporting requirements under the Bank Secrecy Act. FinCEN is issuing this Alert alongside an Office of Foreign Assets Control sanctions action against two Mexican nationals and nine entities tied to CJNG’s fuel smuggling schemes and in partnership with the South Texas Homeland Security Task Force.</p> <p>Treasury Press Release</p> <ul style="list-style-type: none"> • Treasury Targets Criminal Facilitators Behind CJNG’s Cross-Border Fuel-Smuggling Schemes <p>FinCEN Alert</p>
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	<ul style="list-style-type: none"> • FinCEN Supplemental Alert on Fuel Smuggling and Tax Evasion Schemes on the Southern Border Associated with Mexico-Based Cartels <p><i>Comment: FinCEN is instructing banks to stay highly vigilant under the Bank Secrecy Act and flag transactions that look suspicious. Key red flags include fuel companies suddenly dealing in large, unexplained round-sum international wire transfers, freight and logistics companies whose shipping paperwork doesn't match the heavy weight of a tanker truck, or real estate purchases funded entirely by newly formed shell corporations tied to cross-border trading. While limited likelihood will impact Michigan banks, continue to stay abreast of information.</i></p>
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Deposit / Retail Operations

	<p>FRB Power up your defense against account takeover fraud (06/30/2026) – Across the evolving fraud landscape, account takeover fraud stands out as a uniquely damaging and persistent threat. Recent trends reveal an increase in account takeover fraud losses and frequency and sophistication of account takeover schemes.</p> <p>We want to support you in the fight against account takeover fraud. Check out our newest account takeover fraud mitigation toolkit that provides informative training modules to help you defend yourself and your customers.</p> <p><i>Comment: Account Takeover (ATO) fraud happens when cybercriminals illegally access online accounts using stolen credentials, phishing, or automated credential stuffing. Your bank can help block attackers – and protect accountholders - by enforcing multi-factor authentication (MFA) and continue to educate customers.</i></p>
	<p>FDIC Consumer News - June 2026 (06/30/2026) – The United States was one of the first countries to establish a national system of deposit insurance to protect the money people entrust to banks. Since its creation in 1933, the Federal Deposit Insurance Corporation (FDIC) and the deposit insurance it offers have enabled consumers to place their money at FDIC-insured banks and savings associations across the country with confidence. FDIC deposit insurance is backed by the full faith and credit of the United States Government. Throughout the FDIC’s long history, no depositor has lost a penny of their insured deposits as a result of a bank failure.</p> <p>This month's article explores some common questions, answers, and resources related to deposit insurance.</p>
	<p>FDIC Understanding Trump Accounts (06/30/2026) – Trump Accounts Launch July 2026 - Trump Accounts are tax-advantaged investment accounts for U.S. citizens under age 18. These accounts are a new type of individual retirement account (IRA) for eligible children, with funds becoming available after age 18 for uses such as education or purchasing a</p>

home. Account holders can also continue letting their account grow with all the tax advantages of a traditional IRA.

[TrumpAccounts.gov](https://trumpaccounts.gov) is the official source for current information about eligibility, enrollment, contribution rules, investment features, and account administration. There, families can review program requirements, learn whether a child born on or after January 1, 2025, through December 31, 2028, may qualify for the one-time \$1,000 U.S. Treasury contribution, and find instructions for opening an account.

Trump Accounts are a non-deposit investment product and are not insured by the FDIC.

Comment: This was published by the FDIC months ago but is included here as a reminder.

Human Resources

No news to report this week.

Lending

Joint [Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies](#) (06/30/2026) – WASHINGTON — Federal bank regulatory agencies released the 2026 list of certain geographies where certain bank activities are eligible for Community Reinvestment Act (CRA) credit.

Under the CRA, the agencies assess a bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The list released by the agencies includes distressed or underserved nonmetropolitan middle-income geographies where revitalization or stabilization activities are eligible to receive CRA consideration. The designations reflect local economic conditions, including unemployment, poverty, and population changes. Previous years' lists and criteria for designating these areas are available [here](#).

Revitalization or stabilization activities in these geographies are eligible to receive CRA consideration under the community development definition for 12 months after publication of the current list. As with past lists, the agencies apply a one-year lag period for geographies that were included in 2025 but are no longer designated as distressed or underserved in the current list.

ATTACHMENTS:

- [2026 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies \(PDF\)](#)
- [Source Information and Methodology \(PDF\)](#)

Comment: Here's what changed from 2025: 54 geographies added, 267 removed, 4,316 retained with 4,370 total designations for 2026.

	<p>OCC Reports Mortgage Performance for First Quarter of 2026 (06/30/2026) – WASHINGTON—The Office of the Comptroller of the Currency (OCC) reported on the performance of first-lien mortgages in the federal banking system during the first quarter of 2026.</p> <p>The <i>OCC Mortgage Metrics Report, First Quarter 2026</i> showed that 97.7 percent of mortgages included in the report were current and performing at the end of the quarter, a slight increase from 97.6 percent in 2025.</p> <p>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 – remained unchanged from the first quarter of 2025.</p> <p>Servicers initiated 7,818 new foreclosures in the first quarter of 2026 showing an increase from the previous quarter and a decrease from a year earlier.</p> <p>Servicers completed 6,308 modifications during the first quarter of 2026, a 7.1 percent increase from the previous quarter’s 5,888 modifications. Of these 6,308 modifications, 6,002, or 95.1 percent, were “combination modifications” — modifications that included multiple actions affecting the affordability and sustainability of the loan, such as an interest rate reduction and a term extension.</p> <p>The first-lien mortgages included in the OCC’s quarterly report comprise approximately 19.1 percent of all residential mortgage debt outstanding in the United States or approximately 10.2 million loans totaling \$2.6 trillion in principal balances.</p> <p>This report provides information on mortgage performance through March 31, 2026.</p> <p>Related Link</p> <ul style="list-style-type: none"> ▪ OCC Mortgage Metrics Report, First Quarter 2026
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Technology / Security

	No news to report this week.
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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.

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.**

05.20.2026 **FRB** [Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests](#) **SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is issuing a notice and request for comment on proposed revisions to the Federal Reserve Policy on Payment System Risk (PSR Policy), including the proposed addition of a new Part IV, to accommodate the provision by Reserve Banks of special-purpose accounts that would clear and settle certain payment activity (Payment Accounts). The Board is also proposing updates to its guidelines for Federal Reserve Banks (Reserve Banks) to utilize in evaluating requests for access to Reserve Bank account and services (Account Access Guidelines or Guidelines) to accommodate requests for access to Payment Accounts. Finally, the Board is encouraging Reserve Banks to pause decisions on requests for Reserve Bank accounts and services from institutions that are Tier 3 under the Account Access Guidelines until the Board has completed its policy development process on the Payment Account proposal. **DATE: Comments must be received on or before July 27, 2026.**