



Community Bankers of Michigan Regulatory Dispatch

June 10, 2026

Timely news and resources community bankers can use

CSBS Treasury’s Substantially Similar Principles for State Stablecoin Regimes Needs Recalibration

Washington, D.C. – In a [comment letter](#), the Conference of State Bank Supervisors (CSBS) urged the U.S. Treasury Department to amend its proposed principles for determining if state stablecoin regimes are substantially similar to the federal framework. The CSBS-proposed changes would more effectively implement congressional intent to provide states discretion and flexibility to help ensure financial stability and protect consumers.

CSBS specifically recommended that Treasury:

- Clarify that the principles do not limit additional requirements that states may impose beyond the federal framework;
- Allow states to treat the federal framework as a safe harbor for provisions where the statutory floor may be ambiguous;
- Clarify that states would not be prevented from seeking certification for a stablecoin regime more than one year after the effective date of the GENIUS Act;
- Incorporate the stablecoin frameworks adopted by any federal regulator and avoid any preference for the OCC framework;
- Expand its review of regulations that could create an “unworkable national regime” to include the OCC’s proposed regulatory framework that would allow national trust charters to engage in a broader set of activities not authorized by the GENIUS Act or the National Bank Act.

Statement by CSBS President and CEO Brandon Milhorn

“The GENIUS Act recognized the states’ foundational role in the stablecoin market and directed Treasury to set principles for state regimes to be substantially similar to the federal framework — not identical. A one-size-fits-all federal framework that fails to provide flexibility to state regimes would undermine congressional intent and threaten innovation in emerging stablecoin markets.”

Read CSBS statements and comments on the GENIUS Act:

- [OCC Stablecoin Rules Must Address Issuer Risks and Protect Consumers](#)
- [OCC Errs in Final Trust Charter Rule](#)
- [Stablecoin Framework Must be Sustainable](#)

Comment: In summary, the CSBS raise issues regarding a lack of objective equivalence metrics, a misalignment with bank-like risk expectations, inconsistent of risk categories and ignores issues around preemption and interstate activity risks.

CBM Insights

Q: If the applicant waived receiving their appraisal 3 business days before consummation, and we received the appraisal and completed the review 10 days before closing, can we still provide the appraisal to the applicant at closing, or do we have to provide it promptly, after the review was completed? Can we just have all our applicants check a waiver box when we provide them with the Appraisal Disclosure, and not worry about providing the appraisal 3 business days before consummation?

A: Regarding the first questions, here is the statutory language from the Official Interpretation of 14(a)(1) – notice the underlined passage added for emphasis. See below:

4. Timing. Section 1002.14(a)(1) requires that the creditor “provide” copies of appraisals and other written valuations to the applicant “promptly upon completion,” or no later than three business days before consummation (for closed-end credit) or account opening (for open-end credit), whichever is earlier.

Source [link](#).

The bottom line is that the ‘...copies of appraisals and other written valuations to the applicant promptly upon completion,’ requirement does not change because you obtained a waiver from the applicant.

Regarding the second question, again see the Official Interpretation of 14(a)(1) – and again notice the underlined passage added for emphasis.

6. Waiver. Section 1002.14(a)(1) permits the applicant to waive the timing requirement if the creditor provides the copies at or before consummation or account opening, except where otherwise prohibited by law. Except where otherwise prohibited by law, an applicant's waiver is effective under § 1002.14(a)(1) in either of the following two situations:

i. If, no later than three business days prior to consummation or account opening, the applicant provides the creditor an affirmative oral or written statement waiving the timing requirement under this rule; or

ii. If, within three business days of consummation or account opening, the applicant provides the creditor an affirmative oral or written statement waiving the timing requirement under this rule and the waiver pertains solely to the applicant's receipt of a copy of an appraisal or other written valuation that contains only clerical changes from a previous version of the appraisal or other written valuation provided to the applicant three or more business days prior to consummation or account opening. For purpose of this second type of waiver, revisions will only be considered to be clerical in nature if they have no impact on the estimated value, and have no impact on the calculation or methodology used to derive the estimate. In addition, under § 1002.14(a)(1) the applicant still must receive the copy of the revision at or prior to consummation or account opening.

Source [link](#).

Regarding including a waiver checkbox, while there is no specific prohibition, it still would not prevent you from violating the deliver “promptly upon completion” requirement. Specifically, check out 1002.14(a)(1) - Comments 4 and 5. Waiver or not you still have to send the ‘written valuation’ promptly upon completion. Having pointed that out, it’s a bad idea – it goes from an occasional need to accommodate a specific applicant to something that is your standard operating procedure for (potentially) all applicants.

Bank Management

FRB [Supervision and Regulation - Vice Chair for Supervision Michelle W. Bowman](#) (06/04/2026) –

Community banking

The oversight of community banks remains a priority for the Federal Reserve. These banks serve as critical sources of credit in their communities, providing essential financial support to families, businesses, and the local economy. The Federal Reserve's supervisory and regulatory framework must be appropriately calibrated to support growth while maintaining safety and soundness.

The federal banking regulators also finalized reforms to the community bank leverage ratio (CBLR) framework. A broader range of qualifying banks can now use a simple leverage ratio to measure capital adequacy instead of the complex risk-based capital framework. This rule calibrates the CBLR consistent with the statute at 8 percent and extends the grace period for banks to return to compliance from two to four quarters.² These changes ensure the simplified framework is accessible to more community banks, and that it works as Congress intended.

Continued:

The Path Forward

While substantial progress has been made, additional work remains. We are currently working to ensure that thresholds throughout the regulatory and supervisory frameworks are appropriately calibrated and updated over time to reflect economic growth and inflation. A variety of thresholds are used to tailor regulatory requirements and supervisory expectations, establishing different standards based on bank size, complexity, business model, and risk profile. However, because thresholds used are not automatically adjusted for inflation or economic growth, small, low-risk banks that simply grow with the economy cross these thresholds and become subject to requirements designed for much larger, more complex banks—contrary to the original intent of the regulations.

Consider Regulation O, which governs lending to bank insiders. Its thresholds have not been updated in several decades and, while reasonable at the time they were established, now discourage well-qualified local business leaders from serving on community bank boards, limiting access to valuable expertise and governance. This and other thresholds are subject to a comprehensive review to ensure our regulations remain aligned with their original intent and are appropriately calibrated going forward. Approaches are also being considered to tailor the mutual bank framework, preserving their unique ownership structure and business model to reflect their lower risk profile and community focus.

Tailoring requirements meaningfully impacts banks of all sizes. For large banks, stress testing remains a regulatory cornerstone. We are reviewing comments on proposed changes to the stress test. The proposal increases transparency in how these tests are conducted, enabling stakeholders to identify model weaknesses and helping banks better plan capital needs across business lines.

Addressing payments fraud is another important initiative, but one that requires coordination across the public and private sectors. No single agency or institution can tackle this challenge alone—the threat is too complex and far reaching. We are actively pursuing public–private engagement on this issue and look forward to sharing outcomes from these collaborative efforts.

The federal banking agencies are also working to develop regulations for stablecoin issuers as required by the GENIUS Act. This statute presents a significant opportunity to bring financial innovation into the regulated banking system with appropriate safeguards. We are committed to a regulatory framework that protects consumers, financial stability, and payment system integrity while also enabling responsible innovation.

We are strengthening liquidity regulations to support banking system stability and promote sound liquidity management. Our efforts focus on formally recognizing discount window collateral in our liquidity regulations. This ensures that banks can meet obligations under stress while maintaining the ability to provide liquidity to customers and communities.

OCC [Comptroller Gould Testifies on Agency Activities](#) (06/04/2026) – WASHINGTON—Comptroller Jonathan V. Gould testified on the Office of the Comptroller of the Currency’s (OCC) priorities and activities before the U.S. House of Representatives Committee on Financial Services.

Excerpts from Comptroller Gould’s testimony are below. The full written testimony can be found [here](#).

On risk tolerance: “After the 2008 financial crisis, Washington too often sought to eliminate rather than manage risks, resulting in a less relevant and diverse banking system. This approach drove financial activities into less regulated and visible parts of our economy, making risks harder to monitor and mitigate. The Dodd-Frank Act, far from ending too big to fail, created a ‘moat’ around the largest banks and introduced ‘too-small-to-succeed.’ Unelected bureaucrats discouraged prudent risk-taking and reduced credit availability in many communities. In particular, community banks suffered from these misguided policies. The number of banks with less than \$1 billion in total assets declined by 50 percent.”

On de novo bank formation: “From 1990 to 2008, the OCC received and approved over 1,000 de novo charter applications. After 2008, application volume and approvals fell by 90 percent. But the OCC is open for business again. The agency received as many applications in 2025 alone as it did in the previous four years. For the first time in five years, a full-service national bank opened its doors. And we have conditionally approved 10 more banks this year. This is the result of us once again following the law and our publicly-stated procedures.”

On supervision: “The OCC is also returning to risk-based supervision rooted in law and emphasizing examiner judgment, not arbitrary checklists. We are hardwiring the foundations of supervision, such as the definition of unsafe and unsound practices, into regulation, and are reviewing past supervisory criticisms and enforcement actions to ensure alignment with our standard for material financial risk.”

On responsible innovation: “Our job is to facilitate, not stymie, responsible innovation. We are working to respond to comments on our GENIUS Act proposal and finalize it. Just as the National Bank Act brought an end to the ‘wildcat’ banking of the 1800s, the GENIUS Act and our rule will help ensure appropriate consumer protections for stablecoin users. In other words, our regulation will help ensure that all OCC institutions are able to satisfy their obligations—including both deposits and stablecoins.”

On debanking: “Our banking system will only remain relevant and trusted if it resists pressures to deny access based on political or religious beliefs or lawful business activity. We have made considerable progress in reviewing the activities of the largest national banks and are investigating complaints of alleged debanking, consistent with the President’s executive order.”

FRB [Beige Book](#) (06/03/2026) –

Overall Economic Activity

Economic activity increased at a slight to moderate pace for ten of the twelve Federal Reserve Districts, while one District reported a slight decline and one reported no change. Consumer spending remained mixed across Districts and increasingly bifurcated across income groups amid affordability pressures. Higher-income households remained resilient and less sensitive to price increase, while middle-income households were described as "squeezing more life out of every dollar before deciding to spend it," and low-income consumers showed greater financial strain. Overall, there were reports of increased credit card

usage, fewer retail visits, and stronger demand for necessities. Auto dealers reported softer new vehicle demand tied to affordability and fuel costs, alongside substitution toward used and hybrid vehicles. By contrast, manufacturing activity increased at a modest to strong pace for nine of the Districts and only one noted a slight decline from the previous period. Banking conditions were stable across most Districts; however, residential mortgages, consumer, and agricultural loan delinquencies were noted as rising in several of the Districts. Agriculture conditions were unchanged or declined for most of the Districts, with cost pressures intensifying from fuel and fertilizer spikes. Energy activity increased in two of the markets, but Districts reported that the outlook remains highly uncertain leading producers to hold off on materially expanding activity. More broadly, business outlooks for the next six months were reported to have little change in anticipated growth, as elevated uncertainty and signs of weakening consumer spending weighed on sentiment.

Labor Markets

Employment showed little to no change across eleven Districts, while one District experienced modest growth. Manufacturing hiring was the strongest sector in several Districts, supported by defense-related activity and rising data center demand. Wage growth generally remained modest to moderate and largely in line with inflation. That said, Districts reported more frequent wage adjustments and cost-of-living increases to manage increasing fuel and other household cost pressures. Most Districts described a low-hire, low-fire environment, with workers increasingly reluctant to change jobs because of economic uncertainty. Hiring remained selective and primarily focused on critical roles or attrition replacement. Professional services occupations had mixed demand conditions, partly reflecting shifts in technological and operational changes.

Prices

Prices increased at a moderate to strong pace overall, with most Districts reporting higher inflation than the previous report. Districts noted that energy-related costs tied to the conflict in the Middle East were the primary driver of inflationary pressures, with spillovers into shipping, packaging, groceries, and fertilizer. Non-labor input costs continued to rise faster than selling prices, contributing to broader concerns about margin compression. The ability to pass on higher costs remained mixed across sectors, particularly among consumer-facing firms. Consumer uncertainty and concerns about fuel prices impacting households were noted by several Districts. Several regions highlighted inflation mitigation strategies of firms that ranged from supply-chain optimization, product adjustments, reduced offerings, and temporarily absorbing higher costs to preserve customer demand.

Joint [Agencies Remove Additional References to Reputation Risk](#) (06/02/2026) – WASHINGTON—The federal bank regulatory agencies jointly updated certain interagency documents to remove references to reputation risk.

The agencies are taking this action to complement their earlier actions that ended the use of reputation risk in supervision. As the agencies have previously noted, reputation risk can be misused by supervisors as a basis to encourage or pressure a bank to restrict individuals' and legal businesses' access to financial services due to their constitutionally protected political or religious beliefs, speech, or conduct or lawful business activities. These updates help ensure supervisory decisions are based on material financial risks, as well as increase clarity and facilitate greater precision in supervisory decision making. The updates to the interagency documents are limited to removing references to reputation risk.

The agencies continue to review their supervisory materials and may update additional documents as appropriate.

Attachment(s)

[FDIC Financial Institution Letter](#)

[OCC Bulletin 2026-23, “Bank Supervision: Removing References to Reputation Risk”](#)
[News Release, “Agencies Issue Final Rule to Prohibit Use of Reputation Risk by Regulators,” April 7, 2026](#)
[Press Release, “Following earlier actions to remove reputation risk from its supervision of banks, Federal Reserve Board requests comment on proposal to codify that removal,” February 23, 2026](#)

Comment: In summary, examiners are expected to anchor findings in credit, market, liquidity, operational, compliance, or legal risks and avoid citing “reputation risk” independently unless tied to a tangible risk channel. Banks expect more defensible and objective exam findings, but underlying risks (e.g., litigation, compliance failures, counterparty exposure) still must be managed and documented.

FDIC [Office of Ombudsman Publishes 2025 Annual Report](#) (05/02/2026) –

Summary:

The Federal Deposit Insurance Corporation’s (FDIC) Office of the Ombudsman published a report detailing its role and services available to the banking industry.

The FDIC Ombudsman facilitates the resolution of problems and complaints concerning FDIC activities and strives to influence positive change.

The [Ombudsman’s 2025 Annual Report](#) can be found on the FDIC’s website.

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

Highlights:

During 2025, the Ombudsman actively engaged with stakeholders across the country by:

- Facilitating productive communication between bankers and the FDIC;
- Discussing options for resolving concerns with supervisory findings or conclusions;
- Administering the post-examination survey process for risk management and compliance examinations to ensure confidentiality, encourage increased response rates, and identify opportunities for improvement to the examination and supervisory process; and
- Providing Freedom of Information Act support to help reduce delays and provide status updates.

FIL-26-2026

Link: [2025 Office of Ombudsman Annual Report \(PDF\)](#)

Comment: Reading thru the report, a couple of issues emerge: Supervisory process friction; examination and ratings disputes; timing and transparency issues; and communications gaps.

BSA / AML

FinCEN [Issues Joint Advisory on Non-Work Authorized Populations and Their Employers and Risks to the Integrity of the U.S. Financial System](#) (06/05/2026) – The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) issued an Advisory urging financial institutions to be vigilant against risks presented by the unlawful employment of illegal aliens.

Treasury Press Release

- [FinCEN Asks Financial Institutions to Detect and Report Illicit Activity related to Illegal Aliens](#)

Advisory

- [Joint Advisory on Non-Work Authorized Populations and Their Employers and Risks to the Integrity of the U.S. Financial System](#)

Financial Institutions are Critical to Detecting and Reporting Illicit Activity Related to Non-Work Authorized Populations

The Advisory calls attention to identity theft and payroll fraud as key features in schemes by complicit employers in the agriculture, construction, domestic service, hospitality, and other industries to conceal violations of U.S. immigration laws.

- Unlawful aliens can illicitly obtain Social Security numbers and other personally identifiable information of U.S. citizens and lawful permanent residents to gain unlawful employment and wages, employer- and government-provided health care benefits in the United States, and access to financial services.
- Complicit employers can also use payroll tax fraud schemes to conceal their hiring of low-wage unlawful alien workers, as well as to evade taxes and workers' compensation benefits.
- In 2025, financial institutions reported over \$2.5 billion in suspicious activity associated with these payroll tax fraud schemes.

The Advisory also highlights how these schemes involve a complicit labor broker who sets up a shell company, often an unregistered money services business providing off-the-books payroll or payment processor services for complicit employers and their unlawful alien workers.

- FinCEN's analysis highlights how complicit labor brokers may use a foreign identity document—such as a foreign passport—or an Individual Taxpayer Identification Number (ITIN) to open the account for the shell company at a bank.
- Complicit employers send checks to these shell companies for purported services or products related to their industry.
- The complicit labor broker then launders the funds and sends payments to the unlawful alien workers on behalf of the complicit employers through (i) cash couriers, (ii) checks, or (iii) peer-to-peer platforms without withholding any Federal and state payroll taxes for either the unlawful alien workers or their employers.

Enhanced Due Diligence for Individual Taxpayer Identification Numbers (ITINs)

The Advisory encourages banks to consider the use of an ITIN when applying appropriate risk-based procedures for customer due diligence, in light of the totality of other factors and available information. Specifically, when an ITIN is presented in lieu of a Social Security number or valid employment authorization document to obtain credit products or open an account, banks are encouraged to assess whether the use of an ITIN may be a relevant risk factor.

Comment: This notice marks a shift by using anti-money laundering tools for worksite and immigration enforcement. It does not create brand-new legal rules or force banks to check the citizenship status of every customer. Instead, banks are told to use these indicators as part of their standard risk checks to catch fraud and report suspicious transactions to law enforcement.

Deposit / Retail Operations

CSBS [OCC's Faulty Analysis on Interchange Fees Would Lead to Industry and Consumer Uncertainty](#)

(05/29/2026) – **Washington, D.C.** – The Conference of State Bank Supervisors (CSBS) asked the Office of the Comptroller of the Currency (OCC) to [revise its flawed analysis](#) in an interim final order preempting the Illinois Interstate Fee Prohibition Act (IFPA) and to [withdraw an unnecessary interim final rule](#) regarding a national bank's power to charge interchange fees.

While the IFPA would create significant operational and compliance challenges for banks, the OCC's analysis applies a manufactured preemption standard that is inconsistent with the National Bank Act and the U.S. Supreme Court's decision in *Cantero v. Bank of America*. If it is not revised, the interim final order could lead to protracted litigation and uncertainty across the banking industry for both national and state-chartered banks.

CSBS separately asked the OCC to withdraw its related interim final rule regarding a national bank's power to charge interchange fees because it is too broad, overreaching, and not necessary.

Statement by CSBS President and CEO Brandon Milhorn:

"The IFPA and similar state laws raise important operational and policy questions for the banking industry, but those concerns must be addressed within the legal framework established by Congress and the courts.

"Federal preemption applies only when a state law prevents or significantly interferes with the exercise of national bank powers — not simply because the OCC considers a law inconvenient, inefficient, or unusual. This watered-down, unlawful preemption standard pressed relentlessly by the OCC encroaches on state sovereignty and creates needless uncertainty for the banking industry and consumers."

Read CSBS statements and comments on preemption:

- [CSBS Statement on the OCC's Proposed Rule to Preempt the Illinois Interchange Fee Prohibition Act](#)
- [CSBS Statement on Cantero v. Bank of America](#)

Comment: The CSBS states that federal rules should only block state laws if those laws "prevent or significantly interfere" with a national bank's powers. The CSBS argues the OCC is overreaching simply because it finds the state rules inconvenient or complex.

FTC [Are you ready for hurricane season?](#) (06/01/2026) – Hurricane season has started. Are you prepared? Wherever you live, scammers follow whatever weather emergencies may strike. So as this hurricane season gets underway, check over your family's [emergency plan](#) and restock your [supply kit](#). And then check out the FTC's [Dealing with Weather Emergencies](#) article so you're prepared to avoid scams in case a hurricane (and scammers) cross your path.

Here are four things to do to prepare for hurricane season while avoiding scams.

1. **Sign up for alerts and warnings in your area.** Public safety officials use [systems to alert you](#) about severe weather and disasters.
2. **Check your insurance policy.** To avoid surprises, check to make sure your insurance policy is current, and find out what's covered — and what isn't.
3. **Secure important documents.** Use a lockable fireproof box to gather important documents — like Social Security and health insurance cards, and copies of deeds, titles, wills, birth and marriage certificates — so they're ready to go if you have to leave quickly. Or, use personal cloud storage to upload scanned PDFs of important documents. Make sure access requires a [strong password and multifactor authentication](#).

4. **Guard your personal information.** Year-round, know that only scammers will say they're a [government official](#) and then demand money or your credit card, bank account, or Social Security number.

Bookmark [ftc.gov/WeatherEmergencies](https://www.ftc.gov/WeatherEmergencies) so you always know how to avoid a scam during hurricane season, and please share this information with your family and community.

Comment: The hurricane season starts June 1 and ends November 30. While Michigan is not directly impacted, many residents have homes in potentially affected areas.

Human Resources

No news to report this week.

Lending

FRB [Consumer Credit - G.19](#) (06/05/2026) – April 2026 - In April, consumer credit increased at a seasonally adjusted annual rate of 4.8 percent. Revolving credit increased at an annual rate of 10.4 percent, while nonrevolving credit increased at an annual rate of 2.9 percent.

Technology / Security

No news to report this week.

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.

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.**

03.19.2026 **Joint [Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets](#)** SUMMARY: The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are proposing to modify certain aspects of the regulatory capital rule (the proposal). The proposal would revise the risk-based capital treatment of certain exposure categories under the standardized approach, focusing on improving the calibration and risk sensitivity of risk weights that are particularly material to covered banking organizations'

lending activities. The proposal would also modify the definition of regulatory capital by removing the threshold-based deduction for mortgage servicing assets for all banking organizations subject to the regulatory capital rule, including Page 2 of 436 banking organizations subject to the community bank leverage ratio framework. In addition, the proposal would require Category III and IV banking organizations to recognize most elements of accumulated other comprehensive income in their regulatory capital. The agencies are concurrently publishing a separate proposal, which would require Category I and II banking organizations to use a new framework to calculate risk-weighted assets, called the expanded risk-based approach and would allow other banking organizations to elect to use the expanded risk-based approach. **DATES: Comments must be received by June 18, 2026.**