



Community Bankers of Michigan Regulatory Dispatch

October 1, 2025

Timely news and resources community bankers can use

FRB Frequently Asked Questions about Penny Deposits and Orders

As a result of the U.S. Department of the Treasury's decision to end production of the U.S. penny coin, the Federal Reserve is communicating to customers anticipated changes to penny ordering and deposits as certain coin distribution locations run out of inventory.

FedCash® Services continues to operate as normal for all other cash and coin activity.

1. [What is the Federal Reserve's role regarding penny distribution?](#)
2. [Is the Federal Reserve still accepting deposits of pennies?](#)
3. [When will customers find out that the endpoint they use to order pennies is connected to a coin distribution location that is no longer fulfilling orders or taking deposits of pennies?](#)
4. [Are there best practices for placing orders of pennies using the FedCash Services application via the FedLine Web or FedLine Advantage Solution?](#)
5. [When will these changes to penny orders and deposits take effect?](#)

Comment: Rep. John Rose, R-Tenn., suggested during hearings that phasing out the penny could increase demand for nickels. Minting nickels is also a money-loser for the government, since the five-cent coins cost about 14 cents each. Treasury Secretary Scott Bessent countered by telling lawmakers that the administration believes it can break even on nickel production by changing the composition of the coins. "I will point out that the dime is very profitable," the secretary added.

CBM Insights

Q: Does a Notice to Home Loan Applicant have to be mailed out when we don't pull credit because the officer may have pulled it 90 days ago and is choosing to use an existing credit report?

A: First, the regulations that specifically address obtaining and or relying on credit reports like the Fair Credit Reporting Act (FCRA or Regulation V,) Truth in Lending (Regulation Z) and the Military Lending Act don't address when the credit report was obtained, just under what circumstances it was obtained and how it can be relied upon.

Second, those regulations don't address the reuse of a credit report. While there is no specific statutory prohibition on reusing credit reports for a subsequent application or some other permissible purpose, and banks often do, the use of an existing credit report is not addressed with the exception of relying upon an existing credit report under the Military

Lending Act. Reusing an existing credit report may violate the terms and condition of your contract with the credit reporting companies. Additionally, a credit report is a 'snapshot in time' and a lot can change in, for example, three months. Reporting on a score or factors that may no longer be accurate is potentially problematic.

Third, The Fair Credit Reporting Act (FCRA) outlines rules in section 609(g) that require a notice to home loan applicants. Specifically, this rule requires anyone who makes loans and uses a consumer credit score in connection with a loan application (open-end or closed-end) initiated by a consumer for a consumer purpose that is secured by 1 to 4 units of residential real property must provide 1) disclosures required in subsection f (disclosures of credit scores) and 2) a notice to home loan applicants. It does not address when the report was obtained just that a credit score was used in connection with the application.

Bank Management

FRB [Speech by Chair Powell on the Economic Outlook](#) (09/23/2025) – Economic Outlook

Recent data show that the pace of economic growth has moderated. The unemployment rate is low but has edged up. Job gains have slowed, and the downside risks to employment have risen. At the same time, inflation has risen recently and remains somewhat elevated. In recent months, it has become clear that the balance of risks has shifted, prompting us to move our policy stance closer to neutral at our meeting last week.

GDP rose at a pace of around one and a half percent in the first half of the year, down from 2.5 percent growth last year. The moderation in growth largely reflects a slowdown in consumer spending. Activity in the housing sector remains weak, but business investment in equipment and intangibles has picked up from last year's pace. As noted in the September Beige Book, a report that gathers qualitative information from across the Fed System, businesses continue to say that uncertainty is weighing on their outlook. Measures of consumer and business sentiment declined sharply in the spring; they have since moved up but remain low relative to the start of the year.

In the labor market, there has been a marked slowing in both the supply of and demand for workers—an unusual and challenging development. In this less dynamic and somewhat softer labor market, the downside risks to employment have risen. The unemployment rate edged up to 4.3 percent in August but has remained relatively stable at a low level over the past year. Payroll job gains slowed sharply over the summer months, as employers added an average of just 29,000 per month over the past three months. The recent pace of job creation appears to be running below the "breakeven" rate needed to hold the unemployment rate constant. But a number of other labor market indicators remain broadly stable. For example, the ratio of job openings to unemployment remains near 1. And multiple measures of job openings have been moving roughly sideways, as have initial claims for unemployment insurance.

Inflation has eased significantly from its highs of 2022 but remains somewhat elevated relative to our 2 percent longer-run goal. The latest available data indicate that total PCE prices rose 2.7 percent over the 12 months ending in August, up from 2.3 percent in August 2024. Excluding the volatile food and energy categories, core PCE prices rose 2.9 percent last month, also higher than the year-ago level. Goods prices, after falling last year, are driving the pickup in inflation. Incoming data and surveys suggest that those price increases largely reflect higher tariffs rather than broader price pressures. Disinflation for services continues, including for housing. Near-term measures of inflation expectations have moved up, on balance, over the course of this year on news about tariffs. Beyond the next year or so, however, most measures of longer-term expectations remain consistent with our 2 percent inflation goal.

The overall economic effects of the significant changes in trade, immigration, fiscal and regulatory policy remain to be seen. A reasonable base case is that the tariff-related effects on inflation will be relatively short lived—a one-time shift in the price level. A "one-time" increase does not mean "all at once." Tariff increases will likely take some time to work their way through supply chains. As a result, this one-time

	<i>increase in the price level will likely be spread over several quarters and show up as somewhat higher inflation during that period.</i> <i>But uncertainty around the path of inflation remains high. We will carefully assess and manage the risk of higher and more persistent inflation. We will make sure that this one-time increase in prices does not become an ongoing inflation problem.</i>
	FRB Views on the Economy and Monetary Policy - Vice Chair for Supervision Michelle W. Bowman (09/23/2025) – <i>Update on the Most Recent FOMC Meeting</i> <i>At last week's FOMC meeting, the Committee voted to lower the target range for the federal funds rate by 1/4 percentage point, bringing it to 4 to 4-1/4 percent, and to continue to reduce the Federal Reserve's securities holdings. In my view, the Committee should have begun lowering the policy rate at the July meeting, so, of course, I supported reducing the policy rate at this meeting.</i> <i>For several months, I have been pointing out signs of potential labor market fragility. Since the June FOMC meeting and in public remarks following that meeting, I have argued that increasing signs of weakening labor market conditions provide a basis for beginning to move the policy rate closer to neutral to proactively support the employment side of our mandate. Recent data have revealed a materially more fragile labor market along with inflation that, excluding tariffs, has continued to hover not far above our target. Given this shift in labor market conditions, I am pleased that we have finally begun the process of removing policy restraint, reflecting the economic conditions and the balance of risks to our employment and inflation goals. Assuming the economy evolves as I expect, last week's action should be the first step to bring the federal funds rate back to its neutral level.</i>
	CSBS Adjusting Outdated Regulatory Thresholds Helps Community Banks (09/25/2025) – Static and outdated regulatory thresholds impede a dynamic banking system and can create unnatural barriers that limit a community bank's growth. State supervisors consistently have called on federal policymakers – whether before Congress or the federal regulatory agencies – to update rules and supervisory approaches to account for economic growth and changes in the banking industry. CSBS stated in a letter to the FDIC that its proposal to raise and index several outdated regulatory thresholds is a welcome step in the right direction. For example, the FDIC is making long overdue changes to its Federal Deposit Insurance Corporation Improvement Act regulations – raising asset thresholds that trigger compliance with independent audit committee and internal control assessment requirements. Those thresholds were set in 1993 and 2005, respectively, and have not been updated to reflect changes in the banking industry over the intervening decades. CSBS supports additional efforts to appropriately tailor federal bank regulation and supervision to foster community banking and economic growth in the communities they serve. <i>Comment: CBM is in support of the proposed changes. Many thresholds had not been updated in nearly 30 years despite the growth in bank total asset size and the decline in the actual number of banks during that same time span.</i>

BSA / AML

	No news to report this week.
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Deposit / Retail Operations

FTC [How to Prepare Yourself to Deal with an Emergency and Avoid Disaster-Related Scams](#) (09/22/2025) – When disaster strikes, everyone in the community is impacted — including older adults. That’s why having a plan and knowing how to spot disaster-related scams can make a difference to anyone recovering. If you’re not sure where to begin, there are free tools to help you get started on a plan that includes fraud prevention.

September was [National Preparedness Month](#), and it was a great time to review, update, or even draft your plan for emergencies. Take note of the information below to make sure you and people around you are prepared to deal with and recover from a disaster:

- **Use the advice on [this video](#) and share it.** And check out the Ready.gov [Disaster Preparedness Guide for Older Adults](#) to ensure the plan fits your needs — or the needs of older adults you know.
- **Bookmark [DisasterAssistance.gov](#) to find local help.** Having this information handy will save you time and keep you from clicking on a [scammy search result](#) while you focus on recovering.
- **Recognize [government impersonators](#).** After a disaster, scammers might pretend to work for the government and offer you a grant or assistance to recover. But anyone who contacts you unexpectedly and says they work for the government but asks for money or financial information is a scammer. Never pay or share your bank account information to get disaster funds.
- **Learn more about detecting and avoiding disaster and weather related scams at [ftc.gov/WeatherEmergencies](#).**

Have you spotted or lost money in a disaster-related scam? Tell the FTC at [ReportFraud.ftc.gov](#).

Comment: Find ways to share educational resources with your accountholders.

Human Resources

	No news to report this week.
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Lending

OCC [Reports Mortgage Performance for Second Quarter of 2025](#) (09/24/2025) – 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 second quarter of 2025.

The OCC Mortgage Metrics Report, Second Quarter 2025 showed that 97.5 percent of mortgages included in the report were current and performing at the end of the quarter, an increase from 97.3 percent one 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 – decreased from the second quarter of 2024.

Servicers initiated 7,163 new foreclosures in the second quarter of 2025 showing a decrease from the previous quarter and an increase from a year earlier.

Servicers completed 8,419 modifications during the second quarter of 2025, a 6.7 percent increase from the previous quarter’s 7,889 modifications. Of these 8,419 modifications, 7,968, or 94.6 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.

The first-lien mortgages included in the OCC’s quarterly report comprise 20.0 percent of all residential mortgage debt outstanding in the United States or approximately 10.8 million loans totaling \$2.7 trillion in principal balances.

This report provides information on mortgage performance through June 30, 2025, and is available on the OCC’s website.

Comment: According to the Mortgage Bankers Association’s (MBA) National Delinquency Survey, the delinquency rate for mortgage loans on one-to-four-unit residential properties decreased to a seasonally adjusted rate of 3.93 percent of all loans outstanding at the end of the second quarter of 2025. The delinquency rate was down 11 basis points from the first quarter of 2025 and down 4 basis points from one year ago. The percentage of loans on which foreclosure actions were started in the second quarter fell by 3 basis points to 0.17 percent.

Technology / Security

CISA [SonicWall Releases Advisory for Customers after Security Incident](#) (09/22/2025) – SonicWall released a security advisory to assist their customers with protecting systems impacted by the MySonicWall cloud backup file incident. SonicWall’s investigation found that a malicious actor performed a series of brute force techniques against their MySonicWall.com web portal to gain access to a subset of customers’ preference files stored in their cloud backups. While credentials within the files were encrypted, the files also included information that actors can use to gain access to customers’ SonicWall Firewall devices.

CISA recommends all SonicWall customers follow guidance in the advisory,[1] which includes logging into their customer account to verify whether their device is at risk. Customers with at-risk devices should implement the advisory’s containment and remediation guidance immediately.

Comment: SonicWall said its investigation found that hackers gained access to 5% of backup firewall preference files. The company warned that while credentials inside the files were encrypted, the files contained other information that could help attackers exploit the firewall, according to the advisory.

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.

08.22.2025 **CFPB [Personal Financial Data Rights Reconsideration](#) SUMMARY:** The Consumer Financial Protection Bureau (CFPB or Bureau) is seeking comments and data to inform its consideration of four issues related to implementation of section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These issues are: the proper understanding of who can serve as a “representative” making a request on behalf of the consumer; the optimal approach to the assessment of fees to defray the costs incurred by a “covered person” in responding to a customer driven request; the threat and cost-benefit pictures for data security associated with section 1033 compliance; and the threat picture for data privacy associated with section 1033 compliance. **DATES: Comments must be received on or before October 21, 2025.**

08.21.2025 **FDIC [Official Signs, Advertisement of Membership, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC’s Name or Logo](#) SUMMARY:** The Federal Deposit Insurance Corporation

(FDIC) is seeking comment on a proposal that would amend signage requirements for insured depository institutions' (IDIs) digital deposit-taking channels and automated teller machines (ATMs) and like devices. The proposed changes are intended to address implementation issues and sources of potential confusion that have arisen following the adoption of current signage requirements for these banking channels. The proposal would provide additional flexibility to IDIs while also enabling consumers to better understand when they are conducting business with an IDI and when their funds are protected by the FDIC's deposit insurance coverage. **DATES: Comments must be received by the FDIC no later than October 20, 2025.**