Community Bankers of Michigan Regulatory Dispatch

September 23, 2026

Timely news and resources community bankers can use

CSBS Announces AI Supervisory Framework

CSBS Announcement: Washington, D.C. – The Conference of State Bank Supervisors (CSBS) released a new supervisory resource to support state examiners in assessing the use and risks of artificial intelligence (AI) at state-chartered banks and state-licensed nonbank financial institutions. The publicly released framework also helps provide clarity to regulated financial institutions on the general approach, types of questions, and the information that a state examiner may request regarding the institution's AI-based products, services, and tools.

"The use of AI provides a powerful new tool for financial institutions to improve services, protect consumers, and increase operating efficiency. While any new technology can present risks, the CSBS AI Supervisory Framework provides a principles-based approach to governance intended to help financial institutions explore and implement AI with additional confidence," said CSBS President and CEO Brandon Milhorn.

The CSBS AI Supervisory Framework provides state examiners with a discretionary tool to identify and understand AI at financial institutions, assess associated risks, and determine when a deeper review may be appropriate using existing supervisory resources. It is designed to consider each institution's size, complexity, risk profile, and use of AI. The framework is based on leading AI risk management resources, including the National Institute of Standards and Technology's AI Risk Management Framework, the Cyber Risk Institute's Financial Services AI Risk Management Framework, and the U.S. Department of the Treasury's AI Lexicon.

The framework doubles as a resource for industry. Financial institutions can use the framework to assess their own AI programs, establish sound AI governance and risk management, and prepare for examinations.

Each state agency will determine the extent to which this framework is incorporated into their supervisory programs.

Comment: The Artificial Intelligence Supervisory Framework advanced by the CSBS is a critical milestone for Michigan community banks related to AI. As generative AI adoption among community banks nearly tripled within a year, state and federal regulators have aggressively folded AI oversight into routine examinations.

CBM Insights

Q: Recently someone brought up the question as to whom the interest (1099INT) should be reported when one account holder passes away in different circumstances such as with right of survivorship, without right of survivorship, and single POD accounts. I have looked at the 1099 general and form instructions but didn't see specifics. Do you know what other resources I could research?

A: The specific guidance for post-death 1099-INT reporting is spread across several specialized IRS publications, Treasury regulations, and perhaps even your bank's core banking operations manuals rather than the standard Form 1099-INT instructions.

IRS Publication 559 (Survivors, Executors, and Administrators)

26 CFR § 1.6049-4 - Return of information as to interest paid and original issue discount includible in gross income after December 31, 1982.

IRS Publication 1099 (2026) General Instructions for Certain Information Returns

Typically banks issue two Form 1099-INT's for that tax year - one under the decedent's SSN for interest accrued up to the date of death, and a second under the new owner SSN / Estate EIN for interest accrued afterward.

Account Type	Pre-Date of Death Interest	Post-Date of Death Interest	Key Operational Note
Joint WROS (Primary Dies)	Decedent's SSN	Surviving Joint Owner's SSN	Upon notification, system TIN should be changed to the survivor's TIN. If un-split at year-end, the survivor uses nominee reporting on Schedule B.
Joint WROS (Secondary Dies)	Primary's SSN	Primary's SSN	No 1099 change is necessary, as the primary owner's TIN was already driving the account reporting.
Joint Tenants in Common (No ROS)	Split based on ownership % (or Decedent's SSN)	Decedent's share moves to Estate EIN; survivor keeps their share	Requires splitting the interest earned post-death between the survivor and the Estate's EIN.
Single Account with POD/ITF	Decedent's SSN	Beneficiary's SSN (or Estate EIN if uncollected)	Post-death interest accrued prior to payout is reported under the beneficiary's SSN once claimed.
Single Account (No POD / Probate)	Decedent's SSN	Estate's EIN (Form 1041)	Account must be re-registered under the formal Estate EIN established by the executor/administrator.

Once most banks receive a certified death certificate, core systems are typically updated so that post-death interest automatically accumulates under the surviving owner's SSN or the Estate's EIN going forward.

Bank Management

	FDIC Board of Directors Approves Proposed Rule on State Bank Parity (09/17/2026) – WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a notice of proposed rulemaking that would amend the agency's regulations to promote parity between state banks and national banks.

	Under the proposed rule, when host state laws do not apply to a national bank, those laws would similarly not apply to an out-of-state state bank providing services in the host state, regardless of whether the state bank has a branch in the host state. Consistent with section 24(j) of the Federal Deposit Insurance Act (FDI Act), the law of the state bank's chartering state would apply. The proposed rule would not affect the interest rates state banks are permitted to charge with respect to any of their loans, which are governed by section 27 of the FDI Act. Comments on the rule are due within 60 days after the date of publication in the *Federal Register.* Link: Notice of Proposed Rulemaking: State Bank Parity (PDF) ***Comment: Statement by CSBS President and CEO Brandon Milhorn: "CSBS strongly supports this rulemaking and appreciates Chairman Hill's leadership on an issue that is increasingly important to maintain parity between state-chartered and national banks. By modernizing the application of the interstate banking framework, the FDIC proposal would help preserve competitive balance within the dual banking system and ensure that charter choice is driven by business needs and supervisory quality rather than outdated regulatory distinctions."***
	FDIC Board of Directors Approves Proposed Rule to Modernize and Reform the FDIC's Framework for Reviewing Bank Merger Transactions (09/17/2026) – WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a notice of proposed rulemaking that would modernize and reform the process by which the FDIC reviews merger transactions under the Bank Merger Act (BMA). Notable reforms under the proposed rule would include: accounting for credit unions and centrally booked deposits in the competitive effects analysis; establishing a letter filing process with "deemed approval" for "*de minimis* merger transactions;" tailoring other merger filing requirements to reduce burden and processing times; limiting and clarifying the FDIC's discretion to remove a filing from expedited processing; and reforming the FDIC's approach to evaluating the statutory factors under the BMA. More broadly, the proposed rule would impose discipline around timelines and modernize the framework to better reflect today's banking environment. Collectively, the proposed rule would substantially and meaningfully reduce regulatory burden and ensure that going forward, the agency's review of merger transactions is faster, more predictable, and appropriately tailored to reflect the type, size, and complexity of the potential risks of a merger transaction subject to FDIC approval. Comments on the attached proposal are due 60 days after the date of publication in the *Federal Register.* Attachment(s) Notice of Proposed Rulemaking: Merger Transactions (PDF) ***Comment: The proposal introduces a fast-track process with deemed approval for small-scale mergers and broadens competitive analysis to factor in credit unions and centrally booked deposits.***

BSA / AML

	No news to report this week.

Deposit / Retail Operations

	FDIC Releases Results of Summary of Deposits Annual Survey (09/18/2026) – WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) released results of its annual survey of branch office deposits for all FDIC-insured institutions as of June 30, 2026. The FDIC's Summary of Deposits (SOD) provides branch-level deposit information for more than 75,000 domestic offices operated by more than 4,200 FDIC-insured institutions, including commercial banks, savings banks, savings associations, and U.S. branches of foreign banks. The SOD includes historical data going back to 1994 that can be analyzed using online reports, maps, tables, and downloads. The data allows users to locate bank branches in specific areas, review local deposit trends, and compare deposit market share by institution, county, state, or metropolitan statistical area. Tutorials are available here for assistance with navigating the website. To receive annual updates of the SOD, visit the website subscription page.
	CSBS In the Loop Episode 4 | Business Travel Tips Every Frequent Traveler Should Know (09/16/2026) – Travel is a regular part of the job for many financial services examiners, but frequent trips can quickly become exhausting without the right habits. In this episode of *In the Loop*, hosts Kareeme Tucker and Derek Storms sit down with Melissa Sanchez, ASTA Verified Travel Advisor, Certified Travel Coach, and owner of Spellbound Vacations LLC. Together, they share practical strategies for making business travel easier, including how to pack more efficiently, avoid common travel mistakes, maximize airline and hotel rewards. They also share how to streamline the airport experience and stay healthy and safe while on the road. **In this episode, you'll learn:** • How to pack smarter and build travel routines that make frequent business trips less stressful • Strategies for navigating airports more efficiently using loyalty programs, security programs, and travel tools • Practical ways to stay comfortable, healthy, and safe while traveling for work ***Comment: Not applicable to just examiners.***
	FTC Scammers are impersonating farm equipment businesses (09/15/2026) – The FTC is hearing about a scam targeting some of the hardest working people out there: farmers. Scammers posing as farm equipment businesses are selling (fake) equipment to farmers, who end up empty-handed. Here's how the scam works and how to avoid it. It starts like this: you might scroll through social media and see an ad for a tractor. It's a good price and looks like it's from a legit business. Or you search online and see a tractor from a business you know, and maybe even purchased equipment from before. In either case, when you contact them, they send a purchase agreement and invoice. They typically ask you to send thousands of dollars — usually by wire transfer — as a deposit or full payment and schedule a delivery date. What happens next? The delivery never comes. It turns out this was never a legit business and was all a scam. The scammer either stops answering or makes up another excuse (e.g., there's an issue with the delivery truck). You're out both the money and a tractor.

	How can you (or your local farmer) avoid these and other impersonation scams? • **Before you buy based on any ad, check it out.** Social media companies don't always vet ads. Do some research by searching online for the company name plus "scam" or "complaint." • **Know that the first search results you see might be paid ads.** Sometimes scammers place them: they pretend to be a real business but use their own contact info instead. Scroll past those ads to the unpaid search results to help confirm you have the right website or contact information. • **Never send money to anyone who says you can only pay** by wire transfer, gift card, cryptocurrency, or payment app. Scammers prefer these methods because once they've collected the money, it's almost impossible to get it back. ***Comment: Once buyers wire money or pay via cryptocurrency, the fraudsters disappear or invent excuses for shipping delays. To avoid these scams, independently verify the business through official contact details, never buy sight-unseen without a physical inspection, and report fraudulent listings to the FTC.***

Human Resources

	No news to report this week.

Lending

	No news to report this week.

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.

09.11.2026 **Joint** Proposed Third-Party Risk Management Guidance SUMMARY: The OCC, Board, FDIC, and NCUA (collectively, the agencies) invite comments on this proposed third-party risk management guidance. The proposed guidance would reflect the agencies' supervisory experience and lessons learned through examining banking organizations' third-party risk management practices. In particular, the proposed guidance would discuss the potential benefits that may accrue when a banking organization aligns its third-party risk management practices in relation to the reasonably assessed risk levels specific to each of its third-party relationships. This approach may assist banking organizations in the prioritization of third-party risk management based on material financial risks, compliance with laws and regulations, and resource allocation. The proposed guidance also would help banking organizations consider potential strategies for tailoring their third-party risk management practices according to the banking organization's size, complexity, and risk profile, as well as the nature of its third-party relationships. The agencies plan to rescind and replace existing guidance on third-party risk management to promote consistency and innovation in the banking industry. **DATES: Comments must be received on or before November 16, 2026.**

08.27.2026 **FDIC** Reciprocal Deposits: Implementing the 21st Century ROAD to Housing Act SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is amending its brokered deposit regulations to conform with recent changes to section 29 of the Federal Deposit Insurance Act made by section 902 of the 21st

Century ROAD to Housing Act related to reciprocal deposits, which took effect on July 11, 2026. The FDIC is also providing certain clarifications regarding the reciprocal deposit framework to facilitate and simplify compliance. The FDIC invites public comment on this interim final rule. **DATES: The interim final rule is effective September 1, 2026. Comments must be received no later than October 1, 2026.**

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 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.**