Community Bankers of Michigan Regulatory Dispatch

August 20, 2025

Timely news and resources community bankers can use

Statement from Acting Chairman Travis Hill on Executive Order Titled "Guaranteeing Fair Banking For All Americans"

The FDIC fully supports President Trump's Executive Order on politicized or unlawful debanking. As I've said in the past, debanking law-abiding customers is unacceptable and regulators must work to end it. The FDIC has taken several actions to further that objective, and soon, we plan to issue a rulemaking that would prohibit examiners from criticizing institutions on the basis of reputational risk or directing or encouraging institutions to close accounts on the basis of political, social, religious, or other views. Consistent with the Executive Order, the FDIC also plans to review whether FDIC-supervised institutions have engaged in politicized or unlawful debanking. The FDIC looks forward to working with our interagency partners to ensure that all law-abiding individuals and businesses have access to bank accounts, and that the era of debanking politically disfavored customers is over.

Comment: As the Order states (echoing the 2021 Fair Access Rule), banks must ensure that all decisions to provide or deny service are "made on the basis of individualized, objective, and risk-based analyses." This may become the standard by which the Agencies evaluate supervised financial institutions' prior acts and practices.

Bank Management

	FRB Announces it Will Sunset its Novel Activities Supervision Program and Return to Monitoring Banks' Novel Activities Through the Normal Supervisory Process (08/15/2025) – The Federal Reserve Board announced that it will sunset its novel activities supervision program and return to monitoring banks' novel activities through the normal supervisory process. Since the Board started its program to supervise certain crypto and fintech activities in banks, the Board has strengthened its understanding of those activities, related risks, and bank risk management practices. As a result, the Board is integrating that knowledge and the supervision of those activities back into the standard supervisory process and is rescinding its 2023 supervisory letter creating the program. ***Comment: The Fed is effectively rolling crypto oversight into its standard supervisory processes.***
	CSBS Broad Coalition to Congress: Strike Uninsured Depository Flaw in Genius Act (08/13/2025) – Washington, D.C. – A broad coalition of state, consumer, and bank groups have joined the Conference of State Bank Supervisors (CSBS) in asking Congress to strike a provision in the recently passed stablecoin legislation that risks harming consumers, creates an unlevel playing field for certain uninsured banks, and significantly erodes state authority to supervise these institutions.

Section 16(d) of the GENIUS Act grants an uninsured state-chartered bank with a payment stablecoin subsidiary broad authority to engage in nationwide money transmission and custody activities "through" that subsidiary, bypassing host state licensing and oversight.

“This unprecedented preemption of state law and supervision weakens vital consumer protections, creates opportunities for regulatory arbitrage, and undermines state sovereignty,” says the letter, signed by CSBS, the American Bankers Association, Americans for Financial Reform, Independent Community Bankers of America, Money Transmitter Regulators Association, National Conference of State Legislatures, and the National Consumer Law Center.

The letter asks Congress to strike the GENIUS Act provision in market structure legislation now under consideration in the Senate and to reject any proposals that would extend preemption to the activities of other uninsured banks.

Comment: “Section 16(d) allows any state-chartered uninsured depository institution with a stablecoin subsidiary to perform traditional (i.e., not solely related to payment stablecoins) money transmission and custody activities nationwide through that subsidiary, thereby bypassing host state licensing and allowing substantially less state oversight. This unprecedented overriding of state law and supervision weakens vital consumer protections, creates opportunities for regulatory arbitrage, and undermines state sovereignty.” - National Conference of State Legislatures

OCC Registration Open for Fall Community Bank Director and Senior Management Workshops
(08/13/2025) – WASHINGTON — The Office of the Comptroller of the Currency (OCC) is accepting registrations for its Fall workshops for board directors and senior management of national community banks and federal savings associations.

The OCC examiner-led workshops provide practical training and guidance to directors and senior management of national community banks and federal savings associations to support the safe and sound operation of community-based financial institutions.

The date, title and location of upcoming workshops are:

Dates	Workshop Name	Location
September 9	Credit Risk	Pittsburgh, Pennsylvania
September 10	Operational Risk	Pittsburgh, Pennsylvania
September 23	Risk Governance	Boston, Massachusetts
September 24	Capital Markets	Boston, Massachusetts
September 30-October 1	Building Blocks	Cincinnati, Ohio
October 7	Compliance Risk	Miami, Florida

October 8	Operational Risk	Miami, Florida
October 15-16	Building Blocks	New York, New York
October 28	Risk Governance	Orlando, Florida
October 29	Capital Markets	Orlando, Florida
November 4	Operational Risk	Nashville, Tennessee
November 5	Credit Risk	Nashville, Tennessee

Workshops are limited to 35 participants. Attendees will receive course materials, supervisory publications, and lunch.

To learn more about the workshops and register, visit the OCC website. For more information about the workshops, contact the OCC Bank Director Workshop Team at (202) 649-6490 or BankDirectorWorkshop@occ.treas.gov.

Comment: These are excellent training and networking opportunities for national bank directors and senior management.

Banking Dive Republican Senators Take Aim at MRA Process (08/11/2025) – Eleven GOP senators are urging banking agency heads to make changes to the process around matters requiring attention, which they argue lacks "structure, uniformity and legal basis."

Dive Brief:
Senate Banking Committee Republicans are calling on bank regulators to revamp the process around matters requiring attention for financial institutions, to address "shortcomings."

"We are concerned that the lack of structure, uniformity and legal basis has allowed the [matters requiring attention] process to become increasingly opaque, ineffective and inconsistent," the group of 11 senators wrote in a Wednesday letter to Federal Reserve Vice Chair for Supervision Michelle Bowman, Comptroller of the Currency Jonathan Gould and Federal Deposit Insurance Corp. Acting Chairman Travis Hill.

Lawmakers pushed for a rethink of current definitions and the creation of clear standards and expectations around the issuance and resolution of MRAs, put forth through a formal rulemaking process. "Without true legal grounding and accountability on both sides, MRAs risk becoming a check-the-box exercise rather than a valuable supervisory tool that can mitigate more widespread risk," senators wrote.

Comment: More repercussion of the Loper Bright decision. In Loper Bright, the court found that Chevron deference was inconsistent with the Administrative Procedure Act (APA), which states that courts should decide all relevant questions of law. The court argued that Chevron required judges to abdicate their responsibility to interpret the law.

BSA / AML

	No news to report this week.

Deposit / Retail Operations

	FTC The Social Media Trend That's Actually Bank Fraud (08/11/2025) – While scrolling through social media, you might come across a video or post discussing an "opportunity" to make money using checks. The problem? That advice could get you in trouble. The supposed hack involves writing a check for more money than you have, depositing it into a different account of yours, and then withdrawing the money before the (bad) check is fully processed. What the video or post might not tell you is that could leave you on the hook for paying back all the money, kicked out of your bank, and in serious legal trouble for bank fraud. Before you jump onboard a viral trend: Do some research. Search the trend along with terms like "scam" or "fraud" to see what others are saying about it. Talk to friends and family to see what they think. Think about the source. What do you know about the person or account that makes them trustworthy? Compare advice from a variety of well-known sources. Don't just trust what one person or account says. ***Comment: Education about these and other fraud schemes are the best defense.***

Human Resources

	No news to report this week.

Lending

	Falling Rates No Assurance of Homeowner Refinancing Binge (08/14/2025) – When the Fed lowers its benchmark policy rate, the reduction is usually reflected in a variety of interest rates. Home mortgage rates often follow suit, though they reflect a range of economic factors and inputs such as the yield on 10-year Treasuries. The average interest rate on a new 30-year mortgage stood at 6.8 percent in July 2025, according to Freddie Mac (the Federal Home Loan Mortgage Corp.). By comparison, the rate was just 2.7 percent in January 2021, the lowest since 1971. With many homeowners holding mortgages around the low, would a softening interest-rate environment leading to a reduction of the 30-year rate by 1 or 2 percentage points dramatically change the economic burden of current homeowners? There are reasons to believe that such a reduction might not prompt an increase in the volume of mortgage refinances and prepayment activity as has historically occurred. The savings from mortgage prepayment would likely be smaller in the aggregate because most homeowners locked in relatively low rates before the Fed's most recent tightening cycle began in March 2022. Additionally, many borrowers do not prepay even when doing so would be beneficial.

	To further explore this, we leverage the ICE, McDash dataset. It consists of the portfolios of the largest U.S. mortgage servicers, covering two-thirds of loans in the residential servicing market (approximately 34 million loan-level records per month). We then combine ICE, McDash with Home Mortgage Disclosure Act public data for our analysis.

Technology / Security

CISA UPDATE: Microsoft Releases Guidance on High-Severity Vulnerability (CVE-2025-53786) in Hybrid Exchange Deployments (08/12/2025) – **Update (08/12/2025):** CISA has updated this alert to provide clarification on identifying Exchange Servers on an organization's networks and provided further guidance on running the Microsoft Exchange Health Checker.

Update (08/07/2025): CISA issued Emergency Directive (ED) 25-02: Mitigate Microsoft Exchange Vulnerability in response to CVE-2025-53786.

CISA is aware of the newly disclosed high-severity vulnerability, CVE-2025-53786, that allows a cyber threat actor with administrative access to an on-premise Microsoft Exchange server to escalate privileges by exploiting vulnerable hybrid-joined configurations. This vulnerability, if not addressed, could impact the identity integrity of an organization's Exchange Online service.

While Microsoft has stated there is no observed exploitation as of the time of this alert's publication, CISA strongly urges organizations to implement Microsoft's Exchange Server Hybrid Deployment Elevation of Privilege Vulnerability guidance outlined below, or risk leaving the organization vulnerable to a hybrid cloud and on-premises total domain compromise.

1. Organizations should first inventory all Exchange Servers on their networks (organizations should leverage existing visibility tools or publicly available tools, such as NMAP or PowerShell scripts, to accomplish this task).
2. If using Exchange hybrid, review Microsoft's guidance Exchange Server Security Changes for Hybrid Deployments to determine if your Microsoft hybrid deployments are potentially affected and available for a Cumulative Update (CU).
3. Install Microsoft's April 2025 Exchange Server Hotfix Updates on the on-premise Exchange server and follow Microsoft's configuration instructions Deploy dedicated Exchange hybrid app.
4. For organizations using Exchange hybrid (or have previously configured Exchange hybrid but no longer use it), review Microsoft's Service Principal Clean-Up Mode for guidance on resetting the service principal's keyCredentials.
5. Upon completion, run the Microsoft Exchange Health Checker with appropriate permissions to identify the CU level of each Exchange Server identified and to determine if further steps are required.

CISA highly recommends entities disconnect public-facing versions of Exchange Server or SharePoint Server that have reached their end-of-life (EOL) or end-of-service from the internet. For example, SharePoint Server 2013 and earlier versions are EOL and should be discontinued if still in use.

Organizations should review Microsoft's blog Dedicated Hybrid App: temporary enforcements, new HCW and possible hybrid functionality disruptions for additional guidance as it becomes available.

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.

06.16.2025 **Joint** Request for Information on Potential Actions to Address Payments Fraud **SUMMARY**: The Office of the Comptroller of the Currency (OCC), Treasury; the Board of Governors of the Federal Reserve System (Board); and the Federal Deposit Insurance Corporation (FDIC) seek public input on questions related to payments fraud. This request for information (RFI) offers the opportunity for interested stakeholders to identify ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions collectively or independently in their varying respective roles to help consumers, businesses, and financial institutions mitigate check, automated clearing house (ACH), wire, and instant payments fraud. **DATES: Comments must be received by September 18, 2025.**