San Francisco Region Community Bankers Workshop 2026

Consumer Protection Examination Changes and Other Hot Topics

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Topics

- Supervision Reform
- Amendments to Part 328 of the FDIC’s regulations
- Fair Lending
- Community Reinvestment Act (CRA)
- Mortgage Lending
- Other Hot Topics
- Resources

Supervision Reform

Consumer Compliance Examination Frequency

- Updated schedule reflects less frequent examinations for most institutions:

Examination Frequency Schedule for Favorably-Rated Banks *"1" or "2" Compliance Rating and "Outstanding" or "Satisfactory" CRA Rating*		
Assets	**Previous Interval**	**New Interval**
≤ $350 million	30 – 36 months (Compliance) 60 – 72 months (CRA)	**66 – 78 months (C&C)** **33 – 45 (mid-point RA)**
> $350 million ≤ $3 billion	24 – 36 months (C&C)	**54 – 66 months (C&C)** **27 – 39 (mid-point RA)**
> $3 billion	24 – 36 months (C&C)	**24 – 36 months (C&C)**
C&C = Consumer Compliance Examination and CRA Evaluation **Mid-Point RA** = Mid-Point Risk Analysis conducted between examinations		

- More frequent supervisory activities continue to occur for de novos, charter conversions, and adverse ratings

Mid-Point Risk Analysis

- Updated schedule establishes a new compliance mid-point risk analysis for banks with assets of $3 billion or less

- Risk analysis is used to determine if:
  - an intervening supervisory activity, such as a targeted visitation, is needed
  - an examination should be scheduled earlier than the standard schedule (expected to be rare)

- Risk analysis process

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Potential Impacts of Change

- Consumer Compliance
  - Importance of maintaining effective internal controls

- Community Reinvestment Act
  - Much longer review periods for banks between $350 and $3 billion
  - Intermediate Small (ISB) and Large Bank transition challenges

Additional Supervision Program Changes

- Other consumer compliance supervision initiatives
- Updated Standards for Termination of Consent Orders
- Notice of Proposed Rulemaking: Unsafe or Unsound Practices, Matters Requiring Attention
- Amendments to FDIC Guidelines for Appeals of Material Supervisory Determinations

Part 328 of FDIC's Regulations

FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo

Part 328 – 2023 Final Rule

- In December 2023, the FDIC published a final rule that amended Part 328 of the FDIC's regulations, which includes:

    - Subpart A – rules governing **all FDIC-insured** institutions' (IDIs') use of the official FDIC sign, a new official FDIC digital sign for bank websites, apps, and ATMs, as well as updates to the advertising statement

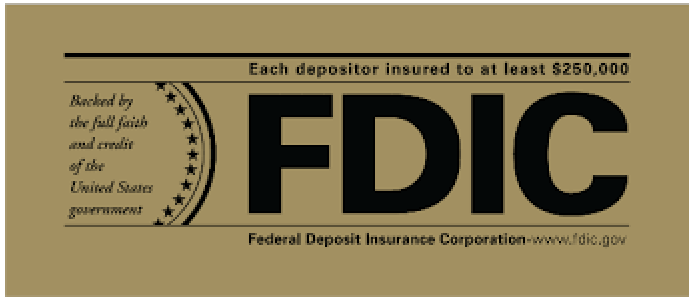
    - Subpart B – rules on misrepresentations regarding deposit insurance coverage and misuse of the FDIC's name and logo, which **apply to any person**, including banks or non-bank entities

Mandatory Compliance Dates

Compliance Date	Section
January 1, 2025	**Subpart B** (misrepresentations of deposit insurance)
May 1, 2025	**Subpart A** • Section 328.2 (official sign) • Section 328.3 (non-deposit products) • Section 328.6 (official advertising statement) • Section 328.7 (separate insured/uninsured teller deposits) • Section 328.8 (policies and procedures)
April 1, 2027	**Subpart A** Section 328.4 (ATMs) Section 328.5 (digital channels/signage)

Subpart A – Three Distinct Signs

1. **FDIC official sign**
   (traditional physical black and gold)



2. **FDIC official digital sign**
   (new – navy blue and black)

3. **Non-deposit signage**
   (to differentiate insured deposits from non-deposit products)

Non-deposit products:
Are not FDIC insured;
Are not deposits;
May lose value.

Subpart A – Additional Requirements

- Requires a one–time per web session notification when a logged–in bank customer leaves the IDI’s digital deposit–taking channel
- Provides IDIs with additional flexibility for satisfying official sign and advertising statement requirements
- Requires IDIs to establish and maintain written policies and procedures addressing compliance with part 328

Subpart A – 2026 Final Rule

- On January 22, 2026, FDIC issued a final rule amending sections 328.4 (ATMs) and 328.5 (digital channels)

- Final sets a compliance date of April 1, 2027

- Key changes:
  - Provides additional flexibility with respect to the FDIC official digital sign
    - Flexibility in color, font, and text size that may be used

Subpart A – 2026 Final Rule (continued)

- Streamlines signage requirements for digital deposit-taking channels
  - Requires display on homepage, login page, and first page of deposit account opening process
  - Narrows non-deposit signage requirement to pages primarily dedicated to advertising or providing info about, or access to, non-deposit products
  - Permits one-time notification related to 3rd party non-deposit products to be dismissed or automatically disappear after 3 seconds

- Streamlines signage on ATMS and like devices
  - Narrows requirement for display of signage to initial screens
  - Permits a wider range of AMTs and like devices to display the physical sign

Subpart B – Misrepresentations

- Misuse of the official advertising statement, official digital sign, or other FDIC-Associated Terms or FDIC-Associated Images **by non-banks** presents a high risk of confusing consumers and may lead them to believe they are dealing with a bank

- Areas of potential confusion:
  - Bank vs. non-bank
  - FDIC-insured deposits vs. uninsured non-deposit product
  - Pass-through insurance – automatic?

Subpart B – Misrepresentations

- Final rule issued May 17, 2022:
  - Implemented Section 18(a)(4) of the FDI Act
  - Effective July 5, 2022

- Amendments issued December 20, 2023:
  - Updates definition of “non-deposit product” and “uninsured financial product” to include “crypto-assets”
  - Provides specific scenarios that constitute false or misleading representations about deposit insurance
  - Mandatory compliance January 1, 2025

Fair Lending

Disparate Impact

- FDIC has ended the use of disparate impact in fair lending examinations, consistent with Executive Order 14281 – *Restoring Equality of Opportunity and Meritocracy*
- Examiners continue to evaluate potential discrimination under Equal Credit Opportunity Act and Fair Housing Act through evidence of disparate treatment
- FDIC Consumer Compliance Examination Manual updated to remove references to disparate impact

Regulation B and Guidance Changes

- Withdrawal of CFPB/DOJ Joint Statement on Fair Lending and Credit Opportunities for Noncitizen Borrowers

- Final rule issued April 22, 2026:
  - Amends provisions of Regulation B related to:
    - Disparate impact
    - Discouragement of applicants or prospective applicants
    - Special purpose credit programs
  - Effective July 21, 2026

Small Business Lending Data Collection (Section 1071)

Highlights of final rule issued May 1, 2026:

- Covered credit transactions
  - Focuses on core, widely used lending products
  - Excludes merchant cash advances, agricultural lending, and small dollar loans
- Covered financial institutions
  - Focuses on larger core lenders
  - Excludes Farm Credit System lenders
  - Raises the origination threshold from 100 to 1,000 covered credit transactions for each of two consecutive years

Section 1071 Amendments (continued)

- Small business
  - Focuses on the truly small businesses
  - Changes gross annual revenue threshold from $5 million or less to $1 million or less

- Data points
  - Focuses on data points specifically identified in Section 1071 and a limited number of other data points needed to facilitate collection of statutory data points
  - Removes discretionary data points for application method, application recipient, denial reasons, pricing information, and number of workers

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Section 1071 Amendments (continued)

- Time and manner of data collection
  - Removes certain requirements that are not statutorily required
  - Adds a provision that emphasizes for applicants their statutory rights under the rule

- Compliance dates
  - Extends the compliance date to January 1, 2028, for all financial institutions that remain covered by the rule
  - Adds special transition rules to provide flexibility to potentially covered financial institutions

Community Reinvestment Act

2023 CRA Final Rule

- The CRA final rule issued on October 24, 2023 (2023 CRA Final Rule), has not taken effect due to legal actions

- Agencies continue to apply the 1995 regulations to banks

- On July 16, 2025, the agencies issued a notice of proposed rulemaking to:
  - Rescind the 2023 CRA Final Rule
  - Recodify the 1995 CRA Regulations
  - Update asset-size thresholds for the definition of “small bank”
  - Make conforming changes to regulations implementing the CRA Sunshine Requirement of the FDI Act

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Mortgage Lending

Future Potential Changes

Executive Order 14393 – *Promoting Access to Mortgage Credit* directs the applicable agencies to consider changes to:

- Qualified Mortgage (QM) – Ability to Repay (ATR)
  - Create broader QM safe harbor for “smaller banks” (assets < $100 billion)
  - Exempt or modify QM points and fees caps for small mortgages
  - Update “reasonable compliance” expectations for ATR/QM
- TILA – RESPA Integrated Disclosure (TRID)
  - Replace TRID timing rules with a materiality-based standard

Future Potential Changes (continued)

- Right of Rescission
  - Modernize the right of recission
  - Streamline Regulation X requirements for rate-and-term refinances
  - Exempt rate-and-term (including cash-out) refinances from rescission

- HMDA
  - Raise asset threshold for exemption from data collection/reporting
  - Exclude inquiries from scope of data collection
  - Ensure disclosures under HMDA protect privacy and reduce burdens

Future Potential Changes (continued)

- Appraisals
  - Modernize regulations and guidance
  - Simplify appraiser qualification requirements
  - Reduce appraisal requirements for low-risk transactions
- Servicing
  - Simplify loss mitigation requirements
  - Provide exemptions from complex mortgage servicing requirements for smaller banks
- SAFE Act – Mortgage Loan Originators (MLOs)
  - Eliminate duplicative licensing and registration requirements for MLOs employed by smaller banks

Other Hot Topics

Compliance and CRA Ratings – San Francisco Region

Ratings for FDIC-supervised institutions (as of 12/31/25)

- Consumer Compliance:
  - 95 percent assigned a rating of “1” or “2”
- Community Reinvestment Act
  - 96 percent assigned a rating of “Outstanding or “Satisfactory”

Most Frequently Cited Violations – 2025

1. **Truth in Lending**
   - Closing Disclosure – Loan Calculations table
   - Loan Estimate
   - Periodic statements (open-end credit)

2. **Electronic Funds Transfer**
   - Error resolution – investigation time limits and extensions
   - Error resolution – procedures when no error or different error occurred

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Most Frequently Cited Violations – 2025 (continued)

3. **Flood**
   - No insurance or inadequate insurance
   - Force placement requirements

4. **Truth in Savings**
   - Account opening disclosures
   - Inconsistent terminology

5. **Home Mortgage Disclosure Act**
   - Data accuracy

Mitigating Risk of Violations

- Automation and centralization
- Detailed procedures for complex regulations
- Job aids and checklists
- Bank-specific training to supplement web-based courses
- Trend analysis of consumer inquiries and complaints

Mitigating Risk of Violations

- Secondary reviews
- Tracking logs and ticklers
- Post-implementation testing
- Robust internal reviews and/or independent audits
- Full corrective action and remediation (if applicable)

Resources

Resources

Supervision Reform

- The FDIC Updates its Enforcement Actions Manual regarding Minimum Standards for Termination of Cease-and-Desist and Consent Orders (FIL-42-2025)

- Agencies Issue Proposal to Focus Supervision on Material Financial Risks (FIL-45-2025)

- FDIC Updates its Consumer Compliance Examination Schedule (FIL-52-2025)

- Amendments to FDIC Guidelines for Appeals of Material Supervisory Determinations (FIL-2-2026)

Resources (continued)

Part 328

- FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentations of Insured Status, and Misuse of the FDIC's Name or Logo (FIL-65-2023)
- Notice of Final Rulemaking on FDIC Official Signs, Advertisement of Membership, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo (FIL-3-2026)
- Questions and Answers Regarding FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC Name or Logo (FIL-56-2024)
- FDIC Provides Additional Questions and Answers Regarding FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC Name or Logo (FIL-82-2024)
- Ordering & Using FDIC Signs & Logos | FDIC.gov

Resources (continued)

Fair Lending

- Update to the FDIC's Consumer Compliance Examination Manual (FIL-42-2025)
- Regulation B Final Rule (Federal Register)
- 1071 Final Rule (Federal Register)
- CFPB's Small Business Lending Resources Webpage

Community Reinvestment Act (CRA)

- FDIC Approves Notice of Proposed Rulemaking to Rescind the 2023 Community Reinvestment Act Final Rule (FIL-36-2025)

Resources (continued)

Mortgage Lending

- Promoting Access to Mortgage Credit (Federal Register)

Banker Resources

- Consumer Compliance Supervisory Highlights

Q&A

What questions do you have?