CSBS Urges OCC to Rescind Proposed True Lender Rule

The OCC should withdraw its proposed True Lender Rule because, as outlined, it overreaches the federal agency’s authority, CSBS said in a comment letter sent this week.

The OCC’s proposed rule raises both policy and legal concerns for state regulators. First, the OCC lacks the legal authority to establish the bright-line test it has proposed to determine when a national bank is a true lender. Second, the OCC should not attempt to
insulate entities it does not regulate from otherwise applicable state laws.

“While encouraging innovation is an important policy priority, we believe a reasonable solution would balance these priorities with the significant policy interests and roles of other relevant stakeholders,” the letter said.

CSBS: State Regulators are Opposed to OCC's Payments Charter

Statement by John W. Ryan, CSBS president and CEO:

"The OCC’s proposed payments charter is no different than the fintech charter already rejected in federal court and subject to a nationwide order preventing the OCC from accepting applications from a company that does not take deposits.

"State regulators are opposed to this unconstitutional expansion of power.

"While the OCC disregards the statutory limits of its authority as set by Congress and the rule of law in ignoring a federal court ruling, state regulators are focused on their responsibility to protect consumers and foster economic development across the country."

Simply Stated #26: Who Protects Your Payments?

These days, there are so many innovative ways to send money.
But the story behind how your money moves safely from Point A and Point B and how companies build new apps to help you do so isn't nearly as simple as it looks.

This is the story of your money. How it moves, who protects it and the careful balance between keeping your money safe and allowing for new apps and ideas. And - we discuss a new federal government plan and how it could seriously harm this innovative system.

**Timestamps**

- **1:35** - What is a "payment?"
- **2:45** - What is a mobile payment?
- **3:26** - Payments over the past 100 years
- **9:05** - Who supervises payment companies?
- **10:20** - How do so many new companies get involved in payments?
- **11:40** - What happens to your cash if a new company fails? How is the American system different?
- **13:57** - Can the federal government effectively supervise payments companies?
- **15:45** - What are the consequences of a centralized supervisor for payments?
- **16:28** - Is a federal payments charter legal?
- **17:58** - The OCC tries to ignore a court decision
Regulators Issue Statement on Financial Institutions Affected by Hurricane Laura and California Wildfires

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the state regulators, collectively the agencies, recognize the serious impact of Hurricane Laura and the California wildfires on the customers and operations of many financial institutions and will provide appropriate regulatory assistance to affected institutions subject to their supervision. The agencies encourage institutions operating in the affected areas to meet the financial services needs of their communities.

A complete list of the affected disaster areas can be found at https://www.fema.gov/disasters.

**Lending**: Financial institutions should work constructively with borrowers in communities affected by Hurricane Laura and the California wildfires. Prudent efforts to adjust or alter terms on existing loans in affected areas should not be subject to examiner criticism. Modifications of existing loans should be evaluated individually to determine whether they represent troubled debt restructurings. This evaluation should be based on the facts and circumstances of each borrower and loan, which requires judgment, as not all modifications will result in a troubled debt restructurings. In supervising institutions affected by these disasters, the agencies will consider the unusual circumstances these institutions face. The agencies recognize that efforts to work with borrowers in communities under stress can be consistent with safe-and-sound practices as well as in the public interest.

**Temporary Facilities**: The agencies understand that many financial institutions face staffing, power, telecommunications, and other challenges in re-opening facilities after Hurricane Laura and the California wildfires. In cases in which operational challenges persist, the primary federal and/or state regulator will expedite, as appropriate, any request to operate temporary facilities to provide more convenient availability of services.
to those affected by these disasters. In most cases, a telephone notice to the primary federal and/or state regulator will suffice initially to start the approval process, with necessary written notification being submitted shortly thereafter.

**Publishing Requirements**: The agencies understand that the damage caused by Hurricane Laura and California wildfires may affect compliance with publishing and other requirements for branch closings, relocations, and temporary facilities under various laws and regulations. Institutions experiencing disaster-related difficulties in complying with any publishing or other requirements should contact their primary federal and/or state regulator.

**Regulatory Reporting Requirements**: Institutions affected by Hurricane Laura and California wildfires that expect to encounter difficulty meeting the agencies’ reporting requirements should contact their primary federal and/or state regulator to discuss their situation. The agencies do not expect to assess penalties or take other supervisory action against institutions that take reasonable and prudent steps to comply with the agencies’ regulatory reporting requirements if those institutions are unable to fully satisfy those requirements because of these disasters. The agencies’ staffs stand ready to work with affected institutions that may be experiencing problems fulfilling their reporting responsibilities, taking into account each institution’s particular circumstances, including the status of its reporting and recordkeeping systems and the condition of its underlying financial records.

**Community Reinvestment Act (CRA)**: Financial institutions may receive CRA consideration for community development loans, investments, or services that revitalize or stabilize federally designated disaster areas in their assessment areas or in the states or regions that include their assessment areas. For additional information, institutions should review the Interagency Questions and Answers Regarding Community Reinvestment at [https://www.ffiec.gov/cra/qnadoc.htm](https://www.ffiec.gov/cra/qnadoc.htm).

**Investments**: The agencies realize local government projects may be negatively affected by Hurricane Laura and California wildfires. Institutions should monitor municipal
securities and loans affected by these disasters. Appropriate monitoring and prudent efforts to stabilize such investments are encouraged.

For more information, refer to the Interagency Supervisory Examiner Guidance for Institutions Affected by a Major Disaster: https://www.csbs.org/interagency-supervisory-examiner-guidance-institutions-affected-major-disaster.