



# Supervisory Update News Summary

AS OF SEPTEMBER 15, 2020

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
2021 Annual Assessment Reduction	<a href="#">Press Release</a> Aug. 26, 2020	Commissioner Charles G. Cooper announced today that the 2021 annual assessment for the period of September through August will be reduced by at least 13%, per quarter, for all Texas state-chartered banks and foreign bank agencies and branches.	TDB
CapTex Bank, National Association, Trenton, Texas, Converts to a State-Chartered Bank	<a href="#">Press Release</a> Aug. 31, 2020	Banking Commissioner Charles G. Cooper announced today that CapTex Bank, National Association, headquartered in Trenton, Texas, has completed its conversion to a Texas state-chartered bank from a national banking association. The bank will begin operating as CapTex Bank under its new charter effective August 31, 2020.	TDB
Emergency Closing of Offices	<a href="#">Industry Notice 2020-11</a> Aug. 25, 2020	The Department of Banking is monitoring the weather conditions in the Gulf of Mexico. We encourage banks with locations along the Texas coast to review their emergency protocols.	TDB
Commissioner Provides Testimony to House Pensions, Investments & Financial Services Committee	<a href="#">Testimony</a> Aug. 28, 2020	Texas Banking Commissioner Charles G. Cooper provided testimony to the House Committee on Pensions, Investments, and Financial Services. Testimony provided members an overview of the Department, the effects of Coronavirus Disease 2019 (COVID-19) on industry and business operations, and existing statutory and regulatory barriers in responding to COVID-19.	TDB
Adopted Rules: Other Real Estate Owned	<a href="#">Law &amp; Guidance</a> Sept. 10, 2020	The FC of Texas (the commission), on behalf of the TDB, adopts amendments to §12.91, concerning other real estate owned (OREO) by state banks. The amendments are adopted without changes to the proposed text as published in the July 3, 2020, issue of the Texas Register (45 TexReg 4437). The amended rule will not be republished	FC

## SUPERVISORY UPDATE NEWS SUMMARY

---

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Agencies Issue Three Final Rules	<a href="#">PR-96-2020</a> Aug. 26, 20 20	<p>The federal bank regulatory agencies today finalized three rules, which are either identical or substantially similar to interim final rules currently in effect that were issued earlier this year. They include:</p> <ul style="list-style-type: none"> <li>• A final rule that temporarily modifies the community bank leverage ratio, as required by the CARES Act;</li> <li>• A final rule that makes more gradual, as intended, the automatic restrictions on distributions if a banking organization’s capital levels decline below certain levels; and</li> <li>• A final rule that allows institutions that adopt the current expected credit losses or “CECL” accounting standard in 2020 to mitigate the estimated effects of CECL on regulatory capital for two years.</li> </ul>	FDIC FRB OCC
FDIC Issues List of Banks Examined for CRA Compliance	<a href="#">PR-101-2020</a> Sept. 4, 2020	<p>The FDIC issued its list of state nonmember banks recently evaluated for compliance with the CRA. The list covers evaluation ratings that the FDIC assigned to institutions in June 2020.</p> <p>Six Texas state-chartered banks were evaluated during this period, an all six received a Satisfactory rating.</p>	FDIC
Modifications to the Community Bank Leverage Ratio Framework	<a href="#">FIL-82-2020</a> Aug. 26, 2020	The FDIC, FRB, and OCC (collectively, the agencies) are adopting the final revisions to the community bank leverage ratio framework (CBLR) made under two interim final rules issued in the Federal Register on April 23, 2020. The final rule adopts these interim final rules with no changes, effective October 1, 2020.	FDIC FRB OCC
Final Rule Adopts Existing Interim Final Rule Definition of Eligible Retained Income	<a href="#">FIL-83-2020</a> Aug. 26, 2020	The FDIC, FRB, and OCC (the agencies) jointly issued a final rule that adopts without change an interim final rule that revised the definition of “eligible retained income” for all institutions, bank holding companies, and savings and loan holding companies (banking organizations).	FDIC FRB OCC

## SUPERVISORY UPDATE NEWS SUMMARY

---

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Revised Transition of the Current Expected Credit Losses Methodology for Allowances	<a href="#">FIL-84-2020</a> Aug. 26, 2020	The FDIC, FRB, and OCC (the agencies) have adopted final changes to the capital rule that allow banking organizations that adopt the current expected credit losses (CECL) methodology of estimating allowances for credit losses during the 2020 calendar year to have the option to delay for up to two years an estimate of CECL's effect on regulatory capital followed by a three-year transition period.	FDIC FRB OCC
Restoration Plan for the FDIC Deposit Insurance Fund	<a href="#">FIL-90-2020</a> Sept. 15, 2020	On September 15, 2020, the FDIC Board of Directors (Board) voted to adopt a Restoration Plan to restore the Deposit Insurance Fund (DIF) reserve ratio to at least 1.35 percent within 8 years, as required by the Federal Deposit Insurance Act. Under the Restoration Plan, the FDIC will: (1) monitor deposit balance trends, potential losses, and other factors that affect the reserve ratio; (2) maintain the current schedule of assessment rates for all insured depository institutions (IDIs); and (3) provide updates to its loss and income projections at least semiannually.	FDIC
FinCEN Statement on Enforcement of the Bank Secrecy Act	<a href="#">Press Release</a> Aug. 18, 2020	As the primary regulator and administrator of the BSA, the FinCEN issued a <a href="#">statement</a> that sets forth its approach to enforcing the rules and regulations within the BSA.	FinCEN
Agencies Issue Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons	<a href="#">Press Release</a> Aug. 21, 2020	The FRB, FDIC, FinCEN, NCUA, and OCC issued a joint statement clarifying that BSA due diligence requirements for customers who may be considered politically exposed persons (PEPs) should be commensurate with the risks posed by the PEP relationship.	FinCEN FDIC FRB OCC NCUA

## SUPERVISORY UPDATE NEWS SUMMARY

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Statement by FinCEN Regarding Unlawfully Disclosed Suspicious Activity Reports	<a href="#">Press Release</a> Sept. 1, 2020	The FinCEN is aware that various media outlets intend to publish a series of articles based on unlawfully disclosed Suspicious Activity Reports (SARs), as well as other sensitive government documents, from several years ago. As FinCEN has stated previously, the unauthorized disclosure of SARs is a crime that can impact the national security of the United States, compromise law enforcement investigations, and threaten the safety and security of the institutions and individuals who file such reports. FinCEN has referred this matter to the U.S. Department of Justice and the U.S. Department of the Treasury’s Office of Inspector General.	FinCEN
FinCEN Issues Final Rule to Require Customer Identification Program, Anti-Money Laundering Program, and Beneficial Ownership Requirements for Banks Lacking a Federal Functional Regulator	<a href="#">Press Release</a> Sept. 14, 2020	To ensure consistent BSA coverage across the banking industry, the FinCEN today issued a final rule that requires minimum standards for anti-money laundering programs for banks lacking a Federal functional regulator. The final rule also extends customer identification program and beneficial ownership requirements to those banks.	FinCEN
Frequently Asked Questions Regarding Customer Due Diligence (CDD) Requirements for Covered Financial Institutions.	<a href="#">FIN-2020-G002</a> Aug. 3, 2020*  <i>*Inadvertently omitted in the August report.</i>	The FinCEN, in consultation with the federal functional regulators, today issued responses to three frequently asked questions (FAQs) regarding customer due diligence (CDD) requirements for covered financial institutions. The FAQs clarify the regulatory requirements related to obtaining customer information, establishing a customer risk profile, and performing ongoing monitoring of the customer relationship.  Read the FAQs <a href="#">here</a> .  Today’s FAQs are in addition to those that FinCEN issued in <a href="#">July 2016</a> and <a href="#">April 2018</a> . For additional information regarding customer due diligence requirements, please see FinCEN’s <a href="#">CDD webpage</a> .	FinCEN

## SUPERVISORY UPDATE NEWS SUMMARY

---

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Credit Risk: Risk Management of Loan Purchase Activities	<a href="#">OCC Bulletin 2020-81</a> Sept. 10, 2020	The OCC issued this bulletin to inform banks of sound risk management principles regarding loan purchase activities. Commercial and retail loan purchase activities include purchasing whole loans, loan pools, loan portfolios, loan participations, or participations in syndicated loans from other banks or nonbank lenders. Lending activities, including loan purchase activities, are subject to certain regulatory standards and long-standing risk management guidelines.	OCC
Governor Abbott Announces FEMA Approval For Federal Emergency Declaration Ahead Of Tropical Storm Laura, Marco Landfall	<a href="#">Press Release</a> Aug. 24, 2020	Governor Greg Abbott today announced that the Federal Emergency Management Agency (FEMA) and President Trump have granted a Federal Emergency Declaration request for Public Assistance Category B (Emergency Protective Measures). Specifically, FEMA is authorized to provide emergency protective measures (Category B), limited to direct Federal assistance and reimbursement for mass care including evacuation and shelter support at 75 percent federal funding. The Governor submitted <a href="#">this request</a> yesterday.	TxGov
Governor Abbott Announces Approval Of Emergency Designation For Small Business Disaster Loans From SBA Following Hurricane Hanna	<a href="#">Press Release</a> Sept. 2, 2020	Governor Greg Abbott announced that the U.S. Small Business Administration (SBA) has approved Texas' request for an Economic Injury Disaster Declaration in communities affected by Hurricane Hanna and granted access to its Economic Injury Disaster Loan (EIDL) program, which will provide long-term, low-interest loans to qualifying businesses in the community. Counties included in the declaration are Brooks, Cameron, Hidalgo, Kenedy, Starr, and Willacy.	TxGov

**SUPERVISORY UPDATE NEWS SUMMARY**

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Governor Abbott Issues Disaster Declaration in Response To Drought Conditions in 25 Counties	<a href="#">Proclamation</a> Aug. 20, 2020	Texas Governor Greg Abbott issued a disaster proclamation certifying that exceptional drought conditions posed a threat of imminent disaster in Andrews, Bailey, Briscoe, Carson, Castro, Dallam, Deaf Smith, Floyd, Gaines, Gray, Hale, Hansford, Hartley, Hutchinson, Lamb, Motley, Oldham, Ochiltree, Parmer, Randall, Roberts, Swisher, Terry, Wheeler, and Yoakum counties; and that exceptional drought conditions continue to pose a threat of imminent disaster in Andrews, Briscoe, Castro, Deaf Smith, Floyd, Gaines, Gray, Hale, Lamb, Motley, Parmer, Randall, Roberts, Swisher, Terry, Wheeler, and Yoakum counties, and that the conditions also now threaten Brewster, Collingsworth, Crockett, Culberson, Dimmit, Hall, Jeff Davis, Kinney, Loving, Maverick, Presidio, Reeves, Uvalde, Val Verde, and Zavala counties.	TxGov
Governor Greg Abbott Issues Disaster Declaration in the Wake of Hurricane Marco and Tropical Storm Laura	<a href="#">Proclamation</a> Aug. 23, 2020	Texas Governor Greg Abbott issued a proclamation certifying Hurricane Marco and Tropical Storm Laura pose a threat of imminent disaster, due to widespread flooding, storm surge, and damaging winds. Specific counties referenced in the proclamation included Aransas, Bexar, Brazoria, Calhoun, Cameron, Chambers, Galveston, Hardin, Harris, Jackson, Jasper, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, and Willacy counties	TxGov
Governor Greg Abbott Renews Disaster Declaration Following Hurricane Hanna	<a href="#">Proclamation</a> Aug. 24, 2020	Texas Governor Greg Abbott renewed a disaster declaration in 32 counties due to due to widespread flooding, storm surge, and hurricane force winds resulting from Hurricane Hannah. Included in the original August 24 declaration were Aransas, Bee, Bexar, Brazoria, Brooks, Calhoun, Cameron, Dimmit, Duval, Fort Bend, Galveston, Goliad, Harris, Hidalgo, Jackson, Jim Hogg, Jim Wells, Kenedy, Kleberg, La Salle, Live Oak, Matagorda, McMullen, Nueces, Refugio, San Patricio, Starr, Victoria, Webb, Wharton, Willacy, and Zapata counties.	TxGov

## SUPERVISORY UPDATE NEWS SUMMARY

---

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Governor Abbott Adds 36 Counties To State Disaster Declaration	<a href="#">Proclamation</a> Aug. 25, 2020	<p>Texas Governor Greg Abbott on August 24 issued a proclamation certifying Hurricane Marco and Tropical Storm Laura posed a threat to Aransas, Bexar, Brazoria, Calhoun, Cameron, Chambers, Galveston, Hardin, Harris, Jackson, Jasper, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, and Willacy counties.</p> <p>The proclamation added the counties of Anderson, Angelina, Bowie, Cass, Cherokee, Dallas, Fort Bend, Franklin, Gregg, Grimes, Harrison, Houston, Leon, Madison, Marion, Montgomery, Morris, Nacogdoches, Panola, Polk, Red River, Rusk, Sabine, San Augustine, San Jacinto, Shelby, Smith, Titus, Travis, Trinity, Tyler, Upshur, Walker, Waller, Wharton, and Wood counties.</p>	TxGov
Governor Abbott Renews State of Disaster Following Violent Protests	<a href="#">Proclamation</a> Aug. 28, 2020	Texas Governor Greg Abbott extended a State of Disaster for all Texas counties in the midst of violent protests that endanger public safety and threaten property loss and damage. The original proclamation was issued May 31, 2020.	TxGov
Governor Abbott Extends Statewide Disaster Declaration For COVID-19	<a href="#">Proclamation</a> Sept. 7, 2020	Governor Greg Abbott today issued a proclamation extending his Disaster Declaration for all Texas counties in response to COVID-19. Originally issued on March 13th, the Disaster Declaration provides the state a number of resources to effectively serve Texans as the Lone Star State continues to mitigate the spread of COVID-19.	TxGov

## SUPERVISORY UPDATE NEWS SUMMARY

---

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Governor Greg Abbott Extended The State Disaster Declaration In September 2020	<a href="#">Proclamation</a> Sept. 7, 2020	Texas Governor Greg Abbott has renewed a disaster proclamation for 60 counties affected by Hurricane Harvey. Included in the original proclamation of August 23, 2017, were the counties of Aransas, Austin, Bee, Brazoria, Calhoun, Chambers, Colorado, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Harris, Jackson, Jefferson, Jim Wells, Karnes, Kleberg, Lavaca, Liberty, Live Oak, Matagorda, Nueces, Refugio, San Patricio, Victoria, Waller, Wharton and Wilson. Subsequently added on August 26, 2017, were Angelina, Atascosa, Bastrop, Burleson, Bexar, Brazos, Caldwell, Cameron, Comal, Grimes, Guadalupe, Hardin, Jasper, Kerr, Lee, Leon, Madison, Milam, Montgomery, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Washington and Willacy counties.	TxGov
SEC Modernizes Disclosures for Banking Registrants	<a href="#">Press Release</a> Sept. 11, 2020	The SEC announced that it has adopted rules to update and expand the statistical disclosures that bank and savings and loan registrants provide to investors, in light of changes in this sector over the past 30 years. The rules also eliminate certain disclosure items that are duplicative of other Commission rules and requirements of U.S. GAAP or IFRS. The rules replace Industry Guide 3, Statistical Disclosure by Bank Holding Companies, with updated disclosure requirements in a new subpart of Regulation S-K. The rules are intended to help ensure that investors have access to more meaningful, relevant information about these registrants to facilitate their investment and voting decisions.	SEC



## SUPERVISORY UPDATE NEWS SUMMARY

---

### INDUSTRY PUBLICATIONS

Department of Banking - [Overall Texas Banking Activity](#) - Data as of June 30, 2020

Department of Banking – [Agency Profile](#) - September 2020

FDIC - [Quarterly Banking Profile](#) - Second Quarter 2020

FDIC - [State Profiles](#) – Second Quarter 2020 - Quarterly summary of banking and economic conditions in each state

FRB [Beige Book](#) - Summary of Commentary on Current Economic Conditions - September 2, 2020

FRB Dallas - [Your Texas Economy](#) – An overview of the Texas economy as of August 27, 2020, examining job growth, unemployment trends, and the performance of key industry sectors

FRB Dallas - [Who Benefited from the Paycheck Protection Program?](#) Our Texas Analysis Offers an Early Look - September 4, 2020

FRB Saint Louis - [Financial Hardship Following Hurricane Harvey](#) (National) - September 10, 2020

OCC - [Updated Comptroller's Handbook](#): Booklet and Rescissions – Updated “Other Real Estate Owned” section - September 2020

## SUPERVISORY UPDATE NEWS SUMMARY

---

OTHER RESOURCES
<a href="#">Bloomberg Business and Financial News</a>
<a href="#">Consumer Financial Protection Bureau (CFPB)</a>
<a href="#">The Financial Forecast Center - Discount Rate Information</a>
<a href="#">FFIEC Information Technology Handbook InfoBase</a>
<a href="#">FFIEC BSA/AML Examination Manual InfoBase</a>
<a href="#">Financial Accounting Standards Board (FASB)</a>
<a href="#">Financial Action Task Force (FATF)</a>
<a href="#">Financial Crimes Enforcement Network (FinCEN)</a>
<a href="#">Office of Foreign Assets Control, U.S. Treasury (OFAC)</a>
<a href="#">Real Estate Market Reports (Texas A&amp;M RE Center)</a>
<a href="#">Simply Stated (CSBS podcast)</a>
<a href="#">Temporary Liquidity Guarantee Program</a>
<a href="#">Texas Constitution and Statutes</a>
<a href="#">The Texas Economy – Texas Comptroller</a>
<a href="#">Texas and National Economy – Federal Reserve Bank of Dallas</a>
<a href="#">Troubled Asset Relief Program (TARP)</a>
<a href="#">Uniform Bank Performance Reports (UBPR) and Users Guide</a>

## SUPERVISORY UPDATE NEWS SUMMARY

---

### ACRONYMS AND ABBREVIATIONS

ACRONYM/ABBREVIATION	MEANING
AML	Anti-Money Laundering
ASU	Accounting Standards Update
BIS	Bank for International Settlements
BSA	Bank Secrecy Act
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
CFPB	Consumer Financial Protection Bureau
CSBS	Conference of State Bank Supervisors
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FASB	Financial Accounting Standards Board
FC	Finance Commission of Texas
FCA	Farm Credit Administration
FDIC	Federal Deposit Insurance Corporation
FDIC-OIG	FDIC Office of Inspector General
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority

## SUPERVISORY UPDATE NEWS SUMMARY

---

<b>ACRONYM/ABBREVIATION</b>	<b>MEANING</b>
FHFA	Federal Housing Finance Agency
FinCEN	Financial Crimes Enforcement Network
FRB (or Fed or FR)	Federal Reserve Board or Federal Reserve
FTC	Federal Trade Commission
HUD	Housing and Urban Development Department
NCUA	National Credit Union Association
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OIG	Office of Inspector General
SDN	Specially Designated National
SEC	Securities and Exchange Commission
TDB	Texas Department of Banking
TSSB	Texas State Securities Board
Treasury	U.S. Department of Treasury