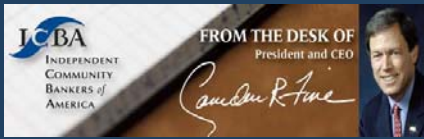




September 2009 - INTERSTATE CAPITOL COMMENTS

Community Bankers Association of Kansas

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Back to Their Wicked, Wicked Ways

Our nation has been living through a financial and economic inferno for nearly two years. Yet today, even while the economic fires still burn in many places, we see “green shoots” cropping up, indicating that Wall Street’s largest players—yes, those mega-firms that in large part ignited the inferno and then doused themselves with billions in taxpayer dollars to keep from being consumed in the flames themselves—are going back to their wicked, wicked ways.

Unfortunately, memories are short on Wall Street. Driven by greed, not humility, Wall Street

(To access a blue underlined hyperlink, place your cursor on the link, use Ctrl + Click and the page will open.)

Important upcoming compliance dates:

With all the regulatory changes coming up in the next few months, we thought a calendar would be helpful. Beginning in October, an updated compliance calendar will appear at the end of each issue of Capitol Comments.

- 09.18.2009 [New International ACH Transaction \(IAT\) rule](#) requiring all international ACH payments to be uniquely identified.
- 10.01.2009 [Reg C \(HMDA\)](#) – Loans requiring a rate spread must use Reg Z’s new higher priced loan definition.
- 10.01.2009 [Reg Z \(TIL\)](#) – Higher priced mortgage loan consumer protections; prohibits appraiser influence; prohibits unfair/deceptive servicing standards on dwelling secured closed end loans; advertising rules open & closed end loans; changes on HOEPA loan criteria.
- 11.02.2009 Last day for TAG participants to opt out of extension of TAG program. For instructions, click [here](#).
- 12.01.2009 [Reg GG \(Unlawful Internet Gambling Act\)](#) – Must send required notice to existing customers. Must perform due diligence at account opening and have procedures for dealing with violations.
- 01.01.2010 [Reg X \(RESPA\)](#) – GFE and HUD-1 both change. Fee variance between GFE and HUD-1 limited based on fee type. Except with change of circumstances and new disclosures (within 3 business days of change), lender is locked into the fees originally disclosed for 10 business days after such disclosure.
- 01.01.2010 [Reg DD \(Truth-in-Savings\)](#) – Disclose overdraft fees for statement period and YTD on periodic statements. Balances on automated systems (e.g. ATMs) must not include overdraft protection amount.
- 01.01.2010 Effective date of TAG participant opt-out
- 03.31.2010 [TALF program expires](#).
- 04.01.2010 [Reg Z](#) – Escrow on higher priced loans (Specifically, [12 CFR 226.35\(b\)\(3\)](#)) is effective April 1, 2010.)

moves on quickly from crises, never really learning any lessons from them. And so it will be with this crisis. As the months and years pass, Wall Street will forget all about the lessons it learned from the current financial meltdown that nearly destroyed it and the nation, just as it has with so many past crises. How else to explain that less than 10 years after Wall Street pushed Congress to repeal the Great Depression laws put in place to protect banks and consumers, we are living through the worst financial collapse since the Great Depression and Citigroup's fourth government bailout since 1907—a government/taxpayer rescue every 25 years?

Will the Congress, too, forget the scorched economic landscape when the fires cool and it moves to another crisis? For the banks on Main Street America, our fervent hope is that Chairman Barney Frank (D-Mass.) again invokes the name of Teddy Roosevelt as he did in his National Press Club speech and, like Roosevelt, becomes the 21st century "trust buster." We hope the Senate takes heed also, and Congress takes action to "bust up" the financial clique of Wall Street banks, investment firms and insurance companies that became too big to fail, manage or regulate (and many would say they became too big to punish). For until the financial oligopoly that was created over the past 25 years is dealt with decisively, our nation will never again enjoy a free financial market; and taxpayers, consumers and investors alike who are not part of Wall Street's favored few will remain victims of a system where government, not the free markets, will choose winners and losers.

- 07.01.2010 [Reg Z](#) – Changes to open end credit early disclosures, periodic statements, more advance notice of change in terms, and increased advertising disclosures.
- 06.30.2010 TAG program expires.
- 07.01.2010 [Reg AA \(Unfair or Deceptive Practices\)](#) – A lender may not consider a credit card payment late unless statement is provided 21 days prior to due date. Requirements on how credit cards payments above minimum are allocated. Restriction on when credit card rates may change. Finance charges on previous billing cycles limited. Security deposits and fees limited.
- 12.31.2013 [FDIC deposit insurance](#) temporary limit increase to \$250,000 expires.

Comment: Distribute this calendar to your CEO, CFO, Compliance Officer, and Operations Officer.

Revised Regulation Z Examination Procedures

Fed Division of Consumer and Community Affairs issued a [letter](#) (CA 09-7) transmitting the [revised Reg. Z examination procedures](#) that incorporate recent amendments to the Truth in Lending Act. These revised procedures supersede those transmitted with CA 09-4.

Board issues interim final rules under Reg Z (Credit CARD Act)

Certain provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit CARD Act), became effective August 20, 2009. On July 22, the Board of Governors of the Federal Reserve System (Federal Reserve Board) issued [interim final rules](#) under Regulation Z implementing these provisions. Although the rules were effective August 20, comments may be submitted on or before September 21. The provisions of the rules are briefly summarized in [OCC Bulletin 2009-29](#).

Board proposal to amend Reg Z in comprehensive review of closed-end real property secured credit

The Board proposed to amend Regulation Z and the staff commentary to the regulation, as part of a comprehensive review of Truth in Lending Act (TILA) rules for closed-end credit. This proposal would revise the rules for disclosures of closed-end credit secured by real property or a consumer's dwelling, except for rules regarding rescission and reverse mortgages, which the Board anticipates will be reviewed at a later date. Disclosures provided at application would include a Board-published one-page "Key Questions to Ask About Your Mortgage" document that explains potentially risky loan features, and a Board-published one-page "Fixed vs. Adjustable Rate Mortgages" document. Transaction-specific disclosures required within three business days of application would summarize key loan terms. The calculation of the annual percentage rate and the finance charge would be revised to be more comprehensive, and their disclosures improved. Consumers would receive a "final" TILA disclosure at least three business days before consummation. Certain new post-consummation disclosures would be required. In addition, the proposed revisions would prohibit certain payments to mortgage brokers and loan officers that are based on the loan's terms or conditions, and prohibit steering consumers to transactions that are not in their interest to increase compensation received. Rules regarding eligibility restrictions and disclosures for credit insurance and debt cancellation or debt suspension coverage would apply to all closed-end and open-end credit transactions. [74 FR 43231](#).

Comments are due by December 24, 2009. [74 FR 43232](#). 195 pages.

Board proposal to amend Reg Z in comprehensive review of open-end home-secured credit

The Board proposes to amend Regulation Z and the Official Staff Commentary to the regulation, following a comprehensive review of TILA rules for open-end home-secured credit, or home-equity lines of credit (HELOCs). The Board proposes changes to the format, timing, and content requirements for the four main types of HELOC disclosures

ICBA urges Congress to end the too-big-to-fail policies that so burned and ravaged this nation and its taxpayers. ICBA urges Congress to undo the policies that allowed for the creation of a privileged class of financial firms that are larger and more powerful than the agencies that regulate them.

Many community banks have been consumed by the conflagration that Wall Street started. The managers of many Wall Street financial firms are now paying themselves millions in bonuses—thanks to taxpayers like you and me—and their investors are profiting as well, while dozens of community banks and their investors are being wiped out, losing their life's savings, their livelihoods and, most tragically, their reputations.

So, will the Wall Street moguls with their newfound billions in taxpayer dollars and government support be able to induce a case of amnesia in Washington ... again? The flames are not yet out, but already some on Wall Street are acting as if the last two years didn't happen. Many on the "Street" are acting as if it was their skill and acumen that guided their firms through this financial forest fire—not the taxpayer.

But on Main Street we know the truth—the truth is that Wall Street greed started the fires and that we the people put them out with our tax dollars. Now the mega-firms want to come out of the charred forest and act as if nothing happened.

So, will the big continue to get bigger? Will the community banks be stuck again with the bill the next time? Will community banks continue to be punished

required by Reg Z: disclosures at application; disclosures at account opening; periodic statements; and change-in-terms notices. The Board proposes to replace disclosures required at the time that a consumer applies for a HELOC with a one-page, Board-published summary of basic information and risks regarding HELOCs.

The Board also proposes to move the timing of disclosures regarding a creditor's HELOC plan from the time of application to within three business days after application, and to require the disclosures to include significant transaction-specific rates and terms. The Board also proposes to provide additional guidance on when a creditor may temporarily suspend advances on a HELOC or reduce the credit limit, and what a creditor's obligations are concerning reinstating such accounts. In addition, the proposal would limit the ability of a creditor to terminate a HELOC for payment-related reasons; a creditor could do so only if the consumer failed to make a required minimum payment more than 30 days after the due date for that payment. Changes to disclosure requirements related to suspension of HELOC advances, reduction of the credit limit, and account terminations are also proposed.

Comments are due by December 24, 2009. [74 FR 43427](#). 187 pages.

FDIC: Transaction Account Guarantee Extension

On August 26, 2009, the FDIC adopted a [final rule](#) extending the Transaction Account Guarantee (TAG) portion of the Temporary Liquidity Guarantee Program for six months, through June 30, 2010. For institutions that choose to remain in the program, the fee will be raised and adjusted to reflect the institution's risk. [FIL-48-2009](#).

Highlights:

- Any insured depository institution that is currently participating in the TAG program may continue in the program during the extension period that ends on June 30, 2010.
- The annual assessment rate that will apply to participating institutions during the extension period will be either 15 basis points, 20 basis points or 25 basis points, depending on the Risk Category assigned to the institution under the FDIC's risk-based premium system.
- Any institution currently participating in the TAG program that wishes to opt out of the TAG extension must submit its opt-out election to the FDIC on or before November 2, 2009. See page 2 of [FIL-48-2009](#) for instructions on how to opt out.
- Any such election to opt out will be effective on January 1, 2010.
- Every institution currently participating in the TAG program should review its disclosures and modify them as necessary to ensure that they will be accurate after December 31, 2009.
- The maximum interest rate limit for NOW accounts remains unchanged.

IRS Features Recovery Tax Credits on YouTube, iTunes

The IRS now has video and audio products to help taxpayers take full advantage of the 2009 tax provisions in the American Recovery and Reinvestment Act (ARRA). The IRS has launched a YouTube video site and an [iTunes](#) podcast site to better serve taxpayers. People can visit the [video site](#) to view information about the Recovery, tax tips and how-to videos. (People without an iTunes account can hear the podcasts on IRS.gov's [Multimedia Center](#).) The videos will be in English, Spanish, American Sign Language and other languages. Also, included will be a video on using the IRS Withholding Calculator. People can use the calculator to help determine if they should make adjustments.

The YouTube focus will be on the provisions of the American Recovery and Reinvestment Act. Videos will highlight the \$8,000 first-time homebuyer's credit for those who purchase a house this year, the sales or excise tax deduction on new car purchases and the expanded credits for education and energy conservation.

OCC hosts community bank directors workshops in Dallas, Atlanta and Charlottesville, Virginia

for the fires ignited by unregulated financial firms and the subsidiaries of the large Wall Street firms and their accomplices?

Only Congress can prevent another all-consuming financial fire—and they can't do that by ignoring the problem, or pretending that it doesn't exist or that it will go away if they don't identify those who sparked the fire and fanned the flames. We call on Congress: Please, do not allow this nation to be burned again. Focus on the arsonists and leave those who respected the financial landscape to continue to do their business.

We also say please don't cripple the community banking industry with staggering new restrictions and regulatory burdens. Community banks are the backbone of the financial services industry. Our nation's financial system, with its distinctive mix of state and national banks of all types and sizes, is unique and fits our cultural heritage. Nurture it, don't punish it. Having institutions that are deemed too-big-to-fail represents the greatest single threat to the American free market, consumers and taxpayers alike. We urge Congress to end too-big-to-fail once and for all. Do not let Citigroup and its kind come back for a fifth bailout because they have lapsed back into their wicked, wicked ways. Because next time, the elite financial oligopoly could start a fire from which our nation might never recover.

Cam Fine, ICBA President /CEO

The Office of the Comptroller of the Currency will host workshops for national community bank directors in Charlottesville, Virginia, September 29-30, 2009, and in Atlanta, October 20-21, 2009. The workshops cost \$65 each. Workshops are limited geared primarily to outside directors of national community banks with assets of less than \$1 billion. Management directors may also find the workshops beneficial. The OCC will also host a workshop for national community bank directors in Dallas, October 5-7, 2009. This workshop costs \$100. It is directed to new directors, but experienced directors may also benefit. All workshops are limited to the first 50 registrants. For information or to register online, click [here](#) or call 336-451-0557.

Fed and Treasury announce extension of TALF

The Fed and the Treasury on Monday, August 17th, announced that they approved an extension to the Term Asset-Backed Securities Loan Facility (TALF) and that, at this time, they do not anticipate any further additions to the types of collateral that are eligible for the facility. Because the markets for asset-backed securities backed by consumer and business loans and for commercial mortgage-backed securities are still impaired and seem likely to remain so for some time, TALF was extended through March 31, 2010, to promote the flow of credit to businesses and households and to facilitate the financing of commercial properties.

Mortgage lender settles FTC charges; prescreened offers lacked opt-out notice

A home mortgage lender that sent prescreened offers of credit to consumers without properly informing them of their right to opt out of receiving such offers in the future has agreed to settle FTC charges that it violated federal law. The settlement requires the company to pay a \$20,000 civil penalty and bars future violations. Prescreened offers of credit or insurance typically are mailings sent to selected consumers based on information in their credit report indicating that they meet the offering company's criteria.

Comment: FCRA permits lenders or insurers to make prescreened offers if the offer clearly and conspicuously discloses that, among other things, the consumer's credit report was used to make the offer and that the consumer can opt out of receiving such offers in the future.

SBA Lending Programs and the Recovery Act: Web and Telephone Seminar

This Web and telephone seminar is being held on Monday, September 21, 2009 - 2:00 p.m. - 3:30 p.m. EDT at the rate of \$75.00. The seminar will cover the changes to 7(a) and 504 CDC loan programs. The SBA will discuss the newly created America's Recovery Capital Loan Program and efforts to stimulate the secondary market for SBA loans. Participants will also hear from a community development lender on how to conduct small business lending during the current credit cycle. Details are available in the [brochure](#) or by calling 800-775-7654. You may register via phone, mail, fax or [online](#).

Proposed revisions to Call Report for 2010

The FDIC, the Fed, and the OCC are requesting comment on a number of proposed revisions to the Call Report that would take effect in 2010. The agencies encourage you to review the proposal, which has been approved by the FFIEC, and comment on those aspects that are of interest to you. Comments may be sent to any or all of the agencies by the methods described in the attached [Federal Register notice](#). All comments will be shared among the agencies and should be submitted by October 19, 2009.

Finance and Economics Discussion Series: And Banking for All?

This [working paper](#) presents data from a new survey of low- and moderate-income households in Detroit to examine bank account usage and alternative financial service (AFS) products. The Fed found that for the vast majority of households, annual outlays on financial services for transactional and credit products are relatively small, around 1 percent of annual income. This evidence is also consistent with LMI households substituting among an array of financial services from the mainstream and alternative financial services sector. Households with bank accounts are more economically active and have access to more forms of credit than unbanked households, resulting in greater

use of financial services and higher total outlays. [Abstract](#).

Comment: This estimate is lower than those extrapolated by previous work using the posted fees of financial services alone, suggesting that low- and moderate-income households do not always choose the most expensive financial services option

FDIC: Increased fraudulent EFT transactions from compromised login credentials

The FDIC is alerting financial institutions that provide Web-based payment origination services for business customers to increased reports of fraudulent EFT transactions resulting from compromised login credentials. ([SA-147-2009](#)) Over the past year, the FDIC has detected an increase in the number of reports and the amount of losses resulting from unauthorized EFTs, such as ACH and wire transfers. In most of these cases, the fraudulent transfers were made from business customers whose online business banking software credentials were compromised.

Comment: Your financial institution and your technology service providers may want to refer to the following guidance for additional information on authentication and information security for high-risk transactions:

[FFIEC Guidance Authentication in an Internet Banking Environment FIL-103-2005](#)

[Authentication in an Internet Banking Environment](#)

[Frequently Asked Questions FIL-77-2006](#)

[FFIEC Information Security Examination Handbook](#)

[FFIEC Retail Payment Systems Examination Handbook](#)

[FDIC Guidance on Mitigating Risks from Spyware](#)

Use of inadequate online customer authentication leads to lawsuit against bank

In February 2007, someone gained access to a woman's online banking account using her user name and password and initiated an electronic transfer of \$26,500 to her business account. The money was then transferred through a bank in Hawaii to a bank in Austria. The couple sued. They claimed the bank failed to maintain state-of-the-art security standards. The bank used only single-factor authentication for customers logging into its server (a user name and password) instead of multi-factor authentication, such as combining the user name and password with a token the customer possesses that authenticates the customer's computer to the bank's server or dynamically generates a single-use password for logging in. The couple cited guidance from the FFIEC agencies entitled [Authentication in an Electronic Banking Environment](#) as evidence of the bank's negligence. The case is currently pending in an Illinois federal court.

Comment: This couple may not succeed, but the bank could have avoided the lawsuit and, at the same time, offered better protections to their customers. The bank should have had better controls than single-factor authentication. The 2005 FFIEC guidance that was offered as evidence states: "The [FFIEC] agencies consider single-factor authentication, as the only control mechanism, to be inadequate for high-risk transactions involving access to customer information or the movement of funds to other parties."

If your institution is using single-factor authentication, it is inadequate to protect your customers. And you are nearly two years behind the curve in getting adequate authentication into place because the agencies expected institutions to complete risk assessments and implement risk mitigation by year-end 2006. (See Q-1 under the "Timing" heading in the [FAQ](#) the FFIEC issued regarding the guidance document mentioned above.)

OTS updates exam procedures to address two TILA changes

As a result of two recent amendments to the TILA, OTS updated its [examination procedures](#) to address changes in mortgage disclosure requirements.

First, the Mortgage Disclosure Improvement Act of 2008 (MDIA) expanded the requirement to disclose the cost of credit within three days of application for a loan for the purchase or initial construction of a consumer's principal to include refinance transactions, home equity loans and loans secured with dwellings other than a

consumer's principal residence. In addition, the MDIA amended TILA to require that:

- Creditors must wait seven business days after they provide early disclosures before closing a loan; and
- If a change occurs that makes the annual percentage rate (APR) provided in early disclosures inaccurate beyond a specified tolerance, creditors must provide new disclosures with a revised APR and wait an additional three days before closing a loan.

Second, the TILA was amended in May 2009 to require that within 30 days after the date on which a mortgage loan is sold or otherwise transferred or assigned to a third party, the new creditor must notify the borrower in writing of such sale or transfer and include information on how to contact the new creditor.

OTS modifies Fair Lending Exam Procedures

OTS modified its [Fair Lending Examination Procedures](#) to address disparate treatment through loan pricing, broker activity, redlining, and steering borrowers to higher cost loans. The revised procedures also reflect increased utilization of statistical analysis in fair lending examinations. [CEO Letter](#).

Comment: The use of statistical analysis in fair lending examinations is nothing new. The increased use of it is not welcome news. Statistics often reach conclusions that, while factually accurate, are obviously useless or false. Until the regulators deemphasize statistics from fair lending examinations, there will be nothing fair about it. Unfortunately, I think statistical analyses are here to stay, and your bank will continue to have to deal with them.

OTS revises RESPA examination procedures

In 2008, HUD issued both technical and substantive amendments to the rule that implements RESPA. The technical changes took effect on January 16, 2009, and substantive changes will take effect on January 1, 2010.

OTS has begun the process of updating its RESPA examination procedures to incorporate the changes made by the new RESPA rule. The [revised examination procedures](#), which have been developed on an interagency basis, incorporate the technical changes that became effective on January 16, 2009. OTS will issue additional revisions to the examination procedures to incorporate the substantive changes to the RESPA regulations later this year. OTS issued a [memorandum](#) providing an overview of the key provisions of the amended RESPA rule as well as a summary of the technical changes that are included in the revised examination procedures.

FinCEN Guidance on CTR Exemption Eligibility

The FinCEN, in consultation with the federal financial institution regulators, issued [guidance](#) to help banks determine whether a customer is eligible for exemption from currency transaction reporting requirements. The guidance provides examples and answers to commonly asked questions regarding the final rule that FinCEN issued in December 2008, which amended the CTR exemption requirements.

Comment: As a review, the amendments to the CTR exemption requirements, which were effective January 5, 2009 are: 1. Elimination of designation and annual review for most Phase I customers; 2. "Frequently" decreased to five reportable transactions; 3. Waiting time for eligibility decreased; 4. Biennial renewals eliminated.

Forward this information to your BSA/AML Officer.

FDIC Consumer News: New consumer protections for credit cards and mortgages

The new federal consumer protections for credit cards and mortgages are addressed in the Summer 2009 issue of [FDIC Consumer News](#) from the FDIC. Also in this issue are tips on making the most of bank rewards programs, such as credit cards that enable users to gradually accumulate cash rebates or "points" good for free travel or merchandise, and checking accounts that offer cash or other prizes for frequently using a debit card. The publication also notes the availability of a new FDIC brochure and video to help consumers understand their deposit insurance coverage, including how to have far more

than \$250,000 protected at the same bank. To order up to two free paper copies, consumers can use the online form or call the Federal Citizen Information Center toll-free at 1-888-8-PUEBLO (1-888-878-3256) weekdays from 8:00 a.m. to 8:00 p.m. Eastern Time and ask for Department D96.

Comment: The FDIC encourages financial institutions, to help make the tips and information in FDIC Consumer News widely available. You may reprint it in whole or in part without advance permission. You may link to or mention the FDIC Web site. See the Web site above for more details. To subscribe to Consumer News, follow the instructions posted [here](#).

FinCEN to implement SAR acknowledgements and validations for BSA e-filing submissions

On September 12, 2009, the FinCEN implemented SAR Acknowledgements for BSA E-Filing submissions. This functionality will give BSA E-Filers a Document Control Number (DCN) as an acknowledgement of receipt for a submitted SAR. Acknowledgements will be available for all SAR form types: Suspicious Activity Report by Depository Institutions (SAR-DI), Suspicious Activity Report by the Securities and Futures Industries (SAR-SF), Suspicious Activity Report by Casinos and Card Clubs (SAR-C), and Suspicious Activity Report by Money Services Businesses (SAR-MSB). The BSA E-Filing system offers filers a self-enrollment feature to allow them to register to receive SAR Acknowledgement files when they are ready to begin processing. Here are some helpful resources from FinCEN:

[SAR Acknowledgements and Validations Questions and Answers Guide](#)

[Revised BSA Forms and Filing Requirements](#)

Comment: There is no enrollment deadline at this time; however, FinCEN strongly encourages filers to enroll to receive this critical feedback.

Forward this to your BSA/AML Officer.

FDIC: Enhanced supervisory procedures for newly insured FDIC-supervised institutions

The FDIC has advised the banking industry of supervisory changes for state nonmember institutions insured seven years or less (de novo period). Under current policy, newly insured institutions are subject to higher capital requirements and more frequent examination activities during the first three years of operation. Based on supervisory experience, the FDIC will now extend the de novo period from the current three-year period to seven years for examinations, capital, and other requirements. In addition, material changes in business plans for newly insured institutions will require prior FDIC approval during the first seven years of operation. [FIL-50-2009](#).

FDIC Deposit Insurance Coverage Final Rule

The FDIC ([FIL-53-2009](#)) adopted a final rule amending its deposit insurance regulations to: (1) reflect Congress's extension, until December 31, 2013, of the temporary increase in the standard maximum deposit insurance amount ("SMDIA") from \$100,000 to \$250,000 ([FIL-22-2009](#)); (2) finalize the interim rule, with minor modifications, on revocable trust accounts; and (3) finalize the interim rule on mortgage servicing accounts. The FDIC is also adopting technical, conforming amendments to its international banking regulations to substitute several existing references to "\$100,000" with references to the SMDIA.

FDIC Final Rule: Three Transfer Sublimit for Savings Deposit Withdrawals Eliminated

Federal law prohibits interest on demand deposits. To implement this prohibition for member banks, restrictions on transfers and withdrawals from deposits are set forth in Regulation D. By law, the FDIC must make such exceptions to the statutory prohibition against the payment of interest on demand deposits with respect to state nonmember banks and insured branches of foreign banks as are prescribed by Federal Reserve Board

regulation for member banks. Regulation D previously excluded from the definition of a "demand deposit" accounts that permit no more than six transfers per four-week period with a sublimit of not more than three transfers per month by check, debit card or other drafts to third parties. Regulation D was recently amended by the Federal Reserve Board to increase from three to six the permissible monthly number of transfers or withdrawals from savings deposits by check, debit card or other drafts to third parties. The elimination of the three transfer sublimit was effective for FDIC-supervised institutions on July 2, 2009, the effective date of the amendment to Regulation D. The FDIC [Final Rule](#) amended Part 329 of its regulations to reflect this change. [FIL-52-2009](#).

Comment: The FRB decided to eliminate the three transfer sublimit because distinctions between such transfers and other types of preauthorized or automatic transfers subject to the six-per-month limit were no longer logical in light of technological advances. See [74 FR 25631](#).

PUBLICATIONS, REPORTS, STUDIES, TESTIMONY & SPEECHES

- **Fed's Bank Holding Company Supervision Manual updated**

The Fed's [Bank Holding Company Supervision Manual](#) is updated semiannually. The last update was July 2009.

- **FDIC State Profiles, 2nd Quarter 2009**

FDIC State Profiles are formatted as a quarterly data sheet summation of banking and economic conditions in each state. To retrieve a state profile, visit the [FDIC State Profiles Web page](#) and select a state from either the map or list.

- **Fed releases Beige Book**

Reports from the 12 Federal Reserve Districts indicate that economic activity continued to stabilize in July and August. Relative to the last report, Dallas indicated that economic activity had firmed, while Boston, Cleveland, Philadelphia, Richmond, and San Francisco mentioned signs of improvement. Atlanta, Chicago, Kansas City, Minneapolis, and New York generally described economic activity as stable or showing signs of stabilization; St. Louis remarked that the pace of decline appeared to be moderating. Most Districts noted that the outlook for economic activity among their business contacts remained cautiously positive. The Fed issued a [summary](#) in addition to the [full report](#).

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