

# Dodd-Frank: Top Ten Changes for Community Banks

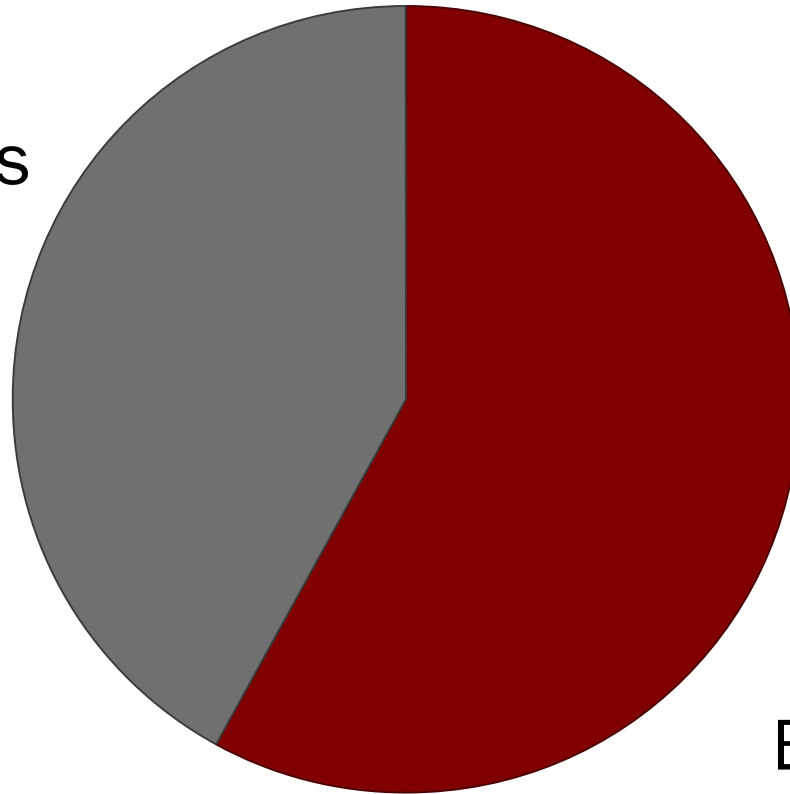
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# Community Banks

Assets

Other Banks  
(42%)



Ten Largest  
Banks (58%)

# 10: Elimination of the OTS

- Supervisory Authority
  - Federal Thrifts – OCC
  - Thrift Holding Companies – Federal Reserve
  - State Thrifts – FDIC
- Rulemaking Authority
  - Thrifts – OCC
  - Thrift Holding Companies – Federal Reserve

## 9: De Novo Interstate Branching

- State and national banks allowed to open de novo branches across state lines if law of the expansion state allows its banks to branch.

## 8: Consumer Protection

- Establishes the Bureau of Consumer Financial Protection.
- Bureau will not directly supervise banks with < \$10 billion in assets.
- All banks subject to new consumer protection rules.

## 7: Mortgages

- Lenders have “duty of care” to avoid “steering” borrowers to unsuitable mortgages.
- Safe harbor provision for “qualified mortgages.”
- Limits on pre-payment penalties.

## 6: Interchange Fee Rules

- Federal Reserve has power to set debit card interchange fees.
- Fees must be “reasonable and proportional” to the costs of the card issuer.
- Banks with < \$10 billion in assets exempt.

## 5: Interest on Demand Deposits

- Allows the payment of interest on demand deposit accounts.



## 4: Limitations on Preemption

- State consumer laws only preempted when:
  - State law discriminates against national banks.
  - State law interferes with national bank powers.
  - State law is preempted by other (non-OCC) federal law.

# 3: Deposit Insurance

- Coverage
  - Permanent increase to \$250,000.
  - Unlimited coverage for non-interest bearing transactional accounts until 1/1/2013.
- Changes FDIC assessment base
  - Previously based on deposits.
  - Changed to: Total assets minus tangible equity.

## 2: Holding Company Capital

- Treatment of trust preferred securities.
  - BHCs with less than \$500 million in assets are exempt from changes.
  - BHCs with between \$500 million and \$15 billion have existing issuances grandfathered.

# 1: Bank Capital

- Regulators must establish minimum capital requirements for all depository institutions.
  - Must address the risk that a failure would have on public and private stakeholders.
  - Cannot be lower than existing minimums.