



fed LETTER

Colorado ★ Kansas ★ Missouri ★ Nebraska ★ New Mexico ★ Oklahoma ★ Wyoming

May 2010

FEDERAL RESERVE BANK of KANSAS CITY

FEDERAL RESERVE SYSTEM FINANCIAL STATEMENTS AVAILABLE

The Board of Governors and the Federal Reserve Banks annually prepare financial statements reflecting balances (as of Dec. 31) and income and expenses for the year then ended. The 2009 financial statements for the [Board](#) and the [Federal Reserve Bank of Kansas City](#) are now available. In addition, [statements](#) from each Reserve Bank have been released.

SURVEY SHOWS IMPROVEMENT IN DISTRICT'S LOW- AND MODERATE-INCOME COMMUNITY

While unemployment, debt and persistent foreclosures remained hindrances among those in the Tenth District's low- to moderate-income (LMI) community, the Federal Reserve Bank of Kansas City's latest [LMI Financial Condition Index](#) showed signs of improvement in the first quarter.

The Bank's quarterly survey measures the economic conditions of LMI populations and the organizations that serve them. Survey results are used to construct five indicators of economic conditions in LMI communities and two indicators of the condition of organizations that serve them.

MANUFACTURING GROWS AT SOLID PACE

Growth in Tenth District manufacturing activity continued at a solid pace in April, and producers remained moderately optimistic about the future, according to the latest [Survey of Tenth District Manufacturers](#). Price indexes were mixed, with further increases in raw materials prices, but finished goods prices were mostly stable.

The monthly survey monitors manufacturing plants selected according to geographic distribution, industry mix and size. Survey results reveal changes in several indicators of manufacturing activity, including production and shipments, and identify changes in prices of raw materials and finished products.

HOUSING EXPERT TO KEYNOTE
COMMUNITY DEVELOPMENT
SPEAKERS SERIES

On May 18, the Federal Reserve Bank of Kansas City will host its Second Quarter Community Development Speakers Series, featuring a keynote presentation from one of the country's leading experts in housing and urban issues.

Dr. Eric S. Belsky will share his views about current housing challenges, policies, innovative initiatives and the role of consumer and mortgage credit in stabilizing the housing sector. For more information and to RSVP, visit the Bank's [website](#).

MAIN STREET ECONOMIST
EXAMINES 2008 FARM PROGRAM

In 2010, many farmers will again need to decide whether to remain in the 2002 Farm Bill program, which protects farm revenues against price declines, or to enroll in the 2008 farm program (ACRE) that protects against revenue shortfalls caused by falling prices or low yields.

In the [latest issue](#) of *The Main Street Economist*, Brian Briggeman of the Federal Reserve Bank of Kansas City and Jody Campiche of Oklahoma State University examine how enrollment in ACRE might affect future farm profitability, farmland values, and costs to the taxpayer.

CRA WORKSHOP SCHEDULED
FOR MAY 12 IN OMAHA

CRA and compliance officers are invited to an Interagency CRA Officer Workshop to be held May 12 in Omaha, Neb. The workshop, hosted by the Federal Reserve Bank of Kansas City, Office of Thrift Supervision, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp., is designed for CRA officers interested in obtaining current information and training on the CRA regulation, exam preparation and development of a bank CRA strategy.

Topics will include: a regulation overview; understanding bank performance context; assessing community needs; qualified community development activities; and assessing a bank's lending performance. Participants will be provided a resource notebook and engage in case studies and exercises.

The workshop will be held at the Kansas City Fed's Omaha Branch, 2201 Farnam St., Omaha, NE 68102. Registration and continental breakfast begin at 8 a.m., with the workshop starting at 8:30 a.m. and ending at 4 p.m. Space is limited to the first 50 registrants. (One representative per financial institution.)

There is no charge for the workshop, however, pre-registration is required to attend. To register, contact Rosie Johnson at kcca@kc.frb.org by May 5 and provide your full contact information. Contact [Ariel Cisneros](#) via email or at (303) 572-2601 for course content information.

INDEX SUGGESTS FINANCIAL
STRESS DECLINED IN MARCH

The latest reading of the [Kansas City Financial Stress Index](#) (KCFSI) suggests financial stress declined further in March. The index's level was -0.27 in March, compared to 0.11 in February. The decrease continues a marked downward trend since the peak in October 2007. As a result, the KCFSI moved below its long-run average for the first time since July 2007.

The KCFSI is a monthly measure of stress in the U.S. financial system based on 11 financial market variables. [More information](#) is available from the Kansas City Fed's website.

REGULATORY
DEVELOPMENTS

*Examination procedures approved
regarding the duties of
furnishers of information*

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council has approved [examination procedures](#) for the regulations pertaining to the duties of furnishers of consumer information to a consumer reporting agency.

The procedures include regulatory changes effective July 1, 2010, which require furnishers of consumer information to a credit reporting agency to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of consumer information that it furnishes. In addition, a furnisher must conduct a reasonable investigation of a dispute submitted to it by a consumer concerning the accuracy of any information contained in a consumer report that pertains to an account or other relationship that the furnisher has or had with the consumer.

*Submission of consumer credit card
agreements required*

Under the Credit Card Accountability Responsibility and Disclosure Act of 2009, credit card issuers must submit their consumer credit card agreements to the Federal Reserve Board (Board) for posting on the Board's website.

The final rule amending Regulation Z, adopted by the Board on Jan. 12, 2010, required issuers to send their initial submissions to the Board by Feb. 22, 2010. Subsequent submissions are due on Aug. 2, 2010, and on a quarterly basis thereafter. Issuers with fewer than 10,000 open credit card accounts are exempt. On March 29, 2010, the Board issued [Consumer Affairs \(CA\) Letter 10-4](#), reiterating the requirements and exceptions related to the submission of credit card agreements.

*Final rules restricting fees and
expiration dates that may apply
to gift cards released*

The Federal Reserve Board has released [final rules](#) to restrict the fees and expiration dates that may apply to gift cards. The rules protect consumers from certain unexpected costs and require that gift card terms and conditions be clearly stated.

The final rules are issued under Regulation E to implement the gift card provisions in the Credit Card Accountability Responsibility and Disclosure Act of 2009 and generally cover retail gift cards and network-branded gift cards. The final rules are effective Aug. 22, 2010.

Risk-based capital guidelines amended On Jan. 28, 2010, the federal banking agencies published in the Federal Register a **final rule** amending their risk-based capital guidelines (FAS 166/167 Rule). This rule eliminates the exclusion from risk-weighted assets related to asset-backed commercial paper programs (ABCP exclusion) and permits banking organizations to phase in the effects of eliminating the ABCP exclusion and FAS 167 consolidation on risk-weighted assets and the allowance for loan and lease losses (ALLL) includable in Tier 2 capital.

Release of consumer privacy notice online form builder On Nov. 17, 2009, the federal regulatory agencies released a simplified model privacy notice to make it easier for consumers to understand how financial institutions collect and share information about consumers. Financial institutions may now download and use an **online form builder** to develop and print customized versions of the model privacy notice. While use of the simplified form is not required, financial institutions that follow the model forms will obtain a safe harbor for the privacy disclosure requirements of the Gramm-Leach-Bliley Act.

Suspicious activity reporting requirements guidance issued The Federal Reserve has issued guidance clarifying compliance with **suspicious activity reporting requirements** for the Board of Governors. The guidance pertains to situations in which financial institutions are required to file Suspicious Activity Reports pursuant to Regulation Y and the Bank Secrecy Act (BSA); Regulation Y; and Regulation H and BSA.

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