The views and opinions expressed are those of the presenter and are not necessarily those of the Federal Reserve Bank of Atlanta or the Board of Governors of the Federal Reserve System.
Banking Supervision & Regulation

Determined by the Board of Governors: Issues rules and guidelines to promote a safe and sound financial system.

Carried out by the Reserve Banks: Examines individual banks and other financial firms to ensure their compliance with regulations.

The Fed shares supervisory and regulatory responsibilities with other agencies:
- Fed: SMBs, BHCs, SLHCs
- OCC: National Banks/Thrifts
- FDIC: Nonmember State Banks

Source: Federal Reserve Bank of San Francisco
Federal Reserve as Primary Regulator

**Supervision & Regulation**

**Safety & Soundness**
- State member banks
- Holding companies
- Foreign banking organizations
- Credit risk
- Market and liquidity risk
- Operations risk
- BSA/AML
- Information Technology
- Applications and Enforcement

**Consumer Compliance**
- State member banks
- Holding companies
- Foreign banking organizations
- Consumer regulations
  - Loans
  - Deposits
  - Community Reinvestment Act
  - Other
  - UDAP
  - Privacy
  - Others

**Credit and Risk Management**
- Depository Institutions
- Discount Window & Collateral Condition Monitoring
- Reserves Management
- Payments System Risk
Common Errors

Geographical/Property Competence Issues

**Examples:**
- Appraisers from the West Coast Valuing East Coast Property
- Appraisers from Rural Markets Valuing Urban Locations (Vice Versa)
- Property in Unproven Markets Compared to Well Established Locations

**Takeaway:**
- Geographic and Property Competence Takes On Enhanced Importance in the Current CRE Environment
Common Errors

Technical Issues

Examples:
- Out of Date Sales Comparable Information
  - Appraisals with Comps Greater than 5 Years Old
- Adjustment Errors
- Income Approach/Cap Rate Issues
- Use of Listings as a Indicator of Value
- Errors (Wrong Property / Incorrect Parcel/Tax ID Numbers)
- Poorly Defined Scope

Takeaway:
- These Issues have Significant Costs on the Financial System, CRE Market and Appraisers
Common Errors

Report Issues

Examples:
- Lack of Explanations (Adjustments/Methodology/Data)
- Lack of Reconciliation or Explanation of Reconciliation
- Mathematical Errors
- Cut and Paste Issues

Takeaway:
- Unforced Errors have Significant Costs on the Financial System, CRE Market and Appraisers