

Federal Reserve Notes

Federal Reserve Bank of San Francisco • February 1985

Serving Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, & Washington

NEW SERVICES

FedLine "Update"

UpDate is a new FedLine application designed to give depository institutions timely cash management information. **Cash Letter** information was made available in January 1985 and **Account Statement** information will be available in the middle of the year. Both enhancements feature summary and detailed information.

Cash Letter — Summary information for this enhancement includes the amount of both debits and credits for the day and one-, two- or three-day availability schedules. The information reflects on-going check processing activity.

Account Statement — The summary format for Account Statements will include the prior day's closing account balance and total debit or credit figures grouped by transaction code. The detailed format lists each transaction by account type (ABA number).

Summary information also will be available to institutions not participating in FedLine UpDate at the offline price of \$5.00 per call. Pricing for the online service is listed below:

Pricing for FedLine UpDate

Checks Summary	\$45.00/month
Statement Summary	\$45.00/month
Checks and Statement Summary	\$60.00/month
Detail Information	\$ 0.50/request

For further information, please call the Financial Services Officer in your area: Martha Perry, San Francisco (415) 974-2127; Mary Ellen Martin, Los Angeles (213) 683-8318; Susan Robertson, Portland (503) 221-5909; Andrea Wolcott, Salt Lake City (801) 322-7927; William Ferensen, Seattle (206) 442-2754.

REGULATIONS AND OPERATIONS UPDATE

New ACH Deposit and Delivery Schedules

All Federal Reserve Banks implemented a new ACH deposit schedule on December 17, 1984. The schedule applies to all originators of ACH files and is part of the Federal Reserve's efforts to enhance ACH services and to respond to depository institutions' expressed need for uniform nationwide deadlines.

Federal Reserve ACH Deposit Schedule — Closing Times

	Day Cycle	Night Cycle
Interregional		
Mixed	0730 (PST) 0830 (Mtn)	2000 (PST) 2100 (Mtn)
Presort		
• Consolidated	0830 (PST) 0930 (Mtn)	2100 (PST) 2200 (Mtn)
• Direct	1000 (PST) 1100 (Mtn)	2230 (PST) 2330 (Mtn)
Intraregional	1000 (PST) 1100 (Mtn)	2230 (PST) 2330 (Mtn)

To implement the improved deposit deadlines, some minor changes have been made in delivery schedules. For further information, please contact the Financial Services Officer at the Federal Reserve Branch serving your territory.

REGULATIONS AND OPERATIONS UPDATE (continued)

Automated Processing ACH Paper Return Items

All ACH paper return items and paper notifications of change deposited with the Federal Reserve will be converted to automated form at the local Reserve office beginning February 7, 1985. Some information regarding the operation is listed below. For further details, please contact the Financial Services Officer serving your territory.

Deposit of Paper Items. Paper return letters and paper notifications of change should be prepared in the same manner as before automated processing. However, institutions need no longer sort return letters by type of originating depository institution to obtain the best availability. For ease in reconciling Fed notices of return item settlement, institutions should try to deposit only one debit return letter and one credit return letter per day (not to exceed 50 items per return letter).

Settlement and Advising. With the automation of ACH returns, all items received prior to 0300 Pacific Time will be settled on the same day. All items received after the deadline will be settled the next day.

The total of all return letters received prior to the day-cycle deadline and night-cycle deadline will be listed on the Statement of ACH Activity by file ID. The Statement will also list, in the "Batch Rejection Adjustment" section, return items deposited at the Federal Reserve Bank that were rejected because of invalid or incomplete information.

For depository institutions that send multiple debit or credit return letters each day, advices detailing all ACH return deposit activity also will be provided.

Billing. A fee of \$2.50 will be charged to the returning depository institution for each paper commercial ACH return item and paper notification of change deposited with the Reserve Bank.

Return Inquiries. A depository institution contacting a Reserve Office about a deposit or paper ACH return and/or notification of change should provide the Reserve Bank with the following information: date of deposit, file date, file ID modifier from the Statement of ACH Activity, and dollar amounts of the return letter and the return item.

FOR PUBLIC COMMENT

Regulation Y BHC and Change in Bank Control

The Federal Reserve Board is requesting comment by **February 14, 1985** on a proposal to lift some restrictions on the operation of nonbank bank affiliates of bank holding companies.

The Board has received requests to permit the following types of activities, among others: loan and deposit account data processing, check clearing, account maintenance and review services, management information services, certain trust services, and audit, compliance and general legal support services.

Copies of the Board's notice are available from Corporate Services at (415) 974-2752. For further information, please contact Robert Johnston in Supervision, Regulation and Credit at (415) 974-2352.

CONSUMER GUIDE TO ARMs

A task force made up of housing, finance, regulatory and congressional officials has written a 25-page **Consumer Handbook on Adjustable Rate Mortgages**. The booklet explains how adjustable rate mortgages (ARMs) work and defines terms a consumer might encounter in ARM advertisements or in applying for an ARM. The booklet also includes a checklist to help homebuyers compare the features of one ARM with another or with a fixed rate mortgage.

The House Banking Committee called for lenders to provide the booklet free to all consumers considering an ARM. Copies are available by writing the Federal Reserve Bank of San Francisco, Public Information Department, P.O. Box 7702, San Francisco, CA 94120, or calling (415) 974-2163.