

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

January 6, 2017

Compliance News

Did Your Credit Union or an MLO Miss the Deadline?

The NMLS has announced the 2017 Renewal Period has closed and the Reactivation Period began on January 1st. Lending organizations and MLOs who missed the December 31 deadline (or who failed to complete the renewal attestation by the deadline) have been placed in "inactive" status. Review the NMLS [Annual Renewal page](#) for assistance in reactivating registration.

Source: NMLS

Updated 1098 and 1099 Form Information for 2017

Form 1099-MISC, Miscellaneous Income: There is a new filing date.

Forms 1099-MISC that you use to report nonemployee compensation of \$600 or more must be filed on or before **January 31, 2017** (this is a month earlier from past years).

You are required to file Form 1099-MISC for each person to whom you have paid at least \$600 in rent, services performed by a nonemployee (including parts and materials), prizes and awards, and attorney's fees.

You must also use Form 1099-MISC for each person from whom you withheld any federal income tax under the backup withholding rule, regardless of the amount of the payment.

Remember, for a cancelled debt you will use Form 1099-C, not 1099-MISC.

Forms 1098 – Mortgage Interest Statement: Don't forget that there are new reporting requirements for Form 1098 issued to payers after December 31, 2016. You must now also report:

- the address or description of the property securing the mortgage,
- the outstanding mortgage principal as of January 1, 2016; and
- the mortgage origination date.

Also, \$600 or more of mortgage insurance premiums paid in 2016 continue to be deductible on Form 1098. To date, Congress has not extended this deduction for 2017.

You must file Form 1098, Mortgage Interest Statement when you receive \$600 or more of mortgage interest from a member on any one mortgage during the calendar year.

For more information: [Instructions for Form 1099-MISC](#)

For more information: [Instructions for Form 1098 Mortgage Interest Statement](#)

Your Credit Union's Regulatory Compliance Support Staff

Mark Robey

Sr. VP of Regulatory Affairs

Phone: 800-477-1697, ext. 3327

Direct: 720-479-3327

Melia Heimback

Director of Compliance Operations

Phone: 800-477-1697, ext. 3325

Direct: 720-479-3325

Julie Kappenman

Director of Association Compliance Services

Phone: 800-477-1697, ext. 3324

Direct: 720-479-3324

Donna Gibbs

Coordinator Association Services/Compliance

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281

InCompliance Implementation Materials

The Association's InCompliance Materials are provided to help your credit union meet the challenges of implementing new and changing regulations. InCompliance publications provide you with a brief summary of the rule to quickly assess its impact, a detailed analysis for compliance staff charged with implementation, sample policies, implementation checklists and, as appropriate, sample forms. In addition, these materials are updated with Q&As (InResponse), and other materials such as charts and matrices as questions are raised and issues are identified.

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Association Compliance Forums

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[BSA Compliance Officer Forum](#)

Please provide the subscriber's name, credit union, title

Q&A: Form 1098 - Property Description

Q: Under the new rules for IRS Form 1098 Mortgage Interest Statement, credit unions are required to include the address or description of the property securing the mortgage. What type of description is acceptable?

A: On the 2016 Form 1098, box 9 requires "If property securing mortgage has no address, provide description of the property". The instructions require "the property's jurisdiction and the property's Assessor Parcel Numbers (APN)." Note that some jurisdictions may refer to this number as the "Assessor's Identification Number" (AIN), the "Property Identification Number" (PIN), the "Property Account Number", or the "Tax Account Number."

The IRS has also clarified that if such a property identifying number is not readily available, you may enter the legal description of the mortgage property (abbreviated as necessary).

Source: CUNA Compliance Community

CFPB Cites Military Lender for Second Time

The CFPB has [announced](#) that a [consent order](#) has been issued against Military Credit Services, LLC (MCS) for making loans with improper disclosures. This is the CFPB's second enforcement action against MCS. In 2014, the CFPB, along with the states of North Carolina and Virginia, sued the company for similar violations, and the company was [ordered to revise its contract disclosures in 2015](#). In the current action, the CFPB ordered the company to ensure that its contracts comply with the law. It also required the company to hire an independent consultant to review its practices and to pay a \$200,000 civil penalty.

Source: CFPB

Two CRAs to refund \$17.6M and pay \$5.5M CMP

The CFPB has issued a press release announcing that TransUnion and Equifax and their subsidiaries have agreed to change practices that the Bureau found misled consumers about the value of the credit scores they marketed and sold. In their advertising, the two credit reporting agencies misrepresented that the credit scores they provided to consumers were the same scores that lenders typically use to make credit decisions. The companies have also agreed to return more than \$17.6 million to consumers and pay penalties totaling \$5.5 million.

Source: CFPB



[Training & Events Calendar](#)

January 9

Webinar: [ADA Website Compliance Requirements & Common Errors](#)

January 12

Webinar: [Account Documentation Series: Compliance & Due Diligence at Account Opening](#)

January 18

Webinar: [Identifying Fraudulent Transactions: Including Recent FinCEN Advisory on Email Fraud Schemes](#)

and email address. The subscriber will receive a welcome e-mail that details how to access the forum.



Reduce compliance worries!

Effectively manage compliance risks and have more time to serve members. Adding the AffirmX team of experts and risk-based dashboard gives you a near-real time compliance picture that verifies compliance or allows you to create solutions to potential problems. AffirmX is the leading cloud-based compliance solution that combines call-report data, onsite visits, and document review for all areas of regulatory compliance, including Advertising, BSA, Deposits, Lending, and Operations.

If a full suite of compliance services is not what you are looking for, we now offer self-assessment tools, individual loan reviews, and a basic annual compliance package that includes ACH, BSA, SAFE Act, and Website compliance.

For more information about our compliance services, please contact Melia Heimbeck at: mheimbeck@mwcua.com or (720) 479-3325 or 1 (800) 477-1697 ext. 3325



InfoSight Highlight

Security Program for Credit Unions

What does the credit union need to do?

The credit union must develop and have the board approve a written security program. The program must provide for and address the following areas:

- Protecting each credit union office from robberies, burglaries, and larcenies.
- Ensuring the security and confidentiality of member records, and protecting against anticipated threats or hazards to the security or integrity of such records and unauthorized access or use of such records that could result in substantial harm or serious inconvenience to a member, as provided in Appendix A of Part 748 of NCUA's Rules and Regulations.
- Assisting in the identification of persons who commit or attempt such crimes.
- Preserving vital records, as defined in Part 749 of the NCUA Rules and Regulations.

What are the reporting requirements?

Part 748 also includes several reporting requirements for federally insured credit unions. The following is a summary of the requirements.

- **Compliance Report:** An annual certification of

January 19

Webinar: [ACH Specialist Series: Direct Deposit Tax Refunds – Posting & Exceptions](#)

January 23

Webinar: [Part 1, New FFIEC Consumer Compliance Rating System, Effective 3/31/2017 Oversight & Compliance Management Program](#)

January 24

Webinar: [Same-Day ACH: Lessons Learned & FAQs for RDFIs](#)

January 25

Webinar: [IRA & HAS Review & Update, Including New Fiduciary Rule Implications](#)

January 26

Webinar: [Procedural & Compliance Responsibilities of the Board Secretary](#)

February 2

Webinar: [Mobile Device Use & the New Overtime Rules](#)

February 6

Webinar: [The New World of Debt Collection: What Recent CFPB Actions Indicate About the Future of Regulations & Enforcement](#)

February 7

Webinar: [Regulation E Series: Handling Provisional Credit Under Reg E; Rules, Best Practice & FAQs](#)

February 8

Webinar: [Real Estate Series: Understanding TRID Tolerance Cures](#)

February 9

Webinar: [Establishing Compliant E-SIGN Act Procedures for Electronic Documents & Statements](#)

February 13

Webinar: [Part 2 – New FFIEC Consumer Compliance Rating System, Effective 3-31-17: Violations of Law & Consumer Harm](#)

February 14

Webinar: [Military Lending Act: Exam Procedure Changes, Post Implementation Considerations & FAQs](#)

February 16

Webinar: [BSA Compliance Series: FinCEN's CCD Rules & BSA Compliance](#)

February 22

Webinar: [Flood Compliance in Lending Part 1: Loan Origination](#)

Three Compliance Lunch & Learn Sessions Set for February 2017

Three Compliance Lunch & Learn Sessions Set for February 2017

We're starting off 2017 with a set of three Compliance Lunch & Learns for credit union members in Denver, Phoenix and Tucson. The topic for this set of sessions is Business/Entity Accounts.

- On **February 8, Tucson** will host the first Lunch & Learn at Pima Federal Credit Union.
- On **February 9, Phoenix** will hold the second session in the Arizona Central Credit Union building.
- On **February 23, Denver** will host the third round of Lunch & Learn

compliance with Part 748. The certification is contained on the annual Report of Officials and must be sent to the NCUA by all insured credit unions and additionally to the state supervisory authority by state chartered credit unions.

- **Catastrophic Act Report:** An insured credit union must notify the local NCUA Regional Director whenever a natural disaster such as a flood, tornado, earthquake, major fire, or some other disaster results in physical destruction or damage to the credit union. The report must be filed within 5 days of the catastrophic act.
- **Suspicious Activity Report (SAR):** Each federally insured credit union must report any crime or suspected crime that occurs at its office(s) within 30 days of discovery. The credit union must use the SAR form, which is available from the NCUA Regional Office or on the NCUA web site. This report will assist the appropriate law enforcement office.
- **Currency Transaction Report (CTR):** Each financial institution that deposits, withdraws, or exchanges currency in excess of \$10,000 on behalf of an individual, whether in one transaction or multiple transactions on the same business day, must file a Currency Transaction Report.

InfoSight -- [AZ](#), [CO](#), [WY](#)

Compliance Videos

Q4 2016 Overview and Q1 2017 Changes Coming

In this [NEW video](#), Glory LeDu reminds us of the regulatory changes that became effective in the 4th quarter of 2016 (which includes the DELAY of the DOL Overtime rules). Glory also provides a review of the changes effective in the 1st Quarter of 2017 including the updates to Member Business Lending and the new requirements for HMDA reporting for 2017. This also includes the updated threshold changes effective on 1/1/2017.

Member Business Lending

[This new video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.



Compliance Calendar

January 1, 2017

- HMDA – Reg C, excludes low volume depository institutions from coverage – Effective Date

January 16, 2017

sessions at the Sterner Center at the Mountain West offices.

Discussion and presentation in Tucson and Phoenix will be led by Arizona attorney Jeremy Goodman, Goodman Law PLLC. Colorado attorney Bob Wilson of Berenbaum Weinshienk PC will lead the discussion at Denver's session. Cost for Lunch & Learns at all locations is \$35. To register for any of the Lunch & Learns, email Jodi Weiser at Training@mwcu.com. We hope to see you in February!

Advocacy Highlight

A New Congress Convenes

On January 3, 2017, the 115th Congress convened its first session. With pomp and circumstance, all House members and newly elected Senators were sworn in, and the House of Representatives elected the Speaker of the House. For members, staff and advocates, swearing-in day feels a lot like the first day of school. This year, however, the first day of school will be followed very quickly by a midterm exam feel, with Congress cramming to get as much done as possible in the early months of the new president's term.

First on the list, the CUNA-supported Regulations in Need of Scrutiny (REINS) Act, which would require Congressional approval of regulations with an estimated economic impact of more than \$100 million.

On Friday, the House and the Senate will convene a joint meeting of Congress to count electoral votes and certify the presidential and vice presidential elections. [\[Read more\]](#)

Programming Note: Join CUNA us at 2pm on January 10 for a webinar to discuss the Campaign for Common-Sense Regulation. For more information, please visit the [CUNA website](#).

CFPB to Host Webinar: New Tools for Financial Caregivers in Illinois

The CFPB's Office for Older Americans has created a guide called Managing Someone Else's Money specific to financial caregivers in Illinois. It is hosting a webinar on January 12 to provide information about it.

The speakers include:

Honorable Patricia Banks, Presiding Judge, Elder Law and Miscellaneous Remedies Division, Circuit Court of Cook County

- Jonathan Lavin, President and CEO, AgeOptions
- Wendy Cappelletto, Supervising Attorney, Cook County Public Guardian
- Naomi Karp, Senior Policy Analyst, Consumer Financial Protection Bureau, Office for Older Americans

Event: Webinar on Tools for Financial Caregivers in Illinois

Date: January 12, 2017

Time: 2:00 - 3:00 p.m. Central Time

Click [here](#) to register for this event.

Rep. Mark Meadows Revises Regulations List to Protect Credit Unions

On December 14, 2016, Congressman Mark Meadows (R-NC), Chairman of the House Freedom Caucus, released a 21 page report listing 228 federal rules and regulations that the incoming Trump administration could eliminate or scale back. This list was designed by Meadows to assist the

- Martin Luther King, Jr Birthday – Federal Holiday

January 29, 2017

- 5300 Call Report Due to NCUA

February 20, 2017

- Washington's Birthday/President's Day – Federal Holiday

April 10, 2017

- Fiduciary

April 30, 2017

- 5300 Call Report Due to NCUA

July 30, 2017

- 5300 Call Report Due to NCUA

September 15, 2017

- Same-day ACH – Phase 2

October 1, 2017

- Prepaid Accounts under the EFT Act/Reg E and TILA/Reg Z

October 19, 2017

- Amendments to 2013 Mortgage Rules under RESPA/Reg X and TILA/Reg Z

October 29, 2017

- 5300 Call Report Due to NCUA

CUNA Comment Calls – Due Dates on Proposed Rules

December 12, 2016~CFPB

[Consumer Response Company Response Survey – Follow-up](#)

December 16, 2016~NCUA

[Private Flood Insurance](#)

Effective Dates New and Revised Rules

January 1, 2017~CFPB

[HMDA – Regulation C](#)

January 1, 2017~NCUA

[Member Business Loan Rule](#)

April 10, 2017~DOL

[Fiduciary](#)

September 15, 2017~NACHA

[Same-day ACH \(NACHA\) – Phase 2](#)

October 1, 2017 ~ CFPB

[Prepaid Accounts under the EFT Act/Reg E and TILA/Reg Z](#)

October 19, 2017~CFPB

[Amendments to 2013 Mortgage Rules under RESPA/Reg X](#)

incoming president in jumpstarting economic growth by eliminating rules and regulations that appear to be a hindrance to economic growth.

This report, the Rules, Regulations, and Executive Orders to Examine, Revoke, and Issue, listed the National Credit Union Administration's (NCUA) recent member business lending (MBL) rule as a provision that should be eliminated by the incoming Administration.

CUNA, in conjunction with the Carolinas Credit Union League, quickly met with the staff of Rep. Meadows to inquire as to why a rule that fosters economic growth and business activity would have been marked for elimination in his report. It was quickly learned that the NCUA MBL rule was inadvertently included in the report.

CUNA and the Carolinas Credit Union League were able to work together to successfully have the MBL provision dropped from the latest iteration of the report issued by Representative Meadows. Ryan Donovan, CUNA's Chief Advocacy Officer, stated, "This is another example of CUNA and League cooperation that has led to a positive outcome for the credit union movement. This type of cooperation continues to be essential in the efforts we continue to pursue to relieve unnecessary regulatory burdens on credit unions."

[and TILA/Reg Z](#)

CUNA Advocacy Report

The [CUNA Advocacy Update](#) is published at the beginning of every week and keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. Additional Advocacy efforts may also be found under CUNA's [Removing Barriers](#) blog.

Please respond to [Mark Robey](#) with any questions or concerns regarding content of this newsletter.

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