

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

October 7, 2016

Compliance News

October is Cybersecurity Awareness Month

Did you know that October is National Cyber Security Awareness Month? Launched in 2004, [National Cybersecurity Awareness Month](#) is an initiative sponsored by Department of Homeland Security in cooperation with the [National Cyber Security Alliance](#) and the [Multi-State Information Sharing and Analysis Center](#). The goal is to raise awareness about cybersecurity and increase the resiliency of the nation's cyber-infrastructure.

In keeping with this month's theme, NCUA [announced recently](#) that it was "stepping up" its cybersecurity efforts. "NCUA has made cybersecurity a top supervisory priority for years, and we're working to update our exam procedures to help credit unions do a better job of detecting and preventing cyberattacks," said NCUA Board Chairman Rick Metsger in an October 3rd press release.

NCUA plans to increase its emphasis on cybersecurity with planned enhancements to its examination process, which the agency expects to have in place in late 2017.

During National Cybersecurity Awareness Month, NCUA will also be posting tips and best practices on Facebook and Twitter to help credit unions and members keep their information secure. Click [here](#) for the press release.

Source: CUNA Compliance Blog

Letter to Credit Union Announces NCUA Examination Approach as Compliance Begins With the Amended Military Lending Act Regulation

The National Credit Union Administration issued a Letter to Credit Unions announcing its examination approach as credit unions started complying with the amended regulation implementing the Military Lending Act.

Most provisions of the revised regulation became effective October 3, 2016. Credit unions must comply with the rules affecting credit card accounts starting October 3, 2017. View the Letter to Credit Unions [here](#).

Source: Credit Union Times

Settlement Administrator to Contact Provident Borrowers

The CFPB has [posted an article](#) with information for eligible borrowers who were overcharged by Provident Funding Associates. As part of a settlement agreement with the CFPB and the Department of Justice, Provident Funding Associates, L.P. agreed to pay \$9 million in relief to minority borrowers whom Provident overcharged between 2006 and

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Association Compliance Forums

Click on one of the below links to subscribe

[Compliance Forum](#)

[BSA Compliance Officer Forum](#)

Please provide the subscriber's name, credit union, title and email address. The subscriber will receive a welcome e-mail that details how to access the forum.



Cybersecurity Risk Assessment Tool – Special Offer Ends October 14th

Cybersecurity remains a hot button for examiners. In June 2015, the FFIEC released a Cybersecurity Assessment tool for financial institutions to use to determine the level of risk inherent in the institution's cybersecurity systems, policies and procedures. The FFIEC assessment tool requires a manual process to complete and evaluate the

2011. Over the next few days, African-American and Hispanic borrowers harmed by these actions will receive packets with instructions on how to participate in the settlement.

Source: CFPB

CUNA's MAPR Calculators for Open-end and Closed-end Loans

The Department of Defense's July 2015 amendments to the Military Lending Act took effect on Monday, October 3, 2016.

CUNA has some exciting news for those credit unions that will not have access to MAPR calculators for a period of time after the effective date. CUNA has partnered with KJE Computer Solutions, LLC. to create two MAPR loan calculators—one for closed-end loans and one for open-end loans that are subject to the Military Lending Act regulations.

These calculators will permit a credit union to make a manual determination of the MAPR and will indicate when a combination of interest, fees and charges exceed 36%.

To improve ease of access, these calculators will be maintained in the following locations on CUNA's website:

- Under the Resources tab for the Military Lending Act topic in CUNA's eGuide—click [here](#),
- In the Resources listing from the Compliance dropdown box on CUNA's Home page—click [here](#), and
- In CUNA's Compliance Community under, in the Compliance Resources dropdown box—click [here](#).

These calculators must be maintained on CUNA's website and may not be downloaded for use on any other website without permission of CUNA or permission of KJE Computer Solutions, LLC.

A credit union should contact KJE Computer Solutions, LLC if it is interested in maintaining MAPR calculators on its website that could be used to interface with its core processor or statement provider.

Details Concerning the MAPR:

The DoD's Military Lending Act rule prohibits a credit union from imposing a MAPR greater than 36 percent in connection with a loan made to a covered borrower.

For closed-end loans the MAPR is calculated only one time— at or before loan consummation. For open-end loans the MAPR is calculated during each billing cycle.

If the MAPR exceeds 36%, a credit union would be expected to waive a sufficient amount of interest, fees, premiums, or charges to reduce the MAPR to 36% or below.

The numerical value of the MAPR is not required to be disclosed to the covered borrower.

The MAPR is the cost of credit expressed as an annual percentage rate. The MAPR includes interest, other finance charges, premiums or fees for credit insurance, charges for single premium credit insurance, fees for a debt collection contract, or any fee for a debt suspension agreement, any fee for a credit-related ancillary product sold in connection with the loan, any fee imposed for participation in any plan, and any application fee

results. Through a partnership with AffirmX LLC, the MWCUA is making available an online cybersecurity assessment tool that automates the process of calculating various cybersecurity risks and generating a report that summarizes the results. For a **limited time**, **AffirmX's Cybersecurity Risk Assessment Tool** is available for only \$600 (normally \$1,000) for the first year. Pricing options for this special offer are:

- Option 1 - \$600 for the first year, \$1,000 for the second and third year if the Credit Union pays each year
- Option 2 - \$600 for the first year, \$800 for the second year and \$1,000 for the third year if the Credit Union pays all three years up front

AffirmX's Cybersecurity Risk Assessment Tool utilizes a smart questionnaire to guide you through the FFIEC Inherent Risk Profile, assessing how each of your products and services affect your institution's risk profile. It also guides credit unions through the FFIEC Cybersecurity Maturity Assessment which identifies risks and determines their cybersecurity maturity.

The tool is delivered through AffirmX's online Risk Intel Platform, which applies a **risk-scoring algorithm to assign risk ratings** to each category of the assessment. Those responses and scores **generate a comprehensive, written report** that allows a credit union to identify specific areas and levels of risk and to identify whether incident response programs and internal controls are appropriate to address those levels of inherent risk. These reports can be used to demonstrate to the examiner that a credit union has completed the required risk assessment and how responses were developed.

MWCUA's special pricing opportunity is available **until October 14th**. For information about this special offering, please contact Melia Heimbuck: mheimbuck@mwcu.com



InfoSight Highlight

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

Compliance Videos

Compliance Connection on YouTube

Compliance videos are now on YouTube and are found on the [Compliance Connection!](#)

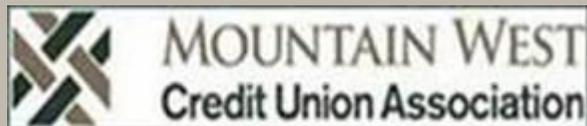
Advocacy Highlight

CFPB Releases Updated Exam Procedures for MLA

charged to a covered borrower who applies for a consumer loan.

The MLA rule excludes an application fee charged by a Federal Credit Union, or an insured depository institution, when making a short-term, small amount closed-end loan that is subject to and made in accordance with a Federal law. However, the application fee may only be excluded once in any rolling 12-month period. Therefore, an application fee charged to a covered borrower who applies for a second short-term small amount loan within 12-months of the first loan, may not be excluded from the MAPR calculation.

Source: CUNA Compliance Community



Training & Events Calendar

October 11

Webinar: [HMDA Roadmap Part 2: Operations Systems, Audit & Reporting Implications](#)

October 13

Webinar: [Proper Repossession, Notice & Sale of Non-Real Estate Collateral](#)

October 17

Webinar: [Countdown to the New Overtime Rules: How to Bring Your Credit Union into Compliance by the December 1 2016 Deadline](#)

October 20

Webinar: [Conducting the 2016 ACH Audit](#)

October 24

Webinar: [New CFPB Amended Rules for Mortgage Foreclosure & Bankruptcy Protections – Preparing Now for the 2017 Effective Date](#)

November 3

Webinar: [Cyber Series – Member Authentication & Validation](#)

November 9

Webinar: [Form 1099 Reporting: Third-Party Vendors, Foreclosures, Debt Forgiveness & More](#)

November 15

Webinar: [Recognizing & Responding to Elder Fraud: What Every Staff Member Should Know](#)

November 15-16 – Phoenix

IRA School: [Essentials & Advanced](#)

December 6

Webinar: [Cyber Series: Meeting Federal Requirements for Tech-Based Marketing Websites, Social Media, Robo Calls & More](#)

December 14

Webinar: [Essential Compliance Training for the Board & Senior Management](#)

December 15

Webinar: [Powers of Attorney In-depth: Good Faith, Fraud & Fiduciary Capacity](#)

On 9/30/16, the CFPB released updated examination procedures for the Military Lending Act rule as amended in July of 2015. The release, [MLA Interagency Examination Procedures—2015 Amendments](#), provides guidance on what the CFPB will be looking for during reviews covering the amended regulation.

While the release provides insight into what CFPB examiners will use in identifying consumer harm and risks related to the MLA rule, it does not address lingering issues and unanswered questions CUNA has raised with the Department of Defense and NCUA.

Specifically, in a [letter](#) to NCUA Chairman Metsger, CUNA asked the agency to clarify a number of issues related to the MLA rule, including issues related to purchase money loans, ancillary products, statutory liens, the definition of “vehicle,” and the possibility of a safe harbor. CUNA met with NCUA staff to discuss these and other items of concern.

The letter to NCUA follows a [letter](#) CUNA sent to the DoD in late August urging a minimum six-month delay of the October 3 effective date of the MLA regulation. In the absence of a delayed effective date, that letter sought a safe harbor of at least six months for lenders that are working to comply with the rule but are unable to do so by October 3.

Letters in Support of Overtime Rule Delay and Consumer Credit Hearing

The last week of Congressional activity before the election was an eventful one, and CUNA sent two separate letters to leaders in the House of Representatives on two important credit union issues.

One of [these letters](#) was sent to House Speaker Paul Ryan and Minority Leader Nancy Pelosi in advance of a full House vote to delay the Department of Labor (DOL) Overtime regulation by six months. This bill passed the House 246-177, and Senator James Lankford (R-OK) introduced a Senate version that CUNA hopes will be put up for a vote in the lame-duck session of Congress after the November elections.

The other was a [letter](#) to House Financial Services Committee Subcommittee on Financial Institutions and Consumer Credit Chairman Randy Neugebauer and Ranking Member Lacy Clay. That letter expressed support for the subcommittee’s hearing on “Examining Legislative Proposals to Address Consumers Access to Mainstream Banking Services.”

In that hearing, Committee Chairman Neugebauer (R-TX) praised bipartisan support for eased access of consumer access to banking services. Ranking Member Clay (D-MO) noted he looked forward to exploring ways to address the ten million “unbanked

December 21

Webinar: [Emerging Need & Regulatory Expectations for Enterprise Risk Management Framework](#)

CUNA Webinars

July 7, 2016 - July 7, 2017

[CFPB's Payday, Small Dollar and Vehicle Title Proposed Rule – Recorded](#)

CUNA Comment Calls – Due Dates on Proposed Rules

September 14, 2016

[Consumer Survey Re Complaint Closing Process](#)

September 19, 2016~CFPB

[CFPB Small Dollar Proposal](#)

October 11, 2016

[Amendments to TRID Rule](#)

October 31, 2016~CFPB

[RFI for Small Dollar Proposed Rule](#)



Compliance Calendar

October 3

- [NACHA's Network Quality Rule](#)

October 10

- Columbus Day – Federal Holiday

October 24

- 5300 Call Report Due to NCUA

October 31

- [Credit Card Quarterly Submission Due to CFPB](#)

November 6

- Daylight Savings Time Ends

November 11

- Veterans' Day – Federal Holiday

November 24

- Thanksgiving Day – Federal Holiday

December 26

- Christmas Day – Federal Holiday

January 2, 2017

- New Year's Day (observed) – Federal Holiday

and underbanked" Americans, and briefly explored the problem of credit invisible individuals—particularly in communities of color.

Rep. Ed Royce (R-CA) stressed the importance of consumer access to credit. He highlighted his bipartisan bills, the H.R. 347, the Facilitating Access to Credit Act of 2015 and H.R. 4211, the Credit Score Competition Act of 2015.

It has long been CUNA's position that ensuring the accuracy of consumers credit scores is critically important to ensuring consumers are able to access credit on safe and affordable terms.

Source: CUNA Advocacy

CUNA Advocacy Report

The Regulatory Advocacy Report is now combined with CUNA's Legislative Update into a comprehensive CUNA Advocacy Update. The new [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.

Prior CUNA Regulatory Advocacy Reports have been archived and are available [here](#).

Effective Dates New and Revised Rules

September 23, 2016~NACHA

[Same-day ACH \(NACHA\) – Phase 1](#)

October 3, 2016~DoD

[Limitations on Terms of Consumer Credit Extended to Service Members & Dependents](#)

December 1, 2016~DOL

[New Overtime 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](#)

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

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